



# Gothaer Allgemeine Versicherung AG

*(a stock corporation incorporated under the laws of the Federal Republic of Germany)*

## **EUR 250,000,000 Subordinated Fixed to Floating Rate Notes with scheduled maturity in 2045**

Issue Price 100.00 per cent.

Gothaer Allgemeine Versicherung AG (the "**Issuer**") will issue on 30 October 2015 (the "**Issue Date**") EUR 250,000,000 subordinated fixed to floating rate notes with a scheduled maturity in 2045 in a denomination of EUR 100,000 per Note (the "**Notes**").

The Notes will be governed by the laws of the Federal Republic of Germany ("**Germany**").

The Notes will bear interest from and including the Issue Date to but excluding 30 October 2025 (the "**First Call Date**") at a rate of 6.00 per cent. per annum, scheduled to be paid annually in arrear on 30 October in each year, commencing on 30 October 2016. Thereafter, unless previously redeemed, the Notes will bear interest at a rate of 6.042 per cent. per annum above the 3-months EURIBOR being the Euro-zone inter-bank offered rate for three-month Euro deposits, scheduled to be paid quarterly in arrear on 30 January, 30 April, 30 July and 30 October in each year (each a "**Floating Interest Payment Date**"), commencing on 30 January 2026.

Under certain circumstances described in Condition 3.2 of the terms and conditions of the Notes (the "**Terms and Conditions**"), interest payments on the Notes may be deferred at the option of the Issuer or will be required to be deferred.

The Notes are scheduled to be redeemed at the Redemption Amount (as defined in the Terms and Conditions) on the Floating Interest Payment Date falling on or nearest to 30 October 2045, provided that on such date the Conditions to Redemption (as defined in the Terms and Conditions) are fulfilled. If this is not the case, the Notes will be redeemed only in the circumstances described in the definition of the term Final Maturity Date (as defined in the Terms and Conditions) on the Final Maturity Date. Under certain circumstances described in Condition 4 of the Terms and Conditions, the Notes may be subject to early redemption.

This prospectus (the "**Prospectus**") constitutes a prospectus for the purpose of Part IV of the Luxembourg Law of 10 July 2005 on Prospectuses for Securities, as amended. Application has been made for admission of the Notes to the official list (the "**Official List**") of the Luxembourg Stock Exchange and for trading on the Euro MTF market ("**Euro MTF**") operated by the Luxembourg Stock Exchange, which is a multilateral trading facility for the purposes of the Market and the Financial Instruments Directive 2004/39/EC, and therefore a non-EU-regulated market.

The Notes will initially be represented by a temporary global note in bearer form (the "**Temporary Global Note**"). Interests in the Temporary Global Note will be exchangeable, in whole or in part, for interest in a permanent global note (the "**Permanent Global Note**") and, together with the Temporary Global Note, each a "**Global Note**") on or after the date 40 days after the later of the commencement of the offering and the Issue Date (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership. The Global Notes will be deposited prior to the Issue Date with Clearstream Banking AG ("**Clearstream Frankfurt**").

### **Joint Lead Managers**

**BNP PARIBAS**

**Commerzbank**

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below).

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Joint Lead Manager (as defined below). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Notes 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 distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes will be issued in bearer form and are subject to certain U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**") and as defined in the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder). For a description of certain restrictions on offers and sales of the Notes and on distribution of this Prospectus, see "Subscription and Sale".

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

The Joint Lead Managers have not separately verified the information contained in this Prospectus. The Joint Lead Managers do not make any representation, expressly or implied, or accept any responsibility, with respect to the accuracy or completeness of any information contained in this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. The Joint Lead Managers do not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of BNP Paribas and Commerzbank Aktiengesellschaft (together the "**Joint Lead Managers**"). This Prospectus may only be used for the purpose for which it has been published.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus. This Prospectus identifies in general terms certain information that a prospective investor should consider prior to making an investment in the Notes. However, a prospective investor should conduct its own thorough analysis (including its own accounting, legal and tax analysis) prior to deciding whether to invest in any Notes as any evaluation of the suitability for an investor of an investment in the Notes depends upon a prospective investor's particular financial and other circumstances, as well as on the specific terms of the Notes and, if it does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, it should consult its financial adviser prior to deciding to make an investment on the suitability of the Notes.

IN CONNECTION WITH THE ISSUE OF THE NOTES, COMMERZBANK AKTIENGESELLSCHAFT (THE "**STABILISING MANAGER**") (OR A PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR A PERSON ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER (OR A PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to "EUR", "euro" and "€" are to the currency introduced at the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union. References to "GBP" and "British pound sterling" are to the currency of the United Kingdom and references to "US\$", "USD" and "U.S. dollars" are to the currency of the United States of America.

### **Cautionary note regarding forward-looking statements**

This Prospectus contains certain forward-looking statements, including statements using the words "believes", "anticipates", "intends", "expects" or other similar terms. This applies in particular to statements under the caption "*General Information*" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, plans and expectations regarding developments in the business of the Issuer. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Issuer, to be materially different from or worse than those expressed or implied by these forward-looking statements. The Issuer does not assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

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## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes. However, the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision. Prospective investors should note that the risks relating to the Issuer, its industries and the Notes summarised in this section are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as these risks relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in this section, but also, among other things, should consult their financial, legal and tax advisers. In addition, prospective investors should be aware that the risks described might combine and thus intensify one another.*

### **Risk Factors that may affect the Issuer's ability to fulfil its obligations under the Notes**

The Issuer is exposed to certain risk factors affecting their respective abilities to fulfil its obligations under the Notes. These risk factors relate to the business and operations of the Issuer and its group and include matters such as risks arising from the financial markets, risks arising from the nature of the Issuer's business and risks arising from legal and regulatory conditions. The following is a summary of these risk factors:

#### **Risks arising from the nature of the Issuer's business**

***Loss reserves for the Issuer's insurance and reinsurance policies are based on estimates as to claims liabilities. Adverse developments relating to claims could lead to further reserve additions and materially adversely impact the Issuer's results of operations.***

In accordance with industry practice and accounting and regulatory requirements, the Issuer establishes reserves for losses and loss adjustment expenses related to its insurance and reinsurance businesses.

Reserves are based on estimates of future payments that will be made in respect of claims, including expenses relating to such claims. Such estimates are made both on a case-by-case basis as well as in respect of losses that have been incurred but not reported ("IBNR") to the Issuer. These reserves represent the estimated ultimate cost necessary to bring all pending reported and IBNR claims to final settlement.

Reserves are subject to change due to a number of variables that affect the ultimate cost of claims, such as exchange rates, changes in the legal environment and results of litigation as well as effects closely related to inflation that may adversely affect costs of repairs and medical costs.

Established loss reserves estimates are periodically adjusted in the ordinary course of settlement, using the most current information available to management, and any adjustments resulting from changes in reserve estimates are reflected in current results of operations.

To the extent that the Issuer's actual claims experience is less favourable than the underlying assumptions used in setting the prices for products and establishing reserves, the Issuer may be required to increase its reserves, which may materially adversely affect its results of operations.

The Issuer monitors reserve levels, movements and trends on a regular basis. This monitoring is conducted on the basis of data collected by the Issuer as well as through frequent dialogue with local actuaries. However, there can be no assurance that ultimate losses will not materially exceed the established reserves and have a material adverse effect on the Issuer's results of operations.

***The cyclical nature of the reinsurance market, an inappropriate reinsurance structure of the Issuer and possible defaults by its reinsurers may lead to volatility in the income of the Issuer that may negatively affect its business operations.***

Like the insurance market the reinsurance market is prone to cyclical fluctuations, in particular in the property/casualty business. The cycles in the reinsurance business are characterised, on the one hand, by periods of an oversupply of reinsurance capacity with very favourable prices and scopes of cover in favour of the Issuer (soft market) and, on the other hand, with periods of shortage of reinsurance capacity ongoing with high prices and limited scopes of cover (hard market). Periods of a hard market could have an adverse impact on the prices for the outgoing reinsurance coverage of the Issuer.

On the basis of a stochastic approach the Issuer analyses and designs his reinsurance structure to ensure that sufficient reinsurance capacity is bought in the reinsurance market. An inappropriate reinsurance structure of the Issuer could lead to insufficient revenues from its reinsurers or even a lack of reinsurance coverage. A default by one or more of the Issuer's reinsurers could lead to losses of receivables. Any such event could have a negative impact on the Issuer's technical results.

***The Issuer's incoming obligatory reinsurance business relies on the provision of correct and sufficient risk information by the relevant primary insurance company; incorrect information may cause unforeseen burdens on the incoming reinsurance business.***

The incoming obligatory reinsurance business of the Issuer systematically covers risk underwritten by primary insurers. The bulk of the assumed reinsurance business is ceded by insurers of the Parent Group (as defined below) or by companies the Issuer has closely cooperated with for many years.

In deciding on whether such reinsurance agreements are entered into and which technical provisions are to be provided, the Issuer relies on the provision of correct and sufficient risk information by the respective ceding company. Should the Issuer, on the basis of incorrect or incomplete information, wrongfully assess the covered risks, this may result in losses being higher than initially calculated. Even if the Issuer would have recourse claims against the ceding company it cannot be assured that these claims are fully valuable and enforceable. This could negatively affect the Issuer's net assets, financial position and results.

***Intense competition in the German market as well as in other markets could materially adversely affect the Issuer's revenues and profitability.***

The markets in which the Issuer operates are generally quite competitive. If the Issuer fails to offer attractive products and services suitable to customers' needs, revenues could be materially adversely affected and the Issuer may lose market shares in important areas of the Issuer's business, which might also have a material adverse impact on the Issuer. In addition, ongoing pricing pressure in certain highly competitive markets may negatively impact the Issuer's profitability.

#### ***Risks arising from fronting agreements***

The Issuer increasingly acts as a fronting partner in Germany for affiliated foreign companies or captives, *i.e.* writing certain risks and reinsuring the respective fronting partner. If a partner were unable or unwilling to meet its contractual obligations under the reinsurance contract, the Issuer would in some cases face high liabilities because such business is not ceded under obligatory reinsurance contracts. Such liabilities could negatively affect the Issuer's net assets, financial position and results.

## **Risks arising from the financial markets**

***The Issuer's financial condition, liquidity needs, access to capital and cost of capital may be significantly affected by adverse developments in the capital and credit markets.***

If the capital and credit markets experience extreme volatility and disruption, the availability of liquidity and credit capacity for certain issuers may be constrained. The ability of the Issuer to meet its financing needs depends on the availability of funds in the international capital markets. A break-down of such markets such as in the last global financial crisis could have a materially adverse impact on the availability and cost of funding as well as on the refinancing structure of the Issuer. The availability of financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the credit rating and credit capacity of the Issuer as well as the possibility that customers or lenders could develop a negative perception of the Issuer's long- or short-term financial prospects if the Issuer incurs large investment losses or if the level of the Issuer's business activity decreases due to a market downturn. Similarly, the Issuer's access to funds may be impaired if regulatory authorities or rating agencies take negative actions against the Issuer. The Issuer's internal sources of liquidity may prove to be insufficient, in which case the Issuer may not be able to successfully obtain additional financing on favourable terms, or at all.

In addition, the ability of the Issuer to meet its financial needs also depends on the availability of funds across the Issuer's group (e.g., in the form of intra-group loans or a cash pooling infrastructure that is due to launch in 2015).

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Issuer's access to capital required to operate its business, most significantly the insurance operations. Such market conditions may limit the Issuer's ability to replace, in a timely manner, maturing liabilities; satisfy regulatory capital requirements; generate market-related revenue to meet liquidity needs; and access the capital necessary to grow its business. As such, the Issuer may be forced to delay raising capital, issue shorter tenor securities than preferred, or bear an unattractive cost of capital, any of which could decrease the Issuer's profitability and significantly reduce the Issuer's financial flexibility. The Issuer's results of operations, financial condition and regulatory capital position could be materially adversely affected by disruptions in the financial markets.

***As in the last global financial crisis the Issuer may be adversely affected by the development of the global economy in general and global financial markets in particular. The Issuer's management cannot assess how the global economy and the global capital markets will develop in the near future.***

The Issuer's financial results are, amongst others, subject to market risk. Risk can arise, among others, from adverse changes in interest rates, credit spreads, foreign exchange rates, equity and real estate prices and other relevant parameters such as market volatility. For example, the last crisis in the North American mortgage markets and the subsequent crisis in the global financial markets led to a different perception and a re-evaluation of risks. Similarly, the Euro zone sovereign debt crisis and concerns over the viability of the European Union have further increased uncertainties in the financial markets. The probability of default increased for many asset classes, including sovereign debt, resulting in a multitude of credit rating downgrades and widening credit spreads. In addition, price volatility of many financial assets such as equities, credit and structured products increased significantly. At the same time, liquidity in the markets for these assets fell substantially making it difficult to sell certain assets at reasonable prices.

While the risks to the global economy are still substantial, the market continues to be concerned about a potential increase in inflation, rising unemployment, limited availability and higher cost of credit, renewed pressure on real estate and mortgage markets, sovereign indebtedness in many developed countries in general or particularly the Eurozone and the United States, as well as geopolitical and other risks. As a consequence, volatility may increase and the prospects for the global economy and global capital markets

remain challenging. There is a risk that global economic growth remains subdued or even turns into a recession.

Within the Eurozone adverse scenarios being driven by the uncertainty surrounding the European sovereign debt crisis might lead to a Euro crisis. The sovereign debt-related difficulties in several other Eurozone countries continue, including, but not limited to, Cyprus, Greece, Italy, Ireland, Portugal and Spain, together with the risk of contagion to other, more stable countries, particularly France and Germany. To address the high levels of public debt, many countries are curbing their government spending, thereby negatively affecting their respective gross domestic products. This situation has also raised a number of questions regarding the stability and overall standing of the Eurozone, raising questions regarding the potential reintroduction of national currencies in one or more Eurozone countries or the abandonment of the Euro.

The occurrence of such adverse scenarios or another adverse event might result in higher levels of financial market volatility, especially in the equity and foreign exchange markets, lower interest rates due to monetary policy response, increased challenges in the banking sector, including bank run scenarios, where large number of customers withdraw their deposits, as well as bond impairments and increased credit spreads due to a flight to quality and other difficult to predict spill-over effects.

Factors such as consumer spending, investments, government spending, the volatility and strength of the capital markets, inflation and others affect the business and economic environment and, ultimately, the profitability of the Issuer. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower levels of investments and consumer spending, the demand for the Issuer's insurance products could be adversely affected. In addition, the Issuer may experience an elevated incidence of claims and lapses or surrenders of policies. The Issuer's policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Adverse changes in the economy could negatively affect the Issuer's earnings and could have a material adverse effect on the Issuer's business and its financial condition, including shareholders' equity.

The financial results of the Issuer may come under pressure. The Issuer's management cannot assess how the global economy and the global financial markets will develop in the near future.

***Interest rate volatility and persisting low interest rates may adversely affect the Issuer's results of operations and economic capitalization.***

Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short- and long-term rates) may adversely affect the Issuer's results.

Over the past several years and in particular during the global financial and European sovereign debt crisis as well as driven by the recent introduction of quantitative easing by the European Central Bank to address the weak economic development, movements in both short- and long-term interest rates have affected the level and timing of recognition of gains and losses on securities held in the Issuer's various investment portfolios. An increase in interest rates could substantially decrease the value of the Issuer's fixed-income portfolio, and any unexpected change in interest rates could materially adversely affect the Issuer's bond and interest rate derivative positions. A change in prevailing interest rates may accordingly have a negative impact on the capitalization of the Issuer.

Changes in interest rates will impact the Issuer's business to the extent they result in changes to current interest income, impact the value of the Issuer's fixed-income portfolio and the fair value of the liabilities and affect the levels of new product sales or surrenders of business in force.



***The Issuer is exposed to significant market risks which may result in the loss of value of investments in the capital markets and a drop in the investment income.***

The Issuer holds a significant investment portfolio of fixed-interest securities, loans, shares and real estate, in each case held either directly or through investment- or hedge funds. The risks from such investments principally encompass a market risk, a default risk and a liquidity risk.

The market risk consists primarily of the risk of changes in the market prices of fixed-income assets and equities as well as the exchange rate risk associated with fluctuations in exchange rates if there is no matching cover. This may necessitate value adjustments or lead to the realisation of losses in the event of disposal of financial assets. A decline in the interest rate level can also lead to reduced investment income.

Interest-rate movements pose a significant risk for the Issuer's fixed-interest investments. Changes in the market values of fixed-interest investments may affect the equity and the investment income of the Issuer. For fixed-interest investments the interest rate and market value of securities are directly connected. While falling interest rates increase the market value, rising interest rates cause the market value of fixed-interest investments to fall.

The Issuer invests in different types of fixed-interest investments, for instance in government bonds (EU member states as well as non-EU governments), corporate bonds, covered bonds and asset-backed securities. The Issuer's investment guidelines aim to limit concentration risks and to constantly monitor the investment. If bonds cannot be redeemed or if the underlying collateral turns out not to be sufficient, adjustments in value may become necessary. In addition, credit risk could incur as a result of a change in the financial rating of a counterparty, such as an issuer of securities or other debtor with liabilities to the Issuer. For example, even though government bond investments are deemed to be of high credit quality, the sovereign debt crisis has shown that a counterparty risk is also attached to this asset class.

Moreover, the investments of the Issuer in equity securities are directly affected by the development on the stock markets that, in turn, depend on a number of factors that may have an adverse effect on share prices. Although the stock markets experienced a relatively steady growth over the last years from a previous downturn, recently the global stock markets have shown a high degree of volatility and no assurances can be given whether the stock markets will continue to grow rather than stagnate or fall.

The Issuer uses financial derivatives, such as call and-put options, futures and forwards as well as swaps, to partially hedge its investment portfolio especially against price, exchange and interest rate risks. Changes in the market value of the underlying and other parameters affecting the price (in particular volatility) of these derivatives may give rise to market value losses. In addition, no assurance can be given, that these instruments are sufficient to provide full coverage of the Issuer's risks.

Investments in real estate are subject to specific risks which include risks that emanate from the ownership or operation of property, e.g. vacancy and tenant structure risks.

In connection with the ongoing sovereign debt crisis in Europe and the United States of America and the corresponding monetary policies of the central banks, there are significant uncertainties on the future development of inflation rates. An increase in the inflation rate can lead to losses in the investment portfolio and a decrease in the net income, because the market value of fixed interest investments usually decreases as the higher inflation rate causes an increase in the market interest rate.

If any of the risks mentioned above materialises this could negatively affect the Issuer's net assets, financial position and results.

***The Issuer has significant counterparty risk exposure, which could adversely affect the Issuer.***

The Issuer is subject to a variety of counterparty risks, arising from its fixed income investments, cash positions, derivatives, structured transactions, receivables from agents and other debtors as well as reinsurance recoverables.

Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include the issuers whose securities the Issuer holds, borrowers under loans made, customers, trading counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. As a result, defaults by one or more of these parties 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, or even rumours about potential defaults by one or more of these parties or regarding the financial services industry generally, could lead to losses or defaults by the Issuer or by other institutions. In addition, with respect to secured transactions, the Issuer's credit risk may be exacerbated when the collateral held by it cannot be realized or is liquidated at prices that are not sufficient to recover the full amount of the loan or derivative exposure. The Issuer also has exposure to a number of financial institutions in the form of unsecured debt instruments, derivative transactions and equity investments. There is no assurance that losses on or impairments to the carrying value of these assets would not materially and adversely affect the Issuer's business or results of operations.

***The potential illiquidity of the investment portfolio may negatively affect the financial position of the Issuer.***

The Issuer is exposed to liquidity risks, *i.e.*, the risk of being unable to convert investments and other assets into cash in a timely manner in order to meet its financial obligations when they become due. It may not be possible to sell holdings or to close open positions (or to do so only with price markdowns) due to the illiquidity of the capital markets, in which case this could negatively affect the Issuer's net assets, financial position and results.

**Risks arising from the environment and the geopolitical situation**

***The Issuers financial results may be materially adversely affected by the occurrence of natural catastrophes and man-made disasters.***

Portions of the Issuer's insurance business may cover losses from major unpredictable events such as hurricanes, windstorms, hailstorms, earthquakes, fires, industrial explosions, freezes, riots, floods and other man-made or natural disasters, including acts of terrorism. In addition as a result of increasing urbanization and increasing concentration of industrial facilities in certain regions, covered losses from natural disasters have increased over the past years, a trend that is expected to continue. However, the incidence and severity of these catastrophes in any given period are inherently unpredictable. All risk models are subject to uncertainty arising from both scientific and management assumptions as well as underlying data.

The Issuer monitors its overall exposure to catastrophes and other unpredictable events. The Issuer generally seeks to reduce potential losses from these events through the purchase of reinsurance, selective underwriting practices and by monitoring risk accumulation. However, such efforts to reduce exposure may not be successful and claims relating to catastrophes may result in unusually high levels of losses and could have a material adverse effect on the Issuer's financial position or results of operations.

Furthermore, the occurrence of large scale natural catastrophes, pandemics and man-made disasters (e.g. terror events) can have a negative impact on local or even global economy in general, and capital markets in particular, and thus also on the Issuer's financial position and results of operations.

## **Risks arising from legal and regulatory conditions**

### ***Changes in existing or new laws and regulations or enforcement initiatives may materially impact the Issuer and could adversely affect the Issuer's business.***

The Issuer's businesses are subject to detailed, comprehensive laws and regulations as well as supervision in all the countries in which the Issuer and its subsidiaries do business.

Insurance laws, regulations and policies currently governing the Issuer and its subsidiaries may change at any time in ways which have an adverse effect on the Issuer's business, and the timing or form of any future regulatory or enforcement initiatives in respect thereof cannot be predicted.

Changes in existing laws and regulations, or in their interpretation by the authorities, may affect the Issuer's tax burden, its capital requirements, the way in which the Issuer conducts its business and the products it may offer. For example, the German tax authorities have announced their intention to modify the requirements for insurance companies to discount certain provisions for damages in their tax balance. Should such modified requirements be implemented, this would result in a significant one-off tax expense for the Issuer.

Furthermore, in reaction to the crisis in the global financial markets, many countries' governments and regulators have introduced various rescue schemes for the financial sector. The impact of applicable schemes may negatively affect the value of the securities of companies participating in these programs and thus have an adverse effect on the Issuer as a holder of certain of these securities in its investment portfolios

In the same context, governments, regulatory authorities and others have made and continue to make proposals to reform the regulatory framework for the financial services industry to enhance its resilience against future crises. Proposals include, among others, requests for more stringent regulatory capital and liquidity standards, regulation of specific types of business perceived as particularly dangerous, and expansion of the resolution powers of regulators. It is possible that the future regulatory framework for the financial industry may change, perhaps significantly. Effects of the regulatory changes on the Issuer may range from additional administrative cost to implement and comply with new rules to increased cost of capital and a materially adverse effect on the Issuer's business, results of operation and prospects.

### ***Solvency II will introduce a new regulatory framework for insurance companies with increased regulatory requirements (including own funds and governance)***

The EU is implementing wide-ranging amendments to the existing regulatory framework applicable to insurance and re-insurance companies. The new framework (commonly referred to as "**Solvency II**") introduces new requirements as to own funds, the calculation of technical provisions, valuation of assets and liabilities, governance structure, regulatory reporting and disclosure as well as governance of insurance companies. Solvency II is based on Directive 2009/138/EC (as amended) and shall apply from 1 January 2016.

Directive 2009/138/EC, together with accompanying legal acts such as Commission Delegated Regulation 2015/35 and national legislation implementing these changes, will create a stricter and more comprehensive regulatory framework (compared to the existing supervisory and solvency regime) for insurance and re-insurance companies within the EU. It is expected that solvency capital requirements for insurance and reinsurance undertakings will increase as opposed to the current Solvency I regime, and that capital ratios will become more volatile. In particular, an increase in the volatility of interest rates may lead to an increase in the volatility of capital ratios, and decreasing interest rates may lead to increasing capital requirements. The Issuer uses the standard formula to assess its solvency capital requirements under the future Solvency II regime. There is a risk that the standard formula does not reflect the individual risk situation of the Issuer properly. Should this be the case, there is a possibility that the supervisory authority may require the Issuer

to develop and implement an internal model. The implementation of an internal model is time-consuming and costly.

There is a risk that under Solvency II, instruments issued by the Issuer (including the Notes) will not or will cease to be (fully or partly) eligible as own funds and/or will not be sufficient to comply with the increased capital requirements under Solvency II. In such cases, the Issuer might have to replace existing instruments and/or issue additional instruments or otherwise raise capital eligible as own funds. There is a risk that refinancing existing debt or raising additional capital would be expensive, difficult or impossible on adequate terms, which could have a material adverse effect on the Issuer, including its business and financial condition.

***The Issuer's business may be negatively affected by adverse publicity, regulatory actions or litigation with respect to the Issuer, other well-known companies and the financial services industry generally.***

Adverse publicity and damage to the Issuer's reputation might arise from financial reporting irregularities or compliance irregularities, data protection irregularities, involving the Issuer or other large and well-known companies, increasing regulatory and law enforcement scrutiny of "know your customer", anti-money laundering and anti-terrorist-financing procedures and their effectiveness and regulatory investigations of the insurance industries. Any of the above could also lead to increased regulatory supervision, affect the Issuer's ability to attract and retain customers, impair access to the capital markets or have other adverse effects on the Issuer in ways that are not predictable.

**Other risks**

***The Issuer has obligations under a number of employee pension schemes***

The Issuer has obligations under a number of employee pension schemes (*betriebliche Altersvorsorge*). The obligations of the Issuer are either in the form of direct commitments or through pension funds (*Pensionskassen*). After 1999 no new members were accepted into the company pension schemes.

In 2003, the direct commitments of the Issuer were assumed by the Gothaer Finanzholding AG as central financing entity within the Parent Group (as defined below) and as a consequence, the Issuer only has to record a limited amount of pension provisions (*Pensionsrückstellung*) in its balance sheet. However under the relevant agreements the Issuer is still jointly liable for its pension commitments. The Issuer bears the expenses of the pension schemes by contributing to the pension funds (*Pensionskasse*) and by sharing the costs of Gothaer Finanzholding AG.

Due to present developments such as the increased longevity of the population, pension trends and declining discount rates, the obligations of the Issuer resulting from its pension schemes could increase significantly in a short or mid-term period. Such increase could negatively affect the Issuer's net assets, financial position and results.

***Many of the Issuer's businesses are dependent on the financial strength and credit ratings assigned to the Issuer by various rating agencies. Therefore, a downgrade in their ratings may materially adversely affect relationships with customers and intermediaries, negatively impact sales of their products and increase their cost of borrowing.***

Claims paying ability and financial strength ratings are each a factor in establishing the competitive position of insurers. Should the Issuer's rating fall below a certain threshold, its operating business could be significantly impacted. A ratings downgrade, or the potential for such a downgrade, of the Issuer could, among other things, adversely affect relationships with agents, brokers and other distributors of the Issuer's products and services, thereby negatively impacting new sales, adversely affect the Issuer's ability to compete in the respective markets and increase the cost of borrowing. Any future ratings downgrades could also materially adversely affect the cost of raising capital and could, in addition, give rise to additional

financial obligations or accelerate existing financial obligations which are dependent on maintaining specified rating levels.

Rating agencies can be expected to continue to monitor the Issuer's financial strength and claims paying ability, and no assurances can be given that future ratings downgrades will not occur, whether due to changes in the Issuer's performance, changes in the rating agencies' industry views or ratings methodologies, or a combination of such factors.

***Operational risks may disrupt the Issuer's business.***

The Issuer is exposed to operational risks resulting from inadequate or failed internal processes, from personnel and systems, or from external events, such as interruption of business operations due to a breakdown of electricity or a flood, damage caused by employee fraud or the losses caused by court cases. For example, the Issuer relies on complex IT-systems and could suffer financial losses, a disruption of its businesses, liabilities to clients, regulatory interventions or reputational damages in case of events such as operational errors, software and hardware errors, power blackouts, damage, computer viruses, terrorist or other acts of sabotage as well as other internal or external threats. Operational risks also include legal and compliance risks.

***The Parent Group may change its financial reporting from IFRS to German GAAP***

There are currently considerations to change the financial reporting standard of the Parent Group from IFRS to German GAAP (*Abschluss nach HGB*). However, as of the date of this prospectus no date has been set for such transition and no formal resolution has been taken. The transition to a different accounting standard will not affect the Issuer's fundamental data or its credit rating. It may, however, lead to significant changes in the way the certain key financial items are outlined in the consolidated balance sheet and income statement of the Parent Group. As a result, a comparison of the Parent Group's financial statements before and after the change in accounting standards could become significantly more difficult.

**Risk Factors related to the structure of the Notes**

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

Each potential investor in the Notes must determine whether or not the Notes represent a suitable investment in light of that investor's own circumstances. The Notes are only suitable for sophisticated investors that:

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

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

### ***Maturity and postponement***

The Notes are scheduled to be redeemed at par on the Floating Interest Payment Date falling on or nearest to 30 October 2045 (the "**Scheduled Maturity Date**"), provided that on such date the Conditions to Redemption are fulfilled. Before that date, the Issuer has, under certain conditions, the right to redeem or repurchase the Notes, but is under no obligation to do so. Under the Terms and Conditions, the holders of the Notes (each a "**Noteholder**") have no right to call the Notes for early redemption.

