



## VIVAT N.V.

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

### EUR 650,000,000 Fixed Rate Unsubordinated Notes due 2024

The EUR 650,000,000 fixed rate unsecured and unsubordinated Notes due 2024 (the "**Notes**") are issued by VIVAT N.V. (the "**Issuer**" or "**VIVAT**").

The obligations of VIVAT under the Notes in respect of principal and interest constitute direct, unconditional and unsecured (subject to the provisions of condition 3 (Negative Pledge) in the terms and conditions of the Notes ("**Terms and Conditions**")) obligations of VIVAT, (subject to the provisions of condition 3 (Negative Pledge) in the Terms and Conditions) ranking *pari passu* without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of VIVAT, present and future, but only to the extent permitted by applicable laws relating to creditors' rights. Interest on the Notes is payable annually in arrear on 17 May in each year, commencing on 17 May 2018. Payments on the Notes shall be made free and clear of, and without withholding or deduction for or on account of taxes of the Netherlands or any political subdivision or any authority thereof or therein having power to tax to the extent described in condition 7 (Taxation) in the Terms and Conditions.

This Prospectus ("**Prospectus**") has been approved by the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten) (the "**AFM**"), which is the Netherlands competent authority for the purpose of Directive No 2003/71/EC as amended (which includes the amendments made by Directive No 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the "**Prospectus Directive**") and relevant implementing measures in the Netherlands, as a Prospectus issued in compliance with the Prospectus Directive, Commission Regulation No 809/2004, as amended, and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of the Notes. Application has been made for the listing and trading of the Notes on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**") with effect from 17 May 2017.

The Notes mature on 17 May 2024 but are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of VIVAT in the event of Taxation Reasons as further described in condition 6 (Redemption and Purchase) in the Terms and Conditions.

The Notes are expected to be assigned, on issue, a rating of BBB- by Fitch Ratings Limited ("**Fitch**"). Fitch is established in the European Community and registered pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

The Notes will be issued in bearer form and shall have denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof, up to and including EUR 199,000. The Notes will initially be represented by a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or about 17 May 2017 (the "**Closing Date**") with a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Summary of Provisions relating to the Notes represented by the Global Notes*".

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

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

The date of this Prospectus is 15 May 2017.

**Sole Lead Manager**

**DEUTSCHE BANK**

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## RISK FACTORS

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

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

*Prospective investors should carefully review the entire 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.*

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

### Risks Related to VIVAT and the VIVAT Group

#### **Non-Financial Risks**

##### **Strategic Risks**

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

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

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

- failures in the information technology systems of the VIVAT Group, loss of customer data or confidential information;
- failure in risk management procedures;
- press speculation or negative publicity; or
- any of the above occurring or having occurred in respect of any third party directly or indirectly linked to the VIVAT Group such as personnel, affiliates, intermediaries, partners, business promoters, third party managers or customers.

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

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

The VIVAT Group uses a variety of distribution channels in the Netherlands for the marketing and offering of its insurance products and services, including internet, call centres, intermediaries and partnerships. Almost all of the distribution of the VIVAT Group originates from distribution of its products and services by intermediaries who may also offer competitors' products and services. As a result, the success of the VIVAT Group through these distribution channels depends on the preferences of these intermediaries for the products and services of the VIVAT Group. Intermediaries' preferences are determined by, *inter alia*, the security of investment and prospects for future investment returns in the light of a company's product offering, past investment performance, financial strength and perceived stability, ratings, the quality of the product and the quality of the service provided to the intermediary, fees charged in relation to complex financial products like life insurance, pensions, mortgages and compensation for non-complex financial products. An unsatisfactory assessment by an intermediary of the VIVAT Group and its products based on any of these factors could result in the VIVAT Group generally, or in particular certain of its products, not being actively marketed by intermediaries to their customers in the Netherlands.

In seeking to attract and retain successful intermediaries, the VIVAT Group competes with other institutions primarily on the basis of its support services, product features, financial position and compensation for non-complex financial products. Besides that, the VIVAT Group is always working on new strategies and plans relating to its distribution network. However, apart from all efforts and new strategies and plans, the extensive network of intermediaries of the VIVAT Group as most important distribution channel remains an inherent part of its business and a failure by the VIVAT Group to maintain a competitive distribution-network could have a material adverse effect on the VIVAT Group's business, revenues, result of operations, financial conditions and prospects.

*The VIVAT Group faces substantial competitive pressures*

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

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

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

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

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

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

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

*The VIVAT Group could fail to effectively identify or execute strategic acquisitions, joint ventures, partnerships, investments or divestments, and if such transactions are pursued, the VIVAT Group could fail to successfully implement and exploit them or realise anticipated benefits in a timely manner*

The VIVAT Group could selectively pursue opportunities to acquire, form joint ventures with or enter into partnerships in respect of or make investments in businesses, products, technologies or innovations which complement the VIVAT Group's business and growth strategy. Divestments may also be beneficial for the VIVAT Group's business, focus and strategy. The VIVAT Group may not be able to

identify suitable candidates for such acquisitions, joint ventures, partnerships, investments or divestments, or if the VIVAT Group does identify suitable candidates, it may not be able to complete any transaction on acceptable terms, or at all. Any acquisitions, joint ventures, partnerships, investments or divestments by the VIVAT Group could entail risks, such as:

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

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

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

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

## **Integrity Risks**

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

Fraud typically occurs when persons deliberately abuse the VIVAT Group's procedures, systems, assets, products or services, and includes policy fraud (where fraudulent misstatements of fact are made in applications for insurance products by customers), sales fraud (where, for instance,

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

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

## **Operational Risks**

### *The VIVAT Group is subject to operational risks*

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

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

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

Also, in the VIVAT Group's current financial reporting process, product lines and legal entities do not always coincide. This increases the complexity of the financial reporting process, both within the product lines and legal entities, and at VIVAT level, which in turn increases the risk of financial reporting errors. Furthermore, defaults and errors in the VIVAT Group's financial reporting processes, systems and reporting procedures could lead to wrong management decisions regarding, for instance, product pricing and hedge decisions which could materially adversely affect its net income and increase risk. In

addition, misinforming customers and investors could lead to substantial claims and regulatory fines, increased regulatory scrutiny, reputational harm and increased administrative costs to remedy errors.

Furthermore, the VIVAT Group depends on third party providers for administration and IT services and other back office functions. This includes the outsourcing of certain of ACTIAM's mid and back offices services relating to asset management to BNP Paribas in the course of 2017. Any interruption in the VIVAT Group's ability to rely on its internal or outsourced IT services or deterioration in the performance of these services could impair the timing and quality of the VIVAT Group's services to its customers and result in loss of customers, inefficient or detrimental transaction processing and regulatory non-compliance, all of which could also damage the VIVAT Group's brands and reputation.

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

Organisational change, such as the reduction in the workforce finalised in 2016, corresponding to approximately one third of the total work force of the VIVAT Group in 2015, as well as the pursuance by the VIVAT Group of its strategic objectives (including growth and extended scale) may result in the creation of an operational risk, amongst other things because these events may result in an increased strain on information technology, communication systems and/or internal controls. Furthermore, these events could result in employees and their knowledge and expertise leaving the VIVAT Group, therefore increasing the strain on the existing organisation. This may have a negative impact on existing work routines and internal controls and may consequently lead to operational incidents.

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

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

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

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

The VIVAT Group is exposed to various risks arising from natural disasters (including floods, fires and storms), as well as man-made disasters and core infrastructure failures (including acts of terrorism, war, power grid and telephone/internet infrastructure failures). These natural and man-made disasters may endanger the continuity of the VIVAT Group's business operations and the security of the VIVAT Group's personnel, and may adversely affect the VIVAT Group's business, revenues, results and financial condition and prospects by causing, among other things, disruptions of the VIVAT Group's normal business operations. The VIVAT Group has entered into several reinsurance contracts to

mitigate known risks.

*Change in senior management team could lead to discontinuities and deficiencies*

Following the acquisition of the VIVAT Group by Anbang Group Holdings Co. Ltd ("**Anbang**") in July 2015, most of the former senior management team of the VIVAT Group has left and been replaced by new management, which could lead to discontinuities and deficiencies. The risks of discontinuities and deficiencies could lead to untimely and/or insufficient actions or other deficiencies with regards to strategic decision making, operational processes, internal controls, application of laws, regulations and internal guidelines towards VIVAT Group's business, risk culture (as described in the risk culture paragraph on page 68), HR processes, relationship and communication with customers and intermediaries. This could have a material adverse effect on the VIVAT Group's business, revenues, results and financial condition and prospects.

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

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

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

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

*The VIVAT Group's technical provisions reflected in its IFRS financial statements to pay insurance and*

*other claims, now and in the future, or other balance sheet valuations (i.e., Solvency II) could prove insufficient*

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

## **Financial Risks**

### **Liquidity Risks**

#### *The VIVAT Group faces liquidity risk*

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

VIVAT is a holding company with no operations (but does employ all personnel and services of the business with staff support) and relies on its available buffer and operating subsidiaries to provide it with liquidity. The capital position and capital structure of the VIVAT Group may include a double leverage at the VIVAT level (VIVAT issues debt and acquires shares in the equity of the subsidiaries which is a form of intra-group financing). The liquidity position of VIVAT is dependent on its own liquidity position and the ability of its subsidiaries to upstream liquidity and/or capital (see also "*Risk related to the legal structure of the VIVAT Group*").

The VIVAT Group holds certain assets that have low liquidity, such as privately placed fixed income securities, commercial and residential mortgage loans, asset-backed securities, structured loans, government bonds of certain countries, private equity investments and real estate. Since the onset of the financial crisis, many of these assets have proven to be illiquid resulting in realised losses if such assets were sold and unrealised losses on such assets if they were marked-to-market. Although the liquidity for certain of these assets has improved, a further downturn in the financial markets may

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

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

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

## **Market Risks**

*Risk relating to the general economic and financial environment*

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

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

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

*The VIVAT Group is exposed to the level of interest rates*

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

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

A decrease in the long-term interest rate primarily adversely affects the values of the VIVAT Group's liabilities under traditional life contracts, as liabilities are discounted using long-term interest rates for supervisory reporting and/or financial reporting. This negative effect is partly offset by the simultaneous increase in the market value of fixed income assets. Even if the liabilities are valued using a market consistent methodology, they may nevertheless have limited or different sensitivity to interest rate movements (and credit spread) in comparison to fixed income assets because the discount rate applied in those market consistent valuations (in some cases, including the discount rate prescribed or determined by regulators) typically do not fully reflect sensitivities to interest rate movements (and credit spreads) and therefore the value of the liabilities may not match that of the fixed income assets. Under Solvency II (as defined below), for instance, the basic risk free interest rate is based on the swap rate (corrected for a credit risk adjustment ("**CRA**") with an extrapolation of the curve from the last liquid point ("**LLP**") to the ultimate forward rate ("**UFR**")), while a material part of the VIVAT Group's fixed income portfolio is currently heavily based on Dutch and German government bonds. The spread between the swap rates and the government bond rates can diverge. Under Solvency II (as defined below), the VIVAT Group also uses a spread correction based on the so called volatility adjustment ("**VA**") (in the future possibly also the matching adjustment ("**MA**")), but this VA spread does not necessarily have the same impact as the spread on the investment portfolio. Another factor that leads to a mismatch is the extrapolation technique that is used to determine the interest rate curve for the valuation of liabilities (from the LLP (currently year 20) to the UFR (currently 4.2%) in approximately 40 years) which is not used in the valuation of the asset portfolio. In addition, the net effect on the net asset value/surplus depends on the (key rate) duration and volume matching of assets and liabilities including derivatives. To the extent that the VIVAT Group is unable to match or chooses not to completely match liabilities with assets that have the same or similar levels of interest rate sensitivity, there could be a gap between the movement of the VIVAT Group's assets and liabilities as interest rates change. Interest

rate fluctuations could therefore have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

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

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

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

*The continuing risk that one or more European countries could exit the Eurozone and/or EU (e.g., 'Brexit')*

Despite recent improvements in the financial position of many European countries, there remains a risk that financial difficulties may result in certain European countries exiting the Eurozone and/or EU. This can also be caused by changes in the political landscape and/or by a referendum (*i.e.*, 'Brexit'). The possible exit from the Eurozone and/or EU of one or more European countries and, as a consequence, the potential replacement of the euro by one or more successor currencies could create significant uncertainties regarding the enforceability and valuation of euro denominated contracts to which the VIVAT Group or its counterparties are a party and thereby materially and adversely affect the business, revenues, results, financial condition and prospects of both VIVAT Group's and/or its counterparties'. Such uncertainties may include the risk that (a) a liability that was expected to be paid in euro is

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

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

In general, financial strength ratings are important factors affecting public confidence in insurers, and are as such important to the VIVAT Group's ability to sell its products and services to existing and potential customers, as well as to certain other activities of the VIVAT Group involving credit risk. Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. On an operating subsidiary level, financial strength ratings reflect the opinions of rating agencies on the financial ability of an insurance company to meet its obligations under an insurance policy, and are typically referred to as "claims-paying ability" ratings. Furthermore, a downgrade or a potential downgrade in VIVAT's (or its "rated" subsidiaries') credit or financial strength ratings or withdrawal of its rating could have a material adverse effect on VIVAT's (or its "rated" subsidiaries') ability to raise additional capital, or increase the cost of additional capital, could result in, amongst others, a loss of existing or potential business (including losses on customer withdrawals), lower assets under management and fee income, and decreased liquidity, and could have adverse consequences for the ability of VIVAT (or its "rated" subsidiaries) to hedge financial and other risk, any of which could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

In its research update dated 12 November 2015, Standard & Poor's confirmed that it has suspended the credit rating of VIVAT, SRLEV and Reaal Schadeverzekeringen N.V. ("**Reaal Schadeverzekeringen**") as it believes that the credit ratings were dependent on the status of these companies within the Anbang Insurance Group and on the Anbang Insurance Group's creditworthiness. Standard & Poor's expressed in that research update that it was unable to secure sufficient information to accurately assess the creditworthiness of Anbang Insurance Group and that it will withdraw the credit ratings of VIVAT, SRLEV and Reaal Schadeverzekeringen if the level of such information remains insufficient or is not of satisfactory quality. Therefore, at the date of this Prospectus, VIVAT has an issuer default rating only from Fitch, which stands at BBB with a stable outlook (last updated 19 October 2016).

