



**ING Groep N.V.**

*(incorporated in the Netherlands with its statutory seat in Amsterdam)*

**Euro 500,000,000 ING Perpetual Securities**

**Issue price: 100 per cent.**

Unless expressly indicated otherwise, the terms and expressions used herein have the same meaning as given to them in the Terms and Conditions.

The Euro 500,000,000 ING Perpetual Securities (the ‘**Securities**’) are perpetual securities and have no fixed redemption date. However, the Securities may be redeemed in whole but not in part at the option of the Issuer, at their liquidation preference of €1,000 per Security together with any Outstanding Payments on the Coupon Payment Date falling on 8 June 2015 or any Coupon Payment Date thereafter. Prior redemption in case of tax or regulatory events may apply, subject to Condition 8.

The Securities will bear interest from (and including) the Issue Date to (but excluding) 8 June 2015, at a rate of 4.176 per cent. per annum payable annually in arrear on 8 June in each year, starting 8 June 2006, subject to Condition 4 and 5. Thereafter the Securities will bear interest at a rate of 1.8 per cent. above Three Month EURIBOR (as defined in Condition 5), payable quarterly in arrear on 8 June, 8 September, 8 December and 8 March in each year, subject to Condition 4 and 5. Payments (such term does not include principal) may be deferred, as more fully described in Condition 4, but any Deferred Coupon Payment will immediately become due if the Issuer makes payments on or purchases or redeems its Junior Securities or Parity Securities or makes any payment on a Parity Guarantee. Investors will always receive cash but the moneys to satisfy such Deferred Coupon Payments may only be raised by the issue of its Ordinary Shares, which, when sold, will provide the cash amount due in respect of Deferred Coupon Payments. Upon the occurrence of a Regulatory Event, the terms of the Securities will be automatically altered, as described in Condition 7.

The Securities constitute direct, unsecured and subordinated securities of the Issuer as described in Condition 2.

Application has been made for the Securities to be listed on the Luxembourg Stock Exchange. It is anticipated that the Securities will be quoted as a percentage of their principal amount of €1,000.

The Securities are expected to be assigned, on issue, a rating of ‘A-’ by Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc., and a rating of ‘A2’ by Moody’s Investors Service, Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation. The Securities shall have denominations of €1,000 each. The Securities will be represented by a Temporary Global Security in bearer form without interest coupons, in the principal amount of € 500,000,000. The Temporary Global Security will be deposited with a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream**”). Interests in the Temporary Global Security will be exchangeable for interests in the Permanent Global Security without interest coupons, on or after 19 July 2005 upon certification of non-U.S. beneficial ownership. The Permanent Global Security will not be exchangeable for definitive Securities in bearer form.

*Lead Managers*

**ING Financial Markets  
Citigroup**

*Co-lead Managers*

**Banc of America Securities Limited  
BNP PARIBAS**

**HSBC  
Merrill Lynch International  
UBS Investment Bank**

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## IMPORTANT INFORMATION

### Responsibility

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

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Securities and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Trustee or the Managers (as defined under 'Subscription and Sale' below). Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Issuer and its subsidiaries (together 'the **Group**') since the date hereof. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Trustee or the Managers to subscribe for, or purchase, any of the Securities. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

Neither the Managers nor the Trustee have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers, the Trustee or any of them as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Securities or their distribution.

### Incorporation by Reference

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) the annual reports and the annual accounts of the Issuer in respect of the financial year ended 31st December, 2003 and 31st December, 2004; and
- (b) the Articles of Association (*statuten*) of the Issuer.

### Offering and Selling Restrictions

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Managers that any recipient of this Offering Circular should purchase any of the Securities. Each investor contemplating purchasing Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The Securities may only be offered, sold, or delivered anywhere in the world, as part of their initial distribution or at any time thereafter to persons who trade or invest in securities in the conduct of a profession or business (which include banks, securities firms, investment institutions, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

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

### STABILISATION

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, CITIGROUP GLOBAL MARKETS LIMITED MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME (BUT WILL IN ANY EVENT BE DISCONTINUED 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES).

**Miscellaneous**

All references in this document to ‘euro’, ‘euros’ and ‘€’ refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25th March, 1957) as amended by the Treaty on European Union (signed in Maastricht on 7th February, 1992). Words denoting the singular will also imply the plural and vice versa.

## INVESTMENT CONSIDERATIONS

*The following is a summary of certain aspects of the Securities of which prospective investors should be aware. This summary is not intended to be exhaustive and prospective investors should carefully consider this summary in conjunction with the other information contained in this document.*

### **Deferral**

The Issuer may elect to defer any Payment (such term does not include principal) on the Securities for any period of time subject to suspension of payment on Junior Securities, Parity Securities and Parity Guarantees, as more particularly described in 'Terms and Conditions of the Securities – 4. Deferrals'. Unless deferral is required as described under 'Terms and Conditions of the Securities – 4. Deferrals – (a) Required Deferral of Payments', any deferred payment will bear interest at the Applicable Coupon Rate.

### **Perpetual securities**

The Issuer is under no obligation to redeem the Securities at any time and the Holders have no right to call for their redemption.

### **Redemption risk**

Upon the occurrence of certain specified tax or regulatory events, the Securities may be redeemed at a redemption price equal to either (i) their liquidation preference of €1,000 per Security together with any Outstanding Payments (as defined in 'Terms and Conditions of the Securities – 21. Definitions') or (ii) the higher of their liquidation preference of €1,000 per Security together with any Outstanding Payments and their Make Whole Amount (as defined in 'Terms and Conditions of the Securities – 21. Definitions'), as the case may be, subject as provided in 'Terms and Conditions of the Securities – 8. Redemption and Purchases'. In addition, on the Coupon Payment Date falling on 8 June 2015 or any Coupon Payment Date thereafter, the Securities may be redeemed at their liquidation preference of €1,000 together with any Outstanding Payments.

### **Alteration of terms upon a Regulatory Event**

Upon the occurrence of a Regulatory Event, the terms of the Securities will be automatically altered so to reflect that they have become Capital Securities which for International Financial Reporting Standards ('IFRS') purposes are classified as equity applying the current IFRS standards. See 'Terms and Conditions of the Securities – 7 Alteration of terms upon a Regulatory Event'.

If the terms of the Securities are so altered, the Capital Securities that a Holder will then hold will have different rights than those applicable to the Securities and such rights are less favourable to Holders than those that apply to the Securities, provided that in a liquidation (upon dissolution or otherwise), moratorium of payments or bankruptcy of the Issuer the Capital Securities will in any case, likewise the Securities, rank *pari passu* with the most senior preference shares of the Issuer.

### **No limitation on issuing debt**

Save as provided in 'Terms and Conditions of the Securities – 2. Status – (b)(iii) Senior Instruments', there is no restriction on the amount of debt which the Issuer may issue which ranks senior to the Securities or on the amount of securities which the Issuer may issue which ranks *pari passu* with the Securities. The issue of any such debt or securities may reduce the amount recoverable by Holders on a liquidation (upon dissolution or otherwise), moratorium of payments or bankruptcy of the Issuer or may increase the likelihood of a deferral of Payments under the Securities.

### **Availability of shares**

If the Issuer is to make a payment using the Alternative Coupon Satisfaction Mechanism and has an insufficient number of Ordinary Shares available for issue, then the Issuer's payment obligation shall be suspended to the extent of such insufficiency until such time as sufficient shares are available to satisfy all or part of the suspended payment obligation, as more particularly described in 'Terms and Conditions of the Securities – 6. Alternative Coupon Satisfaction Mechanism – (d) Insufficiency'.

**Market Disruption Event**

If, following a decision by the Issuer to satisfy a payment using the Alternative Coupon Satisfaction Mechanism, in the opinion of the Issuer a Market Disruption Event in respect of its Ordinary Shares exists, the payment to Holders may be deferred until the cessation of such market disruption, as more particularly described in 'Terms and Conditions of the Securities – 6. Alternative Coupon Satisfaction Mechanism – (e) Market Disruption'. Any such deferred payments shall bear interest at the Applicable Coupon Rate if the Market Disruption Event continues for 14 days or more.

**Restricted remedy for non-payment**

The sole remedy against the Issuer available to the Trustee or any Holder for recovery of amounts owing in respect of any Payment or principal in respect of the Securities will be the institution of proceedings for the bankruptcy of the Issuer. Although there is some doubt under Dutch law whether a trustee, such as the Trustee would be permitted to commence a bankruptcy proceeding in The Netherlands, in all cases any holder of the Securities with a due and payable claim would be permitted to commence such proceedings in accordance with Dutch Bankruptcy law.

**Set-off**

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

**Absence of prior public markets**

The Securities constitute an issue of new securities by the Issuer. Prior to this issue, there will have been no public market for the Securities. Although application has been made for the Securities to be listed on the Luxembourg Stock Exchange, there can be no assurance that an active public market for the Securities will develop and, if such a market were to develop, the Managers are under no obligation to maintain such a market. The liquidity and the market prices for the Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and other factors that generally influence the market prices of securities.

## SUMMARY

*The following summary refers to certain provisions of the Terms and Conditions of the Securities and the Trust Deed and insofar as it refers to the Terms and Conditions of the Securities is qualified by the more detailed information contained elsewhere in this document. Defined terms used herein have the meaning given to them in 'Terms and Conditions of the Securities'.*

<b>Issuer</b>	ING Groep N.V.
<b>Trustee</b>	Amsterdamsch Trustee's Kantoor B.V.
<b>Issue Size</b>	€ 500,000,000
<b>Issue Price</b>	100 per cent.
<b>Redemption</b>	The Securities are perpetual securities and have no maturity date. The Securities may be redeemed in whole but not in part at the option of the Issuer, at their liquidation preference of €1,000 per Security together with any Outstanding Payments on the Coupon Payment Date falling on 8 June 2015 or any Coupon Payment Date thereafter.
<b>Interest</b>	The Securities will bear interest from (and including) the Issue Date to (but excluding) 8 June 2015 (the " <b>First Reset Date</b> ") at a rate of 4.176 per cent. per annum and thereafter at a rate of 1.8 per cent. above Three Month EURIBOR payable quarterly in arrear on 8 June, 8 September, 8 December and 8 March.
<b>Coupon Payment Dates</b>	Subject as described below, Coupon Payments will be payable annually in arrear on 8 June in each year from (and including) 8 June 2006 to 8 June 2015 and quarterly in arrear on 8 June, 8 September, 8 December and 8 March in each year thereafter.
<b>Subordination</b>	The Securities constitute direct, unsecured and subordinated securities of the Issuer. The rights and claims of the Holders under the Securities are subordinated to the claims of Senior Creditors. No payment in respect of the Securities shall be due and payable except to the extent that the Issuer is solvent and could make such payment and still be solvent immediately thereafter.
<b>Winding-up Claims</b>	In the event of the liquidation (upon dissolution or otherwise), moratorium of payments or bankruptcy of the Issuer, the Holders will be treated as if they were the Holders of the most senior class of preference shares outstanding from time to time with a liquidation preference of €1,000 plus Outstanding Payments and otherwise having an equal right to a return of the assets of the Issuer in such liquidation (upon dissolution or otherwise), moratorium of payments or bankruptcy to the holders of the Securities. Such class would rank junior to the claims of Senior Creditors and <i>pari passu</i> with Parity Securities and Parity Guarantees.
<b>Required Deferral of Payments</b>	<p>If the Issuer determines, on the 20th Business Day prior to the date on which any Payment (such term does not include principal) would, in the absence of deferral in accordance with Condition 4 of the Terms and Conditions of the Securities, be due and payable, that payment of the relevant Payment will result in the Issuer being insolvent, the Issuer must defer such Payment. Required Deferral of Payments as aforementioned will only take place so long as the Issuer has not become subject to capital adequacy regulations as applied and enforced by the Dutch Central Bank or any appropriate regulator.</p> <p>Such required deferred payment may be satisfied at any time by the Issuer giving not less than 16 Business Days notice of such satisfaction. Unless the Issuer elects to defer such Payment pursuant to its general right to defer referred to below, such required deferred payment must be satisfied on the Coupon Payment Date next following the 19th Business Day after the Issuer determines that it will meet the solvency test referred to in 'Terms and Conditions of the Securities – 2. Status – (b)(i) Condition of Payment by the Issuer'. No interest will accrue on required Deferred Coupon Payments.</p>



