



## SRLEV N.V.

(the "Issuer")

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

Issue and offer of up to €400,000,000 subordinated bonds due 2041  
with a denomination of €100,000 each and integral multiples of €1,000 in excess thereof up to and including €199,000  
at an issue price of 100 per cent. (the "Offering")

The Bonds are direct, unsecured, subordinated obligations of the Issuer and rank junior to all unsubordinated creditors of the Issuer, including policyholders of the Issuer. Application has been made to Euronext Amsterdam N.V. ("Euronext") for up to €400,000,000 subordinated bonds due 2041 with a denomination of €100,000 each and integral multiples of €1,000 in excess thereof up to and including €199,000 (the "Bonds") to be admitted to listing and trading on NYSE Euronext in Amsterdam ("Euronext Amsterdam"), the regulated market of Euronext. The Bonds have the benefit of a guarantee from REAAL N.V. ("REAAL" and in its capacity as such, the "403-Statement Provider") on the basis of a guarantee as referred to in Book 2, Section 403 of the Dutch Civil Code ("403-Statement").

This document together with the documents incorporated by reference herein constitute a prospectus for the purposes of Article 3 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public and admitted to trading, as amended by 2010/73/EC Directive, to the extent implemented in the Relevant Member State (as defined below) (the "Prospectus Directive") and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (the "DFSA"), (the "Prospectus"). This Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "AFM"). The Bonds are expected to be issued and admitted to listing and trading on or about 15 April 2011 (the "Closing Date").

Up to the Interest Payment Date falling in 2021 (the "First Call Date") the Bonds will bear a fixed rate of interest of 9 per cent., payable annually in arrears on 15 April of each calendar year (each an "Interest Payment Date"). If on the First Call Date the Bonds will not have been redeemed in full in accordance with the terms and conditions of the Bonds (the "Conditions"), the Bonds will bear a floating rate of interest of Euribor for 12 month deposits in euro plus a margin of 6.165 per cent.

Except on a Required Interest Deferral Date (as defined below), and subject to and in accordance with the Conditions, Interest (as defined below) on the Bonds shall be payable on each Compulsory Interest Payment Date (as defined below). On any Interest Payment Date other than a Compulsory Interest Payment Date or a Required Interest Deferral Date (any such date an "Optional Interest Payment Date"), the Issuer may elect to defer payment of interest accrued up to that date in respect of the Bonds. Any unpaid interest shall as long as it remains unpaid constitute arrears of interest ("Arrears of Interest"). Arrears of Interest may, in accordance with the Conditions and subject to, where such deferral was due to a Capital Adequacy Event, the prior approval of the Relevant Supervisory Authority to the extent required pursuant to the then Applicable Capital Adequacy Regulations in order for the Bonds to qualify as regulatory capital, at the option of the Issuer be paid in whole or in part at any time, provided, however, that all Arrears of Interest in respect of all Bonds for the time being outstanding shall become due and payable in full on whichever is the earliest of (a) the first succeeding Compulsory Interest Payment Date, (b) the date of any redemption or substitution of the Bonds in accordance with Condition 5, and (c) the date upon which any order is made or any request is granted for the imposition of emergency regulations (*noodregeling*) under the DFSA, bankruptcy (*faillissement*) of the Issuer or an order is made or an effective resolution is passed for the dissolution (*ontbinding*) and subsequent liquidation of the Issuer.

If a Capital Adequacy Event (as defined below) has occurred and is continuing on any Interest Payment Date, the Issuer shall defer all or part of the relevant Interest Payment (as defined below) on such Interest Payment Date (a "Required Interest Deferral Date") and the Issuer shall not have any obligation to make such Interest Payment, unless the Interest Payment Date constitutes a Compulsory Interest Payment Date (as defined below).

The Bonds are scheduled to mature on the Interest Payment Date falling in 2041 (the "Maturity Date"). Provided that (i) no Capital Adequacy Event has occurred or is continuing on such date and (ii) such redemption would itself not cause a Capital Adequacy Event, each Bond will be redeemed by the Issuer on the Maturity Date at its principal amount outstanding together with accrued and unpaid interest and any Arrears of Interest, unless the Bonds are previously redeemed or purchased and cancelled in full. Unless previously redeemed in full, the Issuer will have the option to redeem all of the Bonds in full on the First Call Date or on any Interest Payment Date thereafter at their principal amount outstanding, together with accrued and unpaid interest and any Arrears of Interest, subject to and in accordance with the Conditions (the "Optional Redemption"). In addition, at any time prior to the First Call Date, the Issuer may, subject to and in accordance with the Conditions, unless previously redeemed in full, redeem the Bonds on not less than 30 nor more than 60 days' irrevocable notice to the holders of the Bonds (the "Bondholders") and Dexia Banque Internationale à Luxembourg (the "Principal Paying Agent") in case of a Tax Event, a Regulatory Event or a Rating Agency Event (all as defined below). In case of a Tax Event, Regulatory Event or Rating Agency Event in accordance with Conditions 5(c), 5(d) and 5(e), the Issuer may, in its sole discretion, opt for an alternative to redemption by either substituting the Bonds for new bonds or by modifying the Conditions provided that such alternative is not prejudicial to the interests of the Bondholders.

The Bonds are expected to be assigned, upon issuance, a 'Baa2' rating by Moody's Investors Service Limited ("Moody's") and a 'BBB' rating by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P" and together with Moody's, the "Rating Agencies"). The rating of the Bonds addresses the assessment made by each of the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Maturity Date. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Bonds, see under 'Risk Factors' herein.

The Bonds will be initially represented by a temporary global bond in bearer form (a "Temporary Global Bond"), without coupons, which is expected to be deposited on or about the Closing Date with a common safekeeper for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Interests in the Temporary Global Bond will be exchangeable for interests in a permanent global bond (a "Permanent Global Bond"), without coupons not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Bond will only be exchangeable for Bonds in definitive form upon the occurrence of an Exchange Event (as defined below). The expression "Global Bonds" means the Temporary Global Bond and the Permanent Global Bond.

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

Capitalised terms used, but not defined, in this section can be found elsewhere in this Prospectus. For the page reference of the definitions of capitalised terms used herein see under 'Index of Defined Terms'. 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 12 April 2011.

Sole Structuring Adviser

UBS Investment Bank

Joint Lead Managers

Citi

Morgan Stanley

SNS Securities

UBS Investment Bank

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## OVERVIEW

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

<b>Issuer</b>	SRLEV N.V.
<b>403-Statement Provider</b>	REAAL N.V.
<b>Sole Structuring Adviser</b>	UBS Limited
<b>Joint Lead Managers</b>	Citigroup Global Markets Limited, Morgan Stanley & Co. International plc, SNS Securities N.V. and UBS Limited.
<b>Offering</b>	Up to €400,000,000 subordinated bonds due on the Interest Payment Date falling in 2041 with a denomination of €100,000 each and integral multiples of €1,000 in excess thereof up to and including €199,000.
<b>Closing Date</b>	15 April 2011.
<b>Issue price</b>	100 per cent.
<b>Maturity Date</b>	The Bonds are scheduled to mature on the Interest Payment Date falling in 2041.
<b>First Call Date</b>	The Interest Payment Date falling in 2021.
<b>Redemption on Maturity</b>	Provided that (i) no Capital Adequacy Event has occurred and is continuing on the Maturity Date and (ii) such redemption would not itself cause a Capital Adequacy Event, each Bond will, subject to and in accordance with Condition 5(a) be redeemed by the Issuer on the Maturity Date at its principal amount outstanding together with accrued and unpaid interest and any Arrears of Interest, unless the Bonds were previously redeemed or purchased and cancelled in full.
<b>Optional redemption</b>	Unless previously redeemed in full, the Issuer will have the option to redeem all of the Bonds in full on the First Call Date or on any Interest Payment Date thereafter at their principal amount outstanding, together with accrued and unpaid interest and any Arrears of Interest, subject to and in accordance with Condition 5(b). Any early redemption of the Bonds will be subject to the prior approval of the Relevant Supervisory Authority if required pursuant

to the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital.

**Tax Event**

If the Issuer would be required to pay additional amounts as referred to in Condition 9 or if a Tax Law Change occurs as a result of which the Issuer may not obtain full or substantially full relief for the purposes of Dutch corporation tax for any payment of interest, this may cause a Tax Event as described in Condition 5(c).

**Redemption, Substitution and  
Modification upon a Tax Event**

Subject to the prior approval of the Relevant Supervisory Authority to the extent required under the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital, the Issuer may, in case of a Tax Event, subject to and in accordance with Condition 5(c), in its sole discretion either redeem the Bonds or opt for an alternative to redemption by either substituting the Bonds for new bonds or by modifying the Conditions of the Bonds provided that such alternative is not prejudicial to the interests of the Bondholders.

**Regulatory Event**

If the Issuer is not permitted under Applicable Capital Adequacy Regulations to treat the proceeds of the Bonds as eligible to be treated as solvency margin for the purposes of determining its regulatory capital, this may cause a Regulatory Event as described in Condition 5(d).

**Redemption, Substitution and  
Modification upon a Regulatory Event**

In case of a Regulatory Event, the Issuer may, subject to and in accordance with Condition 5(d), in its sole discretion either redeem the Bonds or opt for an alternative to redemption by either substituting the Bonds for new bonds or by modifying the Conditions of the Bonds provided that such alternative is not prejudicial to the interests of the Bondholders.

**Rating Agency Event**

If a change occurs in the methodology of any of the Rating Agencies or in the interpretation thereof as a result of which the equity content previously assigned to the Bonds is reduced, this may cause a Rating Agency Event as described in Condition 5(e).

**Redemption, Substitution and  
Modification upon a Rating Agency  
Event**

In case of a Rating Agency Event, the Issuer may, subject to and in accordance with Condition 5(e), in its sole discretion, either redeem the Bonds or opt for an alternative to redemption by either substituting the Bonds for new bonds or by modifying the Conditions of the Bonds provided that such alternative is not prejudicial to the interests of the Bondholders, subject to the prior approval of the Relevant Supervisory Authority if required pursuant to the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital.

**Applicable Interest Rate**

Up to the First Call Date the Bonds will bear a fixed rate of interest of 9 per cent., payable annually in arrears (the "**Fixed Interest Rate**").

From (and including) the First Call Date, the Bonds will bear a floating rate of interest of Euribor for 12 month deposits in euro plus a margin of 6.165 per cent. (the "**Floating Interest Rate**" and together with the Fixed Interest Rate, the "**Applicable Interest Rate**").

Arrears of Interest shall bear interest at the then Applicable Interest Rate.

**Interest Payment Date**

Interest Payments on the Bonds will be payable annually in arrears on 15 April of each calendar year other than on a Required Interest Deferral Date.

**Optional Interest Payment Date**

On any Interest Payment Date other than a Compulsory Interest Payment Date or a Required Interest Deferral Date, the Issuer may elect to defer payment of interest accrued up to that date in respect of the Bonds.

**Capital Adequacy Event**

If the Issuer is in breach of any relevant capital adequacy level imposed to it under the Applicable Capital Adequacy Regulations, such breach may constitute a Capital Adequacy Event. Reference is made to Condition 17 for the complete definition hereof.

**Required Interest Deferral Date**

If a Capital Adequacy Event has occurred and is continuing on any Interest Payment Date, the Issuer shall defer all or part of such Interest Payment on such Interest Payment Date and the

Issuer shall not have any obligation to make such Interest Payment, unless the Interest Payment Date constitutes a Compulsory Interest Payment Date.

**Compulsory Interest Payment Event**

In the event that the Issuer or SNS REAAL, as the case may be, among other things, has declared a dividend to be payable on the shares in its capital or repurchased shares in its own capital, such event may trigger a Compulsory Interest Payment Date. Reference is made to Conditions 4(f) and 17.

**Compulsory Interest Payment Date**

If an Interest Payment Date constitutes a Compulsory Interest Payment Date as described in Condition 4(f), Interest on the Bonds shall become mandatorily due and payable and shall not be deferred. An Interest Payment Date shall constitute a Compulsory Interest Payment Date if a Compulsory Interest Payment Event has occurred in the period of six months prior to such Interest Payment Date and provided no Capital Adequacy Event occurred following such Compulsory Interest Payment Event.

**Arrears of Interest**

Arrears of Interest may, subject to, where such deferral was due to a Capital Adequacy Event, the prior approval of the Relevant Supervisory Authority to the extent required pursuant to the then Applicable Capital Adequacy Regulations in order for the Bonds to qualify as regulatory capital, at the option of the Issuer be paid in whole or in part at any time, provided, however, that all Arrears of Interest in respect of all Bonds for the time being outstanding shall become due and payable in full on whichever is the earliest of (a) the first succeeding Compulsory Interest Payment Date; (b) the date of any redemption or substitution of the Bonds in accordance with Condition 5, and (c) the date upon which any order is made or any request is granted for the imposition of emergency regulations (*noodregeling*) under the DFSA, bankruptcy (*faillissement*) of the Issuer or an order is made or an effective resolution is passed for the dissolution (*ontbinding*) and subsequent liquidation of the Issuer.

**Status and subordination**

The Bonds are direct, unsecured, subordinated obligations of the Issuer and rank junior to the Senior Creditors of the Issuer, present and future.

Senior Creditors shall mean present and future creditors of the Issuer or the 403-Statement Provider, as the case may be, (a) who are unsubordinated creditors of the Issuer or the 403-Statement Provider, as the case may be, including, for the avoidance of doubt, any policyholders of the Issuer or the 403-Statement Provider, as the case may be, (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the 403-Statement Provider, as the case may be, or otherwise) to the claims of unsubordinated creditors of the Issuer or the 403-Statement Provider, as the case may be, but are expressly required to rank senior to the Bonds by mandatory provisions of law, or (c) who are subordinated creditors of the Issuer or the 403-Statement Provider, as the case may be, other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Bondholders including, for the avoidance of doubt, those whose claims relate to distribution on any and all classes of share capital of the Issuer or the 403-Statement Provider, as the case may be.

#### **Status of the 403-Statement**

The Bonds have the benefit of the 403-Statement which, subject to a default of the Issuer in accordance with Condition 7, constitutes a direct, unsecured, subordinated obligation of the 403-Statement Provider which ranks junior to all Senior Creditors of the 403-Statement Provider, present and future.

#### **Remedy for Non-Payment**

The sole remedy against the Issuer available to any Bondholder for recovery of amounts owing in respect of the Bonds will be the institution of enforcement proceedings subject to and in accordance with Condition 7. The Bondholders shall not have the right to petition for or institute proceedings for the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer in the Netherlands or to institute equivalent insolvency proceedings pursuant to any laws in respect of any default of the Issuer under the Bonds.

#### **Winding- Up Claims**

The Bonds will rank on a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer in priority to distributions on all classes of share capital of the Issuer and will rank *pari passu* and without



preference among themselves, but will be subordinated in right of payment to the claims of Senior Creditors of the Issuer or the 403-Statement Provider, as the case may be, present and future.

**Form**

The Bonds are in bearer form and will be initially represented by a Temporary Global Bond without coupons, which is expected to be deposited on or about the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Bond will be exchangeable for interests in a Permanent Global Bond without coupons not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership. A Permanent Global Bond (other than a Permanent Global Bond deposited with Euroclear and/or Clearstream, Luxembourg) will be exchangeable (free of charge), in whole for security printed Definitive Bonds with, where applicable, receipts, interest coupons or coupon sheets and talons attached. Such exchange may be made only upon the occurrence of any Exchange Event.

**Denomination**

€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000.

**Clearing systems**

Euroclear and Clearstream, Luxembourg.

**Common Safekeeper**

Clearstream, Luxembourg.

**Offer restrictions**

The Offering of the Bonds is subject to applicable selling and transfer restrictions. See '*Subscription and Sale*' below.

**Relevant Supervisory Authority**

The Dutch Central Bank (*De Nederlandsche Bank*) or any subsequent relevant regulator supervising the Issuer in respect of its compliance with any Applicable Capital Adequacy Regulations.

**Listing**

Application has been made to have the Bonds admitted to listing and trading on Euronext Amsterdam.

**Listing Agent**

SNS Securities N.V.

**Calculation Agent**

Dexia Banque Internationale à Luxembourg.

**Principal Paying Agent**

Dexia Banque Internationale à Luxembourg.

**Rating**

The Bonds are expected to be assigned, upon issuance, a 'Baa2' rating by Moody's and a 'BBB' rating by S&P. The rating of the Bonds addresses the assessment made by each of the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Maturity Date. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Bonds, see under '*Risk Factors*' herein.

**Risk Factors**

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. These are set out under Risk Factors below and include risks related to the Issuer and risks related to the Bonds.

**Governing law**

The Bonds will be governed by, and construed in accordance with, Netherlands law.

**Taxation**

Payments in respect of the Bonds will be made without withholding or deduction for or on account of taxes levied in the Netherlands, subject in the latter case to certain exceptions as provided in Condition 9.

## **RISK FACTORS**

*The Issuer and the 403-Statement Provider believe that the following factors may affect their ability to fulfil their obligations under the Bonds and the 403-Statement respectively. Most of these factors are contingencies which may or may not occur and the Issuer and 403-Statement Provider are not in the position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are also described below.*

*The Issuer and the 403-Statement Provider believe that the factors described below represent all material risks inherent in investing in the Bonds. Prospective investors should also read the detailed information set out elsewhere in this Prospectus prior to making any investment decision.*

*Before making an investment decision with respect to the Bonds, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Bonds and consider such an investment decision in the light of the prospective investor's personal circumstances.*

*The 403-Statement Provider is the holding company of the Issuer and is non operational. The business of the 403-Statement Provider is similar to that of the Issuer. As a consequence, the risk factors below apply mutatis mutandis to the 403-Statement Provider. For purposes of these Risk factors only, and to the extent relevant, references to the Issuer are deemed to be references to the 403-Statement Provider as well.*

### ***Risks related to the Issuer***

#### ***The business of the Issuer is primarily concentrated in the Netherlands***

The Issuer 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. Economic conditions in the Netherlands have been difficult. Due to the credit crisis in the past three years, the Dutch gross domestic product ("GDP") slowed to -3.9% in 2009 compared to 2.6% in 2008, while in 2010 the GDP increased by 1.7%. Any deterioration in or merely a long-term persistence of, the difficult economic environment in the Netherlands could negatively affect the demand for insurance products and services of the Issuer.