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

- SRLEV has the following financial strength rating: Moody's: Baa2 (last updated 17 November 2016, when Moody's regarded the outlook as "stable"). Fitch: BBB+ (last updated 19 October 2016, when Fitch regarded the outlook as "stable"); and
- Reaal Schadeverzekeringen has the following financial strength rating: Moody's: Baa2 (last updated 17 November 2016, when Moody's regarded the outlook as "stable"). Fitch: BBB+ (last updated 19 October 2016, when Fitch regarded the outlook as "stable").

Rating agencies review insurers' ability to meet their obligations (including to policyholders and their creditworthiness generally) based on various factors, and assign ratings stating their current opinion in that regard. Most of the factors are specific to the rated company itself. In case of the VIVAT Group, the rating will also depend, in part, on the credit quality/financial strength of Anbang, the importance of the VIVAT Group in the investment portfolio of Anbang and/or how the VIVAT Group will be managed. If a rating agency considers itself unable to reach an adequate assessment on these aspects, it is likely that its rating(s) will be downgraded, suspended and/or withdrawn. While most of the factors are specific to the rated company and its majority shareholder, some relate to general economic conditions, intercompany dependencies and other circumstances outside the rated company's control. Such factors might also include a downgrade of the sovereign credit rating of the Netherlands as rating agencies typically take into account the credit rating of the relevant sovereign in assessing the credit and financial strength ratings of a corporate issuer. Rating agencies have increased the level of scrutiny that they apply to financial institutions, have increased the frequency and scope of their reviews, have requested additional information from the companies that they rate, and may adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. The VIVAT Group may need to take actions in response to changing standards or capital requirements set by any of the rating agencies, which may not otherwise be in the best interests of the VIVAT Group. The VIVAT Group cannot predict what additional actions rating agencies may take, or what actions the VIVAT Group may take in response to the actions of rating agencies. The outcome of such reviews may have adverse ratings consequences. Any downgrade (especially if below investment grade), suspension, withdrawal or adverse consequence as referred to above, could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

## **Counterparty Risks**

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

Losses incurred due to credit risk include actual losses from defaults, market value losses due to credit/financial strength rating downgrades and/or spread widening, or impairments and write-downs. The VIVAT Group is exposed to various types of general credit risk, including spread risk, default risk and concentration risk. Third parties that owe the VIVAT Group money, securities or other assets may not pay or perform under their obligations. These parties may include customers, the issuers whose securities are being held by the VIVAT Group, trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the VIVAT Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

The business of the VIVAT Group is also subject to risks that have an impact on the adequacy of its credit provisions. These provisions relate to the possibility that a counterparty may default on its obligations to the VIVAT Group which arise from financial transactions. Depending on the actual realisation of such counterparty default, the current credit provisions may prove to be inadequate. If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by the VIVAT Group to determine its credit provisions, these provisions could be inadequate.

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

Any of these financial risks could have a material adverse effect on the VIVAT Group's business,

revenues, results, financial condition and prospects.

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

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

## **Insurance Risks**

*Changes in longevity and mortality experience*

The insurance portfolio is exposed to longevity risk (i.e., the risk that an insured party lives longer than was projected at the time its policy was issued, with the result that the insurer must continue paying under the policy longer than anticipated), mortality risk (i.e., the risk the insured party dies sooner than was projected at the time its policy was issued) and morbidity risk (i.e., the risk that more policyholders than anticipated will suffer from long-term health impairments and the risk that those who are eligible to make a claim do so for longer than anticipated and therefore longer than was reflected in the price of the policies and in the liability established for the policies). In valuing the insurance liabilities and in establishing the pricing and reserving standards, assumptions are used to model the future benefit payments, which may be different from the actual benefit payments that will become due in the future. Although the assumptions are reviewed and updated periodically, the uncertainties (such as the improvements in medical treatments that prolong life without restoring the ability to work) associated with the assumptions make it impossible to have assurance that the assumptions will indeed prove to be adequate in the future. Changes in assumptions could lead to additions to the provisions on account of longevity, mortality and morbidity risks in future years, which could result in significant losses that could have a material adverse effect on the revenues, results, financial condition and prospects of the VIVAT Group.

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

In accordance with industry practices and regulation, models are used to interpret and process data.

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

*Increase in policy lapses and increase of paid-up rates*

The VIVAT Group is exposed to the risk of an increase in policy lapses and increase of paid-up rates. This is expected to lead to a decrease in future profits which are currently part of the Solvency II own funds, thus leading to a decrease in own funds. In order to satisfy the resulting obligations to make cash payments to policyholders in case of a lapse event, the VIVAT Group may be forced to sell assets at reduced prices and thus realise investment losses. The extent of such investment losses depends on various circumstances, including the type of policy lapsed, the time window in which they lapse and the market circumstances at that time. Such a sale of investment assets may also result in a decrease in the VIVAT Group's assets under management, which could result in reduced fee income as fee income is typically linked to the value of the assets under management. This may have a material adverse effect on the business, revenues, results, financial condition and prospects of the VIVAT Group.

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

The VIVAT Group has transferred and may further transfer its exposure to certain risks in the insurance business to third parties through reinsurance arrangements. Under these arrangements, other insurers assume a portion of the potential losses and expenses associated with reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Therefore it could happen that additional expenses are needed for reinsurance or even that there is no possibility to obtain sufficient reinsurance on acceptable terms, which could negatively affect the ability to write future business and increase the exposure to losses. When reinsurance is obtained, the VIVAT Group will still be liable for those transferred risks if the reinsurer cannot meet its obligations. Therefore, the inability of the reinsurers to meet their financial obligations could materially affect the results of the VIVAT Group. Reinsurers are chosen with care, given the risk appetite and the reinsurance policy. Counterparties will be assessed on compliance with Solvency II (as defined below), rating, continuity, partnership, capacity and market experience. Despite the assessment and the periodic review of the financial statements and reputations of the reinsurers, the reinsurers may become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years.

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

Catastrophes could result in substantial impact on the business, revenues, results, financial condition and prospects of the VIVAT Group. Catastrophe risk can come about a single event, or series of events, that leads to a significant deviation in actual claims from the total expected claims that may exceed its established provisions. These unpredictable/unforeseeable events may affect multiple insured risks. Such events include both natural and man-made events, such as, but not limited to pandemics, weather

related events and man-made disasters such as civil unrest and terrorist attacks. The VIVAT Group has several reinsurance contracts to mitigate known risks (the placement of these reinsurance contracts is with a reinsurance panel, consisting of reinsurers which each should have a minimum credit rating of at least A-), but the extent of possible losses is still related to their frequency, the severity of each individual event, the availability of reinsurance options, the affordability of these options and their adequacy to protect against losses. Reinsurers may also default on their reinsurance obligations. In accordance with industry practices, provisions are established based on estimates using actuarial projection techniques. The process of estimating is based on information available at the time the provisions are originally established. Although the adequacy of the provisions are continually reviewed and believed to be sufficient, there is no assurance that actual claims will not exceed estimated claim provisions. An inadequate provision can lead to losses, premium events and massive loss of customers and even to abrupt interruption of activities.

### **Regulatory and Litigation Risks**

#### *The VIVAT Group operates in industries that are highly regulated*

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

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

Any delays or errors in implementing regulatory compliance could lead to substantial monetary damages and fines, loss of significant assets, public reprimands, a material adverse effect on the VIVAT Group's reputation, regulatory measures in the form of cease and desist orders, increased regulatory compliance requirements or other potential regulatory restrictions on the VIVAT Group's business, enforced suspension of operations and in extreme cases, withdrawal of licences or authorisations to operate

particular businesses, or criminal prosecution in certain circumstances, any of which could have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects.

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

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

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

Especially the expected implementation of IFRS 9 on 1 January 2018, and the expected, but yet to be issued, revised standard on insurance contracts – IFRS 17 on 1 January 2021, previously referred to as IFRS 4 phase II – will lead to changes in the VIVAT Group's reporting policies. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement of financial instruments (assets and liabilities), a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. In addition to these changes, the VIVAT Group may choose to adjust its reporting policies, if compliant with IFRS, in order to align its statutory reporting with its regulatory reporting. All changes in reporting standards, either mandatory or optional, may lead to material adverse effect on the VIVAT Group's reported results and reported financial condition. At this moment it is not possible to make a reliable quantified estimation of the impact of these changes on the results and financial condition of the VIVAT Group.

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

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

*Changes in tax laws and international developments*

Changes in tax laws, tax policy or case law may make some of the VIVAT Group's insurance, pensions, investment management and other products less attractive to customers, decreasing demand for certain of the VIVAT Group's products and increasing surrenders of certain of the VIVAT Group's in-force life insurance policies, which may have a material adverse effect on the VIVAT Group's business, revenues, results, financial condition and prospects. Changes in the applicable tax legislation, in the interpretation

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

*Litigation, regulatory measures and other proceedings or actions*

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

Increasingly, financial institutions are held liable by customers for actions of intermediaries even if there has been little to no control over the actions of such intermediaries. Also, the VIVAT Group is increasingly exposed to collective claims (with or without merit) from groups of customers or consumer organisations seeking damages for an unspecified or indeterminate amount or involving novel legal claims. These risks are often difficult to assess or to quantify and their existence and magnitude often remain unknown for substantial periods of time. It is inherently difficult to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings involving the VIVAT Group. General changes in legislation (including, without limitation, to further facilitate class actions) may affect the VIVAT Group adversely. Furthermore, changes to customer protection laws and regulations or to the interpretation and perception by both the public at large and governmental authorities of acceptable market practices, may influence client expectations as well as the interpretation of contract terms. Such changes may relate to the requirements to the duty of care of insurers during the lifecycle of insurance and pension products, such as specifications of annual reports to customers and any future demands of legislators and/or regulators to provide special, occasional information. Consequently, such changes may result in products not meeting client expectations and, consequently, clients making claims against the Group. Furthermore, such changes may result in clients, governmental authorities and courts interpreting contract terms differently than anticipated at the time such contract terms were determined. This risk arises particularly in respect of products with a long duration, which by nature may be subject to contract terms that have been determined without anticipating changes to customer protection regulations or to the interpretation and perception of acceptable market practices that may have occurred since. The costs to defend future actions may be significant. There may also be reputational damage and/or adverse publicity associated with litigation that could decrease customer acceptance of the VIVAT Group's products and services, regardless of whether the allegations are valid or whether the VIVAT Group is ultimately found liable (see also "*The VIVAT Group is exposed to risks of damage to its reputation*").

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

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

SRLEV has a portfolio of investment-linked insurances which consists of a variety of products with distinct characteristics and different versions of contractual documentation. SRLEV has concluded approximately 1.2 million investment-linked insurance policies, of which about 340,000 are still outstanding as of the date of this Prospectus, including both policies for which customers still pay premiums and policies for which customers no longer pay any premiums.

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

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

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

After entering into the Compensation Agreement, SRLEV – as a response to the lack of confidence resulting from the ongoing debates on the investment-linked insurances – took additional measures to

instigate clients, amongst others, to review their position and subsequently take adequate action. These measures are generally referred to as 'Additional Policy' (*Flankerend Beleid*). The Dutch Minister of Finance (the "**Minister**") formulated guidelines, commonly called "the best of class policy", which guideline SRLEV has implemented, and which focus on instigating clients to review their position and on insurers offering alternative products to these clients.

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

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

Up and until 31 March 2017, 213 legal proceedings were initiated against SRLEV, either before the civil courts or the complaints committee of KiFiD. 22 cases have resulted in a judgement, of which in only four cases damages were awarded (respectively for an amount of EUR 42,030). 65 of the 213 initiated proceedings were still pending on 31 March 2017, including collective proceedings initiated by the association Woekerpolis.nl (*Vereniging Woekerpolis.nl*) before the district court of Noord Holland. As per 31 March 2017, 126 of the 213 initiated proceedings were settled. The total of settlement amounts paid is approximately EUR 1,048,995 as per 31 March 2017. Although the number of cases in which insurers are ordered to pay damages is limited, SRLEV still receives new claims and new legal proceedings are still initiated, mostly before the complaints committee of KiFiD.

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

Financial Services advised the Dutch Association of Insurers (*Verbond van Verzekeraars*) to give SRLEV an official warning, which advice was followed.

On 18 July 2015, legislation became effective, obligating insurers to comply with target figures set by the AFM to instigate clients with NOPs, mortgage-linked insurances, pension-linked insurances and other investment-linked insurances to review their position and subsequently take adequate action. This legislation also enables the AFM to impose sanctions if instigation targets set by the AFM are not met by the insurers. At the date of this Prospectus, SRLEV expects to meet the formal legislative targets.