<b>Optional Deferral of Payments</b>	The Issuer may elect to defer any Payment (such term does not include principal) on the Securities for any period of time. However if the Issuer makes this election, the deferred payment will bear interest at the Applicable Coupon Rate for the full period of deferral.
<b>Deferred and Future Interest Payment</b>	Any Payment on the Securities which has been deferred will become immediately due and payable if the Issuer makes payments on or purchases or redeems any Junior Securities, Parity Securities or Parity Guarantees. Furthermore any payment on Ordinary Shares or any other Junior Securities will result in full mandatory payments for the next coupon period or, after the First Reset Date, next four coupon periods, assuming such payment to be for a full year. Any payment on any Parity Securities or under any Parity Guarantees will result in a proportional mandatory payment for the relevant number of consecutive coupon periods following the payment on such Parity Securities or such Parity Guarantees.
<b>Alternative Coupon Satisfaction Mechanism</b>	Any Deferred Coupon Payment (with any interest accrued on such Deferred Coupon Payment, as applicable) will be satisfied using the Alternative Coupon Satisfaction Mechanism. Investors will always receive payments made in respect of Securities in cash. However, the Issuer may elect at any time to satisfy its obligation to make any Payment (other than a payment of principal) to Holders by the issue of its Ordinary Shares in such amount that, when the Ordinary Shares are sold, will provide enough cash for the Issuer to make full payments on the Securities in respect of the relevant Payment. The Calculation Agent will calculate in advance the number of Ordinary Shares that must be issued to raise the full amount of money due on the Securities on the Relevant Date to the Holders.
<b>Insufficiency</b>	The Issuer is required to keep available for issue enough Ordinary Shares as it reasonably considers would be required to satisfy from time to time the next year's Coupon Payment or Payments using the Alternative Coupon Satisfaction Mechanism.
<b>Market Disruption Event</b>	If, in the opinion of the Issuer, a Market Disruption Event in respect of its shares exists on or after the 15th Business Day preceding any date upon which the Issuer is due to satisfy a Payment using the Alternative Coupon Satisfaction Mechanism, the payment to Holders may be deferred until the Market Disruption Event no longer exists. Any such deferred payments shall bear interest at the Coupon Rate if the Market Disruption Event continues for 14 days or more.
<b>Alteration of Terms upon a Regulatory Event</b>	If a Regulatory Event occurs, then the terms of the Securities will be automatically altered so that they become Capital Securities, as more fully described in Condition 7 of the Terms and Conditions.
<b>Additional Amounts</b>	The Issuer will pay additional amounts to Holders of the Securities to gross up Payments upon the imposition of Dutch withholding tax, subject to customary exceptions. Distributions on the Capital Securities will be made without deduction of, and withholding for, any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax.
<b>Redemption for Taxation Reasons</b>	Upon the occurrence of certain changes in the treatment of the Securities for taxation purposes as described below, the Issuer may redeem all but not some only of the Securities at a redemption price equal to the higher of their liquidation preference of €1,000 per Security together with any Outstanding Payments and their Make Whole Amount.
<b>Redemption for Regulatory Reasons</b>	If at any time following the Issuer becoming subject to capital adequacy regulations, securities of the nature of the Securities or the Capital Securities cease to qualify as Tier 1 Capital (or instruments of a similar nature which qualify as core capital) for the purposes of such capital adequacy regulations, then the Issuer may (subject to the prior consent of the relevant regulator) redeem all, but not some only, of the Securities or the



Capital Securities at a redemption price equal to the higher of their liquidation preference of €1,000 per Security together with any Outstanding Payments and their Make Whole Amount.

<b>Remedy for Non-Payment</b>	The sole remedy against the Issuer available to the Trustee or any Holder of Securities for recovery of amounts owing in respect of the Securities will be the institution of proceedings for the bankruptcy of the Issuer. Although there is some doubt under Dutch law whether a trustee, such as the Trustee would be permitted to commence a bankruptcy proceeding in The Netherlands, in all cases any holder of the Securities with a due and payable claim would be permitted to commence such proceedings in accordance with Dutch Bankruptcy law.
<b>Form</b>	The Securities will be represented initially by a Temporary Global Security in bearer form without coupons, in the principal amount of € 500,000,000. The Temporary Global Security will be deposited with a common depository for Euroclear and Clearstream. Interests in the Temporary Global Security will be exchangeable for interest in the Permanent Global Security without coupons on or after 19 July 2005 upon certification of non-U.S. beneficial ownership as required by U.S. Treasury Regulations and as described in the Temporary Global Security. The Permanent Global Security will not be exchangeable for definitive Securities in bearer form.
<b>Clearing Systems</b>	Clearstream and Euroclear.
<b>Selling Restrictions</b>	The offering and sale of the Securities are subject to all applicable selling restrictions. See ‘ <b>Subscription and Sale</b> ’ on page 41.
<b>Listing</b>	Application has been made to list the Securities on the Luxembourg Stock Exchange. It is anticipated that the Securities will be quoted as a percentage of their principal amount of €1,000.
<b>Ratings</b>	The Securities are expected to be assigned, on issue, a Rating of ‘A-’ by Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc. and a rating of ‘A2’ by Moody’s Investors Service. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.
<b>Governing Law</b>	The Securities will be governed by, and construed in accordance with the laws of the Netherlands.

## TERMS AND CONDITIONS OF THE SECURITIES

*The following, subject to alteration, are the terms and conditions of the Securities which will be endorsed on the Global Security:*

The Securities are constituted by the Trust Deed. The issue of the Securities was authorised pursuant to resolutions of the Executive Board of the Issuer passed on 29 March, 2005. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement are available for inspection during normal business hours by the Holders at the registered office of the Trustee, being at Olympic Plaza, Fred Roeskestraat 123, 1076 EE Amsterdam and at the specified office of each of the Paying Agents. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement applicable to them.

### 1. Form, Denomination and Title

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

The Securities are in bearer form and shall be in denominations of €1,000 each. The Securities will be represented by a Global Security without Coupons, in the principal amount of €1,000.

#### (b) *Transfer and Title*

Interests in the Permanent Global Security will be transferable in book-entry form only in accordance with the laws, rules and procedures for the time being applicable to Euroclear and Clearstream.

### 2. Status

#### (a) *Status and Subordination of the Securities*

The Securities constitute direct, unsecured, subordinated securities of the Issuer and rank *pari passu* without any preference among themselves.

- (b) (i) *Condition of Payment by the Issuer:* The rights and claims of the holders under the Securities are subordinated to the claims of Senior Creditors, in that payments in respect of the Securities are conditional upon the Issuer being solvent at the time of payment by the Issuer and in that no principal or Payments shall be due and payable in respect of the Securities except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. The Issuer shall be solvent if (a) it is able to pay its debts to Senior Creditors as they fall due and (b) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Senior Creditors). For the purposes of this Condition 2(b)(i) any reference to a payment by the Issuer in respect of an Security shall be deemed to include a purchase or redemption of such Security by the Issuer.
- (ii) *Winding-Up Claims of the Issuer:* Amounts in respect of principal or Payments in respect of which the conditions referred to in Condition 2(b)(i) are not satisfied on the date upon which the same would otherwise be due and payable ('Winding-Up Claims') will be due and payable by the Issuer in a liquidation (upon dissolution or otherwise), moratorium of payments or bankruptcy of the Issuer as provided in Condition 3. A Winding-Up Claim shall not bear interest.
- (iii) *Senior Instruments:* So long as any of the Securities remains outstanding, the Issuer agrees that it will not issue any preference shares (or other securities regardless of name or designation which are akin to preference shares as regards distributions on a return of assets on a liquidation (upon dissolution or otherwise) of the Issuer or in respect of distribution or payment of dividends and/or any other amounts thereunder by the Issuer) or create any guarantee of or provide any contractual support arrangement in respect of any of its preference shares or such securities or in respect of such preference shares or securities issued by any other entity if such preference shares, preferred securities, guarantees or contractual support arrangements would rank (as regards distributions on a return of assets on a liquidation (upon dissolution or otherwise) of the Issuer or in respect of distribution or payment of dividends and/or any other amounts thereunder by the Issuer) senior to the Securities. This

prohibition will not apply if the Trust Deed and the Securities are amended to ensure that the Trustee and the Holders obtain such of those rights and entitlements as are contained in or attached to such preference shares or preferred securities or under such guarantee or contractual support arrangements are required so as to ensure that the Securities rank *pari passu* with, and contain substantially equivalent rights of priority as to distributions or payments on, such preference shares or preferred securities or under such guarantee or contractual support arrangement as the Trustee shall in its absolute discretion determine to be not materially less beneficial to the interests of the Holders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed).

- (iv) *Set-off*: Subject to mandatory applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each Holder shall, by virtue of being the bearer of any Security, be deemed to have waived all such rights of set-off.

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

If at any time an order is made, or an effective resolution is passed, for the liquidation (upon dissolution or otherwise), moratorium of payments or bankruptcy of the Issuer (except in any such case a solvent liquidation (upon dissolution or otherwise), moratorium of payments or bankruptcy solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed) of the Issuer, the terms of which reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution), there shall be payable (notwithstanding, for the avoidance of doubt Condition 2(b)(1) by the Issuer in respect of each Security (in lieu of any other payment by the Issuer), such amount, if any, as if such Holder were the holder of one of a class of the most senior preference shares in the capital of the Issuer (the 'Notional Preference Shares') having an equal right to a return of assets in the liquidation (upon dissolution or otherwise), moratorium of payments or bankruptcy to and so ranking *pari passu* with the holders of the most senior class or classes of preference shares (if any) from time to time issued by the Issuer which have a preferential right to a return of assets in the liquidation (upon dissolution or otherwise) over and so rank ahead of the holders of all other classes of issued shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors on the assumption that the amount that such Holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such liquidation (upon dissolution or otherwise), were an amount equal to the liquidation preference of €1,000 of the relevant Security and any other Outstanding Payments.

For the avoidance of doubt, on any liquidation (upon dissolution or otherwise) of the Issuer, Holders are only entitled to receive in respect of each Security, any amount equal to the liquidation preference of such Security of €1,000 and any other Outstanding Payments.

In a liquidation (upon dissolution or otherwise), moratorium of payments or bankruptcy of the Issuer, Holders of the Securities will only have a claim for payment in full or part of principal and Deferred Coupon Payments, if any, to the extent that distributable assets of the Issuer are sufficient to pay in full or part such amount of principal and such Deferred Coupon Payments.

### **4. Deferrals**

The Issuer must make each Coupon Payment on the relevant Coupon Payment Date subject to and in accordance with these Terms and Conditions. However, subject to Condition 4(c), the Issuer shall or may defer a Coupon Payment and any other Payment in the following circumstances:

#### **(a) Required Deferral of Payments**

- (i) Subject to Condition 4(c) and subject to the Issuer not becoming subject to capital adequacy regulations as applied and enforced by the Dutch Central Bank or any appropriate regulator, if, on the 20th Business Day preceding the date on which any Payment would, in the absence of the Issuer not becoming solvent and of deferral in accordance with this Condition 4, be due and payable, the Required Deferral Condition is met, any such Payment must (subject to Condition 6) be deferred by the Issuer giving notice (a 'Deferral Notice') to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to such date. Subject to Condition 4(c), if, following the deferral of a Payment by the Issuer

under this Condition 4(a)(i), the Required Deferral Condition is no longer met on the 20th Business Day preceding a Coupon Payment Date, then the Issuer shall satisfy such Payment on the relevant Deferred Coupon Satisfaction Date having given, not less than 16 Business Days prior to the Deferred Coupon Satisfaction Date, notice to the Trustee, the Holders and the Calculation Agent that it will satisfy such Payment on such date.

- (ii) The Issuer shall not satisfy such Payment on the relevant Deferred Coupon Satisfaction Date referred to in Condition 4(a)(i) above, if:
  - (A) it has previously elected to satisfy such Payment earlier (provided that, at the time of satisfying such payment, the Required Deferral Condition fails to be met) by delivering a notice to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Deferred Coupon Satisfaction Date that it will satisfy such Payment on such date; or
  - (B) it validly elects to defer under Condition 4(b) the Payment which would otherwise have been satisfied under Condition 4(a)(i).
- (iii) If any Payment is deferred pursuant to this Condition 4(a) then no amount will be payable by way of interest on any such deferred Payment, save as provided in Condition 6(e).

Any such deferred Payment shall be satisfied by means (and, unless the prior consent of the relevant regulator obtained, only by means) of the issue of Ordinary Shares in accordance with Condition 6.

(b) *Optional Deferral of Payments*

- (i) Subject to Condition 4(c), the Issuer may in respect of any Payment which would, in the absence of deferral in accordance with this Condition 4, be due and payable, defer all or part of such Payment by giving a notice (also a 'Deferral Notice') to the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders not less than 16 Business Days prior to the relevant due date. Subject to Condition 4(c), the Issuer may then satisfy any such Payment at any time by means (and, unless the prior consent of the relevant regulator is obtained, only by means) of an issue of Ordinary Shares in accordance with Condition 6 upon delivery of a notice to the Trustee, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Deferred Coupon Satisfaction Date informing them of its election to so satisfy such Payment and specifying the relevant Deferred Coupon Satisfaction Date.
- (ii) If any Payment is deferred pursuant to this Condition 4(b) then such deferred Payment shall bear interest at the Applicable Coupon Rate from (and including) the date on which (but for such deferral) the Deferred Coupon Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Coupon Satisfaction Date.