#### ***Integration risks following mergers***

Between 30 June 2008 and 1 November 2009, the Issuer merged with several entities. As a consequence, the businesses, systems and/or processes of such entities have been or currently still need to be integrated into the business of the Issuer. Any failure to successfully integrate the businesses, systems and/or processes of such entities could lead to a potential loss of customers and/or key employees or announced synergy advantages might not be realised. This in turn could have a material adverse effect on the Issuer. Additionally, unexpected risks or liabilities relating to the entities with whom the Issuer merged could adversely affect the Issuer.

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

The Issuer uses a variety of distribution channels in the Netherlands for the marketing and offering of its insurance products and services, including the internet, call centres, intermediaries and partnerships (special distribution).

Substantially more than half of the distribution of the Issuer 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 Issuer through these distribution channels depends on the preferences of these intermediaries for the products and services of the Issuer. Intermediaries' preferences are determined not only by the level of compensation offered, but also by product quality, the services offered to customers and the support services. The Issuer may not succeed in continuing to provide sufficient incentives to intermediaries to market its products and services successfully.

In seeking to attract and retain productive intermediaries, the Issuer competes with other financial institutions primarily on the basis of its support services, product features, financial position, and compensation. The Issuer may not continue to succeed in attracting and retaining new (productive) intermediaries or maintaining the current quality and/or quantity of its distribution networks.

***The Issuer is exposed to the level of interest rates***

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) could adversely affect the results of the Issuer.

The insurance investment portfolio of the Issuer consists primarily of fixed income securities. The short-term impact of interest rate fluctuations on the insurance business of the Issuer may be reduced in part by products designed to partly or entirely transfer the Issuer's exposure to interest rate movements to the policyholder. While product design and hedging reduce the exposure of the Issuer 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 Issuer, or affect the levels of new product sales.

A decrease in the long-term interest rate primarily adversely affects the values of the Issuer's liabilities under traditional life contracts, as liabilities are discounted using market 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. The net effect on the net asset value/surplus depends on the duration and volume matching of assets and liabilities as well as derivatives. As with falling equity values, a decrease in the interest rates also requires an addition to provisions for guarantees in life insurance policies, as the guarantees become more valuable for policyholders. The Issuer therefore attempts to match liabilities with assets that have sensitivities to interest rates that are the same as, or similar to, those of these liabilities. However to the extent that the Issuer 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 Issuer's assets and liabilities as interest rates change. Interest rate fluctuations could therefore have a material adverse effect on the Issuer's business, revenues, results and financial condition.

In periods where interest rates are higher than the current interest rates and in periods of increasing long-term interest rates, the market value of fixed income assets and/or interest rate derivatives of the Issuer may continue to decrease, unlike the liabilities. As the Issuer has to maintain a minimum level of technical provisions for its liabilities pursuant to Applicable Capital Adequacy Regulations, there could be a gap between the interest rate sensitivity of the Issuer's liabilities and the interest rate sensitivity of the Issuer's assets, which may be difficult to hedge effectively.

Furthermore, in periods where interest rates are higher than the current interest rates and in periods of increasing long-term interest rates, the market value of fixed income assets and/or interest rate derivatives

of the Issuer may continue to decrease, whereas the minimum level of regulatory required capital may increase. As the Issuer anticipates it has to maintain a minimum level of capital in the future as prescribed by future Applicable Capital Adequacy Regulations, there could be an interest rate sensitivity of net assets over the regulatory minimum capital requirement which may be difficult to hedge effectively.

The future results of insurance operations of the Issuer are impacted by the level of the interest rates. A prolonged period with low yields could harm the ability to create value in the life insurance operations. Even if premiums would increase after a certain period, the transition period would be associated with lower than expected earnings.

If the results of the Issuer 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 the Issuer or any of its legal predecessors, or start legal proceedings, often due to the fact that the applicable policy conditions do not contain a definition of profit (See also '*Litigation or other proceedings or actions may adversely affect the business, financial condition and results of operations of the Issuer*').

***The Issuer faces substantial competitive pressures which could adversely affect its results of operations***

There is substantial competition in the Netherlands for the types of insurance products and services that the Issuer provides. The Issuer faces competition from numerous companies such as Delta Lloyd, ASR, Nationale Nederlanden, Achmea and AEGON N.V. If the Issuer is unable to offer competing 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, and may harm the ability of the Issuer to maintain or increase profitability.

***Market conditions can adversely affect the results of the Issuer***

The business segment of the Issuer 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 Issuer could be adversely affected.

***While the Issuer manages its operational risks, these risks remain an inherent part of its business***

The operational risks that the Issuer faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events, such as fraud. These events may result in financial loss and may harm the reputation of the Issuer. Additionally, the loss of key personnel could adversely affect its operations and results.

The Issuer attempts to keep operational risks at appropriate levels by maintaining a well controlled environment in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While these control measures mitigate operational risks, they do not eliminate them.

***The Issuer faces liquidity risk***

Liquidity risk arises if the Issuer 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 Issuer cannot meet any scheduled or unexpected demand for cash from policyholders or other contracting parties and (ii) a market liquidity risk, i.e. the risk that the Issuer is not able to convert assets in cash as a result of unfavourable market conditions or a market disruption.

***The Issuer is exposed to financial risks, including counterparty exposure, and risks concerning the adequacy of its credit provisions***

The Issuer is exposed to general credit risks. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties may include customers, the issuers whose securities are being held by the Issuer, trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

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

The rates and prices issued by subsidiaries of the Issuer are agreed on the basis of theoretical rates. These rates and prices include a fee for expected risks, the cost of shareholders' equity and loan capital and management expenses. An example of such a price risk is the mortality risk in a life insurance policy. The structure of the shareholders' equity and the funding also affect the theoretical pricing. The actual pricing towards clients is determined on the basis of the advice of pricing committees, with account being taken of market conditions, in addition to the theoretical price.

The Issuer may 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. Any decrease in the amount of the Issuer's reinsurance may increase the Issuer's risk of loss. When reinsurance is obtained, the Issuer will still be liable for those transferred risks if the reinsurer cannot meet its obligations. Therefore, the inability of the Issuer's reinsurers to meet their financial obligations could materially affect the results of operations of the Issuer. Although the Issuer conducts a periodic review of the financial statements and reputations of its reinsurers, these reinsurers may become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years.

***The Issuer may be exposed to failures in its risk management systems***

The Issuer invests substantial time and effort in its strategies and procedures for managing not only credit risk, but also other risks, such as strategic risk, market risk, liquidity risk, operational risk and conduct of business risk. These strategies and procedures could nonetheless fail or not be fully effective under some circumstances, particularly if the Issuer is confronted with risks that it has not fully or adequately identified or anticipated. Some of the methods of the Issuer for managing risk are based upon observations of historical market behaviour. Statistical techniques are applied to these observations in order to arrive at

quantifications of some of the risk exposures of the Issuer. These statistical methods may not accurately quantify the risk exposure of the Issuer if circumstances arise which were not observed in its historical data. For example, as the Issuer offers new products or services, the historical data may be incomplete or not accurate for such new insurance products or services. As the Issuer gains more experience it may need to make additional provisions.

If circumstances arise which the Issuer did not identify, anticipate or correctly evaluate in developing its statistical models, its losses could be greater than the maximum losses envisaged by it. Furthermore, the quantifications do not take all risks or market conditions into account. If the measures used to assess and mitigate risk prove insufficient, the Issuer may experience unanticipated losses.

***Catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the Issuer***

Catastrophic events, terrorist attacks and similar events, as well as the responses thereto may create economic and political uncertainties, which could have a negative impact on economic conditions in the regions in which the Issuer operates and, more specifically, on the business and results of the Issuer in ways that cannot be predicted.

The insurance business of the Issuer is subject to the risk of claims resulting from major (catastrophic) events, like a plane crash or a pandemic. The Issuer has mitigated the catastrophe risk by ceding the insurance risk (above a certain level) to a panel of reinsurance companies, each with a minimum credit rating of 'A' by S&P.

***The Issuer operates in industries that are highly regulated. There could be an adverse change or increase in the financial services laws and/or regulations governing its business, including changes in tax law. There are frequent investigations by supervisory authorities, both into the industry and into the Issuer, which could result in governmental enforcement actions***

The Issuer conducts its business subject to ongoing regulatory and associated risks, including the effects of changes in law, regulations, and policies in the Netherlands and any other jurisdiction in which it conducts its business. The timing and form of future changes in regulation are unpredictable and beyond control of the Issuer and changes made could materially adversely affect its business.

The business of the Issuer is regulated and supervised by several Dutch supervisory authorities. The Issuer is required to hold licenses for its operations and is subject to regulation and supervision by authorities in the Netherlands (such as DNB) and in all other jurisdictions in which it operates. Laws and regulations applied at national level generally grant supervisory authorities broad administrative discretion over the activities of the Issuer, including the power to limit or restrict business activities. It is possible that laws and regulations governing the business of the Issuer or particular products and services could be amended or interpreted in a manner that is adverse to the Issuer, for example, to the extent that existing laws and regulations are amended or future laws and regulations are adopted that (i) reduce or restrict the sale of the products and services that the Issuer offers, whether existing or new, or (ii) negatively affect the performance of the products and services the Issuer offers, whether existing or new. The revenues and costs of the Issuer, profitability and available or required regulatory capital could also be affected by an increase or change in the degree of regulation in any of the markets in which the Issuer operates, whether existing or new. Due to the complexity of the regulatory environment in which the Issuer operates, it will entail more costs to ensure that the Issuer is, and will continue to be, in compliance with all applicable laws and regulations at all times, to the extent that the volume of regulation increases and the scope of the activities changes.

Furthermore, laws and regulations grant supervisory authorities the authority to perform investigations into, among other things, the compliance with specific regulations by the industry and/or the Issuer. Such investigations into financial services groups, including the group to which the Issuer belongs, are on-going. Current and future investigations by supervisory authorities, in particular in the context of, but not limited to, market conduct supervision, could result in sanctions in the event of it being found that the Issuer does not or does not fully comply with applicable laws and regulations. The outcome of such investigations could necessitate the Issuer to take costly measures. The outcome of such investigations by supervisory authorities could also result in changes in laws and regulations of the relevant supervisory authority in a manner that is adverse to the Issuer, which could, as indicated above, among other things, reduce or restrict the sale of the products and services that the Issuer offers, whether existing or new, or negatively affect the performance of the products and services that the Issuer offers, whether existing or new. The Issuer is the subject of ongoing investigations into certain control frameworks (*beheersingskaders*) in the context of market conduct supervision. The outcome of this investigation may damage the reputation of the industry and of the Issuer. Such investigations may induce the Issuer to change certain of its operational processes.

If the Issuer is in breach of any laws or regulations now or in the future, the Issuer will be exposed to the risk of intervention by regulatory authorities, including investigation and surveillance, and judicial or administrative proceedings. In addition, the reputation of the Issuer could suffer and the Issuer could be fined or prohibited from engaging in some of its business activities or be sued by customers if it does not comply with applicable laws or regulations.

***The Issuer is exposed to risks of damage to its reputation***

The Issuer is exposed to the risk that, among other things, litigation, employee misconduct, operational failures, outcome of current and future investigations by regulatory authorities and press speculation and the possible negative publicity resulting therefrom, whether or not founded, will harm its reputation.

Negative publicity could, for example, be based on allegations that the Issuer does not or does not fully comply with regulatory requirements or anti-money laundering rules, or could result from negative publicity about a third party linked to the Issuer (such as an intermediary or a partner) or about politically exposed persons in the customer base of the Issuer. Furthermore, negative publicity could result from failures in the information technology systems of the Issuer, loss of customer data or confidential information, or failure in risk management procedures. Negative publicity could also, but not exclusively, result from any misconduct or malpractice relating to intermediaries, business promoters or third party managers linked to the Issuer.

Any resulting damage to the reputation of the Issuer, in particular with a view to its focus on retail customers and the concentration of its business in the Netherlands, could cause disproportionate damage to its business, regardless of whether the negative publicity is factually accurate. Negative publicity could also be repeated by third parties, which could damage the reputation of the Issuer further.

Any damage to the reputation of the Issuer could cause existing customers to withdraw their business from the Issuer and potential customers to be reluctant or elect not to do business with the Issuer. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agency perception of the Issuer, which may make it more difficult for it to maintain its credit rating.

In addition, certain of the insurance products and services of the Issuer are distributed through third parties or form part of broader products and services sold by third parties. Any negative publicity in respect of such third parties or such broader products and services could result in significant damage to the reputation of the Issuer, which could in turn greatly hinder its ability to retain clients or compete for new business.



***The Issuer is exposed to the risk of a downgrade of any of its credit ratings***

The Issuer has been rated A- (negative) by S&P, A3 (stable) by Moody's and A- (stable) by Fitch Ratings Ltd ("**Fitch**") respectively. The 403-Statement Provider has been rated BBB+ (negative) by S&P. A downgrade of any of these ratings (for whatever reason) would result in higher funding and refinancing costs for the Issuer in the capital markets. In addition, a downgrade of any of the Issuer's ratings may limit its opportunities to operate in certain business areas and could have an adverse effect on the Issuer's image vis-à-vis the capital markets and its customers.

***The performance of the Issuer depends on its ability to accurately price its products and services***

The results of operations and financial condition of the Issuer depend, among other things, on its ability to set rates and prices accurately. Rate adequacy is necessary to generate sufficient premiums to pay losses and expenses and to earn profits on income.

The ability of the Issuer to price its products and services accurately is subject to a number of uncertainties. As a result, rates and prices of products and services may be determined on the basis of inadequate or inaccurate data or inappropriate analyses, assumptions or methodologies. If the Issuer fails to establish adequate rates and prices for its products and services, its revenues could decline while its expenses increase resulting in proportionately greater losses.

***Litigation or other proceedings or actions may adversely affect the business, financial condition and results of operations of the Issuer***

The Issuer faces significant legal risks in the conduct of its business. In the Netherlands, the number and size of claims that are the subject of litigation, regulatory proceedings and other adversarial proceedings (including, without limitation, class actions) against financial institutions are increasing. These legal risks could potentially involve, but are not limited to, disputes concerning the products and services in which the Issuer acts as principal, intermediary or otherwise. Increasingly financial institutions are also 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 Issuer and companies in the Issuer's industry are 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 Issuer. The costs to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of the Issuer's products and services, regardless of whether the allegations are valid or whether the Issuer is ultimately found liable. As a result, litigation may adversely affect the Issuer's business, financial condition and results of operations (See also '*The Issuer is exposed to risks of damage to its reputation*' and '*The Issuer is exposed to risks related to the offering of investment insurance policies and investment pension policies*').

***The Issuer is exposed to risks related to the offering of investment insurance policies and investment pension policies***

Apart from the general obligation of contracting parties to provide information, there are several provisions of the DFSA applicable to offerors of insurance products, such as investment insurance policies and investment pension policies. In addition, several codes of conduct apply on a voluntary basis. On the basis of these provisions, offerors of these products (and intermediaries) have a duty, *inter alia*, to provide the customers with accurate, complete and non-misleading information about the product, the costs and the risks involved. These requirements have become more strict over time. A breach of these requirements may

lead to a claim for damages from the customer on the basis of breach of contract or tort or the relevant contract may be dissolved (*ontbonden*) or nullified or the insured may claim set-off or defences against the insurance company. The merits of such claims will, to a large extent, depend on the manner in which the product was marketed and the promotional material provided to the insured. Depending on the relationship between the offeror and any intermediary involved in the marketing and sale of the product, the offeror may be liable for actions of the intermediaries which have led to a claim.

For quite some time the (alleged) non-transparency of and the costs paid for investment insurance policies and investment pension policies have the wide interest of the public, media, politics and the supervisory authorities. Recently, a number of insurers have reached settlement agreements with several claimant foundations and organisations and followed a recommendation of the Dutch Association of Insurers (*Verbond van Verzekeraars*) for compensation of their policy holders for the costs of such investment insurance policies and investment pension policies respectively. Although most of the policyholders accept such general agreements offered by the relevant SNS REAAL Group entities, policyholders are not bound by them and still have the possibility to initiate legal proceedings before a civil court in the Netherlands. The outcome of such legal proceedings is uncertain and may lead to reputational damage and/or direct financial loss.

***The insurance business of the Issuer is subject to risks concerning the adequacy of its technical provisions to cover future losses and benefits***

The insurance business of the Issuer is subject to risks that have their impact on the adequacy of its technical provisions. These provisions serve to cover the current and future liabilities (losses less benefits) of the Issuer to its policyholders. Depending on the actual realisation of the future liabilities of the Issuer the current technical provisions may prove to be inadequate.

The Issuer bases the technical provisions for the insurance business on actuarial practices and assumptions. For the insurance business of the Issuer these practices and assumptions typically include the assessment of mortality rates and their observed trends, as well as (guaranteed) interest rates. Other factors the Issuer takes into account when assessing its technical provisions relate, among other things, to policy holder bonus rates and profit sharing.

If future events or the effects thereof do not fall within or correspond with any such practices, assumptions, factors or assessments, for example if the actual future mortality rates deviate from those projected, the technical provisions could be inadequate.

Furthermore, additional losses, of which the Issuer cannot foresee the type or magnitude, may emerge in the future. These losses could, for example, arise from changes in the legal environment, major medical developments, or catastrophic events.

***The solvency position of the Issuer may have an impact on its business and on its ability to make timely payments under the Bonds***

The Issuer is subject to supervisory and regulatory laws and regulations on the basis whereof it is required to maintain a minimum solvency margin and/or capital adequacy ratio. Changes in such supervisory or regulatory laws and regulations may have a material effect on the business, financial condition and operations of the Issuer and on payments by the Issuer under the Bonds, including deferral thereof. If a Capital Adequacy Event has occurred and is continuing on any Interest Payment Date, the Issuer must defer all or part of such Interest Payment, except if such Interest Payment Date constitutes a Compulsory Interest Payment Date. In addition, the sole shareholder of the Issuer, REAAL N.V. ("**REAAL**"), either by itself or on instruction of the holding company of REAAL, SNS REAAL N.V. ("**SNS REAAL**"), may resolve to

distribute dividends on the shares in the capital of the Issuer, 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 the solvency position of the Issuer. Moreover, the proceeds of the purchase of the core tier 1 securities in SNS REAAL by the Dutch State were passed on to, amongst others, the Issuer. Any repayment of such proceeds by the Issuer to SNS REAAL in order to enable SNS REAAL, subject to approval of the Relevant Supervisory Authority, to redeem the core tier 1 securities issued to the Dutch State, may adversely affect the solvency position of the Issuer. Any such payment may also result in a Capital Adequacy Event and may cause an Interest Payment Date to constitute a Required Interest Deferral Date as a consequence of which any Payment shall be deferred, except if such Interest Payment Date constitutes a Compulsory Interest Payment Date.