In any event, redemption as well as repurchase of the Notes are subject to the approval of the Competent Supervisory Authority and other Conditions to Redemption. Where such conditions are not met, redemption may be delayed beyond the Scheduled Maturity Date for an indefinite period of time. This may be the case for example, upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations, if a Solvency Capital Event (as defined in the Terms and Conditions) occurs. Therefore, Noteholders may receive their investment back at a later point in time than initially expected.

Certain market expectations may exist among investors in the Notes with regard to redemption. Should the Issuer's actions diverge from these expectations, or should the Issuer be prevented from meeting these expectations, this may adversely affect the market value of the Notes and/or their liquidity.

If the Notes are not redeemed on the Scheduled Maturity Date due to the reasons set out above, Noteholders will - subject to any compulsory or optional deferral - continue to receive interest but will not receive any additional compensation for the postponement of the redemption.

### ***Risks in case of an early redemption of the Notes***

At the Issuer's option and subject to the Conditions to Redemption, the Notes may be redeemed prior to the First Call Date at the Redemption Amount, if, as a result of a future change of the laws applicable the Issuer's country of domicile for tax purposes, (i) the Issuer will be obligated to pay Additional Amounts, or (ii) interest payable by the Issuer in respect of the Notes is no longer fully deductible by the Issuer for German income tax purposes. The Notes may also be redeemed, subject to the Conditions to Redemption, at the Redemption Amount if (i) the Notes may no longer be recorded as liabilities on the consolidated balance sheet of the Issuer, (ii) the Notes fail to or cease to qualify as regulatory capital as intended upon issuance of the Notes, or (iii) if the capital treatment assigned to the Notes worsens in the reasonable opinion of the Issuer, after a change in, or clarification to, the rating methodology (or the interpretation thereof) of Standard & Poor's Rating Services, a division of The McGraw Hill Companies, or any of its successors.

The Notes may also be redeemed at the option of the Issuer and subject to the Conditions to Redemption at their Redemption Amount on the First Call Date and on any Floating Interest Payment Date thereafter.

If the Notes are redeemed prior to the Scheduled Maturity Date, a Noteholder is exposed to the risk that due to the early redemption his investment will have a lower than expected yield and to the risks connected with any reinvestment of the cash proceeds received as a result of the early redemption. Noteholders will receive the Redemption Amount upon any early redemption. The Redemption Amount may be lower than the then prevailing market price of the Notes.

### ***Subordination***

The obligations under the Notes constitute unsecured obligations of the Issuer ranking pari passu among themselves. The obligations of the Issuer under the Notes rank subordinated to the Issuer's Senior Ranking Debt (as defined in the Terms and Conditions).

The terms of the Notes provide that the obligations of the Issuer under the Notes rank subordinated to all of the Issuer's (i) unsubordinated obligations, (ii) obligations subordinated by operation of law pursuant to Section 39(1) of the German Insolvency Code (*Insolvenzordnung*), (iii) subordinated obligations ranking at least pari passu with the Issuer's obligations subordinated by operation of law pursuant to Section 39(1) of the German Insolvency Code and (iv) subordinated obligations required to be preferred by mandatory provisions of law. In the event of liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of, or against the Issuer, the claims of the Noteholders under the Notes will be satisfied only after the claims of all holders of the Issuer's Senior Ranking Debt. In any such event, Noteholders will not receive any amounts payable in respect of the Notes until the claims of all Issuer's Senior Ranking Debt have first been satisfied in full.

The Noteholders must accept that, in the circumstances described above, (i) the Issuer will make payments in respect of the Notes only in accordance with the subordination described above, and (ii) the rights of the Noteholders under the Notes will be subject to the provisions of the insolvency laws applicable to the Issuer from time to time.

***In any case, there is a significant risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.***

Investors are subject to the risk of partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Notes. This may lead to the partial or total loss for the investor in the Notes. This risk is aggravated by the fact that the Notes are unsecured and subordinated (see above, "**Subordination**").

### ***Interest deferral***

Noteholders should be aware that, in certain cases, interest on the Notes will not be due and payable (*fällig*) on the scheduled Interest Payment Date (as defined in the Terms and Conditions), that the payment of the resulting Arrears of Interest is subject to certain further conditions and that Arrears of Interest will not bear interest.

#### ***Compulsory deferral of interest payments***

In case a Compulsory Deferral Event has occurred and is continuing on the relevant Interest Payment Date, interest which accrued during the period ending on but excluding such Interest Payment Date will not be due and payable (*fällig*) on that Interest Payment Date.

A "**Compulsory Deferral Event**" will have occurred with respect to the date on which any payment of interest and/or Arrears of Interest is scheduled to be paid under the Terms and Conditions if (i) such payment would cause or accelerate the occurrence of an Insolvency Event (as defined in the Terms and Conditions); or (ii) there is in effect on such date an order of the Competent Supervisory Authority prohibiting the Issuer in accordance with regulations applicable at such time from making payments under the Notes; or (iii) a Solvency Capital Event (as defined in the Terms and Conditions) either has occurred on or prior to such date and is continuing on such date or would be caused by the payment by the Issuer of interest and/or Arrears of Interest on the relevant date, unless (x) on or prior to such date the Competent Supervisory Authority has exceptionally given, and not withdrawn by such date, its prior consent to the payment of the relevant interest and/or Arrears of Interest despite the Solvency Capital Event; (y) the payment of the relevant interest and/or Arrears of Interest on the Notes does not further weaken the solvency position of the Issuer or the consolidated insurance group of Gothaer Versicherungsbank VVaG (the indirect ultimate parent company of

the Issuer) of which the Issuer is a member of (the "**Parent Group**"); and (z) the applicable minimum capital requirement of the Issuer pursuant to the Applicable Supervisory Regulations (as defined in the Terms and Conditions) is complied with after the relevant payment.

Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose.

Interest deferred will constitute Arrears of Interest. Noteholders will not receive any additional interest or compensation for the compulsory deferral of payments. In particular, the resulting Arrears of Interest will not bear interest.

#### *Optional deferral of interest payments*

Even if no Compulsory Deferral Event has occurred, the Issuer may elect in its discretion to defer the payment of accrued interest by giving not less than 10 and not more than 15 Business Days' prior notice to the Noteholders if during the six months before the relevant Interest Payment Date no Compulsory Interest Payment Event (as defined in the Terms and Conditions) has occurred. Such interest will not be due and payable (*fällig*) on that Interest Payment Date.

Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose.

Interest deferred will constitute Arrears of Interest. Noteholders will not receive any additional interest or compensation for the optional deferral of payment. In particular, the resulting Arrears of Interest will not bear interest.

#### *Restrictions on payment of Arrears of Interest*

The Issuer will only be entitled to pay Arrears of Interest at any time if the Conditions to Settlement, as further described in the Terms and Conditions, are fulfilled with respect to such payment. These restrictions also apply in the case of a mandatory settlement of Arrears of Interest, as further described in the Terms and Conditions.

#### *Market Expectations*

Certain market expectations may exist among investors in the Notes with regard to payment of interest. Should the Issuer's actions diverge from these expectations, or should the Issuer be prevented from meeting these expectations, this may adversely affect the market value of the Notes and/or their liquidity.

#### ***No express Events of Default***

The Noteholders should be aware that the Terms and Conditions do not contain any express events of default provision that would allow Noteholders to accelerate the Notes in case of the occurrence of an event of default.

#### ***Implementation of the Solvency II Directive***

The Terms and Conditions provide that any payments under the Notes must be deferred (subject to limited exceptions further described in the Terms and Conditions), inter alia, if under the Applicable Supervisory Regulations a Solvency Capital Event has occurred and is continuing. Upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations this will be the case if the own funds (*Eigenmittel*) of the Issuer or the Parent Group are not sufficient to cover the applicable solvency capital requirement or the applicable minimum capital requirement or the applicable capital adequacy requirement, whichever occurs earlier.

In addition, the Issuer may call the Notes for redemption prior to the First Call Date, inter alia, if, upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations, the Notes were not or cease



to be eligible to qualify for inclusion in the determination of own funds as Tier 2 Capital for single solvency purposes of the Issuer or for group solvency purposes of the Parent Group.

The Solvency II Directive, as amended by the so-called Omnibus II Directive and the Commission Delegated Regulation 2015/35 have been adopted and published in the Official Journal of the European Union. However, the implementation of the Solvency II regime is still under way (see above "Risks arising from legal and regulatory conditions"). Therefore, it is currently difficult to predict the exact effect the implementation of the Solvency II Directive will have on the Issuer. Also, a risk remains that uncertainties with respect to the above cited provisions lead to a situation where the Notes are not eligible to qualify for inclusion in the determination of own funds as Tier 2 Capital, which would constitute a Regulatory Event.

Accordingly, Noteholders should be aware that the implementation of the Solvency II Directive may lead to, or increase the likelihood of, a deferral of payments under the Notes and/or an early redemption of the Notes. Such final implementation may also impact the Issuer's ability to pay any Arrears of Interest.

***Noteholders may have to return amounts redeemed otherwise than pursuant to the Terms and Conditions of the Notes***

If the Notes are redeemed otherwise than pursuant to Section 4 of the Terms and Conditions prior to the Solvency II Directive becoming part of the Applicable Supervisory Regulations, there may be a statutory obligation, irrespective of any agreement to the contrary, of the Noteholders to return to the Issuer the amounts repaid, unless (i) the Issuer has been dissolved, (ii) such amounts repaid have been replaced by other at least equivalent regulatory capital (*Eigenmittel*) of at least equal status, or (iii) the Competent Supervisory Authority has given its consent to the redemption (Section 53c paragraph 3b sentence 3 of the German Insurance Supervisory Act (*Versicherungsaufsichtsgesetz -VAG*)). Upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations any redemption and any repurchase of the Notes will be subject to the Conditions to Redemption being fulfilled.

***No limitation on issuing further debt and guarantees***

There is no restriction on the amount of debt or guarantees which the Issuer may issue ranking equal with or senior to the obligations under or in connection with the Notes. Such issuance of further debt and guarantees may reduce the amount recoverable by the Noteholders upon insolvency or winding-up of the Issuer. Furthermore, the issue of further debt and guarantees, whether equal, senior or junior ranking, may increase the likelihood that payments of the principal amount or interest under the Notes will be mandatorily deferred or may, in the case of interest payments, be deferred at the option of the Issuer.

***Liquidity risk***

There is currently no secondary market for the Notes. Application has been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF. There can, however, be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue until the redemption of the Notes. In an illiquid market, an investor may not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

***Fixed to Floating Rate Notes***

The Notes bear interest at a fixed rate from and including the Issue Date to but excluding the First Call Date.

During that time, Noteholders are exposed to the risk that the price of such Notes may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of the Notes is fixed until, but excluding, the First Call Date, the market yield typically changes on a daily basis. As the market yield changes, the price of the Notes changes in the opposite direction. If the market yield increases, the price of the Notes typically falls. If the market yield falls, the price of the Note typically increases. Noteholders

should be aware that movements of the market yield can adversely affect the price of the Notes and can lead to losses for the Noteholders.

Noteholders should also be aware that the market yield has two components, namely the risk free rate and the credit spread. The credit spread is reflective of the yield that investors require in addition to the yield on a risk free investment of equal tenor as a compensation for the risks inherent in the Notes. The credit spread changes over time and can decrease as well as increase for a large number of different reasons. The market yield of the Notes can change due to changes of the credit spread, the risk free rate, or both.

If the Notes are not called on the First Call Date, the Notes will bear interest at a floating rate from the First Call Date (including) until the Final Maturity Date (excluding).

The floating rate applicable to the Notes from (and including) the First Call Date is based on two components, namely the 3-months EURIBOR and the Margin (as defined in the Terms and Conditions). The floating rate (i.e. the coupon) is payable quarterly, and will be adapted immediately prior to any Floating Interest Period to the then prevailing 3-months EURIBOR rate plus the Margin. The Margin is fixed at issuance of the transaction.

Noteholders should be aware that the floating rate interest income is subject to changes to the 3-months EURIBOR and therefore cannot be anticipated. Hence, Noteholders are not able to determine a definite yield of the Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments in simple fixed rate (i.e. fixed rate coupons only) instruments.

Since the Margin is fixed at issuance of the transaction, Noteholders are subject to the risk that the Margin does not reflect the spread that investors require in addition to the 3-month EURIBOR as a compensation for the risks inherent in the Notes ("**market spread**"). The market spread typically changes on a daily basis. As the market spread changes, the price of the Note changes in the opposite direction. A decrease of the market spread has a positive impact on the price of the Note, an increase of the market spread has a negative impact on the price of the Note. However, the price of the Notes is subject to changes in the market spread, changes in the 3-months EURIBOR or both. Noteholders should be aware that movements of the market spread can adversely affect the price of the Notes and can lead to losses for the Noteholders.

In addition, Noteholders are exposed to reinvestment risk with respect to proceeds from coupon payments or early redemptions by the Issuer. If the market yield (or market spread respectively) declines, and if Noteholders want to invest such proceeds in comparable transactions, Noteholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields (or market spread respectively).

#### ***Ratings of the Notes, if any, may be subject to change at all times***

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. Rating agencies may also change their methodologies for rating securities with features similar to the Notes in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes. In any case, the ratings of the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.

#### ***Currency risk in relation to Notes***

The Notes are denominated in EUR. If such currency represents a foreign currency to a Noteholder, such Noteholder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes measured in the Noteholder's currency. Changes in currency exchange rates result from various factors such as macroeconomic factors, speculative transactions and interventions by central banks and governments.

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

***Risks in connection with the application of the German Act on Issues of Debt Securities***

A Noteholder is subject to the risk of being outvoted and of losing rights against the Issuer against his will in the case that Noteholders agree pursuant to the Terms and Conditions to amendments of the Terms and Conditions by majority vote according to the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen -SchVG*). In the case of an appointment of a Noteholders' representative for all Noteholders a particular Noteholder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Noteholders.

***The market value of the Notes could decrease if the creditworthiness of the Issuer worsens***

If the likelihood decreases that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due, for example, because of the materialisation of any of the risks regarding the Issuer, the market value of the Notes will fall. In addition, even if the likelihood that the Issuer will be in position to fully perform all obligations under the Notes when they fall due actually has not decreased, market participants could nevertheless have a different perception. Furthermore, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Issuer could adversely change. If any of these risks materialises, third parties would only be willing to purchase Notes for a lower price than before the materialisation of mentioned risk. Under these circumstances, the market value of the Notes will decrease.

***Market volatility and other factors***

The trading market for debt securities may be volatile and may be adversely impacted by many events. The market for debt securities is influenced by economic and market conditions in Germany and, to varying degrees, by market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Germany, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes. Noteholders also bear the risk that economic and market conditions will have any other adverse effect on the trading pattern and the market value of the Notes.

***Legal investment considerations may restrict certain investors to acquire the Notes***

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

***Transaction costs***

Transaction costs reduce the yield an investor will realize on the investment in the Notes. When Notes are purchased, several types of incidental costs (including transaction fees and commissions) are incurred and will have to be paid by the buyer in addition to the then prevailing market price. Similarly, when a Noteholder sells any Notes, such incidental costs will reduce the actual price the Noteholder will receive for each Note sold. These incidental costs may significantly reduce or even exclude the profit potential of an investment in the Notes. For instance, credit institutions as a rule charge their clients commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic Joint Lead Managers or brokers in foreign markets, Noteholders must take into account that they

may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Noteholders must further take into account that upon sales or purchases of Notes prior to an interest payment date (depending on their type and features), respectively, no accrued interest might be paid or charged, as the case may be.

### ***Margin lending***

Margin lending, where it is permitted, can materially increase the risk to a Noteholder of incurring losses. If a loan is used to finance the acquisition of the Notes and the Notes subsequently go into default, or if the trading price diminishes significantly, the Noteholder not only has to face a potential loss on its investment, but it will also still have to repay the loan and pay interest thereon. This may significantly increase the risk of a loss. Investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction. Instead, investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, or to repay the loan on demand, even if they face losses on such investment.

### ***European Initiative on Financial Transaction Tax***

Some member states of the EU including the Federal Republic of Germany are currently negotiating to introduce a Financial Transaction Tax ("FTT") applicable inter alia with regard to financial instruments issued in one of the participating member states. The original proposal for a Council Directive adopted by the EU Commission (the "**Draft Directive**") proposed a taxation of inter alia every sale, purchase or exchange of certain financial instruments, with the applicable tax rate being at least 0,1 per cent. of the consideration paid or owed. However, according to current intentions of ten member states the FTT shall be implemented progressively only. The progressive implementation shall first focus on shares and certain derivatives, which shall be implemented as of 1 January 2016 at the latest. The timetable for any further implementation is currently unclear. The FTT proposal remains in any case subject to negotiation between the participating Member States and was (and most probably still will be) the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. A holder of the Notes - unless considered a financial institution under the Draft Directive - should generally not be liable to pay the tax, but may be subject to certain conditions becoming liable to pay this charge or reimburse a liable third party. Furthermore a holder must take into account, that the charge of FTT may affect the value of the Notes. The underwriting and subsequent allocation of the Notes in the framework of their issue shall however not be subject to FTT.

### ***Tax impact of the investment***

An effective yield on the Notes may be diminished by the tax impact on an investment in the Notes. Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Noteholders generally in Germany and Luxembourg is described under "TAXATION", starting on page 80; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally.

**All investors are advised to contact their own tax advisors for advice on the tax impact of an investment in the Notes. Examples of taxation risk that investors should consider together with their advisors include among others the risk of double taxation (in Germany and their home jurisdiction or another country, if applicable).**

***Change in tax law***

Investors should be aware that tax regulations and their application by the relevant taxation authorities are subject to change, possibly with retrospective effect, and that this could negatively affect the value of the Notes. Any such change may cause the tax treatment of the Notes to change from the tax position at the time of purchase and may render the statements in this Prospectus concerning the relevant tax law and practice to be inaccurate or insufficient to cover the material tax considerations in respect of the Notes. It is not possible to predict the precise tax treatment which will apply at any given time and changes in tax law may give the Issuer the right to redeem the Notes.

***U.S. Foreign Account Tax Compliance Withholding***

The United States enacted rules, commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain other payments made by entities that are classified as financial institutions under FATCA. The United States has entered into intergovernmental agreements ("IGA") regarding the implementation of FATCA with several other states, including Germany. Currently the Issuer qualifies as non-financial foreign entity and the Paying Agent qualifies as a Reporting Model 1 FFI under FATCA and thus payments made on or with respect to the Notes are not expected to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear or may change, and the status of the Issuer and the Paying Agent under FATCA may also change, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future.

FATCA may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide a financial institution with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

## **RESPONSIBILITY STATEMENT**

The Issuer accepts responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the 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 Issuer further confirms that (i) this Prospectus contains all relevant information with respect to the Issuer as well as to its group and to the Notes which is material in the context of the issue and offering of the Notes, including all relevant information which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and its consolidated subsidiaries and of the rights attached to the Notes; (ii) the statements contained in this Prospectus relating to the Issuer, its group and the Notes are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, its group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

## TERMS AND CONDITIONS OF THE NOTES

<b>Bedingungen der Schuldverschreibungen ("Anleihebedingungen")</b>	<b>Terms and Conditions of the Notes (the "Terms and Conditions")</b>
<p><b>§ 1 Wahrung, Stuckelung, Form, Globalurkunde</b></p> <p>(a) <i>Wahrung; Stuckelung.</i> Die Gothaer Allgemeine Versicherung AG (die "<b>Emittentin</b>") begibt nachrangige Schuldverschreibungen in Euro (EUR) (die "<b>Festgelegte Wahrung</b>") im Gesamtnennbetrag von EUR 250.000.000, eingeteilt in Schuldverschreibungen (die "<b>Schuldverschreibungen</b>" und jeweils eine "<b>Schuldverschreibung</b>") im festgelegten Nennbetrag von je EUR 100.000 (der "<b>Festgelegte Nennbetrag</b>").</p> <p>(b) <i>Form.</i> Die Schuldverschreibungen lauten auf den Inhaber.</p> <p>(c) <i>Globalurkunde.</i> Die Schuldverschreibungen sind zunachst in einer vorlufigen Inhaber-Globalurkunde (die "<b>Vorlufige Globalurkunde</b>") ohne Zinsscheine verbrieft, die bei der Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Bundesrepublik Deutschland, oder deren Funktionsnachfolger (das "<b>Clearingsystem</b>") hinterlegt ist.</p> <p>Die Vorlufige Globalurkunde wird insgesamt oder teilweise und unentgeltlich an oder nach dem Tag, der 40 Tage nach dem Tag der Begebung der Schuldverschreibungen, fruhestens jedoch 40 Tage nach dem Tag des Beginns des Angebots liegt, gegen Nachweis uber das Nichtbestehen wirtschaftlichen U.S.-Eigentums im Sinne des U.S.-Rechts (<i>non-U.S. beneficial ownership</i>) in der in der Vorlufigen Globalurkunde vorgesehenen Form, fur den Inhaber von Schuldverschreibungen gegen eine dauerhafte Globalurkunde (die "<b>Dauer-Globalurkunde</b>") (die Vorlufige Globalurkunde und die Dauer-Globalurkunde jeweils auch eine "<b>Globalurkunde</b>") ohne Zinsscheine eingetauscht. Ein Recht der Anleiheglaubiger (wie nachstehend definiert) auf Ausgabe und Lieferung von Einzelurkunden oder Zinsscheinen besteht nicht.</p> <p>Die Vorlufige Globalurkunde und die Dauer-Globalurkunde werden solange von dem Clearingsystem oder im Auftrag des Clearingsystems verwahrt, bis samtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfullt sind.</p> <p>Die Vorlufige Globalurkunde und die Dauer-Globalurkunde tragen jeweils die eigenhandigen Unterschriften von zwei</p>	<p><b>§ 1 Currency, Denomination, Form, Global Note</b></p> <p>(a) <i>Currency; Denomination.</i> The subordinated notes are issued by Gothaer Allgemeine Versicherung AG (the "<b>Issuer</b>") in Euro (EUR), in the aggregate principal amount of EUR 250,000,000, divided into notes (the "<b>Notes</b>" and each a "<b>Note</b>") in the specified denomination of EUR 100,000 (the "<b>Specified Denomination</b>") each.</p> <p>(b) <i>Form.</i> The Notes are issued in bearer form.</p> <p>(c) <i>Global Note.</i> The Notes are initially represented by a temporary global Note (the "<b>Temporary Global Note</b>") without interest coupons, which will be deposited with Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany or any successor in capacity thereof (the "<b>Clearing System</b>").</p> <p>The Temporary Global Note will be exchangeable, in whole or in part and free of charge, on or after the day that is 40 days after the later of the commencement of the offering and the date of issue of the Notes for a permanent global Note (the "<b>Permanent Global Note</b>") (the Temporary Global Note and the Permanent Global Note, each a "<b>Global Note</b>") without interest coupons upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. The right of the Noteholders (as defined below) to require the issue and delivery of definitive notes or interest coupons is excluded.</p> <p>Each of the Temporary Global Note and the Permanent Global Note will be held in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied.</p> <p>The Temporary Global Note and the Permanent Global Note shall each bear the manual signatures of two duly authorised officers of</p>

Vertretungsberechtigten der Emittentin sowie die eigenhändige Unterschrift eines Kontrollbeauftragten der Hauptzahlstelle.

- (d) *Anleihegläubiger*. Den Inhabern von Schuldverschreibungen ("**Anleihegläubiger**") stehen Miteigentumsanteile oder vergleichbare andere Rechte an der Globalurkunde zu, die gemäß anwendbarem Recht und den Bestimmungen und Regeln des Clearingsystems übertragen werden können.

## § 2 Status

- (a) *Status der Schuldverschreibungen*. Die Schuldverschreibungen begründen nicht besicherte Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind.

Die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen sind nachrangig gegenüber den Vorrangigen Verbindlichkeiten der Emittentin.

Im Fall der Liquidation, der Auflösung oder der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Emittentin werden die Ansprüche der Anleihegläubiger aus den Schuldverschreibungen erst nach den Ansprüchen der Inhaber aller Vorrangigen Verbindlichkeiten der Emittentin bedient. In einem solchen Fall werden die Anleihegläubiger keine Zahlungen auf die Schuldverschreibungen erhalten, bis alle Ansprüche aus den Vorrangigen Verbindlichkeiten der Emittentin vollständig bedient sind.

Für die Verbindlichkeiten der Emittentin aus diesen Schuldverschreibungen ist den Anleihegläubigern keine Sicherheit durch die Emittentin oder durch Dritte gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden.

Kein Anleihegläubiger ist berechtigt, Forderungen aus den Schuldverschreibungen gegen etwaige Forderungen der Emittentin gegen ihn aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber einem Anleihegläubiger mit den Verpflichtungen aus den Schuldverschreibungen aufzurechnen.

**"Vorrangige Verbindlichkeiten der Emittentin"** bezeichnet:

- (i) alle nicht nachrangigen Verbindlichkeiten der Emittentin; und
- (ii) alle gesetzlich nachrangigen Verbindlichkeiten der Emittentin gemäß § 39 Absatz 1 Insolvenzordnung; und

the Issuer as well as the manual signature of an authentication officer of the Principal Paying Agent.

- (d) *Noteholders*. The holders of Notes ("**Noteholders**") are entitled to co-ownership participations or other comparable rights in the Global Note, which are transferable in accordance with applicable laws and the rules and regulations of the Clearing System.

## § 2 Status

- (a) *Status of the Notes*. The obligations under the Notes constitute unsecured obligations of the Issuer ranking *pari passu* among themselves.

The obligations of the Issuer under the Notes rank subordinated to the Issuer's Senior Ranking Debt.

In the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer, the claims of the Noteholders under the Notes will be satisfied after (but only after) the claims of all holders of the Issuer's Senior Ranking Debt. In any such event, Noteholders will not receive any amounts payable in respect of the Notes until the claims of all Issuer's Senior Ranking Debt have first been satisfied in full.

No security of whatever kind securing the obligations of the Issuer under the Notes is, or shall at any time be, provided by the Issuer or any other person to the Noteholders.

No Noteholder may set off any claims arising under the Notes against any claims that the Issuer may have against it. The Issuer may not set off any claims it may have against any Noteholder against any of its obligations under the Notes.

**"Issuer's Senior Ranking Debt"** means all of the Issuer's:

- (i) unsubordinated obligations; and
- (ii) obligations subordinated by operation of law pursuant to § 39(1) of the German Insolvency Code (*Insolvenzord-*



- |   |   |
|---|---|
| <p>(iii) alle nachrangigen Verbindlichkeiten der Emittentin, soweit diese mit gesetzlich nachrangigen Verbindlichkeiten der Emittentin gemäß § 39 Absatz 1 Insolvenzordnung zumindest gleichrangig sind; und</p> <p>(iv) alle nachrangigen Verbindlichkeiten der Emittentin, die aufgrund zwingender gesetzlicher Bestimmungen vorrangig sind.</p> <p>(b) <i>Keine vorzeitige Rückerstattung.</i></p> <p>(i) Bevor die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, gilt Folgendes:</p> <p><i>Hinweis nach § 53c Absatz 3b Satz 4 Versicherungsaufsichtsgesetz (VAG).</i> Nachträglich können weder der Nachrang gemäß diesem § 2 beschränkt noch die Laufzeit der Schuldverschreibungen oder die Kündigungsfristen verkürzt werden. Eine vorzeitige Rückerstattung ist der Emittentin ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren, soweit die Emittentin nicht aufgelöst wurde, und sofern nicht der rückerstattete Betrag durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist oder die Zuständige Aufsichtsbehörde der Rückerstattung zustimmt.</p> <p><b>"Zuständige Aufsichtsbehörde"</b> ist die Bundesanstalt für Finanzdienstleistungsaufsicht bzw. jede Behörde, die ihr Funktionsnachfolger wird.</p> <p>(ii) Nachdem die Solvency II Richtlinie (wie nachstehend definiert) Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, steht jede Rückzahlung und jeder Rückkauf der Schuldverschreibungen unter dem Vorbehalt der Erfüllung der Rückzahlungsbedingungen gemäß § 6(e)(ii).</p> <p><b>§ 3 Zinsen</b></p> <p>(a) <i>Festzins.</i></p> <p>(i) In dem Zeitraum ab dem 30. Oktober 2015 (der <b>"Zinslaufbeginn"</b>)</p> | <p>nung); and</p> <p>(iii) subordinated obligations ranking at least <i>pari passu</i> with the Issuer's obligations subordinated by operation of law pursuant to § 39(1) of the German Insolvency Code (<i>Insolvenzordnung</i>); and</p> <p>(iv) subordinated obligations required to be preferred by mandatory provisions of law.</p> <p>(b) <i>No early repayment.</i></p> <p>(i) Prior to the Solvency II Directive becoming part of the Applicable Supervisory Regulations, the following shall apply:</p> <p><i>Notification pursuant to § 53c paragraph 3b Sentence 4 of the German Insurance Supervisory Act (VAG).</i> No subsequent agreement may limit the subordination pursuant to the provisions set out in this § 2 or limit the term of the Notes or shorten any applicable notice period (<i>Kündigungsfrist</i>) in respect of the Notes. If the Notes are repaid early, the amounts repaid must be returned to the Issuer irrespective of any agreement to the contrary, to the extent the Issuer has not been dissolved and unless such repaid amounts have been replaced by other at least equivalent own funds (<i>Eigenmittel</i>) of at least equal status or if the Competent Supervisory Authority has given its consent to the redemption.</p> <p><b>"Competent Supervisory Authority"</b> means the Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i>) or any authority which becomes its successor in such capacity.</p> <p>(ii) Upon the Solvency II Directive (as defined below) becoming part of the Applicable Supervisory Regulations, any redemption and any repurchase of the Notes will be subject to the Conditions to Redemption set forth in § 6(e)(ii) being fulfilled.</p> <p><b>§ 3 Interest</b></p> <p>(a) <i>Fixed Rate Interest.</i></p> <p>(i) In the period from and including 30 October 2015 (the <b>"Interest</b></p> |
|---|---|

(einschließlich) bis zum 30. Oktober 2025 (der "**Erste Kündigungstag**") (ausschließlich) wird jede Schuldverschreibung bezogen auf ihren Festgelegten Nennbetrag mit jährlich 6,00 % verzinst.