- (c) *Dividend Pusher; Mandatory Payments and Mandatory Partial Payments* The Issuer may give a Deferral Notice under Condition 4(a) and 4(b) above in its sole discretion and for any reason, except that a Deferral Notice as to a Payment required to be paid pursuant to (i), (ii) or (iii) below shall have no force or effect.

The Issuer agrees that, beginning on the day the Issuer gives a Deferral Notice until all Deferred Coupon Payments are paid or satisfied in full, the Issuer will not recommend to its shareholders, and to the fullest extent permitted by applicable law will otherwise act to prevent, any action which would constitute a Mandatory Payment Event or a Mandatory Partial Payment Event.

The Issuer will be required to make payments on the Securities in the following circumstances:

- (i) If a Mandatory Payment Event or a Mandatory Partial Payment Event occurs then all Deferred Coupon Payments will become mandatorily due and payable in full on the date of the Mandatory Payment Event or Mandatory Partial Payment Event, notwithstanding any further Deferral Notice or an occurrence or continuance of the Required Deferral Condition.

Unless the prior consent of the relevant regulator is obtained, the Issuer may satisfy its obligations to pay such Deferred Coupon Payment only in accordance with the Alternative Coupon Satisfaction Mechanism. For the avoidance of doubt the Issuer will not be required to utilise the Alternative Coupon Satisfaction Mechanism in order to satisfy its obligation to pay any Mandatory Partial Payment payable on a Mandatory Partial Payment Date that coincides with the date on which such Deferred Coupon Payment has become mandatory due and payable in full.

- (ii) If a Mandatory Payment Event occurs, then subject as provided in the next sentence, the Coupon Payments payable on the next Coupon Payment Date (or after the First Reset Date, each of the four Coupon Payment Dates) will be mandatorily due and payable in full on such next Coupon Payment Date (or, after the First Reset Date, the next four Coupon Payment Dates), notwithstanding any Deferral Notice as to such Coupon Payments or the occurrence or continuance of any Required Deferral Condition. If, after the First Reset Date, the Mandatory Payment Event is a payment on a Junior Security or on a Junior Guarantee or on a security benefiting from a Junior Guarantee which in each case is in respect of a semi annual dividend, then the Coupon Payments payable on only the next two Coupon Payment Dates (instead of the next four Coupon Payment Dates) will be mandatorily due and payable in full on such Coupon Payment Dates, notwithstanding any Deferral Notice as to such Coupon Payments or the occurrence or continuance of any Required Deferral Condition. The Issuer is permitted, but shall not be required, to satisfy its obligation to make the Coupon Payment payable on such Coupon Payment Date in accordance with the Alternative Coupon Satisfaction Mechanism.
- (iii) If a Mandatory Partial Payment Event occurs, then Mandatory Partial Payments will be mandatorily due and payable in respect of each Security, notwithstanding any Deferral Notice or an occurrence of the Required Deferral Condition. Such Mandatory Partial Payments shall be payable on the immediately next Coupon Payment Date (or, after the First Reset Date, such Mandatory Partial Payments shall be payable on each of the next four consecutive Coupon Payment Dates, the immediately next two consecutive Coupon Payment Dates or the immediately next Coupon Payment Date, as the case may be, after the occurrence of such Mandatory Partial Payment Event, depending on whether the Parity Securities pay dividends or income distributions on an annual basis, semi annual basis or a quarterly basis, as the case may be). The Issuer is permitted, but shall not be required, to satisfy its obligation to pay any Mandatory Partial Payments in accordance with the Alternative Coupon Satisfaction Mechanism.

## **5. Coupon Payments**

### **(a) *Coupon Payment Dates***

Subject to Condition 4(b)(ii), the Securities bear interest at the Fixed Coupon Rate from (and including) the Issue Date to (but excluding) the First Reset Date and at the Floating Coupon Rate from (and including) the First Reset Date. Such interest will (subject to Conditions 2(b)(i), 4(a), 4(b), 6(d) and 6(e)) be payable on each Coupon Payment Date. Each Security will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing rate in accordance with this Condition (both before and after judgment) as provided in the Trust Deed.

If any Coupon Payment Date falling on or after the First Reset Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next Business Day unless it would then fall into the next calendar month in which event the Coupon Payment Date shall be brought forward to the preceding Business Day.

### **(b) *Coupon Rate***

- (i) The Fixed Coupon Rate in respect of the period from (and including) the Issue Date to (but excluding) the First Reset Date is 4.176 per cent. per annum.
- (ii) The Floating Coupon Rate in respect of each Coupon Period commencing on any Reset Date shall be the aggregate of 1.8 per cent. per annum and Three Month EURIBOR in respect of such Coupon Period (as determined by the Principal Paying Agent).



(c) *Determination and Publication of Floating Coupon Rate and Coupon Amounts*

The Calculation Agent will, upon the determination of each Floating Coupon Rate pursuant to Condition 5(b)(ii), calculate the Coupon Amount and cause the Floating Coupon Rate and each Coupon Amount payable in respect of a Coupon Period to be notified to the Trustee, the Issuer, the Principal Paying Agent, the Luxembourg Stock Exchange, and the Holders and to be published on the website of the Issuer as soon as possible after their determination but in no event later than the fourth Business Day thereafter (and in the case of the Luxembourg Stock Exchange no later than the first day of the relevant Coupon Period).

Whenever it is necessary to calculate an amount of interest in respect of any Security for a period and such period ends prior to the First Reset Date, such interest shall be calculated by applying the Fixed Coupon Rate to the principal amount of such Security, multiplying such sum by the Fixed Day Count Fraction and rounding the resultant figure to the nearest cent, half a cent being rounded upwards.

Whenever it is necessary to calculate an amount of interest in respect of any Security for a period and such period begins on or after the First Reset Date, such interest shall be calculated by applying the Coupon Rate prevailing for such period to the principal amount of such Security, multiplying such sum by the actual number of days in the relevant period divided by 365 or, in the case of a period falling in a leap year, 366, and rounding the resultant figure to the nearest cent, half a cent being rounded upwards.

(d) *Determination or Calculation by Trustee*

If the Calculation Agent does not at any time for any reason (i) determine the Coupon Rate in accordance with Condition 5(b)(ii), or (ii) calculate a Coupon Amount in accordance with Condition 5(c), the Trustee or an agent on its behalf shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee or such agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it or such agent can do so, and in all other respects it or such agent shall do so in such manner as it shall deem fair and reasonable in all the circumstances. All determinations or calculations made or obtained for the purposes of the provisions of this Condition 5(d) by or on behalf of the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders and (in the absence of wilful default or bad faith) no liability to the Issuer or, the Holders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**6. Alternative Coupon Satisfaction Mechanism**

(a) *Alternative Coupon Satisfaction Mechanism*

The Issuer may elect to satisfy any Payment in full or in part (in which case any reference in this Condition 6 to a 'Payment' shall be construed accordingly) through the issue of Ordinary Shares, which, when sold, will provide a cash amount sufficient to make payments due in respect of the relevant Payment in accordance with this Condition 6, in which case the Issuer shall notify the Trustee, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Coupon Payment Date. In the absence of or save to the extent of such election and issue, subject to Condition 4(a) (*Required Deferral of Payments*) and Condition 4(b) (*Optional Deferral of Payments*), Payments must be satisfied in accordance with Condition 9(a), provided that if under Condition 4(a) (*Required Deferral of Payments*) the Required Deferral Condition is met the relevant Payment must be deferred unless (i) the Issuer is solvent again or (ii) a Mandatory Payment Event or a Mandatory Partial Payment Event occurs.

(b) *Issue of shares* If any Payment is to be satisfied in accordance with the Alternative Coupon Satisfaction Mechanism then, subject to Conditions 6(d) and 6(e):

- (i) by close of business on or before the seventh Business Day prior to the relevant Coupon Payment Date or Deferred Coupon Satisfaction Date the Issuer will have authorised for issue such number of Ordinary Shares (the 'Payment Ordinary Shares') as, in the determination of the Calculation Agent, have a market value of not less than the relevant Payment to be satisfied in accordance with this Condition 6;

- (ii) the Calculation Agent will procure purchasers for such Ordinary Shares as soon as after above-mentioned authorisation for the issue of Ordinary Shares, but not later than the fourth Business day prior to the Relevant Date.
- (iii) if, after the operation of the above procedures, there would in the opinion of the Calculation Agent be a shortfall on the date on which the relevant Payment is due, the Issuer shall issue further Ordinary Shares in accordance with the provisions of the Trust Deed to ensure that a sum at least equal to the relevant Payment is available to make the Payment in full on the relevant due date provided that if, despite the operation of the aforementioned provisions, such a shortfall exists on the relevant due date the Issuer may, in accordance with the provisions of the Trust Deed either pay an amount equal to such shortfall as soon as practicable to the Trustee or continue, to issue Ordinary Shares until the Principal Paying Agent shall have received funds equal to the full amount of such shortfall.

(c) *Receipt of cash proceeds in respect of Issue of Ordinary Shares satisfies Payment*

Where the Issuer either elects or is required to make a Payment hereunder by issuing Ordinary Shares and in accordance with its obligations under the Trust Deed issues such shares, the Issuer will sell such shares in the market as instructed by the Calculation Agent. Receipt of the cash proceeds by the Issuer on the sale of the Ordinary Shares in the market by the Issuer shall, subject to Condition 6(b)(iii) and 6(e), be used to satisfy the relevant Payment or, as the case may be, in the circumstances referred to in (d) below, the relevant part of such Payment. The proceeds of sale of Ordinary Shares in accordance with this Condition 6 shall be paid by the Principal Paying Agent to the Holders in respect of the relevant Payment.

(d) *Insufficiency*

- (i) If the Issuer is to satisfy a Payment in accordance with this Condition 6 and does not, on the date when the number of Ordinary Shares required to be issued is determined in accordance with this Condition 6, have sufficient number of Ordinary Shares available for issue, then the Issuer shall notify the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders that all or part, as the case may be, of the relevant Payment cannot be so satisfied due to the events described in this paragraph. In this case the Payment or part thereof shall be satisfied following the date of the next annual general meeting or extraordinary general meeting of shareholders of the Issuer at which a resolution is passed making a sufficient number of Ordinary Shares available to satisfy all or such part of the relevant Payment provided that if the number of Ordinary Shares authorised to be issued at any such meeting is insufficient to satisfy all or such part of the relevant Payment then those Ordinary Shares so issued shall be applied by the Issuer in part satisfaction of all or such part of the relevant Payment. Following the passage of any such resolution, the Issuer shall notify the Trustee, the Paying Agent, the Calculation Agent and the Holders of the date upon which the relevant Payment or, as the case may be, the part thereof is to be made in accordance herewith on not less than 16 Business Days' notice. The relevant Payment or, as the case may be, the part thereof which is not so satisfied shall, unless it is a required Deferred Coupon Payment which had been deferred under Condition 4(a) and has not been subsequently either satisfied or deferred in accordance with Condition 4(b), continue to accrue interest at the rate specified in Condition 4(b)(ii) from (and including) the date on which Payment would otherwise have been due to (but excluding) the date on which such Payment or part thereof is satisfied or, in the event of a Market Disruption Event, the date on which such Payment or part thereof would, but for the occurrence of such Market Disruption Event, have been satisfied (from which date interest (if any) will accrue on such Payment as provided in Condition 6(e)).
- (ii) If, in the case of an insufficiency of Ordinary Shares, the Issuer does not hold an annual general meeting within 6 months of giving the above first-mentioned notice, at which a resolution to make a sufficient number of Ordinary Shares so available is proposed, the Trustee shall by notice require the Issuer to convene an extraordinary general meeting at which such a resolution shall be proposed on a date falling within 10 weeks of such notice from the Trustee.



- (iii) In the event that any such resolution proposed at any such annual general meeting or extraordinary general meeting of the Issuer is rejected, such resolution will be proposed at each annual general meeting or any extraordinary general meeting of the Issuer thereafter until such time as such resolution has been passed by the shareholders of the Issuer.

(e) *Market Disruption*

Notwithstanding the provisions of Condition 6(b), if there exists, in the opinion of the Issuer (subject, where necessary, to determinations made by the Calculation Agent), a Market Disruption Event on or after the 15th Business Day preceding any date upon which a Payment or, in the case of an insufficiency as provided in paragraph (d) above, part thereof is due to be made or satisfied in accordance with this Condition 6, then the Issuer may give a notice to the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders as soon as possible after the Market Disruption Event has arisen or occurred, whereupon the relevant Payment shall be deferred until such time as (in the opinion of the Issuer) the Market Disruption Event no longer exists.