#### ***Risk of recharacterisation of regulatory capital under Solvency II Directive***

The Bonds qualify as additional solvency margin for capital adequacy regulatory purposes pursuant to the DFSA. The capital adequacy requirements for insurance companies are currently under a fundamental review. Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 and the implementing measures by the European Commission thereunder (the "**Solvency II Directive**") provides for a new capital adequacy regime for insurance companies. It is expected that this new regime will be implemented in the DFSA and become effective as per 31 October 2012. The implementing measures, however, are still to be drawn up and are not known at this stage. Any such implementing measures could have an adverse effect on the Bonds as a consequence of which any such implementing measure could adversely affect the interests of the Bondholders. In particular, any implementing measure could cause any payment on the Bonds to result in the occurrence of a Capital Adequacy Event following which the Issuer would be required to defer interest payments and/or to suspend payments of principal if the regulatory capital (or any equivalent terminology employed by the then Applicable Capital Adequacy Regulations) of the Issuer is not sufficient to cover its capital adequacy requirements or if any such interest payment or redemption of the Bonds would only be permitted subject to the prior approval of the Relevant Supervisory Authority if required pursuant to the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital. "**Applicable Capital Adequacy Regulations**" means (i) the solvency margin, capital adequacy regulations or any other regulatory capital rules applicable to the Issuer from time to time pursuant to Dutch law and/or the laws of any other relevant jurisdiction and which lay down the requirements to be satisfied by financial instruments to qualify as solvency margin or additional solvency margin or regulatory capital (or any equivalent terminology employed by the then Applicable Capital Adequacy Regulations) and/or (ii) regulatory rules relating to the technical facilities and/or statutory liquidity requirements or any other capital adequacy regulations applicable to the Issuer from time to time pursuant to Dutch law and/or the laws of any other relevant jurisdiction, each as applied and construed by the Relevant Supervisory Authority and applicable to the Issuer.

#### ***Risks related to the 403-Statement***

##### ***The rights of the Bondholders under the 403-Statement are limited and the 403-Statement may be revoked at any time***

REAAL has provided a 403-Statement for the Issuer on 23 December 2008. In this guarantee REAAL declares itself to be jointly and severally liable for legal acts executed by the Issuer. A copy of this guarantee can be obtained at the Commercial Register of the Chamber of Commerce for the Central Netherlands (*Handelsregister van de Kamer van Koophandel voor Midden-Nederland*). Contrary to the content of the 403-Statement, the 403-Statement Provider is not jointly and severally liable for the obligations of the Issuer under the Bonds because the rights of the Bondholders in respect of the 403-Statement Provider are contractually limited in the Conditions. As such, a Bondholder only has a claim against the 403-Statement Provider if and to the extent that the Issuer is in default under its obligations

against the Bondholder pursuant to Condition 7. REAAL is a holding company and non operational itself. As such, if the Issuer defaults under the Bonds in accordance with Condition 7, the 403-Statement Provider depends on the activities of its subsidiaries to satisfy a claim under the 403-Statement. A claim under the 403-Statement would therefore result in limited recourse, because performance by the 403-Statement Provider may be dependent on the Issuer itself, which was not able to perform in the first place because otherwise the Bondholder could not have claimed performance by the 403-Statement Provider. Additionally, REAAL may revoke the 403-Statement at any time. The Bonds issued prior to such revocation date will continue to have the benefit of the 403-Statement, except if, subject to satisfaction of the conditions as described in Book 2, Section 404 of the Dutch Civil Code, among which is the non-occurrence of a timely and validly lodged objection of a Bondholder, the 403-Statement Provider terminates its obligations under the Bonds issued prior to the revocation date.

***The Issuer's and the 403-Statement Provider's obligations under the Bonds are subordinated***

The rights and claims of the Bondholders under the Bonds are direct, unsecured and subordinated to the claims of Senior Creditors of the Issuer or the 403-Statement Provider, as the case may be, present and future. "**Senior Creditors**" means present and future creditors of the Issuer or the 403-Statement Provider, as the case may be, (a) who are unsubordinated creditors of the Issuer or the 403-Statement Provider, as the case may be, including, for the avoidance of doubt, any policyholders of the Issuer or the 403-Statement Provider, as the case may be, (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the 403-Statement Provider, as the case may be, or otherwise) to the claims of unsubordinated creditors of the Issuer or the 403-Statement Provider, as the case may be, but are expressly required to rank senior to the Bonds by mandatory provisions of law, or (c) who are subordinated creditors of the Issuer or the 403-Statement Provider, as the case may be, other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Bondholders including, for the avoidance of doubt, those whose claims relate to distribution on any and all classes of share capital of the Issuer or the 403-Statement Provider, as the case may be. By virtue of such subordination, Payments (as defined below) to a Bondholder will, in the event of liquidation or bankruptcy of the Issuer or the 403-Statement Provider, as the case may be, or in the event of a moratorium with respect to the Issuer or the 403-Statement Provider, as the case may be, only be made after, and any set-off by a Bondholder shall be excluded until, all obligations of the Issuer or the 403-Statement Provider, as the case may be, resulting from deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied. A Bondholder may therefore recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer.

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

***Risks related to the Bonds***

***Limitations in rights of Bondholders***

The rights of Bondholders are limited in certain respects. In particular, (i) under circumstances, redemption of the Bonds pursuant to Condition 5 may only be effected after the Issuer has obtained the written approval of the Relevant Supervisory Authority if required pursuant to the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital, (ii) the Issuer must obtain the prior written approval of the Relevant Supervisory Authority if required pursuant to the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital before effecting any repayment of Bonds following an

event of default and (iii) the Bondholders do not have the right to institute winding-up proceedings (*faillissement of vereffening na ontbinding*) against the Issuer. See Conditions 5, 7 and 8 for further details.

***On any Optional Interest Payment Date the Issuer may elect to defer payment of the Interest accrued***

On any Interest Payment Date other than a Compulsory Interest Payment Date or a Required Interest Deferral Date, the Issuer may elect to defer payment of Interest accrued up to that date in respect of the Bonds.

***Required Interest Deferral Date***

If a Capital Adequacy Event has occurred and is continuing on any Interest Payment Date, the Issuer shall defer all (or part of the) interest on such Interest Payment Date and the Issuer shall not have any obligation to make such Interest Payment, unless the Interest Payment Date constitutes a Compulsory Interest Payment Date. Any payment of Arrears of Interest shall become due and payable in full on whichever is the earliest of (a) the first succeeding Compulsory Interest Payment Date, (b) the date of any redemption or substitution of the Bonds in accordance with Condition 5, and (c) the date upon which any order is made or any request is granted for the imposition of emergency regulations (*noodregeling*) under the DFSA, bankruptcy (*faillissement*) of the Issuer or an order is made or an effective resolution is passed for the dissolution (*ontbinding*) and subsequent liquidation of the Issuer.

***The Bonds will bear a floating interest rate as per the First Call Date***

The Bonds will bear a floating rate of interest of Euribor for 12 month deposits in euro plus a margin of 6.165 per cent. as per the First Call Date. As Euribor for 12 month deposits in euro is not known to the Issuer at the date of this Prospectus, the Floating Interest Rate applicable to the Bonds following the First Call Date may be lower than the prevailing Fixed Interest Rate prior to the First Call Date. As a consequence, the Applicable Interest Rate in respect of the Bonds following the First Call Date may be less favourable than the prevailing Applicable Interest Rate in respect of the Bonds prior to the First Call Date.

***The Bonds are subject to optional redemption by the Issuer***

Unless previously redeemed in full, the Issuer will have the option to redeem all of the Bonds on the First Call Date or on any Interest Payment Date thereafter at their principal amount outstanding, together with accrued and unpaid interest and any Arrears of Interest, subject to and in accordance with the Condition 5. Additionally, at any time prior to the First Call Date, the Issuer may elect to redeem the Bonds, subject to the Conditions, in case of a Tax Event, Regulatory Event and a Rating Agency Event. Any early redemption of the Bonds will be subject to the prior approval of the Relevant Supervisory Authority, if required pursuant to the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital.

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

The Issuer may be expected to redeem the Bonds when its cost of borrowing is lower than the Applicable Interest Rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the Applicable Interest Rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***There is no limitation on issuing debt by the Issuer***

There is no restriction on the amount of debt which the Issuer may issue which ranks senior to the Bonds or on the amount of securities which the Issuer may issue which ranks *pari passu* with the Bonds. The issue of any such debt or securities may reduce the amount recoverable by Bondholders upon a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or may increase the likelihood of a deferral of payments under the Bonds.

***Set-off risk***

Subject to applicable law, no Bondholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Bonds and each Bondholder shall, by virtue of being a Bondholder, be deemed to have waived all such rights of set-off.

***General risks***

The value of the Bonds may be influenced by national and international political, economical, social, environmental circumstances and developments.

***Change of law and jurisdiction***

The conditions of the Bonds are governed by Netherlands 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 to Netherlands law or administrative practice after the date of this Prospectus.

Prospective investors should note that the courts of the Netherlands shall have jurisdiction in respect of any disputes involving the Bonds. Bondholders may take any suit, action or proceedings arising out of or in connection with the Bonds against the Issuer in any court of competent jurisdiction. The laws of the Netherlands may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Bonds.

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

Credit ratings may not reflect all risks and the methodologies of determining credit ratings may be changed from time to time leading to potential downgrades.

It is expected that Moody's and S&P will assign a credit rating to the Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. 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. There is no assurance that the rating will remain for any given period of time or that the rating will not be lowered or withdrawn by each of the Rating Agencies if, in its judgement, circumstances in the future so warrant.

Such change may, among other factors, be due to a change in the methodology applied by each of the Rating Agencies to rating securities with similar structures to the Bonds, as opposed to any revaluation of the Issuer's financial strength or other factors such as conditions affecting the financial services industry generally.

In the event a rating assigned to the Bonds or the Issuer is subsequently lowered for any reason, the market value of the Bonds is likely to be adversely affected, but no person or entity is obliged to provide any additional support or credit enhancement with respect to the Bonds.

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

The Issuer will pay principal and interest on the Bonds 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 Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds.

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 at all.

### ***Uncertainty as to the trading market for the Bonds***

The Issuer has applied for the Bonds to be admitted to listing and trading on Euronext Amsterdam. The Bonds are securities for which there is currently no trading market and for which there can be no assurance of future liquidity. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, to the extent that the Bonds are traded, prices of the Bonds may fluctuate greatly depending on the trading volume and the balance between buy and sell orders.

### ***The Bonds will be held in global form***

The Bonds will be held by a common safekeeper for Euroclear and Clearstream, Luxembourg, initially in the form of a Temporary Global Bond which will be exchangeable for interests in a Permanent Global Bond or, upon the occurrence of an Exchange Event (as defined below) only, for Definitive Bonds. For as long as any Bonds is represented by a Global Bond held by a common safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg, payments of principal, Interest and any other amounts on a Global Bond will be made through Euroclear and/or Clearstream, Luxembourg (as the case may be). The bearer of the relevant Global Bond, being the common safekeeper for Euroclear and Clearstream, Luxembourg, shall be treated by the Issuer and any Paying Agent as the sole holder of the Bonds represented by such Global Bond with respect to the payment of principal, Interest and any other amounts payable in respect of the Bonds.

The Bonds will have a denomination of €100,000 (the "**Specified Denomination**") plus a higher integral multiple of €1,000 up to €199,000. It is possible that the Bonds may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination (a "**Stub Amount**") may not receive a Definitive Bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that its holding amounts to a Specified Denomination. As long as the Stub Amount is held in the relevant book-entry system, the Bondholder will be unable to transfer this Stub Amount.

Bonds which are represented by a Global Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.

***The Bondholders will be dependent upon Nominee Arrangements***

Where a nominee service provider is used by an investor to hold the relevant Bonds or such investor holds interests in the Bonds through accounts with a book-entry system (such as Euroclear or Clearstream, Luxembourg), such investor will receive payments in respect of principal, Interest or any other amounts due, as applicable, solely on the basis of the arrangements entered into by the investor with the relevant nominee service provider or book-entry system, as the case may be. Furthermore, such investor must rely on the relevant nominee service provider or book-entry system to distribute all payments attributable to the relevant Bonds which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or book-entry system, as well as the Issuer.

For the purposes of (a) distributing any notices to Bondholders, and (b) recognising Bondholders for the purposes of attending and/or voting at any meetings of Bondholders, the Issuer will recognise as Bondholders only those persons who are at any time shown as accountholders in the records of Euroclear and/or Clearstream, Luxembourg as persons holding an interest in the Bonds. Accordingly, an investor must rely on the nominee service provider who is the accountholder with the relevant book-entry system through which the investor made arrangements to invest in the Bonds (and, if applicable, the domestic book-entry system through which the Bonds are held), to forward notices received by the nominee service provider from Euroclear and/or Clearstream, Luxembourg and to timely return the investor's voting instructions or voting certificate application to Euroclear and/or Clearstream, Luxembourg. Accordingly, such an investor will be exposed to the risk that the relevant nominee service provider or book-entry system may fail to pass on the relevant notice to, or fail to take relevant instructions from, the investor.

In addition, such a Bondholder will only be able to sell any Bond held by it prior to its Maturity Date with the assistance of the relevant nominee service provider.

None of the Issuer, any of the Joint Lead Managers or the Principal Paying Agent shall be responsible for the acts or omissions of any relevant nominee service provider or book-entry system nor makes any representation or warranty, express or implied, as to the services provided by any relevant nominee service provider or book-entry system.

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

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

***EU Savings Directive***

If a payment were to be made or collected through a Member State of the European Economic Area which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive. EU Savings Directive means the EU Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such EU Savings Directive.



***Modification, waivers and substitution***

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

In case of a Tax Event, a Regulatory Event or a Rating Agency Event, the Issuer may in its sole discretion, and without the Bondholders' consent, opt for an alternative to redemption by either (i) substituting the Bonds for new bonds or (ii) by amending the Conditions of the Bonds, provided that such alternative is not prejudicial to the interests of the Bondholders. Nonetheless, it is possible that any modified or substituted Bonds will contain conditions that are contrary to the investment criteria of certain investors. Any resulting sale of the Bonds, or of the modified or substituted Bonds, may be adversely affected by market perception of, and price movements in, the terms of the modified or substituted Bonds.

The Conditions also provide that the Issuer and the Principal Paying Agent may, without the consent of Bondholders, agree to certain modifications of the Conditions, in the circumstances described in Condition 11.

## IMPORTANT INFORMATION

### ***Responsibility statement***

The Issuer accepts responsibility for the information contained in this Prospectus other than for the information for which the 403-Statement Provider accepts responsibility as referred to below and hereby declares that, having taken all reasonable care to ensure that such is the case, such information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The 403-Statement Provider accepts responsibility for the information contained in the chapter *'Information about the 403-Statement Provider and the 403-Statement'* for the information referred to therein and for all such information included in this Prospectus to the extent that it refers to or relates to the 403-Statement Provider and hereby declares that, having taken all reasonable care to ensure that such is the case, such information is to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Information obtained from third party sources, as included in the Prospectus, has been accurately reproduced and, as far as the Issuer and/or the 403-Statement Provider are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Prospectus, the source of such information has been identified.

None of the Joint Lead Managers nor any of their affiliates have authorised the whole or any part of this Prospectus or have 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 any of the Joint Lead Managers or any of their affiliates as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the 403-Statement Provider in connection with the offering of the Bonds. None of the Joint Lead Managers nor any of their affiliates accept any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the 403-Statement Provider in connection with the offering of the Bonds or their distribution.

### ***Notice to investors***

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

The Issuer and the 403-Statement Provider shall be legally required to furnish a supplement to this Prospectus in case of any significant new factor, material mistake or inaccuracy relating to the information contained in this Prospectus which is capable of affecting the assessment of the Bonds and which arises or is noticed between the time when this Prospectus has been approved and the Closing Date.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus, any amendment or supplement thereto, any document incorporated by reference herein, or any other information supplied in connection with the Offering and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the 403-Statement Provider or any of the Joint Lead Managers. The delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the

403-Statement Provider since the date hereof or that there has been no adverse change in the financial position of the Issuer or the 403-Statement Provider since the date hereof or that the information contained in it or any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

Neither this Prospectus nor any other information supplied in connection with the Offering should be considered as a recommendation by the Issuer, the 403-Statement Provider or any of the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the Offering should purchase any Bonds. Accordingly, no representation, warranty or undertaking, express or implied, is made by any of the Joint Lead Managers in their capacity as such. Each potential investor in the Bonds 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 Bonds, the merits and risks of investing in the Bonds (including an evaluation of the financial condition, creditworthiness and affairs of the Issuer and the 403-Statement Provider) and the information contained or incorporated by reference in this Prospectus and any supplements;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds 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 Bonds, including where the currency for principal or Interest Payments is different from the potential Investor's Currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets;
- (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 (including, without limitation, those described in *Risk Factors* above); and
- (vi) consider the tax consequences of investing in the Bonds and consult their tax adviser about their own tax situation. See also '*Dutch Taxation*' below and Condition 9.

The distribution of this Prospectus and the offer, transfer or sale of the Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus comes must inform themselves about, and observe, any such restrictions. See '*Subscription and Sale*' below.

This Prospectus may only be used for the purpose for which it has been published.

This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. None of the Issuer, the 403-Statement Provider and any of the Joint Lead Managers represents that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or assume any responsibility for facilitating any such distribution or offering.

References to "euro", "EUR" and "€" refer to the lawful currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union.

Words and expressions defined in Condition 17 of the Terms and Conditions of the Bonds shall have the same meanings ascribed to them in Condition 17 when used in other parts of this Prospectus.

## TERMS AND CONDITIONS OF THE BONDS

***The following, subject to modification, are the terms and conditions ("Conditions") of the Bonds which will be incorporated by reference into each Bond.***

The Bonds are issued in accordance with the Agency Agreement entered into on or about the Closing Date between, *inter alia*, SRLEV N.V. (the "**Issuer**"), Dexia Banque Internationale à Luxembourg as issuing and principal paying agent and agent bank (the "**Principal Paying Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents). Copies of the Agency Agreement are available for inspection during normal business hours by the Bondholders free of charge at the specified office of the Principal Paying Agent. All persons from time to time entitled to the benefit of obligations under the Bonds shall be deemed to have notice of, and shall be bound by, all of the provisions of the Agency Agreement insofar as they relate to the Bonds.

