



## **NN Group N.V.**

*(a public limited liability company (naamloze vennootschap) incorporated under the laws of the Netherlands)*

**€5,000,000,000**

### **Debt Issuance Programme**

Under the Debt Issuance Programme described in this Prospectus (the “Programme”), NN Group N.V. (the “Issuer” or “NN Group”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue unsubordinated debt instruments (the “Senior Notes”) and subordinated debt instruments (the “Subordinated Notes”) and, together with the Senior Notes, the “Notes”). The aggregate nominal amount of Notes outstanding will not at any time exceed €5,000,000,000 (or the equivalent in other currencies).

The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the “AFM”) in its capacity as competent authority under the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*, the “WFT”) has approved this Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended or superseded, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the “Prospectus Directive”). Application has also been made to Euronext Amsterdam N.V. (“Euronext”) for the Notes issued under the Programme to be listed and admitted to trading on the regulated market of Euronext in Amsterdam (“Euronext Amsterdam”). References in this Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been listed and admitted to trading on the regulated market of Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading on the Euronext Amsterdam (or any other stock exchange).

Each Series (as defined in “Overview of the Programme—Method of Issue”) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “temporary Global Note”) or a permanent global note in bearer form (each a “permanent Global Note”). If the Global Notes are stated in the applicable Final Terms to be issued in new global note (“NGN”) form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream, Luxembourg”). Notes in registered form will be represented by registered certificates (each a “Certificate”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates (“Global Certificates”). If a Global Certificate is held under the New Safekeeping Structure (the “NSS”) the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Global notes which are not issued in NGN form (“Classic Global Notes” or “CGNs”) and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the “Common Depository”).

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “Summary of Provisions Relating to the Notes while in Global Form”.

The Issuer is rated BBB+ by S&P Global Ratings Europe Limited (“S&P”) and A by Fitch Ratings Limited (“Fitch”). Both S&P and Fitch are established in the EU and registered under Regulation (EC) No 1060/2009 (the “CRA Regulation”).

Tranches of Notes (as defined in “Overview of the Programme—Method of Issue”) to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies (the “CRA Regulation”) will be disclosed in the relevant Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on Notes may be calculated by reference to the London InterBank Offered Rate (“LIBOR”) or the Euro Interbank Offered Rate (“EURIBOR”) as specified in the relevant Final Terms. As at the date of this Prospectus, the administrator of LIBOR, ICE Benchmark Administration Limited (“IBA”) is included in the European Securities and Markets Authority’s (“ESMA”) register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the “Benchmark Regulation”). The European Money Markets Institute (“EMMI”), the administrator of EURIBOR, does not appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. Under the Benchmark Regulation, the EMMI is currently required to obtain authorisation/registration, but as far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Prospectus.

**Arranger**

**Deutsche Bank**

**Dealers**

**Deutsche Bank**

*This Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and its consolidated subsidiaries (“NN” or the “Group”) and the Notes which, according to the particular nature of the Issuer and the Notes, 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 (the “Responsible Person”) accepts responsibility for the information contained in this Prospectus. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”) and any supplements or amendments hereto from time to time, including any Final Terms in relation to any issue of Notes under the Programme described in this Prospectus.*

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

**In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).**

**The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.**

**MiFID II product governance / target market – The Final Terms in respect of any Notes may include a legend entitled “MiFID II product governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.**

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (“IDD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Directive 2003/71/EC (as amended or superseded, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Prospectus or for any other statement made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes or any responsibility for any act or omission of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements should be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

Potential investors are expressly advised that an investment in the Notes entails certain risks and that they should therefore carefully review the entire content of this Prospectus. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio. Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Notes. In addition, investors should ensure that an investment in the Notes is in compliance with their own policies, guidelines and restrictions and that an acquisition by them of any Notes is lawful.

The rating of certain Tranches of Notes to be issued under the Programme and the credit rating agency issuing such ratings may be specified in the applicable Final Terms. The Issuer cannot assure investors that any such ratings will not change in the future. A rating reflects only the views of the relevant

rating agency and is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

In connection with the issue of any Tranche (as defined in “Overview of the Programme—Method of Issue”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA) - In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the SFA) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the CMP Regulations 2018), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “EUR”, “Euro” or “euro” are to the single currency of the participating member states of the European Union, references to “\$”, “USD” and “U.S. Dollars” are to the lawful currency of the United States of America, and references to “£”, “GBP” and “Sterling” are to the lawful currency of the United Kingdom.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management’s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation (a) changes in general economic conditions, in particular economic conditions in NN Group’s core markets, (b) changes in performance of financial markets, including developing markets, (c) consequences of a potential (partial) breakup of the euro or European Union countries leaving the European Union, (d) changes in the availability of, and costs associated with, sources of liquidity, as well as conditions in the credit markets generally, (e) the frequency and severity of insured loss events, (f) changes affecting mortality and morbidity levels and trends, (g) changes affecting persistency levels, (h) changes affecting interest rate levels, (i) changes affecting currency exchange rates, (j) changes in investor, customer and policyholder behaviour, (k) changes in general competitive factors, (l) changes in laws and regulations and the interpretation and application thereof, (m) changes in the policies and actions of governments and/or regulatory authorities, (n) conclusions with regard to accounting assumptions and methodologies, (o) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (p) changes in credit and financial strength-ratings, (q) NN Group’s ability to achieve projected operational synergies, (r) catastrophes and terrorist-related events, (s) adverse developments in legal and other proceedings and the other risks and uncertainties detailed in the section headed “Risk Factors”. Any forward-looking statements made by or on behalf of NN Group

**speak only as of the date they are made, and NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason. The Issuer urges investors to read the section headed “Risk Factors” for a more complete discussion of the factors that could affect the Issuer’s future performance and the industry in which the Issuer operates.**

## TABLE OF CONTENTS

	<b>Page</b>
RISK FACTORS .....	1
DOCUMENTS INCORPORATED BY REFERENCE.....	57
SUPPLEMENTARY PROSPECTUS.....	58
PRESENTATION OF FINANCIAL AND OTHER INFORMATION.....	59
OVERVIEW OF THE PROGRAMME.....	61
TERMS AND CONDITIONS OF THE SENIOR NOTES .....	69
TERMS AND CONDITIONS OF THE SUBORDINATED NOTES.....	94
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM.....	127
USE OF PROCEEDS.....	133
BUSINESS DESCRIPTION OF NN GROUP N.V.....	134
TAXATION .....	160
SUBSCRIPTION AND SALE.....	164
FORM OF FINAL TERMS FOR SENIOR NOTES .....	168
FORM OF FINAL TERMS FOR SUBORDINATED NOTES.....	180
GENERAL INFORMATION .....	192
DEFINITIONS .....	194
GLOSSARY OF INSURANCE AND INVESTMENT MANAGEMENT TERMS .....	200

## RISK FACTORS

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

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

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

### **Risks Related to General Economic and Market Conditions**

**NN's business, revenues, results of operations, financial condition and prospects are materially affected by the condition of global financial markets and economic conditions generally.**

The economy typically goes through cycles. In periods of economic downturn, recurring weak macroeconomic conditions, including recessions, along with global financial market turmoil and volatility, generally affect the behaviour of NN's customers, and, by extension, the demand for, and supply of, NN's products and services. New economic or financial crises, such as those that started in 2008 and 2010, may occur and have again significant impact. High unemployment levels; reduced consumer and government spending levels; government monetary and fiscal policies; inflation rates; interest rates; credit spreads and credit default rates; currency exchange rates; market indices, equity and other securities prices; real estate prices and changes in customer behaviour have affected NN in the past and will continue to affect NN in the future. All of these factors are impacted by changes in financial markets and developments in the global and European economies.

Actions by central banks and governments, including the implementation of austerity measures and bail-outs of financial institutions, as well as volatile markets, interest rates and credit spreads, liquidity spreads and significant changes in asset valuations (including material write-offs and write-downs of impaired assets), have all affected the business of financial institutions, including NN. Any future significant deterioration in the Dutch, European and global economies, or renewed volatility in financial markets may affect NN in one or more of the following ways which, should such events occur, could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects:

- NN provides a number of life insurance, pension, income, investment and banking products that expose it to risks associated with fluctuations in interest rates, market indices, equity and other securities prices, credit default rates, the value of real estate assets, fluctuations in currency exchange



rates and credit and liquidity spreads. Accordingly, the profitability of many of these products depends in part on the value of the general account assets and separate account assets supporting them, which will fluctuate depending on the factors described in the previous sentence.

- Certain of NN's life insurance and pension products contain guaranteed minimum benefits. Financial market declines, decreases in prevailing interest rates, a prolonged period of low interest rates (such as that experienced over the past several years) and high market volatility have resulted, and may result, in the value of these guaranteed minimum benefits being higher than anticipated in the pricing, reserving and valuation assumptions made when the policies were issued, and have resulted, and may result, in a decrease in customer lapses. A decrease in customer lapses increases the costs to NN of these products because NN typically pays out the minimum guaranteed benefits on more policies when investment returns on the underlying assets are lower than the minimum guaranteed benefits, negatively impacting the profitability of those products. Such an impact on profitability would generally be reflected over time through IFRS earnings reflected in NN's consolidated annual accounts, and could also result in an immediate decrease in available regulatory capital. Conversely, in periods of rapidly increasing interest rates, policy lapses and withdrawals may increase. This could force NN to sell investment assets at reduced prices and realise investment losses to make the cash payments to its policyholders, having an immediate effect on IFRS earnings and available regulatory capital.
- Financial market conditions may adversely affect the effectiveness of the hedge instruments used by NN to manage certain risks to which it is exposed. This has resulted, and may result, in the hedge instruments not performing as intended or expected, in turn resulting in higher realised losses and increased cash needs to collateralise or settle these hedge transactions. Such financial market conditions have limited, and may limit, the availability, and increase the costs, of hedging instruments. In certain cases, these costs have not been, and may not be, fully recovered in the pricing of the products to which the hedges relate.
- In the ordinary course of its business, NN holds investment portfolios containing a variety of asset classes, including fixed income securities, corporate bonds, mortgages and asset-backed securities ("ABS"), equities, real estate and investments in private equity funds. The value of these investment portfolios has been, and may be, negatively impacted by adverse conditions in the financial markets and economies generally, interest rate changes, changes in mortgage prepayment behaviour or declines in the value of underlying collateral, potentially resulting in increased capital requirements and realised or unrealised losses on those portfolios and decreased investment income. The value of NN's investment portfolios has also been, and may be, adversely impacted by reductions in price transparency, changes in the assumptions or methodologies used to estimate fair value and changes in investor confidence or preferences, resulting in higher realised or unrealised losses. A decrease in the value of the investment portfolios has impacted, and could impact, the results of operations and financial condition of certain of the Issuer's subsidiaries, requiring capital injections and impacting the ability of certain of those subsidiaries to distribute dividends.
- Weak performance of financial markets or underperformance (compared to certain benchmarks or NN's competitors) by funds or accounts that NN manages, or investment products that NN sells, has impacted, and may impact, NN's ability to attract new customers, and has caused, and may cause, customer investments to be withdrawn or reduced, resulting in reduced fee and commission income earned by NN from the management of investment portfolios for third parties, and reduced fee income on certain annuity, pension and investment products. Furthermore, changes in financial market conditions have caused, and may cause, a shift in NN's assets under management ("AuM") mix from equity towards fixed income products, potentially contributing towards a decline in the revenues

earned by NN from the management of investment portfolios for third parties.

- Adverse economic conditions generally (including high unemployment rates) may reduce the level of savings and investment in insurance, banking and investment products. Furthermore, financial market conditions characterised by decreasing or persistently low interest rates may cause a decline in the benefits NN is commercially able to offer under its insurance products. These effects have reduced, and may reduce, demand for NN's products and services. Adverse economic conditions generally have resulted, and may result, in reductions in numbers of employees of NN's existing corporate customers in its group life insurance business, in turn resulting in a reduction in underlying employee participation levels and thus in the contributions, deposits and premium income attributable to certain of NN's pension products.
- NN holds certain assets that have low liquidity, such as privately placed fixed income securities or loans, commercial and residential mortgage loans, ABS, government bonds of certain countries, private equity investments and real estate. In times of the financial crisis, many of these assets have proven to be illiquid resulting in realised losses if such assets were sold and unrealised losses on such assets if they were marked-to-market. Although the liquidity for certain of these assets has improved, a further downturn in the financial markets may exacerbate the low liquidity of these assets and may also reduce the liquidity of assets that are typically liquid, as occurred during the financial crisis in the case of the markets for ABS relating to real estate assets and other collateralised debt and loan obligations. If NN requires significant amounts of cash on short notice in excess of normal cash requirements or is required to post or return collateral in connection with its investment portfolio, derivatives transactions or securities lending activities, NN may be forced to sell assets. If those assets are illiquid, NN may be forced to sell them for a lower price than it otherwise would have been able to realise, resulting in losses.
- Disruptions, uncertainty or volatility in financial markets may limit or otherwise adversely impact NN's ability to access the public markets for debt and equity capital. This may in turn force NN to (a) delay raising additional capital, (b) reduce, cancel or postpone interest payments on its capital securities, (c) issue debt securities of different types or under less favourable terms to NN than it would otherwise do, or (d) incur a higher cost of capital than it would otherwise have incurred in a more stable market environment, each of which may have a material adverse effect on NN's capital and liquidity position. Insufficient liquidity in public markets may force NN to curtail certain operations and strategies, and may adversely impact NN's ability to meet regulatory and rating agency requirements.

**The continuing risk that one or more European countries could exit the eurozone or the EU could have a material adverse effect on NN's business, results of operations, financial condition and prospects.**

There remains a risk that financial difficulties may result in certain European countries exiting the eurozone. The possible exit from the eurozone of one or more European countries and the replacement of the euro by one or more successor currencies could create significant uncertainties regarding the enforceability and valuation of euro denominated contracts to which NN (or its counterparties) are a party and thereby materially and adversely affect NN's (and/or its counterparties') liquidity, business and financial condition. Such uncertainties may include the risk that (a) a liability that was expected to be paid in euro is redenominated into a new currency (which may not be easily converted into other currencies without significant cost), (b) currencies in some European countries may devalue relative to others, (c) former eurozone member states may impose capital controls that would make it complicated, illegal or more costly to move capital out of such countries, and/or (d) some courts (in particular, courts in countries that have left the eurozone) may not recognise and/or enforce claims denominated in euro (and/or in any replacement currency). The possible exit from the eurozone of one or more European countries and/or the replacement of the euro by one or more

successor currencies could also cause other significant market dislocations and lead to other adverse economic and operational impacts that are inherently difficult to predict or evaluate. As a result, the occurrence of one or more of these events could have a material adverse effect on the business, results of operations, financial condition and prospects of NN and its counterparties.

**The UK public voted by a majority in favour of the British government taking the necessary action for the UK to leave the European Union.**

The outcome of the UK's referendum on membership in the European Union, held on 23 June 2016, was that the UK public voted by a majority in favour of the British government taking the necessary action for the UK to leave the European Union. Subsequently, initiation of the legal process pursuant to Article 50 of the Lisbon Treaty has commenced. At this time, it is not certain whether or when the UK will actually leave the European Union, what arrangements (if any) will define the future relationship between the European Union and the UK, or the length of time that this may take. Furthermore, the UK's decision to leave the European Union has caused, and is anticipated to continue to cause, significant uncertainties and instability in the economy and in the financial markets, which may affect the Issuer and the trading price of the Notes. These uncertainties could have a material adverse effect on the business, results of operations, financial condition and prospects of NN and its counterparties. In addition, it is unclear at this stage what the consequences of the UK's departure from the European Union will ultimately be for NN or the trading price of the Notes.

**A downgrade or a potential downgrade in NN's credit or financial strength ratings could have a material adverse effect on NN'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 losses on customer withdrawals), lower AuM and fee income, and decreased liquidity, each of which could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.**

In general, credit and financial strength ratings are important factors affecting public confidence in insurers, and are as such important to NN'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 "claims-paying ability" ratings.

The Issuer has the following credit ratings: S&P: BBB+ (last confirmed 13 December 2018, when S&P regarded the outlook as "Stable"); Fitch: A (last confirmed 2 August 2018, when Fitch regarded the outlook as "Stable"). Furthermore, the Issuer withdrew its solicited credit rating from Moody's on 18 May 2016 and is now rated by Moody's on an unsolicited basis.

The following operating subsidiaries of the Issuer are the only operating subsidiaries with financial strength ratings from S&P:

- Nationale-Nederlanden Bank N.V. has the following counterparty credit rating: A- (last confirmed 16 August 2018).
- NN Re (Netherlands) N.V. has the following financial strength rating: A (last confirmed 5 March 2018).
- NN Life Insurance Company, Ltd. (NN Japan) has the following financial strength rating: A- (last confirmed 7 June 2018).
- Nationale-Nederlanden Levensverzekering Maatschappij N.V. and Nationale-Nederlanden Schadeverzekering Maatschappij N.V. have the following financial strength rating: A (ratings assigned

2 January 2019).

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 a corporate issuer. Rating agencies have increased the level of scrutiny that they apply to financial institutions, have increased the frequency and scope of their reviews, have requested additional information from the companies that they rate, and may adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain rating levels. NN may need to take actions in response to changing rating methodologies, standards or capital requirements set by any of the rating agencies, which may not otherwise be in the best interests of NN. NN cannot predict what additional actions rating agencies may take, or what actions NN 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 NN's business, revenues, results of operations, financial condition and prospects. A downgrade in NN's credit ratings could (a) make it more difficult or more costly to access additional debt and equity 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, NN's relationships with customers, creditors, distributors, reinsurers or trading counterparties, each of which may have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.

**Certain of NN's life insurance products (including annuity and pension products) are subject to longevity risk, which is the risk that the insured lives longer than assumed, with the result that the insurer must continue paying out on the relevant policy for longer than was anticipated, which could have a material adverse effect on NN's business, results of operations, financial condition and prospects.**

In valuing its insurance liabilities and in establishing its pricing and reserving standards, NN uses assumptions to model the future benefit payments, which may be different from the actual benefit payments that will become due in the future if the insured lives longer than was assumed. A change in assumptions could result in a material decrease in available regulatory capital in the Netherlands, which could have a material adverse effect on NN's financial condition.

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

As a provider of life insurance and guaranteed pension products, NN requires a significant amount of long-term fixed income assets which are mostly matched against its long-term insurance liabilities. Fixed income assets are typically valued at fair market value in accordance with current accounting and solvency regulations and are therefore sensitive to interest rate and credit spread movements. However, corresponding liability valuations do not fluctuate with interest rate and credit spread movements when they are valued using a fixed accrual methodology, which may apply depending on applicable accounting, reporting and regulatory frameworks. Moreover, even if the corresponding liabilities are valued using a market consistent methodology, they may nevertheless have limited or different sensitivity to credit spread and interest rate movements because the discount rate applied in those market consistent valuations (in some cases, including the discount rate prescribed or determined by regulators) typically do not fully reflect sensitivities to credit spread and interest rate movements and therefore the value of the liabilities may not match that of the fixed

income assets. In addition, there may be a mismatch in interest rate sensitivities if the duration of the liabilities of a business unit differs from the fixed income assets.

In all of these cases, there is a mismatch between the valuations of the fixed income assets and liabilities that, depending on applicable accounting, reporting and regulatory frameworks, could have a material adverse effect on NN's available regulatory capital (including in the Netherlands and Japan), results of operations and financial condition.

**Sustained low interest rate levels could have a material adverse effect on NN's revenues, results of operation, financial condition and prospects.**

The sustained low interest rate environment in recent years, in particular in Europe and Japan, has impacted NN in various ways, including the following, 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 and disability products) may be more costly to NN. NN may therefore incur higher costs to hedge the investment risk associated with such long-term options and guarantees of these products. Moreover, economic capital NN holds for long-term risks, such as longevity, expense and morbidity risks, is higher in a low interest rate environment. These effects limit the ability of NN to offer these products at affordable prices. Also, the present value impact of assumption changes affecting future benefits and expenses is larger, creating more volatility in NN's results of operations and available regulatory capital.
- NN holds long-term fixed income assets, which are matched against its long-term liabilities. Over the next several years, fixed income assets that were purchased when interest rates were higher will run off. This might expose NN to an investment risk because, in a low interest rate environment, NN may not be able to reinvest the proceeds from maturing investments or to invest the premiums, which it will continue to receive on recurring premium products with interest rate guarantees, in assets with a comparable return profile.

Sustained low interest rate levels have had, and could continue to have, a material adverse effect on NN's revenues, results of operation, financial condition and prospects.

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

If interest rates rise, the value of NN's fixed income portfolio may decrease. This may result in unrealised losses, which in certain regulatory environments, for instance in Japan, could lead to reductions in available regulatory capital and the distributable earnings of the Issuer's Japanese subsidiaries. Furthermore, rising interest rates could require that NN 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. In order to satisfy the resulting obligations to make cash payments to policyholders, NN may be forced to sell assets at reduced prices and thus realise investment losses. Such a sale of investment assets may also result in a decrease in NN's AuM, which could result in reduced fee income as NN's fee income is typically linked to the value of the AuM.

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

**NN is exposed to currency transaction risks and currency translation risks.**

The Issuer's operating subsidiaries may enter into transactions in currencies other than their local currency.

Movements in relevant currency exchange rates could adversely affect the revenues, results of operations and financial condition of those operating subsidiaries, and in turn that of the Issuer. The Issuer is also subject to currency translation risks as the annual accounts of some of its subsidiaries are prepared in currencies other than the euro, the most important of which are the Japanese yen and the Polish zloty. The Issuer and its subsidiaries also receive dividends and other distributions from subsidiaries in currencies other than the euro. Changes in currency exchange rates between the euro and these currencies, particularly the Japanese yen and the Polish zloty, can cause changes in the value (in euro) of corresponding positions on the consolidated annual accounts of NN, even where results as measured in the local currency have remained unchanged, or have even improved.

**Certain subsidiaries of the Issuer may be subject to liquidity risk, which may not be timely resolved by liquidity available elsewhere in the NN group.**

Most of NN's operating insurance companies have relatively large amounts of liquid assets as they have significant holdings of government bonds. However, certain NN entities, such as the Issuer, NN Re, Nationale-Nederlanden Interfinance B.V., NN Japan and NN Bank, but also other subsidiaries to the extent they enter into derivatives transactions, could be faced with a lack of liquidity. In addition, the Issuer is 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 of their respective jurisdictions, including laws establishing minimum solvency and liquidity thresholds. NN Re has a large derivatives portfolio in respect of the variable annuity guarantees it reinsures for certain members of the NN group, which could require it to post (additional) collateral. To hedge their insurance portfolios, the abovementioned NN entities (i) use Nationale-Nederlanden Interfinance B.V. as the legal entity to enter into its bilateral over-the-counter ("OTC") derivative contracts and (ii) use contracts in their own names to enter into OTC derivative contracts that may or may not be subject to the clearing obligation or which the NN entities prefer to clear voluntarily. In any of these two circumstances, NN could be required to post (additional) collateral if, for instance, equity markets fall, interest rates rise or NN's counterparties' amend their view on NN's creditworthiness. NN Japan's portfolio of corporate-owned life insurance ("COLI") could suffer significant surrenders if certain tax benefits on existing business become no longer available to NN's corporate customers following a change in Japanese tax regulations, which could result in liquidity issues if this is combined with a significant increase in Japanese interest rates reducing the value of assets which would need to be sold to satisfy its obligations to customers. NN Bank is exposed to the risk of customer deposit outflows and 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 NN group can or may be made available to the Issuer or affected subsidiary or that any such entity will have access to external sources of liquidity.

**Risks Related to the Business**

**Sales of life insurance products in the Netherlands are at a low level compared to historic sales level that have led NN's existing book. NN can give no assurance that sales volumes of its life insurance products will increase in the future. Slow growth of, or further declines in, such sales volumes could, over time, have a material adverse effect on NN's revenues, results of operations and prospects.**

Sales of life insurance products in the Netherlands are at a low level compared to historic sales levels, mainly due to low interest rates; changes in tax laws that have made certain life insurance products less attractive to customers; changes in regulation on commissions that have made life insurance distribution less attractive to brokers; negative publicity relating to unit-linked products in the Netherlands and a shift in focus of insurance companies, pension funds and employers away from traditional defined benefit pension schemes as low interest rates, and the guarantees that form part of these products, have increased the cost and made these

products less attractive for employers providing such benefits. NN can give no assurance that sales volumes of its life insurance products, in the Netherlands and elsewhere, will increase in the future. In particular in relation to NN's individual life insurance business, which is to a large extent in run-off, NN can give no assurance that sales volumes will grow. Slow growth of, or further declines in, such sales volumes could have a material adverse effect on NN's revenues, results of operations and prospects.

**If NN is unable to successfully implement its strategy, or if NN's strategy does not yield the anticipated benefits, this may have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects and NN may not achieve its targets. If one or more of the assumptions that NN has made in setting its targets are inaccurate, NN may be unable to achieve one or more of its targets.**

NN's strategy aims to generate capital and improve earnings via transformation in the Netherlands, profitable growth and operating leverage in other segments, and diligent management of its Japan Closed Block VA. NN intends to operationally improve and selectively grow its insurance businesses in the Netherlands. If NN's strategy is not implemented successfully, or if NN's strategy does not yield the anticipated benefits, this could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects and NN may be unable to achieve its targets. The ability to successfully implement NN's strategy will also be impacted by factors such as general economic and business conditions, many of which are outside the control of NN. If one or more of the assumptions that NN has made in setting its targets are inaccurate, or if one or more of the risks described in this section occur, NN may be unable to achieve one or more of its targets.

**Because NN operates in highly competitive markets, it may lose its competitive position and market share, which may have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.**

In each of NN's business lines, NN faces intense competition, including from domestic and foreign insurance companies, distributors, financial advisers, banks, asset managers and diversified financial institutions, both for the ultimate customers for NN's products and for distribution through third party distribution channels. NN competes based on a number of factors, including brand recognition, reputation, perceived financial strength and credit ratings, scope of distribution, quality of investment advice, quality of service, product features, investment performance of its products and price. A decline in NN's competitive position could have a material adverse effect on its business, revenues, results of operations, financial condition and prospects.

Recent years have seen further consolidation among companies in the financial services industry through acquisitions, (forced) takeovers and the formation of new alliances. Increased levels of consolidation have enhanced the competitive position of some of NN's competitors by broadening their product and services ranges, increasing their distribution channels and increasing their access to capital. Consolidation has also created larger competitors with lower (relative) operating costs and an ability to absorb greater risk more competitively, which could adversely affect NN's ability to obtain new, or retain existing, customers, or its ability to adjust prices. These competitive pressures could result in increased pressure on product pricing and commissions on a number of NN's products and services, which may adversely affect NN's operating margins, underwriting results and capital requirements, or reduce market share, any of which could have a material adverse effect on NN's business, revenues, results of operations and prospects.

Consumer demand, technological changes, regulatory changes and actions and other factors also affect competition. Generally, NN could lose market share, incur losses on some or all of its activities and experience lower growth if it is unable to offer competitive, attractive and innovative products and services that are also profitable, does not choose the right product offering or distribution strategy, fails to implement such a strategy successfully or fails to adhere or successfully adapt to such demands and changes.

Developing technologies are accelerating the introduction and prevalence of alternative distribution channels, particularly the internet. Such alternative distribution channels may also increase the possibility that new competitors whose competencies include the development and use of these alternative distribution channels may enter the markets in which NN operates.

**Catastrophes, including natural disasters, may result in substantial losses and could have a material adverse effect on NN's business, results of operations, financial condition and prospects.**

NN is subject to losses from unpredictable events that may affect multiple insured risks. Such events include both natural and man-made events, such as, but not limited to, windstorms, coastal inundation, floods, severe winter weather and other weather-related events, pandemics, large-scale fires, industrial explosions, earthquakes and other man-made disasters such as civil unrest and terrorist attacks.

The extent of the losses from such catastrophic events is a function of their frequency, the severity of each individual event and the reinsurance arrangements that NN has in place. A catastrophic event that is sufficiently severe could result in one or more reinsurers that have reinsured that event defaulting on their obligations to the relevant insurers, including NN. Some catastrophes, such as explosions, occur in small geographic areas, while others, including windstorms and floods, may produce significant damage to large, heavily populated and widespread areas. The frequency and severity of catastrophes in general are inherently unpredictable and subject to long-term external influences, such as climate change, and a single catastrophe or multiple catastrophes in any period could have a material adverse effect on NN's business, results of operations, financial condition and prospects.

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

Insurers that offer non-life insurance products have historically experienced significant fluctuations in operating results due to competition, the levels of underwriting capacity, general social, legal or economic conditions and other factors. The non-life insurance business has historically been cyclical, characterised by periods of intense competition in relation to price and policy terms and conditions often due to excessive underwriting capacity, as well as periods when shortages of capacity have seen increased premium rates and policy terms and conditions that are more advantageous to underwriters. Increases in the supply of insurance (whether through an increase in the number of competitors, an increase in the capitalisation available to insurers or otherwise) and, similarly, reduction in consumer demand for insurance could have adverse consequences for NN, including fewer contracts written, lower premium rates, increased expenses for customer acquisition and retention, and less favourable policy terms and conditions for NN, any of which could have a material adverse effect on NN's business, results of operations, financial condition and prospects.

**In the ordinary course of managing and reporting on its business, NN makes extensive use of assumptions and actuarial models to estimate future revenues and expenditures until the maturity of its insurance portfolios, and to assess the related risks. Differences in experience compared with assumptions, as well as updates of the assumptions and actuarial models, may have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.**

In the ordinary course of managing and reporting on its business, NN makes extensive use of actuarial models to estimate future revenues (including premium income and investment returns) and expenditures (including claims payable, policyholder benefits payable, operating expenses, investment expenses, commissions payable and tax expenses) until the maturity of its insurance portfolios, which are used for various purposes,



including pricing, reserving, reserve adequacy testing, solvency, economic capital and hedging programmes, and uses risk models to assess the related risks.

These actuarial models use, among others, statistics, observed historical market data, insurance policy terms and conditions, and NN'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 surrenders or extensions). NN's risk models also include assumptions as to regulatory capital and other requirements, which are particularly uncertain in the current regulatory environment, which is undergoing significant, and ongoing, changes. Actuarial and risk models are complex and may not identify all relevant elements, or may not accurately estimate the magnitude of the impact of identified elements. The effectiveness of these models depends on the quality of information used, which may not always be accurate, complete or up to date, or the significance of which may not always be properly evaluated. Actuarial and risk models are inherently uncertain and involve the exercise of significant own judgement. NN 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 NN's policy liabilities, together with future premiums, will be sufficient.

If actual experience differs from assumptions or estimates, the profitability of NN's products may be negatively impacted, NN may incur losses, and NN's capital and reserves may not be adequate, and the effectiveness of NN's hedging programmes may be adversely affected.

From time to time, NN may need to update its assumptions and actuarial and risk models to reflect actual experience and other new information. Changes to assumptions and these models could impact NN by, for instance, requiring that it update its hedge positions, in which case NN may incur losses, or result in a review of, and subsequent changes to, NN's product pricing, which could have a material adverse effect on NN's business, revenues, results of operations and prospects. In addition, the impact of changes to assumptions, actuarial and risk models on NN's financial reporting will differ depending on applicable accounting and regulatory frameworks.

The impact of changes in assumptions for most of NN's life insurance business would be reflected over the remaining life of the policies through IFRS earnings. However, for non-life insurance business and the variable annuity business, regular updates are made to the assumptions, with an immediate change in the present value of reserves and therefore on IFRS earnings. Furthermore, updates in assumptions within life insurance businesses with a market value based regulatory capital regime, such as Solvency II, would result in an immediate change in the present value of the liabilities used to determine available regulatory capital and would therefore have an immediate impact on available regulatory capital. Changes in assumptions could therefore have a material adverse effect on NN's results of operations and financial condition.

**In valuing its insurance liabilities and in pricing its life insurance and pension products, NN uses assumptions to model the impact of future policyholders' behaviour, which may be different from the actual impact of future policyholders' behaviour. A discrepancy between assumed policyholder behaviour and actual experience, as well as changes to the assumptions used in the modelling, may have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.**

NN is exposed to risks associated with the future behaviour of policyholders which may have an impact on future claims payment patterns. Relevant policyholder behaviours include, among others, policy lapse, withdrawal and surrender decisions, decisions on whether or not to extend the term of a policy, premium payment decisions, discretionary policy top-ups, and choices regarding the underlying fund composition in relation to certain pension and investment products. Risks arise from the discretions afforded to policyholders

under the policies, and decisions by customers on whether or not to perform under the policies.

Policyholder behaviours and patterns can be influenced by many factors, including financial market conditions and economic conditions generally. Factors such as customer perception of NN, 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.

A discrepancy between assumed policyholder behaviour and actual experience, as well as changes to the assumptions used in the modelling, may have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.

**Investment guarantees of NN's separate accounts pension business in the Netherlands and the variable annuity products sold in Japan have in the past had, and may in the future have, a material adverse effect on NN's business, results of operations, and financial condition.**

NN's separate account business in the Netherlands consists of large pension contracts sold to employers under which a discretion to choose the funds in which premiums are invested is afforded, while NN offers a guaranteed return ranging from 3 per cent. to 4 per cent. As derivative instruments to hedge exposure to the investment options fully reflecting these exposures are not available, NN's obligations under these policies cannot be fully hedged and as a result the capital required for this business, as well as results of operations attributable to this business, is volatile.

NN's Japan Closed Block VA segment consists of variable annuity individual life insurance policies sold primarily from 2001 to 2009, when the block entered into run-off. These products offered policyholders the opportunity, at their discretion but within certain parameters, to invest in a variety of Japanese and international equity, fixed income and other investment funds. In addition, these products included guaranteed minimum death benefits and provided customers with the option to purchase guaranteed minimum survival benefit riders. In some cases, such products include ratchets, the effect of which is to reset the guaranteed benefit at a higher level in case of positive market performance.

Many of these products permit policyholders to make certain determinations at their discretion, including the discretion to surrender the contract, and in some cases to extend the contract. As a result, NN's liability under these contracts is subject to policyholder behaviour, which is difficult to predict. Moreover, these discretionary characteristics amplify the potential effects of many other factors and risks, including basis risk, market volatility risks, risks arising when policies are close to renewal date, financial market conditions, hedging programme ineffectiveness, differences between assumptions and actual experience, operational risks and regulatory risks, all of which may have significant negative impacts on earnings, require significant adjustments of NN's hedging position that might negatively impact liquidity, and require increases in regulatory reserves and capital requirements, each of which could have a material adverse effect on NN's results of operations and financial condition.

**Discrepancies between assumed mortality and morbidity and actual mortality and morbidity experience may have a material adverse effect on NN's results of operations and financial condition.**

NN's insurance business is exposed to mortality and morbidity risk. Mortality risk is the risk that a greater number of insured persons die than was assumed, resulting in higher claims. NN's most significant exposure to mortality risk is in its term life and endowment policies. Morbidity risk is the risk that a greater number of insured persons will suffer from insured illnesses and disabilities than was assumed, resulting in higher claims and benefit payments. NN's most significant exposure to morbidity risk is in its disability insurance business in the Netherlands non-life insurance business, and from health and accidental death covers within the COLI

business in Japan. In the case of the income protection and disability insurance business in the Netherlands, a weak economy and higher unemployment may increase the likelihood that those who are eligible to make a claim do so for longer than was assumed, which would result in higher claims than was anticipated. Discrepancies between assumed mortality and morbidity and actual mortality and morbidity experience may have a material adverse effect on NN's results of operations and financial condition.

**A failure to accurately estimate inflation and factor it into NN's product pricing, expenses and liability valuations could have a material adverse effect on NN's results of operations and financial condition.**

A failure to accurately estimate inflation and factor it into NN's product pricing and liability valuations 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 NN's results of operations and financial condition.

In the case of expenses, NN's most significant exposure to inflation risk is in its life insurance business in the Netherlands. With respect to claims, NN's most significant exposure to inflation risk is in its disability and accident insurance policies written by the non-life 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 NN's results of operations and financial condition. An increase in inflation may also require NN 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 NN's results of operations and financial condition.

**NN's primary distribution channel is its network of intermediaries, tied agents and bancassurance. A failure by NN to maintain a competitive distribution network, or to attain a market share of new sales and distribution channels that is comparative to its market share of traditional channels, could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.**

NN's primary distribution channel is its network of intermediaries (which includes independent agents and mandated brokers), tied agents and bancassurance through which it sells and distributes its products. The intermediaries and bancassurance parties through whom NN sells and distributes its products are independent of NN, with the exception of NN Bank. Moreover, NN does not have exclusivity agreements with intermediaries or with some of its bancassurance parties, so they are free to offer products from other insurance companies and there is no obligation to favour NN products. The successful distribution of NN products therefore depends in part on the choices an intermediary or bancassurance party may make as regards its preferred insurance company or companies, and as regards its preferred products and services.

A failure by NN to maintain a competitive distribution network, including participation in, or the development of, an internet-based platform to maintain its market share of new sales through this distribution channel compared to its market share of traditional channels, could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.

**NN's hedging programmes may prove inadequate or ineffective for the risks they address, which could**

**have a material adverse effect on NN's business, results of operations, financial condition and prospects.**

NN employs 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 NN's assets and liabilities, 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, NN employs 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 NN from such risks. Each of NN's hedging programmes 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 NN's own judgement, expertise and experience. 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, NN's insurance portfolio 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 NN terminates a hedging arrangement, it may be required to pay additional costs, such as transaction fees or breakage costs. NN may incur losses on transactions after taking into account hedging strategies. Although NN has 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 NN's policy 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, NN is 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 NN. NN's inability to manage risks 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 NN's business, revenues, results of operations, financial condition and prospects.

**NN is exposed to counterparty risk. Deteriorations in the financial soundness of other financial institutions, sovereigns or other contract counterparties may have a material adverse effect on NN's business, revenues, results of operations and financial condition.**

Due to the nature of the global financial system, financial institutions, such as NN, are interdependent on other financial institutions as a result of trading, counterparty and other relationships. Other financial institutions with whom NN conducts business act as counterparties to NN in such capacities as issuers of securities, customers, banks, reinsurance companies, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, intermediaries, commercial banks, investment banks, mutual and hedge funds and other financial intermediaries. In any of these capacities, a financial institution acting as counterparty may not perform their obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security they provide may prove inadequate to cover their obligations at the time of the default.

A default by any financial institution, or by a sovereign, could lead to additional defaults by other market

participants. The failure of a sufficiently large and influential financial institution or sovereign has in the past disrupted, and could in the future disrupt, securities markets or clearance and settlement systems, and could lead to a chain of defaults because the commercial and financial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of one or more counterparties may lead to market-wide liquidity problems and losses or defaults by NN or by other institutions. This risk is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which NN interacts on a daily basis. Systemic risk could have a material adverse effect on NN’s business, revenues, results of operations, financial condition and prospects.

**Reinsurance subjects NN to the credit risk of reinsurers, and reinsurance may not be available, affordable or adequate to meet NN’s requirements, which may have a material adverse effect on NN’s business, revenues, results of operations and financial condition.**

NN purchases reinsurance under various agreements that cover defined blocks of business on a yearly renewable, per risk excess of loss or catastrophe excess of loss basis. These reinsurance agreements are designed to spread the risk and mitigate the effect of claims. The amount of the retained risk depends on an evaluation of the specific risk, which is subject, in certain circumstances, to maximum limits based on the characteristics of coverage. Under the terms of these reinsurance agreements, the reinsurer agrees to reimburse NN for the ceded amount in the event that NN has to pay out the ceded claim to a policyholder. A default by a reinsurer to which NN has material exposure could expose NN to significant (unexpected) losses and therefore have a material adverse effect on its business, revenue, results of operations and financial condition.

Market conditions beyond NN’s control determine the availability and cost of reinsurance protection. Accordingly, NN may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect the profitability of NN’s business and the availability of capital to write future business. In addition, NN determines the appropriate level of primary insurance and reinsurance coverage based on a number of factors and from time to time decides to reduce, eliminate or decline coverage based on its assessment of the costs and benefits involved. Any decreases in the amount of reinsurance coverage may increase NN’s risk of loss. Any of these risks, should they materialise, may have a material adverse effect on NN’s business, revenues, results of operations and financial condition.

**The determination of the amount of impairments taken on NN’s investment and other financial assets is subjective and could have a material adverse effect on NN’s results of operations and financial condition.**

Impairment evaluation of NN’s investment and other financial assets is a complex process that involves significant judgements and uncertainties that may have a significant impact on NN’s results of operations and financial condition.

All debt and equity securities (other than those carried at fair value through profit and loss) held by NN are subject to impairment testing every reporting period. The carrying value is reviewed in order to determine whether an impairment loss has been incurred. Evaluation for impairment includes both quantitative and qualitative considerations. For debt securities, such considerations include actual and estimated incurred credit losses indicated by payment default, market data on (estimated) incurred losses and other current evidence that the relevant issuer may be unlikely to pay amounts when due. Equity securities are impaired when management believes that, based on (the combination of) a significant or prolonged decline of the fair value below the acquisition price, there is sufficient reason to believe that the acquisition cost may not be recovered. Upon impairment, the full difference between the (acquisition) cost and fair value is removed from equity and recognised in net result.

The identification of impairment is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, statistical loss data, discount rates and observable market prices. Estimates and assumptions are based on management's judgement and other available information. Significantly different results can occur as circumstances change and additional information becomes known.

**NN's residential and commercial mortgage portfolio is exposed to the risk of default by borrowers and to declines in real estate prices; these exposures are concentrated in the Netherlands.**

NN is exposed to the risk of default by borrowers under 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 or other regulations related to housing (such as the decrease in deductibility for tax purposes of interest on mortgage payments as well as rules on pre-payment). 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 NN, a large majority of these exposures are concentrated in the Netherlands because most of the mortgage loans have been advanced, and are secured by commercial and residential property, in the Netherlands. As of the date of this Prospectus, almost all of the aggregate principal amount of mortgage loans advanced in the Netherlands is secured by residential property, and a relatively small amount by commercial property. An increase of defaults, or the likelihood of defaults, under the mortgage loans, or a decline in property prices in the Netherlands, has had, and could have, a material adverse effect on NN's results of operations and financial condition.

**NN is exposed to the risk of damage to its brands and its reputation.**

NN's business and results of operations are, to a certain extent, dependent on the strength of its brands and NN's reputation. NN and its products are vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. NN is exposed to the risk that litigation (such as in connection with mis-selling), employee fraud and other misconduct, operational failures, the negative outcome of regulatory investigations, press speculation and negative publicity, amongst others, whether or not founded, could damage its brands or reputation. Any of NN's brands or reputation could also be harmed if products or services recommended by NN (or any of its intermediaries) do not perform as expected or do not otherwise meet customer expectations (whether or not the expectations are founded), or the customer's expectations for the product change.

Negative publicity could be based, for instance, on allegations that NN failed to comply with regulatory requirements or result from failures in business continuity or the performance of NN's information technology ("IT") systems, loss of customer data or confidential information, unsatisfactory service (support) levels, or insufficient transparency or disclosure of cost allocation (cost loading). Negative publicity adversely affecting NN's brands or its reputation could also result from any misconduct or malpractice by intermediaries, business promoters or other third parties linked to NN (such as strategic partners). Furthermore, negative publicity, and damage to NN's brands or reputation, could result from allegations that NN has invested in, or otherwise done business with, entities and individuals that are, or which become, subject to political or economic sanctions or are blacklisted, or which do not meet environmental and social responsibility standards.

Any damage to NN's brands or reputation could cause existing customers or intermediaries to withdraw their business from NN and potential customers or intermediaries to be reluctant or elect not to do business with NN. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating

agencies' perception of NN, which could make it more difficult for NN to maintain its credit ratings, which is an important factor for both intermediaries and customers when considering what insurance company to do business with. Any damage to NN's brands or reputation could cause disproportionate damage to NN's business, even if the negative publicity is factually inaccurate or unfounded.

**Prolonged investment underperformance of NN's AuM, or the loss of key investment management personnel, may cause existing customers to withdraw funds and potential customers not to grant investment mandates, which could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.**

When buying investment products or selecting an investment manager, customers (including pension funds and intermediaries) typically consider, among others, the historic investment performance of the product and the individual who is responsible for managing the particular fund. This is also true in relation to certain investment products sold by NN's life insurance and pension business. In the event that NN does not provide satisfactory or appropriate investment returns now or in the future, underperforms in relation to its competitors or does not sell an investment product which a customer requires or is deemed suitable, existing customers (including pension funds) may decide to reduce or liquidate their investment, negotiate alterations of their existing agreements with NN, or transfer their mandates to another investment manager. Each of these results may also occur if NN were to lose key investment management personnel, or an entire fund management team, as this may impair customer confidence levels in the particular fund or asset class. In addition, potential customers may decide not to grant investment mandates. As the portfolio management fees charged by NN to its customers are based largely on the value of AuM, a prolonged period of investment underperformance, or a decline in AuM for the other reasons noted above, could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.

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

The term "emerging risks" is used in the insurance industry to refer to previously unknown risks that could cause substantial future losses and, therefore, are of major concern to insurance companies. Even more so than traditional risks, emerging risks are difficult to analyse because they often exist as hidden risks. Insurance premiums for emerging risks are difficult to calculate due to a lack of historical data about, or experience with, such risks or their consequences. At present, the consequences of potential worldwide climate change are considered emerging risks. There is a wide scientific consensus, and a growing public conviction, that globally increasing emissions of greenhouse gases, especially carbon dioxide, are causing an increase in average worldwide surface temperatures. This increase in average temperatures could increase the frequency of hurricanes, floods, droughts and forest fires, and could cause sea levels to rise due to the melting of the polar ice caps. Other examples of emerging risks are demographic changes (such as the aging of the population), epidemics and pandemics, and risks that may arise from the development of nanotechnology and genetic engineering.

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

**The acquisition by NN of Delta Lloyd may not give rise to the intended benefits to the Group.**

The acquisition by NN of Delta Lloyd started in 2016. Key steps to integrate the two companies have been completed, including legal mergers on NN Group level and in the Dutch Life, Non-life, Banking and Asset

Management businesses and in Belgium, and the incorporation of Delta Lloyd entities into the NN Group Partial Internal Model. However, further operational integration remains to be completed.

No assurance is given that the commercial, operational and other benefits, including cost synergies and return on investment, that the Issuer believes will arise as a result of the acquisition, will in fact arise or arise on a timely basis, or that there will not be any negative impact on the Issuer as a result of the acquisition. No assurance is given that the Issuer will be able to fully or effectively further integrate Delta Lloyd (or assets) into its business in the future. The discontinuation of Delta Lloyd brands may result in customers either not entering into new business with NN, or cancelling their existing contracts. The further integration of Delta Lloyd may be complex and expensive, and depends largely on integrating the risk, financial, technological and management standards, processes, procedures and controls of Delta Lloyd, as well as employees and other operational functions, into those of the Issuer's business. Such integration will require management to devote significant time and resources to execute effectively, particularly in areas where the businesses of the Issuer and Delta Lloyd differ. This may present a number of challenges for management, including management distraction and overstretch and the deferral, modification or cancellation of certain management plans and targets. In addition, expected business growth opportunities, increased competitive offering and advantages, revenue growth and cost synergies, operational efficiencies, improved customer proposition, more diversified product offering and other benefits may not materialize for various reasons, including if the assumptions upon which the Issuer determined to proceed with the acquisition are proved to be incorrect or if the integration of Delta Lloyd into the Issuer's business is not successful, or not as successful as the Issuer contemplated.

No assurance can be given as to whether the concluded diligence undertaken has been sufficient to uncover all material issues (including, in relation to whether or not Delta Lloyd has complied or currently complies with all applicable laws and regulations), or to confirm that the acquisition of Delta Lloyd will not negatively impact upon the Issuer's business, including its overall financial, capital or liquidity position, or stability, or otherwise, will not have a material adverse effect on the business, revenues, result of operation, financial condition and prospects of the Issuer. As a result, if the anticipated synergies or other benefits of the acquisition are not achieved, or not achieved in full, or in each case, not achieved on a timely basis, or those achieved are materially different from those that were expected to be achieved prior to the acquisition, or if the acquisition has a negative impact on the Issuer, then this could have a material adverse effect on the Issuer, including its business, operations, financial condition or stability, credit ratings, risk profile and prospects. In addition, the IFRS financials as well as key management information metrics of Delta Lloyd, including but not limited to expenses, value of new business and capital generation, may differ significantly when consolidated under NN Group policies and related standards when compared to similar information disclosed by Delta Lloyd as a stand-alone company before the acquisition.

## **Regulatory and Litigation Risks**

**NN is subject to comprehensive insurance, investment management, banking, pension and other financial services laws and regulations, and to supervision by many regulatory authorities that have broad administrative powers over NN. These laws and regulations have been and will be subject to changes, the impact of which is uncertain. Failure to comply with applicable laws and regulations may trigger regulatory intervention which may harm NN's reputation, and could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.**

NN is subject to comprehensive insurance, investment management, banking, pension and other financial services laws and regulations, and to supervision by many regulatory authorities that have broad administrative and discretionary power over NN. Amongst others, the laws and regulations to which NN is subject concern: capital adequacy requirements; liquidity requirements; permitted investments; the



distribution of dividends, product and sales suitability; product distribution; payment processing; employment practices; remuneration; ethical standards; anti-money laundering; anti-terrorism measures; prohibited transactions with countries and individuals that are subject to sanctions or otherwise blacklisted; anti-corruption; privacy and confidentiality; recordkeeping and financial reporting; price controls, and exchange controls.

The laws and regulations to which NN is subject are becoming increasingly more extensive and complex and regulators are closely monitoring and scrutinising the industries in which NN operates, and on NN itself, placing an increasing burden on NN's resources and expertise, and requiring implementation and monitoring measures that are costly. In some cases, the laws and regulations to which NN is subject have increased because governments are increasingly enacting laws that have an extra-territorial scope. Regulations to which NN is, and may be, subject may limit NN's activities, including through its net capital, customer protection and market conduct requirements, may negatively impact NN's ability to make autonomous decisions in relation to its businesses and may limit the information to which NN has access in relation to those businesses, and result in restrictions on businesses in which NN can operate or invest, each of which may have a material adverse effect on NN's business, results of operations and prospects. As compliance with applicable laws and regulations is time-consuming and personnel-intensive, and changes in laws and regulations have increased, and may further increase, the cost of compliance has increased and is expected to continue to increase.

Laws, regulations and policies currently governing NN have changed, and may continue to change in ways which have had and may have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects. NN cannot predict whether or when future legislative or regulatory actions may be taken, or what impact, if any, actions taken to date or in the future could have.

Financial regulation in the Member States in which NN operates is mainly based on EU directives. However, differences may occur in the regulations of various Member States, and such differences between the regulations of Member States may place NN's business at a competitive disadvantage in comparison to other European financial services groups.

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

**The impact on NN of recent and ongoing financial regulatory reform initiatives is uncertain.**

Financial regulatory reform initiatives could have adverse consequences for the financial services industry generally, including NN. Recent and ongoing regulatory reform initiatives include, amongst others:

- **Solvency II.** As of 1 January 2016, the solvency framework and prudential regime, known as "Solvency II", has become applicable to insurance companies, reinsurance companies and insurance holding companies.

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

The Dutch Intervention Act was amended on 26 November 2015 as a result of the entry into force of the EU Directive on the recovery and resolution of credit institutions, investment firms and certain holding companies, which was approved by the European Parliament on 15 April 2014 and of which the final text was published in the Official Journal of the European Union on 12 June 2014 (the “Recovery and Resolution Directive”). The Recovery and Resolution Directive also contains provisions that apply to mixed financial holding companies, and thus to NN Group, including the right of bail-in of creditors. The majority of the implementing provisions relate to investment firms (and to a lesser extent credit institutions) whilst no material amendments are made in respect of the intervention powers regarding insurance companies. Furthermore, the terms of debt securities, including the Notes, may be varied (e.g. the variation of maturity of a debt instrument). The Dutch Intervention Act and the Recovery and Resolution Directive aim to ensure that financial public support will only be used as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool.

With the entry into force of the R&R Act (described below), many of the rules that were introduced by Dutch Intervention Act have been repealed and the emergency regulation (*noodregeling*) and safety-net-scheme (*opvangregeling*) are abolished.

- **Insurance guarantee schemes.** Certain jurisdictions in which NN’s insurance subsidiaries operate require that life insurers doing business within the jurisdiction participate in guarantee associations, which raise funds to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers. The occurrence of such a guarantee event may give rise to an obligation on

the relevant insurance subsidiary to pay significant amounts under the guarantee. Insurance guarantee schemes may also oblige insurers to make annual payments to the guarantee association. An insurance guarantee scheme has been in place in Japan since 1999, and NN is obliged to make annual contributions to the guarantee scheme. The EC has been discussing EU-wide insurance guarantee schemes for several years and intends to introduce an EU directive on insurance guarantee schemes. As at the date of this Prospectus, no proposals for this directive have yet been published. Any introduction of insurance guarantee schemes to which NN is subject may impact NN's results of operations.

- **Remuneration.** As from 2011, credit institutions and investment firms based in Member States have to comply with the variable pay constraints following from CRD III. These CRD III rules have been revised and as from 2014, credit institutions and investment firms based in Member States have to comply with the variable pay constraints following from CRD IV, including a bonus cap of 100 per cent. of fixed pay (or 200 per cent. if shareholders approve) for identified staff. These variable pay constraints are applicable to all operations of credit institutions and investment firms based in Member States (including their operations outside the EU). These variable pay constraints following from CRD IV were implemented in Dutch law on 1 August 2014. As a result, the variable pay constraints stemming from CRD IV apply directly to the bank and investment management activities of NN. These pay constraints may limit NN's ability to attract and retain talented staff. CRD IV allows Member States to introduce a more restrictive bonus cap.

On 7 February 2015, the Act on Remuneration Policies in Financial Enterprises (*Wet beloningsbeleid financiële ondernemingen*) ("ARPFE") entered into force which is also applicable to Dutch-based insurance companies and banks. The ARPFE introduces a cap for variable remuneration of 20 per cent. of fixed remuneration for all staff in the Netherlands. In the ARPFE, the following exceptions to the 20 per cent. cap are included: (i) for staff in the Netherlands whose remuneration does not exclusively fall under a collective labour agreement, the 20 per cent. cap does not apply on an individual basis, but it applies to the average variable remuneration of such staff whereby the maximum variable remuneration is capped at 100 per cent. of the fixed remuneration of each individual; (ii) for staff that work predominantly outside of the Netherlands, but within the EU, there is an individual variable remuneration cap of 100 per cent. of fixed remuneration; (iii) for staff that work predominantly outside the EU, an individual variable remuneration cap of 200 per cent. of fixed remuneration applies, subject to shareholder approval and notification to the regulator; and (iv) the 20 per cent. cap does not apply to legal entities whose regular business is managing one or more collective investment undertakings which are subject to AIFMD or UCITS. In addition, the ARPFE also covers a number of other topics, such as strict conditions on severance pay, prohibition on guaranteed bonuses and claw-back of variable remuneration and severance pay. Although exceptions to the 20 per cent. cap are available, these new pay constraints may limit NN's ability to attract and retain talented staff.

The Minister of Finance has informed the Dutch Parliament of the intention of the Dutch Government to introduce additional remuneration rules that will, amongst other things, (i) introduce a retention period for share awards that are part of fixed remuneration received by statutory board members and employees of a financial institution such as a bank or insurance company and (ii) aim to limit the scope of the exception to the 20 per cent cap for staff in the Netherlands whose remuneration does not exclusively fall under a collective labour agreement. These new pay constraints may limit NN's ability to attract and retain talent.

- **SIFIs.** As a result of the financial crisis that started in 2008, international and domestic regulators have moved to protect the global financial system by adopting regulations intended to prevent the failure of systemically important financial institutions ("SIFIs") or, if one does fail, limiting the adverse effects

of its failure. In November 2011, the Financial Stability Board published a list of global systemically important financial institutions (“G-SIFIs”). Subsequently, in July 2013, the Financial Stability Board designated nine global insurance companies as global systemically important insurers (“G-SIIs”). As a result, these firms will be subject to enhanced supervision and increased regulatory requirements in the areas of recovery and resolution planning as well as capital. The implementation deadlines for these requirements start after an insurer has been designated as G-SIFI. Although NN at this point in time does not expect to be designated a G-SIFI or a G-SII, it cannot be ruled out that this or similar supervision and regulation will apply to NN in the future.

**ComFrame.** On 2 July 2012, the International Association of Insurance Supervisors (“IAIS”) released a working draft on the ComFrame “Insurance core principles”. “ComFrame”, short for “Common Framework for the Supervision of Internationally Active Insurance Groups” (“IAIGs”), has three main objectives: (a) to develop methods of operating group-wide supervision of IAIGs; (b) to establish a comprehensive framework for supervisors to address group-wide activities and risks, and (c) to foster global convergence. On 17 December 2014, the IAIS commenced a public consultation on the development of a risk-based global insurance capital standard (“ICS”), which followed the announcement of the ICS as a component of ComFrame for IAIGs in October 2013. In 2018, IAIS has separately consulted new versions of ComFrame and ICS. It is expected that ComFrame, including ICS, will be adopted in 2019. As the content of ComFrame is not finalised yet, its future impact on NN is uncertain.

- **Financial Transaction Tax.** In February 2013, the EC published a proposed directive for a common financial transaction tax (“FTT”) to be implemented in 11 participating Member States, being Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, which would together constitute the “FTT-Zone”. However, Estonia has since stated that it will not participate. As at the date of this Prospectus, it has not been proposed that the Netherlands become a participating Member State. Under the proposed directive, the FTT would have a broad scope and could, *inter alia*, levy a tax on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the “FTT-Zone”. The proposed directive has been subject to public and media scrutiny, several rounds of negotiation by the 11 participating Member States, and the legality of certain aspects of the proposal has been questioned. As of the date of this Prospectus, it is unclear when the FTT will come into force, if at all, and unclear what the content of the FTT would be. During 2016, the participating Member States once again expressed their intention to come to an agreement, however, a new draft legislative proposal has not been published yet. As it is not currently contemplated that the Netherlands would be a participating Member State, and thus part of the FTT-Zone, it is expected that, even if the FTT were to come into force, its impact on NN’s results of operations would be relatively limited (although FTT would have a material impact on the operations of NN’s investment management business, which operates throughout Europe, including those countries that are within the contemplated FTT-Zone). However, the impact of the FTT on NN’s results of operations could be significantly greater if the Netherlands were to become a participating Member State.
- **FATCA.** Under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 commonly referred to as the Foreign Account Tax Compliance Act (“FATCA”), a new reporting regime is imposed, which may lead to a compliance risk of the Issuer, and potentially a 30 per cent. withholding tax will be imposed on “passthru payments” made to certain non-U.S. financial institutions that fail to provide certain information regarding their U.S. accountholders and certain U.S. investors to the U.S. Internal Revenue Service (“IRS”). Some countries (including the Netherlands) have entered into, and other countries are expected to enter into, intergovernmental agreements (“IGAs”) with the U.S. to

facilitate the type of information reporting required under FATCA. IGAs will often require financial institutions in those countries to report some information on their U.S. accountholders to the taxing authorities of those countries, which will then pass the information on to the IRS.

NN is a financial institution for purposes of FATCA and the IGA between the U.S. and the Netherlands. NN has taken all necessary steps to comply with FATCA and any legislation implementing an IGA or, if and to the extent necessary, entered into an agreement with the IRS to facilitate compliance with FATCA. If NN or one of its subsidiaries is not FATCA compliant, NN could face certain withholding penalties. The FATCA protocol should also mitigate the risk that NN or one of its subsidiaries enters into a relationship with a U.S. tax evader. This may lead to reputational damage, regulatory fines, loss of market share, financial losses and legal risk.

- ***Insurance Distribution Directive.*** On 23 February 2016, the Insurance Distribution Directive ("IDD") entered into force. The IDD recasts and repeals the IMD. The IDD is implemented via the Implementation Act Insurance Distribution Directive (*Wet implementatie richtlijn verzekeringsdistributie*) into Dutch law as of 9 March 2019. The IDD provides for, among others, mandatory disclosure requirements obliging insurance intermediaries to disclose to their customers the nature of remuneration they receive. Where a fee is payable directly by the customer to the intermediary, the amount of the fee should be disclosed, or if the amount of the fee cannot be calculated, the method for calculating the fee should be disclosed. Further, the IDD covers direct sales by insurance and reinsurance companies. Insurers carrying out direct sales will be required to comply with information and disclosure requirements and certain conduct of business rules, including a general obligation to act honestly, fairly and professionally in accordance with customers' best interests. In the case of the sale of bundled products, including a product or service which is not insurance, the insurance distributor will have to inform customers about the possibility to purchase the components of the package separately and, if so, about the costs of each component. In addition, the IDD set out stricter requirements for the sale of life insurance investment products, for example, the obligation to identify and disclose conflicts of interest or to gather information from customers to assess the suitability or the appropriateness of the product. Although the IDD is aimed at minimum harmonisation and consequently the transposition of the IDD in national legislation will differ per country, it is expected that it will have a significant effect on the European insurance market. In particular, the IDD will increase NN's compliance obligations regarding sales, increasing compliance costs and the complexity of NN's sales procedures. The IDD is also expected to affect the relationship between NN and its intermediaries in the context of selling insurance products.
- ***CRD V/Basel III/Basel III Reforms.*** Since the financial crisis that started in 2008, financial institutions, including credit institutions such as NN Bank, have been subject to increased public and regulatory scrutiny, and new laws and regulations have been enacted. Specifically, in December 2010, the Basel Committee on Banking Supervision published its final standards on the revised capital adequacy framework known as 'Basel III'. These standards are significantly more stringent than the capital adequacy requirements that were in place before Basel III. In order to facilitate the implementation of the Basel III capital and liquidity standards for banks and investment firms, CRD IV has been adopted. CRD IV consists of the CRD IV Directive and the CRR and aims 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 CRD IV Directive entered into force in the Netherlands on 1 August 2014. The CRD IV Regulation entered into effect on 1 January 2014. Since the introduction of the Basel III framework, the Basel Committee published several consultation documents for amendment of Basel III. Any amendments resulting from these and possible future

consultations are likely to affect rules contained in CRD IV and/or the application of CRD IV and the rules and regulations based thereon.

CRD IV resulted, *inter alia*, in NN Bank becoming subject to stricter capital and liquidity requirements and will also affect the scope, coverage, or calculation of capital. In addition, more stringent rules apply to instruments in order to constitute regulatory capital ("*toetsingsvermogen*"). The supervisory authorities could require NN Bank to take remedial action if it breaches any of the regulatory capital requirements. The remedial action could be to work closely with the authorities to protect customers' interests and to restore the NN Bank's capital and solvency positions to acceptable levels. This may have a negative impact on the payments on the Notes.

As briefly referred to above, the Basel Committee published several consultation documents for amendment of Basel III. These consultations include, among others, proposals for revision of the standardised approaches for credit, operational and market risk, the introduction of capital floors based on standardised approaches, revision of the leverage ratio framework and enhancement of the Pillar III disclosure requirements. Of these proposals, the proposed revisions of the standardised approach for credit risk, in combination with the proposed capital floor framework based on the revised standard approaches for credit, market and operational risk, may have the most significant impact on NN Bank. The proposal regarding the revisions of the standardised approach for credit risk includes, among others, (i) introduction of due diligence requirements for assessing the creditworthiness of a bank's counterparties, (ii) enhancement of the requirements surrounding the use of external ratings, (iii) the introduction of risk drivers to determine risk weightings of certain asset classes and (iv) the introduction of higher risk weights for certain asset classes. The aim of the revision is to discourage banks from relying mechanically on external ratings for the assessment of an asset's creditworthiness. Relevant for NN Bank are in particular the proposed revisions with respect to exposures secured by real-estate (such as mortgage loans), including the proposal to use the LTV ratio as the main risk driver for risk weighting purposes, certain procedural aspects for being able to apply a preferential risk weight based on the LTV ratio (e.g. required documentation) and the treatment of guarantees (such as the Dutch National Mortgage Guarantee (*Nationale Hypotheek Garantie*)). The proposal regarding the capital floor based on the revised standardised approach for credit, market and operational risk forms part of a range of policy and measures that aim to enhance the reliability and comparability of risk weighted capital ratios across banks. Its objectives are, amongst others, to ensure that the level of capital across the banking system does not fall below a certain level, mitigate model risk and measurement error stemming from internally modelled approaches and address incentive-compatibility issues. However, the implementation of amendments to the Basel III framework in general, and the revisions to the standardised approach for credit risk and the capital floor framework based thereon in particular, and the amendments of Basel III as already made public in several consultative documents, most notably on the treatment of credit and operational risks (which amendments are referred to as 'Basel IV'), could have a significant impact on the NN Bank's financial position and results of operations and therefore its ability to make payments on the Notes.

Following certain proposals of the Basel Committee and the Financial Stability Board, the European Commission ("EC") proposed on 23 November 2016 a comprehensive package of banking reforms to CRD IV, the Bank Recovery and Resolution Directive ("BRRD") and the Single Resolution Mechanism and Single Resolution Fund ("SRM Regulation") (together, the "EU Banking Reforms"), including measures to increase the resilience of EU institutions and enhance financial stability. The proposals have been adopted by the European Council and the European Parliament and are expected to be published in the Official Journal of the European Union in the course of June 2019 and will enter into force 20 days later. Most of the new rules will start applying in mid 2021, subject in certain cases to transposition in the Member States. The EU Banking Reforms are wide-ranging and cover multiple

areas, including: (a) a binding 3 per cent. 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 'non-preferred' senior debt, (e) the introduction of the new total loss-absorbing capacity ("TLAC") standard for G-SIIs, (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. .

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 seeks 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 CVA. Given that the Basel III Reforms will have to be transposed by the EU legislature, the precise impact of the Basel III Reforms on NN Bank remains uncertain.

- **MIFID reform.** On 3 January 2018, the Markets in Financial Instruments Directive (Directive 2014/65/EU, "MiFID II") and the Markets in Financial Instruments Regulation (Regulation (EU) 600/2014, "MiFIR") entered into force. The revised MiFID II/MiFIR, *inter alia*, aim to strengthen investor protection and improve the functioning of the financial markets. MiFID II/MiFIR are particularly relevant for NN's investment management business and to a lesser extent the investment services provided by NN Bank.
- **International sanctions.** In various jurisdictions in which NN does business, it is subject to laws, regulations and other measures concerning transactions in certain countries and regions, and with certain individuals, that may result in the imposition of significant penalties and reputational harm should NN not fully comply with them. These legislative, regulatory and other measures include anti-terrorism measures, international sanctions, blockades, embargoes, blacklists and boycotts imposed by, amongst others, the EU, the United States and the United Kingdom. The scope and content of, and penalties that may result from, these legislative, regulatory and other measures have in the past, and may in the future, change, with limited or no forewarning and with retroactive effect. Moreover, these legislative, regulatory and other measures may lead to conflicting duties and prohibitions, making it difficult or even impossible for NN to comply, for instance as compliance with a duty under one such law may constitute a breach of a prohibition under another. These measures may also adversely affect NN's ability or appetite to do business in certain jurisdictions and regions and with respect to certain types of customers and products.
- **EMIR.** The European Market Infrastructure Regulation 648/2012 ("EMIR") entered into force in all the Member States on 16 August 2012. EMIR aimed to increase stability in European OTC derivatives markets and includes measures to require the clearing of certain OTC derivatives contracts through central clearing counterparties and to increase the transparency of OTC derivatives transactions. EMIR is currently under review and slightly amended transaction reporting rules have entered into force per 1 November 2017. The EC has issued two legislative proposals that may have an impact on the clearing of derivatives by NN: (i) Proposal on CCP recovery and resolution to ensure that CCP's critical functions are preserved while maintaining financial stability and avoiding the costs of restructuring falling on taxpayers (ii) Proposal on CCP supervision for a pan-European approach to supervision of EU and third-country CCPs.

As the negotiations between the UK and the EU27 have so far not led to a deal adopted by the UK

Parliament, it is currently unclear what the Brexit will look like and hence means for the derivative market. Prospective investors should be aware that the regulatory changes arising from both EMIR review and/or the Brexit may increase the cost for NN of entering into and maintaining derivative contracts and may adversely affect its ability to engage in and/or maintain derivative contracts, for instance to hedge NN's open financial market positions. While temporary measures have been announced by both the UK government and the European Commission to address financial stability concerns in case of a no-deal Brexit, the uncertainty around which Brexit scenario will be executed makes it hard to predict if and when these would enter into force.

- **Financial Conglomerate (“FICO”).** On 19 April 2016, DNB designated NN Group as a financial conglomerate (FICO) effective from 1 January 2016. As of that date NN Group qualifies as a mixed financial holding company and is subject to supplemental group supervision by DNB in accordance with the requirements of the EU's Financial Conglomerate Directive. As a result, DNB has required NN Group to deduct its participation in credit institutions from the NN Group Solvency II ratio. Accordingly, NN Group excludes NN Bank from both Own funds and the SCR. Additional requirements stemming from other European directives and regulations, such as the Recovery and Resolution Directive (2014/59/EU), CRD IV (2013/36/EU) and CRR (575/2013/EU), might also apply to a FICO. For insurance led FICOs, DNB is currently of the view that the CRD IV and CRR requirements do not apply to the holding company given that it is already subject to Solvency II group supervision requirements. However, a different interpretation of these requirements by the EC or future changes to these requirements might lead to DNB taking a different view in this respect. If so, this could lead to increased capital requirements, make it more expensive for NN to conduct its business and requires NN to make changes to its business model.
- **Benchmarks Regulation.** On 29 June 2016, the Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “Benchmarks Regulation”) was published in the official journal and applies from 1 January 2018. The Benchmarks Regulation aims to contribute to the accuracy and integrity of benchmarks used in financial instruments and financial contracts or to measure the performance of investment funds by, among others, (i) ensuring that benchmark administrators are subject to prior authorisation and supervision depending on the type of benchmark, requiring greater transparency on how a benchmark is produced, and (ii) ensuring the appropriate supervision of critical benchmarks, such as EURIBOR/LIBOR, the failure of which might create risks for market participants and for the functioning and integrity of markets; and (iii) requiring EU supervised entities to only use benchmarks of administrators that are duly authorised/registered. As user of benchmarks for, amongst others, the debt securities it issues, the Issuer may only use benchmarks which are in compliance with the Benchmarks Regulation.
- **Dutch law on recovery and resolution of insurers.** On 1 January 2019, the Dutch Act on Recovery and Resolution of Insurers (*Wet herstel en afwikkeling verzekeraars*, the **R&R Act**) came into force in the Netherlands, replacing the previously applicable intervention regime for insurance companies in the Netherlands faced with financial difficulties. Amongst other things, the R&R Act (i) expands and improves DNB's tools, including bail-in tools to write down debt or convert debt into equity, for recovering and resolving insurers in an orderly manner to protect the interests of the policyholders and (ii) opens the possibility to pay advances (*voorschotten*) to policyholders of an insolvent insurer prior to the bankruptcy verification meeting (*verificatievergadering*). The powers under the R&R Act may also extend to entities other than insurance or reinsurance entities in the Netherlands that are part of the group. In addition, the R&R Act will allow DNB to require a Dutch insurance or reinsurance company or a group to remove, *ex ante*, impediments to effective resolution of a Dutch insurance or reinsurance



undertaking (such as the revision of financing arrangements, the reduction of exposures, the transfer of assets, the termination or limitation of business activities, or the prohibition to start certain business activities, change the legal or operational structure of the group, or securing certain critical business lines). The risks related to the R&R Act may be comparable to the risks described above in relation to the Dutch Intervention Act. However, as the R&R Act has come into force recently, the Group at this time is unable to predict what effects, if any, and any actions taken under the R&R Act may have in respect of the exercise of the Dutch bail-in power stemming from the R&R Act.

- ***Potential harmonisation of Recovery and Resolution frameworks for Insurers.*** On 2 December 2016, EIOPA published a discussion paper on the Potential harmonisation of Recovery and Resolution frameworks for Insurers and has invited stakeholders to provide comments and input before 29 February 2017. On 5 July 2017, EIOPA published an opinion on the Potential harmonisation of Recovery and Resolution frameworks for Insurers, in which it calls for the establishment of a minimum harmonised and comprehensive framework in the area of recovery and resolution of insurers and reinsurers. EIOPA is of the view that a minimum degree of harmonisation in the field of recovery and resolution for insurers would contribute to achieving policyholder protection, as well as maintaining financial stability in the European Union. According to EIOPA's view, the building blocks of a harmonised recovery and resolution framework include: (i) preparation and planning; (ii) early intervention; (iii) resolution; and (iv) cross-border cooperation and coordination. EIOPA believes that the scope of a harmonised recovery and resolution framework should in principle cover all (re)insurers within the scope of Solvency II. However, proportionality should be a fundamental guiding principle of a harmonised framework, as a consequence of which Member States should be given the possibility to waive certain requirements of the framework for specific insurers. For NN is especially relevant that EIOPA advises to carefully assess the application of a recovery and resolution framework to insurers which are part of a financial conglomerate. EIOPA thinks that a consistent approach should be followed taking into account the already existing recovery and resolution framework for banks and the potential harmonised framework for insurers. In the coming years, EIOPA will monitor the progress made in the field of recovery and resolution in Member States. Special attention will be devoted to the impact on policyholders. At this point in time it is unclear what the future impact on NN and the Noteholders could be.

The continuing introduction of new regulations, if applicable to NN, could significantly impact the manner in which it operates and could materially and adversely impact the profitability of one or more of NN's business lines or the level of capital required to support its activities. New laws may include the expropriation or nationalisation of assets of NN or its customers (as has occurred in connection with the pension regime reform in Poland). Although the full impact of the regulations described above cannot be determined, including as a result of discretions granted to regulators, uncertainties as to the interpretation and implementation of the regulations by regulators and governmental bodies and, in the case of regulations that have not yet been finalised, until the content of the regulations themselves has become clear, many of their requirements could have material and adverse consequences for the financial services industry, including for NN. These regulations could make it more expensive for NN to conduct its business, require that NN makes changes to its business model, require that NN satisfies increased capital requirements, necessitate time-consuming and costly implementation measures, or subject NN to greater regulatory scrutiny, which could, individually or in the aggregate, have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.

**As of 1 January 2016, the solvency framework and prudential regime, known as "Solvency II", has become applicable to insurance companies, reinsurance companies and insurance holding companies.**

As of 1 January 2016, the solvency framework and prudential regime, known as "Solvency II", has become

applicable to insurance companies, reinsurance companies and insurance holding companies. The framework for Solvency II is set out in the Solvency II Directive, which was adopted by the European Council on 10 November 2009 (Directive 2009/138/EC).

Solvency II provides a solvency framework in which the financial requirements that apply to an insurance, reinsurance company and insurance group better reflect such company's specific risk profile compared to the previous Solvency I framework. Solvency II introduced economic risk-based solvency requirements across all Member States for the first time. In addition to these quantitative requirements (Pillar 1), Solvency II also sets requirements for governance, risk management and effective supervision (Pillar 2), and disclosure and transparency requirements (Pillar 3).

Under Pillar 1 of Solvency II, insurers are required to hold own funds equal to or in excess of a solvency capital requirement ("SCR"). Solvency II categorises own funds into three tiers with differing qualifications as eligible available regulatory capital. Under Solvency II, own funds uses IFRS balance sheet items where these are at fair value and replace other balance sheet items using market consistent valuations. The SCR is a risk-based capital requirement which is determined using either the standard formula (set out in level 2 implementing measures), or, where approved by the relevant supervisory authority, a partial internal model. On 21 December 2015, NN announced that it received approval from DNB to use a partial internal model under Solvency II for NN Group and the insurance entities in the Netherlands. On 5 December 2018, NN Group announced that it received approval from DNB to expand its partial internal model to include the Delta Lloyd Life and Non-life entities in the Netherlands. Material changes to the NN Group partial internal model are subject to regulatory approval. NN Group's Solvency II capital ratio can be found in the financial report 2018, which has been incorporated by reference, on page 142. The Solvency II capital ratios of NN Group and its Dutch insurance subsidiaries do not include any contingent liability potentially arising from unit-linked products sold, issued or advised on by NN Group's Dutch insurance subsidiaries in the past, as this potential liability cannot be reliably estimated or quantified at this point. It should also be noted that the Solvency II capital ratio is amongst others subject to certain sensitivities to various market shocks, of which the impact can fluctuate over time. NN Group's Solvency II capital ratio sensitivities at 31 December 2018 can be found in the financial report 2018 on page 144-153.

On 5 April 2017, EIOPA published the methodology to derive the UFR. On 21 March 2018, EIOPA published a report on the calculation of the UFR for 2019. Based on the methodology, for 2019 the calculated value of the UFR for the euro is set at 3.60%. This is lower compared to the currently applicable UFR of 3.90%. The methodology prescribes that the annual changes to the UFR will not be higher than 15 basis points. As a result, provided the calculated value of the UFR remains at 3.75% or lower, the applicable UFR is expected to decrease in January 2020 to 3.75%. The European Commission may adopt and consequently publish further implementing acts regarding the UFR for the euro or other currencies. Changes to the UFR may have a significant impact resulting in a decrease of the Solvency II ratio of NN Group. In particular, NN Group's Dutch life insurance business may be affected by such changes due to the long term liabilities of NN Group in relation to products offered in the context of the life insurance business. Furthermore, any further decreases of the UFR in the coming years will likely result in higher capital requirements by NN Group going forward.

Under Pillar 2 of Solvency II, regulated European insurance entities are required to produce an own risk and solvency assessment ("ORSA"). NN Group (and each of its regulated insurance subsidiaries) produces an ORSA at least once a year. In the ORSA, NN Group articulates its strategy and risk appetite, describes its key risks and how they are managed, analyses whether or not its capital models appropriately reflect the actual risk profile, and how susceptible the capital position is to shocks through stress and scenario testing, all in order to assess whether the company is adequately capitalized over the planning period. Stress testing examines the effect of severe but plausible scenarios on the capital position of NN Group. Stress testing can

also be initiated outside ORSA, either internally or by external parties such as DNB and European Insurance and Occupational Pensions Authority (“EIOPA”). NN Group’s banking and investment management operations, at least once a year, run an internal capital adequacy assessment process (“ICAAP”) in conformity with Basel II requirements. ICAAP tests whether current capital positions are adequate for the financial risks that the relevant NN Group entities bear.

While the aim of Solvency II is to introduce a harmonised, risk-based approach to solvency capital, there is a risk of differences in interpretation and application of Solvency II requirement by financial services regulators, resulting in an unequal competitive landscape. This risk may be exacerbated by powers afforded to financial services regulators in Member States that go beyond those set by Solvency II.

In 2020, a review of the Solvency II Directive will take place. In this context, on 10 February 2019, the European Commission has requested EIOPA to provide technical advice in a number of areas, including:

- the long-term guarantee measures, including the functioning of the matching adjustment and the volatility adjustment;
- the last liquid point in the Solvency II discount curve;
- the functioning of the dynamic volatility adjustment;
- the appropriateness of the design of the risk margin;
- the supervision of insurance and reinsurance undertakings in a group;
- recovery and resolution;
- other items related to the supervision of insurance and reinsurance undertakings.

It is not possible to foresee what the (potential) changes resulting from the Solvency II review, if any, will be and, consequently, what the impact would be on NN or on the rights of the Noteholders, but depending on the nature of the changes, these could have a material adverse effect on NN’s business, solvency, results and financial condition.

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

In order to assess the level of available capital in the insurance sector, the national and supra-national regulatory authorities (such as EIOPA) require solvency calculations and conduct stress tests where they examine the effects of various adverse scenarios on insurers. Announcements by regulatory authorities that they intend to carry out such tests can destabilise the insurance sector and lead to a loss of trust with regard to individual companies or the insurance sector as a whole. In the event that NN’s results in such a calculation or test are worse than those of its competitors and these results become known, this could also have adverse effects on NN’s financing costs, customer demand for NN’s products and NN’s reputation. Furthermore, a poor result by NN in such calculations or tests could influence regulatory authorities in the exercise of their discretionary powers.

**Adverse publicity, claims and allegations, litigation and regulatory investigations and sanctions may have a material adverse effect on NN’s business, revenues, results of operations, financial condition and prospects.**

NN is subject to litigation, arbitration and other claims and allegations, concerning, among others, the charge

and disclosure of costs, commissions, premiums, (default) interest and transparency in respect of certain products and services and the risks relating thereto. The occurrence of such events could result in adverse publicity and reputational harm, lead to increased regulatory supervision, affect NN's ability to attract and retain customers and maintain its access to the capital markets, result in cease-and-desist orders, claims, enforcement actions, fines and civil and criminal penalties, other disciplinary action, or have other material adverse effects on NN in ways that are not predictable.

Over time, the regulatory requirements and expectations of various stakeholders, including customers, regulators and the public at large, as well as standards and market practice, have developed and changed, leading to increasing customer protection. As a result, customers have claimed and may in the future claim that products sold in the past fail to meet current requirements and expectations and that NN or any other financial institution(s) have failed to meet the required level of transparency where it concerns, for instance, cost charges, interest, product characteristics and related risks. In any such proceedings, it cannot be excluded that the relevant court, regulator, governmental authority or other decision-making body will apply current norms, requirements, expectations, standards and market practices on laws and regulations to products sold, issued or advised on by NN.

Some claims and allegations may be brought by or on behalf of a class (a collective action), and claimants may seek large or indeterminate amounts of damages, including compensatory, liquidated, treble and punitive damages. In the Netherlands, the number and size of claims that are the subject of litigation, regulatory proceedings and other adversarial proceedings (including, without limitation, collective actions) against financial institutions are increasing, and could further increase following the adoption of a new bill, that has been approved by the House of Representatives (*Tweede Kamer*) on 29 January 2019 and the Senate (*Eerste Kamer*) on 19 March 2019 (*Kamerstukken I 2018/19, 34608, nr. A*), on the basis of which it will become possible to collectively claim damages, arising from events on or after 15 November 2016, through a collective action. This new bill will enter into force on a date that has yet to be determined by Royal Decree, which will be published in the Bulletin of Acts and Decrees (*Staatsblad*). These legal risks could potentially involve, but are not limited to, disputes concerning the products and services in which NN acts as principal, intermediary or otherwise. Until the new bill has entered into force, and for claims arising from events occurred before 15 November 2016, a collective action initiated in the Netherlands has as a main characteristic that a plaintiff cannot claim damages on behalf of a class of disadvantaged parties. Instead, Dutch law entitles claims organisations to demand other relief, most importantly, a 'declaration of law' by the court that a certain action was unlawful. Such declaration can then form the basis for an award for damages in individual cases. A declaration of law may also serve as a basis for negotiations between the defendant against which the declaration of law has been awarded and claims organisations representing disadvantaged parties, to come to a collective monetary settlement which can subsequently be declared binding by the Court of Appeal in Amsterdam and applied to the entire class of disadvantaged parties. NN's reserves for litigation liabilities may prove to be inadequate. Claims and allegations, should they become public, need not be well founded, true or successful to have a negative impact on NN's reputation. In addition, press reports and other public statements that assert some form of wrongdoing on the part of NN or other large and well-known companies (including as result of financial reporting irregularities) could result in adverse publicity and in inquiries or investigations by regulators, legislators and law enforcement officials, and responding to these inquiries and investigations, regardless of their ultimate outcome, is time-consuming and expensive.

Adverse publicity, claims and allegations (whether on an individual or collective basis), litigation and regulatory investigations and sanctions may have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects in any given period.

**Holders of products where the customer bears all or part of the investment risk, or consumer protection organisations on their behalf, have filed claims or proceedings against NN and other**

**insurance companies and may continue to do so. A negative outcome of such claims and proceedings brought by customers or organisations acting on their behalf, actions taken by regulators or governmental authorities against NN, or other insurers in respect of unit-linked products, settlements or any other actions for the benefit of customers by other insurers and sector-wide measures could substantially affect NN's insurance business and, as a result, may have a material adverse effect on NN's business, reputation, revenues, results of operations, solvency, financial condition and prospects. In addition, claims and proceedings may be brought against NN in respect of other products with one or more similar product characteristics sold, issued or advised on by NN in and outside the Netherlands.**

Since the end of 2006, unit-linked products (commonly referred to in Dutch as *'beleggingsverzekeringen'*) have received negative attention in the Dutch media, from the Dutch Parliament, the AFM and consumer protection organisations. Costs of unit-linked products sold in the past are perceived as too high and Dutch insurers are in general being accused of being less transparent in their offering of such unit-linked products. The criticism on unit-linked products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008 and 2010, Nationale-Nederlanden and Delta Lloyd (and ABN AMRO Levensverzekering in 2010) reached agreements with consumer protection organisations to offer compensation to unit-linked policyholders. The agreements with the consumer protection organisations are not binding to policyholders, and consequently, do not prevent individual policyholders from initiating legal proceedings against NN Group's Dutch insurance subsidiaries.

As noted above, there has been for some time and there continues to be political, regulatory and public attention focused on the unit-linked issue in general. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds in current and future legal proceedings and there is a risk that one or more of these legal challenges will succeed.

Nationale-Nederlanden, Delta Lloyd and ABN AMRO Levensverzekering have issued or sold approximately 1 million, 700 thousand and 550 thousand individual unit-linked policies, respectively of which (i) approximately 260 thousand, 250 thousand and 225 thousand unit-linked policies respectively, were matured, terminated, surrendered or cancelled at the time NN Group's Dutch insurance subsidiaries entered into the agreements with the consumer protection organisations in 2008 and (ii) approximately 230 thousand, 140 thousand and 80 thousand of unit-linked policies respectively were active as at 31 December 2018. The portfolio of each of NN Group's Dutch insurance subsidiaries differs in composition, product features, terms and conditions and other factors.

Customers of NN Group's Dutch insurance subsidiaries have claimed, among others, that (a) the investment risk, costs charged or the risk premium was not, or not sufficiently, made clear to the customer, (b) the product costs charged on initial sale and on an ongoing basis were so high that the expected return on investment was not realistically achievable, (c) the product sold to the customer contained specific risks that were not, or not sufficiently, made clear to the customer (such as the leverage capital consumption risk) or was not suited to the customer's personal circumstances, (d) the insurer owed the customer a duty of care which the insurer has breached, (e) the insurer failed to warn of the risk of not realising the projected policy values, (f) the policy conditions were unfair, or (g) the costs charged or the risk premium had no contractual basis. These claims may be based on general standards of contract or securities law, such as reasonableness and fairness, error, duty of care, or standards for proper customer treatment or due diligence, such as relating to the fairness of terms in consumer contracts and may be made by customers, or on behalf of customers, holding active policies or whose policies have lapsed, matured or been surrendered. NN is currently subject to legal proceedings initiated by individual policyholders and is subject of a number of claims initiatives brought on behalf of policyholders by consumer protection organisations in which claims as set forth above or similar claims are being made. While, to date, less than 100 complaints are pending against NN Group's Dutch

insurance subsidiaries before the Dispute Committee of the Financial Services Complaints Board (the “KiFiD”), and less than 1,000 individual settlements were made, there is no assurance that further proceedings for damages based on aforementioned legal grounds or other grounds will not be brought. The timing of reaching any finality in last instance on these pending legal claims and proceedings is uncertain and such uncertainty is likely to continue for some time.