Any such deferred Payment or part thereof will be satisfied as soon as practicable following such time as the Market Disruption Event no longer exists. Interest shall not accrue on such deferred Payment or part thereof unless, as a consequence of the existence of a Market Disruption Event, the Issuer does not make the relevant Payment or part thereof for a period of 14 days or more after the due date therefor, in which case interest shall accrue on such deferred Payment or part thereof from (and including) the date on which the relevant Payment or part thereof was due to be made to (but excluding) the date on which such Payment or part thereof is made. Any such interest shall accrue at the rate provided for in Condition 5 and shall be satisfied only in accordance with this Condition 6 and as soon as reasonably practicable after the relevant deferred Payment is made. No liability shall attach to the Trustee or its agents if, as a result of a Market Disruption Event or any other event outside the control of the Trustee or any such agent, the Trustee or any such agent is unable to comply with the provisions of Condition 6(b).

(f) *Agents*

The Issuer will certify to the Trustee that the proceeds used to make any Deferred Coupon Payment have been funded through the issue of Ordinary Shares which will provide the cash amount due in respect of the Deferred Coupon Payment.

The Calculation Agent will agree to use its reasonable endeavours to procure purchasers for such number of Ordinary Shares that would be required, in its determination, to be issued and allotted to raise the proceeds of an amount not less than the relevant Deferred Coupon Payment to be satisfied.

The Calculation Agent will undertake the above mentioned role no less than 14 days prior to a Deferred Coupon Payment Date.

## **7. Alteration of terms upon a Regulatory Event**

Upon the occurrence of a Regulatory Event Condition 4(c) will no longer apply to the Securities to the extent such Condition refers to Mandatory Partial Payments and Mandatory Partial Payment Events. The Securities thus altered will be referred to as the '**Capital Securities**'. After the Alteration Date the Issuer will be allowed to defer Coupon Payments on the Capital Securities, subject to the suspension of payments on the Issuer's ordinary shares and/or other instruments which are classified as equity for IFRS purposes. Subject to the above, following a Regulatory Event the Capital Securities will remain outstanding on the Conditions applicable to the Securities as of the Alteration Date.

## **8. Redemption and Purchases**

(a) *No Fixed Redemption Date*

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 2 and 3 and without prejudice to the provisions of Condition 13) only have the right to repay them in accordance with the following provisions of this Condition 8.

(b) *Issuer's Call Option*

Subject to Condition 2(b)(i), the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 17 and to the Principal Paying Agent and the Trustee, which notice shall be irrevocable, elect to redeem all, but not some only, of the Securities on the Coupon Payment Date falling on 8 June 2015 or any Coupon Payment Date thereafter at their principal amount together with any Outstanding Payments.

(c) *Redemption due to Taxation*

Subject to Condition 2(b)(i), the Securities may be redeemed at the option of the Issuer in whole, but not in part, (A) at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable), at their liquidation preference of €1,000 per Security together with any Outstanding Payments (if any), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 7 June 2005, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Securities then due and (B) at any time prior to 8 June 2015, on giving not less 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable), at the higher of (x) their liquidation preference of €1,000 per Security together with any Outstanding Payments (if any) and (y) their Make Whole Amount if the Issuer shall no longer be permitted, as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes official on or after 7 June 2005, to deduct for corporate income tax purposes interest payments made on the Securities, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which such payments would cease to be so deductible were a payment in respect of the Securities then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two managing directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts, or has lost the right to deduct for corporate income tax purposes interest payments made on the Securities (as the case may be), as a result of such change or amendment.

(d) *Redemption for Regulatory Purposes*

At any time upon or after the Issuer becoming subject to capital adequacy regulations, if the Issuer notifies the Trustee immediately prior to the giving of the notice referred to below that the relevant supervisor has determined that securities of the nature of the Securities can no longer qualify as Tier 1 Capital (or instruments of a similar nature which qualify as core capital) for the purposes of such capital adequacy regulations, then the Issuer may (subject to the prior consent of the relevant supervisor and Condition 2(b)(i), having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) redeem, in accordance with these Terms and Conditions, at any time all, but not some only, of the Securities at the higher of (x) their liquidation preference of €1,000 per Security together with any Outstanding Payments (if any) and (y) their Make Whole Amount.

(e) *Purchases*

The Issuer, may (subject to Condition 2(b)(i)) at any time purchase Securities in any manner and at any price.

(f) *Cancellation*

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

**9. Payments**

(a) *Method of Payment*

- (i) Payments of principal and Coupon Amounts and all other payments on or in respect of the Securities will be in euro and will be calculated by the Calculation Agent and effected through the Paying Agents. Payments of redemption amounts and interest in respect of the Securities will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of the Global Security to the order of the Paying Agent. A record of each payment will be endorsed on the appropriate part of the schedule to the Global Security by or on behalf of the Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Securities.
- (ii) The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain (aa) a Paying Agent having a specified office in the Netherlands (bb) for so long as the Securities are listed on the Luxembourg Stock Exchange or any other stock exchange or regulated securities market and the rules of such exchange or securities market so require, a Paying Agent having a specified office in such location as the rules of such exchange or securities market may require and (cc) when from 1 July 2005 the provisions of Council Directive of 3 June 2003 on taxation of savings income in the form of interest payments (2003/48/EC) should be applied by the member states of the European Union, a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the Directive. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 17.

(b) *Payments subject to fiscal laws*

All payments made in accordance with these Terms and Conditions will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12.

(c) *Payments on Payment Business Days*

A Global Security may only be presented for payment on a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for general business in Amsterdam and, if different, in the place of the specified office of the relevant Paying Agent to whom the Global Security is presented for payment and (ii) the Trans-European Real-time Gross settlement Express Transfer (TARGET) System is operating. No further interest or other payment will be made as a consequence of the day on which the Global Security may be presented for payment under this paragraph falling after the due date.

**10. Pre-emption**

The Issuer shall, from time to time, keep available for issue such number of Ordinary Shares as it reasonably considers would be required to be issued in order to satisfy the requirement to issue Payment Ordinary Shares in accordance with Condition 6 in connection with the next four Coupon Payments.

No damages will be payable for breach of this covenant but, in the event of breach by the Issuer of this Condition 10, the Trustee may require that the Issuer holds as soon as practicable an extraordinary general meeting of the shareholders of the Issuer at which a resolution is passed to remedy the breach.

The Trustee shall not be obliged to monitor compliance by the Issuer with this Condition and shall be entitled to assume, unless it has actual knowledge to be contrary, that the Issuer is complying with its obligations under this Condition.

#### **11. Non-Payment when Due**

*Notwithstanding any of the provisions below in this Condition 11, the right to institute bankruptcy proceedings is limited to circumstances where payment has become due. Pursuant to Condition 2(b) no principal or Payment will be due by the Issuer if the Issuer is not solvent or would not be solvent if payment of such principal or Payment was made, except as provided in Condition 3. Also, in the case of any Payment, such Payment will not be due if the Issuer has notified to defer that Payment pursuant to Condition 4(a) or 4(b) or if the circumstances referred to in any of Conditions 6(d) or 6(e) then apply. The Trust Deed contains provisions entitling the Trustee to claim from the Issuer, inter alia, the fees, expenses and liabilities incurred by it in carrying out its duties under the Trust Deed. The restrictions on commencing proceedings described below will not apply to any such claim.*

- (a) If the Issuer shall not make payment in respect of the Securities for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed, and the Securities and the Trustee may, notwithstanding the provisions of paragraph (b) of this Condition 11, institute proceedings in the Netherlands (but not elsewhere) for the bankruptcy of the Issuer. Although there is some doubt under Dutch law whether a trustee, such as the Trustee would be permitted to commence a bankruptcy proceeding in The Netherlands, in all cases any holder of the Securities with a due and payable claim would be permitted to commence such proceedings in accordance with Dutch Bankruptcy law.
- (b) Subject as provided in Condition 10, the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Securities (other than for the payment of any principal or satisfaction of any Payments in respect of the Securities, including any payment under Clause 2.6 of the Trust Deed) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.
- (c) The Trustee shall not be bound to take any of the actions referred to in paragraph (a) or (b) above against the Issuer to enforce the terms of the Trust Deed or the Securities unless (i) it shall have been so requested by an Extraordinary Resolution or in writing by the holders of at least one fifth in principal amount of the Securities then outstanding and (ii) it shall have been indemnified to its satisfaction.
- (d) No Holder shall be entitled to proceed directly against the Issuer, or to institute proceedings for the bankruptcy of the Issuer unless the Trustee, having become so bound to proceed or being able to prove in such bankruptcy, fails to do so within a reasonable period and such failure shall be continuing. Subject to Condition 3, no remedy against the Issuer shall be available to the Trustee or any Holder (i) for the recovery of amounts owing in respect of the Securities (including any payment under Clause 2.6 of the Trust Deed), other than the institution of bankruptcy proceedings in the Netherlands (but not elsewhere) for the bankruptcy of the Issuer and (ii) for the breach of any other term under the Trust Deed or the Securities other than as provided in paragraph (b) above.

#### **12. Taxation**

- (a) All payments by the Issuer of principal, Coupon Amounts, Deferred Coupon Payments, Mandatory Partial Payments, Accrued Coupon Payments and Winding-Up Claims in respect of the Securities will be made without withholding of or deduction for, or on any account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax. In that event the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Securities in the absence of such withholding or deduction, except that no such additional amounts shall be payable in relation to any payment with respect to any Security:

- (i) to, or to a third party on behalf of, a Holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Security by reason of such Holder being a resident or deemed resident of the Netherlands or, as the case may be, having some connection with the Netherlands other than the mere holding of such Security; or
- (ii) to, or to a third party on behalf of, a Holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) to, or to a third party on behalf of, a Holder, that is a partnership, or a Holder, that is not the sole beneficial owner of the Security or which holds the Security in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (v) where such withholding or deduction is required to be made pursuant to the Council Directive of 3 June 2003 on the taxation of savings income in the form of interest payments (2003/48/EC) or any law implementing or complying with, or introduced in order to conform to, this Directive; or
- (vi) presented for payment in the Netherlands.

References in these Terms and Conditions to principal, Coupon Amounts, Deferred Coupon Payments, Mandatory Partial Payments and/or Accrued Coupon Payments shall be deemed to include any additional amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefore pursuant to the Trust Deed.

In the event that any payment is satisfied through the issue of Ordinary Shares pursuant to Condition 6, then any additional amounts which are payable shall also be satisfied through the issue of Ordinary Shares.

- (b) All payments by the Issuer in respect of the Capital Securities shall be made without deduction of, and withholding for, any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax.

### **13. Prescription**

Claims for payment in relation to Securities will become void unless exercised within a period of 5 years from the first date of existence of such claims.

### **14. Meetings of Holders, Modification, Waiver and Substitution**

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests including the modification by Extraordinary Resolution of a modification of any of these Terms and Conditions or any of the provisions of the Securities, or the Trust Deed. Any Extraordinary Resolution duly passed shall be binding on all Holders (whether or not they were present at the meeting at which such resolution was passed). The Trustee may agree, without the consent of the Holders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Holders. Any such modification, authorisation or waiver shall be binding on the Holders and, if the Trustee so requires, such modification shall be notified to the Holders as soon as practicable thereafter in accordance with Condition 17.

As provided in the Trust Deed, the Trustee may agree with the Issuer, without the consent of the Holders to substitution on a subordinated basis equivalent to that referred to in these Terms and Conditions of any holding company of the Issuer, any subsidiary of such holding company, any



Subsidiary, any successor in business of the Issuer or any subsidiary of any successor in business of the Issuer (the 'Substituted Issuer') in place of the Issuer (or any previous Substituted Issuer under this Condition 14) as a new issuing party under the Trust Deed, the Securities and the Coupons. In connection with any proposed substitution as aforesaid and in connection with the exercise of its functions, the trustee shall have regard to the interests of the Holders as a class and the Trustee shall not have regard to the consequences of such substitution for individual Holders resulting from in particular their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the general interests of the Holders as a class and shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders except to the extent already provided for in Condition 12 and/or any undertaking given in addition thereto or in substitution therefor under the Trust Deed.

#### **15. Replacement of the Securities**

Should the Global Security, be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (or such other place of which notice shall have been given in accordance with Condition 17) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity and/or as the Issuer may reasonably require. The mutilated or defaced Global Security must be surrendered before any replacement Global Securities will be issued.

#### **16. The Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, without accounting for any profit resulting therefrom.

#### **17. Notices**

Notices to Holders may be given by the delivery of the relevant notice to Euroclear and Clearstream except that for so long as the Securities are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices shall also be published in a leading Luxembourg daily newspaper, which is expected to be "d'Wort". Any such notice shall be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Any Notice delivered to Euroclear or Clearstream shall be deemed to have been given to the Holders on the day on which such notice is so delivered.

#### **18. Further Issues**

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

#### **19. Agents**

The Issuer will procure that there shall at all times be a Calculation Agent and a Principal Paying Agent so long as any Security is outstanding. If either the Calculation Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Terms and Conditions or the

Calculation Agency Agreement or the Agency Agreement, as appropriate, the Issuer shall appoint, on terms acceptable to the Trustee, an independent investment bank acceptable to the Trustee to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Principal Paying Agent nor the resignation of either will be effective without a successor having been appointed.