REAAL Verzekeringen N.V., renamed REAAL N.V. ("**REAAL**" effective as per 3 September 2010, has provided a guarantee as referred to in Book 2, Section 403 of the Dutch Civil Code ("**403-Statement**") for Zwitterleven N.V. on 23 December 2008. Zwitterleven N.V. was renamed SRLEV N.V. as per 1 September 2009 as a consequence of which the 403-Statement is provided by REAAL for the Issuer. Reference is made to "Information about the 403-Statement Provider and the 403-Statement" in the Prospectus. In this guarantee REAAL declares itself to be jointly and severally liable for legal acts executed by the Issuer. Contrary to the content of the 403-Statement, the 403-Statement Provider is not jointly and severally liable for the obligations of the Issuer under the Bonds because the rights of the Bondholders in respect of the 403-Statement Provider are contractually limited in these Conditions. As such, a Bondholder only has a claim against the 403-Statement Provider if and to the extent that the Issuer is in default under its obligations against the Bondholder pursuant to Condition 7. To the extent that and subject to the Issuer being in default in accordance with Condition 7, and for purposes of these Conditions only, references to the Issuer are deemed to be references to the 403-Statement Provider and the terms and conditions described herein apply *mutatis mutandis* as if they were issued by the 403-Statement Provider.

The issue and Offering of the Bonds were duly authorised by a resolution of the management board of the Issuer passed on 3 November 2010 and approved by a resolution of the supervisory board of the Issuer passed on 11 November 2010. These resolutions were confirmed in a resolution dated 15 March 2011.

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

#### **(a) Form and Denomination**

The Bonds are in bearer form and shall be in denominations of €100,000 each and integral multiples of €1,000 in excess thereof up to and including €199,000. The Bonds will initially be represented by a Temporary Global Bond which is exchangeable for a Permanent Global Bond (each a "**Global Bond**") without interest coupons attached. The Global Bonds will be deposited with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Other than in case of an Exchange Event, the Global Bond will not be exchangeable for Bonds in definitive form ("**Definitive Bonds**"). Interest bearing Definitive Bonds in the standard euromarket form have interest coupons ("**Coupons**") and talons for further Coupons ("**Talons**") attached on issue.

Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

*(b) Transfer and Title*

Under Netherlands law, the valid transfer of Bonds and Coupons requires, *inter alia*, delivery (*levering*) thereof. The bearer of any Bond will be the only person entitled to receive payments in respect of such Bond. For as long as any of the Bonds is represented by a Global Bond, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg or any of its account holders as the holder of a particular nominal amount of such Bonds (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg or such account holder as to the nominal amounts of Bonds standing to the account of any person shall be conclusive and binding for all purposes, in the absence of wilful default, bad faith or manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Bonds for all purposes other than with respect to the payment of principal or Interest on the Bonds, for which purpose the bearer of any Bond shall be treated by the Issuer and the Paying Agents as the holder of such Bonds in accordance with and subject to the terms of the Bond (and the term "**Bondholder**" shall have the corresponding respective meanings). Bonds which are represented by a Global Bond held by a common safekeeper for Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be. For the purposes of these Conditions, account holders shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear and/or Clearstream, Luxembourg. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

## **2. Status**

*(a) Status and Subordination of the Bonds*

The Bonds constitute direct, unsecured, subordinated obligations of the Issuer and rank junior to all Senior Creditors. The Bonds rank *pari passu* without any preference among themselves. The rights and claims of the Bondholders and the Couponholders under the Bonds are subordinated to the claims of Senior Creditors of the Issuer, present and future.

*(b) Winding-Up Claims of the Issuer*

Amounts in respect of principal or Interest Payments not falling on a Required Interest Deferral Date which would otherwise be due and payable and have since not been paid ("**Winding-Up Claims**") will be payable by the Issuer in a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer as provided in Condition 3 and on any redemption pursuant to Condition 5(b) and 5(c). A Winding-Up Claim shall not bear interest.

*(c) Set-off*

Subject to applicable law, no Bondholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Bonds or the

Coupons and each Bondholder shall, by virtue of being the holder of any Bond, be deemed to have waived all such rights of set-off.

*(d) No amendment without approval of the Relevant Supervisory Authority*

These Conditions may not be amended without the prior written approval of the Relevant Supervisory Authority if required pursuant to the then Applicable Capital Adequacy Regulations in order for the Bonds to qualify as regulatory capital.

### **3. Winding-up**

If at any time an order is made, or an effective resolution is passed, for the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer (except in any such case a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer or a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement)), a winding-up amount shall be payable by the Issuer in respect of each Bond (in lieu of any other payment by the Issuer). In a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer, the Bonds will rank in priority to distributions on any and all classes of share capital of the Issuer and will rank *pari passu* with each other and among themselves, but will be subordinated in right of payment to the claims of Senior Creditors, present and future.

In a winding-up (*faillissement of vereffening na ontbinding*) of the Issuer, the Bondholders and Couponholders will have only a claim for payment in full or in part of principal and Arrears of Interest Payments, if any, to the extent that distributable assets of the Issuer are sufficient to pay in full or partly such amount of principal and such Arrears of Interest Payments.

### **4. Interest Payments and Deferrals**

#### ***Interest Payments***

*(a) Interest Payment Dates*

The Bonds bear interest from (and including) the Closing Date. Such interest will (subject to Conditions 4(e) and 4(g)) be payable annually in arrears on 15 April of each calendar year (the "**Interest Payment Date**"). Each Bond will cease to bear interest from the due date for redemption unless payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing rate in accordance with this Condition (both before and after judgment).

If any Interest Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next Business Day. The amount of the relevant Interest Payment shall not be adjusted as a result.

If Interest is required to be calculated for a period starting or ending other than on an Interest Payment Date, such Interest shall be calculated by applying the Applicable Interest Rate to the Interest Amount, multiplying such sum by the relevant Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of a euro, half of any such sub-unit being rounded upwards

and multiplying such rounded up figure by a fraction equal to the denomination of such Interest divided by the Interest Amount.

*(b) Applicable Interest Rate*

The Bonds shall bear a fixed rate interest of 9 per cent. until the First Call Date (the "**Fixed Interest Rate**"). From (and including) the First Call Date, the Bonds will bear a floating rate of interest of Euribor for 12 month deposits in euro plus a margin of 6.165 per cent. ("**Floating Interest Rate**" and together with the Fixed Interest Rate, the "**Applicable Interest Rate**").

The Floating Interest Rate will be determined on the basis of Screen Rate Determination. For each Floating Interest Period from and including the First Call Date, the Floating Interest Rate will, subject as provided below, be the offered quotation (expressed as a percentage rate per annum) for 12 month deposits in euro for that Floating Interest Period which appears on the Screen Page as of 11:00 a.m. (Brussels time) on the relevant Interest Determination Date, plus a margin of 6.165 per cent., all as determined by the Calculation Agent.

If the Screen Page is not available, the Calculation Agent will request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for a period equal to the relevant Interest Period to leading banks in the interbank market of the Euro-Zone at approximately 11:00 hours (Brussels time) on the Interest Determination Date. As long as two or more of the selected Reference Banks provide the Calculation Agent with such offered quotations, the Floating Interest Rate for such Floating Interest Period will be the arithmetic mean (rounded if necessary to the third decimal place, with 0.0005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) plus a margin of 6.165 per cent. If the Floating Interest Rate cannot be determined in accordance with the foregoing, the Floating Interest Rate will be the offered quotation or the arithmetic mean (rounded, if necessary, as aforesaid) of the offered quotations on the Screen Page on the last day preceding the Interest Determination Date on which such quotations were offered plus a margin of 6.165 per cent.

*(c) Determination of Interest Amounts*

The Calculation Agent will calculate the Interest Amount and cause the Applicable Interest Rate and each Interest Amount payable in respect of an Interest Period to be notified to the Issuer, the Principal Paying Agent, Euronext Amsterdam N.V. ("**Euronext**") and the Bondholders as soon as possible after their determination but in any event no later than the third Business Day thereafter. All determinations and calculations made by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and the Bondholders.

*(d) No Determination or Calculation by Calculation Agent*

If the Calculation Agent does not at any time for any reason calculate an Interest Amount in accordance with Condition 4(c), the Issuer shall appoint an agent to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Issuer or such agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it or such agent can do so, and in all other respects it or such agent shall do so in such manner as it shall deem fair and reasonable in all the circumstances. All determinations or calculations made or obtained for the purposes of the



provisions of this Condition 4(d) by such agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and all Bondholders.

### ***Deferrals***

The Issuer must make each Interest Payment on the relevant Interest Payment Date subject to and in accordance with these Conditions. Without prejudice to the generality of Condition 2 and subject to Condition 4(f) as specified below, the Issuer must or may defer an Interest Payment and any other payment in the following circumstances:

#### ***(e) Optional Interest Payment Date***

Subject to Conditions 4(f) and 4(g) and therefore other than on a Compulsory Interest Payment Date or a Required Interest Deferral Date, the Issuer may in respect of any Interest Payment which would, in the absence of deferral in accordance with this Condition 4(e), be due and payable, defer all or part of such Interest Payment by giving a notice in writing (a "**Deferral Notice**") to the Principal Paying Agent, the Calculation Agent and the Bondholders (in accordance with Condition 13) not less than 10 (ten) Business Days prior to the relevant Interest Payment Date.

#### ***(f) Compulsory Interest Payment Date***

Interest Payments will become mandatorily due and payable on an Interest Payment Date if during a period of six months prior to such Interest Payment Date a Compulsory Interest Payment Event has occurred (such Interest Payment Date, a "**Compulsory Interest Payment Date**"), provided however, that if a Capital Adequacy Event occurred during the Interest Period immediately preceding such Interest Payment Date, such Interest Payment Date shall only be a Compulsory Interest Payment Date if such Capital Adequacy Event occurred prior to the relevant Compulsory Interest Payment Event.

#### ***(g) Required Interest Deferral Date***

- (i) If a Capital Adequacy Event has occurred and is continuing on any Interest Payment Date (such Interest Payment Date, a "**Required Interest Deferral Date**"), subject to Condition 4(g)(ii), the Issuer shall defer and the Issuer shall not have any obligation to make all or part of such Interest Payment, except if such Interest Payment Date constitutes a Compulsory Interest Payment Date.
- (ii) Notwithstanding Condition 4(g)(i), if the Relevant Supervisory Authority accepts that the Issuer makes all or part of the Interest Payment despite the Capital Adequacy Event, such Interest Payment Date does not constitute a Required Interest Deferral Date.

#### ***(h) Arrears of Interest***

Any unpaid interest shall as long as it remains unpaid constitute arrears of interest ("**Arrears of Interest**").

Arrears of Interest, other than a Winding-Up Claim, shall bear interest at the then Applicable Interest Rate (as defined below) from (and including) the date on which the Arrears of Interest Payment would otherwise have been due to be made to (but excluding) the relevant Arrears of Interest Satisfaction Date.

Arrears of Interest may, subject to, where such deferral was due to a Capital Adequacy Event, the prior approval of the Relevant Supervisory Authority to the extent required pursuant to the then Applicable Capital Adequacy Regulations in order for the Bonds to qualify as regulatory capital, at the option of the Issuer be paid in whole or in part at any time, provided, however, that all Arrears of Interest in respect of all Bonds for the time being outstanding shall become due and payable in full on whichever is the earliest of:

- (i) the first succeeding Compulsory Interest Payment Date;
- (ii) the date of any redemption or substitution of the Bonds in accordance with Condition 5; and
- (iii) the date upon which any order is made or any request is granted for the imposition of emergency regulations (*noodregeling*) under the DFSA, bankruptcy (*faillissement*) of the Issuer or an order is made or an effective resolution is passed for the dissolution (*ontbinding*) and subsequent liquidation of the Issuer.

## **5. Redemption and Purchases**

### **(a) At Maturity Date**

Unless previously redeemed or purchased and cancelled as specified below, each Bond will be redeemed by the Issuer at its principal amount outstanding together with accrued and unpaid interest and any Arrears of Interest on the Interest Payment Date falling in 2041 (the "**Maturity Date**"), provided that (i) no Capital Adequacy Event has occurred and is continuing on such date or (ii) such redemption would not itself cause a Capital Adequacy Event.

If (i) a Capital Adequacy Event has occurred and is continuing on the Maturity Date or (ii) a redemption would itself cause a Capital Adequacy Event, then the Bonds may only be redeemed at their principal amount outstanding together with accrued and unpaid interest and any Arrears of Interest on the Maturity Date or any day thereafter upon the earlier of (a) the Issuer having received the prior approval of the Relevant Supervisory Authority if required pursuant to the then Applicable Capital Adequacy Regulations in order for the Bonds to qualify as regulatory capital, and (b) the day on which no Capital Adequacy Event is continuing and the redemption would itself not cause a Capital Adequacy Event.

### **(b) Optional Redemption**

Subject to prior approval of the Relevant Supervisory Authority if required pursuant to the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 13 and to the Principal Paying Agent, which notice shall be irrevocable, elect to redeem all of the Bonds on the First Call Date or any Interest Payment Date thereafter at their principal amount outstanding together with accrued and unpaid interest and any Arrears of Interest ("**Optional Redemption**").

*(c) Redemption, substitution or modification upon a Tax Event*

If:

- (i) the Issuer would, for reasons outside its control, be unable to make such payment without being required to pay additional amounts as provided or referred to in Condition 9; or
- (ii) as a result of any change in or proposed change in, or amendment to or proposed amendment to, the laws of the Netherlands or any political subdivision or authority thereof having power to tax, or any change in or proposed change in the application of official or generally published interpretation of such laws, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such law or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Bonds, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by Act of Parliament or made by Statutory Instrument on or after the Closing Date of the relevant Bonds (a "**Tax Law Change**"), or if no such Tax Law Change has occurred, the Issuer reasonably determines, based on an opinion of competent legal counsel, that, in either case, there is more than an insubstantial risk that the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any payment of interest

(each a "**Tax Event**"), then the Issuer may, at any time prior to the First Call Date, subject to the prior approval of the Relevant Supervisory Authority if required pursuant to the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital, either redeem the Bonds, substitute the Bonds for new bonds or modify the terms of the Bonds in accordance with Condition 5(f).

*(d) Redemption, Substitution or Modification upon a Regulatory Event*

If the Issuer is not permitted under the applicable rules and regulations at any time during which period the Bonds are outstanding to treat the proceeds of such Bonds as eligible to be treated as solvency margin or additional solvency margin (or as regulatory capital under the then Applicable Capital Adequacy Regulations) of the Issuer for the purposes of the determination of its regulatory capital, other than as a result of the application of the limits on inclusion of such securities in solvency margin or additional solvency margin (or as regulatory capital under the then Applicable Capital Adequacy Regulations), as the case may be (the "**Regulatory Event**"), then the Issuer may either redeem the Bonds, substitute the Bonds for new bonds or modify the terms of the Bonds in order to ensure that the proceeds of the Bonds may be treated as solvency margin or additional solvency margin (or as regulatory capital under the then Applicable Capital Adequacy Regulation) in accordance with Condition 5(f).

*(e) Redemption, Substitution or Modification upon a Rating Agency Event*

If after the Closing Date, a change occurs in the methodology of any of the Rating Agencies (or interpretation of such methodology) as a result of which the equity content previously

assigned by each of the Rating Agencies to the Bonds is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned to the Bonds at the Closing Date (the “**Rating Agency Event**”), then the Issuer may on the Interest Payment Date commencing on the fifth Interest Payment Date following the Closing Date, subject to the prior approval of the Relevant Supervisory Authority if required pursuant to the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital, either redeem the Bonds, substitute the Bonds for new bonds or modify the terms of the Bonds in accordance with Condition 5(f).

*(f) Redemption, substitution or modification upon a Tax Event, a Regulatory Event or a Rating Event*

Any redemption, substitution or modification as referred to in Conditions 5(c), 5(d) and 5(e) shall be conducted in the manner described below.

- (i) The Issuer may, having given not less than 30 nor more than 60 days’ notice to the Principal Paying Agent and, in accordance with Condition 13, the Bondholders (which notice shall be irrevocable) redeem all of the Bonds at their principal amount outstanding together with accrued and unpaid interest and any Arrears of Interest;
- (ii) The Issuer may, subject to compliance with Applicable Capital Adequacy Regulations, substitute the Bonds for new bonds having materially the same terms as the Bonds and which substitution shall not be prejudicial to the interests of the Bondholders. Any substitution of the Bonds into new bonds under this paragraph (f)(ii) shall be made not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 13; or
- (iii) The Issuer may, subject to compliance with Applicable Capital Adequacy Regulations, modify the terms of the Bonds which modification shall not be prejudicial to the interests of the Bondholders;

*(g) Purchases*

The Issuer may subject to the prior approval of the Relevant Supervisory Authority if required pursuant to the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital at any time purchase Bonds in any manner and at any price.

*(h) Cancellation*

Bonds purchased by the Issuer may be held, reissued, resold or, at the option of the Issuer, be cancelled by decreasing the number of Bonds represented by the Global Bond by an equal number. Cancellation of any Bonds will be effected by reduction in the principal amount of the Global Bond and such cancelled Bonds may not be reissued or resold. The obligations of the Issuer in respect of any such Bonds shall be discharged.

## 6. **Payments**

### (a) *Method of Payment*

- (i) Payments of principal and Interest Amounts and all other payments on or in respect of the Bonds will be in euro, will be calculated by the Calculation Agent in accordance with the Conditions and will be and effected through the Paying Agents. Any such payment will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond to the order of the Paying Agent. A record of each payment will be endorsed on the appropriate part of the schedule to the Global Bond by or on behalf of the Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Bonds.
- (ii) The names of the initial Principal Paying Agent and its initial specified office are set out below. 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 subject to Condition 15, provided that it will at all times maintain (a) to the extent relevant, as long as the Bonds are admitted to listing and trading on any other stock exchange or regulated securities market and the rules of such exchange or securities market so require, a Paying Agent having a specified office in such location as the rules of such exchange or securities market may require and (b) a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any such termination or appointment and of any change in the specified office of the Paying Agents will be given to the Bondholders in accordance with Condition 13.

Address of the initial Principal Paying Agent:  
Dexia Banque Internationale à Luxembourg  
69 Route d'Esch  
L-2953 Luxembourg  
Luxembourg.