Rulings or announcements made by courts, including the European Court of Justice and advisory opinions issued by the Attorney General to such Court on questions being considered by such Court, or decision-making bodies or actions taken by regulators or governmental authorities against NN Group’s Dutch insurance subsidiaries or other Dutch insurance companies in respect of unit-linked products, or settlements or any other actions to the benefit of customers (including product improvements or repairs) by other Dutch insurance companies towards consumers, consumer protection organisations, regulatory or governmental authorities or other decision making bodies in respect of the unit-linked products, may affect the (legal) position of NN Group’s Dutch insurance subsidiaries and may force such subsidiaries to take (financial) measures that could have a substantial impact on the financial condition, results of operations, solvency or reputation of NN Group and its subsidiaries. As a result of the public and political attention the unit-linked issue has received, it is also possible that sector-wide measures may be imposed by governmental authorities or regulators in relation to unit-linked products in the Netherlands. The impact on NN Group’s Dutch insurance subsidiaries of rulings made by courts or decision-making bodies, actions taken by regulators or governmental bodies against other Dutch insurance companies in respect of unit-linked products, or settlements or any other actions to the benefit of customers (including product improvements or repairs), may be determined not only by market share but also by portfolio composition, product features, terms and conditions and other factors. Adverse decisions or the occurrence of any of the developments as described above could result in outcomes materially different than if NN Group’s Dutch insurance subsidiaries or its products had been judged or negotiated solely on their own merits.

NN Group’s Dutch insurance subsidiaries has in the past sold, issued or advised on unit-linked products in and outside the Netherlands, and in certain jurisdictions continues to do so. Moreover, NN has in the past, in the Netherlands and other countries, sold, issued or advised on large numbers of insurance or investment products of its own or of third parties (and in some jurisdictions continues to do so) that have one or more product characteristics similar to those unit-linked products that have been the subject of the scrutiny, adverse publicity and claims in the Netherlands. Given the continuous political, regulatory and public attention on the unit-linked issue in the Netherlands, the increase in legal proceedings and claim initiatives in the Netherlands or the legislative and regulatory developments in Europe to further increase and strengthen consumer protection in general, there is a risk that unit-linked products and other insurance and investment products sold, issued or advised on by NN Group’s Dutch insurance subsidiaries may become subject to the same or similar levels of regulatory or political scrutiny, publicity and claims or actions by consumers, consumer protection organisations, regulators or governmental authorities.

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

Although the financial consequences of any of these factors or a combination thereof could be substantial for

the Dutch insurance business of NN Group and, as a result, may have a material adverse effect on NN Group's business, reputation, revenues, results of operations, solvency, financial condition and prospects, it is not possible to reliably estimate or quantify NN Group's exposures at this time.

**NN is exposed to the risk of claims from customers who feel misled or treated unfairly because of advice or information received.**

NN's life insurance, non-life insurance, banking, investment and pension products and advice services for third party products are exposed to claims from customers who allege that they have received misleading advice or other information from advisers (both 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. When new financial products are brought to the market, NN engages in a product approval process in connection with the development of such products, including production of appropriate marketing and communication materials. Notwithstanding these processes, customers may make claims against NN if the products do not meet customer expectations. Customer protection regulations, as well as changes in interpretation and perception by both the public at large and governmental authorities of acceptable market practices, influence customer expectations.

Products distributed through person-to-person sales forces have a higher exposure to these claims as the sales forces provide face-to-face financial planning and advisory services. Complaints may also arise if customers feel that they have not been treated reasonably or fairly, or that the duty of care has not been complied with. While a considerable amount of time and resources have been invested in reviewing and assessing historic sales practices, and in the maintenance of risk management, and legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historic sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated.

The negative publicity associated with any sales practices, any compensation payable in respect of any such issues and regulatory changes resulting from such issues have had and may continue to have a material adverse effect on NN's business, reputation, revenues, results of operations, financial condition and prospects.

**The Issuer and its regulated subsidiaries are required to maintain significant levels of capital and to comply with a number of regulatory requirements relating thereto. If the Issuer or its regulated subsidiaries were in danger of failing, or fail, to meet regulatory capital requirements or to maintain sufficient assets to satisfy certain regulatory requirements, the supervisory authorities have broad authority to require them to take steps to protect policyholders and other clients and to compensate for capital shortfalls and to limit the ability of the Issuer's subsidiaries to pay dividends or distributions to the Issuer.**

The Issuer and its regulated subsidiaries are required to maintain significant levels of capital and to comply with a number of regulatory requirements relating thereto. NN's supervisory authorities could require it to take remedial action if the Issuer or any of its regulated subsidiaries breaches or is at risk of breaching any of the regulatory capital requirements. Amongst others, such breaches could be as a result of new regulatory requirements, including Solvency II, or as a result of material adverse developments in the legal proceedings associated with the Dutch unit-linked policies or any of the legal and regulatory developments described above. In addition, the supervisory authorities could decide to increase the regulatory capital requirements of the Issuer or any of its regulated subsidiaries, or the level of NN's regulatory capital may decrease as a result of a change or difference in the interpretation or application of principle-based regulatory requirements, including solvency requirements, by or between NN and the supervisory authorities. In this regard, DNB may give instructions on the interpretation of the regulatory requirements, including solvency requirements, and the application of the Issuer's funds to strengthen the capital position of its Dutch regulated subsidiaries to

levels above regulatory capital requirements, any of which may affect the ability of the Issuer to meet its obligations to its creditors, including Noteholders. Remedial action could include working closely with the authorities to protect policyholders' interests and to restore the Issuer's or the individual subsidiary's capital and solvency positions to acceptable levels and to ensure that the financial resources necessary to meet obligations to policyholders are maintained. In taking any such remedial action, the interests of the policyholders would take precedence over those of Noteholders.

If NN is unable to meet its regulatory requirements by redeploying existing available capital, it would have to consider taking other measures to protect its capital and solvency position. These measures might include divesting parts of its business, which may be difficult or costly or result in a significant loss. NN might also have to raise additional capital in the form of subordinated debt or equity.

Raising additional capital from external sources might be impossible due to factors outside NN's control, such as market conditions, or it might be possible only on unfavourable terms. Any of these measures could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects. If the regulatory requirements are not met (because NN could not take appropriate measures or because the measures were not sufficiently effective), NN could lose any of its licences and hence be forced to cease some or all of its business operations.

The capital requirements applicable to NN are subject to ongoing regulatory change. A breach of capital requirements may also limit the ability of a regulated subsidiary to pay dividends or distributions to the Issuer.

**NN has divested a substantial part of its insurance and investment management businesses over the past several years through private sales and public offerings (including as required by and within the timeframe agreed with the EC as laid down in the EC Restructuring Plan), in respect of which the sellers have given representations, warranties, guarantees, indemnities and other contractual protections to the purchasers of these businesses that may, should claims arise, have a material adverse effect on NN's results of operations, financial condition and prospects.**

NN has divested a substantial part of its insurance and investment management businesses (including as required by and within the timeframe agreed with the EC as laid down in the EC Restructuring Plan) in the United States, Latin America, Asia and Australia over the past years through private sales and public offerings. The aggregate sales proceeds of the divestments that closed in 2011, 2012 and 2013 were EUR 8.5 billion. Other than the initial public offering of ING U.S., these divestments were carried out by way of competitive auction processes. In respect of these divestments, the relevant members of the NN group have given representations, warranties, guarantees, indemnities and other contractual protections to the relevant purchasers and as a result may be subject to claims from the purchasers. The contractual protections given in relation to certain divestments might be considered more purchaser-friendly than protections generally given by sellers in these types of transactions, taking into account the requirements and timeframe for these divestments as agreed with the EC. Liability of NN as a result of claims made by purchasers could materially and adversely affect NN's results of operations, financial condition and prospects. In respect of the divestments of the former subsidiaries in the United States and Latin America, with aggregate sales proceeds of EUR 4.0 billion, NN has been indemnified by ING Group against such claims.

**Changes in tax laws could materially impact NN's tax position which could affect the ability of the Issuer to make payments to Noteholders and the ability of the Issuer's subsidiaries to make direct and indirect distributions to the Issuer. Changes in tax laws may make some of NN's insurance, pensions, investment management and banking products less attractive to customers, decreasing demand for certain of NN's products and increasing surrenders of certain of NN's in-force life insurance policies, which may have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.**



Changes in the applicable tax legislation, in the interpretation of existing tax laws, amendments to existing tax rates, or the introduction of new tax legislation, specifically with respect to taxation of insurance companies, could lead to a higher tax burden on NN, materially impact NN's tax receivables and liabilities as well as deferred tax assets and deferred tax liabilities, and could have a material adverse effect on NN's business, results of operations and financial condition.

Amendments to applicable laws, orders and regulations may be issued or altered with retroactive effect. Additionally, tax authorities may change their interpretations of tax laws at any time, which may lead to a higher tax burden on NN. While changes in taxation laws would affect the insurance sector as a whole, changes may be more detrimental to particular operators in the industry.

A higher tax burden on NN could negatively impact both the ability of the Issuer to make payments to Noteholders and the ability of the Issuer's subsidiaries to make direct and indirect distributions to the Issuer, which may in turn adversely impact the ability of the Issuer to make payments to Noteholders. Similarly, the design of certain of NN's products is predicated on tax legislation valid at that time and these products may be attractive to customers because they afford certain tax benefits, for example, the ability to deduct under certain conditions their payments from their taxable income. Future changes in tax legislation or its interpretation or changes in tax rates may, when applied to these products, have a material adverse effect on policyholder returns and NN's customers' demand for these products, including insurance, pensions, investment management and banking products. Specifically, in Japan, the Japanese National Tax Agency (NTA) notified the insurance industry in the first quarter of 2019 that it will revise the regulations for the tax deductibility of certain COLI products for SME-owners. In line with the industry, NN Life Japan has suspended sales of these COLI products. NN Life Japan expects that the revised regulations will lead to changes in the product offerings in the COLI market, including lower COLI sales in the near term.

Moreover, changes in governmental policy, such as in relation to government subsidised pension plans, or changes in local tax or legal regulations, such as changes in taxation of certain life and health insurance products, may affect NN's clients' ability or willingness to do business with NN and may thus adversely affect demand of NN's insurance products or result in increased surrenders of certain of NN's in-force life insurance policies.

Any of these developments could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.

## **Operational Risks**

**NN is subject to operational risks, which can originate from inadequate or failed internal NN processes and systems, the conduct of NN personnel and third parties, and from external events that are beyond NN's control. NN's policies and procedures may be inadequate, or may otherwise not be fully effective. Should operational risks occur, they may have a material adverse effect on NN's business, revenues, results of operations and financial condition.**

NN is subject to operational risks, which risks can originate from inadequate or failed internal NN processes and systems, the conduct of NN personnel and third parties (including intermediaries, tied agents and other persons engaged by NN to sell and distribute its products and to provide other services to NN), and from external events that are beyond NN's control. NN's internal processes and systems may be inadequate or may otherwise fail to be fully effective due to the failure by NN personnel and third parties (including intermediaries, tied agents and other persons engaged by NN to sell and distribute its products and to provide other services to NN) to comply with internal business policies or guidelines, and (unintentional) human error (including during transaction processing), which may result in, among others: the incorrect or incomplete storage of files, data and important information (including confidential customer information); inadequate

documentation of contracts; mistakes in the settlement of claims (for instance, where a claim is incorrectly assessed as valid, or where the insured receives an amount in excess of that to which the insured is entitled under the relevant contract), and failures in the monitoring of the credit status of debtors.

NN has developed policies and procedures to identify, monitor and manage operational risks, and will continue to do so in the future. However, these policies and procedures may be inadequate, or may otherwise not be fully effective. Moreover, NN's geographical spread, as well as its decentralised governance and risk management structure, may lead to increased operational risks as the effectiveness of its risk management policies and procedures may be reduced for those business units that are situated far from the centralised risk management in the Netherlands.

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

**The occurrence of natural or man-made disasters may endanger the continuity of NN's business operations and the security of NN's employees, which may have a material adverse effect on NN's business, results of operations, financial condition and prospects.**

NN is exposed to various risks arising from natural disasters (including hurricanes, floods, fires, earthquakes, including earthquakes in Tokyo, Japan, and disease), as well as man-made disasters and core infrastructure failures (including acts of terrorism, war, military actions and power grid and telephone/internet infrastructure failures). These natural and man-made disasters may endanger the continuity of NN's business operations and the security of NN's employees, and may adversely affect NN's business, results of operations and financial condition by causing, among other things:

- disruptions of NN's normal business operations due to property damage, loss of life or disruption of public and private infrastructure, including information technology and communications services, and financial services;
- losses in NN's investment portfolio due to significant volatility in global financial markets or the failure of counterparties to perform; and
- changes in the rates of mortality, longevity and morbidity, claims, premium holidays, withdrawals, lapses and surrenders of existing policies and contracts, as well as sales of new policies and contracts.

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

**The loss of key personnel, and the failure to attract and retain key personnel with appropriate qualifications and experience, could have a material adverse effect on NN's business and impair its ability to implement its business strategy.**

NN's success depends in large part on its ability to attract and retain key personnel with appropriate

knowledge and skills, particularly financial, investment, IT, risk management, underwriting, actuarial, Solvency II and other specialist skills and experience. Competition for senior managers as well as personnel with these skills is intense among insurance companies and other financial institutions, and NN may incur significant costs to attract and retain such personnel or may fail to do so. While NN does not believe that the departure of any particular individual would cause a material adverse effect on its operations, the unexpected loss of several members of NN's senior management or other key personnel could have a material adverse effect on its operations due to the loss of their skills, knowledge of NN's business and their years of industry experience, as well as the potential difficulty of promptly finding qualified replacement personnel.

Any failure by NN to attract or retain qualified personnel could have a material adverse effect on its business, revenues, results of operations and financial condition.

**NN is exposed to the risk of fraud and other misconduct or unauthorised activities by NN personnel, distributors, customers and other third parties. The occurrence of fraud and other misconduct and unauthorised activities could result in losses and harm NN's reputation, and may have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.**

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

**Interruption or other operational failures in telecommunication, IT and other operational systems, or a failure to maintain the security, integrity, confidentiality or privacy of sensitive data in those systems, including as a result of human error, could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.**

NN is highly dependent on automated and IT systems to adequately secure confidential and business information, and to maintain the confidentiality, integrity and availability of information and data.

NN could experience a failure of these systems, its employees could fail to monitor and implement enhancements or other modifications to a system in a timely and effective manner, or its employees could fail to complete all necessary data reconciliation or other conversion controls when implementing a new software system or implementing modifications to an existing system. Furthermore, NN relies on third party suppliers to provide certain critical information technology and telecommunication services to NN and its customers. For instance, in the Netherlands a significant part of NN's IT infrastructure is provided by a third party supplier. The failure of any one of these systems, or the failure of a third party supplier to meet its obligations, for any reason, or errors made by NN's employees or the third party supplier, could in each case cause significant interruptions to NN's operations, harm NN's reputation, adversely affect its internal control over

financial reporting and have a material adverse effect on NN's business, results of operations, financial condition and prospects.

NN retains confidential information in its IT systems, and relies on industry standard commercial technologies to maintain the security of those systems. Anyone who is able to circumvent NN's security measures and penetrate its IT systems could access, view, misappropriate, alter or delete information in the systems, including personally identifiable customer information and proprietary business information. Information security risks also exist with respect to the use of portable electronic devices, such as laptops and smartphones, which are particularly vulnerable to loss and theft. In addition, the laws of an increasing number of jurisdictions require that customers be notified if a security breach results in the disclosure of personally identifiable customer information.

Since 1 January 2016, NN is required to notify certain data leakages of personal data to the Dutch Data Protection Authority ("AP") within 72 hours after becoming aware of the leakage. The same rule applies now pursuant to the General Data Protection Regulation (Regulation (EU) 2016/679). Failure to do so may result in substantial regulatory fines, including fines up to EUR 10 million or 2 per cent. of the annual worldwide turn over of NN.

Any compromise of the security of NN's IT systems that results in unauthorised disclosure or use of personally identifiable customer information could harm NN's reputation, deter purchases of its products, subject NN to heightened regulatory scrutiny, substantial regulatory fines or significant civil and criminal liability, and require that NN incur significant technical, legal and other expenses, each of which could have a material adverse effect on NN's business, revenues, results of operations, financial condition and prospects.

**NN is dependent in part on the continued performance, accuracy, compliance and security of third party service providers who provide certain critical operational support functions to NN. Inadequate performance by these service providers could result in reputational harm and increased costs, which could have a material adverse effect on NN's business, revenues, results of operations and prospects.**

NN has outsourced certain critical operational support functions to third party service providers. NN is dependent in part on the continued performance, quality of customer service, accuracy, compliance and security of these service providers. If the contractual arrangements with any third party service providers are terminated, NN may not find an alternative provider of the services, on a timely basis, on equivalent terms or at all. Many of these service providers have access to confidential customer information, and any unauthorised disclosure or other mishandling of that confidential customer information could result in adverse publicity, reputational harm, deter purchases of NN products, subject NN to heightened regulatory scrutiny, substantial regulatory fines or significant civil and criminal liability, and require that NN incur significant legal and other expenses. Any of these events could have a material adverse effect on NN's business, revenues, results of operations and prospects.

## **Financial Reporting Risks**

**Changes in accounting standards or policies, or NN's financial metrics, including as a result of choices made by NN, could adversely impact NN's reported results of operations and its reported financial condition.**

NN's consolidated annual accounts are subject to the application of IFRS, which is periodically revised or expanded. Accordingly, from time to time NN is required to adopt new or revised accounting standards issued by recognised authoritative bodies, including the International Accounting Standards Board ("IASB"). It is possible that future accounting standards which NN is required to adopt, could change the current accounting treatment that applies to its consolidated annual accounts and that such changes could have a material adverse effect on NN's results of operations and financial condition.

IFRS 17 'Insurance Contracts' was issued in May 2017. IFRS 17 covers the recognition and measurement, presentation and disclosure of insurance contracts and replaces the current IFRS 4. IFRS 17 will fundamentally change the accounting for insurance liabilities and DAC for all insurance companies, including NN Group and its subsidiaries. IFRS 17 is not yet endorsed in the EU and, as such, not yet effective for NN. Furthermore, the IASB is currently considering various changes to IFRS 17. The amended final IFRS 17 is expected to be issued in 2019 or 2020 and is expected to become effective as of 1 January 2022, subject to endorsement in the EU.

NN Group's current accounting policies for insurance liabilities and DAC under IFRS 4 are largely based on the pre-IFRS accounting policies in the relevant local jurisdictions. IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts and the premium allocation approach mainly for short-duration contracts (typically certain non-life insurance contracts).

The main features of IFRS 17 are:

- Measurement of the insurance liabilities in the balance sheet at current fulfilment value, being the sum of the present value of future cash flows and a risk adjustment;
- Remeasurement of the current fulfilment value every reporting period using current assumptions and discount rates;
- A Contractual Service Margin (CSM) recognised in the balance sheet that is equal to the unearned profit in the insurance contract at issue and is subsequently recognised as result in the profit and loss account over the remaining life of the portfolio;
- Certain changes in the insurance liability are adjusted against the CSM and thereby recognised in the profit and loss account over the remaining life of the portfolio;
- The effect of changes in discount rates is recognised either in the profit and loss account or in equity (OCI); and
- The presentation of the profit and loss account and the disclosures in the Notes will change fundamentally.

IFRS 17 must be implemented retrospectively with amendment of comparative figures. However, several simplifications may be used on transition.

IFRS 9 'Financial Instruments' was issued by the IASB in July 2014. IFRS 9 replaces most of the current IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

The classification and measurement of financial assets under IFRS 9 will depend on NN Group's business model and the instrument's contractual cash flow characteristics. These may result in financial assets being recognised at amortised cost, at fair value through other comprehensive income (equity) or at fair value through profit or loss. In many instances, the classification and measurement under IFRS 9 will be similar to IAS 39, although changes in classification will occur. The classification of financial liabilities remains unchanged.

The recognition and measurement of impairments under IFRS 9 is intended to be more forward-looking than under IAS 39. The new impairment requirements will apply to all financial assets measured at amortised cost and at fair value through other comprehensive income (equity). Initially, a provision is required for expected credit losses resulting from default events that are expected within the next twelve months. In the event of a significant increase in credit risk, a provision is required for expected credit losses resulting from all possible

default events over the expected life of the financial assets.

The hedge accounting requirements of IFRS 9 aim to simplify hedge accounting. NN Group will have the option to continue applying IAS 39 for hedge accounting.

IFRS 9 is effective as of 2018. However, in September 2016 the IASB issued an amendment to IFRS 4 'Insurance Contracts' (the 'Amendment'). This Amendment addresses the issue arising from the different effective dates of IFRS 9 and the new standard on accounting for insurance contracts (IFRS 17). The Amendment allows applying a temporary exemption from implementing IFRS 9 until 1 January 2021. This exemption is only available to entities whose activities are predominantly connected with insurance (measured at a 31 December 2015 reference date). NN Group's activities are predominantly connected with insurance as defined in this Amendment and, therefore, NN Group qualifies for this deferred effective date of IFRS 9. In 2018, as part of its further deliberations on IFRS 17, the IASB tentatively decided to extend the deferral of IFRS for insurance entities to 1 January 2022. NN Group will apply the temporary exemption and, therefore, NN Group expects to implement IFRS 9 in 2022 together with IFRS 17.

NN Group initiated an implementation project and has been performing high-level impact assessments. NN Group expects that the implementation of IFRS 9 and IFRS 17 will result in significant changes to its accounting policies and will have a significant impact on shareholders' equity, net result, presentation and disclosure.

NN may also choose to change the calculation methods, definitions, presentation or other elements of its reported financial metrics, or make other choices permitted under IFRS regarding the presentation of its reported results of operations and reported financial condition. This may include a choice to further align its IFRS accounting policies with regulatory accounting requirements (which are different in certain respects) to prevent accounting volatility when hedging regulatory capital. Further changes in accounting standards or policies, or NN's financial metrics, including as a result of choices made by NN, could have a material adverse effect on NN's reported results of operations and its reported financial condition.

**NN's technical reserves reflected in its IFRS annual accounts to pay insurance and other claims, now and in the future, could prove inadequate, which could require that NN strengthen its reserves, which may have a material adverse effect on NN's results of operations and financial condition.**

NN determines the amount of the technical reserves using actuarial methods and statistical models, which use assumptions. For NN's life insurance business, the reserving assumptions for technical reserves are locked in when the policy is issued, save for the variable annuity business where regular updates are made. The reserving assumptions for the non-life insurance business are periodically updated for recent experience, information and insights into claims developments, which creates volatility in results of operations. Insurance companies are required under IFRS 4 to test the adequacy of their reserves at each IFRS reporting date by executing the reserve adequacy test. There are differences in the manner, methodology, models and assumptions used by insurance companies in calculating the reserve adequacy test. The reserve adequacy test applied by NN is based on management best estimates on future developments of markets, insurance claims and expenses. At the date of this Prospectus, the aggregate reserves are adequate. There can be no assurance that the reserves 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 reserve adequacy test of NN could prove to be incorrect and management may change one or more of the assumptions affecting the outcome of the reserve adequacy test, which in each case may make it necessary for NN to set aside additional reserves.

Under its current policy, if the reserve adequacy test shows that current technical reserves are not adequate, NN must strengthen its technical reserves in order to reach the respective adequacy levels.

In addition to its technical reserves for insurance liabilities, NN's IFRS reserves include provisions for other

claims. For example, NN's IFRS reserves include a provision in relation to potential claims in relation to two UK-incorporated insurance company subsidiaries of the Issuer. OIC Run-Off Limited (formerly called The Orion Insurance Company plc) ("Orion") and its subsidiary, London and Overseas Insurance Company Limited (formerly called The London and Overseas Insurance Company PLC) ("L&O") ceased writing new business in 1992.

Provisional liquidators for Orion and L&O were appointed in 1994, and a creditors' scheme of arrangement in relation to each of Orion and L&O became effective in 1997 (the "Original Scheme of Arrangement"). Since then, Orion and L&O have been managed by two joint scheme administrators, who are individuals not affiliated with NN. A creditors' scheme of arrangement under English law comprises a compromise or arrangement between a company, in this case each of Orion and L&O, and its creditors or any class of them. Such a scheme of arrangement requires the approval of a majority in number representing at least three quarters in value of the creditors of each class voting in person or by proxy, the sanction of the English court and delivery of a copy of the relevant order of the court to the registrar of companies. As a matter of English law, the scheme is binding on all creditors to which it relates.

In 1969 Orion entered into a guarantee addressed to the Institute of London Underwriters (the "ILU") in relation to certain liabilities of L&O on policies signed and issued by the ILU on behalf of L&O. Subsequently, in 1970, each of ING Verzekeringen N.V. ("INGV") (which has since legally merged into the Issuer) and Nationale-Nederlanden Internationale Schadeverzekering N.V. ("NNIS") (a subsidiary of the Issuer which in various steps has since been converted into Nationale-Nederlanden Internationale Schadeverzekering SE and divested on 28 February 2019), issued a guarantee addressed to the ILU in respect of any or all contracts of insurance or reinsurance evidenced by policies signed or issued by the ILU on behalf of Orion and L&O. Those Orion, INGV and NNIS guarantees were subsequently discharged pursuant to an agreement between NN, NNIS, Nationale-Nederlanden Overseas Finance and Investment Company ("NNOFIC") (a UK subsidiary of the Issuer) and the ILU under which NN and NNIS agreed to procure a letter of credit in favour of the ILU as to liabilities of Orion and/or L&O in respect of any or all contracts of insurance or reinsurance evidenced by policies signed and issued by the ILU (i) on behalf of Orion with inception dates on or after 28 August 1970 and/or (ii) on behalf of L&O with inception dates on or after 20 March 1969 (qualifying ILU policies). Subsequent to the provisional liquidation of Orion and L&O, INGV and NNIS procured NNOFIC to enter into a claims payment loan agreement ("CPLA") in 1995 under which the ILU could request certain funds under a facility granted by NNOFIC to Orion and L&O for the payment to qualifying ILU policyholders of claims meeting certain conditions under qualifying ILU policies for which both of Orion and L&O or either one of them were in default. This payment mechanism was provided in substitution for claims against the letter of credit, which remained in place (but claims under it were suspended for so long as the CPLA was in operation). The CPLA was superseded by a subsequent claims payment loan agreement ("CPLA 2") entered into in 1996 (but claims under the letter of credit remain suspended for so long as that 1996 agreement remained in operation). In September 2015 NN Group, NNOFIC and the ILU entered into a new agreement replacing the earlier agreement through which the OIC, INGV and NNIS guarantees were discharged. The new agreement is substantially similar in terms and provides for the full and final termination of the LOC and removes NNIS as a party to it.

An amendment to the Original Scheme of Arrangement (the "Amending Scheme of Arrangement") was prepared by the joint scheme administrators in consultation with NN and certain other stakeholders such as the ILU. The Amending Scheme of Arrangement establishes a cut-off point in respect of claims under policies issued by Orion and L&O (subject to a right of opt-out for qualifying ILU policyholders). The approved Amending Scheme of Arrangement would accelerate the run-off of the Orion and L&O estates, potentially resulting in substantially lower run-off costs and therefore earlier and higher pay-outs to creditors who do not opt out of the arrangements. In addition to payments under the claims payment loan agreement arrangements, NNOFIC will – subject to certain conditions - pay a premium to qualifying ILU policyholders

who do not opt out of these arrangements. CPLA 2 has been amended to take account of the Amending Scheme of Arrangement. The relevant classes of creditors have approved the Amending Scheme of Arrangement by the requisite majorities referred to above and, following the filing of the High Court's Order with the UK Registrar of Companies, the Amending Scheme of Arrangement became effective on 14 January 2016. Creditors had until 12 September 2016 to file their claims or – qualifying ILU policyholders only – to decide to opt-out from the Amending Scheme of Arrangement. In case more than 30% in value of the qualifying ILU policyholders had opted out, the Amending Scheme of Arrangement would have failed and reverted to run-off in its entirety. However on 15 February 2017 the joint scheme administrators were able to inform all scheme creditors that the 30% opt out cap had not been breached and that consequently they would commence the implementation of the Amending Scheme in accordance with its terms. The implementation is progressing and in the meantime a series of top up and – where appropriate – premium payments have been made to qualifying ILU policyholders (US\$ 23.4 million per February 2019).

Opt out qualifying ILU policyholders and -subject to green light by the Amending Scheme's No Notice Adjudicator- certain qualifying ILU policyholders and Individuals claiming under such qualifying ILU policies have the right to report known or potential claims until 31 December 2035. Payment of their valid claims will continue thereafter as long as required until finally settled.

NNOFIC's balance sheet includes a provision reflecting the expected potential net expenditure in respect of the qualifying ILU policyholders under CPLA 2. This provision reflects that the Amending Scheme of Arrangement has become effective. If, more than 30% in value of the qualifying ILU policyholders would have opted out, and as a result the Amending Scheme of Arrangement would have reverted to run-off in its entirety, the current provision reflected in the NN's IFRS annual accounts may have had to be increased, resulting in a charge to the Issuer's consolidated income statement. As from 15 February 2017 this caveat no longer applies. NNOFIC made capital repayments to the Issuer in the first, third and fourth quarter of 2017 as well as in the fourth quarter of 2018 (with an aggregate amount of EUR 103.4 million).

If NN's technical or other reserves prove inadequate, NN may be required to strengthen its reserves, which may have a material adverse effect on NN's results of operations and financial condition.

**Defects and errors in NN's processes, systems and reporting may cause internal and external miscommunication (including incorrect public disclosure), wrong decisions and wrong reporting to customers. Should they occur, such events could harm NN's reputation and could have a material adverse effect on NN's business, revenues, results of operations and financial condition.**

Defects and errors in NN's financial processes, systems and reporting, including both human and technical errors, could result in a late delivery of internal and external reports, or reports with insufficient or inaccurate information. In NN's current financial reporting, business units and legal entities do not always coincide. This increases the complexity of the financial reporting process, both within the business units and legal entities, and at the Issuer level, which in turn increases the risk of financial reporting errors. Moreover, in recent years the frequency, quality, volume and complexity of the type of financial information that must be processed by NN's financial reporting systems has increased, in part due to more onerous regulatory requirements. For instance, new reporting metrics are less mature and significantly more complex than the financial information NN's financial reporting systems processed in the past, and require a higher level of skill by NN's personnel.

Defects and errors in NN's financial processes, systems and reporting could lead to wrong decisions in respect of, for instance, product pricing and hedge decisions which could materially adversely affect its results of operations. In addition, misinforming customers and investors could lead to substantial claims and regulatory fines, increased regulatory scrutiny, reputational harm and increased administrative costs to remedy errors. In the event any such defects and errors occur, this could harm NN's reputation and could materially adversely affect NN's business, revenues, results of operations and financial condition.



## **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

### **Notes may not be a suitable investment for all investors**

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

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

Some Notes are complex financial instruments and such instruments may be purchased 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 Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **Legal investment considerations may restrict certain investments**

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

### **Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain material risks for potential investors. Set out below is a description of such features:

#### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an

effective interest rate as high as the interest rate on the Notes 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.

***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes are Notes that may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

***Investors will not be able to calculate in advance their yield to maturity on Floating Rate Notes.***

A key difference between Floating Rate Notes on the one hand, and Fixed Rate Notes, on the other hand, is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having fixed interest periods. If the Terms and Conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline, because investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

***Changes or uncertainty in respect of LIBOR and/or EURIBOR or other interest rate benchmarks may affect the value or payment of interest under the Notes***

Various interest rate benchmarks (including the London Interbank 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 the Benchmarks Regulation, whilst others are still to be implemented.

Under the Benchmarks Regulation, which applies from 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) prevents 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).

The sustainability of LIBOR has been questioned by the UK Financial Conduct Authority as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. Additionally, in March 2017, the EMMI published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmark Regulation, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. The EMMI has since indicated that there has been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path". It is the current

intention of the EMMI to develop a hybrid methodology for EURIBOR.

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

Investors should be aware that, if LIBOR, EURIBOR or any other benchmark were discontinued or otherwise unavailable, the rate of interest on the Notes which reference any such benchmark will be determined for the relevant period by the fallback provisions applicable to such Notes (see also the risk factor “*Future discontinuance of LIBOR, EURIBOR and any other benchmark may adversely affect the value of Notes which reference LIBOR, EURIBOR or such other benchmark*” below). At this time, it is not possible to predict what the effect of these developments will be or what the impact on the value of the Notes will be. More generally, any of the above changes or any other consequential changes to EURIBOR, LIBOR or any other “benchmark” as a result of international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the liquidity and value of, and return on, any Notes based on or linked to a “benchmark”.

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

***Future discontinuance of LIBOR, EURIBOR and any other benchmark may adversely affect the value of Notes which reference LIBOR, EURIBOR or such other benchmark***

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR, EURIBOR or any other benchmark were discontinued or otherwise unavailable, the rate of interest on Notes which reference LIBOR, EURIBOR or any other benchmark will be determined for the relevant period by the fallback provisions set out in Condition 4(c)(iii)(D) applicable to such Notes. If the Calculation Agent or the Issuer determines at any time prior to, on or following any Interest Determination Date, that the relevant Reference Rate (as specified in the applicable Final Terms) has been discontinued, the Issuer will, as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date) appoint a Rate Determination Agent (as defined in Condition 4(c)(iii)(D) and which may be the Issuer itself) which will determine in its sole discretion, acting in good faith, a substitute or successor rate, as well as any necessary changes to the business day convention, the definition of business day, the interest determination date, the day count fraction and any method for calculating the Replacement Reference Rate (as defined in Condition 4(c)(iii)(D)), including any adjustment factor needed to make such Replacement Reference Rate comparable to the relevant Reference Rate.

The Rate Determination Agent may be considered an ‘administrator’ under the Benchmark Regulation. This is the case if it is considered to be in control over the provision of the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto

by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario. This would mean that the Rate Determination Agent (i) administers the arrangements for determining such rate, (ii) collects, analyses, or processes input data for the purposes of determining such rate and (iii) determines such rate through the application of a method of calculation or by an assessment of input data for that purpose. Furthermore, for the Rate Determination Agent to be considered an 'administrator' under the Benchmark Regulation, the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario should be a benchmark (index) within the meaning of the Benchmark Regulation. This may be the case if the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario, is published or made available to the public and regularly determined by the application of a method of calculation or by an assessment, and on the basis of certain values or surveys.

The Benchmark Regulation stipulates that each administrator of a benchmark regulated thereunder or the benchmark itself must be registered, authorised, recognised or endorsed, as applicable, in accordance with the Benchmark Regulation. There is a risk that administrators (which may include EMMI as well as the Rate Determination Agent (which may be the Issuer) in the circumstances as described above) of certain benchmarks will fail to obtain such registration, authorisation, recognition or endorsement, preventing them from continuing to provide such benchmarks, or may otherwise choose to discontinue or no longer provide such benchmark. ICE Benchmark Administration Ltd is registered as an administrator of a benchmark in accordance with the Benchmark Regulation.

The Replacement Reference Rate will (in the absence of manifest error) be final and binding, and will apply to the relevant Notes without any requirement that the Issuer obtains consent of any Noteholders. If the Rate Determination Agent is unable to or otherwise does not determine a Replacement Reference Rate under Condition 4(c)(iii)(D), this could result under Conditions 4(b), 4(c)(iii)(A),(B) or (D) in the effective application of a fixed rate to what was previously a Floating Rate Note, Floating Rate Subordinated Note or Fixed Rate Reset Subordinated Note based on the rate which applied in the previous period when the relevant Reference Rate was available (as stated in the Final Terms in respect of a series of Notes). This may lead to a conflict between the interests of the Issuer and the Noteholders. Changes to the Replacement Reference Rate 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".

In addition, due to the uncertainty concerning the availability of successor rates and substitute reference rates and the involvement of a Rate Determination Agent (as defined in Condition 4(c)(iii)(D)), the relevant fallback provisions may not operate as intended at the relevant time. In addition, the Replacement Reference Rate may perform differently from the discontinued benchmark. For example, there are currently proposals to replace LIBOR (which generally has a term of one, three or six months) with an overnight rate. Similarly, proposals have been made to use a rate on highly rated government obligations to replace LIBOR, which is currently based on interbank lending rates and carries an implicit element of credit risk of the banking sector. Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

Finally, no Replacement Reference Rate will be adopted and no other amendment to the terms of the Subordinated Notes will be made, if and to the extent that in the determination of the Issuer, the same could

reasonably be expected to impact upon the eligibility of the Subordinated Notes for eligibility as Tier 2 Notes or Tier 3 Notes, as the case may be.

***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Potential conflicts of interest***

Where the Issuer acts as Calculation Agent or Rate Determination Agent, or the Calculation Agent or Rate Determination Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent or Rate Determination Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent or Rate Determination Agent may make pursuant to the Notes that may influence the amount receivable or specified assets deliverable on redemption of the Notes. The Issuer and/or any of its affiliates may have existing or future business relationships and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

**Risks related to Subordinated Notes**

***The Issuer's obligations under the Subordinated Notes are subordinated.***

The Subordinated Notes, the Receipts and the Coupons rank *pari passu* and without any preference among themselves and constitute direct, unsecured and subordinated obligations of the Issuer. In the event of the insolvency (bankruptcy (*faillissement*) or moratorium (*surseance van betaling*)), dissolution (*ontbinding*) or liquidation (*vereffening*) of the Issuer, the payment obligations of the Issuer under the Subordinated Notes, the Receipts and the Coupons shall rank in right of payment after unsubordinated and unsecured creditors of the Issuer, but *pari passu* with all subordinated obligations of the Issuer save for those preferred by mandatory provisions of law and those that rank or are expressed by their terms to rank junior or senior to the Subordinated Notes, the Receipts and the Coupons, and in priority to the claims of shareholders of the Issuer. Furthermore, by acceptance of the Subordinated Notes, the Receipts and the Coupons, 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 Subordinated Notes, Receipts or Coupons, whether prior to or in insolvency, dissolution or liquidation of the Issuer. Therefore, although the Subordinated Notes may pay a higher rate of interest than notes which are not subordinated, there is a greater risk that an investor in the Subordinated Notes will lose all or some of his investment should the Issuer become insolvent or be dissolved or liquidated.

***Under certain conditions, interest payments under the Subordinated Notes must be deferred and in other instances interest payments under the Subordinated Notes may be deferred at the option of the Issuer.***

Payments of interest on the Subordinated Notes will be mandatorily deferred on each Interest Payment Date in respect of which a Mandatory Deferral Event has occurred and is continuing. A Mandatory Deferral Event occurs if (a) the Solvency Condition is not met or (b) a Capital Adequacy Event has occurred and continues to exist and a deferral of interest and/or a suspension of payment of principal, as applicable, is required under the Capital Adequacy Regulations for the Subordinated Notes to qualify for the purposes of determination of the solvency margin, capital adequacy ratio or comparable margins or ratios of the Issuer, or, where this is subdivided in tiers, as tier 2 basic own funds or tier 3 basic own funds, as the case may be, (howsoever described at the time), on a consolidated basis, subject to certain exceptions as further described in "Terms and Conditions of the Subordinated Notes".

If so specified in the applicable Final Terms, the Issuer may defer paying interest on each Optional Interest Deferral Date until the Subordinated Notes are redeemed in full, subject to Condition 5(b) of the Subordinated Notes. An Optional Interest Deferral Date is any Interest Payment Date other than a Compulsory Interest Payment Date or a Mandatory Interest Deferral Date. Deferral of any payment of interest on an Optional Interest Deferral Date or Mandatory Interest Deferral Date will not constitute a default by the Issuer and will not give the Noteholders any right to accelerate the Subordinated Notes.

The Issuer is only required to pay interest on the Subordinated Notes on any Compulsory Interest Payment Date, which is a date which is not a Mandatory Interest Deferral Date and on which the Solvency Condition is satisfied, and in respect of which during the immediately preceding six-month period a Compulsory Interest Payment Event has occurred.

Any Arrears of Interest and any other amount, payment of which is deferred in accordance with Conditions 5(a)(i) or 5(a)(ii) of the Subordinated Notes, may be paid in whole or in part at any time upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Noteholders in accordance with Condition 15 of the Subordinated Notes, provided that no Mandatory Deferral Event has occurred and is continuing and any notifications to the Relevant Supervisory Authority have been made or consent from the Relevant Supervisory Authority has been obtained, as the case may be, in either case if required under the Capital Adequacy Regulations. Arrears of Interest will become immediately due and payable in whole (and not in part) upon the earliest of the following dates:

- (i) the date fixed for any redemption, purchase or substitution, or variation of the terms, of the Subordinated Notes by or on behalf of the Issuer pursuant to Condition 6 or Condition 10 of the Subordinated Notes; or
- (ii) the date on which an order is made or a resolution is passed for the liquidation of the Issuer (other than a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (A) have previously been approved in writing by an Extraordinary Resolution of the Noteholders and (B) do not provide that the Subordinated Notes shall thereby become payable); or
- (iii) the date on which a Compulsory Interest Payment Event occurs, provided that no Mandatory Deferral Event has occurred and is continuing,

in the case of paragraph (i) and (iii) above, provided that any notifications to the Relevant Supervisory Authority have been made or consent from the Relevant Supervisory Authority has been obtained, as the case may be, in either case if required under the Capital Adequacy Regulations. For the avoidance of doubt, Arrears of Interest shall not themselves bear interest.

Any deferral of interest payments (or perceived risk thereof) will likely have an adverse effect on the market price of the Subordinated Notes. In addition, as a result of the interest deferral provision of the Subordinated Notes being applicable, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount and/or interest accrual exists that are not subject to such deferral provisions. The presence of the interest deferral provisions in the Subordinated Notes may also result in the market price of the Subordinated Notes being more sensitive to adverse changes in the Issuer's financial condition in general.

***Payments made under some junior or equally ranking instruments will not result in an obligation for the Issuer to make payments on the Subordinated Notes.***

The Issuer will only be obliged to pay interest and, subject to other conditions, Arrears of Interest upon the occurrence during the immediately preceding six-month period of a Compulsory Interest Payment Event,

provided that no Mandatory Deferral Event has occurred and is continuing. A Compulsory Interest Payment Event means any declaration, payment or making of a dividend or other distribution by the Issuer to holders of any class of the Issuer's share capital and any repurchase by the Issuer of any class of the Issuer's share capital for cash (other than shares repurchased or otherwise acquired by the Issuer to reduce its capital (i) in the context of its own buy-back programmes, if any, (ii) under any equity derivative hedge structure or transaction, (iii) under any hedging of stock options programmes or any other compensation benefit programmes, if any, and (iv) in connection with financial restructurings, mergers, acquisitions, split-offs, divestments or like corporate transactions).

Therefore, payments on any instruments ranking *pari passu* with the Subordinated Notes or junior to the Subordinated Notes, other than in some circumstances on the Issuer's share capital, will not result in an obligation for the Issuer to pay interest or Arrears of Interest on the Subordinated Notes.

Potential investors in the Subordinated Notes should therefore realise that holders of instruments ranking junior to or *pari passu* with the Subordinated Notes may receive payments from the Issuer in priority to the Noteholders, even though their claims rank junior to or *pari passu* with those of Noteholders. However, in the event of insolvency of the Issuer, the payment obligations of the Issuer under the Subordinated Notes shall rank *pari passu* with all subordinated obligations of the Issuer save for those preferred by mandatory provisions of law and those that rank or are expressed by their terms to rank junior or senior to the Subordinated Notes, and in priority to the claims of shareholders of the Issuer as more fully described above under "*Risks related to Subordinated Notes—The Issuer's obligations under the Subordinated Notes are subordinated*".

***The Subordinated Notes have limited events of default and may be undated securities.***

The Issuer shall only have the right to repay the Subordinated Notes in limited circumstances. Furthermore, if so specified in the applicable Final Terms, the Subordinated Notes are undated, perpetual securities in respect of which there is no fixed maturity or redemption date. In such instance, the Issuer is under no obligation to redeem the Subordinated Notes at any time and the Noteholders have no right to call for their redemption. Noteholders may only declare Subordinated Notes due and repayable in the case of the liquidation of the Issuer. Liquidation may occur as a result of the winding-up of the Issuer (*ontbinding en vereffening*) or bankruptcy (*faillissement*) of the Issuer.

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

***Redemption of the Subordinated Notes is subject to certain conditions.***

As long as the Issuer is subject to Capital Adequacy Regulations, any redemption may only be made provided no Mandatory Deferral Event has occurred and is continuing at the time of such redemption and provided no Insolvent Insurer Liquidation has occurred and is continuing on the relevant redemption date, and any redemption of the Subordinated Notes is subject to the prior consent of the Relevant Supervisory Authority if required under the Capital Adequacy Regulations and subject to compliance with the Capital Adequacy Regulations. See Condition 6(k) of the Subordinated Notes.

If such conditions are not met the Issuer is under no obligation to redeem the Subordinated Notes and therefore prospective investors should be aware that they may be required to bear the financial risks of an investment in for a longer period of time than the stated maturity of the Subordinated Notes.

***The Subordinated Notes may be subject to optional redemption by the Issuer.***

If so specified in the applicable Final Terms, the Subordinated Notes are redeemable at the option of the Issuer (subject to prior consent of the Relevant Supervisory Authority if required under the Capital Adequacy

Regulations) on the date or dates specified in the applicable Final Terms and/or upon the occurrence of a Tax Event, a Capital Disqualification Event or a Rating Methodology Event, at the Early Redemption Amount specified in the applicable Final Terms together with any Arrears of Interest and any further interest accrued to (but excluding) the date of redemption in accordance with the Terms and Conditions of the Subordinated Notes.

A Tax Event will occur if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Subordinated Notes as a result of any Tax Law Change or if as a result of a Tax Law Change there is more than an insubstantial risk that the Issuer will not obtain full or substantially full deductibility for the purposes of Dutch corporation tax for any payment of interest, and the foregoing cannot be avoided by the Issuer taking reasonable measures not prejudicial to the interests of the Noteholders available to it. The Issuer may in connection with a particular Series of Subordinated Notes obtain a ruling of the Dutch tax authorities to obtain a confirmation that the Subordinated Notes qualify as debt of the Issuer within the meaning of article 10, paragraph 1, letter d, of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) under the then current laws and regulations.

A Capital Disqualification Event will occur if, as a result of any replacement of or change to the Capital Adequacy Regulations (or change to the interpretation thereof by any court, the Relevant Supervisory Authority or any other authority entitled to do so), the Subordinated Notes cease to be capable of counting for 100% of the principal amount of the Subordinated Notes outstanding at such time under the Capital Adequacy Regulations for the purposes of the determination of the solvency margin, capital adequacy ratio or comparable margins or ratios of the Issuer, or, where this is subdivided in tiers, as at least the category of basic own funds (howsoever described at the time) as specified in the applicable Final Terms, of the Issuer.

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

See further '*Risks related to the structure of a particular issue of Notes - Notes subject to optional redemption by the Issuer*' for a description of other risks relating to optional redemption of the Subordinated Notes by the Issuer.

***Substitution or variation of the Subordinated Notes without Noteholder consent.***

Upon the occurrence of a Tax Event, a Capital Disqualification Event or a Rating Methodology Event, the Issuer may, at its option and without consent or approval of the Noteholders, elect to substitute the Subordinated Notes for, or vary the terms of the Subordinated Notes so that they remain or become, Qualifying Securities, as provided in Condition 6(h) of the Subordinated Notes. In the case of a substitution or variation of the terms of the Subordinated Notes, whilst the substituted or modified Subordinated Notes must have terms which are not materially less favourable to an investor than the terms of the original Subordinated Notes then prevailing, there can be no assurance that, due to the particular circumstances of each Noteholder, such substituted or modified Subordinated Notes will be as favourable to each Noteholder in all respects. For risks in relation to substitution of the Issuer, please see the risk factor '*Modification, waivers and substitution*'.

***No limitation on issuing debt.***

There is no restriction on the amount of debt which the Issuer may issue which ranks senior to the Subordinated Notes or on the amount of securities that the Issuer may issue which ranks *pari passu* with the Subordinated Notes. The issue of any such debt or securities may reduce the amount recoverable by Noteholders on a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer and may increase the



likelihood of a deferral of payments under the Subordinated Notes.

***Risk of adverse impact of regulations, including the Solvency II Directive, on Issuer's regulatory solvency condition.***

The Subordinated Notes are expected to qualify as additional solvency margin for capital adequacy regulatory purposes pursuant to the Dutch Financial Supervision Act. The Solvency II Directive provides for a new capital adequacy regime for insurance companies as further described above in “*As of 1 January 2016 a new solvency framework and prudential regime, known as “Solvency II”, has become applicable to insurance companies, reinsurance companies and insurance holding companies*”. The Solvency II Directive has been implemented in the Dutch Financial Supervision Act and applies to insurance companies from 1 January 2016. On 10 October 2014, the EC adopted a Solvency II Delegated Regulation containing implementing rules for Solvency II. The Solvency II Delegated Regulation entered into force in Member States on 17 January 2015 and may be amended from time to time. Furthermore, the Solvency II framework consists of a substantial number of implementing technical standards. Also these may change from time to time and new standards may be introduced.

Furthermore, the capital adequacy requirements for NN may be subject to further changes. In this regard, for example reference is made to the review by the European Commission of the Solvency II Delegated Regulation which was completed by the end of 2018. On 8 March 2019, the European Commission adopted the formal text for these amendments. The amendments are expected to enter into force after the scrutiny period of three months (subject to further extension) that is available to the European Parliament and the European Council has ended, the amendments have been approved accordingly by the European Parliament and Council and the final text has been published in the Official Journal of the European Union. Consequently the amendments have not yet entered into force. However, while the publication of the text of the amendment of the Solvency II Delegated Regulation by the European Commission, demonstrates that there may be material changes or additions to the Capital Adequacy Regulations in the future, it is not possible to foresee what those changes might be and whether they would change the requirements applicable to the Subordinated Notes. The Issuer may therefore have a redemption right following the relevant Issue Date, including as a result of any amendments to the Capital Adequacy Regulations. Furthermore, any changes in capital adequacy requirements could result in a higher overall valuation of liabilities or capital requirements, or a lower overall recognition of own funds than is currently the case or may currently be foreseen. This could result in the occurrence of a Capital Adequacy Event following which a Mandatory Deferral Event would occur and then no principal, premium, interest or any other amount would be due and payable in respect of or arising from the Subordinated Notes.

***NN is subject to capital adequacy requirements and breach of these requirements will cause interest payments under Subordinated Notes to be deferred and, in other circumstances, interest payments under Subordinated Notes may be deferred at NN's election.***

Pursuant to Solvency II, which applies as of 1 January 2016, NN is required to calculate a solvency ratio (own funds divided by the required solvency, the latter referred to as the Group SCR), for NN and its subsidiaries (together, “NN Group”) at the level of NN which should be at least equal to 100%. This calculation includes, for insurance and reinsurance undertakings in non-EU countries that are deemed (provisionally) equivalent, local capital requirements. Undertakings which are part of an insurance group but active in other financial sectors, such as banks, are generally taken into account using capital requirements applicable to them specifically. These undertakings are included in the calculation of the capital requirements.

When calculated in accordance with the accounting consolidation method (method 1), the Group SCR should be at least equal to the consolidated group solvency capital requirement as referred to in the second subparagraph of article 230(2) of the Solvency II Directive (which is composed in particular of the sum of the

minimum capital requirements of the EU insurance and reinsurance undertakings in the group). When calculated in accordance with a combination of method 1 and the deduction and aggregation method (method 2), the minimum of the Group SCR is at least equal to the minimum consolidated group solvency capital requirement as referred to in article 341 of the Solvency II Delegated Regulation. This absolute floor of the Group SCR is usually referred as the group minimum capital requirement or Group MCR. The Group MCR generally represents a solvency level which is below the Group SCR.

NN applies its own capital management policies, determining NN's risk tolerances on the basis of self-imposed criteria. Also these policies may result in NN, at its own election and independently from the buffer levels set by DNB, if any, maintaining a buffer of own funds in addition to those required by the Group SCR.

The own funds covering the Group SCR and buffer, as applicable, are divided into three so-called 'tiers' and 'non-solvency II regulated entities', depending on the quality of the capital (in particular in terms of subordination, ability to absorb losses and availability). DNB may intervene if the Group SCR or Group MCR, as applicable, are no longer complied with. Moreover, DNB has supervisory powers to intervene in a situation even where the Group SCR and Group MCR are still met, but their level or the buffer levels set by DNB or NN, are potentially under threat. This may lead to NN having to execute a recovery plan which should bring the own funds back in line with an acceptable buffer in excess of the Group SCR.

NN is obliged to defer interest payments on the Subordinated Notes upon breach of its Group SCR or Group MCR, in case of Tier 2 Notes, and its Group MCR, in the case of Tier 3 Notes (in each case as statutorily applicable or applied by DNB respectively). In other circumstances, if so specified in the applicable Final Terms, interest payments under Subordinated Notes may be deferred at NN's election.

Any deferral of interest payments will likely have an adverse effect on the market price of the Subordinated Notes. In addition, as a result of the possibility of deferral of interest on the Subordinated Notes, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which interest accrues and which are not subject to such deferrals, and may be more sensitive generally to adverse changes in NN's and the NN Group's financial condition.

***The interest rate on Fixed Rate Reset Subordinated Notes will reset on each Reset Date, which can be expected to affect interest payments on an investment in Fixed Rate Reset Subordinated Notes and could affect the market value of Fixed Rate Reset Subordinated Notes.***

Fixed Rate Reset Subordinated Notes will initially bear interest at the Initial Interest Rate until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the Reset Margin as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "Subsequent Reset Rate"). The Subsequent Reset Rate for any Reset Period could be less than the Initial Interest Rate or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Fixed Rate Reset Subordinated Notes.

*Limitation on gross-up obligation under the Subordinated Notes*

The Issuer's obligation, if any, to pay additional amounts in respect of any withholding or deduction in respect of taxes under the Conditions of the Subordinated Notes applies only to payments of interest due and paid under the Subordinated Notes and not to payments of principal.

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

amounts may be subject to optional or mandatory deferral by the Issuer in accordance with Condition 5 of the Subordinated Notes (see “*Under certain conditions, interest payments under the Subordinated Notes must be deferred and in other instances interest payments under the Subordinated Notes may be deferred at the option of the Issuer.*” above).

### **Risks related to Notes generally**

Set out below is a brief description of material risks relating to the Notes generally:

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

The Issuer is a holding company with no material, direct business operations. The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Issuer is dependent on dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends and payment of principal and interest on the Notes. The ability of the Issuer's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory, legal, regulatory or contractual limitations.

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

### ***Modification, waivers and substitution***

The Terms and Conditions of the Senior Notes and the Terms and Conditions of the Subordinated Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and to obtain Written Resolutions on matters relating to the Notes from Noteholders without calling a meeting. A Written Resolution signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes of the relevant Series who for the time being are entitled to receive notice of a meeting in accordance with the provisions of the Agency Agreement and whose Notes are outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

In certain circumstances, where the Notes are held in global form in the clearing systems, the Issuer will be entitled to rely upon:

- (i) where the terms of the proposed resolution have been notified through the relevant clearing system(s), approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes of the relevant Series for the time being outstanding; and
- (ii) where electronic consent is not being sought, consent or instructions given in writing directly to the Issuer by accountholders in the clearing systems with entitlements to such global note or certificate or, where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held (directly or via one or more intermediaries), provided that the Issuer has obtained commercially reasonable evidence to ascertain the validity of such holding and taken reasonable steps to ensure such holding does not alter following the giving of such consent/instruction and prior to effecting such resolution.

A Written Resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Noteholders, including the modification of the Conditions, that would

otherwise be required to be passed at a meeting of Noteholders satisfying the special quorum in accordance with the provisions of the Agency Agreement, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Furthermore, the Issuer may subject to certain conditions and without any consent of the Noteholders or Couponholders being required, the Noteholders or Couponholders having agreed irrevocably in advance, when no payment of principal of or interest on any of the Notes is in default and, in respect of Subordinated Notes, after consent of the Relevant Supervisory Authority has been obtained if required under the Capital Adequacy Regulations, be replaced and substituted by any directly or indirectly wholly-owned subsidiary of the Issuer as principal debtor in respect of the Notes and the relative Coupons.

### ***Change of law***

The Terms and Conditions of the Senior Notes and the Terms and Conditions of the Subordinated Notes are based on Dutch law in effect as at the date of issue of the relevant Notes. 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 relevant Notes.

### ***Bearer Notes where denominations involve integral multiples***

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denominations (as defined in the relevant Conditions). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### ***Risks related to the market generally***

Set out below is a brief description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop (for example, Notes may be allocated to a limited pool of investors). If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed trading market.

#### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents risks relating

to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***Certain considerations regarding hedging***

Prospective purchasers intending to purchase Notes to hedge against the market risk associated with investing in a currency or other basis of reference which may be specified in the applicable Final Terms, should recognise the complexities of utilising Notes in this manner. For example, the value of the Notes may not exactly correlate with the value of the currency or other basis which may be specified in the applicable Final Terms. Due to fluctuating supply and demand for the Notes, there is no assurance that their value will correlate with movements of the currency or other basis which may be specified in the applicable Final Terms.

***Actions taken by the Calculation Agent may affect the value of Notes***

The Calculation Agent for an issue of Notes is the agent of the Issuer and not the agent of the holders of the Notes. The Calculation Agent is not acting as a fiduciary to any holders of Notes. The Calculation Agent will make such determinations and adjustments as it deems appropriate, in accordance with the terms and conditions of the specific issue of Notes. In making its determinations and adjustments, the Calculation Agent will be entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion.

***Over-issuance***

As part of its issuing, market-making and/or trading arrangements, the Issuer may issue more Notes than those which are to be subscribed or purchased by third party investors. The Issuer (or any of its affiliates) may hold such Notes for the purpose of meeting any investor interest in the future. Prospective investors in the Notes should therefore not regard the issue size of any Series as indicative of the depth or liquidity of the market for such Series, or of the demand for such Series.

***The return on an investment in Notes will be affected by charges incurred by investors***

An investor's total return on an investment in Notes will be affected by the level of fees charged to the investor, including fees charged to the investor as a result of the Notes being held in a clearing system. Such

fees may include charges for opening accounts, transfers of securities, custody services and fees for payment of principal, interest or other sums due under the terms of the Notes. Investors should carefully investigate these fees before making their investment decision.

### ***Tax risk***

This Prospectus includes a general summary of certain Dutch tax considerations relating to an investment in the Notes issued by the Issuer (see “Taxation”). Such summary may not apply to a particular holder of Notes or to a particular issue and does not cover all possible tax considerations. In addition, the tax treatment may change before the maturity, exercise or termination date of Notes. Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in its particular circumstances.

### ***Tax initiatives of Dutch government***

On 10 October 2017, the four parties that have formed the new Dutch government released their coalition agreement (*regeerakkoord*) 2017-2021. The coalition agreement does not include concrete legislative proposals, but instead sets out a large number of policy intentions of the new Dutch government. These intentions have been included in the Tax Plan 2019 (*Pakket Belastingplan 2019*) as published by the Dutch government on 18 September 2018. Two policy intentions in particular may become relevant in the context of the Dutch tax treatment of the Issuer, the Notes, and/or payments under the Notes.

The first policy intention is the introduction of a withholding tax on interest payments made to beneficiaries in low-tax jurisdictions or countries that are included in the EU list of non-cooperative jurisdictions as of 2021. The second policy intention relates to the introduction of a "thin capitalisation rule" that would limit the deduction of interest on debt exceeding 92% of the balance sheet total.

Many aspects of these policy intentions remain unclear, but if the policy intentions are implemented in such a way that the Issuer will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Senior Notes or Condition 8 of the Subordinated Notes or the Issuer will not obtain full or substantially full deductibility for the purposes of Dutch corporation tax for any interest payable in respect of the Subordinated Notes, the Issuer may redeem the relevant Notes pursuant to its option under Condition 5(c) of the Senior Notes or Condition 6(d) of the Subordinated Notes, respectively.

### ***Financial Transaction Tax***

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain. Estonia, however, withdrew from the enhanced cooperation in March 2016 (the “FTT Participating Member States”).

The proposed FTT has a very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions). The FTT could apply to persons both within and outside of the FTT Participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in an FTT Participating Member State or (ii) the financial instruments are issued in an FTT Participating Member State.

In the ECOFIN meeting of 17 June 2016, the FTT was discussed between the Member States. It has been reiterated in this meeting that the FTT Participating Member States envisage introducing an FTT by the so-called enhanced cooperation.

The proposed Directive defines how the FTT would be implemented in the FTT Participating Member States. It involves a minimum 0.1% tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01% tax rate.

The Directive requires the unanimous agreement of the FTT Participating Member States, after consultation of the European Parliament. All Member States can participate in discussions on the proposal, though only FTT Participating Member States can take part in the vote.

The proposed FTT remains subject to negotiation between the FTT Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate, and FTT Participating Member States may withdraw.

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

***Risk of difference in insolvency law***

In the event that the Issuer becomes insolvent, insolvency proceedings will generally be governed by the insolvency laws of the Issuer's place of incorporation. The insolvency laws of the Issuer's place of incorporation may be different from the insolvency laws of an investor's home jurisdiction and the treatment and ranking of holders of Notes issued by the Issuer and the Issuer's other creditors and shareholders under the insolvency laws of the Issuer's place of incorporation may be different from the treatment and ranking of holders of those Notes and the Issuer's other creditors and shareholders if the Issuer was subject to the insolvency laws of the investor's home jurisdiction.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents which have been previously published and which have been approved by the AFM or filed with it:

- (i) the Articles of Association (the official Dutch version and an English translation thereof);
- (ii) the Terms and Conditions of the Notes under the Programme contained in the Issuer's Base Prospectus of 2 March 2015 (pages 54-75);
- (iii) the Terms and Conditions of the Senior Notes under the Programme contained in the Issuer's Base Prospectus of 24 March 2016 (pages 61-82);
- (iv) the Terms and Conditions of the Subordinated Notes under the Programme contained in the Issuer's Base Prospectus of 24 March 2016 (pages 83-113), as amended by the Supplements dated 22 June 2016 and 7 October 2016;
- (v) the Terms and Conditions of the Senior Notes under the Programme contained in the Issuer's Base Prospectus of 23 May 2017 (pages 63-84);
- (vi) the Terms and Conditions of the Subordinated Notes under the Programme contained in the Issuer's Base Prospectus of 23 May 2017 (pages 85-115);
- (vii) the audited consolidated annual accounts for the financial year ended 31 December 2017 together with the independent auditor's report dated 14 March 2018, which appear on pages 36 to 168 and 180 to 193 of the financial report 2017;
- (viii) the Q4 2018 Press Release and the audited consolidated annual accounts for the financial year ended 31 December 2018 together with the independent auditor's report dated 13 March 2019, which appear on pages 38 to 173 and 185 to 200 of the financial report 2018; and
- (ix) the Q1 2019 Press Release and the Issuer's condensed consolidated interim accounts as at, and for the three-month period ended, 31 March 2019, together with the review report of KPMG Accountants N.V. dated 15 May 2019, which appears on page 27 of the condensed consolidated interim accounts.

Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus 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 Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the Issuer's website at [www.nn-group.com](http://www.nn-group.com).



## **SUPPLEMENTARY PROSPECTUS**

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to the WFT, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus which, in respect of any subsequent issue of Notes to be listed and admitted to trading on Euronext Amsterdam, shall constitute a supplementary prospectus as required by the WFT.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Financial information presented in the Prospectus

#### *Operating result (before tax)*

Operating result (before tax) as presented in “Business Description of NN Group N.V.” is a non-GAAP financial measure and not a measure of financial performance under IFRS. Because it is not determined in accordance with IFRS, the operating result as presented by NN may not be comparable to other similarly titled measures of performance of other (insurance) companies.

Although NN believes that the disclosure of operating result (before tax) by segment improves the ability of investors to assess the operational performance of NN, there are certain limitations on the usefulness of this supplemental non-GAAP financial measure. For example, operating result does not include revaluations of assets that are marked-to-market through the profit and loss account, such as private equity as well as real estate and capital gains. NN has significant investments in such assets and indirect returns (capital gains and revaluations) on these investments, apart from direct returns such as dividends and rental income, are usually a consideration to invest in these asset classes. Operating result (before tax) will still fluctuate due to one-off or seasonal items that are not directly related to financial market conditions although not distinct from the ordinary activities of NN. Examples are adjustments to provisions for policyholder benefits or claims, triggered by natural catastrophes (non-life insurance) or changes in actuarial assumptions such as surrender and mortality rates (life insurance).

#### *Calculation of operating result*

Operating result (before tax) is used by NN to evaluate the financial performance of the business segments of the ongoing operations. Each segment’s operating result is calculated by adjusting the reported result before tax for the following items:

**Non-operating items:** related to (general account) investments that are held for risk of NN (net of policyholder profit-sharing):

- *Capital gains/losses and impairments:* realised gains and losses as well as impairments on financial assets that are classified as available for sale and debt securities that are classified as loans. These investments include debt and equity securities (including fixed income and equity funds), private equity (< 20 per cent. ownership), real estate funds and loans quoted in active markets.
- *Revaluations:* revaluations on assets marked-to-market through the consolidated profit and loss account. These investments include private equity (associates), real estate (property and associates) and derivatives unrelated to product hedging programmes (i.e. interest rate swaps, foreign exchange hedges).
- *Market and other impacts:* these impacts mainly include movements in the liability for guarantees on separate account pension contracts and unit-linked guarantee provisions in the Netherlands and related hedges, the accounting volatility related to the reinsurance of minimum guaranteed benefits of Japan Closed Block VA and the changes in valuation of certain inflation linked liabilities and related derivatives.

**Result on divestments and discontinued operations:** result before tax related to divested operations.

**Special items before tax:** items of income or expense that are significant arise from events or transactions that are clearly distinct from the ordinary business activities of NN and therefore are not expected to recur frequently or regularly. This includes, for instance, rebranding costs, restructuring expenses, goodwill

impairments, results related to early redemption of debt and gains/losses from employee pension plan amendments or curtailments.

***Amortisation and impairment of acquisition intangibles:*** At the date of the Acquisition, all assets and liabilities (including investments, loans and funding liabilities) of Delta Lloyd were remeasured to fair value. Acquisition related intangible assets (mainly brand names, distribution agreements and client relationships) were recognised and will be amortised through the profit and loss account over their useful life in the line ‘amortisation and impairment of acquisition intangibles’ (as of the first quarter of 2019 referred to as “acquisition intangibles and goodwill”). This line also includes impairments of goodwill as well as the recognition of negative goodwill arising from acquisitions.

#### **Allocated equity**

NN evaluates the efficiency of the operational deployment of its shareholder’s equity by calculating return on equity. The distribution of net assets over the business segments is impacted by accounting policies, including consolidation principles that are determined by legal rather than economic ownership. Therefore, NN calculates allocated equity per segment to determine the part of the Issuer’s shareholder’s equity that is economically deployed by the segments. The allocated equity is further adjusted to exclude certain items (such as revaluation reserves, the undated subordinated notes classified as equity as well as the goodwill and intangible assets recognized as a result of the Acquisition) to develop an adjusted allocated equity that is used for the calculation of the net operating return on equity of NN Group and its segments. Allocated equity as presented in “Business Description of NN Group N.V.” is a non-GAAP financial measure that is not a measure under IFRS. Each segment’s allocated equity is calculated as that segment’s net assets, i.e. the balance of total assets and total liabilities under IFRS, adjusted for the following items:

- ***minority interests:*** third party minority interests in fully consolidated subsidiaries of the Issuer are subtracted from the net assets of the relevant segment(s);
- ***investments in subsidiaries of the Issuer:*** intercompany investments of the Issuer in the shareholder’s equity of fully consolidated subsidiaries that are part of the segments are eliminated to avoid double counting;
- ***goodwill and other intangibles:*** goodwill and other intangibles (excluding goodwill and intangibles related to the Acquisition, software and value of business acquired) that are accounted for centrally in the segment Other are allocated (back) to the segment(s) where they were originated; and
- ***proprietary investment companies (private equity and real estate):*** the net assets related to investments by the segments in jointly owned proprietary investment companies (i.e. Private Equity Investments B.V., Private Equity Investments II B.V. and REI Investment I B.V.) are re-allocated to the segments on a proportional basis to reflect their economic ownership. In the financial accounting, these companies are consolidated by the operations of Netherlands Life, as NN Life is the majority owner of the investment companies.

Except for the elimination of the minority interests, the re-allocations of the segments’ net assets have no impact on the total net assets of NN.

#### **Rounding adjustments and currency**

Certain figures contained in this Prospectus have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or row of a table contained in this Prospectus may not conform exactly to the total figure given for that column or row.

Unless otherwise indicated, financial information relating to NN is presented in euro.

## OVERVIEW OF THE PROGRAMME

*The following overview is qualified in its entirety by the remainder of this Prospectus.*

### GENERAL PROVISIONS

<b>Issuer:</b>	NN Group N.V.
<b>Description:</b>	Debt Issuance Programme
<b>Size:</b>	Up to €5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
<b>Arranger:</b>	Deutsche Bank AG, London Branch
<b>Dealers:</b>	Deutsche Bank AG, London Branch and Deutsche Bank Aktiengesellschaft  The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Fiscal Agent:</b>	The Bank of New York Mellon
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the “Final Terms”).
<b>Issue Price:</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
<b>Form of Notes:</b>	The Notes may be issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) only. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one

year and are being issued in compliance with the D Rules (as defined in “—Selling Restrictions” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.

**Clearing Systems:**

Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

**Initial Delivery of Notes:**

On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system, provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

**Maturities:**

Any maturity, subject to compliance with all relevant laws, regulations and directives.

**Specified Denomination:**

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that: (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue

proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (“FSMA”) will have a minimum denomination of £100,000 (or its equivalent in other currencies).

**Fixed Rate Notes and Fixed Rate Subordinated Notes:**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Notes and Floating Rate Subordinated Notes:**

Floating Rate Notes and Floating Rate Subordinated Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the relevant ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to LIBOR or EURIBOR as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

Upon the occurrence of a Benchmark Event, a Rate Determination Agent will determine a Replacement Reference Rate in accordance with Condition 4(c)(iii)(D).

**Zero Coupon Notes and Zero Coupon Subordinated Notes:**

Zero Coupon Notes and Zero Coupon Subordinated Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Fixed Rate Reset Subordinated Notes:**

Fixed Rate Reset Subordinated Notes will initially bear interest at the Initial Interest Rate until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the Reset Margin as determined by the Calculation Agent on the relevant Reset Determination Date, all as specified in the relevant Final Terms.

Upon the occurrence of a Benchmark Event, a Rate Determination Agent will determine a Replacement Reference Rate in accordance with condition 4(c)(iii)(D).

**Interest Periods and Interest Rates:**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

**Redemption:**

The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be

accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**Taxation:**

This Prospectus includes a general summary of certain Dutch tax considerations relating to an investment in the Notes. See the “Taxation” section of this Prospectus. Such summary may not apply to a particular holder of Notes or to a particular issue and does not cover all possible tax considerations. In addition, the tax treatment may change after the date of this Prospectus. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in its particular circumstances.

**Redemption by Instalments:**

The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

**Optional Redemption:**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and, if so, the terms applicable to such redemption.

**Status of Senior Notes:**

The Senior Notes will constitute unsubordinated and unsecured obligations of the Issuer, as described in “Terms and Conditions of the Senior Notes—Status”.

**Negative Pledge:**

None

**Cross Default:**

None

**Ratings:**

The Issuer is rated BBB+ by S&P and A by Fitch.

Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Early Redemption:**

Except as provided in “—Optional Redemption” above, Senior Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Senior Notes—Redemption, Purchase and Options”.

**Withholding Tax:**

All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Netherlands, unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in

“Terms and Conditions of the Senior Notes—Taxation” and “Terms and Conditions of the Subordinated Notes—Taxation.

**Governing Law:**

Dutch

**Listing and Admission to Trading:**

Application has been made to list Notes issued under the Programme and to admit them to trading on Euronext Amsterdam or as otherwise specified in the relevant Final Terms, and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

**Selling Restrictions:**

The United States, the United Kingdom, the Netherlands, Belgium, Singapore and Japan. See “Subscription and Sale”.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor United States Treasury Regulation section, including, without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “D Rules”) unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor United States Treasury Regulation section, including, without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

**PROVISIONS RELATING TO  
SUBORDINATED NOTES ONLY**

**Status and Subordination of the  
Subordinated Notes:**

The Subordinated Notes will constitute direct, unsecured and subordinated obligations of the Issuer, as described in “Terms and Conditions of the Subordinated Notes—Status”.

The Subordinated Notes of a Series may qualify as either Tier 2 Notes or Tier 3 Notes, in each case as determined by the Relevant Supervisory Authority from time to time, as specified in the applicable Final Terms.

**Deferral of Interest:**

If so specified in the applicable Final Terms, the Issuer may, in respect of any Optional Interest Deferral Date, elect to defer payment of all (but not some only) of the interest accrued to that date and the Issuer shall not have any obligation to make



such payment on that date. Subject to Condition 5(b) of the Subordinated Notes, such deferral may continue until the Maturity Date or any earlier date on which the Subordinated Notes are redeemed in full.

In addition, payments of interest on the Subordinated Notes will be mandatorily deferred on each Mandatory Interest Deferral Date and the Issuer shall not have any obligation to make such payment on that date.

A “Mandatory Interest Deferral Date” means each Interest Payment Date in respect of which a Mandatory Deferral Event has occurred and is continuing.

A “Mandatory Deferral Event” means:

- (a) the Solvency Condition is not met; or
- (b) a Capital Adequacy Event has occurred and continues to exist and a deferral of interest and/or a suspension of payment of principal, as applicable, is required under the Capital Adequacy Regulations for the Subordinated Notes to qualify for the purposes of determination of the solvency margin, capital adequacy ratio or comparable margins or ratios of the Issuer, or, where this is subdivided in tiers, as tier 2 basic own funds (howsoever described at the time), on a consolidated basis,

provided, however, that the occurrence of b. above will not constitute a Mandatory Deferral Event:

(A) in the case of Tier 2 Notes only, in respect of payments of interest or Arrears of Interest, if:

- (i) the Relevant Supervisory Authority has exceptionally waived the deferral of such interest payment and/or payment of Arrears of Interest;
- (ii) paying the interest payment and/or Arrears of Interest does not further weaken the solvency position of the Issuer as determined in accordance with the Capital Adequacy Regulations; and
- (iii) the Minimum Capital Requirement will be complied with immediately after the interest payment and/or payment of Arrears of Interest is made;

(B) in respect of payments of principal, if:

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

- (ii) the Subordinated Notes are exchanged for or converted into another tier 1 or tier 2 basic own funds or, in the case of Tier 3 Notes only, tier 3 basic own funds, in each case of at least the same quality;
- (iii) the Minimum Capital Requirement will be complied with immediately after the principal payment is made.

Deferral of any payment of interest on an Optional Interest Deferral Date or Mandatory Interest Deferral Date will not constitute a default by the Issuer and will not give the Noteholders any right to accelerate the Subordinated Notes.

**Arrears of Interest:**

Arrears of Interest, and any other amount, payment of which is optionally or mandatorily deferred may be paid in whole or in part at any time, provided that no Mandatory Deferral Event has occurred and is continuing and any notifications to the Regulator have been made or consent from the Regulator has been obtained, as the case may be, in either case if required under the Capital Adequacy Regulations.

Arrears of Interest shall not bear interest.

**Conditions to redemption, substitution, variation or purchase:**

So long as the Issuer is subject to Capital Adequacy Regulations,

- (i) any redemption or purchase pursuant to Condition 6 may only be made provided no Mandatory Deferral Event has occurred and is continuing at the time of such redemption or purchase, and principal, premium, interest or any other amount shall only be due and payable in respect of or arising from the Notes, provided no Mandatory Deferral Event has occurred and is continuing and the Issuer could make such payment without a Mandatory Deferral Event occurring, except where Condition 3(b) of the Subordinated Notes applies, in which case the Noteholder shall have a subordinated claim as set out therein;
- (ii) any redemption or purchase pursuant to Condition 6 of the Subordinated Notes may only be made provided no Insolvent Insurer Liquidation has occurred and is continuing on the relevant redemption date or purchase date; and
- (iii) any redemption, substitution, variation or purchase of the Subordinated Notes is subject to (A) the prior consent of the Relevant Supervisory Authority if required under the Capital Adequacy Regulations and (B) compliance with the Capital Adequacy

## Regulations.

In the case of a redemption or purchase pursuant to Condition 6(d), 6(e), 6(f), 6(g) or 6(i) of the Subordinated Notes that is within five years from the Issue Date, such redemption or purchase shall be in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as the Subordinated Notes, if required pursuant to the Capital Adequacy Regulations.

### **Optional Early Redemption:**

If Call Option is specified in the applicable Final Terms, the Issuer has the option to redeem all or, if so provided, some of the Subordinated Notes on any Optional Redemption Date at their Optional Redemption Amount specified in the applicable Final Terms, together with Arrears of Interest and interest accrued to the date fixed for redemption, subject to and in accordance with Condition 6(c) of the Subordinated Notes.

If Clean-up Call Option is specified in the applicable Final Terms, and, at any time, the outstanding aggregate nominal amount of the Notes is equal to or less than the percentage specified in the applicable Final Terms of the aggregate nominal amount of the Series issued, the Issuer has the option to redeem all the Subordinated Notes on any Optional Redemption Date at their Optional Redemption Amount specified in the applicable Final Terms, together with Arrears of Interest and interest accrued to the date fixed for redemption, subject to and in accordance with Condition 6(e) of the Subordinated Notes.

### **Early Redemption for Tax Event, Capital Disqualification Event or Rating Methodology Event:**

If so specified in the applicable Final Terms, the Issuer may redeem the Subordinated Notes, in whole, but not in part, at their Early Redemption Amount together with any Arrears of Interest and any interest accrued to (but excluding) the date of redemption in the case of a Tax Event, a Capital Disqualification Event or a Rating Methodology Event, subject to and in accordance with Condition 6(d), 6(f) and 6(g) of the Subordinated Notes, respectively.

### **Substitution for Tax Event, Capital Disqualification Event or Rating Methodology Event:**

In case of a Tax Event, a Capital Disqualification Event or a Rating Methodology Event, the Issuer may, in its sole discretion but subject to compliance with the Capital Adequacy Regulations, substitute the Subordinated Notes in whole (but not in part) for Qualifying Securities as further described in Condition 6(h) of the Subordinated Notes.

### **Events of Default:**

The Subordinated Notes may be declared immediately due and repayable at their principal amount, together with interest accrued to the date of repayment (including Arrears of Interest) in the case of the liquidation of the Issuer. Liquidation may occur as a result of the winding-up of the Issuer (*ontbinding en vereffening*) or bankruptcy (*faillissement*) of the Issuer.

## TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are issued pursuant to an Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 27 May 2019 between the Issuer, The Bank of New York Mellon as fiscal agent and the other agents named in it. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below, respectively, as the “Fiscal Agent”, the “Paying Agents” (which expression shall include the Fiscal Agent), the “Registrar”, the “Transfer Agents” and the “Calculation Agent(s)”. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these terms and conditions (the “Conditions”), “Tranche” means Notes which are identical in all respects.

Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

### **1 Form, Denomination and Title**

The Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”), in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Instalment Note or a combination of any of the foregoing, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in

accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate), and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2 No Exchange of Notes and Transfers of Registered Notes**

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2 (b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 5(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate

shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (e) **Transfer Free of Charge:** Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d) or Condition 5(f), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

### 3 Status

The Notes and the Receipts and Coupons constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

### 4 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f).
- (b) **Interest on Floating Rate Notes:**
  - (i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
  - (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a

day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one

only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (y) if the Relevant Screen Page is not available, or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the



Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period, provided, however, that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Issuer shall determine appropriate for such purposes (acting in good faith and in a commercially reasonable manner) such rate at such time and by reference to such sources as it determines appropriate.

“Applicable Maturity” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(D) Replacement Reference Rate Determination for Discontinued Reference Rate

Notwithstanding the provisions above in this Condition 4(b), if the Fiscal Agent or the Issuer determines at any time prior to, on or following any Interest Determination Date, discontinued a Benchmark Event has occurred, the Issuer will, as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date), appoint an agent ("Rate Determination Agent"), which will determine in its sole discretion, acting in good faith and in a commercially reasonable manner, whether a substitute or successor rate for purposes of determining the relevant Reference Rate on each Interest Determination Date falling on such date or thereafter that is substantially comparable to the Reference Rate is available or a successor rate that has been recommended or selected by the monetary authority or similar authority (or working group thereof) in the jurisdiction of the applicable currency. If the Rate Determination Agent determines that there is an industry-accepted successor rate, the Rate Determination Agent will use such successor rate to determine the relevant Reference Rate. If the Rate Determination Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the "Replacement Reference Rate") for purposes of determining the Reference Rate on the relevant Interest Determination Date falling on or after such determination, (A) the Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the day count fraction and any method for calculating the Replacement Reference Rate, including any adjustment factor needed to

make such Replacement Reference Rate comparable to the relevant Reference Rate, in each case in a manner that is consistent with industry-accepted practices for such Replacement Reference Rate; (B) references to the Reference Rate in these Conditions applicable to the relevant Floating Rate Note will be deemed to be references to the relevant Replacement Reference Rate, including any alternative method for determining such rate as described in (A) above; (C) the Rate Determination Agent will notify the Issuer of the foregoing as soon as reasonably practicable; and (D) the Issuer will give notice as soon as reasonably practicable to the Noteholders (in accordance with Condition 14 (Notices)) and the Fiscal Agent specifying the Replacement Reference Rate, as well as the details described in (A) above.

The determination of the Replacement Reference Rate and the other matters referred to above by the Rate Determination Agent will (in the absence of manifest error and without prejudice to the Fiscal Agent's ability to rely on the Issuer's notice as referenced in (D) above) be final and binding on the Issuer, the Fiscal Agent, and will apply to the relevant Notes without any requirement that the Issuer obtains consent of any Noteholders. If the Rate Determination Agent is unable to or otherwise does not determine a substitute Replacement Reference Rate, then the Reference Rate will be equal to the Reference Rate last determined in relation to the Notes in respect of a preceding Interest Accrual Period.

For the avoidance of doubt, each Noteholder shall be deemed to have accepted the Replacement Reference Rate or such other changes pursuant to this Condition 4(b)(iii)(D).

The Rate Determination Agent will be (A) a major bank or broker-dealer in a principal financial center of the European Union or the United Kingdom as appointed by the Issuer; or (B), if it is not reasonably practicable to appoint a party as referred to under (A), the Issuer.

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)i).
- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).
- (e) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
  - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph, Condition 4(e)(ii).

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that, if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount,

the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (h) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Benchmark Event” means:

1. the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
2. a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
3. a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
4. a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case within the following six months; or
5. it has become unlawful for any Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

“Business Day” means:

1. in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
2. in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”); and/or
3. in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “Calculation Period”):

1. if “Actual/Actual” or “Actual/Actual - ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
2. if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;

3. if “Actual/365 (Sterling)” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
4. if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
5. if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30.

6. if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

7. if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

8. if “Actual/Actual-ICMA” is specified hereon,

if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

if the Calculation Period is longer than one Determination Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Interest Accrual Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date.

“Interest Amount” means:

1. in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
2. in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on and including the Interest Commencement 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 unless otherwise specified hereon.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

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

- (i) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 5 Redemption, Purchase and Options

### (a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

### (b) Early Redemption:

- (i) Zero Coupon Notes:
  - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 5(c), Condition 5(d), Condition 5(e) or Condition 5(f) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
  - (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the



Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c), Condition 5(d), Condition 5(e) or Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(c), Condition 5(d), or Condition 5(e) or Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the Netherlands (in the case of payment by the Issuer) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Fiscal Agent a certificate duly signed on behalf of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (d) **Redemption at the Option of the Issuer**: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon), redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount

specified hereon (which may be the Early Redemption Amount (as described in Condition 5(b) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon), redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 5(b) above)), together with interest accrued to the date fixed for redemption.

To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Issuer Clean-up Call:** Unless the Issuer has at any time notified the Noteholders that it is exercising the Issuer Make-Whole Call set out Condition 5(g) below in respect of the Notes, if Issuer Clean-up Call is specified hereon and, at any time, the outstanding aggregate nominal amount of the Notes is equal to or less than the percentage specified hereon of the aggregate nominal amount of the Series issued, the Issuer may on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon), redeem all of the Notes then outstanding on the date specified in such notice.

Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 5(b) above)), together with interest accrued to the date fixed for redemption.

- (g) **Issuer Make-Whole Call:** If Issuer Make-Whole Call is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon), which notice shall be irrevocable and shall specify the date fixed for redemption (each such date, a "Make-Whole Redemption Date") redeem all or, if so provided, some of the Notes at any time prior to their Maturity Date at their relevant Make-Whole Redemption Amount.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Quotation Agent shall (in the absence of manifest error) be final and binding upon all parties.

In the case of a partial redemption of Notes, the relevant provisions of Condition 5(b) shall apply *mutatis mutandis* to this Condition 5(g).

“Calculation Date” means the third Business Day (as defined in Condition 4 above) prior to the Make-Whole Redemption Date.

“Make-Whole Redemption Amount” means the sum of:

- (i) the greater of (x) the Final Redemption Amount of the Notes so redeemed and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (excluding any interest accruing on the Notes to, but excluding, the relevant Make-Whole Redemption Date) discounted to the relevant Make-Whole Redemption Date on either an annual, a semi-annual or a quarterly basis (as specified hereon) at the Make-Whole Redemption Rate plus a Make-Whole Redemption Margin; and
- (ii) any interest accrued but not paid on the Notes to, but excluding, the Make-Whole Redemption Date,

as determined by the Quotation Agent and as notified on the Calculation Date by the Quotation Agent to the Issuer, the Fiscal Agent and such other parties as may be specified hereon.

“Make-Whole Redemption Margin” means the margin specified as such hereon.

“Make-Whole Redemption Rate” means the average of the number of quotations given by the Reference Dealers of the mid-market yield to maturity of the Reference Security on the third Business Day preceding the Make-Whole Redemption Date at 11:00 a.m. (Central European Time (“CET”)).

“Quotation Agent” means any Dealer or any other international credit institution or financial services institution appointed by the Issuer for the purpose of determining the Make-Whole Redemption Amount, in each case as such Quotation Agent is identified hereon.

“Reference Dealers” means each of the banks, as specified hereon, selected by the Quotation Agent, which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

“Reference Security” means the security specified as such hereon. If a Reference Security is no longer outstanding, a Similar Security will be chosen by the Quotation Agent at 11:00 a.m. (CET) on the Calculation Date, quoted in writing by the Quotation Agent to the Issuer and published in accordance with Condition 15 (*Notices*).

“Similar Security” means a reference bond or reference bonds issued by the same issuer as the Reference Security having actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

- (h) **Purchases:** The Issuer and its Subsidiaries as defined in the Agency Agreement may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmaturing Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmaturing Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 6 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
  - (i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
  - (ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “Record Date”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

- (d) **Payments Subject to Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:**
- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any

unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” hereon and:
  - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 7 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Netherlands or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Netherlands other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or

- (c) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition.

***Condition relating to FATCA***

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any IGA entered into in connection with the implementation of such Sections of the Code (or any law implementing such an IGA) (a “FATCA Withholding Tax”), and the Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder/an investor on account of any FATCA Withholding Tax deducted or withheld by the Issuer, any Paying Agent, the Registrar or any other party.

**8 Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within five years from the date on which such payment first became due.

**9 Events of Default**

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

- (a) default is made for more than 30 days in the payment of interest or principal in respect of the Notes; or
- (b) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (c) the Issuer is declared bankrupt; or
- (d) an order is made or an effective resolution is passed for the winding-up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company, the terms of which merger, consolidation or combination (A) have the effect of the

emerging or such other surviving company assuming all obligations contracted by the Issuer in connection with the Notes or (B) have previously been approved by an Extraordinary Resolution of the Noteholders,

then any Noteholder may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 5(b)(ii)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, provided that the right to declare Notes due and payable shall terminate if the situation giving rise to it has been cured before the relevant notice has become effective.

## **10 Meeting of Noteholders and Modifications**

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia* (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

*These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.*



- (b) **Modification of Agency Agreement:** The Agent and the Issuer may, and the Noteholders hereby agree that the Agent and the Issuer may, without any further consent of the Noteholders or Couponholders being required, agree to:
- (i) any modification (except as mentioned above) of the Agency Agreement which, in the opinion of the Issuer, is not materially prejudicial to the interests of the Noteholders; or
  - (ii) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

## 11 Substitution

- (a) The Issuer may, and the Noteholders hereby irrevocably agree in advance that the Issuer may, without any further consent of the Noteholders or Couponholders being required, when no payment of principal or interest on any of the Notes is in default, be replaced and substituted by any directly or indirectly wholly-owned subsidiary of the Issuer (the "Substituted Debtor") as principal debtor in respect of the Notes and the relative Coupons, provided that:
- (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (together the "Documents") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by the Conditions and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, and the relative Coupons, the Agency Agreement as the principal debtor in respect of the Notes and the relative Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "Guarantee") in favour of each Noteholder and each holder of the relative Coupons the payment of all sums payable in respect of the Notes and the relative Coupons;
  - (ii) the Documents shall contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Noteholder and Couponholder against all liabilities, costs, charges and expenses (provided that, insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective) which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Noteholder or Couponholder by any political subdivision or taxing authority of any country in which such Noteholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
  - (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the

Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Noteholder;

- (iv) each stock exchange which has Notes listed thereon shall have confirmed that, following the proposed substitution of the Substituted Debtor, such Notes would continue to be listed on such stock exchange;
  - (v) the Substituted Debtor shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Fiscal Agent;
  - (vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from the internal legal adviser to the Issuer to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Fiscal Agent; and
  - (vii) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Fiscal Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Noteholder or Couponholder, except as provided in Condition 11(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Notes and the relative Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) The Issuer shall be entitled, by notice to the Noteholders given in accordance with Condition 14, at any time to effect a substitution which does not comply with this Condition 11, provided that the terms of such substitution have been approved by an Extraordinary Resolution or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition 11. Any such notice of waiver shall be irrevocable.
- (d) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notification as referred to in paragraph (f) below having been given, the Substituted Debtor shall be deemed to be named in the Notes and the relative Coupons as the principal debtor in place of the Issuer and the Notes and the relative Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes and the relative Coupons, save that any claims under the Notes and the relative Coupons prior to release shall ensure for the benefit of Noteholders and Couponholders.

- (e) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Notes or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder or Couponholder in relation to the Notes or the relative Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Noteholder and Couponholder to the production of the Documents for the enforcement of any of the Notes or the relative Coupons or the Documents.
- (f) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 14.

## **12 Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that, if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **13 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to “Issue Date” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

## **14 Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*). So long as the Notes are listed on any stock exchange, notices to holders of the Notes shall also be made as required under the rules of such stock exchange. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 14.

## 15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 15, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

## 16 Governing Law and Jurisdiction

- (a) **Governing Law:** The Agency Agreement, the Notes, the Receipts, the Coupons, and the Talons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, the laws of the Netherlands.
- (b) **Jurisdiction:** The courts of Amsterdam, the Netherlands are to have jurisdiction to settle any disputes that may arise out of or in connection with the Agency Agreement, any Notes, Receipts, Coupons or Talons and, accordingly, any legal action or proceedings arising out of or in connection with the Agency Agreement, any Notes, Receipts, Coupons or Talons may be brought in such courts.

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Subordinated Notes in definitive form (if any) issued in exchange for the Global Subordinated Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Subordinated Notes or on the Certificates relating to such Registered Subordinated Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Subordinated Notes or Certificates, as the case may be. References in the Conditions to “Subordinated Notes” are to the Subordinated Notes of one Series only, not to all Subordinated Notes that may be issued under the Programme.*

The Subordinated Notes are issued pursuant to an Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 27 May 2019 between the Issuer, The Bank of New York Mellon as fiscal agent and the other agents named in it. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below, respectively, as the “Fiscal Agent”, the “Paying Agents” (which expression shall include the Fiscal Agent), the “Registrar”, the “Transfer Agents” and the “Calculation Agent(s)”. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest-bearing Subordinated Notes in bearer form and, where applicable in the case of such Subordinated Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Subordinated Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these terms and conditions (the “Conditions”), “Tranche” means Subordinated Notes which are identical in all respects.

Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

### **1 Form, Denomination and Title**

The Subordinated Notes are issued in bearer form (“Bearer Subordinated Notes”) or in registered form (“Registered Subordinated Notes”), in each case in the Specified Denomination(s) shown hereon.

This Subordinated Note is a Fixed Rate Subordinated Note, a Fixed Rate Reset Subordinated Note, a Floating Rate Subordinated Note, a Zero Coupon Subordinated Note, an Instalment Subordinated Note or a combination of any of the foregoing, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Subordinated Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Subordinated Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Subordinated Notes are issued with one or more Receipts attached.

Registered Subordinated Notes are represented by registered certificates (“Certificates”) and each Certificate shall represent the entire holding of Registered Subordinated Notes by the same holder.

Title to the Bearer Subordinated Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Subordinated Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Subordinated Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate), and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Subordinated Note and the Receipts relating to it or the person in whose name a Registered Subordinated Note is registered (as the case may be), “holder” (in relation to a Subordinated Note, Receipt, Coupon or Talon) means the bearer of any Bearer Subordinated Note, Receipt, Coupon or Talon or the person in whose name a Registered Subordinated Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Subordinated Notes.

## **2 No Exchange of Subordinated Notes and Transfers of Registered Subordinated Notes**

- (a) **No Exchange of Subordinated Notes:** Registered Subordinated Notes may not be exchanged for Bearer Subordinated Notes. Bearer Subordinated Notes of one Specified Denomination may not be exchanged for Bearer Subordinated Notes of another Specified Denomination. Bearer Subordinated Notes may not be exchanged for Registered Subordinated Notes.
- (b) **Transfer of Registered Subordinated Notes:** One or more Registered Subordinated Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Subordinated Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Subordinated Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Subordinated Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Subordinated Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) shall be available for delivery within three business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (d) **Transfer Free of Charge:** Transfers of Subordinated Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (e) **Closed Periods:** No Noteholder may require the transfer of a Registered Subordinated Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Subordinated Note, (ii) during the period of 15 days before any date on which Subordinated Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(c) or Condition 6(e), (iii) after any such Subordinated Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

### 3 Status

- (a) The Subordinated Notes, the Receipts and the Coupons rank *pari passu* and without any preference among themselves and constitute direct, unsecured and subordinated obligations of the Issuer.
- (b) In the event of the insolvency (bankruptcy (*faillissement*) or moratorium (*surseance van betaling*)), dissolution (*ontbinding*) or liquidation (*vereffening*) of the Issuer, the payment obligations of the Issuer under the Subordinated Notes, the Receipts and the Coupons shall rank in right of payment after unsubordinated and unsecured creditors of the Issuer, but *pari passu* with all subordinated obligations of the Issuer save for those preferred by mandatory provisions of law and those that rank or are expressed by their terms to rank junior or senior to the Subordinated Notes, the Receipts and Coupons, and in priority to the claims of shareholders of the Issuer.
- (c) By acceptance of the Subordinated Notes, Receipts and Coupons, 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 Subordinated Notes, Receipts or Coupons, whether prior to or in the insolvency, dissolution or liquidation of the Issuer. Notwithstanding the preceding sentence, if any of the rights and claims of any Noteholder in respect of or arising under the Subordinated Notes, Receipts or Coupons are discharged by set-off, such holder will immediately pay an amount equal to the amount of such discharge to the Issuer or, if applicable, the bankruptcy trustee (*curator*) of the Issuer and, until such time as payment is made, will hold a sum equal to such amount on behalf of the Issuer or, if applicable, the bankruptcy trustee in the Issuer's insolvency, dissolution or liquidation. Accordingly, such discharge will be deemed not to have taken place.
- (d) The Subordinated Notes of a Series may qualify as either tier 2 basic own funds ("Tier 2 Notes") or tier 3 basic own funds ("Tier 3 Notes"), in each case as determined by the Relevant Supervisory Authority from time to time, as specified hereon.

### 4 Interest and other Calculations

- (a) **Interest on Fixed Rate Subordinated Notes:** Each Fixed Rate Subordinated Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(g).
- (b) **Interest of Fixed Rate Reset Subordinated Notes:**  
Each Fixed Rate Reset Subordinated Note bears interest on its outstanding nominal amount:

- (A) from and including the Interest Commencement Date to but excluding the First Reset Date at the rate per annum (expressed as a percentage) equal to the Initial Rate of Interest as specified hereon;
- (B) from and including the First Reset Date to but excluding the Second Reset Date or, if none, the Maturity Date (the "First Reset Period") at the rate per annum equal to the First Reset Rate; and
- (C) if applicable, from and including the Second Reset Date to but excluding the first Subsequent Reset Date (if any), and each successive period from and including any Subsequent Reset Date to but excluding the next succeeding Subsequent Reset Date (if any) or, if none, the Maturity Date (each a "Subsequent Reset Period") at the rate per annum equal to the relevant Subsequent Reset Rate,

(in each case rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards), such interest being payable in arrear on each Interest Payment Date.

The amount of interest payable shall be determined in accordance with Condition 4(g).

The provisions of Condition 4(c)(iii)(D) relating to Replacement Reference Rate Determination for Discontinued Reference Rate apply *mutatis mutandis* to Fixed Rate Reset Subordinated Notes.

**(c) Interest on Floating Rate Subordinated Notes:**

- (i) *Interest Payment Dates:* Each Floating Rate Subordinated Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(g). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Subordinated Notes:* The Rate of Interest in respect of Floating Rate Subordinated Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

- (A) ISDA Determination for Floating Rate Subordinated Notes



Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Subordinated Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Subordinated Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Subordinated Notes will be determined as provided hereon.

- (y) if the Relevant Screen Page is not available, or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the

Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined

as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period, provided, however, that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“Applicable Maturity” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(D) Replacement Reference Rate Determination for Discontinued Reference Rate

Notwithstanding the provisions above in this Condition 4(c), if the Fiscal Agent or the Issuer determines at any time prior to, on or following any Interest Determination Date, discontinued a Benchmark Event has occurred, the Issuer will, as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date), appoint an agent ("Rate Determination Agent"), which will determine in its sole discretion, acting in good faith and in a commercially reasonable manner, whether a substitute or successor rate for purposes of determining the relevant Reference Rate on each Interest Determination Date falling on such date or thereafter that is substantially comparable to the Reference Rate is available or a successor rate that has been recommended or selected by the monetary authority or similar authority (or working group thereof) in the jurisdiction of the applicable currency. If the Rate Determination Agent determines that there is an industry-accepted successor rate, the Rate Determination Agent will use such successor rate to determine the relevant Reference Rate. If the Rate Determination Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the "Replacement Reference Rate") for purposes of determining the Reference Rate on the relevant Interest Determination Date falling on or after such determination, (A) the Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the day count fraction and any method for calculating the Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate comparable to the relevant Reference Rate, in each case in a manner that is consistent with industry-accepted practices for such Replacement Reference Rate; (B) references to the Reference Rate in these Conditions applicable to the relevant Floating Rate Subordinated Note will be deemed to be references to the relevant Replacement Reference Rate, including any alternative method for determining such rate as described in (A) above; (C) the Rate Determination Agent will notify the Issuer of the foregoing as soon as reasonably practicable; and (D) the Issuer will give notice as soon as reasonably practicable to the Subordinated Noteholders (in accordance with Condition 15 (*Notices*)) and the Fiscal Agent specifying the Replacement Reference Rate, as well as the details described in (A) above.

The determination of the Replacement Reference Rate and the other matters referred to above by the Rate Determination Agent will (in the absence of manifest error) be final and binding on the Issuer, the Fiscal Agent, and will apply to the relevant Subordinated Notes without any requirement that the Issuer obtains consent of any Subordinated Noteholders. If the Rate Determination Agent is unable to or otherwise does not determine a substitute Replacement Reference Rate, then the Reference Rate will be

equal to the Reference Rate last determined in relation to the Notes in respect of a preceding Interest Accrual Period.

For the avoidance of doubt, each Subordinated Noteholder shall be deemed to have accepted the Replacement Reference Rate or such other changes pursuant to this Condition 4(c)(iii)(D).

The Rate Determination Agent will be (A) a major bank or broker-dealer in a principal financial center of the European Union or the United Kingdom as appointed by the Issuer; or (B), if it is not reasonably practicable to appoint a party as referred to under (A), the Issuer.

Notwithstanding any other provision of this Condition 4(c)(iii)(D), no Replacement Reference Rate will be adopted and no other amendment to the terms of the Subordinated Notes will be made, if and to the extent that in the determination of the Issuer, the same could reasonably be expected to impact upon the eligibility of the Subordinated Notes for eligibility as Tier 2 Notes or Tier 3 Notes, as the case may be.

Any amendment to the Conditions pursuant to this Condition 4(c)(iii)(D) is subject to the prior written permission of the Relevant Supervisory Authority (**provided that**, at the relevant time, such permission is required to be given).

- (d) **Zero Coupon Subordinated Notes:** Where a Subordinated Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Subordinated Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Subordinated Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i).
- (e) **Accrual of interest:** Interest shall cease to accrue on each Subordinated Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 and, if applicable, Condition 5(b) to the Relevant Date (as defined in Condition 8).
- (f) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
  - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph, Condition 4(f)(ii).
  - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that, if

the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

- (g) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Subordinated Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Subordinated Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (h) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Subordinated Notes that is to make a further calculation upon receipt of such information and, if the Subordinated Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Subordinated Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Subordinated Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Benchmark Event” means:

1. the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
2. a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
3. a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
4. a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Subordinated Notes, in each case within the following six months; or
5. it has become unlawful for any Calculation Agent or the Issuer to calculate any payments due to be made to any Subordinated Noteholder using the Original Reference Rate.

“Business Day” means:

1. in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
2. in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”); and/or
3. in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Subordinated Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “Calculation Period”):

1. if “Actual/Actual” or “Actual/Actual - ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
2. if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
3. if “Actual/365 (Sterling)” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
4. if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;

5. if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30.

6. if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

7. if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

8. if “Actual/Actual-ICMA” is specified hereon,

if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

if the Calculation Period is longer than one Determination Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"First Reset Rate" means the sum of the Reset Margin (as specified hereon) and the Mid-Swap Rate for the First Reset Period.

"Fixed Reset Rate Relevant Screen Page" means the display page on the relevant service (including, without limitation, Reuters) as specified hereon or such other page as may replace it



on that information service, or on such other equivalent information service as determined by the Calculation Agent, for the purpose of displaying the relevant swap rates for swap transactions in the Specified Currency with an equivalent maturity to the Reset Period.

“Interest Accrual Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date.

“Interest Amount” means:

1. in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Subordinated Notes or Fixed Rate Reset Subordinated Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
2. in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on and including the Interest Commencement 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 unless otherwise specified hereon.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Mid-Swap Rate” means, in relation to a Reset Date and the Reset Period commencing on that Reset Date, the rate for the Reset Date of, in the case of semi-annual or annual Interest Payment Dates, the semi-annual or annual swap rate, respectively (with such semi-annual swap rate to be converted to a quarterly rate in accordance with market convention, in the case of quarterly Interest Payment Dates) for swap transactions in the Specified Currency maturing on the last day of such Reset Period, expressed as a percentage, which appears on the Fixed Reset Rate Relevant Screen Page as of approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date. If such rate does not appear on the Fixed Reset Rate Relevant Screen Page, the Mid-Swap Rate for the Reset Date will be the Reset Reference Bank Rate for the Reset Period.

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Subordinated Notes.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Subordinated Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, and in the case of determination the Reset Reference Bank Rate, five leading swap dealers in the interbank market for swap transactions in the Specified Currency with an equivalent maturity to the Reset Period, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

"Reset Date" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date, as applicable.

"Reset Determination Date" means the date specified hereon.

"Reset Determination Time" means the time specified hereon.

"Reset Period" means the First Reset Period or any Subsequent Reset Period, as the case may be.

"Reset Reference Bank Rate" means, in relation to a Reset Date and the Reset Period commencing on that Reset Date, a percentage equal to the arithmetic mean (expressed as a percentage and rounded, if necessary, to the nearest 0.0001 per cent. (0.00005 per cent. being rounded upwards)) of the quotations provided by the Reference Banks of the rates at which swaps in the Specified Currency are offered by it at approximately the Reset Determination Time on the Reset Determination Date to participants in the swap market for the Specified Currency with an equivalent maturity to the Reset Period all as determined by the Calculation Agent. If at least three quotations are provided, the rate for the Reset Date will be the arithmetic mean of the quotations, 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, it will be the arithmetic mean of the quotations provided. If only one quotation is provided, it will be the quotation provided. If no quotations are provided, the Mid-Swap Rate will be the Mid-Swap Rate for the immediately preceding Reset Period or, if none, the Initial Mid-Swap Rate.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Subordinated Notes are denominated.

"Subsequent Reset Rate" means the sum of the applicable Mid-Swap Rate and the Reset Margin as determined by the Calculation Agent on the relevant Reset Determination Date.

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

- (j) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Subordinated Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Subordinated Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 5 Deferral of interest payments and Arrears of Interest

### (a) Deferral of interest payments

- (i) **Optional Deferral of Interest Payments:** If so specified hereon, the Issuer may elect in respect of any Optional Interest Deferral Date by notice to the Noteholders pursuant to Condition 5(c) below, to defer payment of all (but not some only) of the interest accrued to that date and the Issuer shall not have any obligation to make such payment on that date.

Notwithstanding any other provision in these Conditions, the deferral of any payment of interest on an Optional Interest Deferral Date in accordance with this Condition 5(a)(i) will not constitute a default by the Issuer and will not give the Noteholders any right to accelerate the Subordinated Notes.

- (ii) **Mandatory Deferral of Interest Payments:** In addition to the right of the Issuer to defer payment of interest in accordance with Condition 5(a)(i), if so specified hereon, payments of interest on the Subordinated Notes will be mandatorily deferred on each Mandatory Interest Deferral Date and the Issuer shall not have any obligation to make such payment on that date. The Issuer shall notify the Noteholders of any Mandatory Interest Deferral Date in accordance with Condition 5(c).

Notwithstanding any other provision in these Conditions, the deferral of any payment of interest on a Mandatory Interest Deferral Date in accordance with this Condition 5(a)(ii) will not constitute a default by the Issuer and will not give the Noteholders any right to accelerate the Subordinated Notes.

### (b) Arrears of Interest

Any interest in respect of the Subordinated Notes not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any earlier Interest Payment Date shall, so long as the same remains unpaid, constitute “Arrears of Interest”. For the avoidance of doubt, Arrears of Interest shall not themselves bear interest.

Any Arrears of Interest and any other amount, payment of which is deferred in accordance with Conditions 5(a)(i) or 5(a)(ii), may be paid in whole or in part at any time upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Noteholders in accordance with Condition 15, provided that the following conditions are met:

- (a) no Mandatory Deferral Event has occurred and is continuing; and
- (b) any notifications to the Relevant Supervisory Authority have been made or consent from the Relevant Supervisory Authority has been obtained, as the case may be, in either case if required under the Capital Adequacy Regulations.

Arrears of Interest will become immediately due and payable in whole (and not in part) upon the earliest of the following dates:

- (i) the date fixed for any redemption, purchase or substitution, or variation of the terms, of the Subordinated Notes by or on behalf of the Issuer pursuant to Condition 6 or Condition 10; or
- (ii) the date on which an order is made or a resolution is passed for the liquidation of the Issuer (other than a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (A) have previously been approved in writing by an Extraordinary Resolution of the Noteholders and (B) do not provide that the Subordinated Notes shall thereby become payable); or
- (iii) if so specified hereon as being applicable, the date on which a Compulsory Interest Payment Event occurs, provided that no Mandatory Deferral Event has occurred and is continuing; or
- (iv) if so specified hereon as being applicable, the next Interest Payment Date which is not a Mandatory Interest Deferral Date,

in the case of paragraph (i), (iii) and (iv) above, provided that any notifications to the Relevant Supervisory Authority have been made or consent from the Relevant Supervisory Authority has been obtained, as the case may be, in either case if required under the Capital Adequacy Regulations. Notwithstanding the foregoing, if notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest and any other amount in respect of or arising under the Subordinated Notes, the Issuer shall be obliged to do so upon expiration of such notice, subject to no Mandatory Deferral Event having occurred and being continuing upon such expiration. Where Arrears of Interest are paid in part, each part payment shall be applied in payment of the Arrears of Interest accrued due in respect of the relative Interest Payment Date (or consecutive Interest Payment Dates) furthest from the date of payment.

**(c) Deferral Notice**

The Issuer shall notify the Fiscal Agent and, in accordance with Condition 15, the Noteholders as soon as practicable and in any event not less than 14 days prior to an Interest Payment Date:

- (i) if that Interest Payment Date is an Optional Interest Deferral Date in respect of which the Issuer elects to defer interest as provided in Condition 5(a)(i) above, and specifying the same; and
- (ii) if that Interest Payment Date is a Mandatory Interest Deferral Date and specifying that interest will not be paid because a Mandatory Deferral Event has occurred and is continuing, provided that if a Mandatory Deferral Event occurs less than 14 days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral that is required pursuant to Condition 5(a)(ii)

above in accordance with Condition 15 as soon as reasonably practicable following the occurrence of such event.

## **6 Redemption, Purchase and Options**

### **(a) Redemption by Instalments and Final Redemption:**

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, subject to Condition 6(k), each Subordinated Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Subordinated Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Subordinated Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) The Subordinated Notes are dated or undated instruments, as specified hereon.
- (iii) Unless previously redeemed, purchased and cancelled as provided below, each dated Subordinated Note shall, subject to Condition 6(k), be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Subordinated Note falling within paragraph (i) above, its final Instalment Amount.
- (iv) The undated Subordinated Notes are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to the provisions of Condition 10) only have the right to repay, redeem, convert, exchange, substitute or purchase them, or vary their terms, in accordance with the following provisions of this Condition 6.

### **(b) Early Redemption:**

- (i) Zero Coupon Subordinated Notes:
  - (A) The Early Redemption Amount payable in respect of any Zero Coupon Subordinated Note upon redemption of such Subordinated Note pursuant to Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Subordinated Note unless otherwise specified hereon.
  - (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Subordinated Note shall be the scheduled Final Redemption Amount of such Subordinated Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Subordinated Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
  - (C) If the Early Redemption Amount payable in respect of any such Subordinated Note upon its redemption pursuant to Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such

Subordinated Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Subordinated Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Subordinated Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Subordinated Notes:* The Early Redemption Amount payable in respect of any Subordinated Note (other than Subordinated Notes described in (i) above), upon redemption of such Subordinated Note pursuant to Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, subject to Condition 6(k), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon), redeem all or, if so provided, some of the Subordinated Notes on any Optional Redemption Date. Any such redemption of Subordinated Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with Arrears of Interest and interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Subordinated Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Subordinated Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Subordinated Notes, or in the case of Registered Subordinated Notes shall specify the nominal amount of Registered Subordinated Notes drawn and the holder(s) of such Registered Subordinated Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(d) **Redemption for taxation purposes:** If Tax Event is specified hereon, if, prior to the giving of the notice referred to below, a Tax Event has occurred and is continuing, then the Issuer may, at any time and subject to Condition 6(k), having given not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable, subject to such notice becoming void in accordance with Condition 6(k)), redeem, in accordance with this Condition, all, but not some only, of the Subordinated Notes at the Early Redemption Amount together with any Arrears of Interest and any further interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption pursuant to this Condition 6(d) the Issuer shall deliver to the Fiscal Agent a certificate signed by the Issuer, represented by at least one member of the Executive Board, and an opinion from a recognised tax adviser of international standing, stating that a Tax Event has occurred and is continuing as at the date of the certificate or opinion.

- (e) **Issuer Clean-up Call:** If Issuer Clean-up Call is specified hereon and, at any time, the outstanding aggregate nominal amount of the Subordinated Notes is equal to or less than the percentage specified hereon of the aggregate nominal amount of the Series issued, the Issuer may on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon), redeem all of the Subordinated Notes then outstanding on the date specified in such notice.

Any such redemption of Subordinated Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption.

- (f) **Redemption for regulatory reasons:** If Regulatory Event is specified hereon, if, prior to the giving of the notice referred to below, a Capital Disqualification Event has occurred and is continuing, then the Issuer may, at any time and subject to Condition 6(k), having given not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable, subject to such notice becoming void in accordance with Condition 6(k)), redeem, in accordance with this Condition, all, but not some only, of the Subordinated Notes at their Early Redemption Amount together with any Arrears of Interest and any further interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption pursuant to this Condition 6(f) the Issuer shall deliver to the Fiscal Agent a certificate signed by the Issuer, represented by at least one member of the Executive Board, stating that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate.

- (g) **Redemption for rating reasons:** If Rating Methodology Event is specified hereon, if, prior to the giving of the notice referred to below, the Issuer determines that a Rating Methodology Event has occurred and is continuing with respect to the Subordinated Notes, then the Issuer may, at any time and subject to Condition 6(k), having given not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable, subject to such notice becoming void in accordance with Condition 6(k)), redeem, in accordance with this Condition, all, but not some only, of the Subordinated Notes at their Early Redemption Amount together with any Arrears of Interest and any further interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption under this Condition 6(g) the Issuer shall deliver to the Fiscal Agent a certificate signed by the Issuer, represented by at least one member of the Executive Board, stating that a Rating Methodology Event has occurred and is continuing as at the date of the certificate.

- (h) **Substitution or variation:** If any of the events described in Condition 6(d), 6(f) or 6(g) is specified hereon as being applicable and the relevant event has occurred and is continuing, then the Issuer may, subject to Condition 6(k), (without any requirement for the consent or approval of the Noteholders) and subject to having satisfied the Fiscal Agent immediately prior to the giving of such notice referred to herein that the provisions of this Condition 6(h) have been complied with and having given not less than seven days' written notice to the Fiscal Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), at any time either substitute all (but not some only) of the Subordinated Notes for, or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become, Qualifying Securities. In connection therewith, all Arrears of Interest (if any) will be paid as required by Condition 5(b) and as further set out below in this Condition 6(h).

Upon the expiry of such notice, the Issuer shall either vary the terms of, or substitute, the Subordinated Notes in accordance with this Condition 6(h), as the case may be.

As used herein, **Qualifying Securities** means securities:

- (i) having terms (including terms providing for deferral of payment of interest and/or principal) that are not materially less favourable to an investor than the terms of the Subordinated Notes (as reasonably determined by the Issuer in consultation with an independent investment bank, consulting firm or comparable expert of international standing on the subject and provided that a certification to such effect of the Issuer, represented by at least one member of the Executive Board, shall have been delivered to the Fiscal Agent prior to the issue of the relevant securities or them otherwise becoming obligations of the Issuer);
- (ii) issued by or otherwise being obligations of the Issuer or another member of NN with a guarantee by the Issuer, such that investors have the same material rights and claims as under the Subordinated Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of the Issuer, represented by at least one member of the Executive Board, shall have been delivered to the Fiscal Agent prior to the issue of the relevant securities or them otherwise becoming obligations of the Issuer);
- (iii) ranking at least equal to the Subordinated Notes, provided that in the insolvency (bankruptcy (*faillissement*) or moratorium (*surseance van betaling*)), dissolution (*ontbinding*) or liquidation (*vereffening*) of the relevant issuer, the payment obligations of such issuer shall rank in right of payment after unsubordinated and unsecured creditors of such issuer, but *pari passu* with all subordinated obligations of such issuer save for those preferred by mandatory provisions of law and those that rank or are expressed by their terms to rank junior or senior to such securities, and in priority to the claims of shareholders of such issuer, and featuring the same principal amount, interest rate (including applicable margins and step-up), interest payment dates and optional redemption dates as the Subordinated Notes;
- (iv) containing terms which preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Subordinated Notes, including (without limitation) as to the timing of, and amounts payable on, such redemption;
- (v) which do not contain any terms providing for loss absorption through principal write-down or conversion to shares;
- (vi) listed on a regulated market in the European Economic Area, if the Subordinated Notes were listed prior to such substitution or variation; and
- (vii) admitted to, and traded in, the same clearing system or clearing systems as the Subordinated Notes were.

In addition, any substitution or variation is subject to (A) all interest amounts, including Arrears of Interest, and any other amount payable under the Subordinated Notes which in each case has accrued to Noteholders and has not been paid, being satisfied in full on or prior to the date thereof, (B) compliance with Condition 6(k), (c) the substitution or variation not itself giving rise to a negative change in any published rating of the Subordinated Notes in effect at such time as confirmed in writing by any rating organisations that have given such published rating of the Subordinated Notes previously, (d) the substitution or variation not triggering the right on the part of the Issuer to redeem the Subordinated Notes pursuant to Condition 6(d), 6(f) or 6(g), and (e) certification by the Issuer, represented by at least one member of the Executive Board, that the securities in question are "Qualifying Securities" in accordance with the definition set out above and that the conditions set out



above have been complied with, which certificate shall be delivered to the Fiscal Agent prior to the substitution or variation of the Subordinated Notes and upon which certificate the Fiscal Agent shall be entitled to rely absolutely without liability to any person.

In connection with any substitution or variation as described above, the Issuer will comply with the rules of any stock exchange or other relevant authority on which the Subordinated Notes are then listed or admitted to trading.

- (i) **Purchases:** Subject to Condition 6(k), the Issuer and its Subsidiaries as defined in the Agency Agreement may at any time purchase Subordinated Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (j) **Cancellation:** All Subordinated Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Subordinated Notes, by surrendering each such Subordinated Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Subordinated Notes, by surrendering the Certificate representing such Subordinated Notes to the Registrar and, in each case, if so surrendered, shall, together with all Subordinated Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Subordinated Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Subordinated Notes shall be discharged.
- (k) **Conditions to redemption, substitution, variation or purchase of Subordinated Notes:** So long as the Issuer is subject to Capital Adequacy Regulations:
  - (i) any redemption or purchase pursuant to this Condition 6 may only be made provided no Mandatory Deferral Event has occurred and is continuing at the time of such redemption or purchase, and principal, premium, interest or any other amount shall only be due and payable in respect of or arising from the Subordinated Notes provided no Mandatory Deferral Event has occurred and is continuing and the Issuer could make such payment without a Mandatory Deferral Event occurring, except where Condition 3(b) applies, in which case the holder shall have a subordinated claim as set out therein;
  - (ii) any redemption or purchase pursuant to this Condition 6 may only be made provided no Insolvent Insurer Liquidation has occurred and is continuing on the relevant redemption date or purchase date; and
  - (iii) any redemption, substitution, variation or purchase of the Subordinated Notes is subject to (A) the prior consent of the Relevant Supervisory Authority if required under the Capital Adequacy Regulations and (B) compliance with the Capital Adequacy Regulations.

In the case of a redemption or purchase pursuant to Condition 6(d), 6(e), 6(f), 6(g) or 6(i) that is within five years from the Issue Date, such redemption or purchase shall be in exchange for or funded out of the proceeds of a new issuance of capital of at least the same quality as the Subordinated Notes, if the Capital Adequacy Regulations make a redemption or purchase conditional thereon, or as otherwise permitted under the Capital Adequacy Regulations.

Should a Mandatory Deferral Event occur after a notice for redemption or purchase has been given to the Noteholders but prior to the date fixed for redemption or purchase, such redemption or purchase notice shall become void and notice thereof shall be given promptly by the Issuer to the Fiscal Agent and, in accordance with Condition 15, the Noteholders.

## 7 Payments and Talons

- (a) **Bearer Subordinated Notes:** Payments of principal and interest in respect of Bearer Subordinated Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Subordinated Note), Subordinated Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Subordinated Notes:**
- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Subordinated Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Subordinated Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “Record Date”). Payments of interest on each Registered Subordinated Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Subordinated Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Subordinated Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Subordinated Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments Subject to Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary

or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Subordinated Notes, (iii) a Transfer Agent in relation to Registered Subordinated Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities and (vi) such other agents as may be required by any other stock exchange on which the Subordinated Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Subordinated Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

**(f) Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Subordinated Notes which comprise Fixed Rate Subordinated Notes, those Subordinated Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Subordinated Note comprising a Fixed Rate Reset Subordinated Note, unmaturing Coupons relating to such Subordinated Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Subordinated Note comprising a Floating Rate Subordinated Note, unmaturing Coupons relating to such Subordinated Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iv) Upon the due date for redemption of any Bearer Subordinated Note, any unexchanged Talon relating to such Subordinated Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (v) Upon the due date for redemption of any Bearer Subordinated Note that is redeemable in instalments, all Receipts relating to such Subordinated Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (vi) Where any Bearer Subordinated Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Subordinated Notes is presented for redemption without all unmaturing Coupons, and where any Bearer Subordinated Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vii) If the due date for redemption of any Subordinated Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest

Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Subordinated Note or Certificate representing it, as the case may be. Interest accrued on a Subordinated Note that only bears interest after its Maturity Date shall be payable on redemption of such Subordinated Note against presentation of the relevant Subordinated Note or Certificate representing it, as the case may be.

- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Subordinated Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Subordinated Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” hereon and:
  - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Subordinated Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Netherlands or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts in respect of payments of interest only, but not in respect of principal, as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Subordinated Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Subordinated Note, Receipt or Coupon by reason of his having some connection with the Netherlands other than the mere holding of the Subordinated Note, Receipt or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (c) **Payment by another Paying Agent:** (except in the case of Registered Subordinated Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Subordinated Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “Relevant Date” in respect of any Subordinated Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Subordinated Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Subordinated Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Conditions 4 and 5 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition.

#### ***Condition relating to FATCA***

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any IGA entered into in connection with the implementation of such Sections of the Code (or any law implementing such an IGA) (a “FATCA Withholding Tax”), and the Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder/an investor on account of any FATCA Withholding Tax deducted or withheld by the Issuer, any Paying Agent, the Registrar or any other party.

#### **9 Prescription**

Claims against the Issuer for payment in respect of the Subordinated Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within five years from the date on which such payment first became due.

#### **10 Events of Default**

The holder of any Subordinated Note may give written notice to the Issuer that such Subordinated Note is, and such Subordinated Note shall accordingly immediately become, due and repayable at its principal amount, together with interest accrued to the date of repayment (including Arrears of Interest) in the case of the liquidation of the Issuer (an “Event of Default”). Liquidation may occur as a result of the winding-up of the Issuer (*ontbinding en vereffening*) or bankruptcy (*faillissement*) of the Issuer.

#### **11 Meeting of Noteholders and Modifications**

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Subordinated Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Subordinated Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Subordinated Notes held or represented, unless the business of such meeting includes consideration of

proposals, *inter alia* (i) to amend the dates of maturity or redemption of the Subordinated Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Subordinated Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Subordinated Notes, (iii) to reduce the rate or rates of interest in respect of the Subordinated Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Subordinated Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Subordinated Notes or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Subordinated Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Subordinated Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

*These Conditions may be amended, modified or varied in relation to any Series of Subordinated Notes by the terms of the relevant Final Terms in relation to such Series.*

- (b) **Modification of Agency Agreement:** The Agent and the Issuer may, and the Noteholders hereby agree that the Agent and the Issuer may, without any further consent of the Noteholders or Couponholders being required, agree to:
- (i) any modification (except as mentioned above) of the Agency Agreement which, in the opinion of the Issuer, is not materially prejudicial to the interests of the Noteholders; or
  - (ii) any modification of the Subordinated Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

## 12 Substitution

- (a) The Issuer may, and the Noteholders hereby irrevocably agree in advance that the Issuer may, without any further consent of the Noteholders or Couponholders being required, when no payment of principal of or interest on any of the Subordinated Notes is in default and after consent of the Relevant Supervisory Authority has been obtained if required under the Capital Adequacy Regulations, be replaced and substituted by any directly or indirectly wholly-owned subsidiary of the Issuer (the "Substituted Debtor") as principal debtor in respect of the Subordinated Notes and the relative Coupons, provided that:

- (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (together the “Documents”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by the Conditions and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Subordinated Notes, and the relative Coupons, the Agency Agreement as the principal debtor in respect of the Subordinated Notes and the relative Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the “Guarantee”) in favour of each Noteholder and each holder of the relative Coupons the payment of all sums payable in respect of the Subordinated Notes and the relative Coupons;
- (ii) the Documents shall contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Noteholder and Couponholder against all liabilities, costs, charges and expenses (provided that, insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective) which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Noteholder or Couponholder by any political subdivision or taxing authority of any country in which such Noteholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
- (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Noteholder;
- (iv) each stock exchange which has Subordinated Notes listed thereon shall have confirmed that, following the proposed substitution of the Substituted Debtor, such Subordinated Notes would continue to be listed on such stock exchange;
- (v) the Substituted Debtor shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Fiscal Agent;
- (vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from the internal legal adviser to the Issuer to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Subordinated Noteholders and Couponholders at the specified office of the Fiscal Agent; and

- (vii) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Fiscal Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Noteholder or Couponholder, except as provided in Condition 12(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Subordinated Notes and the relative Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) The documents in relation to the substitution shall provide for such further amendment of these Conditions of the Subordinated Notes as shall be necessary or desirable to ensure that the Subordinated Notes of such Series constitute subordinated obligations of the Substituted Debtor and that the Guarantee constitutes a subordinated obligation of the Issuer, subordinated to no greater extent than the Issuer's obligations prior to its substitution to make payments of principal in respect of the Subordinated Notes of such Series under Condition 3.
- (d) The Issuer shall be entitled, after consent from the Relevant Supervisory Authority has been obtained if required under the Capital Adequacy Regulations, by notice to the Noteholders given in accordance with Condition 15, at any time to effect a substitution which does not comply with this Condition 12, provided that the terms of such substitution have been approved by an Extraordinary Resolution or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition 12. Any such notice of waiver shall be irrevocable.
- (e) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notification as referred to in paragraph (g) below having been given, the Substituted Debtor shall be deemed to be named in the Subordinated Notes and the relative Coupons as the principal debtor in place of the Issuer and the Subordinated Notes and the relative Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Subordinated Notes and the relative Coupons, save that any claims under the Subordinated Notes and the relative Coupons prior to release shall ensure for the benefit of Noteholders and Couponholders.
- (f) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Subordinated Notes or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder or Couponholder in relation to the Subordinated Notes or the relative Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Noteholder and Couponholder to the production of the Documents for the enforcement of any of the Subordinated Notes or the relative Coupons or the Documents.
- (g) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 15.



### **13 Replacement of Subordinated Notes, Certificates, Receipts, Coupons and Talons**

If a Subordinated Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Subordinated Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that, if the allegedly lost, stolen or destroyed Subordinated Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Subordinated Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Subordinated Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **14 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Subordinated Notes (so that, for the avoidance of doubt, references in these Conditions to “Issue Date” shall be to the first issue date of the Subordinated Notes) and so that the same shall be consolidated and form a single series with such Subordinated Notes, and references in these Conditions to “Subordinated Notes” shall be construed accordingly.

### **15 Notices**

Notices to the holders of Registered Subordinated Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Subordinated Notes shall be valid if published in a daily newspaper of general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*). So long as the Subordinated Notes are listed on any stock exchange, notices to holders of the Subordinated Notes shall also be made as required under the rules of such stock exchange. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Subordinated Notes in accordance with this Condition 15.

### **16 Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Subordinated Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Subordinated Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Subordinated Note, Coupon or Receipt,

the Issuer. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 15, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Subordinated Note, Coupon or Receipt or any other judgment or order.

## 17 Governing Law and Jurisdiction

- (a) **Governing Law:** The Agency Agreement, the Subordinated Notes, the Receipts, the Coupons, and the Talons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, the laws of the Netherlands.
- (b) **Jurisdiction:** The courts of Amsterdam, the Netherlands are to have jurisdiction to settle any disputes that may arise out of or in connection with the Agency Agreement, any Subordinated Notes, Receipts, Coupons or Talons and, accordingly, any legal action or proceedings arising out of or in connection with the Agency Agreement, any Subordinated Notes, Receipts, Coupons or Talons may be brought in such courts.

## 18 Definitions

In these Conditions, unless the context requires otherwise, the following defined terms shall have the meanings set out below:

“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 in such manner and to such extent as one or more members of the Executive Board, the auditors or, as the case may be, the liquidator may determine to be appropriate;

“Capital Adequacy Event” means that (i) (A) in respect of payment of principal on Tier 2 Notes and Tier 3 Notes and payments of interest on Tier 2 Notes, the amount of eligible ‘own funds-items’ (or any equivalent terminology employed by the Capital Adequacy Regulations) of the Issuer on a consolidated basis to cover the Solvency Capital Requirement or the Minimum Capital Requirement of the Issuer is, or as a result of a payment of principal or interest or Arrears of Interest would become, not sufficient to cover such Solvency Capital Requirement or Minimum Capital Requirement or (B) in respect of payments of interest on Tier 3 Notes the amount of eligible ‘own funds-items’ (or any equivalent terminology employed by the Capital Adequacy Regulations) of the Issuer on a consolidated basis to cover the Minimum Capital Requirement of the Issuer is, or as a result of a payment of interest or Arrears of Interest would become, not sufficient to cover such Minimum Capital Requirement; or (ii) (if required or applicable in order for the Subordinated Notes to qualify as regulatory capital of the Issuer on a consolidated basis under the Capital Adequacy Regulations from time to time) the Relevant Supervisory Authority has notified the Issuer that it has determined, in view of the financial and/or solvency condition of the Issuer on a consolidated basis, that in accordance with the Capital Adequacy Regulations at such time the Issuer must take specified action in relation to deferral of payments of principal and/or interest under the Subordinated Notes;

“Capital Adequacy Regulations” means at any time the statutory regulations, requirements, guidelines, policies and decrees as applied and enforced by the Relevant Supervisory Authority with respect to the Issuer and with regard to the maintenance of the consolidated minimum levels of solvency margins and/or capital adequacy ratios and/or comparable margins or ratios (howsoever described at the time), as well as with regard

to the supervision thereof by any Relevant Supervisory Authority, including any regulations under the Solvency II Directive;

A “Capital Disqualification Event” is deemed to have occurred if, as a result of any replacement of or change to the Capital Adequacy Regulations (or change to the interpretation thereof by any court, the Relevant Supervisory Authority or any other authority entitled to do so) on or after the Issue Date, the Subordinated Notes cease to be capable of counting for 100% of the principal amount of the Subordinated Notes outstanding at such time under the Capital Adequacy Regulations for the purposes of the determination of the solvency margin, capital adequacy ratio or comparable margins or ratios of the Issuer, or, where this is subdivided in tiers, as at least the category of basic own funds (howsoever described at the time) as specified hereon, on a consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital;

“Compulsory Interest Payment Date” means (i) in respect to Tier 3 Notes, if Condition 5(a)(i) is not specified hereon as being applicable, each Interest Payment Date and (ii) in respect of Tier 2 Notes and, if Condition 5(a)(i) is specified hereon as being applicable, Tier 3 Notes any Interest Payment Date (a) in respect of which during the immediately preceding six-month period a Compulsory Interest Payment Event has occurred, (b) which is not a Mandatory Interest Deferral Date and (c) on which the Solvency Condition is satisfied;

“Compulsory Interest Payment Event” means:

- a. any declaration, payment or making of a dividend or other distribution by the Issuer to holders of any class of the Issuer's share capital;
- b. any repurchase by the Issuer of any class of the Issuer's share capital for cash (other than shares repurchased or otherwise acquired by the Issuer to reduce its capital (i) in the context of its own buy-back programmes, if any, (ii) under any equity derivative hedge structure or transaction, (iii) under any hedging of stock options programmes or any other compensation benefit programmes, if any, (iv) in connection with financial restructurings, mergers, acquisitions, split-offs, divestments or like corporate transactions);

“Group Insurance Undertaking” means an insurance undertaking or a reinsurance undertaking of NN;

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

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

“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 in such manner and to such extent as one or more members of the Executive Board, the auditors or, as the case may be, the liquidator may determine to be appropriate;

“Mandatory Deferral Event” means:

- a. the Solvency Condition is not met; or
- b. a Capital Adequacy Event has occurred and continues to exist and a deferral of interest and/or a suspension of payment of principal, as applicable, is required under the Capital Adequacy Regulations for the Subordinated Notes to qualify for the purposes of determination of the solvency margin, capital adequacy ratio or comparable margins or ratios of the Issuer, or, where this is subdivided in tiers, as tier 2 basic own funds (howsoever described at the time), on a consolidated basis,

provided, however, that the occurrence of b. above will not constitute a Mandatory Deferral Event:

- (A) in the case of Tier 2 Notes only, in respect of payments of interest or Arrears of Interest, if:
  - (i) the Relevant Supervisory Authority has exceptionally waived the deferral of such interest payment and/or payment of Arrears of Interest;
  - (ii) paying the interest payment and/or Arrears of Interest does not further weaken the solvency position of the Issuer as determined in accordance with the Capital Adequacy Regulations; and
  - (iii) the Minimum Capital Requirement will be complied with immediately after the interest payment and/or payment of Arrears of Interest is made;
- (B) in respect of payments of principal, if:
  - (i) the Relevant Supervisory Authority has exceptionally waived the deferral of such principal payment;
  - (ii) the Subordinated Notes are exchanged for or converted into another tier 1 or tier 2 basic own funds or, in the case of Tier 3 Notes only, tier 3 basic own funds, in each case of at least the same quality;
  - (iii) the Minimum Capital Requirement will be complied with immediately after the principal payment is made;

“Mandatory Interest Deferral Date” means each Interest Payment Date in respect of which a Mandatory Deferral Event has occurred and is continuing;

“Minimum Capital Requirement” means (a)(i) when method 1 is applied, the consolidated group Solvency Capital Requirement as referred to in the second subparagraph of article 230(2) of the Solvency II Directive or (ii), in the case a combination of method 1 and 2 is used, the minimum consolidated group Solvency Capital Requirement as referred to in article 341 of the Solvency II Delegated Regulation (or any equivalent terminology employed by the Capital Adequacy Regulations) or (b) has any other meaning as may be given thereto under the Capital Adequacy Regulations;

“NN” means the Issuer and its subsidiaries;

“Optional Interest Deferral Date” means any Interest Payment Date other than a Compulsory Interest Payment Date or a Mandatory Interest Deferral Date;

“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;

“Rating Agency” means S&P Global Ratings Europe Limited or Fitch Ratings Limited (or any of their affiliates) or any other rating agency that has assigned a rating to Subordinated Notes at the Issue Date of any such Subordinated Notes, or any successor;

A “Rating Methodology Event” will be deemed to occur upon a change in the methodology of a Rating Agency (or in the interpretation of such methodology) as a result of which the equity content previously assigned by such Rating Agency to the Subordinated Notes is, as notified by such Rating Agency to the Issuer or as published by the Rating Agency, materially reduced when compared with the equity content assigned by such Rating Agency on or around the Issue Date;

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

“Relevant Supervisory Authority” means any existing or future regulator or other authority having primary supervisory authority with respect to the Issuer, currently De Nederlandsche Bank N.V.;

“Solvency II Delegated Regulation” means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing the Solvency II Directive, as amended from time to time;

“Solvency II Directive” means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 and the implementing measures by the EC thereunder, as amended;

“Solvency Capital Requirement” means the consolidated group Solvency Capital Requirement as referred to in the Solvency II Directive (or any equivalent terminology employed by the Capital Adequacy Regulations);

the “Solvency Condition” is not satisfied if the Issuer determines that it is not or, on the relevant date on which a payment would be made after taking into account amounts payable on that date on the Subordinated Notes will not be, Solvent;

“Solvent” means that the Issuer is (a) able to pay its debts to its unsubordinated and unsecured creditors as they fall due, and (b) has Assets that exceed its Liabilities (other than its Liabilities to persons who are not unsubordinated and unsecured creditors);

“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; and

A “Tax Event” will be deemed to occur if:

- a. the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, including any such change as a consequence of case law, which change or amendment becomes effective on or after the Issue Date (a “Tax Law Change”); or
- b. as a result of a Tax Law Change, there is more than an insubstantial risk that the Issuer will not obtain full or substantially full deductibility for the purposes of Dutch corporation tax for any payment of interest,

and the foregoing cannot be avoided by the Issuer taking reasonable measures not prejudicial to the interests of the Noteholders available to it.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **1 Initial Issue of Notes**

If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “Common Depository”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **2 Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (“Alternative Clearing System”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### **3 Exchange**

#### **3.1 Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Overview of the Programme—Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part, upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

#### **3.2 Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

- (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

#### **3.3 Permanent Global Certificates**

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) of the Senior Notes and Condition 2(b) of the Subordinated Notes may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

### **3.4 Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

### **3.5 Delivery of Notes**

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or, if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system. In this Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### **3.6 Exchange Date**

"Exchange Date" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days or, in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

## **4 Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

### **4.1 Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the



form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and, in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 6(h) of the Senior Notes and Condition 7(h) of the Subordinated Notes.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

#### **4.2 Prescription**

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of five years from the date on which such payment first became due.

#### **4.3 Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

#### **4.4 Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

#### **4.5 Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

#### **4.6 Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within

the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and, accordingly, no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

#### **4.7 Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

#### **4.8 NGN nominal amount**

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### **4.9 Events of Default**

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 of the Senior Notes and Condition 10 of the Subordinated Notes by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of that Global Note to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as account holders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the Register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

#### **4.10 Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant

notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note. So long as the Notes are listed on any stock exchange, notices to holders of the Notes shall also be made as required under the rules of such stock exchange.

## **5 Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an “Electronic Consent” as defined in the Fiscal Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Fiscal Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries, and provided that, in each case, the Issuer has obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “commercially reasonable evidence” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## **USE OF PROCEEDS**

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## **BUSINESS DESCRIPTION OF NN GROUP N.V.**

### **General**

The Issuer is a public limited company (*naamloze vennootschap*) organised under Dutch law and incorporated on 29 March 2011 under the name ING Insurance Topholding N.V. On 28 February 2014, the Issuer entered into a legal merger with its wholly owned subsidiary ING Verzekeringen N.V. As a result of this merger, ING Verzekeringen N.V. ceased to exist by operation of law and the Issuer acquired all assets and liabilities of ING Verzekeringen N.V. under universal title of succession. On 1 March 2014, the legal merger became effective and the Issuer was renamed NN Group N.V.

The Issuer has its corporate seat in Amsterdam, the Netherlands, and its registered office at Schenkkade 65, 2595 AS The Hague, the Netherlands, telephone number +31 (0) 70 513 03 03. It is registered with the trade register held by the Chamber of Commerce under number 52387534. According to Article 3 of the Articles of Association, its objectives are to participate in, conduct the management of, finance and furnish personal or real security for the obligations of and provide services to other enterprises and institutions, of whatever kind, but in particular enterprises and institutions active in the insurance business, the credit business, investments and/or other financial services, as well as to perform all that which is related or may be conducive to the foregoing.

### **Share capital**

The Issuer's authorised share capital amounts to EUR 168,000,000, divided into 700,000,000 ordinary shares and 700,000,000 preference shares, each with a nominal value of EUR 0.12. On the date of this Prospectus, the Issuer's issued capital amounts to EUR 40,225,088.52, consisting of 335,209,071 ordinary shares, with a nominal value of EUR 0.12 each. On the date of this Prospectus, the Issuer holds 1,884,380 ordinary shares, all or part of which it intends to cancel in due course. The rights of the shareholders are described in the Articles of Association

A foundation, Stichting Continuïteit NN Group, has been granted a call option by the Issuer. On each exercise of the call option, Stichting Continuïteit NN Group is entitled to acquire from the Issuer up to a maximum corresponding with 100 per cent. of the issued share capital of the Issuer in the form of ordinary shares, as outstanding immediately prior to the exercise of the call option, less one share, from which maximum any Preference Shares already placed with Stichting Continuïteit NN Group at the time of the exercise of the call option shall be deducted. Stichting Continuïteit NN Group may exercise its option right repeatedly, each time up to the aforementioned maximum.

On the date of this Prospectus, major shareholders are APG Asset Management N.V., BlackRock, Inc., Norges Bank and RRJ Capital II Ltd. Based on Dutch legislation, the holder of a substantial holding or gross short position that equals or exceeds 3 per cent. of the issued capital of an issuer, should notify the AFM. These notifications are subsequently included in a public register kept by the AFM.

### **History**

NN's history dates back to 1845. In that year Assurantie Maatschappij tegen Brandschade N.V., later renamed De Nederlanden van 1845 N.V. ("De Nederlanden"), commenced operations. De Nederlanden specialised in fire insurance. Shortly after its foundation, De Nederlanden expanded abroad and, through multiple acquisitions, became an all-lines insurance company in 1925. World War II made it almost impossible for De Nederlanden to operate its business. After the war, De Nederlanden and other insurance companies played an important role in the economic recovery and reconstruction of the Netherlands by providing financing. During

the post-war years De Nederlanden expanded quickly due to economic growth in the Netherlands and through acquisitions.

The Nationale Levensverzekering-Bank N.V. (“Nationale”) also prospered during the post-war years. Nationale was established in 1863 and specialised in life insurance with a focus on the Dutch domestic market. In 1916, Nationale added non-life insurance to its product portfolio. In 1932, Nationale and De Nederlanden entered into co-operation with respect to group life insurance. Like De Nederlanden, Nationale’s business was significantly affected by World War II and was also instrumental in the post-war reconstruction. In 1956, Nationale expanded its non-life portfolio by acquiring insurance company Tiel-Utrecht. This acquisition made Nationale, for many years, the largest life insurer, the second largest non-life insurer, and as a result the largest insurance company overall in the Netherlands at that time.

In 1963, De Nederlanden and Nationale merged and formed Nationale-Nederlanden. This merger was in line with increased consolidation in the insurance industry and enabled the companies to remain competitive under changing market circumstances. From the 1960s to the 1980s, Nationale-Nederlanden extensively pursued acquisitions throughout the world, including major acquisitions in the United States, and started new operations in Europe and Asia.

In 1991, Nationale-Nederlanden merged with NMB Postbank Groep to form Internationale Nederlanden Groep (ING) after the legal restrictions on mergers between insurers and banks were lifted in the Netherlands in 1990. Since 1991, ING has developed from being a Dutch company with some international business to a multinational with Dutch roots. This was achieved through a mixture of organic growth as well as various large acquisitions. All of Nationale-Nederlanden’s businesses in Europe and Japan were greenfield operations (except for Turkey and Belgium). These businesses were set up in emerging markets such as Poland, the Czech Republic and Hungary, as well as in developed markets such as Luxembourg and Japan. In the United States, Nationale-Nederlanden acquired the life operations of U.S. insurance companies ReliaStar and Aetna in 2000. These acquisitions also substantially increased the size and scope of ING’s insurance activities in developing markets, making ING the largest international insurer in Latin America and the second largest international insurer in Asia.

In 2008 and 2009, as a consequence of the financial crisis, ING Group, like other major financial institutions in the Netherlands, received aid from the Dutch State. As a condition to receiving approval from the EC for such state aid, ING Group was required to develop and submit a restructuring plan to the EC, comprising, *inter alia*, the divestment of the insurance and investment management business, including the Issuer and its subsidiaries. The 2009 Restructuring Plan was approved by the EC in November 2009. Following the 2009 Restructuring Plan, the insurance and asset management businesses of ING (including NN) were operationally separated from ING as of 31 December 2010.

In November 2012, ING Group and the Dutch State reached an agreement with the EC on certain amendments to the 2009 Restructuring Plan which were set out in the 2012 Restructuring Plan. The amendments extended the time horizon, increased the flexibility for the completion of divestments and adjusted other commitments set forth in the 2009 Restructuring Plan, in light of market conditions, the economic climate and more stringent regulation.

Pursuant to the 2009 and 2012 Restructuring Plans, ING divested a number of businesses around the world from 2011 to 2013, including divestments of insurance and investment management businesses in the United States, Latin America and Asia/Pacific (other than Japan).

In May 2013, ING Group divested approximately 29 per cent. of its shareholding (which was indirectly held through NN) in ING U.S., its U.S.-based retirement, investment and insurance business, through an initial public offering in accordance with the 2012 Restructuring Plan. In preparation for a stand-alone future of NN, the interest in ING U.S. held by NN was transferred to ING Group as at 30 September 2013.

In July 2013, part of the operations of WUB, comprising mainly specific mortgage, savings, investments and consumer credit activities, were transferred to NN Bank, in accordance with the 2012 Restructuring Plan.

In November 2013, ING Group and the Dutch State reached an agreement with the EC on certain amendments to the 2012 Restructuring Plan which were set out in the 2013 Restructuring Plan. The 2013 Restructuring Plan accelerated the divestment timeline for NN by two years, as a result of which ING Group was required to divest more than 50 per cent. of its shareholding in the Issuer before 31 December 2015 and was required to divest the remaining interest before 31 December 2016. Pursuant to the 2013 Restructuring Plan, the Japan Life and Japan Closed Block VA businesses were permitted to be divested in line with the divestment timeline for NN and were thus permitted to remain part of NN.

On 2 July 2014, ING Group offered part of its shares in the share capital of NN Group to the public and the shares in the capital of NN Group were listed on Euronext Amsterdam. After settlement of the offering on 7 July 2014, ING Group still held a majority of the shares in the share capital of NN Group. On 19 April 2016 ING Group completed its divestment of NN Group.

On 5 October 2016, the Issuer announced that it intended to make an all cash offer for all the issued and outstanding ordinary shares of Delta Lloyd. On 23 December 2016, the Issuer and Delta Lloyd jointly announced that they had reached a conditional agreement on a recommended all cash public offer for all the issued and outstanding ordinary shares of Delta Lloyd. On 26 April 2017, NN announced that it had acquired 93.3% of the issued and outstanding ordinary shares of Delta Lloyd, entitling NN to pursue a triangular legal merger of Delta Lloyd into NN Bidco, a direct wholly-owned subsidiary of the Issuer. On 31 May 2017, the Issuer announced that it had executed the triangular legal merger of Delta Lloyd into NN Bidco, whereby remaining holders of issued and outstanding ordinary shares in the capital of Delta Lloyd received listed ordinary shares in the capital of the Issuer. As part of the legal restructuring process, the Issuer and NN Bidco executed the legal merger of NN Bidco into the Issuer, which became effective on 31 December 2017. As a result of this, NN Bidco ceased to exist and the Issuer assumed all assets and liabilities of NN Bidco.

## **Business**

### **Overview**

NN is an insurance and asset management group active in 18 countries, with a strong presence in Europe and Japan. NN's insurance business is active in mature markets in Western Europe and Japan, as well as growth markets in CEE and Turkey. NN's asset management business offers its products and services globally through offices in several countries across Europe, the United States and Asia, with the Netherlands as its main asset management hub. NN offers a comprehensive range of retirement services, pensions, insurance, investment and banking products to retail, SME, large corporate and institutional customers.

The product offering and the type of customers serviced within each country varies. See "Business Description of NN Group N.V.—Business Segments" below for further information on NN's specific product offerings and the type of customers serviced in each relevant jurisdiction. NN utilises a multi-channel approach to distribute its products and service its customers, allowing it to tailor the marketing and distribution of its products across different markets and customer segments. NN commits significant resources throughout its businesses to: (a) ensure strong partnerships with brokers, independent agents and banks, including ING Bank; (b) strengthen its tied agents network in most of the countries in which it operates outside of the Netherlands; and (c) build up direct channel capabilities.

## **Business Segments**

### ***Netherlands Life***

In 2018, the Netherlands Life segment recorded EUR 3,602 million GWP, consisting of EUR 2,084 million in group life insurance and EUR 1,518 million in individual life insurance, representing 16 per cent. and 11 per cent., respectively, of NN's total GWP in 2018, and EUR 262 million of new business (measured by APE), representing 16 per cent. of NN's total APE in 2018. In 2018, the Netherlands Life segment had an operating result (before tax) of EUR 972 million, representing 60 per cent. of NN's total operating result of the ongoing business (before tax, excluding the segment Japan Closed Block VA). As at 31 December 2018, the equity allocated to the Netherlands Life segment was EUR 16,892 million.

The Netherlands Life segment includes AZL, BeFrank as well as products sold via ABN AMRO Levensverzekering and direct (OHRA) distribution channels. AZL provides pension administration and management services to primarily mid-sized and large company and industry-wide pension funds. BeFrank is a premium pension institution that provides innovative group pensions at relatively low cost.

As part of the legal restructuring process, a legal merger was executed of Delta Lloyd Life into NN Life, which became effective on 1 January 2019. As a result, NN Life assumed all assets and liabilities of Delta Lloyd Life.

### ***Products***

The life insurance products offered by NN in the Netherlands range from standardised insurance products to tailor-made and sophisticated insurance products with a particular focus on group pensions. Products are offered to SMEs, large corporate clients and their employees, and retail customers. Life insurance products can be characterised as either traditional policies or unit-linked policies. Traditional policies are those products that have benefits primarily based on a guaranteed interest rate, sometimes combined with profit-sharing to the extent that certain thresholds are met. Thus, under traditional policies, NN bears the investment risk. Unit-linked policies have an investment basis and are mostly flexible in options and guarantees. Under pure unit-linked policies, the investment risk is borne by the policyholder. Unit-linked policies can also guarantee a minimum investment return or minimum accumulation to the policyholder at maturity, including death benefit. Further, NN provides hybrid forms of group pension products that combine elements of traditional and unit-linked life insurances within a single contract.

Life insurance products can also be characterised as general account or separate account products. For general account products, the underlying assets are invested in NN's general account and thus not attributable to a specific policyholder or liability. Within the general account, NN bears the investment risks related to assets backing the liability obligations. For separate account products, NN establishes and maintains a separate investment account to which funds are allocated in line with the relevant policy. Such investment account is thus separated from NN's general account and the investment risk is borne by the policyholder, although guarantees apply.

### ***Netherlands Non-life***

In 2018, the Netherlands Non-life segment recorded EUR 3,083 million GWP, representing 23 per cent. of NN's total GWP in 2018. In 2018, the Netherlands Non-life segment had an operating result (before tax) of EUR 94 million (including health and broker business), representing 6 per cent. of NN's total operating result of the ongoing business (before tax, excluding the segment Japan Closed Block VA). As at 31 December 2018, the equity allocated to the Netherlands Non-life segment was EUR 855 million. As at 31 December 2018, the Netherlands Non-life segment had EUR 5,766 million of technical reserves.

NN offers a broad range of non-life products under multiple brands: NN, ING, ABN AMRO, OHRA and Movir. Under the Movir brand, NN offers individual disability insurance to specific target groups amongst



medical and business professionals. Movir furthermore has a particular focus on claims management and claims prevention. NN also acts as a distributor of certain health insurance products underwritten by CZ.

As part of the legal restructuring process, a legal merger was executed of Delta Lloyd Non-Life into NN Non-Life, which became effective on 1 January 2019. As a result, NN Non-Life assumed all assets and liabilities of Delta Lloyd Non-Life.

#### *Products*

NN offers a broad range of non-life products to retail, self-employed, SME, and large corporate clients and their employees, in stand-alone as well as bundled form, with a focus on offering insurance bundles. NN's non-life products can be categorised as follows: (a) income/accident, comprising disability and accident (D&A) and travel insurance, and (b) property and casualty (P&C), comprising fire, motor and transport insurance and other insurances.

#### ***Insurance Europe***

NN's Insurance Europe business comprises NN's business in CEE (which includes, for the purposes of the Insurance Europe segment, Poland, the Czech Republic, the Slovak Republic, Romania, Hungary, Bulgaria and Turkey) and in the rest of Europe (which includes, for the purposes of the Insurance Europe segment, Belgium, Spain and Greece). The countries in which NN is active are a mixture of mature and growth markets. In 2018, the Insurance Europe segment had an operating result (before tax) of EUR 271 million, representing 17 per cent. of NN's total operating result of the ongoing business (before tax, excluding the segment Japan Closed Block VA).

#### *Products*

Through Insurance Europe NN offers life insurance (in all countries), pensions (in Belgium, Bulgaria, Czech Republic, Slovakia, Poland, Romania, and Turkey), non-life insurance (in Belgium managed via NN Non-Life, Spain, and Poland as of 2017), and health insurance (in Greece, Hungary and Romania). Products are offered to retail, self-employed and SME customers.

#### ***Japan Life***

NN Japan commenced operations in 1986. NN Japan is a leading player in COLI products. In 2018, the Japan Life segment recorded EUR 3,628 million GWP, representing 27 per cent. of NN's total GWP in 2018, and EUR 751 million of new business (measured by APE), representing 46 per cent. of NN's total APE in 2018. In 2018, the Japan Life segment had an operating result (before tax) of EUR 167 million, representing 10 per cent. of NN's total operating result of the ongoing business (before tax, excluding the segment Japan Closed Block VA). As at 31 December 2018, the equity allocated to the Japan Life segment was EUR 2,358 million.

#### *Products*

NN Japan primarily offers a range of recurring premium COLI products to SMEs and owners and employees of SMEs. Since its initial COLI product launch in 1991, NN Japan has consistently innovated and introduced several products to the Japanese COLI market, such as increasing term life insurance, insurance coverage in cases of cancer and term life insurance with long-term care benefits.

#### *COLI products*

COLI products are traditional life insurance policies that a company, typically an SME, takes out on the lives of executives or employees, whereby the company is both the policyholder and the beneficiary of the policy. COLI products are designed to address the protection, savings and retirement preparation needs of SMEs and owners and employees of SMEs in a tax-efficient manner. Premiums paid by SMEs are tax-deductible (e.g.

25 per cent. to 100 per cent.) depending on product type and other factors and the cash surrender value is taxed when paid out.

### ***Asset Management***

NN's asset management business, operating under the brand NN Investment Partners, provides a wide variety of actively managed international investment products. NN Investment Partners is reported under the Asset Management segment and had assets under management for a total amount of EUR 246 billion as at 31 December 2018. NN Investment Partners provides investment services for institutions, including pension funds, insurance clients and sovereign wealth funds, retail investors via banks and third party distributors, and other businesses of NN Group (proprietary). NN Investment Partners offers investment solutions in selected areas. This includes Multi Asset, Liability Driven Investments, Income strategies (such as Credit and Convertible Bonds), Emerging Markets and Alternative Fixed Income, including Private Debt, and selected Equity offerings (such as Sustainable and European), while continuing to serve its clients in other – more traditional – areas as well. In addition, NN Investment Partners is actively strengthening its leadership position in Sustainable strategies, such as Green Bonds and Impact investing, while further integrating ESG (economic, social and governmental) principles across the entire product range. Following the acquisition of Delta Lloyd by NN Group, several funds of Delta Lloyd Asset Management have been added to NN Investment Partners line up.

NN Investment Partners is organised into several specialist skills-based investment teams. The skill-based setup is combined with an overarching approach to responsible investing and supported by a fully integrated infrastructure, including a newly developed Innovation and Responsible Investing Platform. NN Investment Partners offers its products and services globally through offices in several countries across Europe, and Asia, with the Netherlands as its main investment hub.

In 2018, the Asset Management segment had an operating result (before tax) of EUR 155 million, representing 10 per cent. of NN's total operating result of the ongoing business (before tax, excluding the segment Japan Closed Block VA). As at 31 December 2018, the equity allocated to the Asset Management segment was EUR 371 million.

As part of the legal restructuring process, a legal merger was executed of Delta Lloyd Asset Management into NN Investment Partners, which became effective on 1 January 2018. As a result, NN Investment Partners assumed all assets and liabilities of Delta Lloyd Asset Management.

### ***Products and services***

NN Investment Partners' asset management products and asset management and advisory services include the following:

- ***Investment funds:*** At 31 December 2018, NN Investment Partners managed 127 global investment funds, based in Luxembourg. These funds are distributed within around 25 countries in Europe, Asia and Latin America. NN Investment Partners furthermore manages local investment funds in the Netherlands, Belgium, Poland, France, Japan and the Cayman Islands.
- ***Institutional mandates:*** NN Investment Partners offers institutional customers individual portfolio management services, allowing them the opportunity to invest in tailored investment strategies through a segregated account structure.
- ***Fiduciary and advisory services:*** NN Investment Partners provides fiduciary and advisory services to institutional customers, with a focus on the Dutch pension and insurance market. As part of its fiduciary offering, NN Investment Partners also offers asset manager selection and advisory services,

from its offices in the Netherlands and Switzerland, to institutional customers, which are offered under the Altis brand.

### ***Other***

This segment comprises the banking business, the reinsurance business (representing NN Re, at 31 December 2018 excluding the reinsurance of the Japan Closed Block VA portfolio and results from certain reinsurance arrangements regarding the life insurance business of NN Czech Republic, NN Hellas and NN Life Japan COLI business), the holding result and other results. The Other segment had an operating result (before tax) of EUR -33 million in 2018. As at 31 December 2018, the equity allocated to the Other segment was EUR -131 million. The allocated equity of the Other segment mainly comprises the allocated equity of the banking business (EUR 761 million) and the reinsurance business (EUR 252 million), as well as the cash capital position at the holding company (EUR 2,005 million), subordinated loans provided to NN Life, Delta Lloyd Life, Delta Lloyd Non-Life, Delta Lloyd Belgium and NN Bank (EUR 1,770 million) and other net assets of the holding company (EUR 663 million, an amount of EUR 510 million thereof consisting of the acquisition intangibles and goodwill as a result of the acquisition of Delta Lloyd) minus the financial leverage of the holding company NN Group (EUR 5,582 million). See “Business Description of NN Group N.V.— Changes to segment reporting from first quarter of 2019” below for information on the changes in segment reporting relating to the banking and reinsurance business as from the first quarter of 2019.

### ***NN Bank***

As at 31 December 2018, the total assets of the banking business were EUR 21,590 million, of which the banking business’ mortgage loan portfolio was EUR 17,931 million. As at 31 December 2018, the banking business’ savings and deposits portfolio was EUR 14,471 million. As at 31 December 2018, the equity allocated to the banking business was EUR 761 million.

As part of the legal restructuring process, a legal merger was executed of Delta Lloyd Bank into NN Bank, which became effective on 1 January 2018. As a result, NN Bank assumed all assets and liabilities of Delta Lloyd Bank.

### ***Products***

NN Bank’s banking product offering, with mortgages and savings as its key products, includes the following:

- Mortgages;
- Bank annuities (*banksparen*);
- Savings products;
- Consumer credit; and
- Retail investments.

Furthermore NN Bank services mortgage portfolios with NN-labelled mortgage loans for NN Life, NN Non-Life, NN Insurance Belgium, ING Bank N.V. and the NN Dutch Residential Mortgage Fund, which results in fee income for NN Bank.

### ***NN Re***

NN Re is a reinsurance company within NN Group located in the Netherlands. NN Re primarily offers reinsurance to NN Group’s businesses. As reinsurer, NN Re is the only business unit within NN Group licensed to reinsure both life and non-life risks, hence providing extra diversification opportunities. Within the Solvency II environment, NN Re has been playing an important role in optimising NN Group’s risk management activities mostly regarding the non-life risks and its capital allocation. NN Re currently

reinsures, amongst others, the minimum guarantee obligations of the Variable Annuity (VA) portfolios of NN Group's European business units as well as the Japan Closed Block VA and hedges most of the underlying risks from the reinsured guarantees. Reinsurance has also been provided to NN Non-life and several NN business units in International, most notably NN Hellas and NN Life Japan. NN Re has also assumed relatively small shares in a few external inward reinsurance short-tail transactions in selected external non-life markets and manages the risks and the run-off of the former Delta Lloyd Non-Life's external inward reinsurance book. NN Re (Netherlands) N.V. has an A financial strength rating from S&P is the most important one.

In the segment reporting, the results from the reinsurance arrangement regarding the Japan Closed Block VA portfolio at 31 December 2018 are reported under the Japan Closed Block VA segment, the results from certain Life reinsurance arrangements are reported under the Insurance Europe segment. See "Business Description of NN Group N.V.— Changes to segment reporting from first quarter of 2019" below for information on the changes in segment reporting as from the first quarter of 2019. The remaining reinsurance business of NN Re is reported under the Other segment and results of reinsurance contracts with NN Life Japan (other than Japan Closed Block VA) are presented under the Japan Life segment. In 2018, the reinsurance business in the Other segment had an operating result (before tax) of EUR -12 million. As at 31 December 2018, the IFRS equity allocated to the reinsurance business of NN Re reported under the Other segment was EUR 252 million.

#### *Products*

NN Re's core product is reinsurance. Reinsurance enables NN's insurance businesses to mitigate their risk, to reduce their claims/earnings volatility, and in line with their risk mitigation, also to relieve their capital requirements to increase their underwriting capacity. NN Re aims to apply intra-group risk transfer to enhance NN's overall capital efficiency through improved risk diversification. NN Re also supports NN's insurance businesses in pricing, managing risk and developing new products.

NN Re offers reinsurance contracts for life as well as non-life insurance. For non-life insurance, the in-force business almost entirely relates to the Netherlands, Belgium and Spain. For life insurance, NN Re's portfolio is spread over all countries in which NN is active.

The largest customer of NN Re is NN Life Japan. NN Re reinsures the minimum guarantee obligations of the closed block VA portfolio of NN Life Japan, which are fully accounted for in the Japan Closed Block VA segment. See "Business Description of NN Group N.V.—Japan Closed Block VA" and "Business Description of NN Group N.V.— Changes to segment reporting from first quarter of 2019" below for further information. NN Re also reinsures material parts of the COLI business sold by NN Life Japan since 2017. NN Re also reinsures variable annuity policies sold by NN's Insurance Europe segment, in particular NN Belgium, Nationale-Nederlanden Spain and NN Hungary.

#### *Risk management*

NN Re manages its risks through ceding excess insurance risk to external reinsurers and hedging (a major part of) its market risks. The hedge objective of the variable annuity hedge programme is to mitigate market risks and to enter into positions with appropriately offsetting risk characteristics such as derivatives contracts.

#### ***Holding and other results***

The holding result included in the Other segment comprises the interest paid on hybrids and debt, the amortisation of intangibles and the head office expenses that are not allocated to the business segments.

#### ***Japan Closed Block VA***

The Japan Closed Block VA segment comprises NN's closed block SPVA individual life insurance portfolio

in Japan. This portfolio consists of products sold predominantly from 2001 to 2009. During that time NN Japan was one of the largest providers of SPVA products in Japan. NN Japan's SPVA products contain minimum guarantee obligations – reinsured internally with NN Re (Netherlands) N.V. – on the invested principal, and for some products an amount which may lock in at a higher guarantee level, with respect to the amount paid upon death of the policyholder or upon survival at the end of the investment period for certain product types. In 2009, NN Japan ceased the sale of SPVA products due to ongoing difficult economic conditions (particularly low interest rates in Japan) as well as the capital-intensive nature of SPVA products. NN Japan placed the portfolio in run-off and classified it as a closed block. The majority of the closed block SPVA portfolio is running-off relatively quickly due to the short-term and fixed maturity profile and outstanding policy term of the SPVA products. NN expects that ~70 per cent. of the book to run off by the end of 2019 (measured from the end of 2018). The Japan Closed Block VA segment had a result before tax of EUR 1 million in 2018. As at 31 December 2018, the IFRS equity allocated to the Japan Closed Block VA segment was EUR 198 million.

### **Changes to segment reporting from first quarter of 2019**

Certain changes will be made to the segment reporting of the Issuer as from the first quarter of 2019. The banking business, which is currently included in the segment 'Other', will be reported as a separate segment. At the same time, the segment Japan Closed Block VA will no longer be reported separately. Going forward, the results of Japan Closed Block VA will be included in the segment 'Other' as a non-operating item. The results of the VA Europe portfolio reinsured to NN Re will also be reclassified from the operating result of the reinsurance business to non-operating items within the segment 'Other'.

In the Asset Management segment, the fixed service fee expenses will be reclassified from 'administrative expenses' to 'fees', and presented in the same line item as the related fixed service fee income. In addition, the income and expenses related to certain investment administrative activities will be transferred from the Asset Management segment to the segment 'Other'.

A pro forma financial supplement showing the restated quarterly 2018 results is published on the Issuer's website.

## **Legal Proceedings against NN**

### **General**

NN is involved in litigation and arbitration proceedings in the Netherlands and in a number of foreign jurisdictions, involving claims by and against NN which arise in the ordinary course of its business, including in connection with its activities as insurer, lender, seller, underwriter, issuer of securities and investor and its position as employer and taxpayer. In certain of such proceedings, very large or indeterminate amounts are sought, including punitive and other damages. Except as disclosed in this section, neither the Issuer nor any of its subsidiaries is nor 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 Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

Because of the geographic spread of its business, NN may be subject to tax audits in numerous jurisdictions at any point in time. Although the Issuer believes that it has adequately provided for its tax positions, the ultimate outcome of these audits may result in liabilities that are different from the amounts recognised.

### **Dutch unit-linked products**

Since the end of 2006, unit-linked products (commonly referred to in Dutch as '*beleggingsverzekeringen*')

have received negative attention in the Dutch media, from the Dutch Parliament, the AFM and consumer protection organisations. Costs of unit-linked products sold in the past are perceived as too high and Dutch insurers are in general being accused of being less transparent in their offering of such unit-linked products. The criticism on unit-linked products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008 and 2010, Nationale-Nederlanden and Delta Lloyd (and ABN AMRO Levensverzekering in 2010) reached agreements with consumer protection organisations to offer compensation to unit-linked policyholders. The agreements with the consumer protection organisations are not binding to policyholders, and consequently, do not prevent individual policyholders from initiating legal proceedings against NN Group's Dutch insurance subsidiaries.

On 29 April 2015, the European Court of Justice issued its ruling on preliminary questions submitted by the District Court in Rotterdam, upon request of parties, including Nationale-Nederlanden, to obtain clarity on principal legal questions with respect to cost transparency in relation to unit-linked products. The main preliminary question considered by the European Court of Justice was whether European law permits the application of information requirements based on general principles of Dutch law that extend beyond information requirements as explicitly prescribed by laws and regulations in force at the time the policy was written. The European Court of Justice ruled that the information requirements prescribed by the applicable European directive may be extended by additional information requirements included in national law, provided that these requirements are necessary for a policyholder to understand the essential characteristics of the commitment and are clear, accurate and foreseeable. Although the European Court does not decide on the applicable standards in specific cases and solely provides clarification on the interpretation of the applicable European directive, the ruling of the European Court of Justice has given clarification on this question of legal principle which is also the subject of other legal proceedings in the Netherlands. Dutch courts will need to take the interpretation of the European Court of Justice into account in relevant proceedings.

In 2013 '*Vereniging Woekerpolis.nl*', and in 2017 '*Vereniging Consumentenbond*' and '*Wakkerpolis*', all associations representing the interests of policyholders of Nationale-Nederlanden, individually initiated so-called 'collective actions' against Nationale-Nederlanden. These claims are all based on similar grounds and have been rejected by Nationale-Nederlanden and Nationale-Nederlanden defends itself in these legal proceedings.

'*Vereniging Woekerpolis.nl*' requested the District Court in Rotterdam to declare that Nationale-Nederlanden sold products which are defective in various respects. '*Vereniging Woekerpolis.nl*' alleges that Nationale-Nederlanden failed to meet the required level of transparency regarding, cost charges and other product characteristics, failed to warn policyholders of certain product related risks, such as considerable stock depreciations, the inability to realise the projected final policy value, unrealistic capital projections due to differences in geometric versus arithmetic returns and that certain general terms and conditions regarding costs were unfair. On 19 July 2017, the District Court in Rotterdam rejected all claims of '*Vereniging Woekerpolis.nl*' and ruled that Nationale-Nederlanden has generally provided sufficient information on costs and premiums. '*Vereniging Woekerpolis.nl*' has lodged an appeal with the Court of Appeal in The Hague against the ruling of the District Court in Rotterdam.

'*Vereniging Consumentenbond*' alleges that Nationale-Nederlanden failed to adequately inform policyholders on cost charges, risk premium for life insurance cover and the leverage and capital consumption effect and that Nationale-Nederlanden provided misleading capital projections. '*Vereniging Consumentenbond*' requests the District Court in Rotterdam to order a recalculation of certain types of unit-linked insurance products and to declare that Nationale-Nederlanden is liable for any damage caused by a lack of information and misleading capital projections. On 27 March 2019, the District Court in Rotterdam issued an interim ruling, in first instance, in which the District Court rejected several of the claims from '*Consumentenbond*' that were made against Nationale-Nederlanden in these proceedings. The District Court furthermore concluded that Nationale-

Nederlanden has complied with information requirements prescribed by law and regulations applicable at the time. However, the District Court considered that this does not necessarily mean that the costs are agreed upon (*wilsovereenstemming*) with the customer. As such, the District Court requested Nationale-Nederlanden to provide further information on certain cost components and the agreement thereon.

The claim from '*Wakkerpolis*' primarily concentrates on the recovery of initial costs for policyholders and refers to a ruling of the KiFiD in an individual case against Nationale-Nederlanden. In this case, the KiFiD's Dispute Committee and Committee of Appeal ruled that there is no contractual basis for charging initial costs and that the insurer is obliged to warn against the leverage and capital consumption effect. In its ruling of 22 June 2017, the Appeals Committee concluded that Nationale-Nederlanden, at the time of selling the unit-linked insurance product, should have provided more information to this individual customer than was prescribed by the laws and regulations applicable at that time. In the ruling in the collective action initiated by '*Vereniging Woekerpolis.nl*', the District Court in Rotterdam reached a different conclusion than the Appeals Committee of the KiFiD. The Court's judgment is in line with Nationale-Nederlanden's view, that the provision of information needs to be assessed against the laws and regulations and norms applicable at the time of concluding the unit-linked insurance policy.

There has been for some time and there continues to be political, regulatory and public attention focused on the unit-linked issue in general. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds in current and future legal proceedings. There is a risk that one or more of those legal challenges will succeed.

Customers of NN Group's Dutch insurance subsidiaries have claimed, among others, that (a) the investment risk, costs charged or the risk premium was not, or not sufficiently, made clear to the customer, (b) the product costs charged on initial sale and on an ongoing basis were so high that the expected return on investment was not realistically achievable, (c) the product sold to the customer contained specific risks that were not, or not sufficiently, made clear to the customer (such as the leverage capital consumption risk) or was not suited to the customer's personal circumstances, (d) the insurer owed the customer a duty of care which the insurer has breached, (e) the insurer failed to warn of the risk of not realising the projected policy values, (f) the policy conditions were unfair, or (g) the costs charged or the risk premium had no contractual basis. These claims may be based on general standards of contract or securities law, such as reasonableness and fairness, error, duty of care, or standards for proper customer treatment or due diligence, such as relating to the fairness of terms in consumer contracts and may be made by customers, or on behalf of customers, holding active policies or whose policies have lapsed, matured or been surrendered. There is no assurance that further proceedings for damages based on aforementioned legal grounds or other grounds will not be brought. The timing of reaching any finality in last instance on these pending legal claims and proceedings is uncertain and such uncertainty is likely to continue for some time.

Rulings or announcements made by courts or decision-making bodies or actions taken by regulators or governmental authorities against NN Group's Dutch insurance subsidiaries or other Dutch insurance companies in respect of unit-linked products, or settlements or any other actions to the benefit of customers (including product improvements or repairs) by other Dutch insurance companies towards consumers, consumer protection organisations, regulatory or governmental authorities or other decision making bodies in respect of the unit-linked products, may affect the (legal) position of NN Group's Dutch insurance subsidiaries and may force such subsidiaries to take (financial) measures that could have a substantial impact on the financial condition, results of operations, solvency or reputation of NN Group and its subsidiaries. As a result of the public and political attention the unit-linked issue has received, it is also possible that sector-wide measures may be imposed by governmental authorities or regulators in relation to unit-linked products in the Netherlands. The impact on NN Group's Dutch insurance subsidiaries of rulings made by courts or decision-making bodies, actions taken by regulators or governmental bodies against other Dutch insurance companies

in respect of unit-linked products, or settlements or any other actions to the benefit of customers (including product improvements or repairs), may be determined not only by market share but also by portfolio composition, product features, terms and conditions and other factors. Adverse decisions or the occurrence of any of the developments as described above could result in outcomes materially different than if NN Group's Dutch insurance subsidiaries or its products had been judged or negotiated solely on their own merits.

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

Although the financial consequences of any of these factors or a combination thereof could be substantial for the Dutch insurance business of NN Group and, as a result, may have a material adverse effect on NN Group's business, reputation, revenues, results of operations, solvency, financial condition and prospects, it is not possible to reliably estimate or quantify NN Group's exposures at this time.

### **Australia**

In April 2015 the Australian Taxation Office (ATO) commenced a Tax Audit on ING Australia Holdings Ltd. The Tax Audit concerns the years 2007-2013 and focused on the currency denomination of and interest on intercompany loans which resulted from the transfer of the insurance and asset management businesses in Australia. ING Australia Holdings was transferred by NN Group to ING Group in 2013 as part of which it was agreed that NN Group remains liable for any damages resulting from tax claims. An Independent Review of the Tax Audit was completed by the ATO in July 2017. In the second quarter, NN Group recognised a provision on the IFRS and Solvency II balance sheets for an amount of AUD 279 million (EUR 185 million) to cover the costs of the expected ATO claim including penalties, interest and related expenses. In November 2017 ING Australia Holdings lodged notices of objections against the final assessments with the ATO. Following payment of part of the claim, the provision amounts to EUR 134 million at 31 December 2018. This does not reflect that the final assessments will be subject to appeal by ING Australia Holdings which may be successful, and also that NN Group may be able to recover part of the amount in its Dutch tax return. The Tax Audit concerns a former subsidiary of NN Group and, therefore, does not impact NN Group's business or strategy going forward.



## **Material Agreements**

The following are agreements (other than those entered into in the ordinary course of business) that have been entered into by any member of NN within the three years immediately preceding the date of this Prospectus which are material or which have been entered into by any member of NN at any other time and which contain provisions under which any member of NN has an obligation or entitlement that is material to NN's ability to meet its obligations to the Noteholders in respect of the Notes.

### **Aegon's Life Insurance business in the Czech Republic and Aegon's Life Insurance and Pension businesses in Slovakia**

On 15 August 2018, NN Group reached an agreement to acquire Aegon's Life Insurance business in the Czech Republic and Aegon's Life Insurance and Pension businesses in Slovakia for a total consideration of EUR 155 million. The transaction was funded from existing cash resources and does not have a material impact on the operating result and Solvency II ratio of NN Group. The transaction was completed in January 2019.

### **ING Pension Fund agreement**

As of 1 January 2014, two new defined contribution pension plans for Dutch employees, one for employees of ING Bank and one for employees of NN, replaced the pensions plans for employees of ING Group as provided for by the ING Pension Fund which closed on 31 December 2013. All benefits as accrued up to 31 December 2013 in the ING Pension Fund have been made paid-up (*premiëvrije aanspraken*).

In February 2014, several subsidiaries of ING Groep, including several subsidiaries of the Issuer, the ING Pension Fund and the trade unions (CNV Dienstbond, FNV Finance and De Unie) reached agreement on the transfer of all future funding and indexation obligations towards the ING Pension Fund. The agreement contains the following:

- ING fully financed the indexation 2014, being 0 per cent. for the active employees of NN and 0.9 per cent. for the inactive employees (pensioners and deferred members) based upon the price index. The total payment (including the ING indexation) amounted to EUR 330 million of which EUR 39 million for NN.
- As of 1 January 2015, the paid-up benefits with the ING Pension Fund will be indexed as follows:
  - the accrued benefits of deferred participants and pensioners inactive on 31 December 2013 will conditionally be indexed on a yearly basis in line with the development of the consumer price index up to 3 per cent.;
  - the accrued benefits of deferred participants and pensioners who terminated their employment with ING or NN before 1 January 2002, who were entitled to a conditional indexation in line with the structural raises of the general bank collective labour agreement, will be conditionally indexed in line with the structural raises of the NN collective labour agreement; and
  - in order to make it possible for the ING Pension Fund to index the accrued benefits of the participants active on 31 December 2013 on a yearly basis with the percentage of the structural raises of the NN collective labour agreement as long as these participants remain in service of NN, ING paid the ING Pension Fund a one-time lump sum of EUR 170 million of which EUR 51 million for NN.
- ING paid a one-time lump sum to the ING Pension Fund of EUR 379 million to be released from its future financial obligations (i.e. the obligation to finance indexations as of 1 January 2015 and the

obligation to restore the coverage ratio of the ING Pension Fund) towards the ING Pension Fund of which EUR 121 million for NN. Consequently, ING Bank and NN are no longer jointly and severally liable for the funding of the obligations of the ING Pension Fund.

- ING will reduce the employees' own contribution to the pension premium under the new defined contribution plan by a total amount of approximately EUR 80 million over a six-year period of which a total amount of approximately EUR 20 million for NN.

The removal of the net pension asset related to the ING Pension Fund from NN's balance sheet, NN's contribution to the payment to the ING Pension Fund of EUR 211 million and the reduction of the employees' own contribution to the pension premium result in a charge to be recognised, as a special item, in the results over the first quarter of 2014.

### **Warrant agreement**

On 15 November 2018, NN Group reached an agreement with ING Groep to terminate the warrant agreement between the two parties for a consideration of EUR 76 million. NN Group and ING Groep entered into the warrant agreement on 10 June 2014 as part of the Initial Public Offering of NN Group. Under the warrant agreement, ING Groep was granted the right to exercise warrants for 34,965,000 newly issued shares (9.99%) in NN Group against payment of an exercise price of EUR 40 per share. The warrants would have expired in July 2024.

### **Indemnification and allocation agreement**

ING Group and NN entered into an indemnification and allocation agreement, in which ING Group has agreed to indemnify NN for certain liabilities that relate to the business of or control over certain (former) U.S. and Latin American subsidiaries of the Issuer in the period until 30 September 2013 or, if the relevant subsidiary was divested by NN after 30 September 2013, such later date of divestment. These liabilities mainly include contingent liabilities that may arise as a result of the initial public offering of ING U.S. (such as prospectus liability) and the sales of the Latin American businesses (such as claims under warranties and other buyer protection clauses), the liabilities for the claims concerning the performance of certain interest-sensitive products that were sold by a former subsidiary of NN in Mexico and the claims (which were settled in March 2014) filed by the purchaser of certain Mexican subsidiaries of NN claiming that the financial condition of the subsidiaries was not accurately depicted.

### **Delta Lloyd ABN AMRO Verzekeringen**

- **Acquisition of 51% of Delta Lloyd ABN AMRO Verzekeringen:** On 19 March 2003, Delta Lloyd entered into a share purchase agreement with ABN AMRO Bank N.V. and ABN AMRO Verzekeringen Holding B.V. to acquire 51% of ABN AMRO Verzekeringen Holding B.V., which was renamed Delta Lloyd ABN AMRO Verzekeringen. The business of Delta Lloyd ABN AMRO Verzekeringen is to develop, offer and underwrite insurance products marketed and sold through the ABN AMRO Bank N.V. distribution network to consumer, commercial, private and corporate customers of ABN AMRO Bank N.V. However, ABN AMRO Bank N.V. is not required to promote the ABN AMRO Verzekeringen products to all its clients. Pursuant to the share purchase agreement, on 19 March 2003, Delta Lloyd and ABN AMRO Bank N.V. entered into a shareholders' agreement, an agency agreement and an IT services and transition agreement. The shareholders' agreement, the agency agreement and the IT services and transition agreement have an initial term of 30 years and expire on 1 January 2033.
- **Shareholders' agreement:** The governance structure of Delta Lloyd ABN AMRO Verzekeringen is based on a balanced model of equality but Delta Lloyd has management control in and fully

consolidates Delta Lloyd ABN AMRO Verzekeringen. The dividend policy target of Delta Lloyd ABN AMRO Verzekeringen is to distribute, to the extent permitted by law and subject to its articles of association, 50% of its net profits in respect of each financial year as soon as the solvency multiple of the required minimum margin of 150% in respect of the life insurance business is achieved by Delta Lloyd ABN AMRO Verzekeringen. Delta Lloyd and ABN AMRO Bank N.V. are able to review Delta Lloyd ABN AMRO Verzekeringen as from January 2021. Upon such review, both parties are entitled to terminate the shareholders' agreement after an 18 months notice period.

- **Agency agreement:** The agency agreement covers the exclusive sale and distribution by ABN AMRO Bank N.V., as an insurance intermediary, of the life and general insurance products offered and underwritten by Delta Lloyd ABN AMRO Verzekeringen or certain insurance companies (being ABN AMRO Assuradeuren B.V., ABN AMRO Levensverzekering N.V., ABN AMRO Schadeverzekering N.V. and ABN AMRO Verzekeringen B.V.) to all customers of ABN AMRO Bank N.V. in the Netherlands for the account and risk of Delta Lloyd ABN AMRO Verzekeringen.
- **IT services agreement:** Delta Lloyd ABN AMRO Verzekeringen requires the use of ABN AMRO Bank N.V. IT services to perform its obligations under the agency agreement and the shareholders' agreement for a transitional period following completion of the shareholders' agreement after which the IT systems of Delta Lloyd ABN AMRO Verzekeringen will be migrated to the IT systems of Delta Lloyd or to Delta Lloyd ABN AMRO Verzekeringen's own system.

## **CZ**

- **Sale of the Health Companies:** On 14 December 2007, Delta Lloyd Groep Zorgverzekeringen B.V. which was later renamed Delta Lloyd Zorg B.V. ("Delta Lloyd Zorg") and several of the Delta Lloyd's other subsidiaries entered into a share purchase agreement with Onderlinge Waarborgmaatschappij CZ groep Zorgverzekeraar U.A. ("CZ") to sell all shares in the capital of Delta Lloyd Zorgverzekering N.V., OHRA Ziekttekostenverzekeringen N.V. and OHRA Zorgverzekeringen N.V., respectively (together the "Health Companies") to CZ, for EUR 25 million increased by the amount equal to the aggregate sum of the equity capital of each of the Health Companies as of the transfer date. Delta Lloyd is a party to the share purchase agreement as guarantor. The labels, names and brands of the health insurance division of Delta Lloyd and its distribution activities were excluded from the sale. The shares were transferred on 1 January 2009. Pursuant to the share purchase agreement, the parties agreed on the management of in-force insurance prior to the transfer date (known as the "run-off" portfolio). CZ is responsible for managing the run-off portfolio at the risk and expense of Delta Lloyd Zorg. Under the contract, Delta Lloyd Zorg has retained both the benefits and risks associated with the business of the Health Companies prior to the transfer date. Following the transfer date, all the benefits and risks associated with the business of the Health Companies are at the risk and expense of CZ. Pursuant to the share purchase agreement, the parties also entered into two distribution agreements, a cross-sell agreement and an asset management agreement.
- **Distribution agreement for health insurance products:** Delta Lloyd, Delta Lloyd Verzekeringen N.V. and OHRA N.V. (Delta Lloyd Verzekeringen N.V. and OHRA N.V. merged into Delta Lloyd Houdstermaatschappij Verzekeringen N.V. in October 2010) and Delta Lloyd ABN AMRO Verzekeringen (together the "Delta Lloyd Health Distributors") entered into a distribution agreement with CZ and the Health Companies in connection with the development and execution of certain health insurances by CZ and the Health Companies and the marketing and distribution of those health insurances by the Delta Lloyd Health Distributors under the following brands: (i) Delta Lloyd and (ii) OHRA, with older brands (which collectively account for less than EUR 1 million in GWP,

such as Kruidvat, Independer and Lancyr) being converted to the OHRA brand by the first quarter of 2016. CZ is the insurer of these products and bears all risk associated with them. CZ determines the premiums payable by customers for these products, although the Delta Lloyd Health Distributors are entitled to determine the amount of the surcharge to cover their labelling, distribution and commission costs, as well as the potential discounts. Premiums are collected by CZ and the Health Companies and the surcharge is paid to the Delta Lloyd Health Distributors as commission. The agreement was entered into on 14 December 2007 and became effective on 1 January 2009 for an initial period of ten years after which the agreement will automatically be extended for periods of ten years, unless an interim evaluation of the arrangements in every ninth year of each (extended) ten year period results in its termination by either party, after a five-year notice period following such evaluation. In addition to certain standard early termination provisions, CZ may terminate the agreement if the control over the Delta Lloyd is transferred to a third party which has 100,000 or more health insurance policies in its (group) portfolio. Furthermore, the agreement terminates automatically in respect of the ABN AMRO branded products upon termination of Delta Lloyd's joint venture with ABN AMRO Bank N.V. For the duration of the agreement, none of the Delta Lloyd Health Distributors, or any of their group companies, may market or distribute any health insurances other than those made available by CZ and the Health Companies under this agreement.

- ***Distribution agreement for loss of income related products:*** Delta Lloyd, Delta Lloyd Verzekeringen N.V. and OHRA N.V. (Delta Lloyd Verzekeringen N.V. and OHRA N.V. merged into Delta Lloyd Houdstermaatschappij Verzekeringen N.V. in October 2010) entered into a distribution agreement with CZ and the Health Companies in connection with the development and execution by Delta Lloyd and the marketing and distribution by CZ and the Health Companies under CZ brands (CZ and CZ Bedrijf en Gezondheid) of loss of income related insurances. The insurances include loss of income related insurance against inability to work and absence of employees and insurances related to the Dutch Work and Income Act (*Wet Werk en Inkomen naar Arbeidsvermogen*). Delta Lloyd Non-Life acts as the insurer of these products and bears all risks associated with them. CZ and the Health Companies are paid a commission which is in line with market conditions for such loss of income related insurances sold under a CZ brand. The agreement was entered into on 14 December 2007 and became effective on 1 January 2008 for an initial period of 11 years, after which the agreement will automatically be extended for periods of ten years unless an interim evaluation of the contemplated cooperation in the agreement in 2018 results in its termination by either party after a five-year notice period following such evaluation. In addition to certain standard early termination provisions, CZ may terminate the agreement if the control over Delta Lloyd is transferred to a third party which has 100,000 or more health insurance policies in its (group) portfolio. For the duration of the agreement, CZ and the Health Companies may not market or distribute any loss of income related insurances other than those made available by the Company and Delta Lloyd Houdstermaatschappij Verzekeringen N.V. under this agreement.
- ***Cross-sell agreement:*** Delta Lloyd, Delta Lloyd Verzekeringen N.V. and OHRA N.V. (Delta Lloyd Verzekeringen N.V. and OHRA N.V. merged into Delta Lloyd Houdstermaatschappij Verzekeringen N.V. in October 2010), Delta Lloyd ABN AMRO Verzekeringen and Delta Lloyd Bank entered into a cross-sell agreement with CZ in connection with the undertaking of CZ to use its best endeavours to enable the Delta Lloyd, Delta Lloyd Houdstermaatschappij Verzekeringen N.V., Delta Lloyd ABN AMRO Verzekeringen and Delta Lloyd Bank to cross-sell their banking, investment and insurance products and services (excluding health and loss of income related insurances, products and/or services) to CZ customers. No commission or other compensation is payable to CZ under this agreement. CZ may not use the customer database of the Delta Lloyd, Delta Lloyd Houdstermaatschappij Verzekeringen N.V., Delta Lloyd ABN AMRO Verzekeringen or Delta Lloyd

Bank for cross-selling its products and services to their customers. The agreement was entered into on 14 December 2007 and became effective on 1 January 2008 for an initial period of 11 years, after which the agreement will automatically be extended for periods of ten years unless an interim evaluation of the contemplated cooperation in the agreement in 2018 results in its termination by either party after a five-year notice period following such evaluation. In addition to certain standard early termination provisions, CZ may terminate the agreement if the control over Delta Lloyd is transferred to a third party which has 100,000 or more health insurance policies in its (group) portfolio. For the duration of this agreement, CZ may not cross-sell products similar to the products of the Delta Lloyd, Delta Lloyd Houdstermaatschappij Verzekeringen N.V., Delta Lloyd ABN AMRO Verzekeringen or Delta Lloyd Bank governed under this agreement to any of its customers.

- **Asset management agreement:** On 23 January 2012, Delta Lloyd Asset Management and CZ Fund Management B.V. entered into an agreement, under the terms of which Delta Lloyd Asset Management manages funds for CZ Funds Management B.V. The agreement was effective as of 23 January 2012 and has been concluded for an infinite period. Each party can terminate the agreement upon 30 days' notice.

## **EXECUTIVE BOARD, MANAGEMENT BOARD AND SUPERVISORY BOARD**

### **General**

The Issuer has a two-tier board structure consisting of an executive board (*raad van bestuur*) (the “Executive Board”) and a supervisory board (*raad van commissarissen*) (the “Supervisory Board”). The Issuer also has a management board (the “Management Board”). As of 5 October 2015, the Issuer voluntarily applied the full large company regime (*volledig structuurregime*). Effective 29 May 2015, the Issuer filed a declaration with the commercial register in which it stated to meet the requirements of paragraph 2 of clause 153 of book 2 of the Dutch Civil Code. As a result, and effective 29 May 2018, NN Group mandatorily applies the full large company regime.

The Executive Board is entrusted with the management, the strategy and the operations of the Issuer under supervision of the Supervisory Board. In performing its duties, the Executive Board must carefully consider and act in accordance with the interests of the Issuer and the business connected with it, taking into consideration the interests of all the stakeholders of the Issuer. The organisation, duties and working methods of the Executive Board are detailed in the charter of the Executive Board. This charter is available on the Issuer’s website.

Certain resolutions of the Executive Board require the approval of the Supervisory Board and/or general meeting of shareholders (“General Meeting”). These resolutions are outlined in the articles of association of the Issuer (“Articles of Association”), which are available on the Issuer’s website, and in the charter of the Executive Board.

### **Members of the Executive Board**

As at the date of this Prospectus, the Executive Board consists of Lard Friese and Delfin Rueda. The table below sets out the details of each of the members of the Executive Board as at the date of this Prospectus. The term of each of the members of the Executive Board will terminate at the close of the General Meeting in the year indicated below.

The business address of the members of the Executive Board is the registered address of the Issuer at Schenkade 65, 2595 AS The Hague, the Netherlands.

The members of the Executive Board were appointed to the Executive Board on 1 March 2014. Before that, each member of the Executive Board was a member of the management board of the Issuer's former subsidiary ING Verzekeringen N.V. as from 1 October 2013, which entity ceased to exist as a result of the legal merger between the Issuer and ING Verzekeringen N.V.; see "Business Description of NN Group N.V.—General". Lard Friese was reappointed as member of the Executive Board and again designated as chair of the Executive Board and chief executive officer of the Company on 1 June 2017.

The following table sets forth the composition of the Executive Board as at the Date of this Prospectus.

#### Executive Board

Name	Position	Date of appointment	Termination /reappointment date
Lard Friese	Chair, Chief Executive officer (CEO)	1 March 2014 (reappointment on 1 June 2017)	2021 <sup>1</sup>
Delfin Rueda	Chief Financial Officer (CFO)	1 March 2014 (reappointment on 31 May 2018)	2022 <sup>1</sup>

<sup>1</sup> Terms of appointment will end at the close of the annual general meeting of NN Group N.V. in 2021 and 2022 respectively.

**Lard Friese** was appointed as member and Vice-chair of the Executive Board on 1 March 2014 and Chair and Chief Executive Officer as of 7 July 2014. On 1 June 2017, he was reappointed as member of the Executive Board and again designated as Chair of the Executive Board and Chief Executive Officer of the Company. Mr Friese is responsible for the business strategy, performance and day-to-day operations of NN Group. From 1 October 2013 until the legal merger between NN Group and ING Verzekeringen which became effective on 1 March 2014, he was a member and Vice-chair of the management board of ING Verzekeringen. Mr Friese was employed by ING from 2008 in various positions. He was appointed Chief Executive Officer of Nationale-Nederlanden and Chair of the Dutch Intermediary Division (Nationale- Nederlanden, Movir, Westland Utrecht Bank) on 1 September 2008. In 2009, he became Chief Executive Officer of ING Insurance Benelux responsible for the whole of ING Insurance's operations in the Netherlands, Belgium and Luxembourg. Mr Friese was appointed to the management board of ING Verzekeringen with responsibility for the Insurance operations in the Netherlands, Belgium and Luxembourg, Central and Rest of Europe and Asia/Pacific from 1 January 2011 until 3 November 2011. From 30 March 2011 until 7 July 2014 he was appointed to the management board of ING Insurance Eurasia N.V., a direct subsidiary of NN Group (ING Insurance Eurasia) with the same responsibilities. As of 1 July 2013 he also assumed responsibility for Investment Management in the management board of ING Insurance Eurasia and, as from the end of 2013, also for the insurance business in Japan. From 2006 to 2008, Mr Friese was employed by Ceska Pojistovna a.s. (Prague, Czech Republic) as Chief Executive Officer and Vice-chair of the board of directors and was a member of the executive committee of Generali PPF Holding (Prague, Czech Republic). From 2003 to 2006 Mr Friese was employed by VNU/ACNielsen (Brussels, Belgium) as Senior Vice-president and Chief Retail Services Officer Europe and he was a member of the European board. Prior to that, from 1993 to 2003, he worked at Aegon N.V. as a member of the board of directors of Aegon Levensverzekering N.V. (life insurance) in The Hague, the Netherlands and as Senior Vice-president of Aegon the Netherlands in Tokyo, Japan. Between 1988 and 1993 Mr Friese held various positions at insurance company NOG Verzekeringen in Amsterdam, the Netherlands. Mr Friese began his career in 1986 as a (junior) tax consultant at Kammer Luhrmann Van Dien & Co (now PwC) in Utrecht and Arnhem, the Netherlands. Mr Friese holds a Master of Law degree from Utrecht University (the Netherlands).

**Delfin Rueda** was appointed to the Executive Board as Chief Financial Officer on 1 March 2014. On 31 May 2018, he was reappointed as member of the Executive Board and again designated Chief Financial Officer of the Company and Vice-chair of the Executive Board. Mr Rueda is responsible for NN Group's finance departments and investor relations. From 1 October 2013 until the legal merger between NN Group and ING Verzekeringen, which became effective on 1 March 2014, he was a member of the management board and Chief Financial Officer of ING Verzekeringen. Mr Rueda served as Chief Financial Officer and as a member of the management board of ING Insurance Eurasia from 1 November 2012 until 7 July 2014. Prior to joining ING in November 2012, Mr Rueda served as Chief Financial and Risk Officer and as a member of the management board at Atradius from 2005 to 2012. From 2000 to 2005, Mr Rueda served as Senior Vice-president of the Financial Institutions Group, Corporate Finance, at J.P. Morgan. Prior to that, from 1993 to 2000, he was Executive Director of the Financial Institutions Group, Corporate Finance, at UBS. Mr Rueda began his career with Andersen Consulting, which later became Accenture, where he undertook different advisory assignments in information systems and strategic management services from 1987 to 1991. Mr Rueda holds a degree in economic analysis and quantitative economics from the Complutense University of Madrid (Spain) and an MBA with a finance major from the Wharton School, University of Pennsylvania (USA). Besides being a member of the Executive Board, Mr Rueda is supervisory board member and chairman of the audit committee of the supervisory board of Adyen N.V. Mr Rueda is also Vice-chair of the CFO Forum.

### **Potential conflicts of interest**

The Issuer is not aware of any actual or potential conflicts of interest between any duties owed by the members of the Executive Board to the Issuer and any private interests or other duties that such persons may have. There is no family relationship between any member of the Executive Board, the Management Board or the Supervisory Board.

Conflicting interests are considered to be absent and are not reported if a member of the Executive Board obtains financial products and services, other than loans, which are provided by any subsidiary of the Issuer in the ordinary course of business on terms that apply to all employees. In connection with the foregoing, 'loans' does not include financial products in which the granting of credit is of a subordinated nature, e.g. credit cards and overdrafts in current accounts, because of a lack of materiality.

## **Management Board**

### **General**

The Management Board is entrusted with the day-to-day management of the Issuer and the overall strategic direction of the Issuer. In performing its duties, the Management Board must carefully consider and act in accordance with the interests of the Issuer and the business connected with it, taking into consideration the interests of all the stakeholders of the Issuer. The authority to manage the Issuer is vested in the Executive Board as a whole, notwithstanding that each of the members of the Management Board is responsible and accountable to the Executive Board and within the Management Board for the specific tasks as assigned. Being comprised of the Executive Board members as well as key leaders with a divisional or functional responsibility, the Management Board allows for integral and holistic decision making at the highest level of the Issuer with functions, the businesses and Executive Board members represented. Besides serving balanced, effective and timely decision making, the Issuer having a Management Board also provides for flexibility in terms of composition, allocation of tasks and responsibilities and required knowledge. In supervising the functioning of the Issuer's corporate governance structure, including its checks and balances, the Supervisory Board pays specific attention to the dynamics and relationship between the Executive Board and the Management Board as well as the manner in which the Management Board operates. The Supervisory

Board will be provided with all the information necessary for the proper performance of this duty. In principle, members of the Management Board are present at meetings with the Supervisory Board where topics are discussed that relate to their area of responsibility. Next to that, the Supervisory Board regularly meets with the full Management Board. The organisation, role, duties and working methods of the Management Board are detailed in the charter of the Management Board. The charter is available on the Issuer's website.

### Members of the Management Board

The following table sets forth the composition of the Management Board as at the date of this Prospectus. The Management Board consists of the following members:

<b>Name</b>	<b>Position</b>	<b>Date of appointment</b>
Lard Friese	Chair, Chief Executive Officer (CEO)	7 July 2014
Delfin Rueda	Vice-chair, Chief Financial Officer (CFO)	7 July 2014
Satish Bapat	Chief Executive Officer NN Investment Partners	1 April 2017
Tjeerd Bosklopper	Chief Transformation Officer	1 September 2018
Jan-Hendrik Erasmus	Chief Risk Officer (CRO)	1 September 2016
David Knibbe	Chief Executive Officer Netherlands	7 July 2014
Dailah Nihot	Chief Organisation & Corporate Relations	1 September 2018
Fabian Rupprecht	Chief Executive Officer International Insurance	1 September 2018
Janet Stuijt	General Counsel	1 September 2018

Robin Spencer who had been appointed to the Management Board as Chief Executive Officer International Insurance as of 1 August 2014 stepped down on 1 June 2018.

Dorothee van Vredenburg who had been appointed to the Management Board as Chief Change and Organisation (CCO) as of 7 July 2014 stepped down on 1 October 2018.

The business address of all members of the Management Board is the registered address of the Issuer at Schenkade 65, 2595 AS The Hague, the Netherlands.

For information in respect of the members of the Executive Board who are also members of the Management Board, Mr Friese and Mr Rueda, see 'Business Description of NN Group N.V.—Executive Board—Management Board and Supervisory Board—Members of the Executive Board'.

**Satish Bapat** was appointed to the Management Board as Chief Executive Officer NN Investment Partners as of 1 April 2017. Mr Bapat is responsible for NN Group's asset management business. From 2013 to 1 April 2017, he was Chief Executive Officer of NN Life Japan and, prior to this, Chief Executive Officer of Asia Pacific for ING Investment Management. From 2011 to 2012, Mr Bapat was Global Chief Financial Officer at ING Investment Management and from 2010 to 2011 he was Chief Financial Officer Europe for ING Investment Management. Before joining ING, Mr Bapat was Change Project Manager at RBS N.V. from 2009 to 2010. From 2008 to 2009, he served as Global Head of Finance at Robeco Asset Management, and from 2006 to 2008 as Global Head of Finance at ABN AMRO Asset Management. Prior to this, from 2005 to 2006 Mr Bapat was Group Financial Controller at TNT N.V. From 1998 to 2005, Mr Bapat served as Senior Manager at Deloitte & Touche in the Netherlands, after having held the role of Audit Senior at Deloitte & Touche in the USA since 1994. Mr Bapat holds a Master of Business Administration degree in finance from



the Temple University of Philadelphia (USA) and a Bachelor's degree in Accounting from the University of Bombay (India). He is also a public accountant (USA).

**Tjeerd Bosklopper** was appointed to the Management Board as Chief Transformation Officer on 1 September 2018. Mr Bosklopper is responsible for three areas: IT, driving (technological) transformation, and innovation. In 2018, he was Head of Integration of Nationale-Nederlanden Netherlands and Belgium. From 2015 to 2018, he was Head of Individual Life at NN Group in the Netherlands. From 2012 to 2015, Mr Bosklopper was Chief Executive Officer at Nationale-Nederlanden Life & Pensions in Poland. From 2010 to 2012, he was Chief Information & Transformation Officer at Nationale-Nederlanden Netherlands. From 2006 to 2010, he was Director Product Management at Nationale-Nederlanden Non-life Netherlands. From 2004 to 2006, Mr Bosklopper was Executive Vice-president and Chief Marketing Officer at ING Life South Korea. From 2003 to 2004, he was Project Manager at ING Aetna Life Indonesia. From 2001 to 2003, he was Regional e-business Manager at ING Group's regional office in Hong Kong. From 1999 to 2001, he participated in the Global Management Programme (GMP) at ING Group. Mr Bosklopper holds a Master of Science in Business Information Technology from the University of Twente (the Netherlands).

**Jan-Hendrik Erasmus** was appointed to the Management Board on 1 September 2016 and as Chief Risk Officer of NN Group on 1 October 2016. Mr Erasmus is responsible for NN Group's overall risk framework with direct responsibility for the risk management departments. He is also responsible for the Actuarial function, reinsurance and procurement globally. Prior to joining NN Group, Mr Erasmus was a partner in Oliver Wyman's Financial Services business, Head of the UK Insurance Practice and a member of the European leadership team. Jan-Hendrik joined Oliver Wyman in 2009 and his consulting work predominantly focused on risk, capital and asset-liability management for UK and European insurers. From 2007 to 2009, Mr Erasmus worked for Lucida plc where he led one of the deal teams and was the Director of Risk and Capital Management. From 2005 to 2007, Mr Erasmus worked at Prudential plc's Group Head Office, lastly as Head of Group Risk-adjusted Profitability. He started his professional career in 2003 at Momentum Life in the investment product development department. Mr Erasmus holds an Executive MBA (with distinction) from London Business School (United Kingdom) and a Bachelor of Commerce (Hons) in actuarial science from the University of Pretoria (South Africa). He is a Fellow of the Institute of Actuaries in the United Kingdom, and holds the Chartered Enterprise Risk Actuary (CERA) qualification. Mr Erasmus is also Chair of the CRO Forum.

**David Knibbe** was appointed to the Management Board as of 7 July 2014. On 1 September 2014, Mr Knibbe was appointed Chief Executive Officer Netherlands. In this role Mr Knibbe is responsible for NN Group's insurance and banking business in the Netherlands and leading the integration of NN and Delta Lloyd. From 2013 until 2014, he served as Chief Executive Officer of ING Insurance International. In 2013 he became member of the NN Group Operating Committee. From 2011 to 2013, he served as Chief Executive Officer of ING Insurance Central and Rest of Europe. During 2010, Mr Knibbe was Chief Executive Officer Insurance Corporate Clients in the Netherlands. From 2007 to 2008, Mr Knibbe was General Manager of Nationale-Nederlanden Individual Life (retail life and individual pensions), which then became Intermediary Pensions and Retail Life with the addition of the SME pensions business in 2008. In 2009, Mr Knibbe became General Manager Pensions with the addition of corporate pensions and removal of retail life from his area of responsibility. Prior to that, from 2004 to 2007, Mr Knibbe was Director Disability and Accident Insurance of Nationale- Nederlanden. From 2002 to 2004, he was Managing Director of ING's life insurance and employee benefits joint venture with Piraeus Bank in Greece. Mr Knibbe was Head of Investments of Central-Holland of ING Bank from 2000 to 2002. Mr Knibbe started his professional career in 1997 when he joined ING, serving in various positions in investment management and banking. Mr Knibbe holds a degree in monetary economics from the Erasmus University in Rotterdam (the Netherlands). Besides being a member of the Management Board, Mr Knibbe was chair of the board of the Dutch Association of Insurers (Verbond van Verzekeraars) from 9 December 2015 until 20 June 2018. On 20 July 2018, he was appointed

Vice-chair of the Dutch Association of Insurers. Furthermore, Mr Knibbe is member of the board and treasurer of the Confederation of Netherlands Industry and Employers (VNO-NCW), member of the board of the Johan Cruyff Foundation and member of the advisory board of JINC.

***Dailah Nihot*** was appointed to the Management Board as Chief Organisation & Corporate Relations as of 1 September 2018. Ms Nihot is responsible for human resources, corporate communications, sustainability and corporate citizenship, branding and sponsorship, public and government affairs, and facility management. From 2013 to 2018, she was Managing Director of Corporate Relations for NN Group. Prior to this, from 2006 to 2013, she was Global Head of Sustainability, and Director of the ING for Something Better Foundation at ING Group, which focuses on the company's global ethical, social and environmental strategy and performance. Ms Nihot started her professional career in the external communications department of ING Group, and was a corporate spokesperson and strategic communications advisor from 2001 to 2006. Ms Nihot serves as management representative in the Central Works Council of NN Group. She holds a Master of European Studies from the University of Amsterdam (the Netherlands) and an Executive Master in Corporate Communication from the RSM Erasmus University in Rotterdam (the Netherlands).

***Fabian Rupprecht*** was appointed to the Management Board as Chief Executive Officer International Insurance as of 1 September 2018. Mr Rupprecht is responsible for NN Group's insurance businesses outside the Netherlands: Insurance Europe, Japan Life and Japan Closed Block VA businesses. From 1996 to 2018, Mr Rupprecht worked for AXA. From 2016 to 2018, he was Chief Executive Officer Middle East & Africa, and Regional Chief Financial Officer and member of the regional executive committee at AXA Emerging Markets (CEE, MEA, LATAM). From 2013 to 2016, he was Regional Chief Financial Officer at AXA Mediterranean Holding, and member of the regional executive committee. From 2010 to 2013, he was Head of AXA Global Life, and member of the Global Life & Health board. From 2008 to 2010, he was Head of Individual Life, and member of the executive board of AXA-Winterthur. From 2001 to 2007, he was Head of Life & Annuity Offer at AXA Germany. From 1998 to 2000, Mr Rupprecht was Head of EquiVest Product Management at The Equitable Life Assurance (AXA) USA. From 1996 to 1998, he served as Head of Accounting for Health & Life Insurance at Colonia Konzern AG (AXA/UAP). From 1994 to 1996, he was assistant to the executive board at Colonia Konzern AG (UAP). Mr Rupprecht holds a Diploma in Business Administration, with majors in finance and controlling, from the WHU Otto Beisheim School of Management (Koblenz, Germany).

***Janet Stuijt*** was appointed to the Management Board as of 1 September 2018. Ms Stuijt is General Counsel and responsible for NN Group's legal and compliance function and holds the position of company secretary. Ms Stuijt joined ING Verzekeringen in 2011 in that same capacity. From 2008 to 2011 she was General Counsel Commercial Banking at ING Group. From 1999 to 2008, Ms Stuijt held various senior (global) management positions within ABN AMRO's legal function, primarily relating to ABN AMRO's corporate strategic and investment banking activities. In 1998, she was Regional Legal Counsel at ABN AMRO's regional office in Singapore. From 1993 to 1998 Ms Stuijt practised law as an associate at Loeff Claey's Verbeke/Allen Overy, Singapore office (1997 to 1998) and De Brauw Blackstone Westbroek (1993 to 1997). Ms Stuijt holds a Master's in Civil law, from the University of Leiden, the Netherlands. Since 2016 she is a member of the supervisory board of N.V. Nederlandse Spoorwegen and a member of its risk & audit committee and nomination & remuneration committee.

#### **Potential conflicts of interest**

The Issuer is not aware of any actual or potential conflicts of interest between any duties owed by the members of the Management Board to the Issuer and any private interests or other duties that such persons may have. There is no family relationship between any member of the Executive Board, the Management Board or the Supervisory Board.

Conflicting interests are considered to be absent and are not reported if a member of the Management Board obtains financial products and services, other than loans, which are provided by any subsidiary of the Issuer in the ordinary course of business on terms that apply to all employees. In connection with the foregoing, “loans” does not include financial products in which the granting of credit is of a subordinated nature, e.g. credit cards and overdrafts in current accounts, because of a lack of materiality.

## Supervisory Board

### Powers, responsibilities and functioning

The Supervisory Board is responsible for supervising the management of the Executive Board and the general course of affairs of the Issuer and its businesses. The Supervisory Board may, on its own initiative, provide the Executive Board with advice and may request any information from the Executive Board that it deems appropriate. In performing its duties, the Supervisory Board must carefully consider and act in accordance with the interests of the Issuer and the business connected with it, taking into consideration the relevant interests of all the stakeholders of the Issuer. The organisation, duties and working methods of the Supervisory Board are detailed in the charter of the Supervisory Board. The charter is available on the Issuer’s website.

### Members of the Supervisory Board

As at the date of this Prospectus, the Supervisory Board consists of Mr Cole, Mr Harryvan, Mr Hauser, Mr Holsboer, Mr Jenkins, Mr Ruijter, Mr Schoen, Ms Streit and Mrs Vletter-van Dort. Mr Ruijter and Ms Streit, the Continuing Members as described in the offer memorandum, issued in connection with the recommended public cash offer to all holders of issued and outstanding ordinary shares in the capital of Delta Lloyd, were appointed as members of the Supervisory Board on 1 June 2017. The Continuing Members will monitor and protect the interests of Delta Lloyd’s stakeholders. The term of each of the members of the Supervisory Board – except for the term of Mr Ruijter and Ms Streit – will terminate at the close of the annual general meeting in the year indicated below.

The business address of all members of the Supervisory Board is the registered address of the Issuer at Schenkkade 65, 2595 AS The Hague, the Netherlands.

## Supervisory Board

Name	Position	Date of appointment	Termination /reappointment date
David Cole	Member (Chair as of the close of the annual general meeting on 29 May 2019) (independent)	1 January 2019	2022
Dick Harryvan	Vice - chair (as of 24 February 2016) (independent)	2 February 2016	2020
Heijjo Hauser	Member (independent)	7 July 2014	2022
Jan Holsboer	Chair (as of 7 July 2014)	1 March 2014	Steps down at the close of the annual general meeting on 29

	(recommended by Works Council) (independent)		May 2019
Robert Jenkins	Member (independent)	2 February 2016	2020
Robert Ruijter	Member (recommended by Works Council) (independent)	1 June 2017	12 April 2020
Hans Schoen	Member (independent)	7 July 2014	2022
Clara Streit	Member (independent)	1 June 2017	12 April 2020
Hélène Vletter-van Dort	Member (recommended by Works Council) (independent)	6 October 2015	2019 (if reappointed at the annual general meeting on 29 May 2019; 2023)

**Yvonne van Rooij**, who had been appointed to the Supervisory Board as of 1 March 2014, stepped down on 31 May 2018.

**David Cole** was appointed to the Supervisory Board on 31 May 2018, which became effective on 1 January 2019. As of the close of the annual general meeting on 29 May 2019, he will serve as Chair of the Supervisory Board. Mr Cole was born on 2 October 1961 and has Dutch and American nationality. He was chief financial officer and chief risk officer of Swiss Re Ltd., chief financial officer and chief risk officer of (former) ABN AMRO Holding (Bank) N.V. and member of the board of directors of FWD Group Management Holdings Ltd. Besides being a member of the Supervisory Board, Mr Cole is, amongst others, member of the board of directors of Vontobel Holding AG and of Swiss Re Asia Pte. Ltd. and chair of the supervisory board of IMC B.V.

**Dick Harryvan** was appointed to the Supervisory Board on 6 October 2015, which became effective on 2 February 2016. He was appointed Vice-chair of the Supervisory Board on 24 February 2016. From 2006 through 2009, Mr Harryvan was member of the executive board of ING Group and chief executive officer of ING Direct. Other former positions include co-chair of the International Academy of Retail Banking, non-executive director of Voya Financial Inc., general manager Bancassurance at ING Bank, deputy general manager at Nationale-Nederlanden, vice-president Operations of the Halifax Insurance Company and member of the advisory board of Gulf Bank. Besides being a member of the Supervisory Board, Mr Harryvan is, amongst others, member of the supervisory board of ANWB B.V., partner at Finch Capital (formerly called Orange Growth Capital) and member of the advisory board of ONYX4People.

**Heijo Hauser** was appointed to the Supervisory Board as of 7 July 2014. On 31 May 2018, he was reappointed as Supervisory Board member. From January 1991 until June 2011, Mr Hauser was managing director of Towers Watson in Germany. He specialised in providing consulting services to insurance companies in areas such as strategy, distribution, product and risk management. He also managed Towers Watson's businesses in the German-speaking, Nordic and Central European countries. From September 1987 until December 1990, Mr Hauser was managing director of the travel and financial services subsidiaries of Metro in Germany. Other previous positions include sales director of Deutsche Krankenversicherung and marketing actuary of Victoria Lebensversicherung. Mr Hauser holds a Master's degree in mathematics from the Ruhr University of Bochum (Germany). Besides being a member of the Supervisory Board, Mr Hauser is chair of the board of Freundeskreis Elisabeth-Hospiz e.V.

**Jan Holsboer** was appointed to the Supervisory Board on 1 March 2014. He was appointed chair on 7 July 2014. On 2 June 2016, Mr Holsboer was reappointed to the Supervisory Board. On the same date, he was also reappointed chair. Mr Holsboer will step down at the close of the annual general meeting on 29 May 2019. From 14 May 2012 until the legal merger between NN Group and ING Verzekeringen which became effective on 1 March 2014, he was a member of the supervisory board of ING Verzekeringen. From 14 May 2012 until 7 July 2014, Mr Holsboer was also a member of the supervisory boards of ING Group, ING Bank N.V. (ING Bank) and ING Insurance Eurasia. Previously, Mr Holsboer was a member of the executive board of Univar N.V. and from 1990 until 1999 he was a member of the executive boards of Nationale-Nederlanden and ING Group. From 2001 until 2018, Mr Holsboer was chair of the supervisory board of TD Bank N.V. Besides being a member of the Supervisory Board, Mr Holsboer is, among others, supervisory board member of YAFA S.p.A. (Turin, Italy) and a member of the supervisory board of YAM Invest N.V.

**Robert Jenkins** was appointed to the Supervisory Board on 6 October 2015, which became effective on 2 February 2016. From 2009 until 2014, Mr Jenkins was a senior advisor to CVC Capital Partners and from 2011 until 2013 he was an external member of the interim Financial Policy Committee of the Bank of England. Mr Jenkins was chief executive officer and managing partner of Combinatorics Capital, LLC. from September 2009 until July 2011. Mr Jenkins has also served as chair of the Investment Management Association, United Kingdom, chair of the board of F&C Asset Management, plc. (non-executive) and chief executive officer of the F&C Group. Other former positions include chief executive officer of Foreign & Colonial Management Limited, managing director and chief operating officer of Credit Suisse Asset Management Holding, United Kingdom, chief executive officer and chief investment officer of Credit Suisse Investment Management Group Ltd., United Kingdom, chief investment officer and head of asset management of Credit Suisse, Japan, senior executive in the Citigroup trading and sales organisation and senior fellow at Better Markets. Until August 2016, Mr Jenkins was chair of the AQR Asset Management Institute at London Business School. In addition to being a member of the Supervisory Board Mr Jenkins is, amongst others, adjunct professor of finance at the London Business School, member of the board of governors and chair of both the nominations and the compensation committee of the CFA Institute and member of the board of the CFA Research Foundation.

**Robert Ruijter** was appointed to the Supervisory Board on 1 June 2017. He is the former chair of the supervisory board of Delta Lloyd N.V. and one of the Continuing Members. He was managing director and chief financial officer of KLM Royal Dutch Airlines, director of finance of the Philips Group and chief financial officer and member of the executive board of VNU N.V. (currently called: The Nielsen Company). Robert Ruijter is member of the supervisory board of Wavin N.V. and non-executive board member of Inmarsat plc and Interxion Holding N.V.

**Hans Schoen** was appointed to the Supervisory Board as of 7 July 2014. On 31 May 2018, he was reappointed as Supervisory Board member. From September 1977 until October 2008, Mr Schoen worked at KPMG Accountants and was a partner as of January 1989. He specialised in providing audit and advisory services to domestic and foreign insurance companies. Other former significant positions of Mr Schoen include member and chair of several insurance industry committees of the NIVRA and the Dutch Accounting Standards Board, member of the governmental advice committee Traas in respect of the financial and prudential reporting obligations of Dutch insurance companies, member of several advisory committees of the IASC/IASB on insurance company financial reporting requirements and member and part-time acting director of research of the Technical Expert Group of EFRAG in Brussels (Belgium). Mr Schoen holds a degree in economics and a postdoctoral degree in accountancy from the University of Amsterdam (the Netherlands). In September 2015, he received a Doctorate (PhD) from the VU University Amsterdam (the Netherlands). Until 27 April 2016, Mr Schoen served as chair of the EFRAG Insurance Accounting Working Group.

*Clara Streit* was appointed to the Supervisory Board on 1 June 2017. She is a former member of the supervisory board of Delta Lloyd N.V. and one of the Continuing Members. Clara Streit was senior partner at McKinsey & Company Inc. in Munich and Frankfurt. Until 12 April 2018, she was member of the board of directors of Unicredit S.p.A (Milan). Positions currently held by Ms Streit include membership of the board of directors of Vontobel Holding AG and Vontobel Bank AG (Zürich) and membership of the supervisory board of Vonovia SE (Düsseldorf). Ms Streit is also a member of the board of directors of Jerónimo Martins SGPS S.A. (Lisbon) and effective as of 8 May 2019 member of the supervisory board of Deutsche Börse AG (Frankfurt, Germany).

*Hélène Vletter – van Dort* was appointed to the Supervisory Board on 6 October 2015. A proposal for reappointment will be submitted for adoption at the annual general meeting on 29 May 2019. In addition to being a member of the Supervisory Board, Ms Vletter-van Dort is, amongst others, a professor of financial law & governance at the Erasmus School of Law, chair of the supervisory board of Intertrust N.V. and chair of the board of Stichting Luchtman. Ms Vletter-van Dort was appointed non-executive board member of Barclays Bank plc (formerly called Barclays International) as of 1 August 2017. Ms Vletter-van Dort was a member of the supervisory board of the Dutch Central Bank (DNB) and chair of its committee on supervisory policy. Other previous positions include, amongst others, visiting research professor at New York University, professor of securities law at the University of Groningen, judge at the Enterprise Chamber of the Amsterdam Court of Appeal, lawyer at Clifford Chance in Amsterdam (the Netherlands), member of the supervisory board of Fortis Bank Nederland (Holding) N.V. and Fortis Bank (Nederland) N.V., chair of the Appeal Panel of the Single Resolution Board and member of the Monitoring Committee Corporate Governance Code.

#### **Potential conflicts of interest**

The Issuer is not aware of any actual or potential conflicts of interests between any duties owed by the members of the Supervisory Board to the Issuer and any private interests or other duties that such person may have. There is no family relationship between any member of the Executive Board, the Management Board or the Supervisory Board.

Conflicting interests are considered to be absent in case of a relationship that a member of the Supervisory Board may have with any subsidiary of the Issuer as an ordinary, private individual, with the exception of any loans that may have been granted.

The Supervisory Board has established four committees: the Audit Committee, the Risk Committee, the Remuneration Committee, and the Nomination and Corporate Governance Committee. The organisation, duties and working methods of the Supervisory Board committees are detailed in a separate charter for each committee. The charters are available on the Issuer's website.

## TAXATION

### The Netherlands

#### General

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

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

This summary does not address the Dutch corporate and individual income tax consequences for:

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

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

## **Withholding Tax**

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that the Notes do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

## **Corporate and Individual Income Tax**

### *Residents of the Netherlands*

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

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

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

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

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



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

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

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

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 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 Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

### **Value Added Tax**

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

### **Other Taxes and Duties**

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

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to

payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes 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. However, if additional notes (as described under “Terms and Conditions of the Senior Notes/Subordinated Notes — Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 27 May 2019 (the "Dealer Agreement") between the Issuer, the Permanent Dealer and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealer. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not a Permanent Dealer. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Selling Restrictions

#### Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto 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 MiFID II;
- (ii) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (iii) not a qualified investor as defined in the Prospectus Directive.

#### United States

The Notes have not been and will not be registered under the Securities Act, as amended and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the relevant lead manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

### **United Kingdom**

Each Dealer has represented and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (ii) 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 investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **The Netherlands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that bearer Zero Coupon Notes and other Notes which qualify as savings certificates or *spaarbewijzen* as defined in the Savings Certificates Act (*Wet inzake spaarbewijzen*) may only be transferred or accepted through the intermediary of the Issuer of those Notes or a member of Euronext in Amsterdam and with due observance of the Savings Certificates Act (including registration requirements). However, no such intermediary services are required in respect of (i) the initial issue of those Notes to the first holders thereof, (ii) any transfer and acceptance by individuals who do not act in the conduct of a profession or trade, and (iii) the transfer or acceptance of those Notes, if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter.

### **Singapore**

Each Dealer has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for

subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

**Notification under Section 309B(1)(c) of the SFA** - In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Belgium**

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a Belgian Consumer) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms in all cases at its own expense.

## FORM OF FINAL TERMS FOR SENIOR NOTES

*The following is the form of Final Terms that, subject to completion and deletion of non-applicable provisions, will be applicable to, and issued in respect of, each issue of Notes.*

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 ("IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA)** – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).]

**Final Terms dated [●]**

**NN Group N.V.**

Legal entity identifier (LEI): 724500OHYN90Y6Q215

Issue of **[Aggregate Nominal Amount of Tranche]** **[Title of Notes]**

under the **€5,000,000,000**  
**Debt Issuance Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the prospectus dated 27 May 2019 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the "Prospectus") for the purposes of Directive 2003/71/EC (as amended or superseded, the

“Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus has been published on [www.nn-group.com](http://www.nn-group.com).

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the prospectus dated [●] which are incorporated by reference in the Prospectus dated 27 May 2019. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (as amended or superseded, the “Prospectus Directive”) and must be read in conjunction with the prospectus dated 27 May 2019 [and the supplement(s) to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Prospectus”), save in respect of the Conditions which are extracted from the prospectus dated [●]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, and the Prospectus. The Prospectus has been published on [www.nn-group.com](http://www.nn-group.com).]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

1	Issuer:	NN Group N.V.
2	[(i)] Series Number:	[●]
	[(ii)] Tranche Number:	[●]
	[(iii)] Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the <i>[insert description of the Series]</i> on <i>[insert date]</i> /the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [23] below [which is expected to occur on or about <i>[insert date]</i> ]].]
3	Specified Currency:	[●]
4	Aggregate Nominal Amount:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> ] ( <i>if applicable</i> )]



- 6 (i) Specified Denominations: [●]  
*[If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the following wording: “€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No notes in definitive form will be issued with a denomination above [€199,000].”]*  
*[In addition, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).]*
- (ii) Calculation Amount: [●]  
*(If there is only one Specified Denomination, insert the Specified Denomination. If there are several Specified Denominations (including where the circumstances referred to in 6(i) above apply of having Specified Denominations of €100,000 and multiples of €1,000), insert the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).*
- 7 (i) Issue Date: [●]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
- 8 Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to [specify the relevant month and year]]
- 9 Interest Basis: [[●] per cent. Fixed Rate]  
 [[●] month [LIBOR/EURIBOR]] +/- [●] per cent. Floating Rate]  
 [Zero Coupon]  
 (See paragraph [14/15/16] below)
- 10 Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[●]/[100]] per cent. of their nominal amount.
- 11 Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or refer to paragraphs 14 and 15 below and identify there/For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [14/15] applies and, for the period from (and including) [date], up to (and including) the Maturity Date, paragraph [14/15] applies]/Not Applicable]

- 12 Put/Call Options: [Issuer Call]  
[Investor Put]  
[Issuer Clean-up Call]  
[Issuer Make-Whole Call]  
See paragraph [17/18/19/20] below]]
- 13 [(i)] Status of the Notes: Senior  
[(ii)] [Date [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 14 Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA) / include any other option from the Conditions]
- (vi) [Determination Dates: [●] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
- 15 Floating Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [[●][, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
- (ii) Specified Interest Payment Dates: [[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]

- (iii) Interest Period Date: [Not Applicable]/[[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
- (iv) First Interest Payment Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (vi) Business Centre(s): [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [●]
- (ix) Screen Rate Determination:
- Reference Rate: [[●]-month [LIBOR/EURIBOR]]
  - Interest Determination Date(s): [●]
  - Relevant Screen Page: [●]
- (x) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*
- [– ISDA Definitions [2006]]
- (xi) Linear Interpolation: Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (xii) Margin(s): [+/-][●] per cent. per annum
- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum
- (xv) Day Count Fraction: [[30/360][Actual/360][Actual/365]][*Include any other option from the Conditions*]

- 16 Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Day Count Fraction in relation to Early Redemption Amounts: [[30/360][Actual/360][Actual/365]][*Include any other option from the Conditions*]

**PROVISIONS RELATING TO REDEMPTION**

- 17 Call Option [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
- (iii) If redeemable in part:
- Minimum Redemption Amount: [●] per Calculation Amount
- Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems (which require a minimum of five business days' notice for a call) and custodians, as well as any other notice requirements which may apply.)*
- 18 Put Option [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
- (iii) Notice period: [●] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of fifteen business days' notice for a put) and custodians, as well as any other notice requirements which may apply.)*
- 19 Issuer Clean-up Call Option [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount

	(ii) Percentage of aggregate nominal amount of the Notes outstanding:	[●]
	(iii) Notice period:	[●] days <i>(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of fifteen business days' notice for a put) and custodians, as well as any other notice requirements which may apply.)</i>
20	Issuer Make-Whole Call	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Notice period:	[●] days <i>(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of fifteen business days' notice for a put) and custodians, as well as any other notice requirements which may apply.)</i>
	(ii) Parties to be notified by Issuer of Make-Whole Redemption Date and Make-whole Redemption Amount in addition to those set out in Condition 5(g):	[●]/[Not Applicable]
	(iii) Discounting basis for purposes of calculating sum of the present values of the remaining scheduled payments of principal and interest on the Notes in the determination of the Make-Whole Redemption Amount:	[Annual/Semi-Annual/Quarterly]
	(iv) Make-Whole Redemption Margin:	[●]
	(v) Quotation Agent:	[●]/[Not Applicable]
	(vi) Reference Dealers:	<i>[give details]</i>
	(vii) Reference Security:	<i>[give details]</i>
21	Final Redemption Amount of each Note:	[●][Par] per Calculation Amount
22	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	[●]/[Par] per Calculation Amount

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 23 Form of Notes: **Bearer Notes:**  
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]  
[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]  
*(The exchange at any time upon due notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes, other than in the limited circumstances specified in the permanent Global Note.)*  
[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]  
**Registered Notes:**  
[Global Certificate registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]
- 24 New Global Note: [Yes] [No]
- 25 Financial Centre(s): [Not Applicable/give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(vi) relates]
- 26 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]

## THIRD PARTY INFORMATION

[(Relevant third party information) has been extracted from (specify source). 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 (specify source), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of NN Group N.V.:

By:

Duly authorised

By:

Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Euronext in Amsterdam with effect from [●].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Euronext in Amsterdam with effect from [●].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

- Ratings: [The Notes to be issued [have been/are expected to be] rated]:
- [S&P: [●]]
- [Fitch: [●]]
- [[Other]: [●]]

### 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)*

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

### 4 REASONS FOR THE OFFER

- Reasons for the offer: Reasons for the offer: [See “Use of Proceeds” wording in Prospectus/specify particular identified use of proceeds]]

### 5 [Fixed Rate Notes only – YIELD

- Indication of yield: [●]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

### 6 OPERATIONAL INFORMATION

- ISIN: [●]



Common Code:	[●]
CFI:	[[See/[[ <i>include code</i> ], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
FISN:	[[See/[[ <i>include code</i> ], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable/ <i>give name(s) and number(s)</i> ]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	<p>[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [<i>include this text for registered notes</i>] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/</p> <p>[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [<i>include this text for registered notes</i>]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]</p>

7 **DISTRIBUTION**

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
  - (A) Names of Managers: [Not Applicable/*give names*]
  - (B) Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- (iv) U.S. Selling Restrictions: [Reg. S Compliance Category 2;  
TEFRA C/ TEFRA D/ TEFRA not applicable]
- (v) [Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]  
*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*]

## FORM OF FINAL TERMS FOR SUBORDINATED NOTES

*The following is the form of Final Terms that, subject to completion and deletion of non-applicable provisions, will be applicable to, and issued in respect of, each issue of Subordinated Notes.*

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 ("IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "Prospectus Directive"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

[**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA)** – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).]

**Final Terms dated [●]**

**NN Group N.V.**

Legal entity identifier (LEI): 724500OHYNDT9OY6Q215

Issue of [**Aggregate Nominal Amount of Tranche**] [**Title of Subordinated Notes**]

under the **€5,000,000,000**

**Debt Issuance Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the prospectus dated 27 May 2019 [and the supplement(s) to it dated [●]] which [together] constitute[s] a base prospectus (the "Prospectus") for the purposes of Directive 2003/71/EC (as amended or superseded, the "Prospectus Directive"). This document constitutes the Final Terms of the Subordinated Notes described

herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Subordinated Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus has been published on [www.nn-group.com](http://www.nn-group.com).

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the prospectus dated [●] which are incorporated by reference in the Prospectus dated 27 May 2019. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (as amended or superseded, the “Prospectus Directive”) and must be read in conjunction with the prospectus dated 27 May 2019 [and the supplement(s) to it dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Prospectus”), save in respect of the Conditions which are extracted from the prospectus dated [●]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, and the Prospectus. The Prospectus has been published on [www.nn-group.com](http://www.nn-group.com).]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (“IDD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

- |   |                     |               |
|---|---------------------|---------------|
| 1 | Issuer:             | NN Group N.V. |
| 2 | [a)] Series Number: | [●]           |

	[(i) Tranche Number:	[•]
	[(ii) Date on which the Subordinated Notes become fungible:	[Not Applicable/The Subordinated Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the <i>[insert description of the Series]</i> on <i>[insert date/the Issue Date/exchange of the Temporary Global Subordinated Note for interests in the Permanent Global Subordinated Note, as referred to in paragraph 22 below [which is expected to occur on or about [insert date]]]</i> .]
3	Specified Currency:	[•]
4	Aggregate Nominal Amount:	[•]
	[(i) Series:	[•]
	[(ii) Tranche:	[•]]
5	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]
6	(i) Specified Denominations:	[•] <i>[If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the following wording: “€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Subordinated Notes in definitive form will be issued with a denomination above [€199,000].”]</i> <i>[In addition, Subordinated Notes (including Subordinated Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).]</i>
	(ii) Calculation Amount:	[•] <i>(If there is only one Specified Denomination, insert the Specified Denomination. If there are several Specified Denominations (including where the circumstances referred to in 6(i) above apply of having Specified Denominations of €100,000 and multiples of €1,000), insert the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).</i>
7	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
8	Maturity Date:	[Specify date or (for Floating Rate Subordinated Notes) Interest Payment Date falling in or nearest to <i>[specify the</i>

- relevant month and year*] [Undated (Perpetual)  
Subordinated Notes]
- 9 Interest Basis: [[●] per cent. Fixed Rate]  
[[●] per cent. subject to Fixed Reset Rate]  
[[●] month [LIBOR/EURIBOR]] +/- [●] per cent.  
Floating Rate]  
[Zero Coupon]  
(See paragraph [14/15/16/17] below)  
[Optional deferral of interest payments (Condition  
5(a)(i)): [Applicable/Not Applicable]]  
[Payment of Arrears of Interest (Condition 5(b)(iii)):  
[Applicable/Not Applicable]]  
[Payment of Arrears of Interest (Condition 5(b)(iv)):  
[Applicable/Not Applicable]]
- 10 Redemption/Payment Basis: Subject to any purchase and cancellation or early  
redemption, the dated Subordinated Notes will be  
redeemed on the Maturity Date at [[●]/[100]] per cent. of  
their nominal amount.
- 11 Change of Interest Basis: [*Specify the date when any fixed to floating rate change  
occurs or refer to paragraphs 14 and 16 below and  
identify there*] For the period from (and including) the  
Interest Commencement Date, up to (but excluding)  
[*date*] paragraph [14/16] applies and, for the period from  
(and including) [*date*], up to (and including) the Maturity  
Date, paragraph [14/16] applies]/Not Applicable]
- 12 Call Options: [Issuer Call]  
[Call upon Tax Event]  
[Issuer Clean-up Call]  
[Call upon Regulatory Event]  
[Call upon Rating Methodology Event]  
[Not Applicable]  
[See paragraph [18/19] below)]
- 13 [b)] Status of the Subordinated Notes: Subordinated ([Tier 2 Notes/Tier 3 Notes])  
[c)] [Date [Board] approval for [●] [and [●], respectively]]  
issuance of Subordinated Notes (N.B. Only relevant where Board (or similar)  
obtained: *authorisation is required for the particular tranche of  
Subordinated Notes*)

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 14 Fixed Rate Subordinated Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs  
of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest  
Payment Date

	(ii) Interest Payment Date(s):	[●] in each year
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[30/360 / Actual/Actual (ICMA) / <i>include any other option from the Conditions</i> ]
	(vi) [Determination Dates:	[●] in each year ( <i>insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)</i> )
15	Fixed Rate Reset Subordinated Note Provisions	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
	(i) Initial Interest Rate:	[●] per cent. per annum payable in arrear on each Interest Payment Date up to and including the First Reset Date
	(ii) Interest Payment Date(s):	[●] in each year
	(iii) Fixed Coupon Amount[(s)] to (but excluding) the First Reset Date:	[●] per Calculation Amount
	(iv) Broken Amount(s):	[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
	(v)	
	(vi) Day Count Fraction:	[30/360 / Actual/Actual (ICMA) // <i>include any other option from the Conditions</i> ]
	(vii) [Determination Date(s):	[●] in each year ( <i>insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)</i> )
	(viii) First Reset Date:	[●]
	(ix) Second Reset Date:	[●]/[Not Applicable]
	(x) Subsequent Reset Date(s):	[●][and [●]]/[Not Applicable]
	(xi) Reset Determination Date:	[first/second/specify] Business Day immediately preceding the relevant Reset Date
	(xii) Reset Determination Time:	[11.00 a.m. (Central European Time)/specify]
	(xiii) Reset Margin(s):	[+/-][●] per cent. per annum
	(xiv) Mid-Swap Rate:	[●]
	(xv) Fixed Reset Rate Relevant Screen Page:	[●]
	(xvi) Initial Mid-Swap Rate:	[●] per cent. per annum (quoted on a[n] annual/semi-annual basis)
16	Floating Rate Subordinated Note Provisions	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs</i> )

*of this paragraph)*

- (i) Interest Period(s): [[●]], subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
- (ii) Specified Interest Payment Dates: [[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
- (iii) Interest Period Date: [Not Applicable]/[[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
- (iv) First Interest Payment Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (vi) Business Centre(s): [●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [●]
- (ix) Screen Rate Determination:
- Reference Rate: [[●]-month [LIBOR/EURIBOR]]
  - Interest Determination Date(s): [●]
  - Relevant Screen Page: [●]
- (x) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]

*(N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*

[– ISDA Definitions [2006]]



- (xi) Linear Interpolation: Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (xii) Margin(s): [+/-][●] per cent. per annum
- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum
- (xv) Day Count Fraction: [[30/360][Actual/360][Actual/365]][*Include any other option from the Conditions*]
- 17 Zero Coupon Subordinated Note Provisions [Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Day Count Fraction in relation to Early Redemption Amounts: [[30/360][Actual/360][Actual/365]][*Include any other option from the Conditions*]

**PROVISIONS RELATING TO REDEMPTION**

- 18 Call Option [Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Subordinated Note: [●] per Calculation Amount
- (iii) If redeemable in part:  
Minimum Redemption Amount: [●] per Calculation Amount  
Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●] days  
(*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems (which require a minimum of five business days' notice for a call) and custodians, as well as any other notice requirements which may apply.*)
- 19 Issuer Clean-up Call Option [Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
- (ii) Percentage of aggregate nominal amount of the Notes outstanding: [●]
- (iii) Notice period: [●] days  
(*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of*

*information through intermediaries, for example, clearing systems (which require a minimum of fifteen business days' notice for a put) and custodians, as well as any other notice requirements which may apply.)*

- 20 Final Redemption Amount of each Subordinated Note: [●][Par] per Calculation Amount
- 21 Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation, regulatory or rating reasons or on event of default or other early redemption: [●]/[Par] per Calculation Amount

**GENERAL PROVISIONS APPLICABLE TO THE SUBORDINATED NOTES**

- 22 Form of Subordinated Notes: **Bearer Subordinated Notes:**  
 [Temporary Global Subordinated Note exchangeable for a Permanent Global Subordinated Note which is exchangeable for Definitive Subordinated Notes in the limited circumstances specified in the Permanent Global Subordinated Note]  
 [Temporary Global Subordinated Note exchangeable for Definitive Subordinated Notes on [●] days' notice]  
*(The exchange at any time upon due notice option should not be expressed to be applicable if the Specified Denomination of the Subordinated Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Subordinated Notes which is to be represented on issue by a Temporary Global Subordinated Note exchangeable for Definitive Subordinated Notes, other than in the limited circumstances specified in the permanent Global Subordinated Note.)*  
 [Permanent Global Subordinated Note exchangeable for Definitive Subordinated Notes in the limited circumstances specified in the Permanent Global Subordinated Note]  
**Registered Subordinated Notes:**  
 [Global Certificate registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]
- 23 New Global Subordinated Note: [Yes] [No]
- 24 Financial Centre(s): [Not Applicable/give details. Note that this paragraph relates to the date of payment, and not the end dates of

*interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 16(vi) relates]*

- 25 Talons for future Coupons to be attached to Definitive Subordinated Notes (and dates on which such Talons mature): [No/Yes. As the Subordinated Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]

**THIRD PARTY INFORMATION**

[(*Relevant third party information*) has been extracted from (*specify source*). 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 (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of NN Group N.V.:

By:

Duly authorised

By:

Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Subordinated Notes to be admitted to trading on Euronext in Amsterdam with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Subordinated Notes to be admitted to trading on Euronext in Amsterdam with effect from [●].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original Subordinated Notes are already admitted to trading.)*

Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

Ratings: [The Subordinated Notes to be issued [have been/are expected to be] rated]:

[S&P: [●]]

[Fitch: [●]]

[[Other]: [●]]

### 3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)*

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Subordinated Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

### 4 REASONS FOR THE OFFER

Reasons for the offer: Reasons for the offer: [See “Use of Proceeds” wording in Prospectus/specify particular identified use of proceeds]]

### 5 [Fixed Rate Subordinated Notes only – YIELD

Indication of yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

### 6 OPERATIONAL INFORMATION

ISIN:	[●]
Common Code:	[●]
CFI:	[[See/[[ <i>include code</i> ], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
FISN:	[[See/[[ <i>include code</i> ], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable/ <i>give name(s) and number(s)</i> ]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	<p>[Yes. Note that the designation “yes” simply means that the Subordinated Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [<i>include this text for registered notes</i>] and does not necessarily mean that the Subordinated Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/</p> <p>[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Subordinated Notes are capable of meeting them, the Subordinated Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [<i>include this text for registered notes</i>]. Note that this does not necessarily mean that the Subordinated Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have</p>

been met.]

7 **DISTRIBUTION**

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
  - (A) Names of Managers: [Not Applicable/*give names*]
  - (B) Stabilisation Manager(s) (if any): [Not Applicable/*give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- (iv) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA C/ TEFRA D/ TEFRA not applicable]
- (v) [Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]  
*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*]

## GENERAL INFORMATION

- (1) Application has been made to Euronext for Notes issued under the Programme to be listed and admitted to trading on Euronext Amsterdam.
- (2) The Issuer has obtained all necessary consents, approvals and authorisations in The Netherlands in connection with the establishment of the Programme. The establishment of the Programme was authorised by the Executive Board and the Management Board and passed on 27 October 2014. The update of the Programme was authorised by the Executive Board passed on 21 May 2019.
- (3) The Issuer accepts responsibility for the information contained in this Prospectus. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (4) There has been no significant change in the financial or trading position of the Issuer or of the Group since 31 March 2019 and no material adverse change in the prospects of the Issuer since 31 December 2018.
- (5) Each Bearer Note (other than a Temporary Bearer Note) having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

- (7) Where information in this Prospectus 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.
- (8) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
- (9) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer:
  - (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
  - (ii) the Articles of Association of the Issuer;
  - (iii) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the

Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity); and

- (iv) a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus.
- (10) Copies of the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- (11) KPMG Accountants N.V. have issued an unqualified auditor's report on the consolidated annual accounts for the year ended 31 December 2018 and 2017 dated 13 March 2019 and 14 March 2018, respectively. These auditor's reports have been included in the form and context in which they appear with the consent of KPMG Accountants N.V., who have authorised the contents of these auditor's reports.
- (12) Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and/or its affiliates in the ordinary course of business.
- (13) Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, 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.
- (14) In addition, in the ordinary course of their business activities, the Dealers 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 Dealers 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 Dealers 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 Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers 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.



## DEFINITIONS

The following definitions are used throughout this Prospectus:

<b>2009 Restructuring Plan</b>	the restructuring plan submitted to the EC by ING Group in October 2009 as approved by the EC in November 2009
<b>2012 Restructuring Plan</b>	the amended 2009 Restructuring Plan as approved by the EC in November 2012
<b>2013 Restructuring Plan</b>	the amended 2012 Restructuring Plan as approved by the EC in November 2013
<b>ABS</b>	asset-backed securities
<b>Acquisition</b>	The acquisition by the Issuer of the outstanding shares in Delta Lloyd
<b>AFM</b>	the Dutch Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> )
<b>AIFMD</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 and the implementing measures by the EC thereunder (Alternative Investment Fund Managers Directive)
<b>ATO</b>	Australian Taxation Office
<b>Amending Scheme of Arrangement</b>	the amendment to the Original Scheme of Arrangement
<b>APE</b>	annual premium equivalent, calculated as the total amount of recurring premiums from new business plus 10% of the total amount of single premiums on business written during the year
<b>ARPFEE</b>	Act on Remuneration Policies in Financial Enterprises ( <i>Wet beloningsbeleid financiële ondernemingen</i> )
<b>Articles of Association</b>	the articles of association of the Issuer
<b>AuM</b>	assets under management
<b>Basel II</b>	revised regulatory capital framework published by the Basel Committee on Banking Supervision 2006.
<b>Basel III</b>	revised regulatory capital framework for more resilient banks and banking systems which was implemented in the European Economic Area through CRD IV.
<b>CEE</b>	Central and Eastern Europe
<b>CEO</b>	chief executive officer
<b>CFO</b>	chief financial officer
<b>Clearstream, Luxembourg</b>	Clearstream Banking, S.A.
<b>COLI</b>	corporate-owned life insurance
<b>ComFrame</b>	Common Framework for the Supervision of IAIGs
<b>CPLA</b>	claims payment loan agreement
<b>CRD III</b>	Directive 2010/76/EU of the European Parliament and of the

	Council of 24 November 2010
<b>CRD IV</b>	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 and Regulation EU No. 575/2013 of the European Parliament and of the Council of 26 June 2013
<b>CRO</b>	chief risk officer
<b>CZ</b>	Onderlinge Waarborgmaatschappij CZ groep Zorgverzekeraar U.A.
<b>De Nederlanden</b>	<i>Assurantie Maatschappij tegen Brandschade N.V.</i> , later renamed to <i>De Nederlanden van 1845 N.V.</i>
<b>Delta Lloyd</b>	Delta Lloyd N.V., which is merged into NN Group Bidco B.V. as of 1 June 2017 and into NN Group N.V. as of 31 December 2017
<b>Delta Lloyd ABN AMRO Verzekeringen</b>	Delta Lloyd ABN AMRO Verzekeringen Holding B.V., which is renamed to Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V. as of 19 November 2018
<b>Delta Lloyd Bank</b>	Delta Lloyd Bank N.V., which is merged into NN Bank as of 1 January 2018
<b>Delta Lloyd Belgium</b>	Delta Lloyd Life (Belgium) N.V.
<b>Delta Lloyd Life</b>	Delta Lloyd Levensverzekering N.V., which is merged into NN Life as of 1 January 2019
<b>Delta Lloyd Non-Life</b>	Delta Lloyd Schadeverzekering N.V., which is merged into NN Non-Life as of 1 January 2019
<b>Delta Lloyd Zorg</b>	Delta Lloyd Zorg B.V., which is renamed to Distributie Zorgverzekeringen B.V. as of 1 May 2018
<b>Delta Lloyd Health Distributors</b>	Delta Lloyd Houdstermaatschappij Verzekeringen N.V. and Delta Lloyd ABN AMRO Verzekeringen
<b>DNB</b>	the Dutch Central Bank ( <i>De Nederlandsche Bank N.V.</i> )
<b>Dutch Financial Supervision Act</b>	the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ) and the rules promulgated thereunder
<b>D&amp;A</b>	disability and accident
<b>EC</b>	European Commission
<b>ECB</b>	European Central Bank
<b>EC Restructuring Plan</b>	the 2009 Restructuring Plan, together with the 2012 and 2013 Restructuring Plans
<b>EIOPA</b>	European Insurance and Occupational Pensions Authority
<b>EMIR</b>	Regulation EU No. 648/2012 of the European Parliament and of the Council of 4 July 2012 (European Market Infrastructure Regulation)
<b>EU</b>	European Union
<b>EUR or euro or €</b>	the currency of the European Monetary Union
<b>Euroclear</b>	Euroclear Bank SA/NV

<b>Euronext</b>	Euronext Amsterdam N.V.
<b>Euronext Amsterdam</b>	Euronext in Amsterdam
<b>Executive Board</b>	the executive board ( <i>raad van bestuur</i> ) of the Issuer
<b>FATCA</b>	Foreign Account Tax Compliance Act
<b>FICO</b>	Financial Conglomerate
<b>FIEA</b>	Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended)
<b>Fitch</b>	Fitch Ratings Limited
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>FTT</b>	financial transaction tax
<b>General Meeting</b>	the general meeting of Shareholders
<b>Group</b>	the Issuer and its subsidiaries
<b>G-SIFI</b>	global systemically important financial institution
<b>G-SII</b>	global systemically important issuer
<b>GWP</b>	gross written premiums; total premiums (whether or not earned) for insurance contracts written or assumed during a specific period, without deduction for premiums ceded
<b>Health Companies</b>	Delta Lloyd Zorgverzekering N.V., OHRA Ziekttekostenverzekeringen N.V. and OHRA Zorgverzekeringen N.V.
<b>IAIG</b>	Internationally Active Insurance Group
<b>IAIS</b>	International Association of Insurance Supervisors
<b>IASB</b>	International Accounting Standards Board
<b>ICAAP</b>	internal capital adequacy assessment process
<b>ICS</b>	risk-based global insurance capital standard
<b>ICSDs</b>	Euroclear and Clearstream, Luxembourg
<b>IDD</b>	Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 (Insurance Distribution Directive)
<b>IFRS</b>	International Financial Reporting Standards as adopted by the EU
<b>IGA</b>	intergovernmental agreement
<b>ILU</b>	the Institute of London Underwriters
<b>ING</b>	ING Group and its subsidiaries (including ING Bank and excluding NN)
<b>ING Bank</b>	ING Bank N.V. and its subsidiaries and branches
<b>ING Groep</b>	ING Group N.V.
<b>ING Insurance Eurasia</b>	ING Insurance Eurasia N.V.
<b>ING Pension Fund</b>	the Dutch ING pension fund ( <i>Stichting Pensioenfonds ING</i> )
<b>ING U.S.</b>	Voya Financial, Inc., until 7 April 2014 known as ING U.S.,

	Inc.
<b>INGV</b>	ING Verzekeringen N.V.
<b>Issuer</b>	NN Group N.V., formerly known as ING Insurance Topholding N.V., which company merged with ING Verzekeringen N.V. on 1 March 2014
<b>IRS</b>	U.S. Internal Revenue Service
<b>IT</b>	information technology
<b>L&amp;O</b>	The London and Overseas Insurance Company PLC, which has subsequently been renamed London and Overseas Insurance Company Limited
<b>Member State</b>	a member state of the EU
<b>MiFID</b>	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 (Markets in Financial Instruments Directive)
<b>MiFID II</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 (Markets in Financial Instruments Directive II)
<b>MiFIR</b>	Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 (Markets in Financial Instruments Regulation)
<b>Moody's</b>	Moody's Investors Service Ltd.
<b>Nationale</b>	Nationale Levensverzekering-Bank N.V.
<b>Nationale-Nederlanden Spain</b>	Nationale Nederlanden Vida, Compania de Seguros y Reaseguros. S.A. and Nationale Nederlanden Generales, Compania de Seguros y Reaseguros, S.A.
<b>NN</b>	the Issuer and its subsidiaries
<b>NN Bank</b>	Nationale-Nederlanden Bank N.V. and its subsidiaries
<b>NN Belgium</b>	ING Life Belgium NV and ING Non-Life Belgium NV
<b>NN Czech Republic</b>	ING Životná poisťovňa, a.s., pobočka pro Českou republiku (a branch of Nationale-Nederlanden Levensverzekering Maatschappij N.V. in the Netherlands), ING pojistovna, a.s., ING Penzijní společnost, a.s. and ING Tatry-Sympatia, d.d.s., a.s. (a branch of ING Tatry-Sympatia, d.d.s., a.s. in Slovak Republic)
<b>NN Bidco</b>	NN Group Bidco B.V.
<b>NN Group</b>	NN Group N.V.
<b>NN Hungary</b>	ING Biztosító Zártkörűen Működő Részvénytársaság
<b>NN Investment Partners</b>	ING Investment Management Holdings N.V. and its subsidiaries
<b>NN Japan</b>	ING Life Insurance Company, Ltd.
<b>NN Life</b>	Nationale-Nederlanden Levensverzekering Maatschappij N.V.
<b>NN Non-Life</b>	Nationale-Nederlanden Schadeverzekering Maatschappij N.V.

<b>NN Re</b>	NN's reinsurance business, as conducted by NN Re (Netherlands) N.V.
<b>NNIS</b>	Nationale-Nederlanden Internationale Schadeverzekering N.V. (a subsidiary of the Issuer which has since merged with a UK subsidiary of the Issuer, creating Nationale-Nederlanden Internationale Schadeverzekering S.E.)
<b>NNOFIC</b>	Nationale-Nederlanden Overseas Finance and Investment Company (a UK subsidiary of the Issuer)
<b>Nomination and Corporate Governance Committee</b>	the nomination and corporate governance committee of the Supervisory Board
<b>Original Scheme of Arrangement</b>	the creditor's scheme of arrangement in relation to each of Orion and L&O, which became effective in 1997
<b>Orion</b>	Orion Insurance Company PLC, which has subsequently been renamed OIC Run-Off Limited
<b>ORSA</b>	own risk and solvency assessment
<b>OTC</b>	over-the-counter
<b>Preference Shares</b>	the preference shares in the capital of the Issuer with a nominal value of EUR 0.12 each
<b>Prospectus</b>	this base prospectus dated 27 May 2019
<b>Prospectus Directive</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended or superseded), including all relevant implementing measures
<b>P&amp;C</b>	property and casualty
<b>qualifying ILU policies</b>	contracts of insurance or reinsurance evidenced by policies signed and issued by the ILU (i) on behalf of Orion with inception dates on or after 28 August 1970 and/or (ii) on behalf of L&O with inception dates on or after 20 March 1969
<b>Q1 2019 Press Release</b>	the press release published by the Issuer on 16 May 2019
<b>Q4 2018 Press Release</b>	the press release published by the Issuer on 14 February 2019
<b>Recovery and Resolution Directive</b>	Directive 2014/59/EC of the European Parliament and of the Council of 15 May 2014
<b>Regulation S</b>	Regulation S under the U.S. Securities Act
<b>Remuneration Committee</b>	the remuneration committee of the Supervisory Board
<b>Risk Committee</b>	the risk committee of the Supervisory Board
<b>S&amp;P</b>	S&P Global Ratings Europe Limited
<b>SCR</b>	solvency capital requirements
<b>Share</b>	share in the capital of the Issuer
<b>Shareholder</b>	a holder of at least one Share
<b>SME</b>	small- or medium-sized enterprise
<b>Solvency I</b>	European regulatory framework for the prudential supervision of insurance and reinsurance companies

<b>Solvency II</b>	revised European regulatory framework for the prudential supervision of insurance companies, reinsurance companies and insurance holding companies, as laid down in the Solvency II Directive
<b>Solvency II Directive</b>	Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 and the implementing measures by the EC thereunder, as amended
<b>SPVA</b>	single premium variable annuity
<b>Supervisory Board</b>	the supervisory board ( <i>raad van commissarissen</i> ) of the Issuer
<b>Tax Audit</b>	the Transfer Pricing Audit initiated by ATO on ING Australia Holdings Ltd., a former subsidiary of NN Group
<b>UCITS</b>	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 and the implementing measures by the EC thereunder, as amended
<b>UFR</b>	ultimate forward rate
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or U.S.</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>USD</b>	United States dollar
<b>U.S. Securities Act</b>	the United States Securities Act of 1933, as amended
<b>VA</b>	variable annuity
<b>Works Council</b>	the Issuer's works council
<b>WUB</b>	WestlandUtrecht Bank N.V.

## GLOSSARY OF INSURANCE AND INVESTMENT MANAGEMENT TERMS

<b>annuity</b>	a contract between an annuitant and an insurance company, under which the annuitant makes a lump sum payment or a series of payments; in return, the insurer agrees to make periodic payments to the annuitant beginning immediately or at some future date
<b>asset-backed securities; ABS</b>	a type of bond or note that is based on pools of assets, or collateralised by the cash flows from a specified pool of underlying assets
<b>bancassurance</b>	insurance companies using a bank's distribution network, including branches, call centres, financial centres and internet platforms to reach customers and distribute their products
<b>bank annuities</b>	a long-term savings and investment product that provides economic returns to customers that are similar to, and otherwise substitute for, individual life annuity products in the Netherlands
<b>brokers</b>	companies (traditional broker companies as well as product comparison websites) that offer a variety of products from a wide range of insurance companies; the advisory services are more standardised and usually based on the cross-product comparison of certain characteristics
<b>cede; ceding insurer; cession</b>	when an insurer reinsures its risk with another insurer (a "cession"), it "cedes" business and is referred to as the "ceding insurer"
<b>claim</b>	a demand made by the insured, or the insured's beneficiary, for payment of the benefits as provided by the policy
<b>closed block</b>	the block of business is closed, meaning the insurer no longer writes new business although existing policies within the closed block remain in effect (and the insurer may continue to collect premiums) until they run off
<b>defined benefit</b>	a pension plan where specified benefits are accrued that equal a certain percentage of the insured's "pensionable income" for each year that the insured participates in the plan; after the pension date, the insured will receive a predetermined fixed annuity, including or excluding corrections for inflation
<b>defined contribution</b>	a pension plan where specified contributions are paid into an account for the insured and then invested, with returns credited to the employee's account; upon termination of the plan, the balance of the employee's account is used to purchase an annuity
<b>direct channel</b>	distribution through proprietary channels of insurance companies and banks, respectively (e.g. online platforms, call centres, in-house advisers)

<b>economic capital</b>	the minimum amount of capital that is required to absorb unexpected losses in times of severe stress; for NN the economic capital is calculated based on a confidence level of 99.5 per cent., which is aligned with the Solvency II Directive
<b>general account</b>	the assets of an insurance company that support its insurance and other obligations (excluding unit-linked (separate account) obligations)
<b>independent agent</b>	advisers that sell products from more than one insurer, taking into account product characteristics and the supplier when helping a customer choose; compensation is based on fees and/or commissions
<b>intermediaries</b>	independent intermediaries through which life and non-life insurance products and pension funds are distributed, which include independent agents, actuarial consulting firms, brokers and mandated brokers; for the avoidance of doubt, each type of intermediary may not be used in each geographical market
<b>loss</b>	an injury, harm, damage or financial detriment that a person sustains; losses may be covered, limited or excluded from coverage, depending on the terms of the policy
<b>mandated broker</b>	a company offering insurance policies under its own brand with a mandate from an insurance company to underwrite policies; however, the insurance company bears the risk related to the issued policies
<b>recurring premium</b>	an insurance policy where the policyholder makes periodic payments
<b>reinsurance</b>	the practice whereby one insurer, called the reinsurer, in consideration for premiums received, agrees to indemnify the reinsured or ceding insurer for part or all of the liability assumed by the reinsured under a contract or contracts of insurance which the reinsured has issued; the legal rights of the insured generally are not affected by the reinsurance transaction, and the insurance enterprise issuing the insurance contract remains liable to the insured for payment of policy benefits
<b>reserves</b>	liabilities established by insurers and reinsurers to reflect the estimated cost of claims payments and benefits payments and the related expenses that the insurer or reinsurer will ultimately be required to pay in accordance with the insurance or reinsurance it has written
<b>retention</b>	the amount or portion of risk which a ceding insurer retains for its own account; losses and loss expenses paid by the ceding insurer in excess of the retention level are then reimbursed to the insurer by the reinsurer; in proportional insurance, the retention may be a percentage of the original policy's limit; in non-proportional insurance, the retention is an amount of loss, a



	loss ratio or a percentage
<b>rider</b>	provision of an insurance policy that is purchased separately from the basic policy and that provides additional benefits
<b>separate account</b>	an investment account established and maintained by an insurer to which funds have been allocated for certain insurance policies or contracts of the insurer. The income, gains and losses realised from assets allocated to the account are, in accordance with the insurance policies or contracts, credited to or charged against the account without regard to other income, gains or losses of the insurer or the insurer's other separate accounts. Separate accounts cannot generally be charged with the liabilities of the general account. The policyholders bear all of the investment risk for these products
<b>single premium</b>	an insurance policy where the policyholder pays a single, one-off premium
<b>surrender</b>	many life insurance products permit the insured to withdraw a portion or all of the cash surrender value of the contract; future benefits are reduced accordingly
<b>term life insurance</b>	life insurance protection for a limited period which expires without maturity value if the insured survives the period specified in the policy
<b>tied agent</b>	adviser that sells insurance contracts exclusively for one specific insurance company, with his payment predominantly based on commissions
<b>traditional life insurance</b>	life insurance where claims paid consist of a predetermined amount, sometimes supplemented by a profit-sharing arrangement
<b>underwriting</b>	the process whereby an insurer or reinsurer reviews applications submitted for insurance or reinsurance coverage and determines whether it will provide all or part of the coverage being requested for an agreed premium

**Registered Office of the Issuer**

**NN Group N.V.**  
Schenkade 65  
2595 AS The Hague  
The Netherlands

**Dealers**

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**Deutsche Bank Aktiengesellschaft**

Taunusanlage 12  
60325 Frankfurt am Main  
Germany

**Fiscal Agent, Calculation Agent and Paying Agent**

**The Bank of New York Mellon, London Branch**

One Canada Square  
London E14 5AL  
United Kingdom

**Registrar and Transfer Agent**

**The Bank of New York Mellon S.A./NV, Luxembourg Branch**

Vertigo Building – Polaris  
2-4 rue Eugène Ruppert  
L-2453 Luxembourg  
Luxembourg

**Arranger**

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**Amsterdam Listing Agent**

**ING Bank N.V.**  
Bijlmerplein 888  
1102 MG Amsterdam  
The Netherlands

**Auditors**

**KPMG Accountants N.V.**  
Laan van Langerhuize 1  
1186 DS Amstelveen  
The Netherlands

**Legal Advisers**

*to the Issuer*

**Allen & Overy LLP**  
Apollolaan 15  
1077 AB Amsterdam  
The Netherlands

*to the Dealers*

**Linklaters LLP**  
WTC Amsterdam  
Zuidplein 180  
1077 XV Amsterdam  
The Netherlands