All calculations and determinations made by the Calculation Agent or the Principal Paying Agent in relation to the Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Paying Agents and the Holders.

None of the Issuer, the Trustee and the Paying Agents shall have any responsibility to any person for any errors or omissions in any calculation by the Calculation Agent.

## **20. Governing Law and Jurisdiction**

- (a) The Trust Deed and the Securities, are governed by, and shall be construed in accordance with, the laws of the Netherlands.
- (b) The Courts of the Netherlands are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and the Securities, and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, and the Securities may be brought in such courts.

## **21. Definitions**

In these Terms and Conditions:

*‘Accrued Coupon Payment’* means, as at any time, where these Terms and Conditions provide that interest shall continue to accrue after a Coupon Payment Date in respect of a Security the amount of interest accrued thereon in accordance with Conditions 4(b), 5, 6(d) and 6(e);

*‘Adjusted Yield’* means (a) the Bond Yield plus (b) 0.40 per cent;

*‘Agency Agreement’* means the agency agreement dated 8 June 2005 between the Issuer, the Trustee and the Paying Agents relating to the Securities under which each Paying Agent agrees to perform the duties required of it under these Terms and Conditions;

*‘Alteration Date’* means the date the terms of the Securities are altered in accordance with Condition 7;

*‘Applicable Coupon Rate’* means in relation to any Payment deferred pursuant to Condition 4(b) or Condition 6(e), either the Fixed Coupon Rate or Floating Coupon Rate payable on the Securities as determined by the Calculation Agent in accordance with Condition 5(b)(ii) for the Coupon Periods during which such Payment is deferred;

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

*‘Bond Yield’* means the rate per annum equal to the annual yield to maturity of the Comparable Bond Issue, assuming a price equal to the Comparable Bond Price for the Calculation Date;

*‘Business Day’* means a day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open for general business in Amsterdam;

*‘Calculation Agency Agreement’* means the calculation agency agreement dated 8 June 2005 between the Issuer, the Trustee and the Calculation Agent, relating to the Securities under which the Calculation Agent agrees to perform the duties required of it under these Terms and Conditions;

*‘Calculation Agent’* means, as calculation agent in relation to the Securities, or its successor or successors for the time being appointed under the Calculation Agency Agreement;

*‘Calculation Date’* means the third TARGET Business Day prior to the Special Tax Optional Redemption Date;

*‘Capital Securities’* has the meaning ascribed to in Condition 7;



*‘Comparable Bond Issue’* means, with respect to the Special Tax Optional Redemption Date, the benchmark bond selected by the Quotation Agent that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities from the Special Tax Optional Redemption Date to 8 June 2015;

*‘Comparable Bond Price’* means (a) the average of five Reference Bond Dealer Quotations, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Quotation Agent obtains fewer than five such Reference Bond Dealer Quotations, the average of all such Reference Bond Dealer Quotations;

*‘Coupon Amount’* means (i) in respect of a Coupon Payment, the amount of interest payable on a Security for the relevant Coupon Period in accordance with Condition 5 and (ii) for the purposes of Conditions 8(c) and 8(d), any interest accrued from (and including) the preceding Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the due date for redemption if not a Coupon Payment Date as provided for in Condition 5(b);

*‘Coupon Payment’* means, in respect of a Coupon Payment Date, the aggregate Coupon Amounts for the Coupon Period ending on such Coupon Payment Date;

*‘Coupon Payment Date’* means for the period from (and including) 8 June 2005 to (but excluding) 8 June 2015, 8 June in each year (starting 8 June 2006), and thereafter, 8 June, 8 September, 8 December and 8 March in each year;

*‘Coupon Period’* means the period commencing on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period commencing on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date;

*‘Coupon Rate’* means either the Fixed Coupon Rate or the prevailing Floating Coupon Rate each as described in Condition 5(b);

*‘Deferred Coupon Payment’* means:

- (i) any Payment, or part thereof, which has been deferred in accordance with Condition 4(a) (Required Deferral of Payments) and has not subsequently been either (x) satisfied or (y) deferred in accordance with Condition 4(b) (Optional Deferral of Payments); or
- (ii) any Payment, or part thereof, which, pursuant to Condition 4(b) the Issuer has elected to defer and which has not been satisfied;

*‘Deferred Coupon Satisfaction Date’* means:

- (i) with respect to a deferral under Condition 4(a)(i), the Coupon Payment Date following the 19th Business Day after the Required Deferral Condition fails to be met or, if earlier, the date on which the Issuer has resolved to satisfy a Deferred Coupon Payment, as notified by the Issuer to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent in accordance with Condition 4(a)(ii); or
- (ii) the date on which the Issuer has resolved to satisfy a Deferred Coupon Payment, as notified by the Issuer to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent in accordance with Condition 4(b); or
- (iii) the date on which the Issuer is required to satisfy all Deferred Coupon Payments pursuant to Condition 4(c);

*‘First Reset Date’* means 8 June 2015;

*‘Fixed Coupon Rate’* means 4.176 per cent. per annum;

*‘Fixed Day Count Fraction’* means the actual number of days in the period from and including the date from which interest begins to accrue for the relevant period of calculation (the “*Accrual Date*”) to but excluding the date on which it falls due divided by the actual number of days from and including the Accrual Date to but excluding the next following Coupon Payment Date;

*‘Floating Coupon Rate’* has the meaning ascribed to in Condition 5(b)(ii);

*‘Holder’* means the bearer of any Security or Capital Security; *‘Interest’* shall, where appropriate, include Coupon Amounts, Deferred Coupon Payments and Accrued Coupon Payments;

*‘Interest Determination Date’* means the second Business Day before the commencement of each Coupon Period;

*‘Issue Date’* means 8 June 2005, being the date of initial issue of the Securities;

*‘Issuer’* means ING Groep N.V.;

*‘Junior Guarantee’* means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary or Undertaking and ranking on a liquidation (upon dissolution or otherwise) of the Issuer or in respect of distributions or payment of dividends or any other payment thereon after the Securities;

*‘Junior Securities’* means the Ordinary Shares or any other securities of the Issuer which rank as regards distributions on a return of assets on a liquidation (upon dissolution or otherwise) of the Issuer or in respect of distributions or payment of dividends or any other payments thereon, after the Securities;

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

*‘Make Whole Amount’* means in respect of each Security, an amount, as determined by the Quotation Agent, equal to the sum of:

- (1) the present value of the liquidation preference of €1,000 per Security discounted from 8 June 2015 to the Special Optional Redemption Date;
- (2) the present value of scheduled payments of interest in respect of each Security from the Special Optional Redemption Date to 8 June 2015 (for which purpose it shall be assumed that no deferral would occur pursuant to Condition 4; both such amounts to be calculated by discounting the relevant amounts on the basis for the calculation of interest for periods of less than a full year set out in Condition 5(b) at the Adjusted Yield; and
- (3) any Outstanding Payments and any other amounts outstanding on the Securities;

*‘Mandatory Partial Payment’* payable on any Coupon Payment Date means a payment in respect of each Security in an amount that results in payment of a proportion of a full Coupon Payment on the Security on such Coupon Payment Date equal to the proportion of a full dividend on the relevant Parity Securities and/or payment on the relevant Parity Guarantee paid on the dividend or payment date in respect of the relevant Parity Securities and/or Parity Guarantee immediately preceding;

A *‘Mandatory Payment Event’* shall occur if any of the following occurs:

- (i) the Issuer declares, pays or distributes a dividend or makes a payment (other than a dividend in the form of Ordinary Shares) on any of its Junior Securities or makes any payment on a Junior Guarantee;
- (ii) any Subsidiary or Undertaking declares, pays or distributes a dividend on any security issued by it benefiting from a Junior Guarantee or makes a payment (other than a dividend in the form of Ordinary Shares) on any security issued by it benefiting from a Junior Guarantee; or
- (iii) the Issuer or any Subsidiary or Undertaking redeems, purchases or otherwise acquires any of the Issuer’s Junior Securities, any Parity Securities or any securities issued by any Subsidiary or Undertaking benefiting from a Junior Guarantee or Parity Guarantee (other than (1) by conversion into or in exchange for Ordinary Shares, (2) in connection with transactions effected by or for the account of customers of the Issuer or any Subsidiary or in connection with the distribution, trading or market making in respect of those securities, (3) in connection with the satisfaction by the Issuer or any Subsidiary of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants, (4) as a result of a reclassification of the Issuer or any Subsidiary or the exchange or conversion of one class or series of capital stock for another class or series of capital stock, or (5) the purchase of fractional interests in shares of the capital stock of the Issuer or any Subsidiary pursuant to the conversion or exchange provisions of that capital stock or the security being converted or exchanged) for any

consideration, or any moneys are paid to or made available for a sinking fund or for redemption of any of any Junior Securities, Parity Securities or any securities issued by any Subsidiary or Undertaking benefiting from a Junior Guarantee or Parity Guarantee;

A ‘*Mandatory Partial Payment Event*’ shall occur if any of the following occurs:

- (i) the Issuer declares, pays or distributes a dividend or makes a payment on any of its Parity Securities or makes any payment on a Parity Guarantee; or
- (ii) any Subsidiary or Undertaking declares, pays or distributes a dividend on any security issued by it benefiting from a Parity Guarantee or makes a payment on any security issued by it benefiting from a Parity Guarantee;

‘*Market Disruption Event*’ means (i) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by Euronext Amsterdam N.V. or on settlement procedures for transactions in the Ordinary Shares on Euronext Amsterdam N.V. if, in any such case, that suspension or limitation is, in the determination of the Calculation Agent, material in the context of the sale of the Ordinary Shares, or (ii) in the opinion of the Issuer, there has been a substantial deterioration in the price and/or value of the Ordinary Shares or circumstances are such as to prevent or to a material extent restrict the issue or delivery of the Payment Ordinary Shares, or (iii) where, pursuant to these Terms and Conditions, moneys are required to be converted from one currency into another currency in respect of any Payment, the occurrence of any event that makes it impracticable to effect such conversion;

‘*Ordinary Shares*’ means ordinary shares of the Issuer or depository receipts issued in respect of such Ordinary Shares as the context may require;

‘*Outstanding Payment*’ means:

- (i) in relation to any Coupon Payment, Deferred Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment, that such payment (a) has either become due and payable or would have become due and payable except for the non-satisfaction on the relevant date of the conditions referred to in Condition 2(b)(i) or the deferral, postponement or suspension of such payment in accordance with any of Conditions 4(a), 4(b), 6(d) or 6(e) and (b) in any such case has not been satisfied and;
- (ii) in relation to any Accrued Coupon Payment, any amount thereof which has not been satisfied whether or not payment has become due;

‘*Parity Securities*’ means, in respect of the Issuer any of the most senior preference shares of the Issuer or other securities regardless of name or designation which are akin to such preference shares of the Issuer as regards distributions on a return of assets on a liquidation (upon dissolution or otherwise), moratorium of payments or bankruptcy of the Issuer or in respect of distribution or payment of dividends and/or any other amounts thereunder by the Issuer and which rank *pari passu* with the Securities as regards such distributions or payments;

‘*Parity Guarantee*’ means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary or an Undertaking which are akin to the most senior preference shares of the Issuer or other securities (regardless of name or designation) of the Issuer or such Subsidiary or Undertaking and ranking on a liquidation (upon dissolution or otherwise), moratorium of payments or bankruptcy of the Issuer or in respect of distributions or payment of dividends or any other payments thereon *pari passu* with the Securities;

‘*Paying Agents*’ means the paying agents appointed pursuant to the Agency Agreement and such term shall, unless the context otherwise requires, include the Principal Paying Agent;

‘*Payment*’ means any Coupon Payment, Deferred Coupon Payment, Accrued Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment;

‘*Payment Ordinary Shares*’ has the meaning ascribed to it in Condition 6(b);

‘*Primary Bond Dealer*’ means any credit institution or financial services institution that regularly deals in bonds and other debt securities;

‘*Principal Paying Agent*’ means the principal paying agent appointed pursuant to the Agency Agreement;

*‘Quotation Agent’* means [ING Financial Markets] or [Citigroup Global Markets Limited] and their successors, provided, however, that if both the foregoing shall cease to be a Primary Bond Dealer in London, the Issuer will be entitled to appoint another Quotation Agent that is a Primary Bond Dealer in London;

*‘Reference Banks’* means the five major banks in Euro-zone interbank market as selected by the Principal Paying Agent;

*‘Reference Bond Dealer’* means (a) the Quotation Agent or (b) any other Primary Bond Dealer selected in consultation with the Issuer by the Quotation Agent;

*‘Reference Bond Dealer Quotations’* means the average, as determined by the Quotation Agent, of the bid and offer prices for the Comparable Bond Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Bond Dealer at 11.00 a.m. (London time) on the Calculation Date;