### (b) *Presentation of Definitive Bonds and Coupons*

Payments of principal in respect of Definitive Bonds will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of Definitive Bonds, and payments of interest in respect of Definitive Bonds will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of the Principal Paying Agent.

Definitive Bonds should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time

before the expiry of five years after the date on which such principal first became due (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Definitive Bond becoming due and repayable prior to the Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Definitive Bond becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Definitive Bond is presented for redemption without all unmatured Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

If the due date for redemption of any Definitive Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Definitive Bond from (and including) the preceding Interest Payment Date shall be payable only against surrender of the relevant Definitive Bond.

*(c) Payments subject to fiscal laws*

All payments made in accordance with these Conditions will be subject in all cases to any fiscal or other laws and regulations applicable thereto at the place of payment, but without prejudice to the provisions of Condition 9.

*(d) Payments on Business Days*

Each Global Bond, Definitive Bond and Coupon may only be presented for payment on a Business Day. If any Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next Business Day. The amount of the relevant Payment shall not be adjusted as a result.

No further interest or other payment will be made as a consequence of the day on which any Global Bond, Definitive Bond or Coupon may be presented for payment under this paragraph falling after the due date.

*(e) Exchange of Talons*

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Definitive Bonds, the talon forming part of such coupon sheet may be exchanged at the specified office of the Principal Paying Agent for a further coupon sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void). Upon the due date for redemption of any Definitive Bond, any unexchanged talon relating to such Definitive Bond shall become void and no Coupon will be delivered in respect of such talon.

**7. Non-Payment when due**

Subject to Condition 8, any Bondholder may, upon the Issuer defaulting under the Bonds, at his or her discretion and without further notice institute such proceedings against the Issuer as it may

think fit to enforce any term or condition binding on the Issuer under the Agency Agreement or the Bonds, provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. If the Issuer shall not make a payment in respect of the Bonds for a period of 14 days or more after the date on which such payment has become due, the Issuer shall be deemed to be in default under the Bonds. Subject as provided in the next sentence no principal or Payment will be due by the Issuer if the Issuer is not Solvent or would not be Solvent if payment of such principal or Payment was made. Also, in the case of any Payment, such Payment will not be due if such Payment is deferred pursuant to Conditions 4(e) or 4(g). Any repayment on the Bonds following an event of default is subject to the Issuer having obtained the prior approval of the Relevant Supervisory Authority if required pursuant to the then Applicable Capital Adequacy Regulations in order to qualify as regulatory capital.

#### **8. *No right to institute winding-up proceedings***

The Bondholders shall not have the right to petition for or institute proceedings for the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer in the Netherlands or to institute equivalent insolvency proceedings pursuant to any laws in any other country in respect of any default of the Issuer under the Bonds.

#### **9. *Taxation***

All payments by the Issuer of principal, Interest Amounts and Arrears of Interest Payments in respect of the Bonds and the Coupons will be made without withholding of or deduction for, or on any account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Bondholders and the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Bonds in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Bond or Coupon presented for payment:

- (i) by or on behalf of a Bondholder who is liable for such taxes or duties in respect of such Bond or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such Bond or Coupon or the receipt of principal or interest in respect thereof; or
- (ii) by or on behalf of a Bondholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

- (iii) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (iv) in the Netherlands; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) by or on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

References in these Conditions to principal, Interest Amounts and Arrears of Interest Payments shall be deemed to include any additional amounts which may become payable pursuant to the foregoing provisions.

#### **10. Prescription**

Claims for payment in relation to the Bonds will become void unless exercised within a period of five years from the due date for payment thereof.

#### **11. Meetings of Bondholders, Modification, Waiver**

The Agency Agreement contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of the Bonds or certain provisions of the Agency Agreement. Such meetings may be convened by the Issuer or Bondholders holding not less than 5 per cent. in a nominal amount of the Bonds for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the nominal amount of the Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Bonds (excluding any modification as described below and including modifying any date for payment of interest thereof, reducing or cancelling the amount of principal or the Applicable Interest Rate payable in respect of the Bonds or altering the currency of payment of the Bonds), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Bondholders shall be binding on all the Bondholders, whether or not they are present at the meeting.



The Principal Paying Agent and the Issuer may at all times agree, without the consent of the Bondholders, to:

- (i) any modification of the Bonds in accordance with Conditions 5(f)(iii), provided that such modification is not prejudicial to the interests of the Bondholders;
- (ii) any modification (except as mentioned above) of the Bonds or the Agency Agreement which is not material prejudicial to the interests of the Bondholders; or
- (iii) any modification of the Bonds or 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 of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Bondholders and any such modification shall be notified to the Bondholders in accordance with Condition 13 as soon as practicable thereafter.

## **12. Replacement of the Bonds and Coupons**

Should a Global Bond, Definitive Bond or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (or such other place of which notice shall have been given in accordance with Condition 13) upon payment by the claimant of the expenses and costs incurred in connection therewith and on such terms as the Issuer may reasonably require. The mutilated or defaced Global Bond, Definitive Bond or Coupon, as the case may be, must be surrendered before any replacement will be issued.

## **13. Notices**

All notices concerning the Bonds shall be published in accordance with applicable legal requirements. Notices to Bondholders may be given by the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and through a press release which will also be made available on the website of the Issuer ([www.snsreaal.nl](http://www.snsreaal.nl)). Any such notice shall be deemed to have been given on the date of the first publication. Any Notice delivered to Euroclear and/or Clearstream, Luxembourg shall be deemed to have been given to the Bondholders on the day on which such notice is so delivered. Couponholders shall be deemed for all purposes to have been given notice of the contents of any notice given to Bondholders.

## **14. Further Issues**

The Issuer is at liberty from time to time without the consent of the Bondholders or Couponholders to create and issue further Bonds ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Bonds) and so that the same shall be consolidated and form a single series with the outstanding Bonds.

## **15. Agents**

The Issuer will procure that there shall at all times be a Calculation Agent and a Principal Paying Agent and a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive so long as any Bond is outstanding. If either the Calculation

Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement, as appropriate, the Issuer shall appoint an independent investment bank to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Principal Paying Agent nor the resignation of either will be effective without a successor having been appointed.

All calculations and determinations made by the Calculation Agent or the Principal Paying Agent in relation to the Bonds shall (in the absence of wilful default, bad faith or manifest error) be final and binding on the Issuer, the Paying Agents and the Bondholders.

The Issuer nor any of the Paying Agents other than the Calculation Agent shall have any responsibility to any person for any errors or omissions in any calculation by the Calculation Agent.

## **16. Governing Law and Jurisdiction**

- (a) The Agency Agreement, these Conditions, the Bonds and the Coupons are governed by, and shall be construed in accordance with, the laws of the Netherlands.
- (b) The Issuer submits for the exclusive benefit of the Bondholders 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 or the Bonds may be brought in any other court of competent jurisdiction.

## **17. Definitions**

In these Conditions:

**"403-Statement"** means the guarantee as referred to in Book 2, Section 403 of the Dutch Civil Code provided by REAAL for the benefit of the Issuer on 23 December 2008;

**"403-Statement Provider"** means REAAL N.V.;

**"Agency Agreement"** means the Agency Agreement dated on or about the Closing Date as amended from time to time between the Issuer and the Paying Agents relating to the Bonds under which each Paying Agent agrees to perform the duties required of it under these Conditions and any additional duties as described therein;

**"Applicable Capital Adequacy Regulations"** means (i) the solvency margin, capital adequacy regulations or any other regulatory capital rules applicable to the Issuer from time to time pursuant to Dutch law and/or the laws of any other relevant jurisdiction and which lay down the requirements to be satisfied by financial instruments to qualify as solvency margin or additional solvency margin or regulatory capital (or any equivalent terminology employed by the then Applicable Capital Adequacy Regulations) and/or (ii) regulatory rules relating to the technical facilities and/or statutory liquidity requirements or any other capital adequacy regulations applicable to the Issuer from time to time pursuant to Dutch law and/or the laws of any other relevant jurisdiction, each as applied and construed by the Relevant Supervisory Authority and applicable to the Issuer;

**"Applicable Interest Rate"** means the Fixed Interest Rate or the Floating Interest Rate, as the case may be;

**"Arrears of Interest"** means any Interest Payment, or part thereof, which has been deferred in accordance with Conditions 4(e) or 4(g) and has not subsequently been satisfied;

**"Arrears of Interest Payment"** means a Payment of Arrears of Interest on an Arrears of Interest Satisfaction Date in accordance with Condition 4(h);

**"Arrears of Interest Satisfaction Date"** means:

- (a) with respect to a deferral under Condition 4(g)(i), the first Interest Payment Date after a Capital Adequacy Event is no longer continuing and the Interest Payment is no longer required to be deferred pursuant to Condition 4(g)(i); or
- (b) the Compulsory Interest Payment Date;

**"Assets"** means the non-consolidated gross assets of the Issuer as shown by the then latest published balance sheet of the Issuer but adjusted for contingencies and for subsequent events and to such extent as the directors or, as the case may be, the liquidator may determine to be appropriate;

**"Bonds"** means up to the €400,000,000 direct, unsecured and subordinated obligations of the Issuer due 2041 with a denomination of €100,000 each and integral multiples of €1,000 in excess thereof up to and including €199,000 and issued at an issue price of 100 per cent, and any further Bonds issued pursuant to Condition 14 and forming a single series with the Bonds;

**"Bondholder"** means any holder of a Bond from time to time;

**"Business Day"** means a day, other than a Saturday or Sunday, which is both a TARGET2 Settlement Day and 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 Luxembourg;

**"Calculation Agent"** means the calculation agent in relation to the Bonds, or its successor or successors for the time being appointed under the Agency Agreement;

**"Capital Adequacy Event"** means that the Issuer is:

- (a) in breach of the regulations imposing obligations on the Issuer pursuant to the Applicable Capital Adequacy Regulations with respect to maintenance of (i) minimum levels of solvency margins, additional solvency margin or any other applicable regulatory capital, (ii) technical facilities fully covered by assets, (iii) any statutory liquidity requirements and/or (iv) any other relevant capital adequacy levels, and a deferral of interest and/or a suspension of payment of principal is required under the Applicable Capital Adequacy Regulations;
- (b) following the implementation of the Solvency II Directive, the solvency margin, additional solvency margin, technical facilities, statutory liquidity requirements or any other applicable regulatory capital requirements or any other relevant capital adequacy levels (or any

equivalent terminology employed by the then Applicable Capital Adequacy Regulations) of the Issuer is not sufficient to cover its capital requirements (or any equivalent terminology employed by the then Applicable Capital Adequacy Regulations), and a deferral of interest and/or a suspension of payment of principal is required under the then Applicable Capital Adequacy Regulations; or

- (c) the Relevant Supervisory Authority has notified the Issuer that it has determined in view of the financial condition of the Issuer, that the conditions specified under (a) and/or (b) above would occur in the near term and in accordance with the then Applicable Capital Adequacy Regulations, the Issuer must take specified action in relation to any payments under the Bonds;

**"Clearstream, Luxembourg"** means Clearstream Banking, société anonyme;

**"Closing Date"** means on or about 15 April 2011;

**"Compulsory Interest Payment Date"** has the meaning ascribed to it in Condition 4(f);

**"Compulsory Interest Payment Event"** means any of the following events:

- (a) a dividend (or any distribution from reserves) was declared payable in respect of any class of shares of the Issuer or SNS REAAL, as the case may be, in the general meeting of shareholders of the Issuer or SNS REAAL, as the case may be; or
- (b) the Issuer or SNS REAAL, as the case may be, has repurchased or otherwise acquired any shares in its own capital (other than shares repurchased or otherwise acquired by the Issuer, to the extent relevant, to reduce its capital, in the context of its own buy-back programme, if any, under any equity derivative hedge structure or transaction, under any hedging of stock options programme or any other compensation benefit programme, if any, in connection with financial restructurings, mergers, acquisitions, split-offs, divestments or alike corporate transactions);

**"Day Count Fraction"** means Fixed Interest Rate Day Count Fraction or Floating Interest Rate Day Count Fraction, as applicable;

**"Deferral Notice"** has the meaning ascribed to it in Condition 4(e);

**"Definitive Bonds"** means Bonds in definitive form as provided for in the Agency Agreement;

**"DFSA"** means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder;

**"DNB"** means the Dutch Central Bank (*De Nederlandsche Bank N.V.*);

**"Euroclear"** means Euroclear Bank SA/NV;

**"Exchange Event"** means (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease

business or has in fact done so and no alternative clearing system is available or (ii) the Issuer is in default under the Bonds as referred to in Condition 7 or (iii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 9 which would not be required were the Bonds represented in definitive form;

**"First Call Date"** means the Interest Payment Date falling in 2021;

**"Fixed Interest Period"** means in respect of the first Fixed Interest Period, the period commencing on (and including) the Closing Date and ending on (but excluding) the first successive Interest Payment Date and in respect of each successive Fixed Interest Period, each successive period commencing on (and including) such first successive Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date up to (but excluding) the First Call Date;

**"Floating Interest Period"** means each period commencing on (and including) the First Call Date and ending on (but excluding) the successive Interest Payment Date up to (but excluding) the Closing Date;

**"Fixed Interest Rate"** means up to the First Call Date a fixed rate of interest of 9 per cent., payable annually in arrears;

**"Floating Interest Rate"** means as from (and including) the First Call Date, a floating rate of interest of Euribor for 12 month deposits in euro plus a margin of 6.165 per cent., payable annually in arrears;

**"Fixed Interest Rate Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Fixed Interest Period, the actual number of days in the Fixed Interest Period divided by 365 (or, if any portion of that Fixed Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Interest Period falling in a non-leap year divided by 365) (Actual/Actual (ICMA));

**"Floating Interest Rate Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Floating Interest Period, the actual number of days in the Floating Interest Period divided by 360 (Actual/360);

**"Global Bond"** means the Temporary Global Bond or the Permanent Global Bond, as the case may be;

**"Interest"** shall, where appropriate, include Interest Amounts and Arrears of Interest;

**"Interest Amount"** means in respect of an Interest Payment, the amount of interest payable on a Bond for the relevant Interest Period in accordance with Condition 4;

**"Interest Determination Date"** means the second day on which the TARGET2 System is open prior to the start of each Interest Period from and including the First Call Date;

**"Interest Payment"** means, in respect of a Interest Payment Date, the aggregate Interest Amounts for the Interest Period ending on such Interest Payment Date;

**"Interest Payment Date"** means 15 April of each calendar year following the Closing Date;

**"Interest Period"** means each Fixed Interest Period and each Floating Interest Period, as applicable;

**"Issuer"** means SRLEV N.V.;

**"Liabilities"** means the non-consolidated gross liabilities of the Issuer as shown by the then latest published balance sheet of the Issuer, but adjusted for contingencies and for subsequent events and to such extent as the directors, the auditors or, as the case may be, the liquidator may determine;

**"Maturity Date"** means the Interest Payment Date falling in 2041;

**"Optional Interest Payment Date"** means any Interest Payment Date other than a Compulsory Interest Payment Date or a Required Interest Deferral Date;

**"Paying Agents"** means the agents or their successors for the time being appointed under the Agency Agreement and such term shall unless the context otherwise requires, include the Principal Paying Agent;

**"Payment"** means any Interest Payment, Arrears of Interest Payment or Interest Amount not falling within the definition of Interest Payment;

**"Permanent Global Bond"** means the permanent global certificate in which the Bonds will be represented, without coupons attached;

**"Principal Paying Agent"** means the Principal Paying Agent or its successor or successors for the time being appointed under the Agency Agreement;

**"Rating Agency"** means S&P or Moody's or any of their respective successors;

**"Rating Agency Event"** has the meaning ascribed to it in Condition 5(e);

**"Reference Banks"** means the principal Euro-zone office of each of five major banks engaged in the Euro-zone interbank market selected by the Calculation Agent, provided that, once a Reference Bank has been selected by the Calculation Agent, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such;

**"Regulatory Event"** has the meaning ascribed to it in Condition 5(d);

**"Relevant Date"** means

- (a) in respect of any payment other than a Winding-Up Claim, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Bondholders in accordance with Condition 13; and

- (b) in respect of a Winding-Up Claim, the date which is one day prior to the commencement of the winding-up (*faillissement of vereffening na ontbinding*);

**"Relevant Supervisory Authority"** means any relevant regulator supervising the Issuer in respect of its compliance with any Applicable Capital Adequacy Regulations. The current Relevant Supervisory Authority is DNB;

**"Required Interest Deferral Date"** means each Interest Payment Date in respect of which the Bondholders, the Principal Paying Agent and the Calculation Agent have received written notice from the Issuer confirming that (i) a Capital Adequacy Event has occurred and is continuing on such Interest Payment Date, or (ii) the payment of such interest would itself cause a Capital Adequacy Event;

**"S&P"** means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.;

**"Screen Page"** means Reuters Page EURIBOR01 (or such other screen page of Reuters or such information service, which is the successor to Reuters Page EURIBOR01 for the purpose of displaying such rates);

**"Senior Creditors"** means present and future creditors of the Issuer or the 403-Statement Provider, as the case may be,

- (a) who are unsubordinated creditors of the Issuer or the 403-Statement Provider, as the case may be, including, for the avoidance of doubt, any policyholders of the Issuer or the 403-Statement Provider; as the case may be;
- (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up (*faillissement of vereffening na ontbinding*) of the Issuer or the 403-Statement Provider, as the case may be, or otherwise) to the claims of unsubordinated creditors of the Issuer or the 403-Statement Provider, as the case may be, but are expressly required to rank senior to the Bonds by mandatory provisions of law; or
- (c) who are subordinated creditors of the Issuer or the 403-Statement Provider, as the case may be, other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Bondholders including, for the avoidance of doubt, those whose claims relate to distribution on any and all classes of share capital of the Issuer or the 403-Statement Provider, as the case may be;

**"SNS REAAL"** means SNS REAAL N.V.

**"Solvency II Directive"** means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 and the implementing measures by the European Commission thereunder;

**"Solvent"** means that the Issuer is

- (a) able to pay its debts to Senior Creditors as they fall due; and

- (b) its Assets exceed its Liabilities (other than its liabilities to persons who are not Senior Creditors);

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

**"successor in business"** means, in relation to the Issuer:

- (a) a company or other entity to whom the Issuer validly and effectually, in accordance with all enactments, orders and regulations in force for the time being and from time to time, transfers the whole or a substantial part of its business, or assets for the purpose of assuming and conducting the business of the Issuer in its place;
- (b) any other entity which acquires in any other manner all or substantially all the property and/or assets of the Issuer or carries on as a successor to the Issuer the whole or substantially the whole of the business carried on by the Issuer prior thereto; or
- (c) where in each of the cases in paragraphs (a) and (b) above the terms of the proposed transaction have previously been approved by an Extraordinary Resolution of the Bondholders.