Bis zum Ersten Kündigungstag (einschließlich) sind die Zinsen nachträglich am 30. Oktober eines jeden Jahres (jeweils ein "**Festzins-Zinszahlungstag**"), beginnend am 30. Oktober 2016 zur Zahlung vorgesehen und werden gemäß § 4 und § 5 fällig.

- (ii) Die Zinsen für einen beliebigen Zeitraum bis zum Ersten Kündigungstag (ausschließlich) werden auf der Grundlage des Festzins-Zinstagequotienten berechnet.

**"Festzins-Zinstagequotient"** bezeichnet bei der Berechnung des Zinsbetrages für einen beliebigen Zeitraum (ab dem ersten Tag dieses Zeitraums (einschließlich) bis zum letzten Tag dieses Zeitraums (ausschließlich)) (der "**Zinsberechnungszeitraum**"):

(A) wenn der Zinsberechnungszeitraum der Feststellungsperiode entspricht, in die er fällt, oder kürzer als diese ist, die Anzahl von Tagen in dem Zinsberechnungszeitraum dividiert durch die Anzahl von Tagen in der betreffenden Feststellungsperiode; und

(B) wenn der Zinsberechnungszeitraum länger als eine Feststellungsperiode ist, die Summe aus

(I) der Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum, die in die Feststellungsperiode fallen, in der der Zinsberechnungszeitraum beginnt, dividiert durch die Anzahl der Tage in der betreffenden Feststellungsperiode; und

(II) der Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum, die in die nachfolgende Feststellungsperiode fallen,

**Commencement Date**") to but excluding 30 October 2025 (the "**First Call Date**") each Note bears interest on its Specified Denomination at a rate of 6.00 per cent. per annum.

Until and including the First Call Date, interest is scheduled to be paid in arrear on 30 October of each year (each a "**Fixed Interest Payment Date**"), commencing on 30 October 2016 and will be due and payable (*fällig*) in accordance with the conditions set forth in § 4 and § 5.

- (ii) Interest for any period of time to but excluding the First Call Date will be calculated on the basis of the Fixed Day Count Fraction.

**"Fixed Day Count Fraction"** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last day of such period) (the "**Calculation Period**"):

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the number of days in such Determination Period; and

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

(I) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the number of days in such Determination Period; and

(II) the number of days in such Calculation Period falling in the next Determination Period divided by the number of

dividiert durch die Anzahl der Tage in der betreffenden Feststellungsperiode.

days in such Determination Period.

Dabei gilt Folgendes:

Where:

**"Feststellungsperiode"** bezeichnet jede Periode ab dem 30. Oktober (einschließlich), der in ein beliebiges Jahr fällt, bis zum nächsten 30. Oktober (ausschließlich).

**"Determination Period"** means each period from and including 30 October in any year to but excluding the next 30 October.

**"Festzins-Zinsperiode"** bezeichnet den Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum ersten Festzins-Zinszahlungstag (ausschließlich) sowie jeden nachfolgenden Zeitraum ab einem Festzins-Zinszahlungstag (einschließlich) bis zum nächsten nachfolgenden Festzins-Zinszahlungstag (ausschließlich).

**"Fixed Interest Period"** means the period from and including the Interest Commencement Date to but excluding the first Fixed Interest Payment Date and each successive period from and including a Fixed Interest Payment Date to but excluding the next following Fixed Interest Payment Date.

(b) *Variabler Zins.*

(b) *Floating Rate Interest.*

(i) *Variable Zinszahlungstage.*

(i) *Floating Interest Payment Dates.*

(A) Jede Schuldverschreibung wird bezogen auf ihren festgelegten Nennbetrag für die jeweilige Variable Zinsperiode (wie nachstehend definiert) mit einem jährlichen Satz, der dem Variablen Zinssatz (wie nachstehend definiert) entspricht, verzinst. Während einer jeden solchen Variablen Zinsperiode sind die Zinsen nachträglich an jedem Variablen Zinszahlungstag zur Zahlung vorgesehen und werden gemäß § 4 und § 5 fällig. Der zur Zahlung vorgesehene variable Zinsbetrag wird gemäß § 3(d) berechnet.

(A) Each Note bears interest on its Specified Denomination at the rate per annum equal to the Floating Rate of Interest for the relevant Floating Interest Period (as defined below). During each such Floating Interest Period interest is scheduled to be paid in arrear on each Floating Interest Payment Date and will be due and payable (*fällig*) in accordance with the conditions set forth in § 4 and § 5. The amount of floating interest scheduled to be paid shall be determined in accordance with § 3(d).

(B) **"Variabler Zinszahlungstag"** bezeichnet, vorbehaltlich der Variablen Geschäftstagekonvention, 30. Januar, 30. April, 30. Juli und 30. Oktober eines jeden Jahres. Der erste Variable Zinszahlungstag ist, vorbehaltlich der Variablen Geschäftstagekonvention, der 30. Januar 2026.

(B) **"Floating Interest Payment Date"** means, subject to the Floating Business Day Convention, 30 January, 30 April, 30 July and 30 October in each year. The first Floating Interest Payment Date will be 30 January 2026, subject to the Floating Business Day Convention.

(C) **"Variable Geschäftstagekonvention"** hat die folgende Bedeutung: Fällt ein Variabler Zinszahlungstag auf einen Tag, der kein Geschäftstag (wie nachstehend definiert) ist, so wird der Variable

(C) **"Floating Business Day Convention"** has the following meaning: If any Floating Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), the Floating Interest

Zinszahlungstag auf den nächstfolgenden Geschäftstag verschoben, es sei denn, jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Variable Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.

- (ii) *Variabler Zinssatz.* Der "**Variable Zinssatz**" für jede Variable Zinsperiode (wie nachstehend definiert) ist der Zinssatz per annum, der dem Variablen Referenzsatz (wie nachstehend definiert) zuzüglich der Marge entspricht.
- (c) *Definitionen.* In diesen Anleihebedingungen gilt Folgendes:

**"Bildschirmseite"** bezeichnet Reuters Bildschirmseite EURIBOR01 oder eine andere Bildschirmseite von Reuters oder von einem anderen Informationsanbieter als Nachfolger, welche die Reuters Bildschirmseite EURIBOR01 ersetzt.

**"Euro-Zone"** bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag über die Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992) und den Amsterdamer Vertrag vom 2. Oktober 1997, in seiner jeweiligen Fassung, eine einheitliche Währung eingeführt haben oder jeweils eingeführt haben werden.

**"Geschäftstag"** bezeichnet einen Tag (außer einem Samstag oder Sonntag), (i) an dem das Clearingsystem und (ii) alle betroffenen Bereiche des Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) geöffnet sind, um Zahlungen abzuwickeln.

**"Marge"** bezeichnet 6,042 % per annum.<sup>1</sup>

**"Referenzbanken"** bezeichnet die Hauptniederlassungen von vier von der Berechnungsstelle ausgewählten großen Banken im Interbankenmarkt der Euro-Zone.

**"Repräsentativer Betrag"** bezeichnet einen Betrag, der zu der jeweiligen Zeit in dem jeweiligen Markt für eine einzelne Transaktion repräsentativ ist.

Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the Floating Interest Payment Date shall be brought forward to the immediately preceding Business Day.

- (ii) *Floating Rate of Interest.* The "**Floating Rate of Interest**" for each Floating Interest Period (as defined below) will be a rate per annum equal to the Floating Reference Rate (as defined below) plus the Margin.

- (c) *Definitions.* In these Terms and Conditions:

**"Screen Page"** means Reuters screen page EURIBOR01 or such other screen page of Reuters or such other information service which is the successor to Reuters screen page EURIBOR01.

**"Euro-zone"** means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and the Amsterdam Treaty of 2 October 1997, as further amended from time to time.

**"Business Day"** means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System and (ii) all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) are open to effect payments.

**"Margin"** means 6.042 per cent. per annum.<sup>2</sup>

**"Reference Banks"** means the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent.

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market at the relevant time.

<sup>1</sup> einschließlich eines moderaten Step up von 100 bps

<sup>2</sup> including a moderate step up of 100 bps

"**TARGET-Geschäftstag**" bezeichnet einen Tag, an dem das Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) betriebsbereit ist.

Der "**Variable Referenzsatz**" für jede Variable Zinsperiode wird von der Berechnungsstelle am jeweiligen Zinsfestsetzungstag bestimmt und entspricht dem Angebotssatz (ausgedrückt als Prozentsatz *per annum*) für Einlagen in Euro für einen Zeitraum von 3 Monaten, der an dem betreffenden Zinsfestsetzungstag um 11.00 Uhr (Brüsseler Ortszeit) auf der Bildschirmseite angezeigt wird.

Sollte die Bildschirmseite nicht zur Verfügung stehen oder wird zu dem betreffenden Zeitpunkt kein Angebotssatz angezeigt, wird die Berechnungsstelle von den Referenzbanken (wie vorstehend definiert) deren jeweilige Angebotssätze (jeweils als Prozentsatz *per annum* ausgedrückt) für Einlagen in Euro für die betreffende Variable Zinsperiode und über einen Repräsentativen Betrag (auf Grundlage des Actual/360 Zinstagequotienten) gegenüber führenden Banken im Interbankenmarkt der Euro-Zone um ca. 11.00 Uhr (Brüsseler Ortszeit) an dem betreffenden Zinsfestsetzungstag einholen. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Variable Referenzsatz für die betreffende Variable Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste tausendstel Prozent, wobei 0,0005 aufgerundet wird) dieser Angebotssätze, wobei alle Feststellungen durch die Berechnungsstelle erfolgen.

Falls an dem betreffenden Zinsfestsetzungstag nur eine oder keine der Referenzbanken der Berechnungsstelle die im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Variable Referenzsatz für die betreffende Variable Zinsperiode der Satz *per annum*, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Sätze ermittelt, die von der Berechnungsstelle nach Treu und Glauben ausgewählte Großbanken im Interbankenmarkt der Euro-Zone um ca. 11.00 Uhr (Brüsseler Ortszeit) der Berechnungsstelle auf ihre Anfrage als den jeweiligen Satz nennen, zu dem sie an dem betreffenden Zinsfestsetzungstag Darlehen in Euro für die betreffende Variable Zinsperiode und über einen Repräsentativen Betrag gegenüber führenden europäischen Banken anbieten.

"**TARGET Business Day**" means a day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is operating.

The "**Floating Reference Rate**" for each Floating Interest Period will be determined by the Calculation Agent on the relevant Interest Determination Date and will be the rate (expressed as a percentage rate *per annum*) for deposits in Euro for the period of 3 months which appears on the Screen Page as of 11.00 a.m. (Brussels time) on the relevant Interest Determination Date.

If the Screen Page is not available or if no such quotation appears as at such time, the Calculation Agent shall request each of the Reference Banks (as defined above) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for deposits in Euro for the relevant Floating Interest Period and in a Representative Amount (on an Actual/360 day count basis) to prime banks in the Euro-Zone interbank market at approximately 11:00 a.m. (Brussels time) on the relevant Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Floating Reference Rate for such Floating Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of such offered quotations, all as determined by the Calculation Agent.

If on the relevant Interest Determination Date only one or none of the selected Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Floating Reference Rate for the relevant Floating Interest Period shall be the rate *per annum* which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the rates, as communicated at approximately 11:00 a.m. (Brussels time) to (and at the request of) the Calculation Agent by major banks in the Euro-Zone interbank market, selected by the Calculation Agent acting in good faith, at which such banks offer, on the relevant Interest Determination Date, loans in Euro for the relevant Floating Interest Period and in a Representative Amount to leading European banks.

Falls der Variable Referenzsatz nicht gemäß den vorstehenden Bestimmungen ermittelt werden kann, und falls zum betreffenden Zeitpunkt die International Swaps and Derivatives Association, Inc. ("**ISDA**") eine Auffangregelung zur Bestimmung des variablen Referenzsatzes veröffentlicht hat, wird die Berechnungsstelle den Variablen Referenzsatz auf Basis dieser Auffangregelung berechnen. Falls die ISDA zum betreffenden Zeitpunkt keine solche Auffangregelung veröffentlicht hat, gilt folgendes: Falls der Variable Referenzsatz nicht gemäß den vorstehenden Bestimmungen ermittelt werden kann, ist der Variable Referenzsatz der Angebotssatz oder das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Angebotssätze auf der Bildschirmseite an dem letzten Tag vor dem Zinsfestsetzungstag, an dem diese Angebotssätze angezeigt wurden.

"**Variable Zinsperiode**" bezeichnet den Zeitraum ab dem Ersten Kündigungstag (einschließlich) bis zum ersten Variablen Zinszahlungstag (ausschließlich) sowie jeden folgenden Zeitraum ab einem Variablen Zinszahlungstag (einschließlich) bis zum jeweils darauf folgenden Variablen Zinszahlungstag (ausschließlich).

"**Zinsfestsetzungstag**" bezeichnet den zweiten TARGET-Geschäftstag vor Beginn der jeweiligen Variablen Zinsperiode.

"**Zinsperiode**" bezeichnet jede Festzins-Zinsperiode und jede Variable Zinsperiode.

"**Zinszahlungstag**" bezeichnet jeden Festzins-Zinszahlungstag und jeden Variablen Zinszahlungstag.

- (d) *Berechnungen und Feststellungen durch die Berechnungsstelle.*

Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zinsfestsetzungstag den auf die Schuldverschreibungen zur Zahlung vorgesehenen variablen Zinsbetrag bezogen auf jeden Festgelegten Nennbetrag (der "**Variable Zinsbetrag**") für die entsprechende Variable Zinsperiode berechnen. Der Variable Zinsbetrag wird ermittelt, indem der Variable Zinssatz und der Variable Zinstagequotient (wie nachstehend definiert) auf jeden Festgelegten Nennbetrag angewendet werden, wobei der resultierende Betrag auf den nächsten Euro 0,01 auf- oder abgerundet wird, wobei Euro 0,005 aufgerundet werden.

If the Floating Reference Rate cannot be determined in accordance with the foregoing provisions, and if the International Swaps and Derivatives Association, Inc. ("**ISDA**") has published a fallback provision for the determination of the Floating Reference Rate at the relevant time, the Calculation Agent will determine the Floating Reference Rate on the basis of such fallback provision. If ISDA has not published such a fallback provision at the relevant time, the following shall apply: If the Floating Reference Rate cannot be determined in accordance with the foregoing provisions, the Floating Reference Rate shall be the offered quotation or the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the offered quotations on the Screen Page on the last day preceding the Interest Determination Date on which such quotations were offered.

"**Floating Interest Period**" means each period from and including the First Call Date to but excluding the first Floating Interest Payment Date and each successive period from and including a Floating Interest Payment Date to but excluding the following Floating Interest Payment Date.

"**Interest Determination Date**" means the second TARGET Business Day prior to the commencement of the relevant Floating Interest Period.

"**Interest Period**" means each Fixed Interest Period and each Floating Interest Period.

"**Interest Payment Date**" means each Fixed Interest Payment Date and each Floating Interest Payment Date.

- (d) *Determinations and calculations by the Calculation Agent.*

The Calculation Agent will, on or as soon as practicable after each Interest Determination Date, calculate the amount of floating interest (the "**Floating Interest Amount**") scheduled to be paid on the Notes in respect of each Specified Denomination for the relevant Floating Interest Period. Each Floating Interest Amount shall be calculated by applying the Floating Rate of Interest and the Floating Day Count Fraction (as defined below) to each Specified Denomination and rounding the resulting figure to the nearest Euro 0.01, Euro 0.005 being rounded upwards.

**"Variabler Zinstagequotient"** bezeichnet bei der Berechnung des Variablen Zinsbetrages für einen beliebigen Zeitraum (ab dem ersten Tag dieses Zeitraums (einschließlich) bis zum letzten Tag dieses Zeitraums (ausschließlich)) (unabhängig davon, ob es sich dabei um eine Variable Zinsperiode handelt, der **"Variable Zinsberechnungszeitraum"**) die tatsächliche Anzahl der Tage im Variablen Zinsberechnungszeitraum dividiert durch 360 (Actual/360).

- (e) *Bekanntmachung durch die Berechnungsstelle.* Die Berechnungsstelle wird veranlassen, dass der Variable Zinssatz, der Variable Zinsbetrag für die jeweilige Variable Zinsperiode, die jeweilige Variable Zinsperiode und der relevante Variable Zinszahlungstag der Emittentin und den Anleihegläubigern durch Bekanntmachung gemäß § 12 und jeder Börse, an der die betreffenden Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, unverzüglich, aber keinesfalls später als zu Beginn der jeweiligen Variablen Zinsperiode bekannt gemacht werden. Im Fall einer Verlängerung oder Verkürzung der Variablen Zinsperiode können der mitgeteilte Variable Zinsbetrag und Variable Zinszahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend allen maßgeblichen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt notiert sind, sowie den Anleihegläubigern gemäß § 12 bekannt gemacht.
- (f) *Verbindlichkeit der Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Hauptzahlstelle, die Zahlstellen und die Anleihegläubiger bindend.
- (g) *Ende des Zinslaufs.* Der Zinslauf der Schuldverschreibungen endet mit Ablauf des Tages, der dem Tag unmittelbar vorangeht, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verzinsung des ausstehenden Nennbetrages der Schuldverschreibungen nicht am Fälligkeitstag, sondern erst mit Ablauf des Tages, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen

**"Floating Day Count Fraction"** means, in respect of the calculation of the Floating Interest Amount on any Note for any period of time (from and including the first day of such period to but excluding the last day of such period) (whether or not constituting a Floating Interest Period, the **"Floating Calculation Period"**) the actual number of days in the Floating Calculation Period divided by 360 (actual/360).

- (e) *Publication by the Calculation Agent.* The Calculation Agent will cause the Floating Rate of Interest, each Floating Interest Amount for each Floating Interest Period, each Floating Interest Period and the relevant Floating Interest Payment Date to be notified to the Issuer and to the Noteholders by notice in accordance with § 12 and, if required by the rules of any stock exchange on which the Notes are from time to time listed, to such stock exchange, without undue delay, but in no event later than the first day of the relevant Floating Interest Period. Each Floating Interest Amount and Floating Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Interest Period. Any such amendment will be promptly notified to any relevant stock exchange on which the Notes are then listed and to the Noteholders in accordance with § 12.
- (f) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Paying Agents and the Noteholders.
- (g) *End of interest accrual.* The Notes will cease to bear interest from the end of the day immediately preceding the due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the end of the day preceding the day of the actual redemption of the Notes. The applicable rate of interest will be determined in accordance with § 3. This does not affect any additional rights

vorangeht. Der jeweils geltende Zinssatz wird gemäß § 3 bestimmt. Weitergehende Ansprüche der Anleihegläubiger bleiben unberührt.

**§ 4 Fälligkeit von Zinszahlungen, wahlweise und zwingende Aussetzung von Zinszahlungen**

(a) Zinsen, die während einer Zinsperiode auflaufen, werden an dem Zinszahlungstag für diese Zinsperiode wie folgt fällig:

(i) Wenn in den letzten sechs Monaten vor dem betreffenden Zinszahlungstag ein Obligatorisches Zinszahlungsereignis (wie nachstehend definiert) eingetreten ist, werden diese Zinsen an diesem Zinszahlungstag fällig, sofern kein Pflichtaussetzungsereignis in Bezug auf diesen Zinszahlungstag eingetreten ist.

(ii) Wenn in den letzten sechs Monaten vor dem betreffenden Zinszahlungstag kein Obligatorisches Zinszahlungsereignis eingetreten ist, werden diese Zinsen an diesem Zinszahlungstag fällig, sofern kein Pflichtaussetzungsereignis in Bezug auf diesen Zinszahlungstag eingetreten ist, und sofern sich ferner die Emittentin nicht dazu entscheidet, durch eine Bekanntmachung an die Anleihegläubiger gemäß § 12 innerhalb einer Frist von nicht weniger als 10 und nicht mehr als 15 Geschäftstagen vor dem betreffenden Zinszahlungstag, die betreffende Zinszahlung vollständig oder teilweise auszusetzen.

Wenn sich die Emittentin zur vollständigen oder teilweisen Aussetzung aufgelaufener Zinsen entschieden hat, dann ist sie nicht verpflichtet, an dem betreffenden Zinszahlungstag aufgelaufene Zinsen zu zahlen bzw. ist sie nur verpflichtet, den Teil der aufgelaufenen Zinsen zu leisten, für dessen Aussetzung sie sich nicht entschieden hat. Eine Nichtzahlung aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund dieser Schuldverschreibungen oder für sonstige Zwecke.

(iii) Wenn in Bezug auf den betreffenden Zinszahlungstag ein Pflichtaussetzungsereignis eingetreten ist, werden

that might be available to the Noteholders.

**§ 4 Due date for interest payments, optional and compulsory deferral of interest payments**

(a) Interest which accrues during an Interest Period will be due and payable (*fällig*) on the Interest Payment Date for such Interest Period as follows:

(i) If during the six months before the relevant Interest Payment Date a Compulsory Interest Payment Event (as defined below) has occurred, the interest will be due and payable (*fällig*) on such Interest Payment Date, provided that no Compulsory Deferral Event has occurred with respect to such Interest Payment Date.

(ii) If during the six months before the relevant Interest Payment Date no Compulsory Interest Payment Event has occurred, the interest will be due and payable (*fällig*) on such Interest Payment Date, provided that no Compulsory Deferral Event has occurred with respect to such Interest Payment Date, and provided further that the Issuer does not elect to defer the relevant payment of interest in whole or in part by giving not less than 10 and not more than 15 Business Days' notice to the Noteholders prior to the relevant Interest Payment Date in accordance with § 12.

If the Issuer elects to defer accrued interest in whole or in part, then it will not have any obligation to pay accrued interest on such Interest Payment Date or will only be obliged to pay such part of the accrued interest it elects not to defer, respectively. Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose.

(iii) If a Compulsory Deferral Event has occurred with respect to the relevant Interest Payment Date, interest will not



Zinsen an diesem Zinszahlungstag nicht fällig. Die Emittentin wird die Anleihegläubiger gemäß § 12 über den Eintritt eines Pflichtaussetzungsereignisses baldmöglichst nach seiner Feststellung, spätestens am vierten Geschäftstag nach dem betreffenden Zinszahlungstag informieren. Eine Nichtzahlung aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund dieser Schuldverschreibungen oder für sonstige Zwecke.

- (b) Nach Maßgabe des § 4(a) nicht fällig gewordene aufgelaufene Zinsen für eine Zinsperiode sind Zinsrückstände (die "**Zinsrückstände**").

Zinsrückstände werden nicht verzinst.

- (c) In diesen Anleihebedingungen gilt Folgendes:

**"Anwendbare Aufsichtsrechtliche Vorschriften"** bezeichnet die Vorschriften des Versicherungsaufsichtsrechts und darauf bezogene Regelungen und Verordnungen (einschließlich der Verwaltungspraxis der zuständigen Aufsichtsbehörde und einschlägiger Gerichtsentscheidungen), die hinsichtlich der Solo-Solvabilität der Emittentin und der Gruppen-Solvabilität der Gruppe der Muttergesellschaft anwendbar sind.

**"Anwendbare Insolvenzrechtliche Vorschriften"** bezeichnet die Vorschriften des maßgeblichen Insolvenzrechts und darauf bezogene Regelungen und Verordnungen (einschließlich der Gerichtspraxis und einschlägiger Gerichtsentscheidungen), die jeweils in Bezug auf die Emittentin anwendbar sind.

**"Gruppe der Muttergesellschaft"** bezeichnet den Versicherungskonzern der Gothaer Versicherungsbank VVaG (der indirekten obersten Muttergesellschaft der Emittentin), dem auch die Emittentin angehört.

Ein "**Insolvenzereignis**" ist in Bezug auf jegliche Zahlung auf die Schuldverschreibungen oder einen Rückkauf von Schuldverschreibungen eingetreten, wenn die Emittentin durch die Zahlung bzw. den Rückkauf nach Maßgabe der Anwendbaren Insolvenzrechtlichen Vorschriften insolvent würde.

be due and payable (*fällig*) on that Interest Payment Date. The Issuer will give notice to the Noteholders of the occurrence of the Compulsory Deferral Event in accordance with § 12 as soon as possible after its determination but in no event later than on the fourth Business Day following the relevant Interest Payment Date. Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose.

- (b) Accrued interest in respect of an Interest Period not due and payable in accordance with § 4(a) will constitute arrears of interest ("**Arrears of Interest**").

Arrears of Interest will not bear interest.

- (c) For the purposes of these Terms and Conditions:

**"Applicable Supervisory Regulations"** means the provisions of insurance supervisory laws and any rules and regulations thereunder (including the administrative practice of the Competent Supervisory Authority and any applicable decision of a court) for single solvency of the Issuer and group solvency purposes of the Parent's Group.

**"Applicable Insolvency Regulations"** means the provisions of the relevant insolvency laws and any rules and regulations thereunder (including court case law and any applicable court decisions) applicable to the Issuer from time to time.

**"Parent's Group"** means the consolidated insurance group of Gothaer Versicherungsbank VVaG (the indirect ultimate parent company of the Issuer) which the Issuer is a member of.

An "**Insolvency Event**" will have occurred in respect of any payment on the Notes or a repurchase of Notes if the Issuer would become insolvent in accordance with the Applicable Insolvency Regulations as a result thereof.

**"Obligatorisches Zinszahlungsereignis"**  
bezeichnet jedes der folgenden Ereignisse:

- (i) auf der letzten ordentlichen Hauptversammlung der Emittentin wurde eine Dividende, sonstige Ausschüttung oder Zahlung auf eine beliebige Gattung von Aktien der Emittentin wirksam beschlossen; oder
- (ii) seit der letzten ordentlichen Hauptversammlung der Emittentin hat die Emittentin eine Abschlagszahlung auf den Bilanzgewinn geleistet; oder
- (iii) die Emittentin hat nach den Bedingungen eines Gewinnabführungsvertrages zwischen der Emittentin als zur Gewinnabführung Verpflichtete und einer Gesellschaft aus der Gruppe der Muttergesellschaft (einschließlich der Gothaer Finanzholding AG, Köln) einen Gewinn abgeführt; oder
- (iv) die Emittentin hat, direkt oder indirekt durch eine mit der Emittentin verbundene Tochtergesellschaft eine beliebige Gattung von Aktien der Emittentin gegen Geld zurückgekauft.

Ein **"Pflichtaussetzungsereignis"** ist in Bezug auf einen Tag, an dem Zahlungen von Zinsen und/oder Zinsrückständen auf die Schuldverschreibungen gemäß diesen Anleihebedingungen vorgesehen sind, eingetreten, wenn

- (i) die Zahlung ein Insolvenzereignis auslösen oder dessen Eintritt beschleunigen würde; oder
- (ii) an dem betreffenden Tag eine Anordnung der Zuständigen Aufsichtsbehörde in Kraft ist, die der Emittentin im Rahmen der dann anwendbaren gesetzlichen Bestimmungen untersagt, Zahlungen auf die Schuldverschreibungen zu leisten; oder
- (iii) an oder vor diesem Tag ein Solvenzkapitalereignis entweder eingetreten ist und an dem betreffenden Tag fort dauert oder durch die Zahlung von Zinsen und/oder Zinsrückständen auf die Schuldverschreibungen durch die Emittentin an dem betreffenden Tag eintreten würde, es sei denn,
  - (A) die Zuständige Aufsichtsbehörde hat an oder vor diesem Tag

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

- (i) the most recent ordinary general meeting of shareholders (*ordentliche Hauptversammlung*) of the Issuer has validly resolved on any dividend, other distribution or payment in respect of any class of shares of the Issuer; or
- (ii) any payment on account of the balance sheet profit has been made by the Issuer since the most recent ordinary general meeting of shareholders (*ordentliche Hauptversammlung*) of the Issuer; or
- (iii) the Issuer has transferred any profits pursuant to the terms of a profit and loss transfer agreement between the Issuer as the party obliged to transfer profits and any member of the Parent's Group (including Gothaer Finanzholding AG, Cologne); or
- (iv) the Issuer, directly or indirectly through a subsidiary of the Issuer, repurchased shares of any class of the Issuer for cash.

A **"Compulsory Deferral Event"** will have occurred with respect to the date on which any payment of interest and/or Arrears of Interest on the Notes is scheduled to be paid under these Terms and Conditions if

- (i) such payment would cause or accelerate the occurrence of an Insolvency Event; or
- (ii) there is in effect on such date an order of the Competent Supervisory Authority prohibiting the Issuer in accordance with regulations applicable at such time from making payments under the Notes; or
- (iii) a Solvency Capital Event either has occurred on or prior to such date and is continuing on such date or would be caused by the payment by the Issuer of interest and/or Arrears of Interest on the Notes on the relevant date, unless
  - (A) on or prior to such date the Competent Supervisory

ausnahmsweise ihre vorherige Zustimmung zu der Zahlung der betreffenden Zinsen und/oder Zinsrückstände auf die Schuldverschreibungen trotz Solvenzkapitalereignis erteilt und ihre Zustimmung bis zu diesem Tag nicht widerrufen; und

- (B) die Zahlung der betreffenden Zinsen und/oder Zinsrückstände auf die Schuldverschreibungen führt nicht zu einer weiteren Schwächung der Solvabilität der Emittentin oder der Gruppe der Muttergesellschaft; und
- (C) die geltenden Mindestkapitalanforderungen (MCR) der Emittentin gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften sind auch nach der Zahlung der betreffenden Zinsen und/oder Zinsrückstände erfüllt.

"**Solvency II Richtlinie**" bezeichnet die Richtlinie 2009/138/EG des Europäischen Parlaments und der Kommission vom 25. November 2009 in der jeweils geltenden Fassung, die dazu erlassenen weiteren Rechtsakte der Europäischen Union, einschließlich der Delegierten Verordnung (EU) 2015/35 der Kommission vom 10. Oktober 2014, und die darauf bezogenen deutschen Umsetzungsgesetze, in der jeweils gültigen Fassung.

Ein "**Solvvenzkapitalereignis**" ist eingetreten

- (i) bevor die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, falls die Emittentin oder der Gruppe der Muttergesellschaft nicht über ausreichende Mittel zur Deckung der geforderten Mindest-Solvabilitätsspanne (oder einem entsprechenden Begriff nach einer Änderung anzuwendender Vorschriften) verfügen, wie sie nach den Anwendbaren Aufsichtsrechtlichen Vorschriften oder nach den Vorschriften für Finanzkonglomerate vorgeschrieben sind; und
- (ii) nachdem die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, falls die Eigenmittel (unabhängig von der in den

Authority has exceptionally given, and not withdrawn by such date, its prior consent to the payment of the relevant interest and/or Arrears of Interest despite the Solvency Capital Event; and

- (B) the payment of the relevant interest and/or Arrears of Interest on the Notes does not further weaken the solvency position of the Issuer or the Parent's Group; and
- (C) the applicable minimum capital requirement (MCR) of the Issuer pursuant to the Applicable Supervisory Regulations is complied with after the payment of the relevant interest and/or Arrears of Interest is made.

"**Solvency II Directive**" means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 as amended from time to time, the further legislative acts of the European Union enacted in relation thereto including Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, and the German legislation implementing the same, in each case as amended from time to time.

A "**Solvency Capital Event**" will have occurred

- (i) prior to the Solvency II Directive becoming part of the Applicable Supervisory Regulations, if the Issuer or the Parent's Group do not have sufficient funds to cover the required minimum solvency margin (or a comparable term in case of a change in applicable rules) in accordance with Applicable Supervisory Regulations or in accordance with the regulations for financial conglomerates; and
- (ii) upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations, if the own funds (*Eigenmittel*) (as stipulated in the

Anwendbaren Aufsichtsrechtlichen Vorschriften gewählten Bezeichnung) der Emittentin oder der Gruppe der Muttergesellschaft nicht ausreichen, um die geltenden Solvenzkapitalanforderungen (SCR) oder die geltenden Mindestkapitalanforderungen (MCR) gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften oder gemäß den Vorschriften für Finanzkonglomerate abzudecken, je nachdem, welche Unterdeckung zuerst eintritt, und soweit für die Qualifikation der Schuldverschreibungen als Tier 2 Kapital der Emittentin oder der Gruppe der Muttergesellschaft im Falle der betreffenden Unterschreitung eine Aussetzung von Zinszahlungen erforderlich bzw. die Nachzahlung von Zinsrückständen, die Rückzahlung des Kapitals oder der Rückkauf untersagt ist, jeweils ohne Berücksichtigung einer möglichen Ausnahmegenehmigung durch die Zuständige Aufsichtsbehörde.

#### § 5 Nachzahlung von Zinsrückständen.

- (a) *Freiwillige Nachzahlung von Zinsrückständen.* Die Emittentin ist berechtigt, ausstehende Zinsrückstände jederzeit (insgesamt oder teilweise) nachzuzahlen, wenn die Nachzahlungsvoraussetzungen (wie nachstehend definiert) in Bezug auf diese Zahlung erfüllt sind.

Wenn sich die Emittentin dazu entscheidet, ausstehende Zinsrückstände (insgesamt oder teilweise) nachzuzahlen, wird sie die Anleihegläubiger durch Bekanntmachung gemäß § 12 unter Einhaltung einer Frist von nicht weniger als 10 und nicht mehr als 15 Geschäftstagen hierüber in Kenntnis setzen, wobei eine solche Bekanntmachung (i) den Betrag an Zinsrückständen, der gezahlt werden soll, und (ii) den für diese Zahlung festgelegten Tag (der "**Freiwillige Nachzahlungstag**") enthalten muss.

Wenn an dem Freiwilligen Nachzahlungstag die Nachzahlungsvoraussetzungen (wie nachstehend definiert) in Bezug auf die betreffende Zahlung erfüllt sind, wird der in der Bekanntmachung angegebene Betrag an Zinsrückständen am angegebenen Freiwilligen Nachzahlungstag fällig und ist die Emittentin verpflichtet, diesen Betrag an Zinsrückständen am Freiwilligen Nachzahlungstag zu zahlen.

Die "**Nachzahlungsvoraussetzungen**" sind an einem Tag in Bezug auf eine Zahlung von

Applicable Supervisory Regulations) of the Issuer or the Parent's Group are not sufficient to cover the applicable solvency capital requirement (SCR) or the applicable minimum capital requirement (MCR), whichever occurs earlier, pursuant to the Applicable Supervisory Regulations or pursuant to the regulation for financial conglomerates, and if a deferral is required or a payment of Arrears of Interest or a repayment of principal or repurchase is prohibited, respectively in the case of the respective insufficiency in order for the Notes to qualify as Tier 2 Capital of the Issuer or the Parent's Group, in each case without taking into account any potential exemption granted by the Competent Supervisory Authority.

#### § 5 Payment of Arrears of Interest.

- (a) *Optional payment of Arrears of Interest.* The Issuer will be entitled to pay outstanding Arrears of Interest (in whole or in part) at any time if the Conditions to Settlement (as defined below) are fulfilled with respect to such payment.

If the Issuer elects to pay outstanding Arrears of Interest (in whole or in part), it will give not less than 10 and not more than 15 Business Days' notice to the Noteholders in accordance with § 12 which notice will specify (i) the amount of Arrears of Interest to be paid and (ii) the date fixed for such payment (the "**Optional Settlement Date**").

If, on the Optional Settlement Date, the Conditions to Settlement (as defined below) are fulfilled with respect to the relevant payment, the amount of Arrears of Interest specified in such notice will become due and payable (*fällig*), and the Issuer will be obliged to pay such amount of Arrears of Interest on the Optional Settlement Date.

The "**Conditions to Settlement**" are fulfilled on a day with respect to any payment of

Zinsrückständen erfüllt, wenn an diesem Tag kein Pflichtaussetzungsereignis eingetreten ist und fort dauert.

- (b) *Pflicht zur Nachzahlung von Zinsrückständen.* Die Emittentin ist verpflichtet, sämtliche ausstehenden Zinsrückstände am nächsten Pflichtnachzahlungstag (wie nachstehend definiert) nachzuzahlen.

**"Pflichtnachzahlungstag"** bezeichnet den früheren der folgenden Tage:

- (i) den nächsten Zinszahlungstag, der auf den Tag folgt, an dem ein Obligatorisches Zinszahlungsereignis eingetreten ist, und in Bezug auf den die Nachzahlungsvoraussetzungen erfüllt sind;
- (ii) den Tag, an dem die Schuldverschreibungen gemäß § 6 zur Rückzahlung fällig werden;
- (iii) den Tag, an dem eine Verfügung zur Auflösung, Abwicklung oder Liquidation der Emittentin ergeht (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, bei dem bzw. bei der die Emittentin noch zahlungsfähig ist und bei dem bzw. bei der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin übernimmt).

- (c) *Allgemeines.* Falls an einem Freiwilligen Nachzahlungstag oder einem Pflichtnachzahlungstag die Nachzahlungsvoraussetzungen, soweit erforderlich, nicht erfüllt sind, werden Zinsrückstände, deren Zahlung an diesem Tag vorgesehen war, an dem betreffenden Freiwilligen Nachzahlungstag bzw. Pflichtnachzahlungstag nicht fällig, sondern bleiben ausstehend und werden weiter als Zinsrückstände behandelt. Die Emittentin wird die Anleihegläubiger gemäß § 12 über die Nichterfüllung der Nachzahlungsvoraussetzungen baldmöglichst nach ihrer Feststellung, spätestens am vierten Geschäftstag nach dem betreffenden Freiwilligen Nachzahlungstag bzw. Pflichtnachzahlungstag informieren. Eine Nichtzahlung aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund dieser Schuldverschreibungen oder für sonstige Zwecke.

Arrears of Interest if on such day no Compulsory Deferral Event has occurred and is continuing.

- (b) *Compulsory payment of Arrears of Interest.* The Issuer must pay all outstanding Arrears of Interest on the next Compulsory Settlement Date (as defined below).

**"Compulsory Settlement Date"** means the earlier of:

- (i) the next Interest Payment Date following the date on which a Compulsory Interest Payment Event occurred, and in respect of which the Conditions to Settlement are fulfilled;
- (ii) the date on which the Notes fall due for redemption in accordance with § 6; and
- (iii) the date on which an order is made for the winding up, dissolution or liquidation of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).

- (c) *General provisions.* If on an Optional Settlement Date or a Compulsory Settlement Date the Conditions to Settlement, to the extent required, are not fulfilled, Arrears of Interest scheduled to be paid on such date will not become due and payable (*fällig*) on the relevant Optional Settlement Date or Compulsory Settlement Date, as the case may be, but will remain outstanding and will continue to be treated as Arrears of Interest. The Issuer will give notice to the Noteholders regarding the non-fulfilment of the Conditions to Settlement in accordance with § 12 as soon as possible after its determination but in no event later than on the fourth Business Day following the relevant Optional Settlement Date or Compulsory Settlement Date. Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose.

## § 6 Rückzahlung

- (a) *Rückzahlung bei Endfälligkeit.* Soweit nicht bereits zuvor zurückgezahlt oder zurückgekauft, werden die Schuldverschreibungen am Endfälligkeitstag zum Rückzahlungsbetrag zurückgezahlt.

"Endfälligkeitstag" ist,

- (i) wenn an dem Vorgesehenen Endfälligkeitstag die Rückzahlungsbedingungen gemäß § 6(e) erfüllt sind, der Vorgesehene Endfälligkeitstag;
- (ii) andernfalls der erste Zinszahlungstag nach dem Vorgesehenen Endfälligkeitstag, an dem die Rückzahlungsbedingungen erfüllt sind.

"Vorgesehener Endfälligkeitstag" ist der 30. Oktober 2045.

- (b) *Vorzeitige Rückzahlung nach Wahl der Emittentin.* Die Emittentin ist berechtigt, durch Kündigungserklärung gemäß § 6(f) und vorbehaltlich der Erfüllung der Rückzahlungsbedingungen gemäß § 6(e), die Schuldverschreibungen (insgesamt und nicht nur teilweise) erstmals mit Wirkung zum Ersten Kündigungstag und danach mit Wirkung zu jedem Variablen Zinszahlungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt und die Rückzahlungsbedingungen an dem für die Rückzahlung festgelegten Tag erfüllt sind, ist die Emittentin verpflichtet, die Schuldverschreibungen an dem in der Bekanntmachung festgelegten Rückzahlungstag zum Rückzahlungsbetrag (wie nachstehend definiert) zurückzuzahlen.

- (c) *Vorzeitige Rückzahlung nach Eintritt eines Bruttoausgleich-Ereignisses.*

- (i) Wenn vor dem Ersten Kündigungstag ein Bruttoausgleich-Ereignis (wie nachstehend definiert) eintritt, ist die Emittentin vorbehaltlich der Erfüllung der Rückzahlungsbedingungen gemäß § 6(e) berechtigt, die Schuldverschreibungen jederzeit (insgesamt und nicht nur teilweise) durch Kündigungserklärung gemäß § 6(f) mit Wirkung zu dem in der Kündigungserklärung für die Rückzahlung festgelegten Tag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt

## § 6 Redemption

- (a) *Redemption at Maturity.* To the extent not previously redeemed or repurchased, the Notes will be redeemed at their Redemption Amount on the Final Maturity Date.

"Final Maturity Date" means,

- (i) if on the Scheduled Maturity Date the Conditions to Redemption pursuant to § 6(e) are fulfilled, the Scheduled Maturity Date;
- (ii) otherwise the first Interest Payment Date following the Scheduled Maturity Date on which the Conditions to Redemption are fulfilled.

"Scheduled Maturity Date" means 30 October 2045.

- (b) *Early redemption at the option of the Issuer.* The Issuer may, upon giving a notice of redemption in accordance with § 6(f) and subject to the Conditions to Redemption pursuant to § 6(e) being fulfilled, call the Notes for early redemption (in whole but not in part) for the first time with effect as of the First Call Date and on each Floating Interest Payment Date thereafter. If the Issuer exercises its call right in accordance with sentence 1 and the Conditions to Redemption are fulfilled on the specified redemption date, the Issuer shall redeem the Notes at the Redemption Amount (as defined below) on the redemption date specified in the notice.

- (c) *Early redemption following a Gross up Event.*

- (i) If a Gross up Event (as defined below) occurs prior to the First Call Date, the Issuer may, subject to the Conditions to Redemption pursuant to § 6(e) being fulfilled, on giving a notice of redemption in accordance with § 6(f), call the Notes for early redemption (in whole but not in part) at any time with effect as of the date fixed for redemption in the notice. If the Issuer exercises its call right in accordance with sentence 1 and the Conditions to Redemption are fulfilled on the specified redemption date, the Issuer shall redeem the Notes at the

und die Rückzahlungsbedingungen an dem für die Rückzahlung festgelegten Tag erfüllt sind, ist die Emittentin verpflichtet, die Schuldverschreibungen an dem in der Bekanntmachung festgelegten Rückzahlungstag zum Rückzahlungsbetrag (wie nachstehend definiert) zurückzuzahlen.

Eine solche Kündigungserklärung darf nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Emittentin erstmals verpflichtet wäre, Zusätzliche Beträge (wie in § 8 definiert) zu zahlen.

- (ii) Ein "**Bruttoausgleich-Ereignis**" tritt ein, wenn der Emittentin ein Gutachten einer anerkannten Anwaltskanzlei vorliegt (und die Emittentin der Hauptzahlstelle eine Kopie davon gibt), aus dem hervorgeht, dass die Emittentin aufgrund einer an oder nach dem Tag der Begebung der Schuldverschreibungen in Kraft tretenden Änderung oder Klarstellung der Gesetze, Verordnungen oder sonstigen Vorschriften des Staats, in dem die Emittentin steuerlich ansässig ist, einer seiner Gebietskörperschaften oder einer seiner zur Erhebung von Steuern berechtigten Behörden oder sonstigen Stellen (einschließlich des Falles, dass die betreffende Änderung oder Klarstellung rückwirkend Anwendung findet), oder aufgrund einer Änderung der Auslegung oder Anwendung, oder aufgrund einer erstmaligen Auslegung oder Anwendung dieser Gesetze, Verordnungen oder sonstigen Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht oder eine Behörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung von Entscheidungen eines Gerichts oder einer Behörde) verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 8 auf die Schuldverschreibungen zu zahlen, und die Emittentin diese Verpflichtung nicht abwenden kann, indem sie Maßnahmen ergreift, die sie nach Treu und Glauben für zumutbar und angemessen hält.

Redemption Amount (as defined below) on the redemption date specified in the notice.

No such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be for the first time obliged to pay any Additional Amounts (as defined in § 8).

- (ii) A "**Gross up Event**" will occur if an opinion of a recognised law firm has been delivered to the Issuer (and the Issuer has provided the Principal Paying Agent with a copy thereof) stating that, as a result of any change in, or amendment or clarification to, the laws, regulations or other rules of the Issuer's country of domicile for tax purposes, any of its political subdivisions or any authority or any other agency of or in such country having power to tax (including in case any such change, amendment or clarification has retroactive effect), or as a result of any change in, or amendment or clarification to, the interpretation or application, or as a result of any interpretation or application made for the first time, of any such laws, regulations or other rules by any legislative body, court or authority (including the enactment of any legislation and the publication of any decision of any court or authority), which change or amendment becomes effective on or after the date of issue of the Notes, the Issuer has or will become obliged to pay Additional Amounts pursuant to § 8 on the Notes, and that obligation cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

(d) *Vorzeitige Rückzahlung nach Eintritt eines Steuerereignisses, eines Aufsichtsrechtlichen Ereignisses, eines Rechnungslegungsereignisses oder eines Ratingagenturereignisses.*

(i) Wenn vor dem Ersten Kündigungstag ein Steuerereignis, ein Aufsichtsrechtliches Ereignis, ein Rechnungslegungsereignis oder ein Ratingagenturereignis (jeweils wie nachstehend definiert) eintritt, ist die Emittentin vorbehaltlich der Erfüllung der Rückzahlungsbedingungen gemäß § 6(e) berechtigt, die Schuldverschreibungen jederzeit (insgesamt und nicht nur teilweise) durch Kündigungserklärung gemäß § 6(f) mit Wirkung zu dem in der Kündigungserklärung für die Rückzahlung festgelegten Tag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt und die Rückzahlungsbedingungen an dem für die Rückzahlung festgelegten Tag erfüllt sind, ist die Emittentin verpflichtet, die Schuldverschreibungen an dem festgelegten Rückzahlungstag zum Rückzahlungsbetrag (wie nachstehend definiert) zurückzuzahlen.

Im Falle eines Steuerereignisses darf eine solche Kündigungserklärung nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Abzugsfähigkeit der Zinsen entfallen würde.

(ii) Ein "**Steuerereignis**" tritt ein, wenn der Emittentin ein Gutachten einer anerkannten Anwaltskanzlei vorliegt (und die Emittentin der Hauptzahlstelle eine Kopie davon gibt), aus dem hervorgeht, dass aufgrund einer an oder nach dem Tag der Begebung der Schuldverschreibungen in Kraft tretenden Änderung oder Klarstellung der Gesetze, Verordnungen oder sonstigen Vorschriften des Staats, in dem die Emittentin steuerlich ansässig ist, einer seiner Gebietskörperschaften oder einer seiner zur Erhebung von Steuern berechtigten Behörden (einschließlich des Falles, dass die betreffende Änderung oder Klarstellung rückwirkend Anwendung findet), oder aufgrund einer Änderung oder Klarstellung der Auslegung oder Anwendung, oder aufgrund einer erstmaligen Auslegung oder Anwendung dieser Gesetze,

(d) *Early redemption following a Tax Event, a Regulatory Event, an Accounting Event or a Rating Agency Event.*

(i) If a Tax Event, Regulatory Event, Accounting Event or Rating Agency Event (each as defined below) occurs prior to the First Call Date, the Issuer may, subject to the Conditions to Redemption pursuant to § 6(e) being fulfilled, on giving a notice of redemption in accordance with § 6(f), call the Notes for early redemption (in whole but not in part) at any time with effect as of the date fixed for redemption in the notice. If the Issuer exercises its call right in accordance with sentence 1 and the Conditions to Redemption are fulfilled on the specified redemption date, the Issuer shall redeem the Notes at the Redemption Amount (as defined below) on the redemption date specified in the notice.

In the case of a Tax Event, no such notice of redemption may be given earlier than 90 days prior to the date, on which the deductibility of interest would fall away.

(ii) A "**Tax Event**" will occur if an opinion of a recognised law firm has been delivered to the Issuer (and the Issuer has provided the Principal Paying Agent with a copy thereof) stating that, as a result of any change in, or amendment or clarification to, the laws, regulations or other rules of the Issuer's country of domicile for tax purposes, any of its political subdivisions or any authority of or in such country having power to tax (including in case any such change, amendment or clarification has retroactive effect), or as a result of any change in, or amendment or clarification to, the interpretation or application, or as a result of any interpretation or application made for the first time, of any such laws, regulations or other rules by any legislative body, court or authority (including the enactment of any legislation and the publication of any



Verordnungen oder sonstigen Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht oder eine Behörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung von Entscheidungen eines Gerichts oder einer Behörde), Zinsen, die von der Emittentin auf die Schuldverschreibungen zu zahlen sind, von der Emittentin nicht mehr für die Zwecke der Ertragsteuer in dem Staat, in dem die Emittentin steuerlich ansässig ist, voll abzugsfähig sind, bzw. nicht mehr voll abzugsfähig sein werden, und die Emittentin dieses Risiko nicht abwenden kann, indem sie Maßnahmen ergreift, die sie nach Treu und Glauben für zumutbar und angemessen hält.

Ein **"Aufsichtsrechtliches Ereignis"** tritt ein, wenn

- (A) an oder nach dem Tag der Begebung der Schuldverschreibungen, und bevor die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, die Zuständige Aufsichtsbehörde schriftlich gegenüber der Emittentin feststellt, dass nach den Anwendbaren Aufsichtsrechtlichen Vorschriften die Schuldverschreibungen (insgesamt oder teilweise) nicht länger die Anforderungen für die Einbeziehung in die Berechnung der Eigenmittel für Zwecke der Ermittlung der Solo-Solvabilität der Emittentin oder der Gruppen-Solvabilität der Gruppe der Muttergesellschaft erfüllen, es sei denn, dies beruht in den genannten Fällen allein auf der Überschreitung der Anrechnungsobergrenzen für die Einbeziehung solcher Wertpapiere in die Eigenmittel aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften; oder
- (B) nachdem die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, die Zuständige Aufsichtsbehörde schriftlich gegenüber der Emittentin feststellt, dass nach den Anwendbaren Aufsichtsrechtlichen

decision of any court or authority), which change, amendment or clarification becomes effective on or after the date of issue of the Notes, interest payable by the Issuer in respect of the Notes is no longer, or will no longer be, fully deductible by the Issuer for income tax purposes in the Issuer's country of domicile for tax purposes, and that risk cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

A **"Regulatory Event"** will occur if

- (A) on or after the date of issue of the Notes, and prior to the Solvency II Directive becoming part of the Applicable Supervisory Regulations, the Competent Supervisory Authority states in writing to the Issuer that under Applicable Supervisory Regulations the Notes (in whole or in part) no longer fulfil the requirements for inclusion in the determination of own funds for single solvency of the Issuer or group solvency purposes of the Parent's Group, except where in such cases this is the result of exceeding any applicable limits on the inclusion of the Notes in the own funds pursuant to the Applicable Supervisory Regulations; or
- (B) upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations the Competent Supervisory Authority states in writing to the Issuer that under the Applicable Supervisory Regulations the Notes (in whole or in part)

Vorschriften die Schuldverschreibungen (insgesamt oder teilweise) nicht die Anforderungen für die Einbeziehung in die Berechnung der Eigenmittel als Tier 2 Kapital für Zwecke der Ermittlung der Solo-Solvabilität der Emittentin oder der Gruppen-Solvabilität der Gruppe der Muttergesellschaft erfüllen oder sie derartige Anforderungen nicht länger erfüllen, nachdem sie diese Anforderungen zunächst erfüllt hatten, es sei denn, dies beruht in den genannten Fällen allein auf der Überschreitung der Anrechnungsgrenzen für die Einbeziehung solcher Wertpapiere in das Tier 2 Kapital der Emittentin oder der Gruppe der Muttergesellschaft aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften. Dabei gilt Folgendes:

**"Tier 2 Kapital"** bezeichnet Tier 2 Eigenmittel (wie in den Anwendbaren Aufsichtsrechtlichen Vorschriften definiert).

Ein **"Rechnungslegungs-Ereignis"** tritt ein, wenn der Emittentin ein Gutachten einer anerkannten unabhängigen Wirtschaftsprüfungsgesellschaft vorliegt (und die Emittentin der Hauptzahlstelle eine Kopie davon gibt), aus dem hervorgeht, dass die Emittentin aufgrund einer an oder nach dem Tag der Begebung der Schuldverschreibungen in Kraft tretenden Änderung der Anwendbaren Rechnungslegungsvorschriften (oder deren Auslegung) (einschließlich des Falles, dass die betreffende Änderung der Anwendbaren Rechnungslegungsvorschriften (oder deren Auslegung rückwirkend Anwendung findet) die Verbindlichkeiten aus den Schuldverschreibungen zur Zahlung des Kapitals in dem nach Maßgabe der Anwendbaren Rechnungslegungsvorschriften aufgestellten Konzernjahresabschluss der Emittentin nicht bzw. nicht mehr als Verbindlichkeiten ausweisen kann und die Emittentin dies nicht abwenden kann, indem sie Maßnahmen ergreift, die sie nach Treu und Glauben für

would not be eligible to qualify for inclusion in the determination of own funds as Tier 2 Capital for single solvency purposes of the Issuer or for group solvency purposes of the Parent's Group, or that they no longer fulfil such requirements provided that the Notes did fulfil such requirements, except in each case where this is merely the result of exceeding any applicable limits on the inclusion of the Notes in the Tier 2 Capital of the Issuer or the Parent's Group pursuant to the Applicable Supervisory Regulations. Where:

**"Tier 2 Capital"** means tier 2 own funds (*Eigenmittel*) (as stipulated in the Applicable Supervisory Regulations).

An **"Accounting Event"** will occur if an opinion of a recognised independent accounting firm has been delivered to the Issuer (and the Issuer has provided the Principal Paying Agent with a copy thereof) stating that as a result of any change in or amendment to the Applicable Accounting Standards, which change or amendment becomes effective on or after the date of issue of the Notes (or their interpretation) (including in case any such change or amendment to the Applicable Accounting Standards or their interpretation has retroactive effect), the Issuer must not or must no longer record the obligations under the Notes for the payment of principal as liabilities on the consolidated balance sheet prepared in accordance with Applicable Accounting Standards for purposes of the Issuer's published consolidated annual financial statements and this cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate. Where:

zumutbar und angemessen hält. Dabei gilt Folgendes:

**"Anwendbare Rechnungslegungsvorschriften"** bezeichnet die allgemein anerkannten Rechnungslegungsgrundsätze, wie sie von der Emittentin zu den jeweiligen Stichtagen und für die jeweiligen Rechnungslegungsperioden angewendet werden.

Ein **"Ratingagenturereignis"** tritt ein, wenn sich aufgrund einer an oder nach dem Tag der Begebung der Schuldverschreibungen eingetretenen Änderung oder Klarstellung der Rating-Methodologie (oder deren Auslegung) die Behandlung der Schuldverschreibungen für die Bemessung der Kapitalisierung der Emittentin oder der Gruppe der Muttergesellschaft durch Standard & Poor's Rating Services, eine Abteilung der The McGraw Hill Companies, Inc. oder Fitch Ratings Limited (oder eine jeweilige Nachfolgerin der genannten Ratingagenturen), nach begründeter Auffassung der Emittentin im Vergleich zu der Behandlung der Schuldverschreibungen für die Bemessung der Kapitalisierung der Emittentin oder der Gruppe der Muttergesellschaft an dem oder um den Tag der Begebung der Schuldverschreibungen verschlechtert.

- (e) **Rückzahlungsbedingungen.** Die **"Rückzahlungsbedingungen"** sind an einem Tag in Bezug auf eine vorgesehene Rückzahlung oder einen geplanten Rückkauf der Schuldverschreibungen erfüllt, wenn
- (i) bevor die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, der rückzuerstattende oder zurückzukaufende Nennbetrag durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist oder die Zuständige Aufsichtsbehörde der Rückzahlung bzw. dem Rückkauf zustimmt; oder
  - (ii) nachdem die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist,
    - (A) die Zahlung des Rückzahlungsbetrages bzw. der Rückkauf nicht zu einem Insolvenzereignis führen oder

**"Applicable Accounting Standards"** means the accounting principles generally accepted and applied by the Issuer at the relevant dates and for the relevant periods.

A **"Rating Agency Event"** will occur if, as a consequence of a change in, or clarification to, the rating methodology (or the interpretation thereof) of Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc., or Fitch Ratings Limited, or any of their respective successors, which change or clarification becomes effective on or after the date of issue of the Notes, the capital treatment of the Notes for the Issuer or the Parent's Group worsens in the reasonable opinion of the Issuer, as compared to the capital treatment of the Notes for the Issuer or the Parent's Group assigned at or around the date of issue of the Notes.

- (e) **Conditions to Redemption.** The **"Conditions to Redemption"** are fulfilled on any day with respect to a scheduled redemption or a planned repurchase of the Notes, if
- (i) prior to the Solvency II Directive becoming part of the Applicable Supervisory Regulations the repaid or repurchased principal amounts have been replaced by other at least equivalent own funds (*Eigenmittel*) of at least equal status or if the Competent Supervisory Authority has given its consent to the redemption or the repurchase; or
  - (ii) upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations,
    - (A) the payment of the Redemption Amount or the purchase would not result in, or accelerate, the occurrence of an Insolvency

- dessen Eintritt beschleunigen würde; und
- (B) kein Solvenzkapitalereignis eingetreten ist und fort dauert oder durch die Rückzahlung der Schuldverschreibungen durch die Emittentin bzw. durch den Rückkauf eintreten würde, es sei denn,
- (I) die Zuständige Aufsichtsbehörde hat ausnahmsweise ihre vorherige Zustimmung zu der Rückzahlung der Schuldverschreibungen und der Zahlung des Rückzahlungsbetrages bzw. zu dem Rückkauf der Schuldverschreibungen trotz Solvenzkapitalereignis erteilt und ihre Zustimmung bis zu diesem Tag nicht widerrufen; und
- (II) das Kapital wird mit Zustimmung der Zuständigen Aufsichtsbehörde durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt; und
- (III) die geltenden Mindestkapitalanforderungen (MCR) der Emittentin sind gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften auch nach der Rückzahlung der Schuldverschreibungen bzw. nach dem Rückkauf der Schuldverschreibungen erfüllt; und
- (C) die Zuständige Aufsichtsbehörde ihre Zustimmung zur Rückzahlung bzw. zu dem Rückkauf erteilt und bis zu diesem Tag nicht widerrufen hat; und
- (D) im Falle einer Rückzahlung oder eines Rückkaufs der Schuldverschreibungen oder einer Schuldnerersetzung nach § 11 vor dem 30. Oktober 2020 das Kapital durch die Einzahlung anderer, zumindest
- Event; and
- (B) no Solvency Capital Event has occurred and is continuing or would be caused by the redemption by the Issuer or the repurchase of the Notes, unless
- (I) the Competent Supervisory Authority has exceptionally given, and not withdrawn by such date, its prior consent to the redemption of the Notes and the payment of the Redemption Amount or to the repurchase of the Notes despite the Solvency Capital Event; and
- (II) the capital is replaced by other at least equivalent own funds (*Eigenmittel*) with the consent of the Competent Supervisory Authority; and
- (III) the applicable minimum capital requirement (MCR) of the Issuer pursuant to the Applicable Supervisory Regulations is complied with after the redemption of the Notes or the repurchase of the Notes is made; and
- (C) the Competent Supervisory Authority has given, and not withdrawn by such day, its prior consent to the redemption of the Notes or to the repurchase of the Notes; and
- (D) in the event of a redemption or repurchase of the Notes or a substitution pursuant to § 11 prior to 30 October 2020 the capital has been replaced by other at least equivalent own

gleichwertiger ersetzt worden ist.	Eigenmittel	funds ( <i>Eigenmittel</i> ).
<p>(f) <i>Kündigung, Bekanntmachung der vorzeitigen Rückzahlung.</i> Die Emittentin kann die Kündigung der Schuldverschreibungen zur vorzeitigen Rückzahlung gemäß § 6(b), § 6(c) oder § 6(d) durch Veröffentlichung einer Bekanntmachung an die Anleihegläubiger gemäß § 12 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen erklären.</p> <p>Die Bekanntmachung der Rückzahlung hat den Rückzahlungstag festzulegen sowie die Tatsachen anzugeben, die das Kündigungsrecht der Emittentin begründen.</p> <p>Die Rückzahlung gemäß § 6(b), § 6(c) oder § 6(d) steht auch nach einer Kündigungserklärung unter dem Vorbehalt der Erfüllung der Rückzahlungsbedingungen an dem in der Kündigungserklärung gemäß diesem § 6(f) für die Rückzahlung festgelegten Tag.</p>	<p>(f) <i>Call, notice of early redemption.</i> The Issuer may call the Notes for early redemption pursuant to § 6(b), § 6(c) or § 6(d) by publishing a notice to the Noteholders in accordance with § 12 subject to observing a notice period of not less than 30 nor more than 60 days'.</p> <p>The notice of redemption must state the specified redemption date and the facts which establish the right of the Issuer to redeem the Notes.</p> <p>Even if such notice of redemption is given pursuant to § 6(b), § 6(c) or § 6(d), the redemption is subject to the Conditions to Redemption being fulfilled on the date fixed for redemption in the notice pursuant to this § 6(f).</p>	
<p>(g) <i>Rückzahlungsbetrag.</i> Der "<b>Rückzahlungsbetrag</b>" ist ein Betrag je Schuldverschreibung in Höhe des Festgelegten Nennbetrages zuzüglich der bis zum Tag der Rückzahlung (ausschließlich) in Bezug auf diese Schuldverschreibung aufgelaufenen, aber noch nicht bezahlten Zinsen sowie, zur Klarstellung, sämtlicher gemäß § 5(b) fälligen Zinsrückstände in Bezug auf diese Schuldverschreibung.</p>	<p>(g) <i>Redemption Amount.</i> The "<b>Redemption Amount</b>" means an amount per Note equal to the Specified Denomination plus any interest accrued on such Note to but excluding the date of redemption but yet unpaid and, for the avoidance of doubt, any Arrears of Interest due on such Note pursuant to § 5(b).</p>	
<p>(h) <i>Keine Rückzahlung nach Wahl des Anleihegläubigers.</i> Die Anleihegläubiger sind zu keinem Zeitpunkt berechtigt, von der Emittentin eine Rückzahlung der Schuldverschreibungen zu verlangen.</p>	<p>(h) <i>No redemption at the option of a Noteholder.</i> The Noteholders shall not be entitled to put the Notes for redemption at any time.</p>	
<p>(i) <i>Rückkauf.</i></p> <p>(i) Die Emittentin und jede Tochtergesellschaft der Emittentin können jederzeit, vorbehaltlich zwingender gesetzlicher Regelungen und (außer unter den nachstehend in § 6(i)(ii) aufgeführten Umständen) vorbehaltlich der Erfüllung der Rückzahlungsbedingungen am Tag des Rückkaufs, Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis erwerben. Derartig erworbene Schuldverschreibungen können eingezogen, gehalten oder wieder veräußert werden.</p> <p>(ii) Die Rückzahlungsbedingungen müssen im Falle von Rückkäufen nicht erfüllt</p>	<p>(i) <i>Purchase.</i></p> <p>(i) The Issuer and any subsidiary of the Issuer may at any time, subject to mandatory provisions of law and (except in the circumstances set out in § 6(i)(ii) below) to the Conditions to Redemption being fulfilled on the relevant purchase date, purchase Notes in the open market or otherwise and at any price. Such acquired Notes may be cancelled, held or resold.</p> <p>(ii) The Conditions to Redemption do not have to be fulfilled for purchases made</p>	

sein, soweit verbundene Unternehmen der Emittentin die Schuldverschreibungen für fremde Rechnung oder für Organismen für gemeinsame Anlagen in Wertpapieren (OGAW) erwerben, es sei denn, die Anteile an diesen OGAW werden mehrheitlich von der Emittentin oder einer ihrer verbundenen Unternehmen gehalten.

- (iii) Für einen Erwerb von Schuldverschreibungen im Rahmen eines Umtauschs gegen andere Wertpapiere gelten § 6(i)(i) und (ii) entsprechend.

## § 7 Zahlungen

- (a) *Zahlungen.* Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt an das Clearingsystem oder an dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems. Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine Vorläufige Globalurkunde verbrieft sind, erfolgt nach ordnungsgemäßem Nachweis gemäß § 1(c).
- (b) *Zahlungsweise.* Auf die Schuldverschreibungen zu leistende Zahlungen werden in Euro (EUR) geleistet. Den Anleihegläubigern werden keine Kosten oder Gebühren in Bezug auf diese Zahlungen auferlegt. Sämtliche Zahlungen stehen unter dem Vorbehalt geltender steuerlicher und sonstiger gesetzlicher Vorschriften, Richtlinien und Verordnungen oder Verträge denen sich die Emittentin, die Hauptzahlstelle oder eine Zahlstelle unterworfen haben. Vorbehaltlich § 8 ist die Emittentin nicht verpflichtet, zusätzliche Beträge als Ausgleich für irgendwelche Steuern oder Abgaben gleich welcher Art, die aufgrund solcher steuerlichen oder sonstigen gesetzlichen Vorschriften, Richtlinien oder Verordnungen oder Verträge auferlegt oder erhoben werden, an die Anleihegläubiger zu zahlen.
- (c) *Befreiung von der Zahlungspflicht.* Die Emittentin wird durch Leistung der Zahlung an das Clearingsystem oder an dessen Order in Höhe der geleisteten Zahlung von ihrer Zahlungspflicht aus den Schuldverschreibungen befreit.
- (d) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Geschäftstag ist, dann hat der Anleihegläubiger keinen Anspruch auf

by affiliates of the Issuer for the account of a third party or Undertakings for Collective Investment in Transferable Securities (UCITS), unless the majority of the shares in the relevant UCITS are held by the Issuer or one of its affiliates.

- (iii) § 6(i)(i) and (ii) shall apply *mutatis mutandis* to an acquisition of the Notes by way of exchange for other securities.

## § 7 Payments

- (a) *Payments.* Payment of principal and interest on the Notes shall be made to, or to the order of, the Clearing System for credit to the relevant account holders of the Clearing System. Payment of interest on Notes represented by a Temporary Global Note shall be made, upon due certification as provided in § 1(c).
- (b) *Manner of payment.* Payments of amounts due in respect of the Notes shall be made in Euro (EUR). No commission or expenses shall be charged to the Noteholders in respect of such payments. All payments will be subject to all applicable fiscal and other laws, directives and regulations or agreements to which the Issuer, the Principal Paying Agent or any Paying Agent agrees to be subject. Without prejudice to the provisions of § 8, the Issuer will not be obliged to pay to the Noteholders any additional amounts as compensation for any taxes or duties of whatever nature imposed or levied by such fiscal and other laws, regulations, directives or agreements.
- (c) *Discharge from payment obligations.* Payments to the Clearing System or to its order shall, to the extent of amounts so paid, discharge the Issuer from its corresponding payment obligations under the Notes.
- (d) *Payment business day.* If the due date for payment of any amount in respect of any Note is not a Business Day then the Noteholder shall not be entitled to payment until the next day

Zahlung vor dem nächstfolgenden Geschäftstag. Der Anleihegläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

## § 8 Besteuerung

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlicher Gebühren jedweder Art geleistet ("**Steuern**"), die von dem Staat, in dem die Emittentin steuerlich ansässig ist, oder einer seiner Gebietskörperschaften oder einer seiner zur Erhebung von Steuern berechtigten Behörden oder sonstigen Stellen auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, sofern nicht die Emittentin kraft Gesetzes oder einer sonstigen Rechtsvorschrift zu einem solchen Einbehalt oder Abzug verpflichtet ist. Sofern die Emittentin zu einem solchen Einbehalt oder Abzug verpflichtet ist, wird die Emittentin zusätzliche Beträge (die "**Zusätzlichen Beträge**") an die Anleihegläubiger zahlen, so dass die Anleihegläubiger die Beträge erhalten, die sie ohne den betreffenden Einbehalt oder Abzug erhalten hätten. Solche Zusätzlichen Beträge sind jedoch nicht zahlbar wegen solcher Steuern in Bezug auf Schuldverschreibungen,

- (a) die wegen einer Verbindung des betreffenden Anleihegläubigers zu dem Staat, in dem die Emittentin steuerlich ansässig ist, die nicht nur aus der bloßen Inhaberschaft der Schuldverschreibungen besteht, einzubehalten oder abzuziehen sind; oder
- (b) deren Einbehalt oder Abzug ein Anleihegläubiger durch Vorlage eines Formulars oder einer Urkunde und/oder durch Abgabe einer Nichtansässigkeitserklärung oder Inanspruchnahme einer vergleichbaren Ausnahme oder Geltendmachung eines Erstattungsanspruches hätte vermeiden können aber nicht vermieden hat; oder
- (c) die aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung, eines zwischenstaatlichen Abkommens oder einer zwischenstaatlichen Verständigung über deren Besteuerung, an der der Staat, in dem die Emittentin steuerlich ansässig ist oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung, Vereinbarung, Abkommen oder Verständigung umsetzt oder befolgt, abzuziehen oder einzubehalten sind.

that is a Business Day, and shall not be entitled to further interest or other payment in respect of such delay.

## § 8 Taxation

All amounts to be paid in respect of the Notes will be paid free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by the Issuer's country of domicile for tax purposes or any of its political subdivisions or any authority or any other agency of or in the such country having power to tax, unless the Issuer is compelled by law to make such withholding or deduction. If the Issuer is required to make such withholding or deduction, the Issuer will pay such additional amounts (the "**Additional Amounts**") to the Noteholders as the Noteholders would have received if no such withholding or deduction had been required, except that no such Additional Amounts will be payable for any such Taxes in respect of any Note:

- (a) which are to be withheld or deducted by reason of the relevant Noteholder having some connection with the Issuer's country of domicile for tax purposes other than the mere holding of that Note; or
- (b) the withholding or deduction of which a Noteholder would be able to avoid by presenting any form or certificate and/or making a declaration of non-residence or similar claim for exemption or refund but fails to do so; or
- (c) which are to be withheld or deducted pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty, agreement or understanding relating to such taxation and to which the Issuer's country of domicile for tax purposes or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty, agreement or understanding.

Die Emittentin ist keinesfalls verpflichtet, zusätzliche Beträge in Bezug auf einen Einbehalt oder Abzug von Beträgen zu zahlen, die gemäß Sections 1471 bis 1474 des U.S. Internal Revenue Code (in der jeweils geltenden Fassung oder gemäß Nachfolgebestimmungen), gemäß zwischenstaatlicher Abkommen, gemäß den in einer anderen Rechtsordnung in Zusammenhang mit diesen Bestimmungen erlassenen Durchführungsvorschriften oder gemäß mit dem Internal Revenue Service geschlossenen Verträgen von der Emittentin, der jeweiligen Zahlstelle oder einem anderen Beteiligten abgezogen oder einbehalten wurden ("**FATCA-Steuerabzug**") oder Anleger in Bezug auf einen FATCA-Steuerabzug schadlos zu halten.

In any event, the Issuer will have no obligation to pay additional amounts deducted or withheld by the Issuer, the relevant Paying Agent or any other party ("**FATCA Withholding**") in relation to any withholding or deduction of any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service or indemnify any investor in relation to any FATCA Withholding.

### § 9 Vorlegung, Verjährung

- (a) *Vorlegungsfrist.* Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB für fällige Schuldverschreibungen wird auf zehn Jahre verkürzt.
- (b) *Verjährungsfrist.* Die Verjährungsfrist für innerhalb der Vorlegungsfrist zur Zahlung vorgelegte Schuldverschreibungen beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

### § 9 Presentation, Prescription

- (a) *Presentation.* The period for presentation of Notes due, as established in § 801 paragraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*), is reduced to ten years.
- (b) *Prescription.* The period for prescription for Notes presented for payment during the presentation period shall be two years beginning at the end of the relevant presentation period.

### § 10 Hauptzahlstelle, Zahlstellen und Berechnungsstelle

- (a) *Bestellung; bezeichnete Geschäftsstelle.* Die Hauptzahlstelle sind nachstehend mit der benannten anfänglichen Geschäftsstelle aufgeführt:

**Hauptzahlstelle:**

BNP Paribas Securities Services S.C.A.  
Zweigniederlassung Frankfurt am Main  
Europa-Allee 12  
60327 Frankfurt am Main  
Bundesrepublik Deutschland

Die Hauptzahlstelle handelt auch als Berechnungsstelle (die "**Berechnungsstelle**").

- (b) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit zusätzliche Zahlstellen (gemeinsam mit der vorgenannten Zahlstelle, die "**Zahlstellen**" und jede eine "**Zahlstelle**") zu benennen.

Die Emittentin behält sich ferner das Recht vor, die Ernennung der Hauptzahlstelle, der Zahlstellen und der Berechnungsstelle jederzeit anders zu regeln oder zu beenden.

Die Emittentin wird sicherstellen, dass jederzeit (i) eine Hauptzahlstelle und eine

### § 10 Principal Paying Agent, Paying Agents and Calculation Agent

- (a) *Appointment, specified office.* The Principal Paying Agent and its initial specified offices are as follows:

**Principal Paying Agent:**

BNP Paribas Securities Services S.C.A.  
Zweigniederlassung Frankfurt am Main  
Europa-Allee 12  
60327 Frankfurt am Main  
Federal Republic of Germany

The Principal Paying Agent shall also act as calculation agent (the "**Calculation Agent**").

- (b) *Variation or termination of appointment.* The Issuer reserves the right at any time to appoint additional paying agents (together with the Paying Agent specified above, the "**Paying Agents**" and each a "**Paying Agent**").

The Issuer further reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, any Paying Agent and the Calculation Agent.

The Issuer will at all times maintain (i) a Principal Paying Agent and a Calculation



Berechnungsstelle, (ii) eine Zahlstelle mit einer Geschäftsstelle in einer Stadt auf dem europäischen Festland und (iii) so lange die Schuldverschreibungen auf Veranlassung der Emittentin an einer Börse notiert werden, eine Zahlstelle mit einer benannten Geschäftsstelle an dem von der betreffenden Börse vorgeschriebenen Ort bestimmt ist. Die Hauptzahlstelle, etwaige Zahlstellen und die Berechnungsstelle behalten sich das Recht vor, jederzeit anstelle ihrer jeweils benannten Geschäftsstelle eine andere Geschäftsstelle in derselben Stadt zu bestimmen. Bekanntmachungen hinsichtlich aller Veränderungen im Hinblick auf die Hauptzahlstelle, etwaige Zahlstellen und die Berechnungsstelle erfolgen unverzüglich durch die Emittentin gemäß § 12.

- (c) *Erfüllungsgehilfen der Emittentin.* Die Hauptzahlstelle, die Zahlstelle(n) und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber dem Anleihegläubiger; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und dem Anleihegläubiger begründet.

## § 11 Schuldnerersetzung

- (a) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger eine andere Gesellschaft (soweit es sich bei dieser Gesellschaft nicht um ein Versicherungsunternehmen handelt), die direkt oder indirekt von der Emittentin kontrolliert wird, als neue Emittentin für alle sich aus oder im Zusammenhang mit den Schuldverschreibungen ergebenden Verpflichtungen mit schuldbefreiender Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die "**Neue Emittentin**"), sofern
- (i) die Neue Emittentin sämtliche Verpflichtungen der Emittentin aus oder im Zusammenhang mit den Schuldverschreibungen übernimmt und, sofern eine Zustellung an die Neue Emittentin außerhalb der Bundesrepublik Deutschland erfolgen müsste, einen Zustellungsbevollmächtigten in der Bundesrepublik Deutschland bestellt;
- (ii) die Emittentin und die Neue Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung der Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen

Agent (ii) a Paying Agent with a specified office in a continental European city and (iii) so long as the Notes are listed on a stock exchange at the initiative of the Issuer, a Paying Agent with a specified office in such city as may be required by the rules of the relevant stock exchange. The Principal Paying Agent, any Paying Agent and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Principal Paying Agent, any Paying Agent or the Calculation Agent will be given promptly by the Issuer to the Noteholders in accordance with § 12.

- (c) *Agents of the Issuer.* The Principal Paying Agent, the Paying Agent(s) and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for the Noteholder.

## § 11 Substitution

- (a) *Substitution.* The Issuer may at any time, without the consent of the Noteholders, substitute for the Issuer any other company (other than an insurance undertaking) which is directly or indirectly controlled by the Issuer, as new issuer (the "**New Issuer**") in respect of all obligations arising under or in connection with the Notes with the effect of releasing the Issuer of all such obligations, if:
- (i) the New Issuer assumes any and all obligations of the Issuer arising under or in connection with the Notes and, if service of process vis-à-vis the New Issuer would have to be effected outside the Federal Republic of Germany, appoints a process agent within the Federal Republic of Germany;
- (ii) the Issuer and the New Issuer have obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the

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| <p>Genehmigungen erhalten haben;</p> <p>(iii) die Neue Emittentin in der Lage ist, sämtliche zur Erfüllung der aufgrund der Schuldverschreibungen bestehenden Zahlungsverpflichtungen erforderlichen Beträge in Euro (EUR) an das Clearingsystem oder die Hauptzahlstelle zu zahlen, und zwar ohne Abzug oder Einbehalt von Steuern oder sonstigen Abgaben jedweder Art, die von dem Land (oder den Ländern), in dem (in denen) die Neue Emittentin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden;</p> <p>(iv) die Emittentin unwiderruflich die Verpflichtungen der Neuen Emittentin aus den Schuldverschreibungen zu Bedingungen garantiert, die sicherstellen, dass jeder Anleihegläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne die Ersetzung stehen würde;</p> <p>(v) die Zuständige Aufsichtsbehörde der Ersetzung zugestimmt hat; und</p> <p>(vi) die Rückzahlungsbedingungen, die für die Ersetzung entsprechende Anwendung finden, zum Zeitpunkt der Ersetzung erfüllt sind.</p> <p>(b) <i>Bezugnahmen.</i> Im Fall einer Schuldnerersetzung gemäß § 11(a) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Emittentin.</p> <p>Klarstellend sei erwähnt, dass dies nur gilt, soweit sich nicht aus Sinn und Zweck der jeweiligen Bedingung ergibt, dass die Bezugnahme entweder weiterhin nur auf die Gothaer Allgemeine Versicherung AG erfolgen soll (also insbesondere im Hinblick auf die Solo-Solvabilität der Emittentin bzw. der Gruppen-Solvabilität der Gruppe der Muttergesellschaft, das Insolvenzereignis, das Obligatorisches Zinszahlungsereignis, das Rechnungslegungsereignis, das Ratingagenturereignis und § 6(h)), oder dass die Bezugnahme auf die Neue Emittentin und gleichzeitig auch auf die Gothaer Allgemeine Versicherung AG, im Hinblick auf deren Verpflichtungen aus der Garantie gemäß § 11(a)(iv), erfolgen soll (Bruttoausgleichsereignis, Steuerereignis und Besteuerung).</p> <p>(c) <i>Bekanntmachung und Wirksamwerden der Ersetzung.</i> Die Ersetzung der Emittentin ist gemäß § 12 bekanntzumachen. Mit der Bekanntmachung der Ersetzung wird die</p> | <p>Notes;</p> <p>(iii) the New Issuer is in the position to pay to the Clearing System or the Principal Paying Agent in Euro (EUR) and without deducting or withholding any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Issuer has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Notes;</p> <p>(iv) the Issuer irrevocably guarantees such obligations of the New Issuer under the Notes on terms which ensure that each Noteholder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place;</p> <p>(v) the Competent Supervisory Authority has given its prior consent thereto; and</p> <p>(vi) the Conditions to Redemption, which shall apply mutatis mutandis to the substitution, are fulfilled at the time of the substitution.</p> <p>(b) <i>References.</i> In the event of a substitution pursuant to § 11(a), any reference in these Terms and Conditions to the Issuer shall be a reference to the New Issuer.</p> <p>For the avoidance of doubt this shall apply only to the extent that the meaning and purpose of the relevant condition requires that the relevant reference shall continue to be a reference only to Gothaer Allgemeine Versicherung AG (i.e. in particular in relation to the single solvency and group solvency of the Issuer or the Parent's Group, the Insolvency Event, the Compulsory Interest Payment Event, the Accounting Event, the Rating Agency Event and § 6(h)), or that the reference shall be to the New Issuer and Gothaer Allgemeine Versicherung AG, in relation to its obligations under the guarantee pursuant to § 11(a)(iv), at the same time (Gross up Event, Tax Event and Taxation)).</p> <p>(c) <i>Notice and effectiveness of substitution.</i> Notice of any substitution of the Issuer shall be given by notice in accordance with § 12. Upon such publication, the</p> |
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Ersetzung wirksam und die Emittentin und im Fall einer wiederholten Anwendung dieses § 11 jede frühere Neue Emittentin von ihren sämtlichen Verpflichtungen aus den Schuldverschreibungen frei. Im Fall einer solchen Schuldnerersetzung wird (werden) die Wertpapierbörse(n) informiert, an der (denen) die Schuldverschreibungen dann auf Veranlassung der Emittentin notiert sind.

## § 12 Bekanntmachungen

- (a) *Veröffentlichungen.* Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden (solange die Schuldverschreibungen an der Luxemburger Wertpapierbörse notiert sind) auf der Internet-Seite der Luxemburger Börse unter [www.bourse.lu](http://www.bourse.lu) veröffentlicht. Jede Mitteilung gilt am Tag der ersten Veröffentlichung als wirksam erfolgt.
- (b) *Mitteilungen an das Clearingsystem.* Solange Schuldverschreibungen an der Luxemburger Börse notiert sind, findet § 12(a) Anwendung. Soweit die Regeln der Luxemburger Börse dies zulassen, kann die Emittentin eine Veröffentlichung nach § 12(a) durch eine Mitteilung an das Clearingsystem zur Weiterleitung an die Anleihegläubiger ersetzen; jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

## § 13 Begebung weiterer Schuldverschreibungen

Die Emittentin behält sich das Recht vor, ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tages der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) wie die vorliegenden Schuldverschreibungen zu begeben, so dass sie mit diesen eine einheitliche Serie bilden. Der Begriff "Schuldverschreibungen" umfasst im Fall einer solchen weiteren Begebung auch solche zusätzlich begebenen Schuldverschreibungen.

## § 14 Änderung der Anleihebedingungen; Gemeinsamer Vertreter

- (a) *Änderung der Anleihebedingungen.* Regelungen in den Anleihebedingungen, die für die Qualifikation der Schuldverschreibungen als aufsichtsrechtliche Eigenmittel, insbesondere Tier 2 Kapital der Emittentin oder der Gruppe der Muttergesellschaft erforderlich sind, können nicht geändert werden. Die Emittentin wird keiner solchen Änderung zustimmen. Im Übrigen kann die Emittentin, vorbehaltlich der

substitution shall become effective, and the Issuer and in the event of a repeated application of this § 11, any previous New Issuer shall be discharged from any and all obligations under the Notes. In the case of such substitution, the stock exchange(s), if any, on which the Notes are then listed at the initiative of the Issuer will be notified.

## § 12 Notices

- (a) *Publications.* All notices regarding the Notes will be published (so long as the Notes are listed on the Luxembourg Stock Exchange) on the website of the Luxembourg Stock Exchange on [www.bourse.lu](http://www.bourse.lu). Any notice will become effective for all purposes on the date of the first such publication.
- (b) *Notification to Clearing System.* So long as any Notes are listed on the Luxembourg Stock Exchange, § 12(a) shall apply. If the Rules of the Luxembourg Stock Exchange so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Noteholders, in lieu of publication as set forth in § 12(a) above; any such notice shall be deemed to have been validly given on the fifth day after the day on which the said notice was given to the Clearing System.

## § 13 Further Issues

The Issuer reserves the right from time to time, without the consent of the Noteholders to issue additional notes with identical terms and conditions as the Notes in all respects (or in all respects except for the issue date, the interest commencement date and/or the issue price) so as to be consolidated and form a single series with such Notes. The term "Notes" shall, in the event of such further issue, also comprise such further notes.

## § 14 Amendments to the Terms and Conditions; Joint Representative

- (a) *Amendment of the Terms and Conditions.* Provisions in the Terms and Conditions which are required for the qualification of the Notes as regulatory own funds (*Eigenmittel*), in particular as Tier 2 Capital of the Issuer or the Parent's Group, may not be amended. The Issuer will not agree to any such amendment. Subject to the consent of the Competent Supervisory Authority (if under the Applicable Supervisory Regulations

Zustimmung der Zuständigen Aufsichtsbehörde (sofern diese im betreffenden Zeitpunkt aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist), die Anleihebedingungen mit Zustimmung aufgrund Mehrheitsbeschlusses der Anleihegläubiger nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – *SchVG*) in seiner jeweiligen gültigen Fassung (das "**SchVG**"), ändern. Eine Änderung der Anleihebedingungen ohne Zustimmung der Emittentin scheidet aus.

Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Absatz 3 SchVG vorgesehenen Maßnahmen mit Ausnahme der Ersetzung der Emittentin, die in § 11 abschließend geregelt ist, mit den in dem nachstehenden § 14(b) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.

Beschlüsse, die zu einem Verstoß gegen § 2(b) führen, sind unwirksam.

- (b) *Mehrheitserfordernisse.* Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Absatz 3 Nummer 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**"). Das Stimmrecht ruht, solange die Schuldverschreibungen der Emittentin oder einem mit ihr verbundenen Unternehmen (§ 271 Absatz 2 HGB) zustehen oder für Rechnung der Emittentin oder eines mit ihr verbundenen Unternehmens gehalten werden.
- (c) *Beschlüsse.* Beschlüsse der Anleihegläubiger werden entweder in einer Gläubigerversammlung nach § 14(c)(i) oder im Wege der Abstimmung ohne Versammlung nach § 14(c)(ii) getroffen, die von der Emittentin oder einem gemeinsamen Vertreter einberufen wird.
- (i) Beschlüsse der Anleihegläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff. SchVG getroffen. Die Einberufung der

such consent is required at the time), the Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Noteholders pursuant to §§ 5 et seq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (*Schuldverschreibungsgesetz – SchVG*), as amended from time to time (the "**SchVG**"). There will be no amendment of the Terms and Conditions without the Issuer's consent.

In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) of the SchVG, but excluding a substitution of the Issuer, which is exclusively subject to the provisions in § 11, by resolutions passed by such majority of the votes of the Noteholders as stated under § 14(b) below. A duly passed majority resolution will be binding upon all Noteholders.

Resolutions of the Noteholders which result in a violation against § 2(b) are invalid.

- (b) *Majority requirements.* Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3) numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a "**Qualified Majority**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch*) or are being held for the account of the Issuer or any of its affiliates.
- (c) *Resolutions.* Resolutions of the Noteholders will be made either in a Noteholders' meeting in accordance with § 14(c)(i) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 14(c)(ii), in either case convened by the Issuer or a joint representative, if any.
- (i) Resolutions of the Noteholders in a Noteholders' meeting will be made in accordance with § 9 et seq. of the SchVG. The convening notice of a

- Gläubigerversammlung regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubigerversammlung werden in der Tagesordnung die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.
- (ii) Beschlüsse der Anleihegläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. Die Aufforderung zur Stimmabgabe durch den Abstimmungsleiter regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.
- (d) *Zweite Gläubigerversammlung.* Wird die Beschlussfähigkeit bei der Abstimmung ohne Versammlung nach § 14(c)(ii) nicht festgestellt, kann der Abstimmungsleiter eine Gläubigerversammlung einberufen, welche als zweite Gläubigerversammlung im Sinne des § 15(3) Satz 3 SchVG gilt.
- (e) *Anmeldung.* Die Stimmrechtsausübung ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss bis zum dritten Tag vor der Gläubigerversammlung im Falle einer Gläubigerversammlung (wie in § 14(c)(i) oder § 14(d) beschrieben) bzw. vor dem Beginn des Abstimmungszeitraums im Falle einer Abstimmung ohne Versammlung (wie in § 14(c)(ii) beschrieben) unter der in der Aufforderung zur Stimmabgabe angegebenen Anschrift zugehen. Zusammen mit der Anmeldung müssen Anleihegläubiger den Nachweis ihrer Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bescheinigung ihrer jeweiligen Depotbank in Textform und die Vorlage eines Sperrvermerks der Depotbank erbringen, aus dem hervorgeht, dass die relevanten Schuldverschreibungen für den Zeitraum vom Tag der Absendung der Anmeldung (einschließlich) bis zu dem angegebenen Ende der Versammlung (einschließlich) bzw. dem Ende des Abstimmungszeitraums (einschließlich) nicht übertragen werden können.
- (f) *Gemeinsamer Vertreter.* Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines
- Noteholders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Noteholders in the agenda of the meeting.
- (ii) Resolutions of the Noteholders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance § 18 of the SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Noteholders together with the request for voting.
- (d) *Second noteholders' meeting.* If it is ascertained that no quorum exists for the vote without meeting pursuant to § 14(c)(ii), the chairman (*Abstimmungsleiter*) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 of the SchVG.
- (e) *Registration.* The exercise of voting rights is subject to the registration of the Noteholders. The registration must be received at the address stated in the request for voting no later than the third day prior to the meeting in the case of a Noteholders' meeting (as described in § 14(c)(i) or § 14(d)) or the beginning of the voting period in the case of voting not requiring a physical meeting (as described in § 14(c)(ii)), as the case may be. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of their respective depositary bank hereof in text form and by submission of a blocking instruction by the depositary bank stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting or day the voting period ends, as the case may be.
- (f) *Joint representative.* The Noteholders may by majority resolution provide for the appointment or dismissal of a joint

gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger auf den gemeinsamen Vertreter und eine Beschränkung der Haftung des gemeinsamen Vertreters bestimmen. Die Bestellung eines gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen gemäß § 14(a) zuzustimmen.

Der gemeinsame Vertreter hat die Aufgaben und Befugnisse, welche ihm durch Gesetz oder von den Anleihegläubigern durch Mehrheitsbeschluss eingeräumt wurden. Er hat die Weisungen der Anleihegläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Anleihegläubiger ermächtigt ist, sind die einzelnen Anleihegläubiger zur selbständigen Geltendmachung dieser Rechte nicht befugt, es sei denn der Mehrheitsbeschluss sieht dies ausdrücklich vor. Über seine Tätigkeit hat der gemeinsame Vertreter den Anleihegläubigern zu berichten. Für die Abberufung und die sonstigen Rechte und Pflichten des gemeinsamen Vertreters gelten die Vorschriften des SchVG.

Die Haftung des gemeinsamen Vertreters ist auf das Zehnfache seiner jährlichen Vergütung beschränkt, es sei denn, dem gemeinsamen Vertreter fällt Vorsatz oder grobe Fahrlässigkeit zur Last.

- (g) *Bekanntmachungen.* Bekanntmachungen betreffend diesen § 14 erfolgen gemäß den §§ 5ff. SchVG sowie nach § 12.

## § 15 Anwendbares Recht und Gerichtsstand

- (a) *Geltendes Recht.* Form und Inhalt der Schuldverschreibungen sowie alle sich daraus ergebenden Rechte und Pflichten bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland.
- (b) *Gerichtsstand.* Vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem SchVG ist nicht-ausschließlicher Gerichtsstand für alle sich aus den in diesen Anleihebedingungen geregelten Rechtsverhältnissen ergebenden Rechtsstreitigkeiten mit der Emittentin Frankfurt am Main.

representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Noteholders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent to a material change in the substance of the Terms and Conditions in accordance with § 14(a) hereof,

The joint representative shall have the duties and powers provided by law or granted by majority resolutions of the Noteholders. The joint representative shall comply with the instructions of the Noteholders. To the extent that the joint representative has been authorised to assert certain rights of the Noteholders, the Noteholders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The joint representative shall provide reports to the Noteholders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the joint representative.

Unless the joint representative is liable for wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*), the joint representative's liability shall be limited to ten times the amount of its annual remuneration.

- (g) *Notices.* Any notices concerning this § 14 will be made in accordance with § 5 et seq. of the SchVG and § 12.

## § 15 Applicable Law and Jurisdiction

- (a) *Applicable law.* The form and content of the Notes as well as all the rights and duties arising therefrom are governed exclusively by the laws of the Federal Republic of Germany.
- (b) *Jurisdiction.* Subject to any exclusive court of venue for specific legal proceedings in connection with the SchVG, non-exclusive court of venue for all litigation with the Issuer arising from the legal relations established in these Terms and Conditions is Frankfurt am Main.

(c) *Gerichtliche Geltendmachung.* Jeder Anleihegläubiger kann in Rechtsstreitigkeiten gegen die Emittentin im eigenen Namen seine Rechte aus den ihm zustehenden Schuldverschreibungen geltend machen unter Vorlage der folgenden Dokumente: (a) einer Bescheinigung seiner Depotbank, die (i) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet, (ii) den Gesamtnennbetrag der Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank bestehenden Depot dieses Anleihegläubigers gutgeschrieben sind, und (iii) bestätigt, dass die Depotbank dem Clearingsystem und der Hauptzahlstelle eine schriftliche Mitteilung zugeleitet hat, die die Angaben gemäß (i) und (ii) enthält und Bestätigungsvermerke des Clearingsystems sowie des jeweiligen Clearingsystem-Kontoinhabers trägt, sowie (b) einer von einem Vertretungsberechtigten des Clearingsystems oder der Hauptzahlstelle bestätigten Ablichtung der Globalurkunde.

#### **§ 16 Sprache**

Diese Anleihebedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

(c) *Enforcement.* Any Noteholder may in any proceedings against the Issuer protect and enforce in its own name its rights arising under its Notes by submitting the following documents: (a) a certificate issued by its depositary bank (i) stating the full name and address of the Noteholder, (ii) specifying an aggregate principal amount of Notes credited on the date of such certificate to such Noteholder's securities account maintained with such depositary bank and (iii) confirming that the depositary bank has given a written notice to the Clearing System as well as to the Principal Paying Agent containing the information pursuant to (i) and (ii) and bearing acknowledgements of the Clearing System and the relevant Clearing System accountholder as well as (b) a copy of the Global Bond certified by a duly authorised officer of the Clearing System or the Principal Paying Agent as being a true copy.

#### **§ 16 Language**

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

## DESCRIPTION OF THE ISSUER

### **Incorporation**

Gothaer Allgemeine Versicherung AG was originally incorporated as a stock corporation under the laws of Germany on 27 November 2001. In 2008, this company merged with Gothaer Credit Versicherung AG. The merged company was registered under the name Gothaer Allgemeine Versicherung AG on 27 August 2009 in the commercial register of the local court of Cologne under HRB 21433.

### **Corporate Seat and Duration**

The Issuer has its corporate seat in Cologne and its office address at Gothaer Allee 1, 50969 Cologne, Germany. The duration of the Issuer is for an indefinite period of time.

### **Share Capital**

As of the date of this Prospectus, the share capital of the Issuer amounted to EUR 153,387,564.36.

All shares are fully paid and are not listed on any stock exchange. All shares of the Issuer are held by Gothaer Finanzholding AG.

### **Statutory Auditors**

The financial statements of the Issuer for the fiscal years ended 31 December 2014 and 2013 were prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*) and audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Barbarossaplatz 1a, 50674 Cologne, Germany, ("**KPMG**") pursuant to Section 317 HGB in accordance with generally accepted auditing standards in Germany as determined by the Institute of Accountants in Germany (*Institut der Wirtschaftsprüfer in Deutschland* or "**IDW**"). KPMG has issued an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*) in each case. KPMG is a member of the German Chamber of Auditors (*Wirtschaftsprüferkammer*). The Issuer publishes annual financial statements.

### **Business**

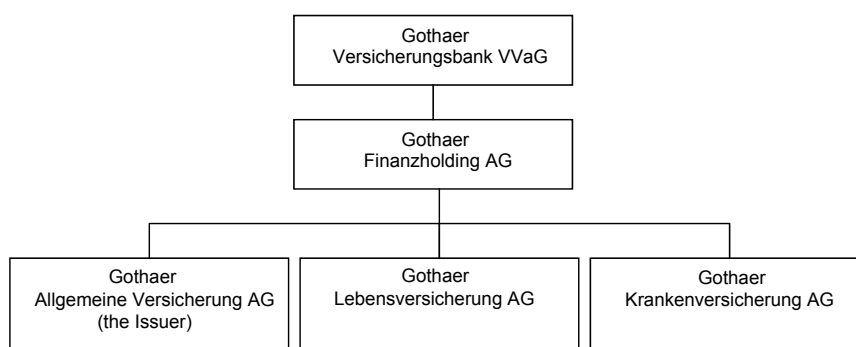
#### ***The Parent Group***

The Issuer is a fully owned subsidiary of Gothaer Finanzholding AG, being a 100 per cent. subsidiary of Gothaer Versicherungsbank VVaG (together with its subsidiaries, the "**Parent Group**"). The Parent Group was formed in August 2001 by former Gothaer Versicherungsbank VVaG, Gothaer Lebensversicherung a.G., Berlin-Kölnische Krankenversicherung a.G. and Asstel Lebensversicherung a.G. In a first step the aforementioned mutual insurance corporations transferred their respective insurance businesses to corporations of the Parent Group, including the Issuer. In a second step Gothaer Lebensversicherung a.G., Berlin-Kölnische Krankenversicherung a.G. and Asstel Lebensversicherung a.G. were merged with Gothaer Versicherungsbank VVaG as the acquiring entity. Gothaer Versicherungsbank VVaG is one of the largest mutual insurance corporations (*Versicherungsverein auf Gegenseitigkeit*) in Germany. The Parent Group offers insurance, pension and investment products for individuals as well as for small and midsize enterprises. Internationally, the Parent Group is part of the European Alliance Partners Company ("**EurAPCo**"), which engages in networking, exchange of knowledge, utilisation of synergies and business development.

In the financial year 2014, the Parent Group had gross premiums written of EUR 4,510.7 million (financial year 2013: EUR 4,301.2 million), a consolidated profit for the year of EUR 121.7 million (financial year 2013: EUR 107.5 million), group equity of EUR 1,783.6 million (financial year 2013: EUR 1,520.1 million) and on average 5,910 employees (average financial year 2013: 5,979).



The following chart shows the basic structure of the Parent Group. For a more detailed chart of the Parent Group see "*Organisational Structure*".



Within the Parent Group, the Issuer comprises the property and casualty insurance business, Gothaer Lebensversicherung AG comprises the life insurance business and Gothaer Krankenversicherung AG comprises the health insurance business. Gothaer Finanzholding AG is responsible for the financial management of the Parent Group.

#### ***Gothaer Lebensversicherung AG***

The core of the business activities of Gothaer Lebensversicherung AG is the direct and indirect provision of all forms of life and annuity insurance as well as related supplementary insurance. The latter also includes insurance investment products as well as occupational disability and invalidity insurance. In the financial year 2014, Gothaer Lebensversicherung AG recorded gross premiums written of EUR 1,366.4 million (financial year 2013: EUR 1,377.8 million), an administrative cost rate of 2.1 per cent. (financial year 2013: 2.1 per cent.), investments of EUR 16,662.9 million (financial year 2013: EUR 16,584.8 million) with a net return of 4.2 per cent (financial year 2013: 4.1 per cent.) and equity of EUR 311.9 million (financial year 2013: 286.9 million).

#### ***Gothaer Krankenversicherung AG***

Gothaer Krankenversicherung AG represents the health insurance segment of the Parent Group. In addition to needs-oriented health insurance and reimbursement of healthcare costs it offers comprehensive services in the fields of health counselling and assistance in times of illness. Gothaer Krankenversicherung AG markets its products primarily through the field force of the Parent Group and via the direct insurance market. In the financial year 2014, Gothaer Krankenversicherung AG recorded a premium income of EUR 824.8 million (financial year 2013: EUR 827.5 million), a gross result of EUR 140.9 million (financial year 2013: EUR 131.5 million), an underwriting result ratio of 15.6 per cent. (financial year 2013: 15.8 per cent.) and an administrative cost rate of 2.9 per cent. (financial year 2013: 3.0 per cent.).

#### ***The Issuer***

The Issuer is the risk-bearing entity in property and casualty insurance within the Parent Group. Since its original formation in 1820 as *Gothaer Feuerversicherungsbank für den Deutschen Handelsstand* (Gothaer fire insurance bank for the German trading profession), the Issuer is one of the largest German property insurance companies. Classical single-line products aside, its focus is primarily on combined insurance concepts and multiple-risk products.

The following table outlines the key figures with regard to the Issuers business operations for the financial years 2014 and 2013:

	Financial year	
	2014	2013
Gross premiums written (in EUR million)	1,617.3	1,526.9
Premiums net of reinsurance (in EUR million)	1,391.5	1,311.1
Claims expenses net of reinsurance (in EUR million)	922.0	923.5
<i>In % of premiums earned</i>	66.8	70.7
Underwriting expenses net of reinsurance (in EUR million)	415.0	396.3
<i>In % of premiums net of reinsurance</i>	29.8	30.2
Net income for the year (in EUR million)	88.8	50.7
Investments (in EUR million)	3,043.1	2,930.5
<i>Net return (%)</i>	4.1	4.1
Gross underwriting reserves (in EUR million)	3,018.0	3,021.4
<i>In % of gross premiums</i>	186.6	197.9
Equity capital (in EUR million)	575.6	575.6
<i>In % of premiums net of reinsurance</i>	41.4	43.9
Policies in force (in thousands)	5,510	5,407
Claims reported (in thousands)	385	367
Employees	1,982	2,024

### ***The Issuer's Operations***

The Issuer's focus is on combined insurance concepts and multi-risk-products for individuals and enterprises in the fields of casualty insurance, third party liability insurance, motor third party liability insurance and other motor insurance, fire insurance, household contents insurance, building insurance and other property insurance as well as transport and aviation insurance. In addition, the Issuer offers credit insurance, surety insurance and other insurances.

In the financial year 2014, the Issuer's aggregate gross premiums written increased by 5.9 per cent. to EUR 1.62 billion (financial year 2013: EUR 1.53 billion). The growth resulted from a slight increase in gross premiums written from the direct insurance business and a significant increase in gross premiums written in assumed insurance business.

Due to losses incurred but only reported after the reporting date, the extreme volume of claims experienced in the financial year 2013 also impacted on the financial year 2014. As a result, the number of new claims rose from 366,774 in the financial year 2013 to 384,767 in the financial year 2014. Apart from the Pentecost weekend storm "Ela" and the severe rainfall produced by the low pressure area "Quintia", there were no significant accumulation events in the financial year 2014. In line with expectations, gross claims expenses

in direct written business decreased by 9.5 per cent. in the financial year 2014 to EUR 937.1 million. The gross loss ratio for direct written business amounts to 64.6 per cent. (financial year 2013: 75.3 per cent.). Gross claims expenses in reinsurance business assumed also fell sharply, from EUR 149.9 million in financial year 2013 to EUR 101.5 million in the financial year 2014.

After deductions for reinsurance, net claims expenses totalled EUR 922.0 million overall in the financial year 2014, which was virtually level with the prior-year figure of EUR 923.5 million. The loss ratio net of reinsurance amounts to 66.8 per cent. in the financial year 2014, down from 70.7 per cent. in the financial year 2013. In the financial year 2014, the loss reserve ratio net of reinsurance was 136.8 per cent. (financial year 2013: 142.6 per cent.). The ratio of gross underwriting reserves to gross premiums written amounts to 186.6 per cent. (financial year 2013: 197.9 per cent.).

Gross underwriting expenses increased by EUR 20.6 million to EUR 471.0 million in the financial year 2014. Total underwriting expenses included EUR 219.6 million (financial year 2013: EUR 203.5 million) in acquisition costs and EUR 251.4 million (financial year 2013: EUR 246.9 million) for management of insurance policies. Acquisition expenses, in particular, rose in line with increased production. The gross cost ratio - defined here as the ratio of underwriting expenses to premiums written - in the financial year 2014 stands at 29.1 per cent. (financial year 2013: 29.5 per cent.).

In the financial year 2014, underwriting expenses net of reinsurance totalled EUR 415.0 million (financial year 2013: EUR 396.3 million). Owing to the increased volume of the Issuer's insurance portfolio, reinsurance commissions in the financial year 2014 were also moderately higher than in the financial year 2013, up by EUR 1.9 million at EUR 56.0 million. In line with expectations, the cost ratio net of reinsurance in the financial year 2014 thus rose by 0.4 per cent. to 29.8 per cent.

### ***The Issuer's Business Segments***

*Accident.* Gross premiums written in accident insurance were moderately higher in the financial year 2014 at EUR 134.4 million (financial year 2013: EUR 133.3 million).

In the financial year 2014, gross premium income from accident insurance with premium return totalled EUR 4.2 million (financial year 2013: EUR 4.8 million). This form of accident insurance is a combination of insurance coverage and capital formation similar to endowment insurance. At the end of the financial year 2014, aggregate policy reserves for the savings component of policyholders' premiums totalled EUR 52.2 million (financial year 2013: EUR 54.5 million). Premium refund expenses in the financial year 2014 amounted to EUR 0.1 million (financial year 2013: EUR 0.3 million).

Gross claims expenses fell by EUR 11.1 million in the financial year 2014 to EUR 72.6 million, making for a gross loss ratio of 54.0 per cent. after 62.7 per cent. in the financial year 2013. In line with the development of premium income, gross underwriting expenses increased in the financial year 2014 to EUR 45.6 million (financial year 2013: EUR 44.1 million).

The Issuer allocated a sum of EUR 3.2 million to equalization reserves in the financial year 2014 after a withdrawal of EUR 0.8 million in the financial year 2013. After adjustment of equalization reserves, the underwriting result net of reinsurance in the financial year 2014 was a profit of EUR 17.7 million (financial year 2013: EUR 11.2 million).

*Liability.* As in the financial year 2013, premium revenues from general liability business increased in the financial year 2014. Premium income grew by 1.6 per cent. to EUR 328.3 million.

At the same time, gross claims expenses in the financial year 2014 remained virtually unchanged at EUR 190.6 million (financial year 2013: EUR 191.0 million). As a consequence, the gross loss ratio improved from 59.3 per cent. in the financial year 2013 to 58.2 per cent. in the financial year 2014. Gross underwriting expenses increased by 1.5 per cent. in the financial year 2014 to EUR 110.4 million as a result of the increased volume of business. After reinsurance and particularly after adjustment of equalization

reserves, this line of insurance generated a profit of EUR 19.2 million in the financial year 2014 (financial year 2013: EUR 13.5 million).

*Motor liability.* In the financial year 2014, in motor insurance, the number of policies in force increased by 30,384 and gross premiums written increased by EUR 18.3 million to EUR 197.5 million.

With the number of new claims increasing by 10.7 per cent. to 47,037, gross claims expenses increased by 25.5 per cent. to EUR 133.8 million. As a result, the loss ratio improved to 67.8 per cent. from 60.5 per cent. in 2013. Gross underwriting expenses totalled EUR 34.2 million in the financial year 2014 (financial year 2013: EUR 31.7 million).

After reinsurance and transfers of EUR 9.9 million (financial year 2013: EUR 1.0 million) to equalization reserves, the underwriting result in the financial year 2014 was EUR 16.4 million (2013: EUR 29.3 million).

*Other motor:* This segment includes performance in the other lines of motor insurance - which include collision & comprehensive and partial own damage insurance - and is essentially dependent upon the same factors that shape motor liability business.

In the financial year 2014, the other lines of motor insurance also saw an increase in both the number of policies in force and the volume of gross premiums written. The former rose by 24,627 policies, the latter by 10.2 per cent. to EUR 125.6 million. Collision & comprehensive policies in the financial year 2014 accounted for EUR 107.9 million of this figure (financial year 2013: EUR 97.2 million); partial own damage premiums written totalled EUR 17.6 million (financial year 2013: EUR 16.7 million).

Owing to the relatively low impact of accumulation loss events, a downturn of 5.2 per cent. was noted in the number of new claims in the financial year 2014. As a result, gross claims expenses under other motor insurance policies decreased by EUR 10.4 million to EUR 99.7 million in financial year 2014. The gross loss ratio amounts to 79.6 per cent. after 96.6 per cent. in the financial year 2014. Gross underwriting expenses also rose, to EUR 22.4 million in the financial year 2014 (financial year 2013: EUR 20.5 million), in line with the growth in premium income.

In the financial year 2014, a sum of EUR 4.3 million was transferred to equalization reserves (financial year 2013: EUR -0.7 million). Net of reinsurance, the underwriting account for other motor insurance in the financial year 2014 showed a significantly lower loss than in the financial year 2013 ( EUR -13.6 million), at EUR -1.9 million.

*Fire.* In the financial year 2014, gross premiums written in fire insurance increased by 8.3 per cent. to EUR 76.0 million. This development was essentially shaped by industrial fire business, where premium income totalled EUR 50.2 million (financial year 2013: EUR 45.4 million).

In other lines of fire insurance, which include contents and fire insurance for larger commercial buildings as well as agricultural fire insurance, written premiums totalled EUR 25.8 million in the financial year 2014, which was EUR 1.0 million more than in financial year 2013.

Fire insurance was only moderately affected by major losses in the financial year 2014, with the result that, compared to the financial year 2013, gross claims expenses decreased by EUR 31.4 million to EUR 44.4 million. As a result, the gross loss ratio in the financial year 2014 improved to 58.6 per cent. (financial year 2013: 108.6 per cent.). Gross underwriting expenses for fire insurance totalled EUR 23.2 million (financial year 2013: EUR 23.1 million).

After deduction of reinsurers' shares and an allocation to equalization reserves, fire business produced an underwriting loss of EUR -9.7 million in financial year 2014 (financial year 2013: EUR -12.8 million).

*Comprehensive householders.* Gross premiums written in comprehensive householders insurance remained virtually unchanged in the financial year 2014, at EUR 80.9 million against EUR 80.7 million in the financial year 2013.

In the financial year 2014, gross claims expenses totalled EUR 40.2 million (financial year 2013: EUR 38.6 million). The gross loss ratio slightly increased to 49.8 per cent. (financial year 2013: 47.9 per cent.). Underwriting expenses totalled EUR 27.2 million in the financial year 2014, which was EUR 3.2 million more than in the financial year 2013.

Net of reinsurance, the underwriting result of comprehensive householders insurance business in the financial year 2014 resulted in a profit of EUR 11.7 million (financial year 2013: EUR 20.8 million).

*Comprehensive homeowners.* The gross premiums written in comprehensive homeowners insurance in the financial year 2014 showed a year-on-year increase, rising by 9.3 per cent. to EUR 139.2 million.

Comprehensive homeowners insurance was the line particularly affected by natural incidents in the financial year 2013. Due to the large number of losses incurred but reported only after the financial year 2014 reporting date, the impact continued to be felt in the financial year 2014. The number of reported claims rose by a further 13,911 to 72,862 in the financial year 2014. Because the Issuer was not severely affected by any other accumulation loss apart from the Pentecost weekend storm "Ela", gross claims expenses in the financial year 2014 decreased overall by EUR 20.4 million to EUR 110.1 million. This produced a gross loss ratio of 80.4 per cent. (2013: 104.2 per cent.) for the financial year 2014. Gross underwriting expenses in the financial year 2014 increased by EUR 4.8 million to EUR 43.2 million.

After allowance for reinsurance and an allocation to equalization reserves, the underwriting result net of reinsurance in comprehensive homeowners insurance was a loss of EUR -26.7 million in the financial year 2014 (financial year 2013: EUR -24.2 million).

*Other property.* Other property insurance includes a large group of diverse lines of insurance. Lines that are significant in terms of premium include business interruption, burglary, water damage, glass, storm and extended coverage as well as engineering insurance.

Classification changes have been performed in the financial year 2014. Business interruption insurance was classed as other property insurance instead of other insurance and other property damage insurance was classed as other insurance rather than other property insurance. For reasons of comparability, the financial year 2013 figures were adjusted accordingly. As a result in the financial year 2014, premium income of EUR 34.0 million (financial year 2013: EUR 30.2 million) was recognized under other property insurance instead of under other insurance.

Premium income from other property insurance in the financial year 2014 improved by 4.9 per cent. to EUR 225.0 million. In the financial year 2013, this group of insurance lines - especially the storm and extended coverage lines - was affected by diverse natural events. Gross claims expenses in the financial year 2014 fell by EUR 37.2 million to EUR 139.1 million. Gross underwriting expenses in the financial year 2014 totalled EUR 71.4 million (financial year 2013: EUR 73.6 million).

After deduction of reinsurers' shares and transfers to equalization reserves, the underwriting account for the lines of insurance in this group showed a break-even result in the financial year 2014 after a loss of EUR -13.6 million in 2013.

*Marine and aviation.* In the financial year 2014, premium income from marine and aviation insurance increased by 8.9 per cent. to EUR 46.6 million. Revenues and earnings in this business segment are essentially defined by marine insurance business.

The number of claims reported during the financial year 2014 rose by 647 to 5,069, the average reported damage sums however declined compared with the financial year 2013. As a result, gross claims expenses in

the financial year 2014 were recessive at EUR 35.7 million (financial year 2013: EUR 38.3 million) and the gross loss ratio improved from 89.3 per cent. to 77.0 per cent. In line with the increase in premium income, gross underwriting expenses rose by EUR 1.9 million to EUR 13.9 million in the financial year 2014.

Net of reinsurance, the underwriting account for the two lines showed an underwriting loss of EUR -2.5 million in the financial year 2014 (financial year 2013: EUR -2.3 million).

*Other insurance.* Other insurance includes credit and surety insurance, motorist assistance insurance products and other lines and types of insurance.

Classification changes were made in the financial year 2014. Business interruption insurance was classed as other property insurance instead of other insurance and other property damage insurance was classed as other insurance rather than other property insurance. For reasons of comparability, the financial year 2013 figures were adjusted accordingly. As a result, premium income of EUR 34.0 million in the financial year 2014 (financial year 2013: EUR 30.2 million) was recognized under other property insurance instead of under other insurance.

The total volume of gross premiums written in this group of insurance lines increased in the financial year 2014 by 3.2 per cent. to EUR 100.2 million. The upturn resulted essentially from all risks business.

As in the other lines of insurance, the impact of accumulation events in the financial year 2014 was significantly lower than in the financial year 2013. Consequently, gross claims expenses across the entire group of lines and coverages fell in the financial year 2014 by EUR 12.4 million to EUR 71.0 million. Underwriting expenses mirrored premium income, increasing by 3.1 per cent. to EUR 32.8 million in the financial year 2014. These developments led to an underwriting loss in the financial year 2014 of EUR -5.5 million (financial year 2013: EUR -9.0 million) net of reinsurance.

#### ***Foreign business***

In the financial year 2014, the foreign business gross direct premiums totalled EUR 16.3 million (financial year 2013: EUR 15.0 million), EUR 15.9 million (financial year 2013: EUR 14.5 million) of it generated by the branch operation in France. The branch operation in Spain was closed in 2014 for economic reasons.

#### ***Reinsurance business***

Premium income improved by EUR 18.8 million to EUR 163.5 million in the financial year 2014. This upturn was essentially due to active reinsurance business with CG Car-Garantie Versicherungs-AG.

Claims expenses also decreased sharply in reinsurance business assumed during the financial year 2014. After an allocation to equalization reserves, the underwriting account net of reinsurance showed a loss of EUR -11.2 million in the financial year 2014 (financial year 2013: EUR -13.9 million).

The bulk of the assumed reinsurance business is ceded by insurers of the Parent Group or by companies the Issuer has closely cooperated with for many years.

#### **Employees**

In the financial year 2014, the Issuer had an average of 1,989 employees. Of these, 1,398 were employed in the home offices and 457 in the field. In addition, the Issuer had an average of 134 trainees during the financial year 2014.

#### **Risk Management**

Risk management at the Issuer is integrated in the risk management system of the Parent Group. Its functionality and efficacy is the responsibility of the entire management. The tasks of risk identification, analysis, management and monitoring are for the most part performed close to risks in the operative units. Care is taken to ensure that conflicts of interest in the performance of these tasks are avoided. Outsourced

functions are predominantly fulfilled by the Parent Group, as part of a group-wide risk management system. Responsibility for independent risk controlling is assumed by the central risk controlling unit at Gothaer Finanzholding AG, which is supported in its work by the actuarial department of the Issuer and the Middle/Back Office of Gothaer Asset Management AG. The Issuer and Gothaer Asset Management AG are also represented in the risk committee established at the level of the Parent Group. Its responsibilities include monitoring risks from the Parent Group's perspective by means of an indicator-based early warning system as well as further developing uniform cross-group risk assessment and management methods and processes. Risk management principles, methods, processes and responsibilities are documented in a risk manual and an intranet risk management application.

Attention in the risk management process is focused on investment risks, underwriting risks, loss of receivables risks in insurance operations, strategic and operational risks as well as reputation and concentration risks.

The risk management process implemented includes an annual systematic inventory of risks with half-yearly measures controlling, a qualitative and quantitative risk assessment, various risk management measures and risk monitoring by the operative units and risk controlling. The risk management system also includes an internal monitoring system. Its purpose is to prevent or reveal damage to assets and to ensure proper, reliable business activity and financial reporting. The internal monitoring system comprises both organizational security measures such as access authorizations, use of the four-eyes principle or proxy arrangements, for example, and process-integrated and cross-company controls. A central compliance function has been created. Regular risk reporting and ad hoc reports on specific developments make for a transparent risk situation and provide pointers for targeted risk management.

The efficacy of the risk management system, the checks and balances and the management and monitoring processes is regularly assessed by the group internal auditing unit; a review of the risk early-warning system is also part of the audit of the annual financial statements performed by our auditors.

The Parent Group continued to monitor the development of the new Solvency II supervisory regime during 2014. The Pillar 1-3 requirements are being analysed as part of a group-wide project. A special focus is on the thematic areas introduced ahead of time to ensure timely implementation. BaFin requirements for the preparatory phase were implemented on time. Implementation status reports are prepared on a regular basis

### **Regulatory capital**

In the financial year 2014, the Issuer had own funds of EUR 342.3 million (financial year 2013: 335.4 million) that were eligible as regulatory capital according to current regulatory requirements. In the financial year 2014, the eligible funds exceeded the amount needed to meet regulatory requirements by EUR 103.4 million (financial year 2013: by EUR 111.5 million). The solvency ratio of the Issuer in the financial year 2014 was 143.3 per cent. (financial year 2013: 149.8 per cent.).

According to the assessment of the Issuer's management, the Issuer expects to be well prepared for the new supervisory system and well capitalized under Solvency II.

The Issuer is taken into account in the adjusted solvency of the Parent Group headed by Gothaer Versicherungsbank VVaG. The Issuer is not required to carry out an adjusted group solvency calculation.

As the parent company of the Parent Group, Gothaer Versicherungsbank VVaG is required to demonstrate to the German Federal Financial Supervisory Authority ("**BaFin**") that its adjusted solvency is sufficient to meet the needs of the insurance activities of the Parent Group. Adjusted solvency is calculated by comparing the own funds derived from the equity shown in the consolidated financial statements of the Parent Group (actual solvency) to the need for capital resulting from the volume of business (plan solvency).

At EUR 2.04 billion in the financial year 2014 (financial year 2013: EUR 1.77 billion), the own funds of the Parent Group exceed the required solvency margin of EUR 1.04 billion for the financial year 2014 (for the financial year 2013: EUR 1.01 billion). This made for a significantly higher solvency ratio in the financial year 2014 of 196.0 per cent. (financial year 2013: 175.5 per cent.).

As well as addressing the present requirements of the supervisory authority, the Parent Group is closely studying the future solvency requirements that will need to be met for compliance with Solvency II. Solvency is calculated and analysed on the basis of risk models in the course of risk management and any capital measures that may become necessary are promptly performed. Investment decisions are executed in preparation for the new solvency requirements, taking into account the resulting changes in capital requirements.

The calculation in the context of preparation for Solvency II shows that the required solvency margin is covered by the own funds of the Parent Group without the use of transitional measures. The transitional measures represent an additional support that will enable a smooth transition between the two regulatory regimes.

### Investments

The book value of the Issuer's investment portfolio increased in the financial year 2014 by around EUR 122.2 million to EUR 3,077.0 million (financial year 2013: EUR 2,954.8 million). Owing to the movement of interest rates in particular, net valuation reserves rose very steeply to EUR 345.2 million (2013: EUR 198.7 million), thus making for a substantive improvement in reserves.

As of the end of the financial year 2014, the composition of the investment portfolio of the Issuer on the basis of market values was as follows:

Percentage based on market values	Financial year	
	2014	2013
Interest-instruments	49.5%	42.1%
Credit-instruments	24.4%	28.4%
Cash / Cash-equivalent	1.5%	3.9%
Real Estate	6.6%	6.7%
Shares	2.1%	2.3%
Alternative investments	2.5%	2.6%
Strategic participations	7.3%	8.1%
Financial participations / Private equity	6.1%	5.9%

One focus of investment activity in 2014 was the optimization of risk in the investment portfolio. Thus there were only minimal changes in asset allocation. Firstly, investments exposed to credit risk (e.g. ECM, CDOs, subordinated bank bonds) were actively reduced. Secondly, the emphasis was on raising current income by investing in interest-bearing instruments with longer maturities or in assets in the new renewable energy class. Partly in the light of Solvency II and the current financial market situation, new investment in venture capital assets (shares, participations) or real estate continued to be limited, whereas debt and hybrid capital investments increased in those areas. Because of the indirect real estate strategy pursued, investment in property (real estate asset class) is not reported under the balance sheet item Land and land rights. Other



investment activity continued to focus on strengthening the current average return on investment of the portfolio.

The moderately positive extraordinary result in the financial year 2014 of EUR 8.5 million (financial year 2013: EUR -7.0 million) was shaped equally by gains and appreciation in various asset classes. Over the financial year 2014, investments generated income of EUR 124.1 million (financial year 2013: EUR 120.6 million). A significant contribution was made by dividends from special bond funds, which also included gains from realizations within the fund. The overall results obtained resulted in a net return of 4.1 per cent. in the financial year 2014 (financial year 2013: 4.1 per cent.).

**Rating**

The Issuer is currently rated "A-" by Standard & Poor's Credit Market Services Europe Ltd. and "A" by Fitch Deutschland GmbH.

## Selected Financial Information

The following information below should be read in conjunction with the Issuer's financial statements and the other financial information which is included in this Prospectus.

### Balance Sheet

Assets	€ thousand	
	As at 30 December	
	2014	2013
<b>A. Intangible assets</b>		
I. Acquired concessions, industrial property rights, similar rights and assets as well as licences for such rights and assets	29,762	34,001
II. Payments in advance	10,191	9,428
	<b>39,953</b>	<b>43,428</b>
<b>B. Investments</b>		
I. Investments in affiliated companies and associates		
1. Shares in affiliated companies	265,798	231,772
2. Loans to affiliated companies	237,900	228,700
3. Investments in associated companies	128,885	153,298
4. Loans to associated companies	18,082	30,019
	<b>650,665</b>	<b>643,789</b>
II. Other investments		
1. Shares, investment in unit trust and funds, and other non-fixed-interest securities	1,295,622	1,298,543
2. Bearer bonds and other fixed-interest securities	565,955	409,227
3. Mortgages, liens on real property and annuities	2,366	2,802
4. Other loans		
(a) Registered bonds	162,889	157,846
(b) Promissory notes and loans	315,046	341,220
(c) Loans and advance payments on insurance policies	79	99
(d) Other miscellaneous loans	1,949	2,431
	479,962	501,597
5. Bank deposits	48,500	74,550
6. Miscellaneous investments	2	2
	<b>2,392,407</b>	<b>2,286,722</b>
III. Deposits made in connection with reinsurance business assumed of which from affiliated companies: € 33,018 thousand (2013: € 23,225 thousand)	33,948	24,298

Assets	€ thousand	
	As at 30 December	
	2014	2013
	<b>3,077,019</b>	<b>2,954,809</b>
<b>C. Accounts receivable</b>		
I. Accounts receivable in connection with direct insurance business from:		
1. Policyholders	34,710	34,956
2. Insurance agents	50,730	54,758
	<b>85,440</b>	<b>89,713</b>
II. Accounts receivable in connection with reinsurance business of which from affiliated companies: € 3,567 thousand (2013: € 3,251 thousand) of which from associated companies: € 259 thousand (2013: € 0 thousand)	77,873	89,663
III. Other accounts receivable	74,607	62,599
	<b>237,919</b>	<b>241,975</b>
of which from affiliated companies: € 13,651 thousand (2013: € 6,138 thousand) of which from associated companies: € 1,969 thousand (2013: € 4,106 thousand)		
<b>D. Other assets</b>		
I. Tangible assets and inventories	2,392	2,507
II. Current credit balances with banks, checks and cash on hand	19,656	21,458
III. Miscellaneous assets	678	641
	<b>22,726</b>	<b>24,607</b>
<b>E. Prepaid expenses</b>		
I. Prepaid interest and rent	27,751	26,061
II. Other prepaid expenses	11,011	8,270
	<b>38,762</b>	<b>34,332</b>
<b>F. Excess of plan assets over pension liability</b>	4,268	3,201
<b>Total assets</b>	<b>3,420,647</b>	<b>3,302,352</b>

Shareholders' equity and liabilities	€ thousand	
	2014	2013
<b>A. Shareholders' equity</b>		
I. Called-in capital		
Subscribed capital	153,388	153,388
II. Outstanding contributions not called in	10,226	10,226
	<b>143,162</b>	<b>143,162</b>
III. Capital reserve	182,435	182,435
IV. Revenue reserve		
Statutory reserve	5	5
	<b>325,602</b>	<b>325,602</b>
<b>B. Subordinate liabilities</b>	250,000	250,000
<b>C. Underwriting reserves</b>		
I. Unearned premiums		
1. Gross amount	239,909	226,700
2. less:		
amounts ceded	18,796	17,497
	<b>221,113</b>	<b>209,203</b>
II. Aggregate policy reserve		
1. Gross amount	52,232	54,462
2. less:		
amounts ceded	0	0
	<b>52,232</b>	<b>54,462</b>
III. Reserve for outstanding claims		
1. Gross amount	2,353,242	2,398,717
2. less:		
amounts ceded	465,320	537,680
	<b>1,887,922</b>	<b>1,861,037</b>
IV. Reserve for performance-related and non-performance-related premium refunds		
1. Gross amount	5,799	6,373
2. less:		
amounts ceded	101	135
	<b>5,698</b>	<b>6,238</b>
V. Equalization reserves and similar reserves	362,312	327,522
VI. Other underwriting reserves		
1. Gross amount	4,510	7,672
2. less:		
amounts ceded	-7,667	-11,292
	<b>12,177</b>	<b>18,964</b>
	<b>2,541,454</b>	<b>2,477,426</b>

Shareholders' equity and liabilities	€ thousand	
	2014	2013
<b>D. Other accruals</b>		
I. Accruals for pensions and similar obligations	406	370
II. Accruals for taxes	10,981	9,887
III. Miscellaneous accruals	27,036	29,298
	<b>38,424</b>	<b>39,556</b>
<b>E. Deposits held in connection with reinsurance business ceded</b>	32,659	37,575
<b>F. Other liabilities</b>		
I. Accounts payable in connection with direct insurance business to		
1. Policyholders	76,375	66,046
2. Insurance agents	8,073	12,740
	<b>84,448</b>	<b>78,787</b>
II. Accounts payable in connection with reinsurance business of which to affiliated companies: € 2,062 thousand (2013: € 2,544 thousand)	23,652	16,445
III. Miscellaneous liabilities of which: € 17,581 thousand (2013.: € 16,958 thousand) for social security: € 0 thousand (2013: € 0 thousand) toward affiliated companies: € 94,675 thousand (2013: € 45,719 thousand) toward associated companies: € 87 thousand (2013: € 1,329 thousand)	124,409 232,508	76,962 172,193
<b>Total shareholders' equity and liabilities</b>	<b>3,420,647</b>	<b>3,302,352</b>

### *Income Statement*

	€ thousand	
	for the financial year ended 31 December	
	2014	2013
<b>I. Underwriting account</b>		
<b>1. Earned premiums net of reinsurance</b>		
a) Gross premiums written	1,617,272	1,526,900
b) Reinsurance premiums ceded	225,769	215,824
	<b>1,391,503</b>	<b>1,311,076</b>
c) Change in gross unearned premiums	- 13,208	- 6,420
d) Change in gross unearned premiums ceded	- 1,299	- 800
	<b>- 11,910</b>	<b>- 5,620</b>
	<b>1,379,594</b>	<b>1,305,457</b>

	<b>€ thousand</b>	
	<b>for the financial year ended 31 December</b>	
	<b>2014</b>	<b>2013</b>
<b>2. Technical interest net of reinsurance</b>	3,091	3,118
<b>3. Other underwriting income net of reinsurance</b>	2,108	2,250
<b>4. Claims expenses net of reinsurance</b>		
a) Claims paid		
aa) Gross amount	1,091,192	1,033,599
bb) Amount ceded	189,653	188,834
	<b>901,539</b>	<b>844,765</b>
b) Change in reserve for outstanding claims		
aa) Gross amount	- 56,620	152,183
bb) Amount ceded	- 73,127	73,400
	<b>20,507</b>	<b>78,783</b>
	<b>922,045</b>	<b>923,548</b>
<b>5. Change in other net underwriting reserves</b>		
a) Net aggregate policy reserve	2,230	2,803
b) Other net underwriting reserves	6,787	- 9,490
	<b>9,017</b>	<b>- 6,687</b>
<b>6. Expenses for performance-related and non-performance-related premium refunds net of reinsurance</b>	3,175	2,071
<b>7. Underwriting expenses net of reinsurance</b>		
a) Gross underwriting expenses	471,009	450,397
b) less:		
commissions and profit sharing received on reinsurance business ceded	55,981	54,060
	<b>415,027</b>	<b>396,337</b>
<b>8. Other underwriting expenses net of reinsurance</b>	11,275	10,404
<b>9. Subtotal</b>	42,287	- 28,221
<b>10. Change in equalization reserves and similar reserves</b>	- 34,790	13,613
<b>11. Underwriting result net of reinsurance</b>	7,497	- 14,608
<b>II. Non-underwriting account</b>		
<b>1. Investment income</b>		

	<b>€ thousand</b>	
	<b>for the financial year ended 31 December</b>	
	<b>2014</b>	<b>2013</b>
a) Income from investments of which from affiliated companies €9,022 thousand (2013: €14,986 thousand)	21,646	27,410
b) Income from other investments of which from affiliated companies €13,355 thousand (2013: €11,834 thousand)	117,036	105,290
c) Income from write-ups	12,890	2,917
d) Proceeds from the disposal of investments	10,356	10,806
	<b>161,928</b>	<b>146,423</b>
<b>2. Investment expenses</b>		
a) Cost of portfolio management interest expense and other expenses in connection with investments	15,293	5,095
b) Amortization of investments	6,818	16,431
c) Losses from the disposal of investments	7,938	4,317
d) Expenses from loss transfers	7,800	0
	<b>37,850</b>	<b>25,843</b>
	<b>124,079</b>	<b>120,580</b>
<b>3. Technical interest</b>	- 3,299	- 3,274
	<b>120,780</b>	<b>117,306</b>
<b>4. Other income</b>	69,070	65,583
<b>5. Other expenses</b>	110,518	115,039
	- 41,448	- 49,456
<b>6. Income before taxes</b>	86,829	53,242
<b>7. Taxes on income and tax charged by the controlling company</b>	- 2,101	2,166
	26,100	15,000
	<b>23,999</b>	<b>17,166</b>
<b>8. Other taxes</b>	152	336
	24,151	17,502
<b>9. Profit transferred on the basis of a profit-transfer or pooling agreement</b>	62,678	35,740
<b>10. Net income for the year</b>	<b>0</b>	<b>0</b>

## **Recent Developments since 31 December 2014**

In late 2014 and early 2015, the Issuer concluded sale and lease-back transactions with regard to certain real-estate assets for own use.

Other than described above, the Issuer was not subject to any subsequent events that significantly impacted the Issuer's financial results since 31 December 2014.

## **Significant Changes**

There have been no significant changes with regard to the financial position or the trading position of the Issuer since 31 December 2014.

## **Trend Information**

There has been no material adverse change in the prospects of the Issuer since 31 December 2014.

## **Legal Proceedings**

### ***Damage Claims***

With regard to pending legal proceedings in which damage claims are raised against the Issuer, the Issuer has set up reserves in an adequate amount. Furthermore, the claims are risks covered by the Issuer's reinsurance policies. Therefore, such legal proceedings are not expected to have a material affect on the ability of the Issuer to perform its obligation under the Notes.

### ***Other legal proceedings***

At the date of this prospectus, the Issuer is involved in two legal proceedings against a German company which, in the past, provided collection services to the Issuer. In 2010, when the other party failed to pay amounts due under the service contracts, the Issuer terminated the relevant contracts and initiated legal proceedings against the company and its personal liable managing director. Since then, insolvency proceedings were opened in respect of the company and in respect of the personal assets of its managing director (*Privatinsolvenz*). For the period of the insolvency proceedings the lawsuits initiated by the Issuer have been suspended.

In a separate lawsuit, the insolvency administrator of the company in question demands the repayment of EUR 3.6 million which were paid by the company to the Issuer prior to the opening of the insolvency proceedings (*Insolvenzanfechtung*).

In total, the sum in dispute in the above mentioned legal proceedings amounts to EUR 6.6 million. The Issuer has written off in full the claims against the insolvent company of initially EUR 3.0 million. Due to the early stages of the proceedings and limited available information no financial provisions have been established for the claim made by the insolvency administrator. The remaining risk under the legal proceedings described above therefore amounts to EUR 3.6 million.

## **Major Shareholders**

The Issuer is a fully owned subsidiary of Gothaer Finanzholding AG, having its registered seat in Köln, Germany.

## **Subsidiaries**

The following table shows the subsidiaries of the Issuer as of 31 December 2014.

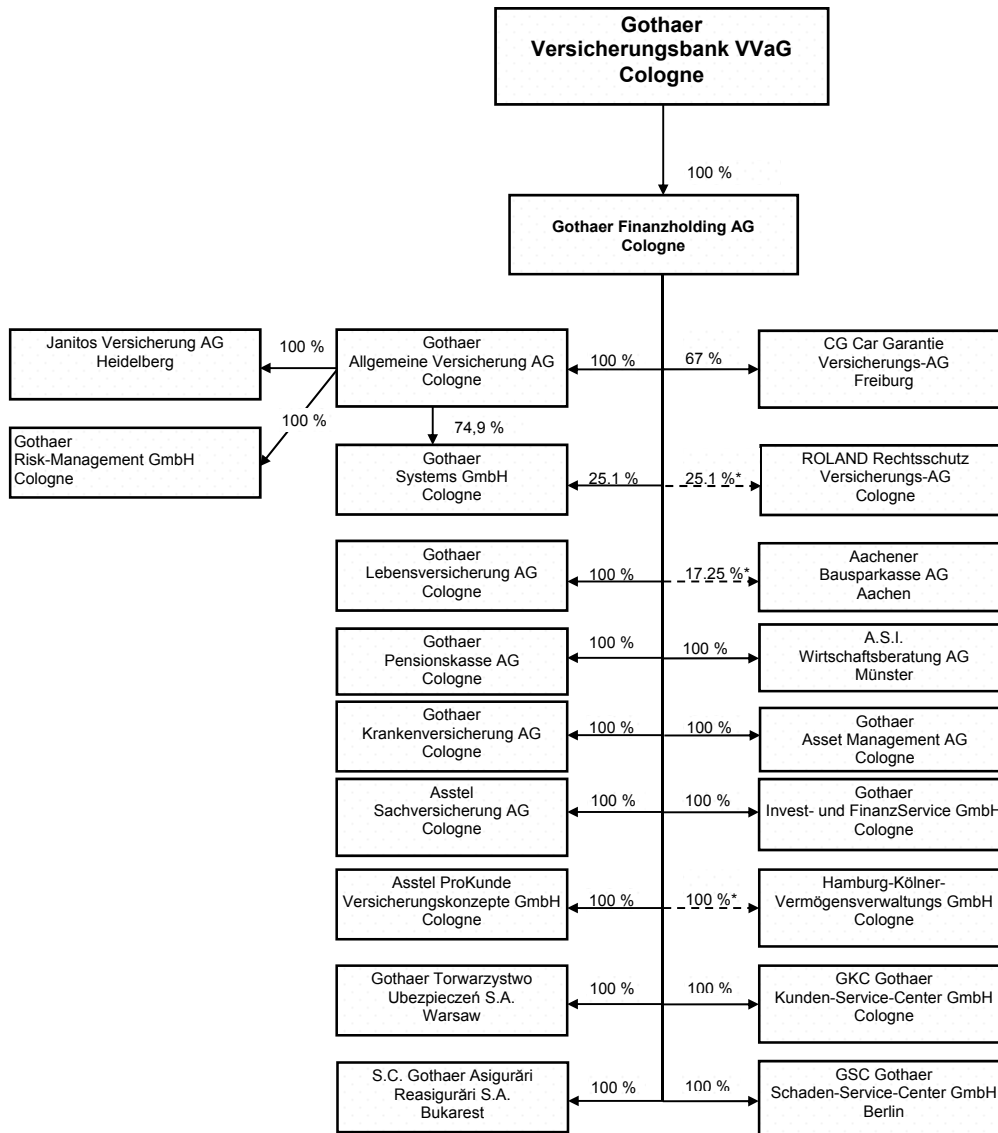
In accordance with Section 285 paragraph 11 German Commercial Code (*Handelsgesetzbuch*) the following table omits certain subsidiaries which are of inferior importance to the Issuer's assets, financial position or results of operations.



<b>Name</b>	<b>Registered office</b>	<b>Interest (in %)</b>	<b>Shareholder's equity (in EUR thousand)</b>
Aquila Capital Wasserkraft Invest GmbH	Hamburg, Germany	25.83	10,649
Aquila Capital Wasserkraft Invest II GmbH	Hamburg, Germany	25.83	8,207
Aquila GAM Funds S.A	Senningerberg, Luxembourg	26.09	30,006
City Asia Feeder GmbH & Co. KG	Frankfurt, Germany	20.00	8,997
Classen Finanz GmbH & Co. KG	Kaisersesch, Germany	35.71	1
GG-GRUNDFONDS Immobilienmanagement GmbH	Colone, Germany	100.0	n/a
GG-Grundfonds Vermittlungs GmbH	Colone, Germany	100.00	-15,728
Gothaer Erste Kapitalbeteiligungsgesellschaft mbH	Colone, Germany	20.35	23,718
Gothaer Risk Management GmbH	Colone, Germany	100.00	981
Gothaer Sechste Kapitalbeteiligungsgesellschaft mbH	Pullach i. Isartal, Germany	66.67	76,852
Gothaer Systems GmbH	Colone, Germany	74.90	2,686
Gother Vertriebs-Service GmbH	Colone, Germany	100.00	4,196
Gothaer Zweite Beteiligungsgesellschaft Niederlande mbH	Colone, Germany	28.60	20
Gotham City Residential Partners I GmbH & Co. KG	Frankfurt, Germany	49.99	18,594
Hydro GAM Invest I Sàrl	Luxembourg, Luxembourg	25.83	3,035
Janitos Versicherung AG	Heidelberg, Germany	100.00	16,244
KILOS Beteiligungs GmbH & Co. Vermietungs- KG	Pöcking, Germany	93.06	23,162
Munich Carlyle Productions GmbH & Co. KG	Grünwald, Germany	96.93	-63,942
NYLCAP 2010 Co-Investment L.P	New York, United Staates	40.00	38,610
NYLCap Mezzanine Partners III 2012 Co- Invest L.P	Wilmington, Delaware, United Staates	40.00	18,579
PE Feeder GmbH	Colone, Germany	100.00	40
PE Holding USD GmbH	Colone, Germany	40.00	108,559
RE Brockton Capital Fund II Feeder GmbH & Co. KG	Colone, Germany	24.94	34,111
Zippel Netmarket GmbH	Elsdorf-Heppendorf, Germany	25.86	-8,057

## Organisational Structure

The following chart sets forth the organisational structure of the Parent Group, including the Issuer and the Parent Group's material subsidiaries:



\* Total group share of 100 %.

For the purpose of clarity some group companies are not or not completely indicated.

## Corporate Bodies of the Issuer

### *Management Board (Vorstand)*

Name	Function	Outside Activity/Other Mandates
Thomas Leicht	Chairman	<p><b>Management board positions held:</b></p> <p>Gothaer Versicherungsbank VVaG Gothaer Finanzholding AG</p> <p><b>Supervisory board positions held:</b></p> <p>Janitos Versicherung AG, Vice Chairman Gothaer Vertriebs-Service AG, Chairman Asstel Sachversicherung AG</p> <p><b>Membership in similar control bodies in Germany and abroad:</b></p> <p>Gothaer Towarzystwo Ubezpieczeń S.A., Chairman S.C. Gothaer Asigurări Reasigurări S.A., Chairman</p>
Dr. Mathias Bühring-Uhle		<p><b>Management board positions held:</b></p> <p>Gothaer Versicherungsbank VVaG Gothaer Finanzholding AG Gothaer Lebensversicherung AG Gothaer Krankenversicherung AG Asstel Sachversicherung AG</p> <p><b>Supervisory board positions held:</b></p> <p>Janitos Versicherung AG, Chairman A.S.I. Wirtschaftsberatung AG Gothaer Systems GmbH, Chairman CG Car-Garantie Versicherungs-AG, Chairman</p> <p><b>Membership in similar control bodies in Germany and abroad:</b></p> <p>None</p>
Dr. Karsten Eichmann	Director of Industrial Relations	<p><b>Management board positions held:</b></p> <p>Gothaer Versicherungsbank VVaG, Chairman Gothaer Finanzholding AG, Chairman Gothaer Lebensversicherung AG Gothaer Krankenversicherung AG</p> <p><b>Supervisory board positions held:</b></p> <p>Asstel Sachversicherung AG, Chairman Gothaer Pensionskasse AG, Chairman Gothaer Asset Management AG, Chairman ROLAND Rechtsschutz-Versicherungs-AG</p>

Name	Function	Outside Activity/Other Mandates
<b>Harald Ingo Epple</b>		<b>Membership in similar control bodies in Germany and abroad:</b>
		EurAPCo AG, Member of the board
		<b>Management board positions held:</b>
		Gothaer Versicherungsbank VVaG
		Gothaer Finanzholding AG
	Gothaer Lebensversicherung AG	
	Gothaer Krankenversicherung AG	
	Gothaer Asset Management AG, Chairman	
	<b>Supervisory board positions held:</b>	
	Gothaer Pensionskasse AG	
	<b>Membership in similar control bodies in Germany and abroad:</b>	
	None	
<b>Michael Kurtenbach</b>		<b>Management board positions held:</b>
		Gothaer Versicherungsbank VVaG
		Gothaer Finanzholding AG
		Gothaer Lebensversicherung AG, Chairman
		Gothaer Krankenversicherung AG, Chairman
		Gothaer Pensionskasse AG
		<b>Supervisory board positions held:</b>
		A.S.I. Wirtschaftsberatung AG, Vice Chairman
		Gothaer Vertriebs-Service AG, Vice Chairman
		<b>Membership in similar control bodies in Germany and abroad:</b>
	Pensionskasse der BERLIN-KÖLNISCHE	
	Versicherungen, Chairman	
	MEDICPROOF GmbH	
	Versorgungskasse Gothaer Versicherungsbank VVaG,	
	Chairman	
	ZESAR Zentrale Stelle zur Abrechnung von	
	Arzneimittelrabatten GmbH	
<b>Dr. Hartmut Nickel-Waninger</b>		<b>Management board positions held:</b>
		Gothaer Versicherungsbank VVaG
		Gothaer Finanzholding AG
		Gothaer Lebensversicherung AG
		Gothaer Krankenversicherung AG
		Gothaer Vertriebs-Service AG, Chairman

Name	Function	Outside Activity/Other Mandates
		<b>Supervisory board positions held:</b> Janitos Versicherung AG Asstel Sachversicherung AG, Vice Chairman  A.S.I. Wirtschaftsberatung AG, Chairman Gothaer Pensionskasse AG, Vice Chairman
		<b>Membership in similar control bodies in Germany and abroad:</b> None
<b>Oliver Schoeller</b>		<b>Management board positions held:</b> Gothaer Versicherungsbank VVaG Gothaer Finanzholding AG Gothaer Lebensversicherung AG Gothaer Krankenversicherung AG Asstel Sachversicherung AG  <b>Supervisory board positions held:</b> Gothaer Systems GmbH, Vice Chairman ROLAND Rechtsschutz-Versicherungs-AG, Chairman  <b>Membership in similar control bodies in Germany and abroad:</b> None

The members of the Management Board may be contacted at the business address of the Issuer.

***Supervisory Board (Aufsichtsrat)***

Name	Function	Outside Activity/Other Mandates
<b>Prof. Dr. Werner Görg</b>	Chairman	Lawyer
<b>Peter-Josef Schützeichel *)</b>	Vice Chairman	Employee Chairman of the Central Works Council of Gothaer Allgemeine Versicherung AG
<b>Dieter Bick</b>		Management Consultant
<b>Carl Graf von Hardenberg</b>		Chairman of the Supervisory Board of Hardenberg - Wilthen AG
<b>Dr. Judith Kerschbaumer *)</b>		Trade Union Secretary of ver.di, Lawyer
<b>Dr. Dirk Niedermeyer</b>		Director of Fürst zu Bentheimsche Domänenkammer
<b>Harald Ommer *)</b>		Head of the Staff Sales Center
<b>Gesine Rades</b>		Auditor/Tax Consultant
<b>Dr. Hans-Werner Rhein</b>		Lawyer
<b>Georg Rokitzki *)</b>		Employee

<b>Name</b>	<b>Function</b>	<b>Outside Activity/Other Mandates</b>
<b>Thorsten Schlack *)</b>		Employee, Chairman of the Central Works Council of Gothaer Krankenversicherung AG
<b>Edgar Schoenen *)</b>		Employee

\*) Elected employees.

The members of the Supervisory Board may be contacted at the business address of the Issuer.

#### ***Advisory Board***

<b>Name</b>	<b>Outside Position</b>
<b>Wilm-Hendric Cronenberg</b>	Managing Partner of Julius Cronenberg o.H.
<b>Werner Dacol</b>	Managing Director of the Aachener Siedlungs- und Wohnungsgesellschaft mbH
<b>Knut Kreuch</b>	Mayor of the City of Gotha
<b>Uwe von Padberg</b>	President of the Verband der Vereine Creditreform e.V., Creditreform Cologne v. Padberg KG
<b>Jürgen Scheel</b>	Former Chairman of the Management of Kieler Rückversicherungsverein a.G.
<b>Dr. h.c. Fritz Schramma</b>	Former Lord Mayor of the City of Cologne
<b>Prof. Dr. jur. Jürgen Vocke</b>	Judge (Retd.), Member of the Landtag of Bavaria, President of Landesjagdverband Bayern e.V.
<b>Dr. med. Benno Gelshorn</b>	General practitioner
<b>Christina Begale</b>	Holder of Begale Communications

The members of the Advisory Board may be contacted at the business address of the Issuer.

#### ***Conflicts of Interest***

There are no potential conflicts of interest between any duties to the Issuer of the members of the Management Board, of the Supervisory Board and of the Advisory Board and their private interests and or other duties.

#### **Material Contracts**

##### ***Profit Transfer Agreement between the Issuer and Gothaer Finanzholding AG***

On 6 August 2009, the Issuer entered into a profit transfer agreement with Gothaer Finanzholding AG, which was approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) on 10 September 2009. The agreement has a minimum term of 5 years and renews itself until terminated. Under the agreement all profits of the Issuer are transferred to Gothaer Finanzholding AG which in return is obligated to assume all losses sustained by the Issuer during the term of the agreement. The Issuer is entitled to establish financial reserves in a reasonable manner.

##### ***Control- and Profit Transfer Agreement between the Issuer and Janitos Versicherung AG***

On 28 November 2013, the Issuer entered into a control- and profit transfer agreement with its fully owned subsidiary Janitos Versicherung AG. Under the agreement all profits of Janitos Versicherung AG are transferred to the Issuer which in return is obligated to assume all losses sustained by Janitos Versicherung

AG during the term of the agreement. Under the agreement Janitos Versicherung AG subordinates its management to the Issuer.

#### ***General Agency Contract***

The general agency contract (*Generalagenturvertrag*) between Gothaer Versicherungsbank VVaG, the ultimate parent company of the Parent Group and the Issuer dated 17 October 2002 provides that Gothaer Versicherungsbank VVaG, as general agent (*Generalagent*) within the meaning of Sections 84 and 92 of the German Commercial Code (*Handelsgesetzbuch*), is responsible for commissioning insurance contracts. Gothaer Versicherungsbank VVaG, in turn, receives services for administrative activities with regard to the settlement of accounts as well as the payment of commissions and other fees to the brokers.

#### ***Master Contract to the Gothaer-Mitglieder-Schutzbrief***

In the master contract to the Gothaer-Mitglieder-Schutzbrief dated 10 November 2004, the Issuer and further companies of the Parent Group undertake to reimburse Gothaer Versicherungsbank VVaG for losses incurred under the Mitgliederschutzbrief issued by Gothaer Versicherungsbank VVaG.

#### ***Trademark Licence Agreement***

On 29 August 2013 the Issuer entered into a trademark licence agreement with no fixed maturity with Gothaer Versicherungsbank VVaG, the ultimate parent company of the Parent Group. Under the agreement the Issuer has the right to use the trademark "Gothaer" in exchange for a licensing fee.

#### ***Service Contracts***

The Issuer is party to a number of service contracts entered into with other members of the Parent Group. Certain management and administrative functions of the Issuer (such as controlling, central risk management or corporate security) have been assumed by other group companies and in return the Issuer is obligated to provide certain services (such as claim processing and insurance mathematics) for a number of entities within the Parent Group.

#### ***2006 Hybrid Bonds***

On 29 September 2006, the Issuer issued subordinated fixed to floating rate bonds due 2026 in an aggregate principal amount of EUR 250 million (the "**2006 Hybrid**"). The bonds were issued in denominations of EUR 50,000. The bonds can be called by the Issuer for the first time on 29 September 2016. The majority of the proceeds from the offering of the 2006 Hybrid were on lend via a subordinated loan to Gothaer Finanzholding AG for group financing purposes.

In September 2012, Gothaer Versicherungsbank VVaG, the ultimate parent of the Parent Group, invited the holders of the 2006 Hybrid to tender their bonds for cash. At the end of the offering period Gothaer Versicherungsbank VVaG purchased bonds in an aggregate principal amount of EUR 33.4 million.

## TAXATION

The following comments are of a general nature and included herein solely for information purposes. They are based on the relevant laws currently in force and as applied on the data of this Prospectus, which are subject to change, possibly with retroactive effect. These comments cannot replace legal or tax advice. No representation with respect to the consequences to any particular prospective holder of a Note is made hereby.

**Prospective holders of a Note should consult their own tax advisers as to the particular tax consequences to them of subscribing, purchasing, holding and disposing of the Notes, including the application and effect of any federal, state or local taxes in each country in which they are resident or citizens and in all relevant jurisdictions.**

### U.S. Foreign Account Tax Compliance Withholding

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL INCOME TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY PERSON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE PURCHASERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER

The United States enacted rules, commonly referred to as FATCA, that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of assets that can produce U.S. source interest and dividends made to persons that fail to meet certain certification or reporting requirements and certain other payments made by entities that are classified as financial institutions under FATCA. The United States has entered into IGAs regarding the implementation of FATCA with several other states, including Germany.

Pursuant to FATCA, non-U.S. financial institutions through which payments on financial instruments are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of (i) financial instruments issued or materially modified after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register and (ii) financial instruments which are treated as equity for U.S. federal tax purposes, whenever issued. Under the existing guidance, this withholding tax may be triggered if (i) an issuer or paying agent as applicable, is a foreign financial institution ("**FFI**") (as defined in FATCA) which is obliged to provide certain information on its account holders (making the FFI, as applicable, a "**Participating FFI**" or if based in Germany a "**Reporting Model 1 FFI**"), (ii) the FFI is required to withhold on "foreign passthru payments", and (iii)(a) an investor does not provide information sufficient for the relevant FFI to determine whether the investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such financial instruments is made is not a Participating FFI or a Reporting Model 1 FFI or otherwise exempt from FATCA withholding.

According to the IGAs with Germany Reporting Model 1 FFIs are required to report certain information on their U.S. account holders to the competent government of Germany in order (i) to obtain an exemption from FATCA withholding on payments it receives as Participating FFI and/or (ii) to comply with any applicable law. Certain details of the impact of each IGA on Reporting Model 1 FFIs and reporting and withholding responsibilities under FATCA are still unclear. It is not yet certain how the United States or Germany will



address withholding on "**foreign passthru payments**" (as described in FATCA) or if such withholding will be required at all.

Currently the Issuer qualifies as non-financial foreign entity and the Paying Agent as a Reporting Model 1 FFI under FATCA and thus payments made on or with respect to the Notes are not expected to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear or may change, and the status of the Issuer and the Paying Agent under FATCA may also change, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future.

FATCA may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide a financial institution with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

**FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS UNCERTAIN AT THIS TIME. EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.**

## **Federal Republic of Germany**

The following general description does not consider all aspects of income taxation in the Federal Republic of Germany ("**Germany**") that may be relevant to a Noteholder in the light of its particular circumstances and income tax situation. This general overview is based on German tax laws and regulations, all as currently in effect and all subject to change at any time, possibly with retroactive effect. Prospective Noteholders should consult their own tax advisers as to the particular tax consequences to them of subscribing, purchasing, holding and disposing of the Notes, including the application and effect of state, local, foreign and other tax laws and the possible effects of changes in the tax laws of Germany.

### ***German tax residents holding Notes as private assets***

#### *Taxation of income from the Notes*

If the Notes are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, payments of interest under the Notes are taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25 per cent. flat tax (*Abgeltungssteuer*) (plus a 5.5 per cent. solidarity surcharge (*Solidaritätszuschlag*) thereon and, if applicable to the individual investor, church tax (*Kirchensteuer*)).

The same applies to capital gains from the sale or redemption of the Notes. The capital gain is generally determined as the difference between the proceeds from the sale or redemption of the Notes and the acquisition costs. Expenses directly and factually related (*unmittelbarer sachlicher Zusammenhang*) to the sale or redemption are taken into account in computing the taxable gain. Otherwise the deduction of related expenses for tax purposes is not permitted.

Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted in Euro at the time of sale, and only the difference will then be computed in Euro.

The flat tax is generally collected by way of withholding (see subsequent paragraph - *Withholding tax*) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Notes. If, however, no or not sufficient tax was withheld (e.g., in case there is no Domestic Paying Agent as defined below), the investor will have to include the income received with respect to the Notes in its annual income tax return. The flat tax will then be collected by way of tax assessment. The investor may also opt for inclusion of investment income in its income tax return if the aggregated amount of tax withheld on investment income during the year exceeded the investor's aggregated flat tax liability on investment income (e.g., because of available losses carried forward or foreign tax credits). If the investor's individual income tax rate which is applicable on all taxable income including the investment income is lower than 25 per cent. the investor may opt to be taxed at individual progressive rates with respect to its investment income.

Capital losses from the sale and redemption of the Notes held as private assets should generally be tax-recognised irrespective of the holding period of the Notes. However, in cases where the sales price does not exceed the transaction costs or no (or only *de minimis*) payments are made to the individual investors on the maturity or redemption date of the Notes, any capital losses might not be recognised by the German tax authorities. This view has however been challenged in 2014 by a final judgement of a German lower fiscal court. Any recognized capital losses may not be used to offset other income like employment or business income but may only be offset against investment income. Capital losses not utilised in one annual assessment period may be carried forward into assessment periods but may not be carried back into preceding assessment periods.

Individual investors are entitled to a saver's lump sum tax allowance (*Sparer-Pauschbetrag*) for investment income of 801 Euro per year (1,602 Euro for jointly assessed investors). The saver's lump sum tax allowance is considered for purposes of the withholding tax (see subsequent paragraph - *Withholding tax*) if the investor has filed a withholding tax exemption request (*Freistellungsauftrag*) with the respective Domestic Paying Agent (as defined below). The deduction of related expenses for tax purposes is not permitted.

#### *Withholding tax*

If the Notes are kept or administered in a domestic securities deposit account with a German credit institution (*Kreditinstitut*) or financial services institution (*Finanzdienstleistungsinstitut*) (or with a German branch of a foreign credit or financial services institution), or with a German securities trading company (*Wertpapierhandelsunternehmen*) or with a German securities trading bank (*Wertpapierhandelsbank*) (each a "**Domestic Paying Agent**") which pays or credits the interest, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent, is levied on the interest payments. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the individual investor by way of withholding which, is provided for as a standard procedure as of 1 January 2015 unless the Noteholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

Capital gains from the sale or redemption of the Notes are also subject to the 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, if the Notes are kept or administered by a Domestic Paying Agent effecting the sale or redemption from the time of their acquisition. If the Notes were sold or redeemed after being transferred to a securities deposit account with a Domestic Paying Agent, 25 per cent. withholding tax (plus solidarity surcharge thereon) would be levied on 30 per cent. of the proceeds from the sale or the redemption, as the case may be, unless the investor or the previous depository bank was able and allowed to prove evidence for the investor's actual acquisition costs to the Domestic Paying Agent. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the

individual investor by way of withholding which is provided for as a standard procedure as of 1 January 2015 unless the Noteholder has filed a blocking notice with the German Federal Central Tax Office.

### ***German tax resident investors holding the Notes as business assets***

#### *Taxation of income from the Notes*

If the Notes are held as business assets (*Betriebsvermögen*) by an individual or corporate investor which is tax resident in Germany (i.e., a corporation with its statutory seat or place of management in Germany), interest income and capital gains from the Notes are subject to personal income tax at individual progressive rates or corporate income tax (plus a 5.5 per cent. solidarity surcharge thereon and church tax, if applicable) and, in general, trade tax. The effective trade tax rate depends on the applicable trade tax factor (*Gewerbesteuer-Hebesatz*) of the relevant municipality where the business is located. In case of individual investors the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. Capital losses from the disposal or redemption of the Notes should generally be tax-recognised and may generally be offset against other income.

#### *Withholding tax*

If the Notes are kept or administered by a Domestic Paying Agent which pays or credits the interest, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent, is generally levied on the interest payments. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the individual investor by way of withholding which is provided for as a standard procedure as of 1 January 2015 unless the Noteholder has filed a blocking notice with the German Federal Central Tax Office.

No withholding is generally required on capital gains from the disposal or redemption of the Notes which is derived by German resident corporate investors and, upon application, by individual investors holding the Notes as assets of a German business, subject to certain requirements.

Any capital losses incurred from the disposal or redemption of the Notes will not be taken into account for withholding tax purposes. If withholding tax is levied, the withholding tax does not satisfy the investor's personal or corporate income tax liability with respect to the Notes. The income from the Notes will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

### ***Non-German tax resident investors***

Income derived from the Notes by Noteholders who are not tax resident in Germany is in general not subject to German income taxation, and no withholding tax shall be withheld, unless (i) the Notes are held as business assets of a German permanent establishment of the investor or by a permanent German representative of the investor, (ii) the income derived from the Notes does otherwise constitute German source income (such as income from the letting and leasing of certain property located in Germany) or (iii) the income is paid by a Domestic Paying Agent against presentation of the Notes (so-called over-the-counter transaction, *Tafelgeschäfte*).

If the income derived from the Notes is subject to German taxation according to (i) through (iii) above, the income is subject to German income taxation and withholding tax similar to that described above for German tax residents. Under certain circumstances, foreign investors may benefit from tax reductions or tax exemptions under applicable double tax treaties (*Doppelbesteuerungsabkommen*) entered into with Germany.

### **Inheritance tax and gift tax**

The transfer of the Notes to another person by way of gift or inheritance is subject to German gift or inheritance tax, respectively, if *inter alia*

- (i) the testator, the donor, the heir, the donee or any other acquirer had his residence, habitual abode or, in case of a corporation, association (*Personenvereinigung*) or estate (*Vermögensmasse*), has its seat or place of management in Germany at the time of the transfer of property,
- (ii) except as provided under (i), the testator's or donor's Notes belong to a business asset attributable to a permanent establishment or a permanent representative in Germany.

Special regulations may apply to certain German expatriates.

Prospective investors are urged to consult with their tax advisor to determine the particular inheritance or gift tax consequences in light of their particular circumstances.

### **Other taxes**

The purchase, sale or other disposal of the Notes does, at present, not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sales of the Notes to other entrepreneurs which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

### **Luxembourg**

The statements herein regarding taxation in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of the Notes should consult its tax advisor as to the Luxembourg tax consequences of the ownership and disposition of the Notes.

#### ***Withholding tax***

Under Luxembourg tax law currently in effect and subject to certain exceptions (as described below), there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest).

In accordance with the law of 25 November 2014, Luxembourg elected out of the withholding tax system in favour of an automatic exchange of information under the Council Directive 2003/48/EC on the taxation of savings income as from 1 January 2015. Payments of interest by Luxembourg paying agents to non resident individual Noteholders or certain so-called residual entities are thus no longer subject to any Luxembourg withholding tax.

In accordance with the law of 23 December 2005, as amended, interest payments made by Luxembourg paying agents to Luxembourg individual residents are subject to a 10 per cent. withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

### **European Initiative on Financial Transaction Tax**

On 14 February 2013, the EU Commission adopted the Draft Directive on a common FTT. According to the Draft Directive, the FTT shall be implemented in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the "**Participating Member States**").

Pursuant to the original proposal under the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (inter alia) primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue. Thus, the issuance of the Notes should not be subject to the FTT.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1 per cent. of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

**Nevertheless the FTT remains subject to negotiation between the Participating Member States and was (and most probably will be) the subject of legal challenge. It may still be adopted and be altered prior to its adoption, the timing of which remains unclear. Moreover, once any directive has been adopted (the "Directive"), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the Directive itself. Finally, additional EU Member States may decide to participate. Prospective holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.**

## **EU Savings Income Tax**

On 3 June 2003 the Economic and Financial Affairs Council adopted a new directive regarding the taxation of savings income (the "**Savings Directive**"). The Savings Directive is effective as from 1 July 2005. Under the Savings Directive each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however, Austria instead applies a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35 per cent.. Luxembourg elected out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015. In addition, also Austria has undertaken to implement an automatic exchange of information in the future (with no concrete date of implementation given at the moment). The transitional period has commenced on 1 July 2005 and terminates at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating 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). In Germany, provisions for implementing the Savings Directive have been enacted by legislative regulations of the federal government (*Zinsinformationsverordnung*). These provisions apply as from 1 July 2005. Similar provisions may apply under agreements entered into pursuant to the Savings Directive in respect of interest payments made by persons within the jurisdiction of certain territories, not being Member States to individuals resident in Member States, and, in some cases, vice versa.

On 24 March 2014, the European Council adopted a directive amending and broadening the scope of the requirements described above ("**Amending Savings Directive**"). In particular, the changes expand the range

of payments covered by the Savings Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the Savings Directive, to include certain other types of entities and legal arrangements. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

The Council of the European Union has also adopted a directive (the "**Amending Cooperation Directive**") amending Council Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014. The Amending Cooperation Directive requires EU Member States to adopt national legislation necessary to comply with it by 31 December 2015, which legislation must apply from 1 January 2016 (1 January 2017 in the case of Austria). The Amending Cooperation Directive is generally broader in scope than the Savings Directive, although it does not impose withholding taxes, and provides that to the extent there is overlap of scope, the Amending Cooperation Directive prevails. The European Commission has therefore published a proposal for a Council Directive repealing the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). The proposal also provides that, if it is adopted, Member States will not be required to implement the Amending Savings Directive. Information reporting and exchange will however still be required under Council Directive 2011/16/EU (as amended).

Prospective Noteholders who are in any doubt as to their position should consult their own tax advisors.

## SUBSCRIPTION AND SALE

### General

Pursuant to a placement agreement dated 21 October 2015 (the "**Placement Agreement**") among the Issuer and the Joint Lead Managers, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed, subject to certain customary closing conditions, to purchase, the Notes on 30 October 2015. The Issuer has furthermore agreed to pay certain commissions to the Joint Lead Managers and to reimburse the Joint Lead Managers for certain expenses incurred in connection with the issue of the Notes. Commissions may also be payable by the Joint Lead Managers to certain third party intermediaries in connection with the initial sale and distribution of the Notes.

The Placement Agreement provides that the Joint Lead Managers under certain circumstances will be entitled to terminate the Placement Agreement. In such event, Notes will not be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

The Joint Lead Managers or their respective affiliates, including parent companies, engage, and may engage in the future, in investment banking, commercial banking and other related transactions with the Issuer and its affiliates and may perform services for them, for which the Joint Lead Managers or their affiliates have received or will receive customary fees and commissions, in each case in the ordinary course of business.

There are no interests of natural and legal persons involved in the issue, including conflicting ones, that are material to the issue.

### Selling restrictions

#### General

Each Joint Lead Manager has acknowledged that no action is taken or will be taken by the Issuer in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of any offering material relating to them, in any jurisdiction where action for that purpose is required.

Each Joint Lead Manager has represented and agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes any offering material relating to them.

#### United States of America and its territories

The Notes have not been and will not be registered under the Securities Act, and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. Each Joint Lead Manager has agreed that it will not offer, sell or deliver any Notes within the United States or to U.S. persons, except as permitted by the Placement Agreement.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by any of the Joint Lead Managers (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

1. it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer, and

2. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.



## GENERAL INFORMATION

1. **Documents available for inspection:** For as long as Notes are outstanding, copies of the following documents will be available free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of each paying agent.
  - (i) the articles of association of the Issuer;
  - (ii) this Prospectus; and
  - (iii) the documents specified in the section "*Documents Incorporated by Reference*" below.

The Luxembourg office of the principal paying agent is located at the following address:

BNP Paribas Securities Services S.C.A.  
Luxembourg Branch  
33, rue de Gasperich, Hesperange  
L-5826 Luxembourg

In addition, this Prospectus (together with any supplement, if any) will be available in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)):

2. **Authorisations:** The issue of Notes by the Issuer has been authorised by a resolution of the Management Board of the Issuer dated 12/13 August 2015, a resolution by the Chief Financial Officer of the Issuer as authorized representative of the Management Board of the Issuer dated 21 October 2015 and a resolution of the Supervisory Board of the Issuer dated 19 August 2015.
3. **Use of Proceeds:** The Issuer intends to use the proceeds from the offering of the Notes to repurchase the outstanding 2006 Hybrid and for general corporate purposes.
4. **Legend on Global Notes:** Each Global Note will bear the following legend:

"This note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States of America (including the states and the District of Columbia) or its territories or possessions and other areas subject to its jurisdiction, unless an exemption from the registration requirements of the Securities Act is available.

Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended."

5. **Clearing System:** The Notes have been accepted for clearing and settlement through Clearstream Frankfurt, Clearstream Banking, société anonyme, 42 Avenue JF Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

The Notes have the following security codes:

ISIN: DE000A168478  
Common Code: 131195010  
German Securities Code (WKN): A16847

6. **Expenses of the issue:** The total expenses related to the issue of the Notes are expected to amount to approximately EUR 1.2 million.
7. **Luxembourg listing and admission to trading:** Application has been made to the Luxembourg Stock Exchange to list the Notes on its Official List and to admit the Notes to trading on the Euro

MTF operated by the Luxembourg Stock Exchange, which is a multilateral trading facility for the purposes of the Market and the Financial Instruments Directive 2004/39/EC, and therefore a non-EU-regulated market

- 8. Rating of the Notes:** The expected rating of the Notes is "BBB" from Standard & Poor's Rating Services, a division of The McGraw Hill Companies ("**S&P**").

S&P defines "BBB" as follows:

An obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Where an issue of notes is rated, a security rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Any negative change in the credit rating of the Issuer could adversely affect the trading price of the Notes. Investors should consider each rating individually and obtain additional and more detailed understanding of the significance of the respective credit rating information provided by the respective rating agency.

Credit ratings included or referred to in this Prospectus have been issued by Standard & Poor's Rating Services, a division of The McGraw Hill Companies which is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies and which is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

- 9. Notices to Noteholders:** All notices regarding the Notes will be published (so long as the Notes are listed on the Luxembourg Stock Exchange) on the website of the Luxembourg Stock Exchange on [www.bourse.lu](http://www.bourse.lu). The Issuer will be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders.
- 10. Yield to Maturity:** For the subscribers, the yield of the Notes is 6.00 per cent. per annum, calculated on the basis of (i) the issue price and (ii) the assumption that the Notes will be called on the First Call Date. Such yield is calculated in accordance with the ICMA (International Capital Markets Association) Method. Notwithstanding the above mentioned assumption, there is no assurance as to whether or not the Notes will be actually called on the First Call Date. Therefore the yield realized by subscribers may be significantly lower.
- 11. Websites:** For the avoidance of doubt, the content of any website referred to in this Prospectus does not form part of this Prospectus.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the specified pages of the following documents which have been previously published or are published simultaneously with this Prospectus and which have been filed with the Luxembourg Stock Exchange and these specified pages shall be deemed to be incorporated by reference in, and form part of, this Prospectus:

<b>Information incorporated by reference</b>	<b>Reference</b>
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**Gothaer Allgemeine Versicherung AG**

*Audited annual financial statements as of 31 December 2014*

Balance Sheet	Pages 42-45
Income Statement	Pages 46-47
Notes to Financial Statements	Pages 48-75
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*Audited annual financial statements as of 31 December 2013*

Balance Sheet	Pages 40-43
Income Statement	Pages 44-45
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All of these pages shall be deemed to be incorporated by reference in, and to form part of, this Prospectus.

The independent auditor's reports, prepared in accordance with §322 HGB (German Commercial Code), refer to the complete financial statements, each consisting of balance sheet (*Bilanz*) as at December 31, 2014 and 2013, statement of income (*Gewinn- und Verlustrechnung*) and notes (*Anhang*) together with the group management report for the business year from 1 January to 31 December 2014 and 2013. The group management report is neither included nor incorporated by reference in this prospectus.

The non-incorporated parts of such documents, i.e. the pages not listed in the table above, are either not relevant for the investor or covered elsewhere in the Prospectus pursuant to Art 28.4 of the Commission Regulation (EC) 809/2004. Copies of the documents which are incorporated herein by reference will be available free of charge from the specified offices of the Principal Paying Agent set out at the end of this Prospectus.

This Prospectus and the documents incorporated by reference are also available for viewing at [www.bourse.lu](http://www.bourse.lu).

**Issuer**

**Gothaer Allgemeine Versicherung AG**

Gothaer Allee 1  
50969 Cologne  
Germany

**Fiscal Agent and Principal Paying Agent**

BNP Paribas Securities Services S.C.A. Zweigniederlassung Frankfurt am Main  
Europa-Allee 12  
60327 Frankfurt am Main  
Federal Republic of Germany

**Joint Lead Managers**

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Commerzbank Aktiengesellschaft**  
Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Germany

**Auditors to the Issuer**

**KPMG AG Wirtschaftsprüfungsgesellschaft**

Barbarossaplatz 1a  
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**Legal Advisers**

**To the Issuer as to German law**

**Linklaters LLP**  
Mainzer Landstrasse 16  
60325 Frankfurt am Main  
Germany

**To the Joint Lead Managers as to German law**

**Clifford Chance Deutschland LLP**

Mainzer Landstraße 46  
60325 Frankfurt am Main  
Federal Republic of Germany