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

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

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

*VIVAT has provided several 403-Statements within the VIVAT Group*

VIVAT has provided a statement in accordance with section 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*) in relation to its (indirect) subsidiaries Bemiddelingskantoor Nederland B.V. (formerly known as SNS Verzekeringen B.V.) and Volmachtkantoor Nederland B.V., pursuant to which VIVAT declares itself to be jointly and severally liable for the legal acts performed by aforementioned entities. The 403-statement provided in relation to SRLEV was revoked in November 2015 and the 403-statement provided in relation to Proteq Levensverzekeringen N.V. ("**Proteq**") and Reaal Schadeverzekeringen

was revoked in January 2017. VIVAT can be held liable for any damages deriving from acts of these entities performed up until such revocation. This may adversely affect VIVAT's business, revenues, results, financial condition and prospects.

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

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

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

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

On 21 January 2016, the Dutch government proposed new legislation that requires the mandatory notification of serious security breaches in the key ICT systems and provides rules on processing of personal data related to cyber security incidents (*Wet gegevensverwerking en meldplicht cybersecurity*, the "**WGMC**"). The WGMC has been approved by the second Chamber of the Dutch Parliament and is currently under consideration by the Dutch Senate. As of the date of this Prospectus, it is unclear if and when the WGMC will come into force and what its scope would be. However, once adopted, compliance with cyber security and notification requirements of the WGMC could cause significant additional costs to the Group.

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

*Risks relating to the Dutch Intervention Act and the Act on Recovery and Resolution of Insurance Companies*

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

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

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

that the exercise of powers by DNB under the Act on Recovery and Resolution of Insurance Companies could have a material adverse effect on the performance by the failing institution, including VIVAT, of its payment and other obligations under debt securities, including the Notes, or result in the expropriation, write-off, write-down or conversion of securities such as shares and debt obligations, including the Notes, issued by the failing institution or its parent, including VIVAT.

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

With effect from 1 January 2014, insurers in the Netherlands are required to apply for a declaration of no objection (*verklaring van geen bezwaar*) ("**DNO**") in the event of a reduction of own funds if, at the time of the reduction, they do not satisfy the solvency capital requirement or it is likely that they will be unable to satisfy this requirement in the next twelve months. If a DNO is not received from DNB, no reduction of own funds will be allowed to be effected. VIVAT is a holding company and is dependent on loans, dividends and other payments from its operating subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends and payment of principal and interest on the Notes. Therefore, any such limitation on pay out of distributions by its subsidiaries to VIVAT will impact VIVAT's ability to fulfil its obligations under the Notes.

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

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

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

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

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

model. The internal model can be used in combination with, or as an alternative to, the standard formula as a basis for the calculation of an insurer's SCR. In the Netherlands, such a model must be approved by DNB.

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

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

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

Should the VIVAT Group not adequately comply with the Solvency II requirements in relation to capital, risk management, documentation, and reporting processes, this could have a material adverse effect on its business, revenues, solvency (via a DNB prescribed capital add-on), results, financial condition and prospects. Additionally, there is a risk of changes to the Solvency II requirements (for example regarding the level of the UFR, the last liquid point and the underlying portfolio of the VA) and/or differences in future interpretation by DNB of the Solvency II requirements and the current interpretation applied by VIVAT (for example regarding the application of the UFR in the profit sharing curve and recoverability and loss absorbing capacity of deferred taxes). All of these can have a material adverse effect on the VIVAT Group's business, revenues, solvency (via a DNB prescribed capital add-on), results, financial condition and prospects.

#### *Risks related to the VIVAT Group's mortgage business and applicable conduct of business regulation*

The VIVAT Group's activities in granting mortgage loans to consumers are subject to various conduct of business rules, in particular those implementing Directive 2014/17/EU of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 ("**Mortgage Credit Directive**"). The Mortgage Credit Directive aims to afford high level consumer protection throughout the EEA and applies to credit agreements which are secured either by a mortgage or by another comparable security on residential immovable property or the purpose of which is to acquire or retain property rights in land or in an existing or projected building. The main provisions of the directive include information requirements. In the pre-contractual phase, certain standardised information must be included in any advertising for credit agreements with consumers detailing information on the interest rate or indicating figures relating to costs of credit. In addition, providers of mortgage loans are required to ensure that consumers are provided with personalised information needed to compare mortgage credit available in the market. The directive obliges providers of mortgage loans to conduct a documented creditworthiness assessment before granting the

credit. The directive also imposes requirements on early repayment. Consumers must have the right to discharge fully or partially their obligations under a credit agreement prior to its expiry. In such cases, costs charged to consumers for early repayment are limited to actual costs. The rules implementing the Mortgage Credit Directive have been applicable as of 14 July 2016. The applicable conduct of business rules, and in particular the rules implementing the Mortgage Credit Directive, may adversely affect the VIVAT Group's business model, may force the VIVAT Group to make substantial investments and brings compliance risks to the VIVAT Group.

*Risk and impact of recent and ongoing financial regulatory reform initiatives*

Legislators and supervisory authorities, predominantly in Europe and in the United States but also elsewhere, are currently introducing and implementing a wide range of proposals that could result in major changes to the way the VIVAT Group's global operations are regulated and could have material adverse consequences for its business, business model, revenues, financial condition, results, reputation and prospects. The VIVAT Group may also be materially and adversely affected by changes in interpretation of existing rules, for example as a result of court judgments, or developing or changing views of regulators, tax authorities and other authorities on the application of rules. Changes in law also affect the VIVAT Group's business operations, revenues, results, financial condition and prospects. Currently, proposed or debated regulatory changes are likely to have a material impact on the VIVAT Group. Recent and ongoing prudential, conduct of business and more general regulatory and other legislative initiatives include but are not limited to:

- **EMIR.** Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on over-the-counter ("**OTC**") derivatives, central counterparties and trade repositories ("**EMIR**") has introduced new requirements to improve transparency and reduce the risks associated with the derivatives market. Some of these requirements have already entered into force, while others will do so in the near future. As a result, certain parties that enter into derivative contracts must report certain information on these contracts and their counterparties to a trade repository, apply risk mitigating techniques (including portfolio compression, marked-to-market valuation, and margining, if applicable) for all OTC derivative trades that are not cleared by a central counterparty, and clear OTC derivatives that are subject to a central clearing obligation set forth in EMIR through a central counterparty.
- **MiFID II.** MiFID II and a Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("**MiFIR**") will replace, extend and improve existing European rules on markets in financial instruments, will give more extensive powers to supervisory authorities and will introduce the possibility to impose higher fines in case of infringement of its requirements. Under MiFID II and MiFIR, rules on transparency and oversight of financial markets, including derivatives markets, will be extended to have a broader application. MiFID II will strengthen investor protection by introducing additional organisational and conduct requirements. Most rules of MiFIR will apply as of 3 January 2018; the rules of MiFID II must be transposed into the national jurisdictions of the EU Member States by 3 July 2017 and the EU Member States must apply most of these rules as from 3 January 2018.
- **PRIIPS.** The Packaged Retail Investment and Insurance Products Regulation ("**PRIIPS Regulation**") requires a key information document ("**KID**") to be provided when offering packaged retail investment and insurance products ("**PRIIPS**") to certain clients. This document must include information on the features, risks and costs of the relevant product. The PRIIPS Regulation covers, among other products, insurance-based investment products, structured

investment products and collective investment schemes. The PRIIPS Regulation will apply from 1 January 2018.

- **Financial transaction tax.** In February 2013, the EC published a proposed directive for a common financial transaction tax ("**FTT**") to be implemented in 11 participating EU Member States, being Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, which would together constitute the FTT-zone (the "**Participating Member States**"). As of the date of this Prospectus, it has not been proposed that the Netherlands become a Participating Member State. The proposed directive has a very broad scope. Under the proposed directive, the FTT could, if introduced in the form proposed in February 2013, among other things, levy a tax on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the FTT-zone. A financial institution may be, or be deemed to be, established in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State. On 10 October 2016, the Participating Member States, minus Estonia, reached political agreement as to the core of the FTT, but further details remain subject to negotiation between the Participating Member States and may be the subject of further legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional member states of the European Economic Area may decide to participate and/or certain of the Participating Member States may decide to withdraw. If the FTT were to come into force and to the extent the FTT were to apply, the VIVAT Group could incur significant additional costs.
- **FATCA.** Based on sections 1471-1474 of the United States Internal Revenue Code of 1986, as amended ("**U.S. Internal Revenue Code**") and Treasury Regulations thereunder, a 30% withholding tax may be imposed on U.S. source payments to a non-U.S. (foreign) financial institution (an "**FFI**"), unless the FFI either concludes an agreement with the United States Internal Revenue Service, under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements (an "**FFI Agreement**") or is based in a jurisdiction where the local government has concluded an inter-governmental agreement with the U.S. to facilitate the implementation of FATCA, as defined below (an "**IGA**"). On 18 December 2013, the U.S. and the Netherlands entered into an IGA. The VIVAT Group intends to continuously comply with the requirements of any IGA, or local legislation implementing an IGA, that is applicable to any VIVAT Group company. The Foreign Account Tax Compliance Act ("**FATCA**") has had and may continue to have a considerable administrative impact on the VIVAT Group, particularly on its client on-boarding processes, client administration and reporting systems.
- **4th EU AML/CFT Directive.** On 26 June 2015, Directive (EU) No 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (the "**4th EU AML/CFT Directive**"), entered into force, enhancing the existing EU measures to combat money laundering and the financing of terrorism. The provisions of the directive will need to be transposed into the laws of the EU Member States and must be applied by 26 June 2017 (in the Netherlands already implemented in the Money Laundering and Terrorist Financing Prevention Act (*Wet ter voorkoming van witwassen en financieren van terrorisme* or *WWFT*)). Important changes in the EU requirements regarding anti-money

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

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

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

#### **Risk Related to the Legal Structure of the VIVAT Group**

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

VIVAT is a holding company with no material, direct business operations. Nevertheless, all employees within the VIVAT Group are employed by VIVAT and VIVAT operationally runs the various staff departments. Consequently, VIVAT pays all costs relating to employment (however, these costs are pushed down to the operating subsidiaries). The principal assets of VIVAT are the equity and debt interests it directly or indirectly holds in its operating subsidiaries. As a result, VIVAT's business, revenues, results, financial condition and prospects are substantially dependent on the trading performance of its consolidated subsidiaries. VIVAT's ability to pay amounts due on the Notes will depend upon the level of distributions, interest payments and loan repayments, if any, received from VIVAT's operating subsidiaries, any amounts received on asset disposals and the level of cash balances. The ability of VIVAT's subsidiaries to make such distributions and other payments depends on their earnings and solvency position and may be subject to regulatory limitations as set out in the risk factor "*Additional requirements for Dutch insurers to repay capital or to pay out distributions from reserves*" above and to other legal and regulatory limitations.

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

## **Risks Related to the Notes**

### **General Risks Relating to the Notes**

#### *Independent review and advice*

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

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes. A prospective investor may not rely on VIVAT or Deutsche Bank AG, London Branch (the "**Sole Lead Manager**") or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

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

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this 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 Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, bearing in mind that the currency for principal or interest payments may be different from the potential Investor's Currency (as defined below);
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

#### *Legality of purchase*

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

#### *Regulatory and legal investment considerations may restrict certain investments*

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

#### *Modification, waivers and substitution*

The agency agreement dated 17 May 2017 made between VIVAT and the Paying Agent (as amended and/or supplemented and/or restated from time to time) (the "**Agency Agreement**") contains provisions for calling meetings of holders of the Notes ("**Noteholders**") to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### *Taxation*

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. The tax consequences on Noteholders in the Netherlands is summarised in the chapter "*Taxation*". Potential investors cannot rely upon such tax summary contained in this Prospectus but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only this adviser is in a position to duly consider the specific situation of the

potential investor. This risk factor has to be read in connection with the taxation sections of this Prospectus.

#### *Foreign Account Tax Compliance Act*

Whilst the Notes are in global form and held by Euroclear and Clearstream (together the international central securities depositaries, "ICSDs") in all but the most remote circumstances it is not expected that Sections 1471 through 1474 of the U.S. Internal Revenue Code or regulations and other authoritative guidance thereunder, *i.e.*, the FATCA, will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA may also affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of FATCA withholding, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

On 18 December 2013 the Netherlands and the U.S. signed an IGA for the automatic exchange of data between the tax authorities of both countries in relation to the implementation of FATCA. The IGA has been implemented in Dutch law in the Act on international assistance for levying taxes. On the basis of the IGA and the Dutch implementation thereof, VIVAT is treated as a Reporting Foreign Financial Institution ("**FFI**") for purposes of FATCA. As such VIVAT has registered itself with the U.S. Internal Revenue Service. As FFI, VIVAT should not be subject to FATCA withholding. The obligations of VIVAT under FATCA include reporting certain information to the Dutch tax authorities and obtaining information from its account holders, which may include investors in the Notes.

Investors should choose custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

Pursuant to the Terms and Conditions, VIVAT's obligations under the Notes are discharged once it has paid the ICSDs (as bearer of the Notes) and neither VIVAT nor any Paying Agent will be required to pay Additional Amounts (as defined below) should FATCA withholding apply to any amount transmitted through the ICSDs and thereafter through custodians or other intermediaries.

#### *Change of law and jurisdiction*

The Terms and Conditions are based on Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Dutch law or administrative practice or in the official application or interpretation of Dutch law after the date of this Prospectus. Prospective investors should note that the Dutch courts shall have jurisdiction in respect of any disputes involving the Notes. Noteholders may take any suit, action or proceedings arising out of or in connection with the Notes against VIVAT in any court of competent jurisdiction. Dutch law may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes.