**"TARGET2 Settlement Day"** means a day on which the TARGET2 System is open;

**"TARGET2 System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereof;

**"Tax Event"** has the meaning ascribed to it in Condition 5(c);

**"Tax Law Change"** has the meaning ascribed to it in Condition 5(c)(ii);

**"Temporary Global Bond"** means the temporary global certificate in which the Bonds will be initially represented without coupons attached;

**"Winding-Up Claim"** has the meaning ascribed to it in Condition 2(b).



## THE OFFERING

### ***General***

The Offering comprises a public offering of up to €400,000,000 subordinated Bonds with a denomination of €100,000 each and integral multiples of €1,000 in excess thereof up to and including €199,000 and issued at an issue price of 100 per cent. on or about the Closing Date to investors in the European Economic Area. The Bonds are direct, unsecured, subordinated obligations of the Issuer and rank junior to all unsubordinated creditors of the Issuer, including its policyholders. The Bonds have the benefit of a guarantee from the 403-Statement Provider on the basis of the 403-Statement.

### ***Subscription***

The timetable for the Offering may be accelerated or extended. Subject to acceleration or extension of the timetable for the Offering, prospective investors may subscribe for the Bonds during the subscription period (the "**Subscription Period**"). The start and the termination of the Subscription Period will be announced in a press release. There are no restrictions that would prevent a potential investor from making multiple subscriptions. Each subscription may be withdrawn prior to the closing of the Subscription Period.

The final amount of Bonds subscribed for will be announced in a press release as soon as possible following the end of the Subscription Period.

### ***Listing and Trading***

Application has been made to have the Bonds admitted to listing and trading on Euronext Amsterdam. The Bonds are expected to be admitted to listing and trading on the Closing Date. The aggregate listing fees for the Bonds until the Maturity Date amount to the maximum listing fees of € 17,500 excluding taxes, consisting of initial listing fees of the maximum of € 2,500 and yearly listing fees of €500 with a maximum of € 15,000.

### ***Allocation***

Allocation of the Bonds to investors will be made on the basis of systematic allocation and full discretion will be exercised as to whether or not and how to allocate the Bonds subscribed for. As a result, certain investors may not be allocated the Bonds that they subscribed for.

### ***Payment, delivery, clearing and settlement***

Payment for and delivery of the Bonds will take place on the Closing Date through the book-entry facilities of Euroclear and/or Clearstream, Luxembourg, in accordance with their normal settlement procedures.

## **USE OF PROCEEDS**

The estimated total expenses of the Offering, including management and selling fees, amount to €2,500,000 and the estimated net amount of the proceeds are €397,500,000. The net proceeds from the issue of the Bonds will be applied by the Issuer i) to repay outstanding subordinated loans to SNS REAAL, ii) to repay outstanding subordinated loans to REAAL and iii) the remaining net proceeds will enable the Issuer to provide a new intercompany loan to REAAL.

## INFORMATION ABOUT THE ISSUER AND BUSINESS OVERVIEW

### General

The Issuer is a public limited liability company (*naamloze vennootschap*) established under the laws of the Netherlands and incorporated on 17 March 2008 as Zwitserleven N.V. The Issuer is registered at the Commercial Register of the Chamber of Commerce for Northwest-Holland (*handelsregister van de Kamer van Koophandel en Fabrieken voor Noordwest-Holland*) under number 34297413 with REAAL, SRLEV N.V., Zwitserleven, Hooge Huys Verzekeringen, Extramedium, Hooge Huys Virtuele Werkwinkel, REAAL Virtuele Werkwinkel, REAAL Levensverzekeringen, DBV Verzekeringen, Europe Life and Happy Service Verzekeringen as its commercial names (*handelsnamen*). Its registered office is at Wognumsebuurt 10, 1817 BH Alkmaar, the Netherlands. The telephone number of the Issuer is +31 (0)725 194 194.

The articles of association of the Issuer were last amended by notarial deed executed on 1 September 2009 before mr. J.D.M. Schoonbrood, civil law notary practising in Amsterdam, on the draft of which deed the Ministerial certificate that there have appeared no objections was granted with number N.V. 1.484.481.

According to article two of the articles of association of the Issuer, the objects of the Issuer are (a) the performance of the life insurance business and reinsurance business and consequently to conclude life insurance agreements and pension insurance agreements as a company for its own account, including the settlement of said agreements, (b) to incorporate, to participate in, to co-operate with, to conduct the management of legal entities and/or other business enterprises in the field of financial services, insofar as this supports the activities mentioned under (a), and (c) to manage and invest capital in properties subject to registration, securities and other assets, and finally all activities which are incidental to or which may be conducive to any of the foregoing.

### History

The Issuer is a 100% owned subsidiary of REAAL which in turn is a 100% owned subsidiary of SNS REAAL. The group formed by SNS REAAL and its subsidiaries (the "**SNS REAAL Group**") has a long history that is closely related to the social democratic movement and the workers' movement. Its roots lay in two insurance companies connected to those movements incorporated by the trade union at the beginning of the twentieth century. Together with the Savings Bank for the Netherlands (*Algemene Spaarbank voor Nederland*), the Central People's Bank (*Centrale Volksbank*) and the Dutch Merchants Bank (*Hollandse Koopmansbank*) the trade union (*Federatie Nederlandse Vakbeweging*) established the SNS REAAL Group in 1990. Between 1990 and 1997 the SNS REAAL Group grew substantially, amongst others through the take-overs of Proteq and Hooge Huys Verzekeringen. During these years the financial sector also changed significantly, as the insurance sector and the banking sector grew towards each other, where these sectors were strictly separated before that time. Following these developments, the SNS REAAL Group merged with SNS Group, a banking enterprise formed by several regional savings banks from the middle, eastern and northern part of the Netherlands. After the merger, the group was named SNS REAAL Group.

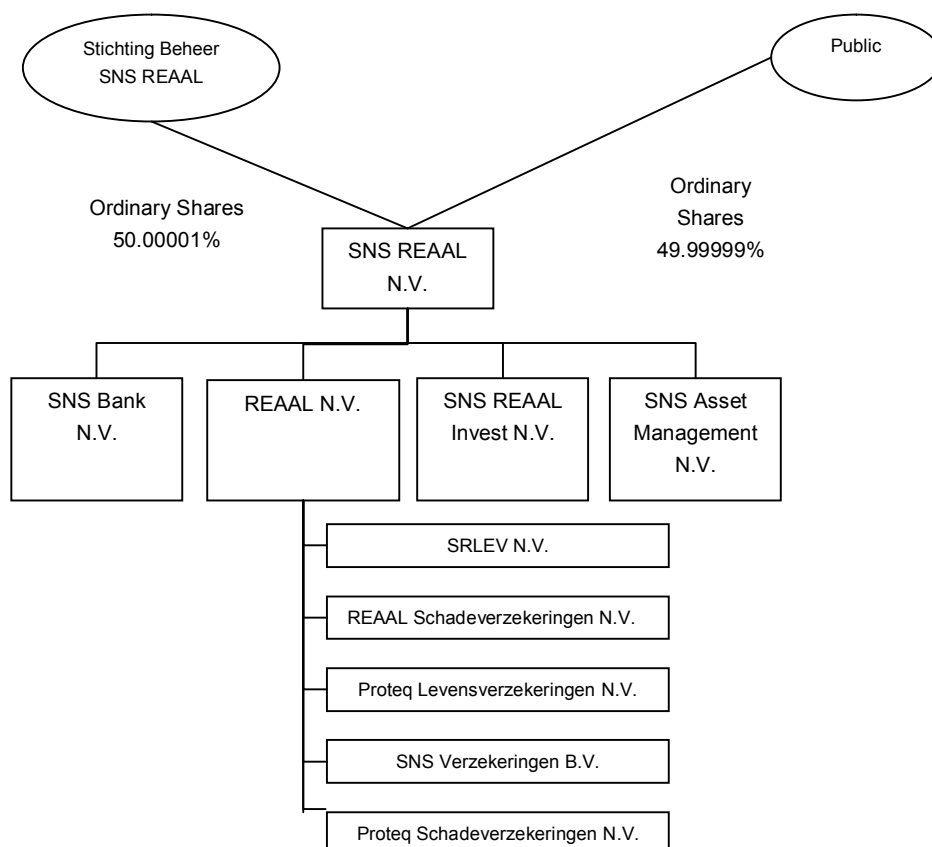
The Issuer is the outcome of several mergers and changes of legal names. REAAL Levensverzekeringen N.V., which was renamed SRLEV N.V. as per 4 July 2009, was incorporated on 13 February 1904. N.V. De Centrale Arbeiders Levensverzekering Maatschappij, Coöperatieve Levensverzekering-maatschappij Concordia u.a., Hooge Huys Levensverzekeringen N.V., AXA Leven N.V. and Winterthur Levensverzekering Maatschappij N.V. are some of the other legal predecessors of the Issuer. On 19 November 2007, SNS REAAL announced that it completed the acquisition of Zwitserleven, including

Zwitserleven Asset Management (previously: Swiss Life Asset Management (Nederland) and that Zwitserleven would be integrated into Zwitserleven N.V. ("**Zwitserleven**"). This acquisition made the Issuer the second largest life insurer in the Netherlands.

In 2009 three mergers took place. The first merger took place on 31 August 2009, when SRLEV N.V. merged with Zwitserleven N.V. effective as per 1 September 2009. SRLEV N.V. was the disappearing entity and Zwitserleven N.V. was the surviving entity. Zwitserleven N.V. was subsequently renamed SRLEV N.V., effective as per 1 September 2009. The second merger took place on 30 October 2009, when SRLEV N.V. merged with DBV Holding N.V. effective as per 31 October 2009. DBV Holding N.V. was the disappearing entity and SRLEV N.V. was the surviving entity. Lastly, the third merger took place on 31 October 2009, when SRLEV N.V. merged with DBV Levensverzekeringsmaatschappij N.V., effective as per 1 November 2009. DBV Levensverzekeringsmaatschappij N.V. was the disappearing entity and SRLEV N.V. was the surviving entity. Consequently, the Issuer is the combination of the businesses of REAAL Levensverzekeringen N.V., Zwitserleven, DBV Holding N.V. and DBV Levensverzekeringsmaatschappij N.V. (the latter two entities jointly referred to as "**DBV Insurances**").

### Organisational Structure

Below is an overview of the main structure of the SNS REAAL Group. This overview does not purport to provide a complete overview of the SNS REAAL Group.



The authorised share capital of the Issuer amounts to €225,000 which is divided in 450 ordinary shares with a nominal value of €500 each. The current issued and outstanding share capital of the Issuer amounts to €45,000. The sole shareholder of the Issuer is REAAL, which owns 90 fully paid up shares.

## **Recent developments**

During the autumn of 2009, the management of the SNS REAAL Group decided to introduce a focus on a limited number of brands. Further thereto, 'REAAL' became the broad brand for life insurances and non-life insurance products. Following the mergers in late 2009, as described above, DBV Insurances became part of the Issuer due to which the DBV Verzekeringen brand will disappear from the market. DBV Insurances employed more than 200 employees, who have been integrated into the Issuer. The integrations of AXA Nederland B.V., Winterthur Verzekeringen Holding B.V. and DBV Holding N.V., together referred to as "**AXA NL Combined**", DBV Insurances and Zwitserleven have been completed in respect of commercial propositions, organisational structures and physical locations. The goal is to complete the integration of systems and processes by 2013. The business unit 'Zwitserleven' will focus entirely on the pensions market.

New life expectancies forecast tables were developed both by the Netherlands Actuarial Association, by the Dutch Association of Insurers and by Statistics Netherlands ("**CBS**"). All show a considerable increase in life expectancy. Applying this adjusted life expectancy has a considerable negative impact on the test results and therefore also on the Solvency level. SNS REAAL uses what is referred to as the PLT tables (*Pensioen en Lijfrentetafels*, i.e. Pension and Life Annuity tables) prepared by the Dutch Association of Insurers. The mortality tables, published by CBS on 17 December 2010, were used in the calculation of the best estimate of the future cashflows of the insurance contracts.

Throughout 2010, solvency of the insurance activities was under pressure from lower interest rates. At year-end 2010, SNS REAAL absorbed the impact of these new Dutch mortality tables, which reduced its solvency by approximately 11%-points. Nevertheless, the regulatory solvency of the insurance activities of SNS REAAL remained above its minimum target of 175% throughout 2010 and stood at 195% at year end 2010 (396% under IFRS).

## **Principal activities**

The Issuer combines the individual life insurance activities of the business unit REAAL Leven ("REAAL Life"), with the pension insurance activities of the business unit Zwitserleven.

### *Individual life insurance activities*

REAAL Life is the business unit of SRLEV N.V. that offers individual life insurance products, comprising both single and regular life premium products, including disability insurance. REAAL Life's clients are private individuals, small and medium enterprises ("**SMEs**") and larger companies in the Netherlands. The main distribution channels for these products are intermediaries, agents and distribution partners. REAAL Life also uses SNS Retail Bank's distribution channels. REAAL Life's strategy is primarily aimed at maintaining its strong market position in individual life insurance, enabling it to offer clients a high level of service, while at the same time realising cost synergies through economies of scale. REAAL's market share in new regular life premiums decreased to 13.7% in 2010, compared to 15.9% in 2009. However, in the fourth quarter of 2010, there was a noticeable increase compared to previous quarters of the 2010 book year. Source: SNS REAAL N.V. Annual report 2010, p. 51.

### *Pension insurance activities*

The business unit Zwitserleven offers pension products (group life insurance), comprising both single and regular premium products, and services in collaboration with specialised intermediaries and professional consultants. The business unit Zwitserleven also offers products and services through its website. Zwitserleven's clients are SMEs, large companies and director-shareholders. Zwitserleven also offers

pension funds reinsurance risk coverage for mortality risks or disability risks. Key elements of the strategy of Zwitserleven are to maintain its top position on shortlists of pension and actuarial consultants and to strengthen its reputation for customer care, innovative products, tailor-made propositions and highly skilled employees. Zwitserleven is one of the leading pension brands in the Netherlands and had a 2009 market share in group life guaranteed products of 13.7%. Source: Insurance Magazine, Yearbook 2010 (*Assurantie Magazine, Jaarboek 2010*).

Cost efficiency is an important driver of earnings momentum for the Issuer. Following the acquisitions by SNS REAAL in 2007 and 2008 of the Dutch activities of AXA and Swiss Life (Zwitserleven), major cost savings have already been realised and are still sought. In this context, in order to streamline the organisation, in January 2010, the pension portfolio of the business unit REAAL Life was transferred to the business unit Zwitserleven and the individual life portfolio of the business unit Zwitserleven was transferred to the business unit REAAL Life.

The investments of the Issuer are managed by SNS Asset Management N.V. ("**SNS Asset Management**") (see '*SNS Asset Management*' below).

### ***SNS Asset Management***

SNS Asset Management's primary objective is to responsibly manage the investments of the Issuer and SNS Bank N.V. ("**SNS Bank**") for its own account. In addition, SNS Asset Management manages the investment funds of SNS Bank and ASN Bank N.V. SNS Asset Management also takes care of the administration for a large number of funds of the Guarantor and SNS Regio Bank N.V. and focuses on the external market for sustainable institutional asset management. Assets under management of SNS Asset Management rose from €28.8 billion to €42.4 billion (of which €28.4 billion belongs to the Issuer) as per 31 December 2010. In April 2010, Zwitserleven Asset Management ("**ZAM**") was integrated in the organisation. ZAM provided investment solutions for Zwitserleven's pension and life insurance clients. For this purpose, ZAM invested in the financial markets throughout the world. Those investments and the ensuing proceeds constituted Zwitserleven's hedge for its obligations to clients. As ZAM already worked closely together with SNS Asset Management, the integration of ZAM into SNS Asset Management was a logical step after SNS REAAL's acquisition of Zwitserleven on 29 April 2008, which was completed on 1 April 2010. As of that date, the assets formerly managed by ZAM are organised in accordance with the principles of responsible asset management, as applied by SNS Asset Management. The integration of ZAM has created a single asset management business within SNS REAAL.

Excluding ZAM, total assets under management decreased as a result of the transfer of part of the ASN-portfolio to SNS Financial Markets, a business unit of SNS Bank. Share price increases were limited, in contrast to soaring bond prices. On balance, price rises on the stock exchanges contributed to the growth of assets under management. The net inflow of assets under management contributed to asset growth. The inflow was particularly limited due to the continued decline in the sales of unit linked insurance policies and unit linked mortgages. Private individuals' fund investment appetite grew slightly compared to 2009, but was still limited. SNS Duurzaam Aandelenfonds and ASN Bank's funds experienced relatively major inflow.

### ***Material contracts***

On 12 November 2008, SNS REAAL decided to strengthen its solvency margins through the issue of €500 million in capital securities, which were issued to Stichting Beheer SNS REAAL and €750 million in core tier 1 securities, which were issued to the Dutch State in view of the market environment and in recognition of higher capital market solvency requirements for financial institutions. The aforementioned transactions were

completed on 11 December 2008. The documentation is available on [www.snsreaal.com](http://www.snsreaal.com) under the heading 'Investor relations'. The proceeds of the capital securities purchased by the Dutch State and Stichting Beheer SNS REAAL were passed on by SNS REAAL to, amongst others, the Issuer (€400 million) and REAAL (€570 million). The Dutch State obtained the right to nominate two members for the supervisory board of SNS REAAL and announced in December 2008 that it would nominate Charlotte Insinger and Ludo Wijngaarden for appointment to the supervisory board of SNS REAAL. After their appointment by the general meeting of shareholders of SNS REAAL on 15 April 2009, each of them has also become a member of the supervisory boards of both the Issuer and REAAL.

On 30 November 2009, SNS REAAL, partially by using the proceeds of an equity issue on 24 September 2009, redeemed €250 million of the core tier 1 securities, of which €185 million was repaid to the Dutch State and €65 million to Stichting Beheer SNS REAAL. As a consequence of this redemption the proceeds passed on to the Issuer were partly repaid, up to an amount of €250 million. Furthermore, in line with the terms of the agreement with the Dutch State, SNS REAAL paid accrued interest on the amount repurchased from the Dutch State from 9 June 2009, representing an amount of €7.5 million. No repurchase fee was paid. On 28 January 2010, SNS REAAL announced that on 28 January 2010 the European Commission had given definitive approval for the capital support by the Dutch State to SNS REAAL.