*‘Regulatory Event’* means that the Issuer, after becoming subject to capital adequacy regulations, shall have been notified by the Dutch Central Bank to the effect that at any Coupon Payment Date or Distribution Payment Date, as applicable, the Issuer’s capital adequacy ratio would after payment of the Coupon Payment or distributions on the capital securities, as applicable, be less than the minimum capital adequacy requirements as be applied and enforced by the Dutch Central Bank or any other appropriate regulator;

*‘Relevant Date’* means (i) in respect of any payment other than a Winding-Up Claim, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the ‘Relevant Date’ means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 17, and (ii) in respect of a Winding-Up Claim, the date which is one day prior to the commencement of the winding-up;

*‘Relevant Screen Page’* means the Telerate Screen page 248 or such replacement page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to Three Month EURIBOR;

*‘Representative Amount’* means an amount that is representative for a single transaction in the relevant market at the relevant time;

the *‘Required Deferral Condition’* in respect of the Securities or Capital Securities will be met if, in the determination of the Issuer, on the relevant date, the Issuer is, or payment of the relevant Payment by the Issuer will result in the Issuer being insolvent;

*‘Reset Date’* means the First Reset Date and each Coupon Payment Date thereafter;

*‘Securities’* means the euro 500,000,000 ING Perpetual Securities, and such expression shall include, unless the context otherwise requires, any further Securities issued pursuant to Condition 18 and forming a single series with the Securities;

*‘Senior Creditors’* means creditors of the Issuer (a) who are unsubordinated creditors of the Issuer, or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation (upon dissolution or otherwise)) of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise, or (c) who are subordinated creditors of the Issuer other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders;

*‘Special Optional Redemption Date’* means the date fixed for redemption of the Securities under Condition 8(b) or 8(c);

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

*‘Three Month EURIBOR’* means in relation to a Coupon Period Commencing on any Reset date, the rate for deposits in euro for a period of three months which appears on the Relevant Screen Page as of 11.00 a.m. Central European Time (or such other time as may be customary for the daily reset of such rate) on the relevant Reset Date.

If such rate does not appear on the Relevant Screen Page on the Reset Date for a Coupon Period, then Three Month EURIBOR for the Coupon Period will be determined on the basis of the rates at which deposits in euro are offered by the Reference Banks at approximately 11.00

a.m., Central European Time, on the Reset Date in question to prime banks in the Euro-zone interbank market for a period of three months commencing on the first day of such Coupon Period and in a Representative Amount. The Principal Paying Agent shall request the principal Euro-zone office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, Three Month EURIBOR for such Coupon Period shall be the arithmetic mean of such quotations.

If fewer than two quotations are provided as requested, Three Month EURIBOR for such Coupon Period shall be the arithmetic mean of the rates quoted by major banks in the Euro-zone selected by the Principal Paying Agent, at approximately 11.00 a.m. Central European Time, on the first day of the relevant Coupon Periods for loans in euro to leading Euro-zone banks for a period of three months commencing on the first day of such Coupon Period and in a Representative Amount, except that, if the banks so selected by the Principal Paying Agent are not quoting as mentioned above, the Floating Coupon Rate for such Coupon Period shall be either (i) the Floating Coupon rate in effect for the last preceding Coupon Period to which one of the preceding paragraphs of this definition of Three Month EURIBOR shall have applied or (ii) if none, the Fixed Coupon Rate.

*‘Trust Deed’* means the trust deed dated 8 June 2005 between the Issuer and the Trustee;

*‘Trustee’* means Amsterdamsch Trustee’s Kantoor B.V.;

*‘Undertaking’* means a body corporate, partnership, limited partnership, Cooperative or an incorporated association carrying on a trade or business with or without a view to profit in which the Issuer has a direct or indirect financial, commercial or contractual majority interest; and

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



## **ING GROEP N.V.**

### **PROFILE**

ING Groep N.V., also called ING Group, is the holding company of a broad spectrum of companies (together called ING), offering banking, insurance and asset management products to more than 60 million private, corporate and institutional clients in over 50 countries. Originating from the Netherlands, ING now has a workforce of almost 115,000 people worldwide. ING Group is a listed company and holds all shares of ING Bank N.V. and ING Verzekeringen N.V., which are non-listed 100% subsidiaries of ING Group.

ING Bank N.V. is globally active through several business units, among others ING Bank, Postbank and Regio Bank in the Netherlands and mainly ING Direct, ING Belgium (formerly known as BBL), ING Bank Śląski (participation of 75%), ING Wholesale and ING Real Estate outside the Netherlands.

ING Insurance is represented in some 25 countries around the world through a variety of insurance companies, offering life insurance and – in a selected number of countries – non-life insurance, as well as asset management. In the Netherlands, ING Insurance is market leader in life insurance and pensions and a prominent company in non-life insurance and as an asset manager. The United States and Canada are other important insurance markets for ING. In around 20 countries ING started life-insurance companies from scratch as of the eighties, in Europe (especially Poland, Czech Republic and Hungary), in Asia (especially Japan, Taiwan, Korea, Malaysia) and in Latin America (especially Mexico and Chile). India and China are important growth markets.

### **INCORPORATION AND HISTORY**

ING Groep N.V. was incorporated under Dutch law in the Netherlands on 21 January 1991 for an indefinite duration in the form of a public limited company as Internationale Nederlanden Groep N.V., also known as ING Group.

ING Group is the result of the merger between NMB Postbank Group and Nationale-Nederlanden in 1991. NMB Bank and Postbank, two leading Dutch banks, merged in 1989. The legal name of NMB Bank as holding company for the merged entities was changed into NMB Postbank Groep N.V. On 4 March 1991 NMB Postbank Groep N.V. merged with Nationale-Nederlanden N.V., the largest Dutch insurance group. On that date the newly formed holding company Internationale Nederlanden Groep N.V. honoured its offer to exchange the shares of NMB Postbank Groep N.V. and of Nationale-Nederlanden N.V. NMB Postbank Groep N.V. and Nationale-Nederlanden N.V. continued as sub-holding companies of Internationale Nederlanden Groep N.V. An operational management structure ensures a close co-operation between the banking and insurance activities, strategically as well as commercially. The sub-holding companies remain legally separate. After interim changes of names the statutory names of the above-mentioned companies have been changed into ING Groep N.V., ING Bank N.V. and ING Verzekeringen N.V. on 1 December 1995.

The registered office is at Amstelveenseweg 500 (ING House), 1081 KL Amsterdam, the Netherlands. ING Groep N.V. is registered at the Chamber of Commerce of Amsterdam under no. 33231073. The articles of association were last amended by notarial deed executed on 23 June 2003. According to its articles of association, the object of the company is to participate in, manage, finance, provide personal or real security for the obligations of and provide services to other business enterprises and institutions of any kind whatsoever, but in particular business enterprises and institutions which are active in the field of insurance, banking, investment and/or other financial services, and to do anything which is related to the foregoing or may be conducive thereto.

### **SUPERVISORY BOARD AND EXECUTIVE BOARD**

ING Group has a two-tier board system, consisting of a Supervisory Board and an Executive Board. The Supervisory Board consists of independent non-executives. Its task is to supervise the policy of the Executive Board and the general course of events in the company and to assist the Executive Board by providing advice. The Executive Board is responsible for the daily management of the company. Their composition is as follows:

- Supervisory Board: Cor Herkströter (chairman), Eric Bourdais de Charbonnière (vice-chairman), Luella Gross Goldberg, Paul van der Heijden, Claus Dieter Hoffmann, Jan Hommen, Aad Jacobs, Wim Kok, Christine Lagarde, Godfried van der Lugt, Paul Baron de Meester, Karel Vuursteen;

- Executive Board: Michel Tilmant (chairman), Cees Maas (vice-chairman and chief financial officer), Eric Boyer de la Giroday, Fred Hubbell, Eli Leenaars, Alexander Rinnooy Kan, Hans Verkoren.

The business address of all members of the Supervisory Board and the Executive Board is: ING Groep N.V., Amstelveenseweg 500 (ING House), P.O. Box 810, 1000 AV Amsterdam, The Netherlands.



## KEY FIGURES

ING Group's key figures for the last five years were as follows:

	<b>DUTCH GAAP</b>				
	<b>2004</b>	2003	2002	2001	2000
<b>Balance sheet</b> ( <i>EUR x billion</i> )					
Total assets	<b>866</b>	779	716	705	650
Shareholders' equity	<b>26</b>	21	18	22	25
<b>Assets under management</b> ( <i>EUR x billion</i> )	<b>492</b>	463	449	513	503
<b>Market capitalisation</b> ( <i>EUR x billion</i> )	<b>49</b>	39	32	57	83
<b>Operating income</b> ( <i>EUR x million</i> )					
Insurance operations	<b>55,398</b>	53,233	59,449	55,274	34,521
Banking operations	<b>12,537</b>	11,680	11,201	11,111	11,302
<b>Operating expenses</b> ( <i>EUR x million</i> )					
Insurance operations	<b>4,837</b>	4,897	5,203	5,583	5,023
Banking operations	<b>8,658</b>	8,184	8,298	8,186	8,273
<b>Additions to the provisions for loan/ investment losses</b> ( <i>EUR x million</i> )	<b>497</b>	1,288	2,099	907	400
<b>Operating profit before tax</b> ( <i>EUR x million</i> )					
Insurance operations	<b>4,005</b>	3,486	3,170	2,792	2,307
Banking operations	<b>3,414</b>	2,371	1,468	2,170	2,605
Operating profit before tax	<b>7,419</b>	5,857	4,638	4,962	4,912
Operating net profit	<b>5,389</b>	4,053	3,433	3,539	3,388
Net realised capital gains	<b>579</b>	-10	820	713	620
Non-operating net profit	<b>—</b>	—	247	325	7,976
Net profit	<b>5,968</b>	4,043	4,500	4,577	11,984

## Share capital

The authorised share capital of ING Group amounts to EUR 2,160 million, consisting of (a) three billion ordinary shares with a nominal value of EUR 0.24 each, (b) one hundred million 'A' preference shares with a nominal value of EUR 1.20 each, (c) two hundred million 'B' preference shares with a nominal value of EUR 1.20 each, (d) nine hundred million cumulative preference shares, with a nominal value of EUR 1.20 each. The issued and paid-up capital as at 31 December 2004 amounted to EUR 633.7 million, consisting of 2,204.8 million ordinary shares and 87.1 million 'A' preference shares.

## **OVERALL DEVELOPMENT IN 2004**

In May 2004, the renewed Executive Board assumed leadership of ING Group. Three new Executive Board members joined the team and Michel Tilmant succeeded Ewald Kist as chairman.

The first initiative of the renewed Executive Board was to simplify the management structure. The new structure is based on six business lines and is designed to bring the Executive Board closer to the business, foster faster decision-making and enhance personal accountability. The business lines are Insurance Europe, Insurance Americas, Insurance Asia/Pacific, Wholesale Banking, Retail Banking and ING Direct. In addition, it was decided to sell businesses which were non-core or underperforming. These divestments have freed up capital, part of which has been used to reduce the leverage of the Group. The rest will be invested in our core activities. We have also sharpened our focus on execution. In what we do, we want to excel. We want to offer exemplary customer service, generate profitable topline growth, and pursue strict cost control, all underpinned by solid risk management to reduce the need for capital. Disciplined performance in these areas ultimately generates strong bottom-line results. ING will continue to seek growth in mature markets where we already have a long-standing presence, for example the Benelux countries and the United States. Furthermore, we have good businesses with clear growth potential. The first is ING Direct. The second is pension products and services. The third is life insurance business in developing markets.

### **Financial development in 2004**

The financial results in 2004 were encouraging. Operating net profit reached an historic high. Total operating income increased 10.6% excluding the impact of acquisitions, divestments, and currency effects. The insurance business lines posted strong growth in premium income, while product-pricing was adjusted to increase returns on new business. The banking business lines continued to benefit from lower risk costs, and operating income showed a solid increase, despite pressure on interest rates in the past year. Although we saw some one-offs and non-recurring expenses in the fourth quarter, underlying costs were contained, except at Nationale-Nederlanden, where we continued to invest deliberately to meet the structural improvements required.

The divestments enabled us to improve the debt/equity ratio to 9.9% at the end of 2004, in line with our 10% target. Sales completed in 2004 resulted in a release of EUR 1.5 billion in regulatory capital that will be invested to support the growth of businesses such as ING Direct, the activities in developing markets such as Asia and Central Europe, and the retirement services business such as in the U.S.

With our capital position strengthened, we have decided to change to a full cash dividend, starting with the final dividend for 2004. In 2005, we will focus on execution to increase value creation for our shareholders.

## **FIGURES FIRST QUARTER 2005, AS PUBLISHED ON 12 MAY 2005**

### **General**

ING Group made a strong start to the year. All six business lines contributed to the sharp increase in first-quarter net profit, which was supported by a lower tax rate due to tax-exempt gains on divestments and private equity. We saw healthy progress at the Group's three growth engines. ING Direct added one million new customers and attracted more than EUR 15 billion in funds entrusted in the first quarter alone. The life insurance businesses in developing markets posted a 36% increase in the value of new business, and Asia/Pacific accounted for more than half of the Group's total. Assets in the pensions and retirement savings business also continued to grow.

All three banking business lines performed above ING's target for risk-adjusted return on capital, and the life insurance businesses posted a 20% increase in the value of new business by focusing on the most profitable products and market segments.

Our operating expenses declined from the level in the fourth quarter. However expenses remain a key point of attention for management, and we will continue to look for ways to reduce costs and improve efficiency to preserve our competitive position, particularly in mature markets. At Nationale-Nederlanden we plan to reduce the annual cost base by EUR 235 million by 2007 to bring efficiency into line with the industry benchmark. That will lead to a reduction of the workforce by 1,000 positions by the end of 2007 as well as a reduction in third-party staff as backlogs diminish.

In the first quarter we continued to benefit from favourable market conditions. Risk costs in banking were historically low, partly due to releases of provisions in Wholesale Banking, supported by improvements in risk management as well as favourable market conditions. Our life insurance

businesses were helped by investment gains, while the non-life insurance business continued to benefit from exceptionally low claims, particularly in Canada.

#### **First-quarter profit**

Net profit increased 71.8% to EUR 1,941 million in the first quarter of 2005, up from EUR 1,130 million in the same period last year, driven by strong growth across all business lines. Net profit from insurance rose 56.3% to EUR 730 million, driven by strong profit growth from the life insurance businesses in Asia, the U.S. and the Netherlands, as well as continued strong underwriting results from non-life insurance in Canada. Net profit from banking rose 82.7% to EUR 1,211 million, driven by the continued growth of ING Direct and lower risk costs particularly in Wholesale Banking, as well as realised gains on divestments in the first quarter of 2005. Net profit per share rose 64.8% to EUR 0.89 from EUR 0.54 in the first quarter of 2004.

Total profit before tax increased 48.3% to EUR 2,575 million. Realised gains on divestments added EUR 376 million to profit before tax in the first quarter of 2005 compared with a loss of EUR 84 million from divestments in the first quarter of 2004. The divested units contributed a total of EUR 125 million to profit before tax in the first quarter of 2004 and EUR 14 million in the first quarter this year. Excluding those impacts, profit before tax increased 28.9% to EUR 2,185 million.

Insurance profit before tax excluding divestments rose 44.5% to EUR 993 million, with all three regions reporting strong increases. Insurance Europe posted an increase of 43.5% to EUR 505 million, lifted by higher investment gains in the Netherlands as well as continued growth in Central Europe. Insurance Americas posted a 32.5% increase to EUR 444 million, driven by continued strong underwriting results at the Canadian non-life insurance business as well as higher investment and fee income at the U.S. life business. Insurance Asia/Pacific posted a 52.7% increase, driven by strong growth from life insurance in Australia and South Korea.

Banking profit before tax excluding divestments increased 18.3% to EUR 1,192 million, bolstered by higher results from all three business lines. Wholesale Banking posted a 9.7% increase to EUR 725 million, due to the release of some debtor provisions. Retail Banking rose 21.2% to EUR 394 million, driven by higher results from the Netherlands and Belgium. ING Direct posted a 62.8% increase in profit before tax to EUR 127 million, lifted by strong growth in funds entrusted and mortgage lending.

## ING GROUP KEY FIGURES

### IFRS

<i>In EUR x million</i>	2005	First Quarter 2004	% change
Profit before tax excluding divestments:			
– Insurance Europe	505	352	+43.5
– Insurance Americas	444	335	+32.5
– Insurance Asia/Pacific	171	112	+52.7
– Other <sup>1</sup>	-127	-112	
<b>Insurance operating profit before tax excluding divestments</b>	<b>993</b>	<b>687</b>	<b>+44.5</b>
– Wholesale Banking	725	661	+9.7
– Retail Banking	394	325	+21.2
– ING Direct	127	78	+62.8
– Other <sup>2</sup>	-54	-56	
<b>Banking profit before tax excluding divestments</b>	<b>1,192</b>	<b>1,008</b>	<b>+18.3</b>
<b>Total profit before tax excluding divestments</b>	<b>2,185</b>	<b>1,695</b>	<b>+28.9</b>
Gains/losses on divestments	376	-84	
Profit before tax from divested units	14	125	
<b>Total profit before tax</b>	<b>2,575</b>	<b>1,736</b>	<b>+48.3</b>
Taxation	572	529	+8.1
Third-party interests	62	77	-19.5
<b>Net profit</b>	<b>1,941</b>	<b>1,130</b>	<b>+71.8</b>
- of which Insurance	730	467	+56.3
- of which Banking	1,211	663	+82.7
<b>Net profit per share (in EUR)</b>	<b>0.89</b>	<b>0.54</b>	<b>+64.8</b>
<b>Key figures</b>			
Net return on capital and reserves <sup>3</sup>	26.4%	25.4%	
Debt/equity ratio <sup>4</sup>	9.0%	10.9%	
Total staff (average FTEs)	114,700	113,100	+1.4

1. Other insurance results includes the currency hedge result in 2004, interest on core debt and results on reinsurance activities

2. Other banking results consist mainly of interest expenses that are not allocated to the different business lines

3. 2004 figures are full-year on DUTCH GAAP basis; 2005 figures exclude revaluation reserves for available-for-sale securities

4. Comparable figure is based on IFRS at 1 January 2005

### Tax rate

The effective tax rate decreased to 22.2% in the first three months of 2005 from 30.5% in the first quarter of 2004, due to a lower nominal tax rate in the Netherlands as well as high tax-exempt realised gains on divestments and private equity. The effective tax rates for insurance and banking are both within the expected range for 2005 of 20% to 25%.

### Currency impact

The decline of most currencies against the euro had a negative impact of EUR 11 million. Starting from 2005, ING no longer has hedges in place for the U.S. dollar. In the first quarter of 2004, the U.S. dollar hedge resulted in a net gain of EUR 52 million. Including the gain on the dollar hedge last year, the total negative currency impact on the comparison for first-quarter net profit was EUR 63 million.

### Impact of IFRS

ING Group adopted International Financial Reporting Standards (IFRS) as endorsed by the European Union as of 2005. The 2004 comparatives have been restated to comply with IFRS. However, as permitted by IFRS 1, ING Group has not restated the 2004 comparatives for the impact

of IAS 32, 39 and IFRS 4. Accordingly, comparative information with respect to financial instruments and insurance contracts is prepared under ING Group's previous accounting policies (DUTCH GAAP). In the first quarter of 2005, IAS 32, 39, IFRS 4 and adjustments to the fair value of real estate had a positive impact on net profit of approximately EUR 90 million. For the insurance operations, the standards had a positive net impact of approximately EUR 60 million, mainly due to the revaluation of non-trading derivatives, adjustments to the fair value of real estate, prepayment penalties on mortgages, and realised gains on bonds. In the banking operations, the impact of IAS 32 and 39 was approximately EUR 30 million after tax, mainly due to the revaluation of non-trading derivatives, which was partly offset by amortised results on fixed-interest securities in 2004.

## BALANCE SHEET & CAPITAL AND RESERVES

### Key Balance Sheet Figures

	<i>IFRS</i>		
<i>In EUR x billion</i>	<b>31 March 2005</b>	<b>1 January 2005</b>	<b>Q1 % Change</b>
<b>Capital and reserves</b>	<b>31.3</b>	<b>28.3</b>	<b>+10.6</b>
– insurance operations	16.8	15.3	+9.8
– banking operations	18.4	17.2	+7.0
– eliminations <sup>1</sup>	-3.9	-4.2	
<b>Total assets</b>	<b>1,036.5</b>	<b>964.5</b>	<b>+7.5</b>
<b>Net return on capital and reserves<sup>2</sup></b>	<b>26.4%</b>	<b>25.4%</b>	
– insurance operations	21.0%	27.0%	
– banking operations	23.9%	15.8%	

1. own shares, subordinated loans, third-party interests, debenture loans and other eliminations

2. as per 31 December 2004 under DUTCH GAAP standards, March 2005 figures are annualised

### Capital and reserves

On 31 March 2005, ING's capital and reserves amounted to EUR 31.3 billion, an increase of EUR 3.0 billion, or 10.6%, compared with 1 January 2005. Net profit from the first three months of 2005 added EUR 1.9 billion to capital and reserves, a transfer from insurance liabilities added EUR 0.3 billion as a result of deferred profit sharing, exchange rate differences added EUR 0.6 billion and other changes added EUR 0.4 billion. Unrealised revaluations on equities and debt securities had a negative impact of EUR 0.2 billion.

### Capital ratios

The debt/equity ratio of ING Groep N.V. improved to 9.0% from 10.9% at 1 January 2005. The improvement was caused by a EUR 3.7 billion increase in the Group capital base, excluding third-party interests, due to retained earnings and revaluations as well as a EUR 0.3 billion decrease in core debt. The capital coverage ratio for ING's insurance operations increased to 208% of regulatory requirements at the end of March compared with 201% at 1 January 2005. The Tier-1 ratio of ING Bank N.V. stood at 7.21% on 31 March 2005, up from 7.00% on 1 January 2005. The solvency ratio (BIS ratio) for the bank improved to 10.76% from 10.59% on 1 January 2005. Compared with 1 January 2005, total risk-weighted assets rose by EUR 13.3 billion, or 4.9%, to EUR 287.4 billion, driven by growth in all three banking business lines.

### Return on capital and reserves

The net return on capital and reserves increased to 26.4% in the first three months of 2005 from 25.4% for full-year 2004. The net return on capital and reserves of the insurance operations was 21.0% in the first three months 2005 compared with 27.0% for full-year 2004, while the net return on capital and reserves from banking rose to 23.9% from 15.8%. The net return on capital and reserves for 2004 is based on net profit and average capital and reserves under Dutch GAAP, while the 2005 figures are based on IFRS.

### Assets under management

Assets under management increased 6.0% to EUR 470.1 billion in the first quarter from EUR 443.4 billion at the end of 2004, excluding the impact of divestments. The increase was driven by a net inflow of EUR 13.3 billion, the impact of a decline in the euro in the first quarter of EUR 12.1 billion, and higher stock markets, which added EUR 0.5 billion. Including the impact of divested units, which had a combined EUR 47.7 billion in funds under management, and a restatement due in part to IFRS, total assets under management decreased by 4.4%.

### CONSOLIDATED BALANCE SHEET OF ING GROEP N.V.

(before profit appropriation)

#### DUTCH GAAP

<i>In EUR x million</i>	<b>31 December 2004</b>	<b>31 December 2003</b>	<b>% change</b>
<b>Assets</b>			
Tangible fixed assets	1,252	1,311	-4.5
Participating interests	3,304	3,167	+4.3
Investments	398,014	335,003	+18.8
Lending	317,466	292,556	+8.5
Banks	57,300	61,060	-6.2
Cash	8,807	11,738	-25.0
Other assets	58,910	53,473	+10.2
Accrued assets	21,148	20,463	+3.4
<b>Total</b>	<b>866,201</b>	<b>778,771</b>	<b>+11.2</b>
<b>Equity and liabilities</b>			
Shareholders' equity	25,866	21,331	+21.2
Preference shares of Group companies	1,283	1,783	-28.0
Third-party interests	2,212	1,730	+27.9
Group equity	29,361	24,844	+18.2
Subordinated loan	4,109	3,252	+26.4
Group capital base	33,470	28,096	+19.1
General provisions	3,002	2,740	+9.6
Insurance provisions	210,107	198,035	+6.1
Funds entrusted to and debt securities of the banking operations	435,907	377,824	+15.4
Banks	112,797	102,115	+10.5
Other liabilities	62,173	61,123	+1.7
Accrued liabilities	8,745	8,838	-1.0
<b>Total</b>	<b>866,201</b>	<b>778,771</b>	<b>+11.2</b>

**CONSOLIDATED STATEMENT OF OPERATING RESULTS AND NET PROFIT BY INSURANCE AND BANKING OPERATIONS OF ING GROEP N.V.**

	DUTCH GAAP						
	Insurance operations		Banking operations		Total*		
In EUR x million	2004	2003	2004	2003	2004	2003	% change
Premium income	43,617	41,192			43,617	41,192	+5.9
Income from investments of the insurance operations	9,944	9,721			9,781	9,503	+2.9
Interest result banking operations			8,808	8,115	8,850	8,166	+8.4
Commission	1,201	1,313	2,581	2,464	3,782	3,777	+0.1
Other income	636	1,007	1,148	1,101	1,784	2,108	-15.4
<b>Total operating income</b>	<b>55,398</b>	<b>53,233</b>	<b>12,537</b>	<b>11,680</b>	<b>67,814</b>	<b>64,746</b>	<b>+4.7</b>
Underwriting expenditure	45,384	43,396			45,384	43,396	+4.6
Other interest expenses	1,140	1,291			1,019	1,124	-9.3
Operating expenses	4,837	4,897	8,658	8,184	13,495	13,081	+3.2
Additions to the provision for loan losses/investment losses	32	163	465	1,125	497	1,288	-61.4
<b>Total operating expenditure</b>	<b>51,393</b>	<b>49,747</b>	<b>9,123</b>	<b>9,309</b>	<b>60,395</b>	<b>58,889</b>	<b>+2.6</b>
<b>Operating profit before tax</b>	<b>4,005</b>	<b>3,486</b>	<b>3,414</b>	<b>2,371</b>	<b>7,419</b>	<b>5,857</b>	<b>+26.7</b>
Taxation	901	861	857	599	1,758	1,460	+20.4
Third-party interests	119	117	153	227	272	344	-20.9
<b>Operating net profit</b>	<b>2,985</b>	<b>2,508</b>	<b>2,404</b>	<b>1,545</b>	<b>5,389</b>	<b>4,053</b>	<b>+33.0</b>
<b>Operating net profit</b>	<b>2,985</b>	<b>2,508</b>	<b>2,404</b>	<b>1,545</b>	<b>5,389</b>	<b>4,053</b>	<b>+33.0</b>
Capital gains shares	579	-10			579	-10	
<b>Net profit</b>	<b>3,564</b>	<b>2,498</b>	<b>2,404</b>	<b>1,545</b>	<b>5,968</b>	<b>4,043</b>	<b>+47.6</b>

\* Including intercompany eliminations.



## CAPITALISATION

The following table sets forth the capitalisation of ING Group (consolidated) on 31 December 2004.

<i>DUTCH GAAP</i>		31 December
<i>In EUR x million</i>		2004
		<hr/>
Short-term debt		534,165
Long-term debt		76,712
Subordinated loans		4,109
Minority interests		2,212
Preference shares of Group companies		1,283
Shareholders' equity:		
preference shares		104
ordinary shares		530
other surplus reserves		25,232
		<hr/>
Total shareholders' equity		25,866
		<hr/>
<b>Total capitalisation</b>		<b>110,182</b>

## NETHERLANDS TAXATION

This section provides a general summary of the material Dutch tax issues and consequences of acquiring, holding, converting, redeeming and/or disposing of the Securities and the Capital Securities. This summary provides general information only and is restricted to the matters of Dutch taxation stated herein. The information given below is neither intended as tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the Securities and a prospective owner of the Capital Securities.

The prospective purchaser should consult his or her own tax advisor regarding the Dutch tax consequences of acquiring, holding, redeeming and/or disposing of the Securities and Capital Securities.

This summary is based on the tax legislation, published case law, and other regulations in force as at 7 June 2005, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

We assume that the holders of the Securities and Capital Securities do not hold a substantial interest in ING Groep N.V. Generally speaking, an interest in the share capital of ING Groep N.V. should not be considered a substantial interest if the holder of such interest, and, if the holder is a natural person, his or her spouse, (registered) partner, certain other relatives or certain persons sharing the holder's household, alone or together, does or do not hold, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five percent or more of the total issued and outstanding capital, or the issued and outstanding capital of any class of shares, of ING Groep N.V. Furthermore, we assume that the Securities and the Capital Securities and income received or capital gains derived therefrom, are not attributable to employment activities of the holder of the Securities or Capital Securities.

### Withholding tax

All payments by ING Groep N.V. in respect of the Securities and Capital Securities can be made without withholdings or deductions for or on account of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Dutch tax authorities, any political subdivision thereof or therein or any of their representatives, agents or delegates.

### Taxes on income and capital gains

#### *Residents of the Netherlands*

Income received from a Security or Capital Security as well as a gain realized on the disposal or redemption of a Security or Capital Security by a holder of a Security or Capital Security who is a resident of the Netherlands and who is subject to Dutch corporate income tax, is generally taxable in the Netherlands.

Income received from a Security or Capital Security as well as a gain realized on the disposal or redemption of a Security or Capital Security by a holder of a Security or Capital Security who is an individual who is a resident or a deemed resident of the Netherlands or has opted to be treated as a resident of the Netherlands, may, among others, be subject to Dutch individual income tax at progressive personal income tax rates up to 52% (2005 rate) if:

- (i) the individual has an enterprise, or is deemed to have an enterprise, or an interest in an enterprise, to the assets of which such Security or Capital Security is attributable, or
- (ii) such income or gain qualifies as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include activities with respect to the Security or Capital Security that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If the conditions set out in paragraphs i. and ii. above do not apply to a resident individual, actual income received by such individual from a Security or Capital Security as well as gains realised on the disposal or redemption of a Security or Capital Security are, in general, not taxable as such. Instead, such holder of a Security or Capital Security will be taxed at a flat rate of 30 per cent. (2005 rate) on deemed income from "savings and investments" (*sparen en beleggen*). This deemed income amounts to 4 per cent. (2005 rate) of the average of the individual's "yield basis" measured, in general (*rendementsgrondslag*) at the beginning and end of the calendar year to the extent it exceeds a certain threshold. The fair market value of the Security or Capital Security will be included in the individual's yield basis.

### *Non-residents of the Netherlands*

A holder of a Security or Capital Security who is neither resident nor deemed to be resident in the Netherlands nor has opted to be treated as a resident of the Netherlands who receives income from a Security or Capital Security, or who realizes a gain on the disposal or redemption of the Security or Capital Security, will not be subject to Dutch taxation on income or capital gains, unless:

- (i) such holder derives such income or gain from an enterprise whether as an entrepreneur (*ondernemer*) or pursuant to the co-entitlement to the net worth of such enterprise, other than as an entrepreneur or a shareholder, which enterprise is in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands, to which the Security or Capital Security is attributable;
- (ii) the holder is an individual, and such income or gain qualifies as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands, which include activities with respect to the Security or Capital Security that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

### **Taxation of gifts and inheritances**

#### *Residents of the Netherlands*

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of a Security or Capital Security by way of a gift by, or on the death, of a holder of a Security or Capital Security who is a resident or deemed to be a resident of the Netherlands for the purposes of Dutch gift and inheritance tax at the date of the gift or his or her death. An individual of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of Dutch gift and inheritance tax if he or she has been resident in the Netherlands at any time during the 10 years preceding the date of the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of Dutch gift tax only if he or she has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

#### *Non-residents of the Netherlands*

There will be no Dutch gift or inheritance tax levied on the acquisition of a Security or Capital Security by way of gift by, or on the death of, a holder of a Security or Capital Security, if the holder at the time of the gift or time of death is neither a resident nor a deemed resident of the Netherlands, unless:

- (i) at the time of the gift or death, such holder has an enterprise (or an interest in an enterprise) which is, in whole or in part carried on through a permanent establishment or a permanent representative in the Netherlands, to which the Security or Capital Security is attributable; or
- (ii) the holder of a Security or Capital Security dies within 180 days of making the gift, and at the time of death is a resident or deemed resident of the Netherlands.

### **Value added tax**

No value added tax will be due in the Netherlands in respect of payments made in consideration for the issue of a Security or Capital Security, in respect of payments of interest and principal or in respect of the transfer of a Security or Capital Security.

### **Other taxes**

There will be no registration tax, capital contribution tax, customs duty, stamp duty, real estate transfer tax or any other similar tax or duty due in the Netherlands in respect of or in connection with the issue, transfer, execution or delivery by legal proceedings of the Securities or the performance of ING Groep N.V.'s obligations under the relevant documents.

However, Dutch capital contribution tax at a rate of 0.55% (2005 rate) will be payable by ING Groep N.V. upon the issue of Ordinary Shares by ING Groep N.V. on the basis of the Alternative Coupon Satisfaction Mechanism.

### **Residency**

A holder of a Security or Capital Security will not become, and will not be deemed to be, resident in the Netherlands merely by virtue of holding such Security or Capital Security or the execution, performance and/or delivery of any relevant documents.

**European Union Savings Directive**

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income in the form of interest payments (2003/48/EC). Under the Directive, as amended by a decision of the Council dated 19 July 2004, a Member State may (if equivalent measures have been introduced by certain non-EU jurisdictions and agreements are in place for the introduction of the same measures in certain other non-EU jurisdictions) be required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect to provide information as described above) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

## SUBSCRIPTION AND SALE

Under a subscription agreement entered into by the Issuer on 7 June 2005 (the ‘**Subscription Agreement**’), Citigroup Global Markets Limited, ING Bank N.V., Banc of America Securities Limited, BNP PARIBAS, HSBC Bank plc, Merrill Lynch International and UBS Limited, (together ‘the **Managers**’) have agreed to subscribe for the Securities at the issue price of 100 per cent. The Issuer has agreed to pay the Managers a combined management, underwriting and selling commission of 0.75% per Security. The Subscription Agreement is subject to termination in certain circumstances prior to payment to the Issuer.

### United States

The Securities have not been and will not be registered under the US Securities Act of 1933, as amended (the ‘Securities Act’) and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Security (i) as part of their distribution at any time, and (ii) otherwise until 40 days after the completion of the distribution of the Securities within the United States or to, or for the account or benefit of US persons. The terms used in the preceding paragraph and in this paragraph have the meaning assigned to them by Regulation S under Securities Act.

The Securities are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a US person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings assigned to them by the US Internal Revenue Code of 1986, as amended and US Treasury regulations issued thereunder.

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

### United Kingdom

Each Manager has represented and agreed that:

- (i) it has not offered or sold and, prior to the expiry of the period of six months from the date of issue of the Securities, will not offer or sell any Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (ii) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (‘FSMA’) with respect to anything done by it in relation to Securities in, from or otherwise involving the United Kingdom; and
- (iii) it has only communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

### The Netherlands

Each Manager has severally represented, warranted and agreed that it has not, directly or indirectly, offered or sold and that it will not, directly or indirectly, offer or sell any Securities anywhere in the world, whether at their initial distribution or at any time thereafter, other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, securities firms, investment institutions, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

### General

Each Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Securities or possesses or distributes this Offering Circular and will obtain any consent,

approval or permission required by it for the purchase, offer or sale by it of the Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor any other Manager shall have any responsibility therefor.

Neither the Issuer nor any of the Managers represents that the Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.



## GENERAL INFORMATION

### Authorisation

1. The issue of the Securities was duly authorised by resolutions of the Executive Board of the Issuer dated 29 March, 2005.

### Listing

2. Application has been made to list the Securities on the Luxembourg Stock exchange. The constitutional documents of the Issuer and the legal notice relating to the issue of the Securities have been registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés, Luxembourg*), where copies of these documents may be obtained upon request.

### Clearing Systems

3. The Securities have been accepted for clearance through Euroclear and Clearstream. The ISIN Code for this issue is XS0221619033, and the Common Code is 022161903.

### No material adverse change

4. There has been no material adverse change in the financial position of the Issuer other than set out in this Offering Circular since 31st December, 2004.

### Litigation

5. The Issuer and its consolidated subsidiaries are involved in lawsuits and arbitration cases in The Netherlands and in a number of other countries relating to claims by or against these companies arising in the course of ordinary activities, and also from acquisitions, including the activities as lenders, employers, investors and taxpayers. Several of these cases involve claims for either very large or indefinite amounts. Although it is not feasible to predict or to determine the outcome of all current or pending legal proceedings, the Executive Board is of opinion that the outcome is unlikely to have any material adverse effects on the consolidated financial position or results of the Issuer.

### Auditors

6. Ernst & Young Accountants have acted as the auditors of the annual accounts of the Issuer for the financial years ending 31st December, 2002, 2003 and 2004 respectively.

### Use of Proceeds

7. The net proceeds of the issue of the Securities, amounting to approximately euro 496,250,000 will be applied by the Issuer for its general corporate purposes.

### Documents available

8. Copies of the following documents will be available free of charge, from the registered office of the Issuer and from the specified office of the Fiscal and Paying Agent for the time being as long as any of the Securities remains outstanding:
  - (a) the English translation of the Articles of Association (*statuten*) of the Issuer;
  - (b) the audited consolidated and non consolidated financial statements of the Issuer (in English) in respect of the years ended 31st December, 2002, 2003 and 2004;
  - (c) the published audited consolidated and non consolidated annual financial statements of the Issuer for each financial year ending after the date of this Offering Circular and any consolidated unaudited quarterly statements published after the date of this Offering Circular;
  - (d) copies of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement.

### U.S. Tax Legend

9. All Securities will carry a legend to the following effect: 'Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue

Code'. The sections referred to in such legend provide that United States persons, with certain exceptions, will not be entitled to deduct any loss, and will not be entitled to capital gains treatment with respect to any gain, realised on any sale, exchange or redemption of a Security.

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*Lead Managers*

Citigroup  
ING Financial Markets

*Co-lead Managers*

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BNP PARIBAS

HSBC  
Merrill Lynch International  
UBS Investment Bank