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

The Notes are expected to be rated BBB- by Fitch. The credit rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may

affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

*Any decline in the credit ratings of the Notes may affect the market value of the Notes*

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

*An active trading market for the Notes may not develop*

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

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

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

*Exchange rate risks and exchange controls*

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

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

*Integral multiples of less than EUR 100,000*

The denomination of the Notes is EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. Therefore, it is possible that the Notes may be traded in amounts in excess of EUR 100,000 that are not integral multiples of EUR 100,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than EUR 100,000 will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of

Notes such that it holds an amount equal to one or more denominations.

*VIVAT may redeem the Notes prior to maturity*

The Terms and Conditions provide that VIVAT may at its option and in certain limited circumstances redeem the Notes prior to maturity. Such redemption may take place at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and/or may forego a capital gain in respect of the Notes that would have otherwise arisen but for such redemption.

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

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

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

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

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

## IMPORTANT INFORMATION

### Responsibility Statement

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

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

The Sole Lead Manager expressly does not undertake to review the financial condition or affairs of VIVAT during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

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

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

### Offering Restrictions

This Prospectus should not be considered as a recommendation by VIVAT or the Sole Lead Manager that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of VIVAT and of the suitability of an investment in the Notes in light of its own circumstances.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. VIVAT and the Sole Lead Manager do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by VIVAT or the Sole Lead Manager which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any

advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the United Kingdom, see "*Subscription and Sale*".

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

## Miscellaneous

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

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

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

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

The Notes are intended to be held in a manner which would allow eligibility for the central banking system for the euro ("**Eurosystem**"). This simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not 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.

## KEY FEATURES OF THE NOTES

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

<b>Issuer:</b>	VIVAT N.V.
<b>The Notes:</b>	EUR 650,000,000 2.375% Notes due 2024, to be issued by VIVAT on 17 May 2017.
<b>Fiscal Agent:</b>	ABN AMRO Bank N.V.
<b>Sole Lead Manager:</b>	Deutsche Bank AG, London Branch.
<b>Interest:</b>	The Notes bear interest from, and including, 17 May 2017 at the rate of 2.375% per annum payable annually in arrear on 17 May in each year.
<b>Redemption:</b>	Except as provided in (i) Condition 6.2 ( <i>Redemption for taxation reasons</i> ), the Notes may not be redeemed before their final maturity on 17 May 2024.
<b>Cross Default:</b>	The terms of the Notes contain a cross default provision which is described in Condition 9.1(c) of the Terms and Conditions.
<b>Negative Pledge:</b>	The terms of the Notes contain a negative pledge provision which is described in Condition 3 of the Terms and Conditions.
<b>Status of the Notes:</b>	The Notes will constitute direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of VIVAT and will rank <i>pari passu</i> among themselves, with all other outstanding unsecured and unsubordinated obligations of VIVAT, present and future, but only to the extent permitted by applicable laws relating to creditors' rights.
<b>Meetings of Noteholders:</b>	The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
<b>Modification and Substitution:</b>	The Terms and Conditions and the Agency Agreement contains provisions for, <i>inter alia</i> , modification of any of the provisions of Notes or the substitution of VIVAT by any directly or indirectly wholly owned subsidiary of VIVAT as principal debtor in respect of the Notes and the

Coupons, as further described in Condition 12 and Condition 13 of the Terms and Conditions.

<b>Withholding Tax and Additional Amounts:</b>	If applicable law should require that payments of principal or interest made by VIVAT in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever levied by the Netherlands, VIVAT will, to the fullest extent then permitted by law, pay such additional amounts (" <b>Additional Amounts</b> ") as shall result in receipt by the Noteholders and the holders of the interest coupons appertaining to the Notes (" <b>Couponholders</b> ") of such amounts as would have been received by them had no such withholding or deduction been required, subject to customary exceptions, as described in Condition 7 of the Terms and Conditions.
<b>Listing and Admission to Trading:</b>	Application has been made for the listing and trading of the Notes on Euronext Amsterdam.
<b>Governing Law:</b>	The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, Dutch law.
<b>Form:</b>	The Notes will be issued in bearer form in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000.
<b>Credit Ratings:</b>	<p>The Notes are expected to be assigned on issue a rating of BBB- by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and is subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of a credit rating assigned to VIVAT may adversely affect the market price of the Notes.</p> <p>Fitch is established in the EU and is registered under the Regulation (EC) No 1060/2009 on credit rating agencies, as amended.</p>
<b>Selling Restrictions:</b>	The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions only in compliance with applicable laws and regulations. See " <i>Subscription and Sale</i> " below.
<b>Risk Factors:</b>	There are certain factors that may affect VIVAT's ability to fulfil its obligations under the Notes. These are set out under " <i>Risk Factors</i> " above and include various risks relating to VIVAT's business. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. These are set out under " <i>Risk Factors</i> " and include the fact that the

Notes may not be a suitable investment for all investors and certain market risks.

**Use of Proceeds:**

The net proceeds from the issue of the Notes will be applied by VIVAT to strengthen the capital position of its subsidiaries to support their future growth. This growth can be achieved organically and/or through acquisitions. Any remaining proceeds will be applied for general corporate purposes.

**International Securities Identification  
Number ("ISIN"):** XS1600704982

**Common Code:** 160070498

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions which (subject to modification) will be endorsed on each Note in definitive form:*

The EUR 650,000,000 2.375% Notes due 2024 ("**Notes**") (which term in these Terms and Conditions, unless the context otherwise requires, include any further notes issued pursuant to condition 14 and forming a single series with the Notes are issued subject to and with the benefit of an agency agreement dated 17 May 2017 (as amended and/or supplemented and/or restated from time to time) (the "**Agency Agreement**") made between VIVAT N.V. ("**VIVAT**" or the "**Issuer**"), ABN AMRO Bank N.V. as fiscal agent (the "**Fiscal Agent**"), the principal paying agent ("**Principal Paying Agent**") and agent bank and the other initial paying agents named in the Agency Agreement (together with the Fiscal Agent, the "**Paying Agents**").

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

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and Denomination

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

#### 1.2 Title

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

#### 1.3 Holder Absolute Owner

The Issuer and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

### 2. STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but only to the extent permitted by applicable laws relating to creditors' rights.

### 3. **NEGATIVE PLEDGE**

#### 3.1 **Negative Pledge**

So long as any of the Notes remain outstanding (as defined in the Agency Agreement), the Issuer will not, and the Issuer will procure that none of its Material Subsidiaries (as defined below) will, create or permit to subsist any Encumbrance (as defined below) (other than a Permitted Encumbrance (as defined below)) upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness (as defined below) of any person without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

#### 3.2 **Interpretation**

For the purposes of this condition 3:

**"Encumbrance"** means any mortgage, charge, pledge, lien or other encumbrance.

**"Permitted Encumbrance"** means (i) an Encumbrance over any asset in the form as specified under Relevant Indebtedness, whether arising under any plan of securitisation or repackaging of the Issuer or any subsidiary thereof; and (ii) an Encumbrance created or permitted to subsist by the Issuer or its Subsidiaries over mortgage loans and mortgage receivables of the Issuer or its Subsidiaries.

**"Relevant Indebtedness"** means (i) any indebtedness for or in respect of any form of securities, including but not limited to any bond, note, debenture, debenture stock, loans stock or certificate in physical form which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market; and (ii) any guarantee or indemnity in respect of any such indebtedness.

**"Material Subsidiary"** means at any time any Subsidiary (i) which is a licensed bank or an insurer within the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) ("**DFSA**"), or (ii) which has gross premium income or operating income representing 10% or more of the consolidated gross premium income or operating income, as applicable, of VIVAT and its subsidiaries within the meaning of Section 2:24b of the Dutch Civil Code ("**VIVAT Group**"), in each case as specified in the latest relevant audited financial statements, or (iii) which has assets representing 10% or more of the consolidated assets of the VIVAT Group, as specified in the latest relevant audited financial statements.

**"Subsidiary"** means a subsidiary within the meaning of Section 2:24a of the Dutch Civil Code.

### 4. **INTEREST**

#### 4.1 **Interest Rate and Interest Payment Dates**

The Notes bear interest from and including 17 May 2017 at the rate of 2.375% per annum, payable annually in arrear on 17 May (each an "**Interest Payment Date**"). The first payment (representing a full year's interest) from and including 17 May 2017 to but excluding 17 May 2018 and amounting to EUR 23.75 per EUR 1,000 principal amount of Notes) shall be made on 17 May 2018.

## **4.2 Interest Accrual**

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with condition 11.

## **4.3 Calculation of Broken Interest**

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated by applying the rate of 2.375% per annum to each EUR 1,000 principal amount of Notes (the "**Calculation Amount**") and on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Date**") to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date. The resultant figure shall be rounded to the nearest cent, half a cent being rounded upwards. The interest payable in respect of a Note shall be the product of such rounded figure and the amount by which the Calculation Amount is multiplied to reach the denomination of the relevant Note, without any further rounding.

# **5. PAYMENTS**

## **5.1 Payments in respect of Notes**

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

## **5.2 Method of Payment**

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

## **5.3 Missing Unmatured Coupons**

Each Note should be presented for payment together with all unmatured Coupons, failing which the full amount of any missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of five years after the Relevant Date (as defined in condition 7) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to condition 8) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

#### 5.4 Payments Subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code or otherwise imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of condition 7) any law implementing an intergovernmental approach thereto.

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

#### 5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date (as defined below) and shall not, except as provided in condition 4, be entitled to any further interest or other payment if a Presentation Date is after the due date.

**"Presentation Date"** means a day which (subject to condition 8):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

In this condition, **"Business Day"** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and **"TARGET2 Settlement Day"** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

#### 5.6 Initial Paying Agents

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

- (a) there will at all times be a Fiscal Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be at least one Paying Agent (which may be the Fiscal Agent) having a specified office in the place required by the rules and regulations of the relevant stock exchange or any other relevant authority;
- (c) The Issuer undertakes that it will ensure that it maintains a Paying Agent with an office in a member state of the European Union ("**EU Member State**") that is not obliged to withhold or deduct tax pursuant to European Council Directive No 2003/48/EC or any

law implementing or complying with, or introduced in order to conform to, such Directive; and

- (d) there will at all times be a Paying Agent with an office in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any variation, termination, appointment and/or of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with condition 11.

## **6. REDEMPTION AND PURCHASE**

### **6.1 Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 17 May 2024.

### **6.2 Redemption for Taxation Reasons**

If:

- (a) as a result of any change in, or amendment to, the laws or regulations of the Netherlands, or any change in the application or official interpretation of the laws or regulations of the Netherlands, which change or amendment becomes effective after 15 May 2017, on the next Interest Payment Date the Issuer would be required to pay Additional Amounts as provided or referred to in condition 7; and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with condition 11 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, 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 paragraph, the Issuer shall deliver to the Fiscal Agent to make available at its specified offices to the Noteholders (i) a certificate signed by two members of the executive board of the Issuer stating 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 (ii) 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 the change or amendment.

### **6.3 Purchases**

The Issuer or any of its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. If purchases are made by tender, tenders must be available to all Noteholders alike.

#### 6.4 Cancellations

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries will forthwith be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be reissued or resold.

#### 6.5 Notices Final

Upon the expiry of any notice as is referred to in paragraph 6.2 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

### 7. TAXATION

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

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

- (a) Other connection: to, or to a third party on behalf of, a Noteholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Netherlands other than the mere holding of the Note or Coupon; or
- (b) Presentation more than 30 days after the Relevant Date: presented for payment more than thirty 30 days after the Relevant Date except to the extent that the Noteholder or Couponholder would have been entitled to such Additional Amounts on presenting it for payment on the last day of such period of 30 days; or
- (c) Payment by another Paying Agent: presented for payment by or on behalf of a Noteholder or Couponholder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in an EU Member State.

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

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

### 8. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of five years (in the case of principal) and five years (in the case of interest) from the Relevant Date in

respect of the Notes or, as the case may be, the Coupons, subject to the provisions of condition 5.

## **9. EVENTS OF DEFAULT**

### **9.1 Events of Default**

If any of the following events (each an event of default) shall have occurred and be continuing:

- (a) if default is made for more than 14 days in the payment of any principal or interest due in respect of the Notes; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Notes and such failure had continued for the period of 30 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (c) if (i) any indebtedness for money borrowed or raised (in an aggregate principal amount equal to or greater than EUR 5,000,000 or its equivalent in other currencies) of the Issuer or any Material Subsidiary (as defined below) is not paid when due, or, as the case may be, within any originally applicable grace period; (ii) any such indebtedness of the Issuer or any Material Subsidiary in an aggregate principal amount as aforesaid becomes, or becomes capable of being declared, due and payable prior to its stated maturity other than at the option of the Issuer or any such Material Subsidiary; or (iii) the Issuer or any Material Subsidiary fails to pay when due any amount payable by it under any guarantee or indemnity given by it in respect of any indebtedness for money borrowed or raised in an aggregate principal amount as aforesaid; or
- (d) (i) the Issuer or any Material Subsidiary is declared bankrupt, (ii) files a petition for (preliminary) suspension of payments (*voorlopige surseance van betaling*) or (iii) is subjected to the emergency regime (*noodregeling*) as referred to in section 3:160 of the DFSA; or
- (e) (i) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer or any Material Subsidiary unless this is done in connection with a merger, consolidation or other form of combination or this involves a solvent liquidation of a Material Subsidiary or (ii) 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 or this involves a solvent liquidation,

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 an amount of EUR 1,000 per Calculation Amount together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

### **9.2 Interpretation**

For the purposes of this condition 9:

**Material Subsidiary** means any Subsidiary of the Issuer, which is a licensed bank or an insurer within the meaning of the DFSA.