Furthermore, the Issuer and/or the 403-Statement Provider is involved in legal proceedings, as described in more detail under '*General Information - Litigation*', as a consequence of which the Issuer and/or the 403-Statement Provider has entered into an agreement for financial compensation.

### ***Dutch Corporate Governance Code***

Neither the Issuer's nor the 403-Statement Provider's shares are admitted to listing and trading on a regulated market or a multilateral trading facility and therefore neither the Issuer nor the 403-Statement Provider is under the obligation to comply with the Dutch Corporate Governance Code. Please refer to the annual report 2010 of SNS REAAL for an explanation of SNS REAAL's adherence to the Dutch Corporate Governance Code. This annual report and further information thereon can be found on SNS REAAL's website: [www.snsreaal.nl](http://www.snsreaal.nl). In order to avoid any misunderstanding in this respect, the website of SNS REAAL is not incorporated by reference into this Prospectus.

### ***Supervision***

The Issuer has obtained a license to conduct the business of a life insurance company in accordance with Article 2:27 DFSA. Additionally, the Issuer holds a license for its activities as financial services provider, including, but not limited to, offering mortgage credit pursuant to Article 2:60 DFSA, providing advice on certain financial products other than financial instruments pursuant to Article 2:75 DFSA, acting as an intermediary in respect of certain financial products other than financial instruments pursuant to Article 2:80 DFSA, acting as an intermediary in respect of reinsurance products pursuant to Article 2:86 DFSA, acting as a directly or indirectly authorised person pursuant to Article 2:92 DFSA and providing advice on participant rights in investment institutions pursuant to Article 2:96 DFSA. Consequently, the Issuer is subject to the supervision of both DNB and the AFM.

Moreover, the Issuer and other insurance entities in the SNS REAAL Group as well as their respective subsidiaries are subject to consolidated supervision on insurance groups pursuant to chapter 3.6 of the DFSA. Other than the Issuer, REAAL Schadeverzekeringen N.V., Proteq Levensverzekeringen N.V. and Proteq Schadeverzekeringen N.V. also hold licenses to conduct the business of an insurance company. In

addition, the implementation in the Netherlands of Directive 2002/87/EC of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate (the "**Financial Conglomerates Directive**") in Chapter 3.6 of the DFSA has resulted in SNS REAAL becoming subject to new regulatory requirements as of 1 January 2007. The Financial Conglomerates Directive introduced supplementary supervision of banking, insurance and investment activities carried out in a financial conglomerate. The rules relate to capital adequacy, risk concentration, intra-group transactions, internal control mechanisms and risk management processes. The rules are partly directed at the regulated entities within the conglomerate (although some of the rules relate to the conglomerate as a whole) and partly at the mixed financial holding company heading up the conglomerate.

### ***Management Board***

The management board of the Issuer consists of the following members:

M.W.J. Hinssen	Chairman
F.K.V. Lamp	Chief Financial Officer
W.H. Steenpoorte	Director
D.J. Okhuijsen	Director
M.E. Edixhoven	Director

The members of the management board of the Issuer have elected domicile at the registered office of the Issuer. All members of the management board of the Issuer are also members of the respective management boards of REAAL and, except for W.H. Steenpoorte and M.E. Edixhoven, SNS REAAL. There are no potential conflicts of interest between any of the duties of the members of the management board towards the Issuer and the private interests and/or duties of the members of the management board.

### ***Supervisory Board***

The supervisory board of the Issuer consists of the following members:

R. Zwartendijk	Chairman Former chairman of Stichting Beheer SNS REAAL Former member of the Executive Board of Ahold N.V.
H.M. van de Kar*	Deputy-chairman Former lecturer at Leiden University
H. Muller*	Former Federation Executive Former treasurer of the Trade Union Federation FNV
P. Overmars	Former member of the Executive Board of ABN AMRO Bank
R.J. van de Kraats	Chief Financial Officer and deputy-chairman of Randstad Holding N.V.
J.E. Lagerweij	Former general managing director of Sperwer Groep
H.W.P.M.A. Verhagen	Managing Director Group Human Resources TNT
L.J. Wijngaarden	Former Chairman of the ING Intermediary Division



Member of the Management Board of ING Netherlands

J.A. Nijhuis

President and CEO of the Schiphol Group

C.M. Insinger

Former member of the Executive Board of the Erasmus MC

All members of the supervisory board of the Issuer are also members of the respective supervisory boards of SNS REAAL, SNS Bank and REAAL.

The members of the supervisory board of the Issuer have elected domicile at the registered office of the Issuer. There are no potential conflicts of interest between any of the duties of the members of the supervisory board towards the Issuer and the private interests and/or duties of the members of the supervisory board.

\* Mr. H.M. van de Kar and Mr. H. Muller shall resign as members of the Supervisory Board as per the date of the annual general meeting of shareholders of SNS REAAL on 20 April 2011. As per the same date, both gentlemen will also resign from the respective supervisory boards of SNS REAAL, SNS Bank and REAAL. As soon as a suitable candidate is available, a new supervisory board member shall be recommended for one of the two vacancies thus arisen. Appointment of any new member to the supervisory board will be announced by means of a press release which will also be made available on the website of the Issuer ([www.snsreaal.nl](http://www.snsreaal.nl)).

## SUMMARY OF FINANCIAL INFORMATION

The financial information set out below has respectively been derived from the unaudited accounting records and from the audited public regulatory returns (*Wft staten*) for the financial year ended 31 December 2009 which the Issuer filed with DNB pursuant to Article 3:72 DFSA and from the unaudited public regulatory returns (*Wft staten*) for the financial year ended 31 December 2010.

The financial information as included in the audited public regulatory returns (*Wft staten*) is based on the same accounting principles as used for the preparation of the financial statements of REAAL (IFRS as endorsed by the European Union). However, the regulatory returns are based on a format prescribed by DNB which does not include a cash flow statement, an overview of equity movements and other IFRS disclosures.

Furthermore there is a difference in the calculation of the Regulatory solvency and the Liability Adequacy Test ("**LAT**"), between the regulatory returns and IFRS: the regulatory return parameters are more strict than the parameters that have been used for the IFRS calculations.

The LAT is a test of the balance sheet provision for the commitments of the Issuer vis-à-vis the policyholders, performed in accordance with IFRS rules, to establish whether it is adequate to be able to meet the commitments vis-à-vis the policyholders with a large degree of certainty. When performing this test, best estimate future contractual cash flows are projected, taking into account current and future developments of mortality, disability, the behaviour of policyholders, claim handling and management costs, and differences in the valuation of investments (to the extent they are not recognised at fair value). Valuation of the future expected profit sharing and the time value of embedded derivatives is included in these cash flows. Finally the estimate is increased by a risk margin. The cost of capital method is used in calculating the risk margin. If the thus calculated realistic provision turns out to be lower than the existing technical provision present in the balance sheet, then it can be ascertained that the existing balance sheet provision is adequate to satisfy the future commitments vis-à-vis the policyholders. Any shortfall is charged directly to the income statement. This LAT is performed every quarter for the entire life insurance portfolio to determine whether the reported technical provision, based on the most current assumptions, is still adequate.

In accordance with DNB regulations an adequacy test must also be carried out to determine the Regulatory solvency of the Issuer. The discounting rate used in the calculation of the Regulatory solvency is different from the discounting rate that is being used in the LAT calculations, which has a negative effect on the net present value of the liabilities. As a result the Regulatory solvency percentage is generally lower than the LAT percentage. Furthermore, a surrender floor applies for the calculations of the Regulatory solvency, therefore a surrender value restriction of the insurance contracts has been taken into account. The surrender value restriction means that the provision calculated per homogenous risk portfolio may never be lower than the guaranteed surrender values of the insurance contracts. Under the calculation of the Regulatory solvency the surrender value of the contract is taken into account, which could be higher than the guaranteed surrender value of the insurance contracts, resulting in a more conservative calculation. Finally, in calculating the risk margin, the cost of capital used is 3% instead of 5%.

The financial information set out below should be read in conjunction with the financial statements of the relevant entities and the public regulatory returns which are incorporated by reference into this Prospectus (see '*General Information - Documents incorporated by reference*').

## Key figures of SRLEV N.V.

SRLEV N.V. (in € thousands)	31 December 2010 (unaudited) Source: public regulatory returns	31 December 2009 (audited) Source: public regulatory returns
Premium income	2,898,910	3,522,078
Reinsurance premiums	86,834	58,195
<b>Net premium income</b>	<b>2,812,076</b>	<b>3,463,883</b>
<b>Result before taxation</b>	<b>29,463-</b>	<b>344,810</b>
Taxation	24,327-	54,207
<b>Net Profit</b>	<b>5,137-</b>	<b>290,603</b>
<b>Operating costs in technical result</b>	<b>249,307</b>	<b>231,104</b>
Costs-premium ratio	11.1%*	11.3%*
Technical provisions	36,957,486	35,867,228
Group equity	3,478,257	3,375,469
Total balance sheet	47,112,101	47,495,402
Regulatory solvency	206%	248%
Absolute percentage LAT	422%	341%
Number of employees (FTE)	1,678	2,734

\* derived from the unaudited accounting records.

## Balance sheet SRLEV

Before result appropriation and in € thousands	31 December 2010 (unaudited) Source: public regulatory returns	31 December 2009 (audited) Source: public regulatory returns
<b>Assets</b>		
1. Intangible assets	1,545,188	1,642,136
2.1 Investment properties	166,863	168,624
2.2 Investments in associates	1,455,552	3,135,314
2.3 Other financial investments	28,382,025	26,891,741
2.4 Accounts with insurers	371,993	62,186
3 Derivatives	226,791	188,199
4 Investments for account of policyholders	12,317,217	12,179,894
6 Reinsurance contracts	150,616	157,870
7 Deferred tax assets	177,526	265,250
8 Loans and advances	798,276	1,014,506
9 Other assets	1,463,144	1,715,275
10 Accrued assets	56,910	74,407
<b>13 Total assets</b>	<b>47,112,101</b>	<b>47,495,402</b>
<b>Equity and liabilities</b>		
14.1 Share capital	45	45
14.2 Share premium reserve	1,468,711	1,423,332
14.3 Revaluation reserve	416,009	353,129
14.8 Other reserves	1,428,505	1,135,397
14.9 Retained earnings	-5,128	290,603
14.10 Other equity instruments	170,114	172,963
<b>Total equity</b>	<b>3,478,257</b>	<b>3,375,469</b>
16 Subordinated liabilities	305,395	320,102
21 Net technical provisions insurance contracts	23,856,304	23,248,014
21.8 Technical provisions for account of policyholders	13,101,182	12,619,214
21.9 Total technical provisions	36,957,486	35,867,228
24 Derivatives	3,227	32,253
25.1 Provision for employee benefits	206,039	205,901
25.2 Deferred tax liabilities	450,034	512,077
25.3 Other provisions	9,657	17,206
25 Total provisions	665,730	735,184
26 Accounts due to reinsurers	133,302	139,154
27.1 Insurance liabilities	458,233	670,936
27.2 Reinsurance liabilities	6,918	23,310
27.4 Other bonds and private loans	358,547	241,437
27.5 Amounts due to banks	3,436,254	4,045,340
27.6 Other liabilities	1,210,892	1,963,680
28 Accrued liabilities	97,860	81,309
<b>30 Total equity and liabilities</b>	<b>47,112,101</b>	<b>47,495,402</b>

**Income statement SRLEV**

In € thousands	31 December 2010 (unaudited) Source: public regulatory returns	31 December 2009 (audited) Source: public regulatory returns
1.1.1 Gross premium income	2,898,910	3,522,078
1.1.2 Reinsurance premiums	86,834	58,195
1 Total earned net premiums	2,812,076	3,463,883
2.1 Share in result of associates	22,903	83,963
2.2 Other investment income	1,861,598	2,529,813
2.4 Realised result on investments	211,174	134,755
2 Total result on investments	2,095,675	2,748,531
3 Unrealised result on investments	159,449	130,392
5.1 Gross claims and benefits	3,687,915	2,863,722
5.2 Claims and benefits for reinsurers	90,432	45,566
5 Net technical claims and benefits	3,597,483	2,818,156
8 Change in net technical provisions	603,665	2,017,764
9 Bonuses and rebates	293,087	183,654
10.1 Acquisition costs	152,840	273,089
10.2 Management and personnel costs, depreciation of fixed assets	249,307	231,104
10.3 Received fees and profit sharing from reinsurers	2,986	4,267
10 Total operating expenses	405,133	499,926
11 Investment expenses	131,679	414,852
12 Unrealised loss on investments	--	--
13 Other technical expenses	80,319	645
14 Investment income allocated to the non-technical account	315,918	145,269
15/16 Result technical account Life insurance	-360,084	262,540
17 Allocated investment income transferred from technical account	315,918	145,269
18 Other income	--	7,944
19 Other expenses	-14,703	70,943
20 Result before tax	-29,463	344,810
21 Taxation	-24,327	54,207
22 Net result	-5,137	290,603

The following table sets out the amounts of the investments portfolio of the Issuer managed by SNS Asset Management N.V. on its own account (see also under '*Information about the Issuer and Business overview - SNS Asset Management N.V.*')

<b>Asset class</b> <i>(in € thousands)</i>	<b>Book value as at 31 December 2010</b> <i>(unaudited)</i> Source: public regulatory returns	<b>Book value as at 31 December 2009</b> <i>(unaudited)</i> Source: accounting records
Fixed income	19,533,092	17,207,673
Shares and similar investments	1,209,989	1,482,957
Loans and receivables	7,638,944	8,201,111
<b>Asset Management Portfolio</b>	<b>28,382,025</b>	<b>26,891,741</b>

## INFORMATION ABOUT THE 403-STATEMENT PROVIDER AND THE 403-STATEMENT

### **403-Statement**

REAAL Verzekeringen N.V., renamed REAAL effective as per 3 September 2010, has provided a guarantee as referred to in Book 2, Section 403 of the Dutch Civil Code ("**403-Statement**") for Zwitserleven N.V. on 23 December 2008. Zwitserleven N.V. was renamed SRLEV N.V. as per 1 September 2009 as a consequence of which the 403-Statement is provided by REAAL for the Issuer. In this guarantee REAAL declares itself to be jointly and severally liable for legal acts executed by the Issuer. Contrary to the content of the 403-Statement, the 403-Statement Provider is not jointly and severally liable for the obligations of the Issuer under the Bonds because the rights of the Bondholders in respect of the 403-Statement Provider are contractually limited in the Conditions. As such, a Bondholder only has a claim against the 403-Statement Provider if and to the extent that the Issuer is in default under its obligations against the Bondholder pursuant to Condition 7. A copy of this guarantee can be obtained at the Commercial Register of the Chamber of Commerce for the Central Netherlands (*Handelsregister van de Kamer van Koophandel voor Midden-Nederland*).

The 403-Statement may be revoked at any time. Please see '*Risk factors - The rights of the Bondholders under the 403-Statement are limited and the 403-Statement may be revoked at any time*'.

### **The 403-Statement Provider**

REAAL is a public limited liability company (*naamloze vennootschap*) established under the laws of the Netherlands and incorporated on 28 December 1990. REAAL is registered with the Commercial Register of the Chamber of Commerce for Central Netherlands (*handelsregister van de Kamer van Koophandel voor Midden-Nederland*) under number 30099450 with REAAL Verzekeringen, REAAL Volmacht College, REAAL College and REAAL as its commercial names (*handelsnamen*). Its registered office is at Croeselaan 1, 3521 BJ Utrecht, the Netherlands. The telephone number of REAAL is +31 (0)30 29 15 915.

The articles of association of REAAL were last amended by notarial deed executed on 3 September 2010 before mr. J.D.M. Schoonbrood, civil law notary practising in Amsterdam, on the draft of which deed the Ministerial certificate that there have appeared no objections was granted with number N.V. 398.265.

According to article two of the articles of association of REAAL, the objects of REAAL are (a) to participate in, cooperate with, to conduct the management of and to provide advice and other services to corporate entities and/or other enterprises, amongst which, in particular legal entities and/or other enterprises engaged in the insurance business, (b) to invest in properties subject to registration, securities and other assets, (c) to provide financial guarantees for liabilities of other corporate entities and/or enterprises or persons, amongst which group companies and (d) to carry out all other activities related to the above or could be conducive thereto.

REAAL is the holding company of the insurance companies within SNS REAAL Group, such as the Issuer, REAAL Schadeverzekeringen N.V., Proteq Levensverzekeringen N.V. and Proteq Schadeverzekeringen N.V. REAAL is not an operational company, but its subsidiaries are active in both life and non-life insurance activities as well as pension insurance activities. Reference is made to '*Information about the Issuer and Business Overview*' for further information in respect of REAAL as the guarantor of the due performance by the Issuer of its obligations under the Bonds pursuant to the 403-Statement.

## ***History***

REAAL is also the outcome of several mergers and changes of legal names. Following the announcement of SNS REAAL on 6 September 2007 that it had completed the acquisition of AXA NL Combined for a cash consideration of €1,811 million, AXA Nederland B.V. and Winterthur Verzekeringen Holding B.V. merged into REAAL (named REAAL Verzekeringen N.V. at that time) and DBV Holding N.V. became a 100% owned subsidiary of REAAL (please refer to '*Information about the Issuer and Business Overview - History*').

## ***Recent developments***

On 30 June 2010, SNS REAAL and AXA (the disposer of the participations in AXA NL Combined) reached agreement on a price adjustment regarding post completion items following the acquisition of AXA NL Combined in 2007. As a result, SNS REAAL has received a net amount of €34 million. As such, SNS REAAL acquired AXA NL Combined for an aggregate cash consideration of €1,777 million.

## ***Material contracts***

Reference is made to '*Information about the Issuer and Business overview - Material contracts*'.

## ***Share capital and sole shareholder***

The authorised share capital of REAAL amounts to €1,192,500 which is divided in 2,385 ordinary shares with a nominal value of €500 each. The current issued and outstanding share capital of REAAL amounts to €238,500. The sole shareholder of REAAL is SNS REAAL, which holds 477 fully paid up shares.

## ***Management Board and Supervisory Board***

The management board and the supervisory board of REAAL consist of the same members as the members of the management board and supervisory board of the Issuer respectively. The members of the management board and the supervisory board of REAAL have elected domicile at the registered office of REAAL. There are no potential conflicts of interest between any of the duties of the members of the management board and the supervisory board respectively towards REAAL and the private interests and/or duties of the members of the management board and the supervisory board respectively.



