PRESS RELEASE

Government reinforces ING's core capital by EUR 10 billion

The government is reinforcing ING's core capital by EUR 10 billion. The Ministry of Finance and De Nederlandsche Bank came to this agreement with ING Group on Sunday 19 October. ING is thus using the facility offered by the Dutch government, since 9 October 2008, to sound and viable financial enterprises that are facing unexpected external shocks. The Dutch government has made EUR 20 billion immediately available for the recapitalisation of the financial sector that is now proceeding internationally.
With this capital reinforcement, ING, a healthy and well-managed enterprise, has robust financial resilience, making it one of the stronger banks in international terms.

The government obtains EUR 10 billion in securities, which have largely the same features as shares. These securities qualify as core capital (Core Tier 1 as approved by DNB). There is to be no dilution of the share capital held by current shareholders.
The agreement with ING Group meets the terms and conditions attached to a call on the government capital provision scheme. The government shall nominate two Supervisory Board members, who shall have the right to veto fundamental decisions relating to substantial acquisitions and investments involving more than 25% of own funds; or increases or reductions in outstanding capital; and proposals to shareholders to change remuneration schemes. In addition, these Supervisory Board members shall join the Audit Committee, the Remuneration and Nomination Committee and the Corporate Governance Committee of the Supervisory Board. All members of the Executive Board shall relinquish their bonuses over 2008 – both in cash payments and in options or shares. Redundancy packages shall be restricted to one year's fixed annual pay. The costs incurred by the government in carrying out this capital provision shall be borne entirely by ING.

The rate of return on the securities is 8.5%. That shall only be paid out if dividends are also awarded over the preceding year. Should the dividend in the relevant year exceed the coupon of 8.5%, this coupon shall be increased: in the first year to 110% of the dividend, in the second year to 120% and in subsequent years to 125%. This structure is an incentive to ING to withdraw from this government participation as soon as justified by the share price and the path of dividends. ING may terminate this scheme by redeeming the securities in cash at 150% of the issue price or converting them to ordinary shares after three years. The latter is subject to approval by the general meeting of shareholders.

The price of the securities is based on ING's closing share price on Thursday 16 October, EUR 10. The volatile share price moves on Friday 17 October have thus been disregarded.