## **10. REPLACEMENT OF NOTES AND COUPONS**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **11. NOTICES**

### **11.1 Notices to the Noteholders**

Notices to Noteholders will be valid if published in the English language in a leading newspaper having general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*). So long as the Notes are listed and traded on Euronext Amsterdam and the rules of such regulated market so require, notices shall also be published through a press release which will also be made available on the website of the Issuer ([www.vivat.nl](http://www.vivat.nl)).

### **11.2 Notices from the Noteholders**

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Fiscal Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

## **12. MEETINGS OF NOTEHOLDERS AND MODIFICATION**

### **12.1 Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Terms and Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50% in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes any matter defined in the Agency Agreement as a Basic Terms Modification, including the modification of certain of these Terms and Conditions (including the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding or (iii) consent given by way of Electronic Consents (as defined below) through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

## 12.2 Modification

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification of, the Notes, the Coupons or any of the provisions of the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law, or
- (b) any modification (except a Basic Terms Modification (being a matter in respect of which an increased quorum is required as mentioned above)) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders.

Any modification shall be binding on the Noteholders and the Couponholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with condition 11.

## 13. SUBSTITUTION

### 13.1 Conditions Precedent to Substitution

The Issuer may, without the consent of the Noteholders, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer as principal debtor (the "**Substituted Debtor**") in respect of the Notes provided that:

- (a) 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 to be bound by the Terms and Conditions and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute);
- (b) without prejudice to the generality of subparagraph 13.1(a) above, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of condition 7 with the substitution for the references to the Netherlands of references to the territory or territories in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes;
- (c) the Documents shall contain a warranty and representation by the Substituted Debtor (i) that the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents and that all such approvals and consents are in full force and effect and (ii) that the obligations assumed by the Substituted Debtor under the Documents are all legal, valid and binding in accordance with their respective terms;
- (d) each stock exchange on which the Notes are listed shall have confirmed that following the proposed substitution of the Substituted Debtor the Notes will continue to be listed on such stock exchange;

- (e) 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 lawyers in the jurisdiction in which the Substituted Debtor is situated 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 the substitution of the Substituted Debtor for the Issuer and to be available for inspection during normal business hours by Noteholders at the specified office of the Fiscal Agent;
- (f) 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 will constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than 3 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
- (g) condition 9 shall be deemed to be amended so that it shall also be an event of default under the said condition if the Guarantee (as defined below) shall cease to be valid or binding on or enforceable against the Issuer,

and (if the Substituted Debtor is not the Issuer) upon the Notes and Coupons becoming valid and binding obligations of the Substituted Debtor, the Issuer undertakes that it will irrevocably and unconditionally guarantee in favour of each Noteholder and Couponholder the payment of all sums payable by the Substituted Debtor as such principal debtor (such guarantee of the Issuer to be substantially in the form scheduled to the Agency Agreement and herein referred to as the "**Guarantee**").

### **13.2 Assumption by Substitute Debtor**

Upon execution of the Documents as referred to in paragraph 13.1 above, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release VIVAT as issuer (or such previous substitute as aforesaid) from all of its obligations as principal debtor in respect of the Notes.

### **13.3 Deposit of Documents**

The Documents shall be deposited with and held by the Fiscal Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor shall acknowledge in the Documents the right of every Noteholder to production of the Documents for the enforcement of any of the Notes or the Documents.

### **13.4 Notice of Substitution**

Not less than 15 days after execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with condition 11.

## **14. FURTHER ISSUES**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes, having terms and conditions the same as those of the Notes, or

the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

## **15. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **15.1 Governing Law**

The Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection therewith are governed by, and construed in accordance with Dutch law.

### **15.2 Submission to Jurisdiction**

The Issuer submits for the exclusive benefit of the Noteholders and the Couponholders to the jurisdiction of the courts of Amsterdam, the Netherlands, judging in first instance, and in its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit action or proceedings arising out of or in connection with the Agency Agreement, the Notes and the Coupons may be brought in any other court of competent jurisdiction.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES**

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

### **1 Exchange**

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

- (a) Closure of clearing systems: Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system is available;
- (b) an event of default (as set out in condition 9 of the Terms and Conditions) has occurred and is continuing; or
- (c) Payment of additional amounts: VIVAT has or will become obliged to pay additional amounts as provided for or referred to in condition 7 (Taxation) which would not be required were the Notes represented in definitive form.

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

### **2 Payments**

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

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

VIVAT's obligation to pay principal and interest on the Notes is discharged once it has paid the Paying Agent and/or Euroclear and Clearstream, Luxembourg (as bearers of the Notes), and VIVAT has

therefore no responsibility for any withholding or deduction on payments made thereafter through or by the Paying Agent, Euroclear and Clearstream (Luxembourg), custodians or intermediaries.

### **3 Notices**

Notwithstanding condition 11 (Notices), while all the Notes are represented by a Global Note and such Global Note is deposited with a common safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with the condition 11 (Notices) on the date of delivery to Euroclear and Clearstream, Luxembourg.

### **4 Meetings**

The holder of a Global Note shall (unless such Global Note represents only one Note) be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each EUR 1,000 in principal amount of Notes.

### **5 Cancellation**

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

### **6 Electronic Consent and Written Resolution**

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

- (a) approval of a resolution proposed by VIVAT given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90% in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, VIVAT shall be entitled to rely on consent or instructions given in writing directly to VIVAT by accountholders in the clearing system with entitlements to such Global Note or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, VIVAT obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, commercially reasonable evidence includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of

interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. VIVAT shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes will be applied by VIVAT to strengthen the capital position of its subsidiaries to support their future growth. This growth can be achieved organically and/or through acquisitions. Any remaining proceeds will be applied for general corporate purposes.

## INFORMATION ABOUT VIVAT AND BUSINESS OVERVIEW

### General

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

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

As of 31 March 2017, the authorised share capital of VIVAT amounts to EUR 1,192,500 which is divided in 2,385 ordinary shares with a nominal value of EUR 500 each. 477 shares (20%) are issued and outstanding. As of 31 March 2017, the sole shareholder of VIVAT is Anbang Group Holdings Co. Ltd, which owns all issued and outstanding shares (477 fully paid up shares). VIVAT operates as a standalone Dutch insurance company within the Anbang group of companies, with Anbang as its sole shareholder.

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

### History

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

#### **Description of History**

Vivat's history dates back to the beginning of the 20<sup>th</sup> century when two insurance companies, Concordia and De Centrale, were founded. These two companies were closely related to two trade unions and merged in 1990 after the merger of these trade unions and formed the REAAL group together with several small banks. During the 1990s, the REAAL group, which was partially owned by

the trade union, grew significantly through acquisitions of Proteq and the Alkmaar based insurance company Hooqe Huys.

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

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

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

### **Nationalisation and Disentanglement of SRH N.V. (formerly known as SNS REAAL N.V.)**

#### **Nationalisation**

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

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

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

#### **Disentanglement of SRH N.V. (formerly known as SNS REAAL N.V.)**

The disentanglement of the banking and insurance businesses of SRH N.V. took place in 2014. Subsequently, SRH N.V. became a financial holding company and was no longer an integrated *banc-assurance* business. Although, as a consequence of the disentanglement and divestment of Volksbank and VIVAT, operational links between the two companies were terminated, Volksbank and the VIVAT Group continue their cooperation in commercial activities through a long-term distribution agreement.

Pursuant to the long-term distribution agreement, the VIVAT Group will continue to provide the (administrative) services for property and casualty insurance (e.g., car insurance) provided by Volksbank under the SNS brand. Also, the insurance policies sold by Volksbank are under certain conditions placed on the balance sheet of VIVAT Group. In addition, ACTIAM manages assets for Volksbank, has a distribution agreement with Volksbank for the distribution of alternative investment funds and acts as alternative investment fund manager for SNS Beleggingsfondsen N.V. and ASN Beleggingsfondsen N.V.

Furthermore, there are still certain legal links between Volksbank and the VIVAT Group that will need attention and possibly amendments from time to time. Two examples of this are the following: (i) the link via Stichting Pensioenfonds SNS REAAL. The VIVAT Group's employees' pension schemes and the employees' pension schemes of Volksbank are administered by Stichting Pensioenfonds SNS REAAL. In the future, a separation might become an option and (ii) the bank provides certain mortgage loan services for certain mortgage loan portfolios.

### **Current Shareholder: Anbang Group Holdings Co. Ltd.**

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

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

Anbang, as the sole shareholder of VIVAT, has the option to influence the strategy of the VIVAT Group by appointing members of VIVAT's executive board (*raad van bestuur*) (the "**Executive Board**") upon a binding nomination of VIVAT's supervisory board (*raad van commissarissen*) (the "**Supervisory Board**"). The members of the Supervisory Board are appointed by Anbang upon nomination of the Supervisory Board, which nomination should include candidates recommended by Anbang for no less than 49% of the total number of Supervisory Board members. The Executive Board, representing VIVAT as shareholder of VIVAT's subsidiaries, may appoint the executive boards and supervisory boards of such subsidiaries (which, in case of SRLEV, Reaal Schadeverzekeringen and Proteq, requires VIVAT to obtain the approval of Anbang). Currently, the composition of the Executive Board and of the Supervisory Board of VIVAT is identical to the composition of the executive boards and supervisory boards of VIVAT's subsidiaries SRLEV, Reaal Schadeverzekeringen and Proteq Leven. The members of the Executive Board and of the Supervisory Board ensure due consideration of Anbang's interest in performing their function (within the limits of their statutory duty to perform their duties in the interest of VIVAT and the business connected with it, thereby taking into account the interests of all relevant

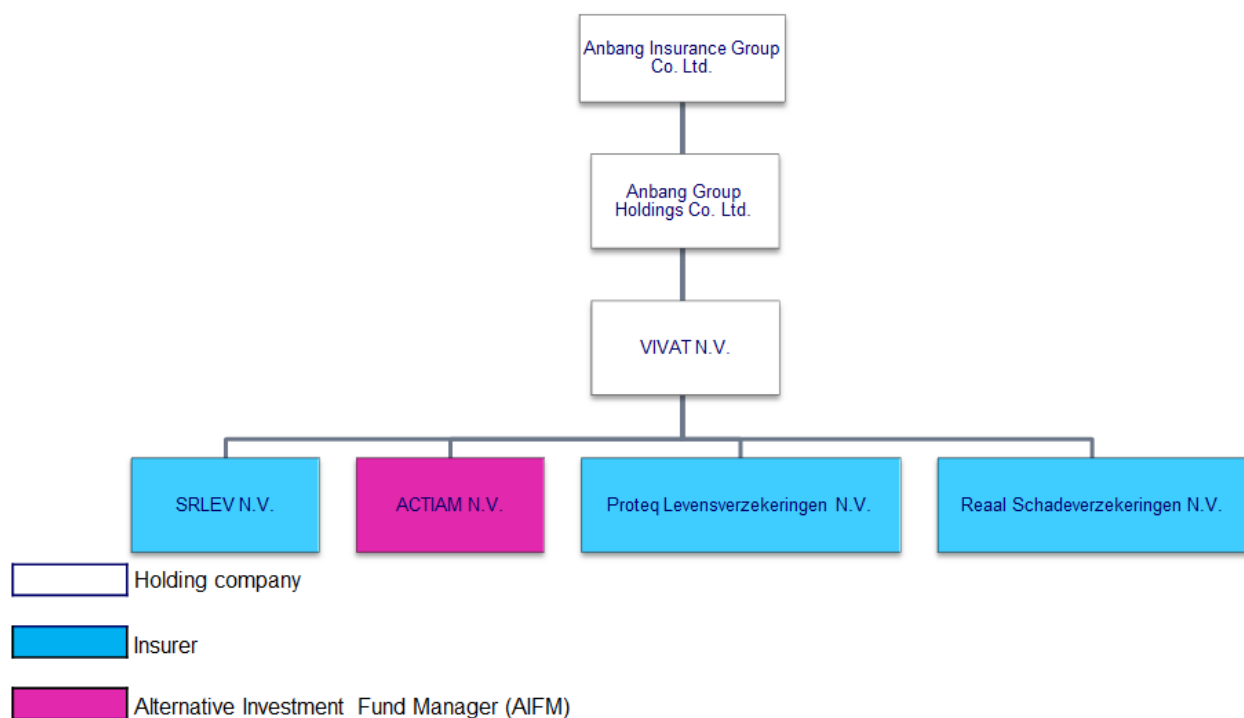
stakeholders of VIVAT and not exclusively the interests of Anbang as VIVAT's sole shareholder). See also "*Corporate Governance*" for more information.

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

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

## Organisational Structure

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



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

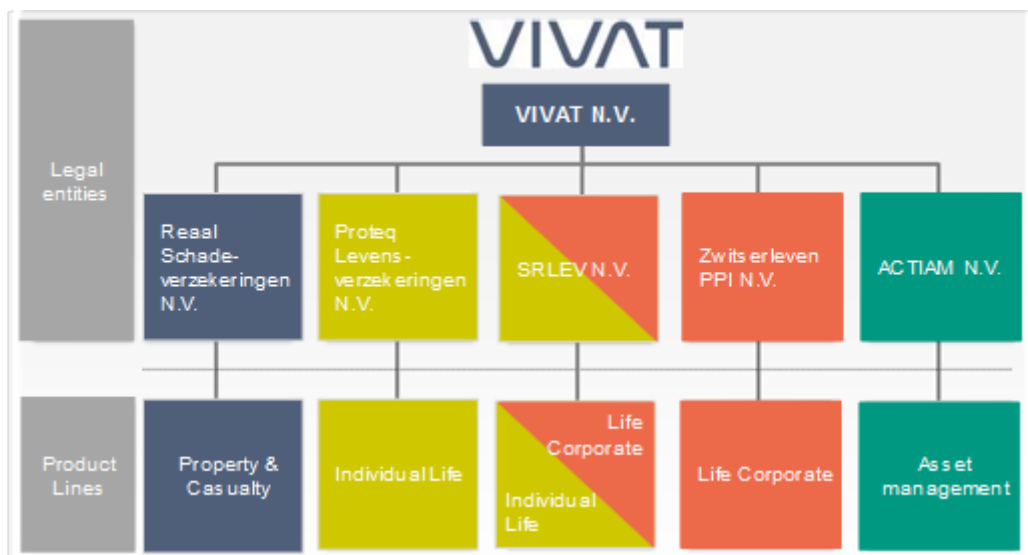
## Business

### Overview

Having generated EUR 2,508 million in gross written insurance premiums in 2016, the VIVAT Group is one of the largest insurance companies in the Netherlands in the non-life and life insurance segments (measured by gross written premiums, source: data individual insurers provided by DNB). VIVAT is a

holding company with no material, direct business operations, but does employ all personnel and services of the business with staff support.

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



### **Product Lines**

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

### **Property & Casualty**

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

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

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

P&C distributes through four main brands:

- Reaal;
- Zelf: an online insurer;
- Proteq Dier & Zorg: exclusively offers healthcare insurance for pet dogs and cats. VIVAT believes that this brand is the market leader in the Netherlands in the market for pet dogs and cats (measured in gross written premiums); and

- **Route Mobiel:** Route Mobiel offers mobility-related insurance: roadside assistance, travel, motor. It is the second roadside assistance organisation in the Netherlands (measured in gross written premiums, source: VIVAT annual report 2015).

### **Individual Life**

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

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

### **Life Corporate**

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

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

### **Asset Management**

Asset Management operates under the brand name ACTIAM. ACTIAM qualifies as a manager (*beheerder*) of alternative investment funds. With around 130 employees, ACTIAM manages investment funds structured as a fund for joint account (*fonds voor gemene rekening*) and investment companies with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*), each of which qualifies as an alternative investment fund. ACTIAM provides (i) alternative investment funds to distribution partners (such as product lines Life Corporate, Individual Life and P&C, Volksbank N.V. and other (external) distribution partners), in addition to direct distribution via the brand ACTIAM, (ii) a full range of asset

management services to institutional customers and (iii) portfolio management (administration) to a selected group of partners. As per 31 December 2016, ACTIAM had EUR 54.6 billion of assets under management. The majority of assets under ACTIAM's management are own account assets of the other product lines of VIVAT, which together represented 53.9% of assets under management as at 31 December 2016. ACTIAM mainly invests in Euro government bonds, Euro credit, European equities and tracks global equities indexes. ACTIAM cooperates with external managers for specialist asset classes such as U.S., Asian and emerging markets equities, leveraged loans, emerging markets debt and high yield bonds. VIVAT believes that ACTIAM is the sixth largest alternative investment fund provider for Dutch retail investors with a market share of 6.2% as of 31 December 2016 (measured in assets under management). In the course of 2017, ACTIAM will outsource certain of its mid and back offices services relating to asset management to BNP Paribas.

## Strategic Objectives

### General

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

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

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



### Pillar I: Create a sustainable, standalone position

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

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

### Pillar II: Accelerate profitable growth

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

The initiatives can be clustered in four themes:

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

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

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

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

### **Strategic Objectives Product Lines**

#### **P&C**

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

#### **Individual Life**

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

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

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

#### **Life Corporate**

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

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

### **Asset Management**

Asset Management's strategy is to further strengthen the partnership model with a selected group of partners (such as the VIVAT Group and Volksbank). ACTIAM (the brand name of Asset Management) focusses on providing mutual funds to distribution partners (such as SRLEV, Volksbank and other (external) distribution partners) and on investments in Environmental Social Governance ("**ESG**") funds. ACTIAM is also managing the own account assets of the VIVAT Group. ACTIAM will continue to profile itself as an active shareholder (through voting and engagement) in the companies in which investments are made. In addition, ACTIAM intends to create value through the development, promotion and/or distribution of impact investment solutions and to introduce new products that are expected to be in high demand in the coming years (*e.g.*, impact funds, ESG index funds and ESG multi asset funds).

Forward looking, ACTIAM's strategy has six pillars:

1. a distinctive customer experience;
2. expansion in EMEA region and roll-out of ACTIAM international product offering;
3. recognised thought leadership around ESG and impact investing;
4. strong governance and control while securing sustainable cost competitiveness;
5. strategic accelerators within the European asset management landscape, collaboration within Anbang and third party partnerships; and
6. a culture of customer centricity, high performance, innovation, vitality and collaboration.

## **Risk Management**

### **General**

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

The Executive Board has set guidelines in the areas of strategy, culture and risk governance in order to enable risk assessments to be performed properly and efficiently. These guidelines apply to the entire organisation. The VIVAT Group seeks to have an open culture in which risks can be discussed, employees feel a responsibility to share information on risks and (pro)active risk management is appreciated.

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

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

### **Overview**

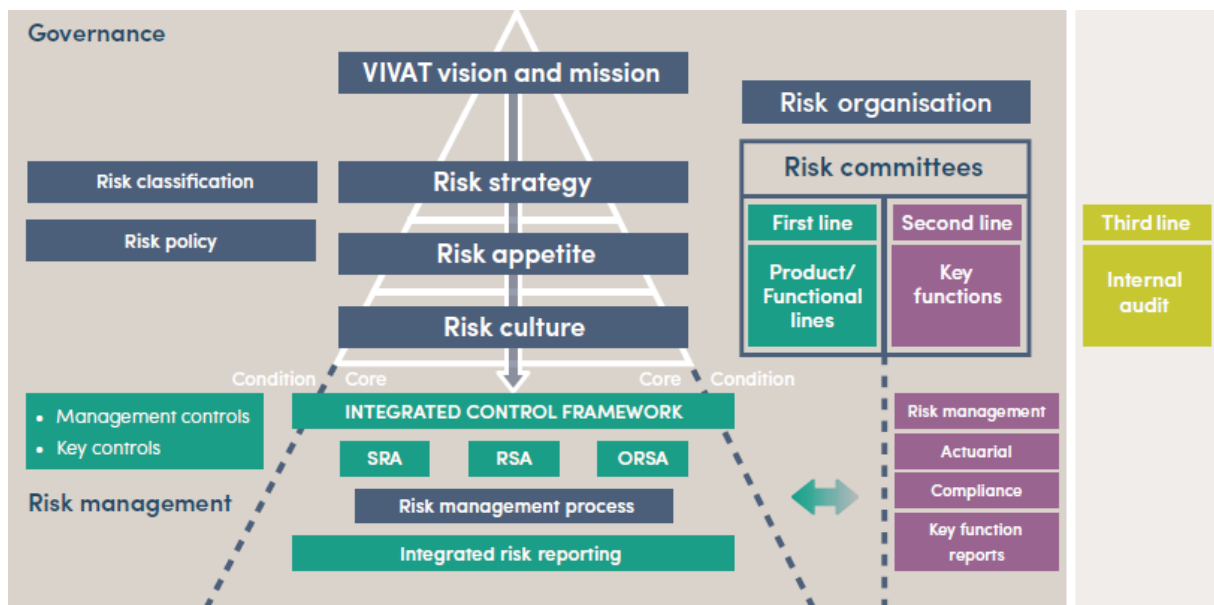
The VIVAT Group has established a consistent and efficient Risk Management System. Specific Solvency II requirements such as the Key Functions and the ORSA are incorporated in this Risk Management System. The Risk Management System operates an integrated approach for risks that the organisation is or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

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

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

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

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



## **Risk Management Governance**

### **Mission and vision**

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

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

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

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

### **Risk Strategy**

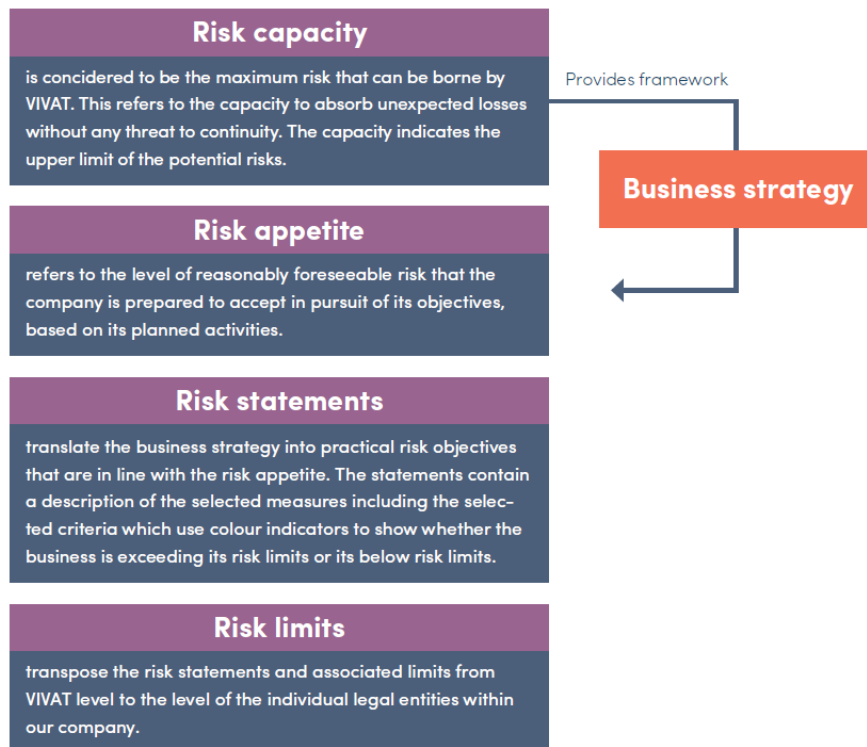
The VIVAT Group has derived a risk strategy, a supporting set of objectives following from the VIVAT Group's vision and mission to achieve the strategic goals. The risk strategy is expressed in the risk appetite.

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

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

## Risk Appetite

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



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

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

## Risk Culture

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

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

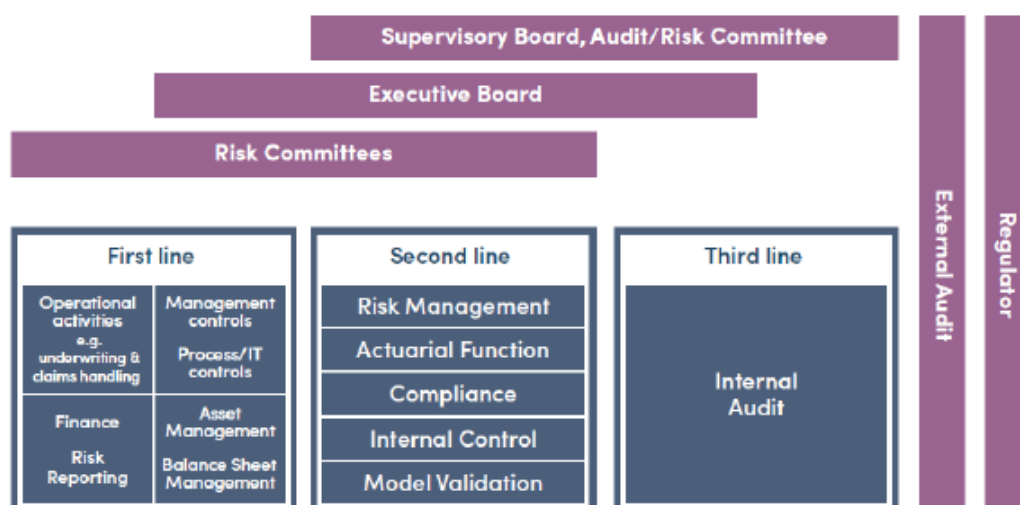
where (pro) active risk management is appreciated. Exemplary behaviour, the openness for discussion of dilemmas, practicability of policy and transparency are inseparably linked to an open corporate culture.

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

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

### **Three Lines of Defence Model**

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



### **First Line: Risk Taker**

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

### **Second Line: Risk Management**

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

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

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

### **Third Line: Internal Audit**

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

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

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

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

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

### **Risk management committees**

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

### **Key Functions**

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

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

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

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

### **Risk Policy**

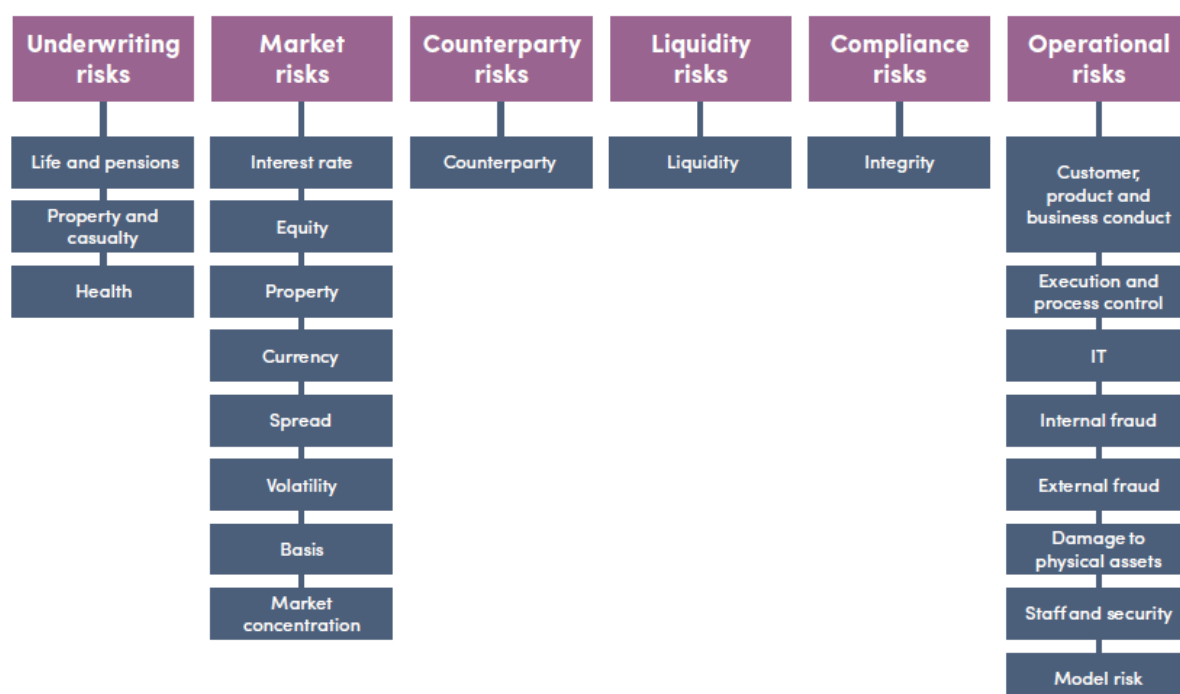
The VIVAT Group has an integrated risk management policy structure. The entire policy structure is accessible to employees through the internal ID policy site. The policy structure ensures the timely identification and assessment of risks and adequate monitoring and reporting of the material risks, both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

### **Risk Classification**

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

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

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



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

## **Risk Management Process**

### **Integrated Control Framework**

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

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

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

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

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

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

### **Process Controls and Management Controls**

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

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

Altogether this gives guidance to an adequate risk culture.

### **Risk Management Regulatory Developments**

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

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

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

### **Reinsurance**

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

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

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

### **Financial Position**

The highlights from the financial performance in 2016 are:

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

### **Commercial developments**

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

### **Financial result**

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

### **Balance sheet**

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

### **Progress on strategy**

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

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

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

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

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

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

Direct investment income (including amortisation realised gains)

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

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

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

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

The VIVAT Group has created new foundations which will be used to further build on in the future. In addition to more financial security, close collaboration with parent company Anbang provides the VIVAT Group with access to exceptional expertise in the area of digital services. The VIVAT Group believes that this will enable it to make fast progress in this field. Big data analysis further improves the VIVAT Group's ability to identify customers' needs and the use of advanced techniques allows it to work faster and more efficiently. Furthermore, the VIVAT Group is increasing its power to innovate by establishing new, strong relationships with start-ups and non-financials which VIVAT expects will enable it to quickly and adequately respond to the latest market trends.

## **Solvency II**

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

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

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

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

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

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

#### Breakdown Solvency II own funds VIVAT

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

## Recent Developments

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

## Litigation

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

## Material Contracts

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

## Supervision

VIVAT is a holding company with no material, direct business operations. Certain of its operating subsidiaries, such as SRLEV, are subject to the supervision of both DNB and AFM. SRLEV has a licence to conduct the business of a life insurance company in accordance with section 2:27 DFSA. Moreover, SRLEV and other insurance entities in the VIVAT Group as well as their respective subsidiaries are subject to supplementary supervision on insurance groups pursuant to chapter 3.6 of the DFSA. REAAL Schadeverzekeringen, Proteq, and DAS Nederlandse Rechtsbijstand Verzekeringsmaatschappij (Reaal Schadeverzekeringen has an equity interest of 15.291% in DAS Holding N.V., which is the sole shareholder of DAS Nederlandse Rechtsbijstand Verzekeringsmaatschappij) also hold licences to conduct the business of an insurance company. REAAL Schadeverzekeringen holds a passport for a number of its activities in certain other European countries. Zwitserleven PPI N.V. holds a licence as a premium pension institution. Bemiddelingskantoor Nederland B.V. (formerly known as SNS Verzekeringen B.V.) is a financial services provider. Volmachtkantoor Nederland B.V. is an affiliated undertaking as meant in section 2:105 DFSA (*aangesloten onderneming*) of Reaal Schadeverzekeringen and is able to act as an agent. ACTIAM holds a licence as an alternative investment fund manager in accordance with section 2:65 DFSA. ACTIAM may perform a limited number of investment services based on section 2:67a DFSA, such as individual asset management and also holds a passport for Belgium for its individual asset management services.

## CORPORATE GOVERNANCE

### General

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

### Executive Board

#### General

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

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

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

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

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

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

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

### **Members of the Executive Board**

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

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

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

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

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

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

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

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

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

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

**F. (Feng) Zhang** (1979) is chief of staff of the Executive Board. He has a master's degree in business administration from the University of Northumbria at Newcastle and a bachelor's degree in literature from Wuhan University, China. Zhang joined Anbang in 2005, worked as director of claims, underwriting, sale and marketing and human resources. In 2011 he commenced as deputy general manager of Anbang Property and Casualty Insurance. His last positions were that of general manager of Property and Casualty Insurance, director of Anbang Life Insurance, director of Anbang Annuity Insurance and chairman of the board at Anbang Property and Casualty Insurance. Zhang currently holds only one other position, namely as non-executive director of Anbang Belgium Holding NV (the holding company of Bank Nagelmackers NV).

## Supervisory Board

### General

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

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

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

The members of the Supervisory Board are appointed by the general meeting of shareholders of VIVAT (in the person of its sole shareholder Anbang) upon nomination of the Supervisory Board. The

nomination of the Supervisory Board should include candidates recommended by the general meeting of shareholders for no less than 49% of the total number of Supervisory Board members. One Supervisory Board member is recommended by the works council (*ondernemingsraad*). The appointment of members of the Supervisory Board requires approval by DNB.

### **Members of the Supervisory Board**

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

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

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

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

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

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

**M.W. (Maarten) Dijkshoorn** was appointed as chairman of the Supervisory Board on 23 December 2016. Dijkshoorn has worked in the financial services industry for more than 40 years. From 2002 to 2009, he was chief executive officer and chief operational officer of Eureko BV (Achmea). Prior to that, Dijkshoorn held various management functions within Nationale-Nederlanden for 25 years. He is member of the remuneration and nomination committee and member of the risk committee. Dijkshoorn is chairman of the supervisory board of de Goudse Verzekeringen NV and a supervisory board member

of Monuta and MediRisk (until 1 July 2017). Dijkshoorn was member of the supervisory board of PGGM until 31 December 2016.

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

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

**M. (Ming) He** was appointed as member of the Supervisory Board on 26 July 2015. He is member of the audit committee. He studied at Bowling Green State University in the United States and earned a master's degree in geology & environmental science in 1992. He obtained a second master's degree in international financial management at the America International Management Business School in 1998. He started his career at the international investment department of Parker Hannifin, where he served as general manager in 2009. He joined Anbang Insurance Group Co., Ltd. as investment director of Anbang Property & Casualty Insurance Co., Ltd. As of 2012 he was appointed as director and general manager of Anbang Asset Management. He also serves as non-executive director and general manager of Fidea NV. Furthermore he is chief executive officer of Anbang Belgium Holding NV (the holding company of Bank Nagelmackers NV) and chairman of Bank Nagelmackers NV.

**K.C.K. (Kevin) Shum** was appointed as member of the Supervisory Board on 26 July 2015. He joined Anbang Insurance Group in March 2014. Shum received his master of science in financial analysis from the Hong Kong University of Science and Technology, attended Guildford College of Law, UK and received his bachelor of laws from the University of Southampton, UK. He is a qualified solicitor of England & Wales, a solicitor of Hong Kong, a member of the Chartered Institute of Arbitrators and is a chartered financial analyst. With over 20 years' experience in the legal and financial sectors, Shum has extensive experience in advising multinational corporations, funds and investment banks on legal issues relating to securities, investments, derivatives, financing, acquisitions, mergers, restructurings,

liquidation and corporate governance. Shum also regularly advises on regulatory matters pertaining to the HK Securities and Futures Commission, the HK Takeovers Code and the HK Listing Rules. Prior to joining Anbang, Shum worked as a private practitioner at Coudert Brothers LLP and at Jun He Law Offices, as counsel for private equity firm Alliance Capital Asia Limited and a hedge fund under CCIB Asset Management Co. Limited. He currently serves as the general counsel and chief legal officer for Anbang Group Holdings Co. Limited, overseeing its legal and compliance functions in respect of the group's direct investments, investment funds, private equity funds and general asset management activities. Shum is the chairman of the remuneration and nomination committee, non-executive director of Bank Nagelmackers NV (chairman of the nomination committee), non-executive director of Fidea NV (chairman of the nomination and governance committee).

## TAXATION

### Dutch Taxation

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

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

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

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

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

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

- (i) who is an individual and for whom the income or capital gains derived from the Notes are attributable to employment activities, the income from which is taxable in the Netherlands;
- (ii) who has, or that has, a substantial interest (*aanmerkelijk belang*) or a fictitious substantial interest (*fictief aanmerkelijk belang*) in VIVAT within the meaning of chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally, a substantial interest in VIVAT arises if the Noteholder, alone or – in case of an individual – together with his partner, owns or holds certain rights over, including rights to, directly or indirectly, acquire, shares representing, directly or indirectly, 5% or more of the issued capital of VIVAT or of the issued capital of any class of shares;

- (iii) that is an entity that is, pursuant to the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) (the "**CITA**"), not subject to Dutch corporate income tax or is in full or in part exempt from Dutch corporate income tax (such as a qualifying pension fund); and
- (iv) that is an investment institution (*beleggingsinstelling*) as described in Section 6a or 28 CITA;

### **Withholding Tax**

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

### **Taxes on Income and Capital Gains**

#### **Residents of the Netherlands**

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

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

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

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

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

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

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

- from 2.87% of such positive balance from EUR 0 up to EUR 75,000;
- to 4.60% of such positive balance over EUR 75,000 up to EUR 975,000; and
- to a maximum of 5.39% of such positive balance over EUR 975,000.

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

#### *Dutch Corporate Entities*

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

#### **Non-Residents of the Netherlands**

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

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

#### *Non-Dutch Individuals*

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

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

#### *Non-Dutch Corporate Entities*

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

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

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

#### **Dutch Gift Tax or Inheritance Tax**

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

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

#### **Other Taxes and Duties**

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

#### **Residency**

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

#### **Automatic Exchange of Information**

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

## SUBSCRIPTION AND SALE

The Sole Lead Manager will, pursuant to a subscription agreement to be entered into on or about the Closing Date (the "**Subscription Agreement**"), agree to subscribe or procure subscribers for the Notes at the issue price of 98.871% of the principal amount of the Notes, less total commissions of 0.500% of the principal amount of the Notes. VIVAT will also reimburse the Sole Lead Manager in respect of certain of their expenses incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of VIVAT. In such event, no Notes will be delivered to the Sole Lead Manager.

### United States

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

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

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

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

### United Kingdom

The Sole Lead Manager has represented and agreed that:

- (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to VIVAT.

## General

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

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

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been approved by the AFM or filed with it shall be deemed to be incorporated in, and to form part of, this Prospectus:

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

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

The documents referred to above can be obtained without charge at the office of VIVAT (Burgemeester Rijnderslaan 7, 1185 MD Amstelveen, the Netherlands), at the specified office of the Principal Paying Agent (ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1000 EA Amsterdam, the Netherlands) and at the specified office of the Listing Agent (ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1000 EA Amsterdam, the Netherlands). Furthermore, this Prospectus and all of the documents which are deemed to be incorporated herein by reference will be available on the website of VIVAT: [www.vivat.nl](http://www.vivat.nl). Written or oral requests for such documents should be directed to VIVAT at its office set out at the end of this Prospectus.

## GENERAL INFORMATION

### Authorisation

The issue and offering of the Notes were duly authorised by a resolution of the Executive Board passed on 21 March 2017 and approved by a resolution of the Supervisory Board passed on 27 March 2017.

### Issue Date

The issue date of the Notes is expected to be on or about 17 May 2017.

### Listing and Trading

Application has been made for the listing and trading of the Notes on Euronext Amsterdam commencing on 17 May 2017. The costs to VIVAT in connection with the listing and admission to trading of the Notes are approximately EUR 10,000.

### Clearing Systems

The Notes have been accepted for clearing and settlement through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 160070498. The ISIN for the Notes is XS1600704982.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

### Listing and Principal Paying Agent

ABN AMRO Bank N.V. has been engaged by VIVAT as (i) Principal Paying Agent for the Notes, upon the terms and subject to the conditions set out in the Agency Agreement, for the purpose of paying sums due on the Notes and of performing all other obligations and duties imposed on it by the Terms and Conditions and the Agency Agreement, (ii) as calculation agent ("**Calculation Agent**") to perform the duties set out in the Agency Agreement and (iii) as Listing Agent for the Notes and is not itself seeking admission of the Notes to Euronext Amsterdam or to trading on its regulated market for the purposes of the Prospectus Directive.

ABN AMRO Bank N.V., in its capacity of Principal Paying Agent, Calculation Agent and Listing Agent is acting for VIVAT only and will not regard any other person as its client in relation to the offering of the Notes. Neither ABN AMRO Bank N.V. nor any of its directors, officers, agents or employees makes any representation or warranty, express or implied, or accepts any responsibility, as to the accuracy, completeness or fairness of the information or opinions described or incorporated by reference in this Prospectus, in any investor report or for any other statements made or purported to be made either by itself or on its behalf in connection with VIVAT or the offering of the Notes. Accordingly, ABN AMRO Bank N.V. disclaims all and any liability, whether arising in tort or contract or otherwise, in respect of this Prospectus and or any such other statements.

### Yield

The effective yield of the Notes to the maturity date is 2.474% per annum. The yield is calculated at the Issue Date.

## Significant or Material Change

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

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

## Documents Available for Inspection

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

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

## Interest Material to the Offer

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

## Website

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

## Auditors

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

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

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

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

## Ratings

As at the date of this Prospectus, Standard & Poor's has suspended the credit rating of VIVAT. At the date of this Prospectus, VIVAT has a BBB (stable) rating from Fitch.

## DEFINITIONS

*The following definitions are used in this Prospectus:*

<b>4<sup>th</sup> EU AML/CFT Directive</b>	Directive (EU) No 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC
<b>Accrual Date</b>	The date from which interest begins to accrue
<b>ACTIAM</b>	ACTIAM N.V.
<b>Additional Amounts</b>	Such additional amounts to be paid by VIVAT as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no withholding or deduction been required in respect of any present or future taxes or duties whatsoever levied by the Netherlands
<b>AFM</b>	The Netherlands Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> )
<b>Agency Agreement</b>	An agency agreement dated 17 May 2017 (as amended and/or supplemented and/or restated from time to time)
<b>Anbang</b>	Anbang Group Holdings Co. Ltd
<b>Audit Committee</b>	The audit committee of the Supervisory Board
<b>Audit VIVAT</b>	The independently operating (third line) audit function of VIVAT which has a supervising role assessing the proper functioning of the risk management system (including the interaction between the first and second line)
<b>BRRD</b>	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms
<b>Business Day</b>	In relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place
<b>Calculation Agent</b>	ABN AMRO Bank N.V.
<b>Calculation Amount</b>	2.375% per annum to each EUR 1,000 principal amount of Notes
<b>CITA</b>	Dutch Corporate Income Tax Act 1969 ( <i>Wet op de vennootschapsbelasting 1969</i> )
<b>Clearstream, Luxembourg</b>	Clearstream Banking, société anonyme
<b>Closing Date</b>	On or about 17 May 2017
<b>Compensation Agreement</b>	A settlement agreement between SRLEV and several organisations representing policyholders dated 15 November 2010
<b>COR</b>	Combined overall ratio
<b>Couponholders and the Coupons</b>	The holders of the interest coupons appertaining to the Notes
<b>CRA</b>	Credit risk adjustment
<b>CRS</b>	The common reporting standard released by the OECD on 21 July 2014

<b>DAC</b>	Council Directive 2011/16/EU on administrative co-operation in the field of taxation (as amended by Council Directive 2014/107/EU and as amended further by Council Directive 2015/2376)
<b>Decree</b>	A decree issued by the Minister on 1 February 2013 pursuant to sections 6:2 and 6:4 of the DFSA
<b>DFSA</b>	Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> )
<b>DNB</b>	Dutch Central Bank
<b>DNO</b>	Declaration of no objection ( <i>verklaring van geen bezwaar</i> )
<b>Documents</b>	Such documents executed by the Substituted Debtor and VIVAT as may be necessary to give full effect to the substitution
<b>Dutch Corporate Entities</b>	Entities or enterprises that are subject to the CITA and are resident or deemed to be resident of the Netherlands
<b>Dutch Individuals</b>	Individuals who are resident or deemed to be resident of the Netherlands
<b>Dutch Intervention Act</b>	Dutch Intervention Act of 13 June 2012 ( <i>Wet bijzondere maatregelen financiële ondernemingen</i> )
<b>EC</b>	European Commission
<b>EIOPA</b>	European Insurance and Occupational Pensions Authority
<b>Electronic Consent</b>	Approval of a resolution proposed by VIVAT given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures
<b>EMIR</b>	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories
<b>Encumbrance</b>	Any mortgage, charge, pledge, lien or other encumbrance
<b>ESG</b>	Environmental Social Governance
<b>EU Member States</b>	Member states of the European Union
<b>Euroclear</b>	Euroclear Bank S.A./N.V.
<b>Euronext Amsterdam</b>	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
<b>Eurosystem</b>	The central banking system for the euro
<b>Executive Board</b>	VIVAT's executive board ( <i>raad van bestuur</i> )
<b>EY</b>	Ernst & Young Accountants LLP
<b>FATCA</b>	Foreign Account Tax Compliance Act
<b>FFI</b>	A non-U.S. foreign financial institution
<b>FFI Agreement</b>	An agreement with the United States Internal Revenue Service, under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements
<b>FinCo</b>	Financial Committee
<b>Fiscal Agent</b>	ABN AMRO Bank N.V.
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>FTT</b>	Financial transaction tax
<b>GDPR</b>	The EU General Data Protection Regulation, was adopted on 27 April 2016.

<b>Guarantee</b>	If the Substituted Debtor is not VIVAT, upon the Notes and Coupons becoming valid and binding obligations of the Substituted Debtor, an irrevocably and unconditionally guarantee by VIVAT in favour of each Noteholder and Couponholder the payment of all sums payable by the Substituted Debtor as such principal debtor (such guarantee of VIVAT to be substantially in the form scheduled to the Agency Agreement).
<b>IB</b>	Information Board
<b>ICSDs</b>	Euroclear and Clearstream, together the international central securities depositories
<b>IFRS</b>	International Financial Reporting Standards
<b>IGA</b>	Inter-governmental agreement between a local government and the U.S. to facilitate the implementation of FATCA
<b>Insurance Distribution Directive or IDD</b>	Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution
<b>Interest Payment Date</b>	17 May
<b>Investor's Currency</b>	Investor's financial activities denominated principally in a currency or currency unit
<b>IRC</b>	Insurer's Risk Committee
<b>Issuer</b>	VIVAT N.V.
<b>KID</b>	Key information document
<b>KiFiD</b>	The Financial Services Complaints Institute
<b>KPMG</b>	KPMG Accountants N.V.
<b>LAT</b>	The IFRS liability adequacy test
<b>LLP</b>	Last liquid point
<b>MA</b>	Matching adjustment
<b>Material Subsidiary</b>	Any Subsidiary of VIVAT, which is a licensed bank or an insurer within the meaning of the DFSA
<b>MGC</b>	Model Governance Committee
<b>MiFIR</b>	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012
<b>Minister</b>	The Dutch Minister of Finance
<b>Mortgage Credit Directive</b>	Directive 2014/17/EU of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010
<b>Non-Dutch Corporate Entities</b>	Entities that are not resident and not deemed to be resident of the Netherlands
<b>Non-Dutch Individuals</b>	Individuals who are not resident and not deemed to be resident of the Netherlands
<b>NOPs</b>	Non-accumulating policies ( <i>niet opbouwende polissen</i> )
<b>Noteholders</b>	The holders of the Notes
<b>Notes</b>	The EUR 650,000,000 fixed rate unsecured and unsubordinated Notes due 2024 issued by VIVAT
<b>Order</b>	Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended

<b>ORSA</b>	The own risk and solvency assessment requiring insurers to undertake a self-assessment of their risks, corresponding solvency requirements and adequacy of own funds
<b>OTC</b>	Over-the-counter
<b>P&amp;C</b>	Property & Casualty
<b>Participating Member States</b>	11 participating EU Member States, being Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, which would together constitute the FTT-zone
<b>Paying Agents</b>	The Fiscal Agent and other initial paying agents named in the Agency Agreement
<b>PEP's</b>	Politically exposed persons
<b>Permitted Encumbrance</b>	An Encumbrance over any asset in the form as specified under Relevant Indebtedness, whether arising under any plan of securitisation or repackaging of VIVAT or any subsidiary thereof; and an Encumbrance created or permitted to subsist by VIVAT or its subsidiaries over mortgage loans and mortgage receivables of VIVAT or its Subsidiaries
<b>PMPC's</b>	Product Market Pricing Committees
<b>Presentation Date</b>	A day which (subject to Condition 8 of the Terms and Conditions): <ul style="list-style-type: none"> <li>a) is or falls after the relevant due date;</li> <li>b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and</li> <li>c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.</li> </ul>
<b>PRIIPS</b>	Packaged Retail Investment and Insurance Products
<b>PRIIPS Regulation</b>	The Packaged Retail Investment and Insurance Products Regulation
<b>Principal Paying Agent</b>	ABN AMRO Bank N.V.
<b>Profit Sharing Policies</b>	The rights of policyholders to receive additional benefit payments over and above any insured or guaranteed capital
<b>Prospectus</b>	This prospectus dated 15 May 2017
<b>Prospectus Directive</b>	Directive No 2003/71/EC as amended which includes the amendments made by Directive No 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area)
<b>Proteq</b>	Proteq Levensverzekeringen N.V.
<b>RC</b>	Risk Committee of the Supervisory Board
<b>Reaal Schadeverzekeringen</b>	Reaal Schadeverzekeringen N.V.
<b>Relevant indebtedness</b>	Any indebtedness for or in respect of any form of securities, including but not limited to any bond, note, debenture, debenture stock, loans stock or certificate in physical form which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market; and any guarantee or indemnity in respect of any such indebtedness
<b>Renewed Joint Statement</b>	Joint statement signed by ten of the Participating Member States reaffirming their commitment, expressed in their joint statement issued in May 2014, to implement an EU FTT from 1 January 2016
<b>Risk Function Report</b>	An integrated report on all financial and non-financial risks with potential (material) financial impact

<b>Risk Management System</b>	The VIVAT risk management system
<b>RSR</b>	Regular Supervisory Reporting
<b>SCR</b>	Solvency capital requirement
<b>Securities Act</b>	United States Securities Act of 1933, as amended
<b>SFCR</b>	Solvency and Financial Condition Report
<b>Sole Lead Manager</b>	Deutsche Bank AG, London Branch
<b>Solvency II</b>	The new solvency framework and prudential regime consisting of a European Directive (No 2009/138/EC) to be implemented in Dutch law as per 1 January 2016, a European Regulation ((EU) No 2015/35) and a number of technical standards and guidelines issued by EIOPA
<b>SRCM</b>	Solvency Reporting Chain Management
<b>SRLEV</b>	SRLEV N.V.
<b>Stabilising Manager</b>	Deutsche Bank AG, London Branch or any person acting on behalf of the Stabilising Manager
<b>State</b>	The state of the Netherlands
<b>Subscription Agreement</b>	A subscription agreement to be entered into on or about the Closing Date, in which the Sole Lead Manager agrees to subscribe or procure subscribers for the Notes
<b>Subsidiary</b>	A subsidiary within the meaning of Section 2:24a of the Dutch Civil Code
<b>Substituted Debtor</b>	Any directly or indirectly wholly owned subsidiary of VIVAT as principal debtor
<b>Supervisory Board</b>	VIVAT's supervisory board ( <i>raad van commissarissen</i> )
<b>TARGET2 Settlement Day</b>	Any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open
<b>Temporary Global Note</b>	A temporary global note representing the Notes
<b>Terms and Conditions</b>	The terms and conditions of the Notes
<b>UFR</b>	Ultimate forward rate
<b>U.S.</b>	United States of America
<b>U.S. Internal Revenue Code</b>	Internal Revenue Code of 1986, as amended
<b>VA</b>	Volatility adjustment
<b>VIVAT</b>	VIVAT N.V.
<b>VIVAT Group</b>	VIVAT and its subsidiaries within the meaning of Section 2:24b of the Dutch Civil Code
<b>VIVAT Risk Committee</b>	The VIVAT risk committee
<b>Volksbank</b>	Volksbank N.V. (formerly SNS Bank N.V.)
<b>WGMC</b>	New legislation that requires the mandatory notification of serious security breaches in the key ICT systems and provides rules on processing of personal data related to cyber security incidents ( <i>Wet gegevensverwerking en meldplicht cybersecurity</i> )
<b>WIB</b>	<i>Wet internationale bijstandsverlening bij de heffing van belastingen</i>

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

*Burgemeester Rijnderslaan 7  
1185 MD Amstelveen  
the Netherlands*

**AGENTS**

**LISTING AGENT**

**ABN AMRO Bank N.V.**  
*Gustav Mahlerlaan 10  
1000 EA Amsterdam  
the Netherlands*

**CALCULATION AGENT**

**ABN AMRO Bank N.V.**  
*Gustav Mahlerlaan 10  
1000 EA Amsterdam  
the Netherlands*

**PRINCIPAL PAYING AGENT**

**ABN AMRO Bank N.V.**  
*Gustav Mahlerlaan 10  
1000 EA Amsterdam  
the Netherlands*

**LEGAL ADVISERS**

*To VIVAT*  
**DE BRAUW BLACKSTONE  
WESTBROEK N.V.**  
*Claude Debussylaan 80  
1082 MD Amsterdam  
the Netherlands*

*To the Sole Lead Manager*  
**ALLEN & OVERY LLP**  
*Apollolaan 15  
1077 AB Amsterdam  
the Netherlands*

**AUDITORS TO VIVAT**

**KPMG ACCOUNTANTS N.V.**  
*Laan van Langerhuize 1  
1186 DS Amstelveen  
the Netherlands*

**Ernst & Young Accountants LLP**  
*Cross Towers, Antonio Vivaldistraat  
150  
1083 HP Amsterdam  
The Netherlands*

**SOLE LEAD MANAGER**

**DEUTSCHE BANK AG,  
LONDON BRANCH**  
*1 Great Winchester Street  
EC2N 2DB London  
United Kingdom*