## DUTCH TAXATION

The information given below is neither intended as tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the Bonds. Prospective purchasers are strongly advised to acquaint themselves as with the overall tax consequences of purchasing, holding and/or selling the Bonds. This summary is based on the tax laws, published case law and tax regulations in force in the Netherlands as of the date of this Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

The Issuer has been advised by its independent tax counsel KPMG Meijburg & Co. that under the existing laws of The Netherlands:

- (a) No Dutch withholding tax will be due on payments of principal and/or interest, or on any other amounts payable under the Bonds.
- (b) A holder of a Bond who derives income from a Bond or who realises a gain on the disposal or redemption of a Bond will not be subject to Dutch taxation on such income or capital gains unless:
  - (i) the holder is, or is deemed to be, resident in the Netherlands or has opted to be treated as a resident of The Netherlands; or
  - (ii) such holder has an enterprise or an interest in an enterprise which, in whole or in part, is carried on through a permanent establishment or a permanent representative in the Netherlands and the Bonds are attributable to this permanent establishment or permanent representative; or
  - (iii) such holder is a legal person, an open limited partnership (*open commanditaire vennootschap*), another company with a capital divided into shares or a special purpose fund (*doelvermogen*) and has a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and such interest does not form part of the assets of an enterprise. Generally speaking an interest in the Issuer should not be considered as a substantial interest if the holder of such interest, and if the holder is a natural person, his or her spouse, registered partner, certain other relatives or certain persons sharing the holder's household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five percent or more of the total issued and outstanding capital, or the issued and outstanding capital of any class of shares, of the Issuer; or
  - (iv) such holder is a legal person, an open limited partnership (*open commanditaire vennootschap*), another company with a capital divided into shares or a special purpose fund (*doelvermogen*) and has a deemed Netherlands enterprise to which enterprise the Bonds are attributable; or
  - (v) such holder derives income and/or capital gains from activities in the Netherlands other than business income (as described under (b)(ii)) (*resultaat uit overige werkzaamheden*) or performs employment activities outside the Netherlands for a remuneration that is subject to Dutch payroll tax, to which activities the Bonds are attributable; or
  - (vi) such holder or a person related to the holder by law, contract, consanguinity or affinity to the degree specified in the tax laws of the Netherlands has or is deemed to have substantial interest in the relevant Issuer. Generally speaking an interest in the Issuer should not be considered as a substantial interest if the holder of such interest, and if the holder is a natural person, his or her spouse, registered partner, certain other relatives or certain persons sharing the holder's household, do not hold, alone or together, whether

directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five percent or more of the total issued and outstanding capital, or the issued and outstanding capital of any class of shares, of the Issuer.

- (c) No gift, estate or inheritance tax will arise in the Netherlands on the transfer by way of gift or inheritance of the Bonds, unless:
- (i) the donor or the deceased at the time of the gift or the death is a resident or a deemed resident of the Netherlands;
  - (ii) the holder dies within 180 days of making the gift, and at the time of the death is a resident or a deemed resident of the Netherlands; or
  - (iii) the Bonds are held by a Bondholder which qualifies as a separate private estate (*afgezonderd particulier vermogen*) for Dutch tax purposes and the assets of the separate private estate for Dutch tax purposes are allocated to a holder as referred to in subsection (i) or (ii) above.
- (d) There will be no registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty due in the Netherlands other than court fees payable in respect of or in connection with the issue, transfer, execution, delivery and/or enforcement by legal proceedings of the Bonds or the performance of the Issuer's obligations under the Bonds.
- (e) There will be no value added tax due in the Netherlands in respect of payments made in consideration for the issue of the Bonds, whether in respect of the payment of interest and principal or in respect of the transfer of Bonds, other than value added tax that could be due with regard to services such as management, administrative and similar services and the handling of verifying documents.
- (f) A holder of Bonds will not become, and will not be deemed to be, resident in the Netherlands by the sole virtue of holding such Bond or the execution, performance, delivery and/or enforcement of the Bonds.
- (g) Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

## SUBSCRIPTION AND SALE

The Joint Lead Managers will, pursuant to a subscription agreement to be entered into on or about the Closing Date (the "**Subscription Agreement**"), agree to subscribe or procure subscribers for the Bonds at the issue price of 100 per cent. of the principal amount of the Bonds, less total commissions of 0.625 per cent. of the principal amount of the Bonds. The Issuer and the 403-Statement Provider will also reimburse the Joint Lead Managers in respect of certain of their expenses incurred in connection with the issue of the Bonds. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

### ***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), each of the Joint Lead Managers has represented and agreed and has undertaken to agree with any purchaser of any Bonds that it will represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of the Bonds to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Bonds, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Bonds to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an 'offer of the Bonds to the public' in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression 'Prospectus Directive' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression '2010 PD Amending Directive' means Directive 2010/73/EC.

### ***United Kingdom***

Each of the Joint Lead Managers has represented, warranted and agreed and each further dealer appointed will be required to represent and agree, that:

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

### ***United States***

The Bonds 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 the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act. The Bonds are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, a U.S. person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each of the Joint Lead Managers has agreed and has undertaken to agree with any purchaser of any Bonds that it will agree that it will not offer, sell or deliver the Bonds (i) as part of their distribution at any time or (ii) otherwise until forty (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 it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Bonds during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulations under the Securities Act.

In addition, until forty (40) days after the commencement of the offering, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with available exemption from registration under the Securities Act.

### ***General***

The distribution of this Prospectus and the Offering and sale of the Bonds in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions. This Prospectus or any part thereof does not constitute an offer, or an invitation to sell or a solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Each of the Joint Lead Managers has undertaken and has undertaken to agree with any purchaser of any Bonds that it will not, directly or indirectly, offer or sell any Bonds or distribute or publish any offering

circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

## GENERAL INFORMATION

### **Authorisation**

The issue and Offering of the Bonds were duly authorised by a resolution of the management board of the Issuer passed on 3 November 2010 and approved by a resolution of the supervisory board of the Issuer passed on 11 November 2010. These resolutions were confirmed in a resolution dated 15 March 2011. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Netherlands have been or will be obtained for the issue of the Bonds and for the Issuer to undertake and perform its obligations under the Agency Agreement, the Subscription Agreement and the Bonds.

### **Significant or material adverse change**

There has been no significant change in the financial or trading position of the group formed by the 403-Statement Provider and its subsidiaries and there has been no material adverse change in the prospects of the Issuer and the 403-Statement Provider since 31 December 2009, the last day of the financial period in respect of which audited consolidated financial statements of the 403-Statement Provider in which the Issuer is consolidated have been published.

### **403-Statement**

REAAL has provided a 403-Statement for the Issuer on 23 December 2008. In this guarantee REAAL declares itself to be jointly and severally liable for legal acts executed by the Issuer. Contrary to the content of the 403-Statement, the 403-Statement Provider is not jointly and severally liable for the obligations of the Issuer under the Bonds because the rights of the Bondholders in respect of the 403-Statement Provider are contractually limited in the Conditions. As such, a Bondholder only has a claim against the 403-Statement Provider if and to the extent that the Issuer is in default under its obligations against the Bondholder pursuant to Condition 7. A copy of this guarantee can be obtained at the Commercial Register of the Chamber of Commerce for the Central Netherlands (*Handelsregister van de Kamer van Koophandel voor Midden-Nederland*). The 403-Statement may be revoked at any time. Reference is made to '*Risk Factors - The rights of the Bondholders under 403-Statement are limited and the 403-Statement may be revoked at any time*'.

### **Litigation**

Other than as described below, none of the 403-Statement Provider, the Issuer or the group formed by the 403-Statement Provider and its subsidiaries is involved or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the 403-Statement Provider are aware), during the period covering the 12 months before the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer, the 403-Statement Provider or the group formed by the 403-Statement Provider and its subsidiaries.

On 25 March 2009, SNS REAAL announced that it had reached an agreement with *Stichting Verliespolis*, *Stichting Woekerpolis Claim*, *Vereniging van Effectenbezitters*, *Vereniging Eigen Huis* and *Vereniging Consument & Geldzaken*, regarding financial compensation of policyholders for the costs of investment based insurance policies. The Dutch Financial Services *Ombudsman* endorses the compensation scheme drawn up by SNS REAAL. The current value of the compensation totals approximately €320 million,

including an amount of €52.5 million for a fund for clients in distressed situations. On 17 November 2010, SNS REAAL announced that it had reached a final agreement with *Stichting Verliespolis* on a compensation scheme for the costs of unit linked insurance policies. The *Vereniging van Effectenbezitters* and *Vereniging Eigen Huis* endorse the agreement. This settlement is a detailed version of the heads of the agreement signed in March 2009.

On 24 March 2010, SNS REAAL announced that it will follow the recommendation of the Dutch Association of Insurers (*Verbond van Verzekeraars*) regarding maximum costs for part of existing investment based occupational pension schemes, the so-called investment based defined contribution pension contracts. The arrangement is expected to apply to approximately 16% of the investment based defined contribution pension policies of SNS REAAL. As a consequence, the Issuer recorded a provision for adjustment of policy costs until 2010 of €24,3 million pre-tax. This provision will accrue on a quarterly basis and will eventually lead to higher pension liabilities of approximately €90 million at expiration date.

See also '*Risk factors - Litigation or other proceedings or actions may adversely affect the business, financial condition and results of operations of the Issuer*' and '*The Issuer is exposed to risks related to the offering of investment insurance policies and investment pension policies*'.

### ***Listing and trading***

Application has been made to Euronext for the Bonds to be admitted to listing and trading on Euronext Amsterdam. The common code of the Bonds is 061693637 and the ISIN of the Bonds is XS0616936372. The aggregate listing fees for the Bonds until the Maturity Date amount to the maximum listing fees of € 17,500 excluding taxes, consisting of initial listing fees of the maximum of € 2,500 and yearly listing fees of €500 with a maximum of € 15,000.

### ***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) REAAL's audited consolidated and separate financial statements drawn up in accordance with IFRS as endorsed by the European Union and auditor's report for the years ended 31 December 2009 (set forth on pages 27 up to and including 129, pages 131 up to and including 144 and pages 146 and 147 respectively of its 2009 annual report) and 31 December 2008 (set forth on pages 17 up to and including 92, pages 93 up to and including 100 and page 103 respectively of its 2008 annual report) in Dutch;
- (b) REAAL's unaudited consolidated and separate financial statements drawn up in accordance with IFRS as endorsed by the European Union for the year ended 31 December 2010;
- (c) unaudited separate financial statements of the Issuer for the year ended 31 December 2009 drawn up in accordance with IFRS as endorsed by the European Union, in Dutch;
- (d) unaudited separate financial statements of REAAL Levensverzekeringen N.V., a legal predecessor of the Issuer, for the year ended 31 December 2008 drawn up in accordance with IFRS as endorsed by the European Union, in Dutch;
- (e) unaudited separate financial statements of Zwitserleven N.V., the company which was the surviving entity following the merger with REAAL Levensverzekeringen N.V. effective as per 1 September 2009 and subsequently renamed SRLEV N.V. with effect from 1 September 2009, for the year ended

- 31 December 2008 drawn up in accordance with IFRS as endorsed by the European Union, in Dutch;
- (f) unaudited separate financial statements of DBV Holding N.V., the company which was the entity that ceased to exist following the merger with the Issuer effective as per 31 October 2009, for the financial year ended 31 December 2008 drawn up in accordance with IFRS as endorsed by the European Union, in Dutch;
  - (g) unaudited separate financial statements of DBV Levensverzekeringsmaatschappij N.V., the company which was the entity that ceased to exist following the merger with the Issuer effective as per 1 November 2009, for the financial year ended 31 December 2008 drawn up in accordance with IFRS as endorsed by the European Union, in Dutch;
  - (h) audited public regulatory returns of the Issuer in respect of the financial year 2009 filed by the Issuer with DNB pursuant to Article 3:72 DFSA (*Wft staten*) in Dutch including the exhibits referred to in the public regulatory returns but excluding the auditor's report; and
  - (i) unaudited public regulatory returns of the Issuer in respect of the financial year 2010 (*Wft staten*) in Dutch including the exhibits referred to in the public regulatory returns but excluding any auditor's report.

In this Prospectus, the separate financial statements for the financial year ended 31 December 2008 of each of REAAL Levensverzekeringen N.V., Zwitterleven N.V., DBV Holding N.V. and DBV Levensverzekeringsmaatschappij N.V. are incorporated by reference because the Issuer is the surviving entity of several mergers with and name changes of these respective entities in the period between 1 September 2009 and 1 November 2009. Moreover, the audited public regulatory returns (*Wft staten*) of the Issuer for the financial year ended 31 December 2009 which were filed with DNB pursuant to Article 3:72 DFSA and the unaudited public regulatory returns (*Wft staten*) for the financial year ended 31 December 2010 of the Issuer are incorporated by reference in this Prospectus because the financial information provided under '*Summary of Financial Information*' was based on these regulatory returns. These documents are incorporated by reference into this Prospectus in order to provide investors with a complete and transparent overview of the financial information available in respect of the Issuer.

These documents can be obtained without charge at the office of the Issuer (Wognumsebuurt 10, 1817 BH Alkmaar, the Netherlands), at the specified office of the Principal Paying Agent (69 Route d'Esch, L-2953 Luxembourg, Luxembourg) and at the specified office of the Listing Agent (Nieuwezijds Voorburgwal 162, 1012 SJ, Amsterdam, the Netherlands).

### ***Documents available for inspection***

So long as the Bonds are outstanding, copies of the following documents will, when published, be available free of charge at the registered offices of the Issuer (Wognumsebuurt 10, 1817 BH Alkmaar, the Netherlands), at the specified office of the 403-Statement Provider (Croeselaan 1, 3521 BJ, Utrecht, the Netherlands), at the specified office of the Principal Paying Agent and at the specified office of the Listing Agent:

- (i) the Dutch language versions and English translations of the most recent articles of association of the Issuer and the 403-Statement Provider;
- (ii) the Agency Agreement (which contains the Conditions of the Bonds and the forms of the Global Bonds and the Definitive Bonds);
- (iii) a copy of this Prospectus;



- (iv) any future prospectuses, offering circulars, supplementary listing particulars, information memoranda, supplements to this Prospectus and any other documents incorporated herein or therein by reference.

### **Website**

This Prospectus as well as the documents listed under '*Documents incorporated by reference*' and '*Documents available for inspection*' above are available on the Issuers' website at [www.snsreaal.nl](http://www.snsreaal.nl) and [www.snsreaal.com](http://www.snsreaal.com) under the heading 'investor relations'.

### **Auditors**

KPMG Accountants N.V. have audited, and rendered unqualified audit reports on the consolidated financial statements and the separate financial statements of REAAL for the financial years ended 31 December 2008 and 2009 as well as on the public regulatory returns (*Wft staten*) of the Issuer in respect of the financial year ended 31 December 2009 as referred to above under '*Documents incorporated by reference*'.

No audit reports were issued in respect of the separate financial statements for the financial year ended 31 December 2010 and the financial year ended 31 December 2009 of the Issuer nor in respect of the separate financial statements for the financial year ended 31 December 2008 of each of REAAL Levensverzekeringen N.V., Zwitserleven N.V., DBV Holding N.V. and DBV Levensverzekeringsmaatschappij N.V. because statements as referred to in Book 2, Section 403 of the Dutch Civil Code were provided for each of these entities.

KPMG Accountants N.V. independent auditors 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 and to the extent that they are included. Other than the financial information in '*Summary of Financial Information*', all financial information in this Prospectus has been extracted from REAAL's audited consolidated financial statements and, other than the audited financial information as referred to above which is incorporated by reference in this Prospectus, no information in this Prospectus has been audited by the auditors.

Partners employed by KPMG Accountants N.V. are members of the Royal NIVRA (*Nederlands Instituut voor Registeraccountants*), the Dutch accountants board.

The business address of KPMG Accountants N.V. is Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands.

### **Clearing and Settlement Systems**

The Bonds have been accepted for clearing and settlement through Euroclear and/or Clearstream, Luxembourg and will bear common code 061693637 and ISIN code XS0616936372.

The address of Euroclear is 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg, Luxembourg.

## ***Ratings***

The Issuer has been rated A- (negative) by S&P, A3 (stable) by Moody's and A- (stable) by Fitch respectively. The 403-Statement Provider has been rated BBB+ (negative) by S&P.

The Bonds are expected to be assigned, upon issuance, a 'Baa2' rating by Moody's and a 'BBB' rating by S&P. The rating of the Bonds addresses the assessment made by each of the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Maturity Date. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Bonds, see '*Risk Factors*' herein.

Each credit rating applied for in relation to a the Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**"). In general, assurance undertakings as defined in Directive 2002/83/EC of the European Parliament and of the Council of 5 November 2002 concerning life assurance, such as the Issuer, are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

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## REGISTERED OFFICES OF THE ISSUER AND THE 403-STATEMENT PROVIDER

**SRLEV N.V.**  
Wognumsebuurt 10  
1817 BH Alkmaar  
The Netherlands

**REAAL N.V.**  
Croeselaan 1  
3521 BJ Utrecht  
The Netherlands

## AGENTS

### LISTING AGENT

**SNS SECURITIES N.V.**  
Nieuwezijds Voorburgwal 162  
1012 SJ Amsterdam  
The Netherlands

### CALCULATION AGENT

**Dexia Banque Internationale  
à Luxembourg**  
69 Route d'Esch  
L-2953 Luxembourg  
Luxembourg

### PRINCIPAL PAYING AGENT

**Dexia Banque Internationale à  
Luxembourg**  
69 Route d'Esch  
L-2953 Luxembourg  
Luxembourg

## LEGAL ADVISERS

To the Issuer and  
the 403-Statement Provider  
**NAUTADUTILH N.V.**  
Strawinskylaan 1999  
1077 XV Amsterdam  
The Netherlands

To the Sole Structuring Advisor and  
the Joint Lead Managers  
**ALLEN & OVERY LLP**  
Apollolaan 15  
1077 AB Amsterdam  
The Netherlands

## AUDITORS TO THE ISSUER

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

## SOLE STRUCTURING ADVISOR

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

## JOINT LEAD MANAGERS

**Citigroup Global  
Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Morgan Stanley & Co.  
International plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**SNS Securities N.V.**  
Nieuwezijds Voorburgwal  
162 1012 SJ Amsterdam  
The Netherlands

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom