



## ING VERZEKERINGEN N.V.

*(Incorporated in The Netherlands with limited liability)*

*as Issuer*

**€10,000,000,000**

### PROGRAMME FOR THE ISSUANCE OF DEBT INSTRUMENTS

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This supplement (the **Supplement**) to the Information Memorandum dated 25 September 2008 (the **Information Memorandum**), as previously supplemented by a supplement dated 19 December 2008, which was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, the **AFM**) constitutes a supplement to the Information Memorandum for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*) and is prepared in connection with the Programme for the Issuance of Debt Instruments (the **Programme**) established by ING Verzekeringen N.V. (the **Issuer**). Terms defined in the Information Memorandum have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Information Memorandum and any other supplements to the Information Memorandum by the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. In addition ING Groep N.V. (**ING**) is not responsible for the production of this Supplement or for any other information furnished to purchasers of the Instruments (as defined in the Information Memorandum). ING is not a guarantor or obligor of the Instruments.

#### **Recent Developments**

On 26 January 2009 ING published a press release entitled "Michel Tilmant to step down as CEO of ING Group; Jan Hommen to be appointed as new CEO" (the **CEO Release**) and a press release entitled "ING update on results and measures to reduce risks and costs" (the **Results and Measures Release**). The CEO Release contains, among other things, information concerning the resignation of Michel Tilmant from the Executive Board of ING as of 26 January 2009 and the expected appointment of Jan Hommen, the current Chairman of

the Supervisory Board of ING, as CEO of ING upon approval by the general meeting of shareholders of ING. The Results and Measures Release contains, among other things, information regarding the preliminary and unaudited consolidated results of ING for the three month period ended 31 December 2008 and the year ended 31 December 2008 and the measures ING intends to take to reduce risk and expenses and focus on its core business, including in respect of its agreement with the State of the Netherlands on an illiquid assets back up facility covering part of its mortgage backed securities portfolio.

On 3 February 2009 ING published a press release entitled "ING to sell ownership stake in ING Canada for CAD 1.9 billion" and on 4 February 2009 ING published a press release entitled "ING sells total remaining stake in ING Canada to underwriters; total proceeds from divestment CAD 2.2 billion" (together the **ING Canada Releases**). The ING Canada Releases contain, among other things, information regarding the sale by ING of its entire ownership interest in ING Canada for a consideration of approximately CAD 2,163 million.

On 18 February 2009 ING published a press release entitled "ING posts full year underlying net loss of EUR 171 million" (the **2008 Results Release**) as well as the unaudited ING 2008 quarterly report for the fourth quarter of 2008 (the **Q4 Report**). The 2008 Results Release contains, among other things, details of an asset reclassification of 12 January 2009. The Q4 Report contains, among other things, ING's consolidated unaudited results as at, and for the three month period ended on, 31 December 2008, and as at, and for the year ended on, 31 December 2008.

On 1 April 2009 ING published a press release entitled "ING and Dutch State finalize Illiquid Assets Back-up Facility" (the **Illiquid Assets Release**). The Illiquid Assets Release contains, among other things, a confirmation of the finalisation of the Illiquid Assets Back-up Facility announced with the Results and Measures and the European Commission's procedural steps in relation thereto..

On 2 April 2009 the Issuer published its audited annual accounts and auditor's report for the year ended 31 December 2008 (the **Annual Report**). The Annual Report contains, among other things ING's consolidated audited results as at, and for the year ended on, 31 December 2008.

On 9 April 2009 ING published a press release entitled "Update on strategy: Taking ING back to basics" (the **Back to Basics Release**). The Back to Basics Release contains, among other things information regarding measures to reduce costs, risk and leverage and the change programme outlined in the Results and Measures Release.

On 13 May 2009 ING published the unaudited ING quarterly report for the first quarter of 2009 (the **Q1 Report**). The Q1 Report contains, among other things, ING's consolidated unaudited results as at, and for the three month period ended on, 31 March 2009. With respect to the Q1 Report, prospective investors should note that the Issuer's consolidated operations are not identical with the reported financial and statistical information on a segment basis for the insurance business of ING as described in the Q1 Report.

Copies of the CEO Release, the Results and Measures Release, the ING Canada Releases, the 2008 Results Release, the Illiquid Assets Release and the Back to Basics Release (collectively, the **Press Releases**), the Q4 Report, the Annual Report and the Q1 Report have been filed with the AFM and the Press Releases, the Q4 Report, the Annual Report and the Q1 Report are, by virtue of this Supplement, incorporated by reference in, and form part of, the Information Memorandum.

Copies of documents incorporated by reference in this Supplement will be made available on the website of ING ([www.ing.com](http://www.ing.com)) and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## **Modifications to the Information Memorandum**

### **Risk Factors**

The text under the heading "**(B) Risk Factors Relating to the Issuer**" beginning on page 10 of the Information Memorandum shall be deleted entirely and replaced by the following:

*"Because the Issuer is part of an integrated financial services group conducting business on a global basis, the revenues and earnings of the Issuer are affected by the volatility and strength of the economic, business and capital markets environments specific to the geographic regions in which the Issuer conducts business. The ongoing turbulence and volatility of such factors have adversely affected, and may continue to adversely affect the profitability of the Issuer's insurance and asset management businesses.*

Factors such as interest rates, securities prices, credit (including liquidity) spreads, exchange rates, consumer spending, business investment, real estate and private equity valuations, government spending, inflation, the volatility and strength of the capital markets, and terrorism all impact the business and economic environment and, ultimately, the amount and profitability of business the Issuer conducts in a specific geographic region. For example, in an economic downturn, such as the one currently taking place, characterised by higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investment and consumer spending, the demand for insurance products is adversely affected and the Issuer's reserves and provisions are likely to increase, resulting in lower earnings. Securities prices, real estate valuations and private equity valuations may be adversely impacted, and any such losses would be realised through profit and loss and shareholders equity. Some insurance products contain minimum return or accumulation guarantees. If returns do not meet or exceed the guarantee levels the Issuer may need to set up additional reserves to fund these future guaranteed benefits. In addition, the Issuer may experience an elevated incidence of claims and lapses or surrenders of policies. The Issuer's policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Similarly, a downturn in the equity markets, such as the one currently taking place, causes a reduction in commission income the Issuer earns from managing portfolios for third parties, income generated from its own proprietary portfolios, asset-based fee income on certain insurance products, and its capital base. The Issuer also offers a number of insurance and financial products that exposes it to risks associated with fluctuations in interest rates, securities prices, corporate and private default rates, the value of real estate assets, exchange rates and credit spreads.

In case one or more of the factors mentioned above adversely affects the profitability of the Issuer's business this might also result, among others, in the following:

- the unlocking of deferred acquisition costs impacting earnings; and/or
- reserve inadequacies which could ultimately be realised through profit and loss and shareholders equity; and/or
- the write down of tax assets impacting net results; and/or
- impairment expenses related to goodwill and other intangible assets, impacting net results.

The Issuer believes that if ongoing market volatility adversely impacts the performance of the reporting units Retail Banking - Central Europe and Insurance Americas - United States, compared with what was assumed in the year-end 2008 goodwill impairment test, the book value (including goodwill) of these reporting units may exceed the related fair values, which would result in impairments.

Shareholders' equity and net result of ING in 2008 were significantly impacted by the turmoil and the extreme volatility in the worldwide financial markets. The financial markets and worldwide economies have deteriorated further in the first months of 2009 in several areas, especially the equity markets. Current levels continuing or a further negative development in financial markets and/or economies in 2009 may have a material adverse impact on the Issuer's shareholders' equity and net result in future periods, including as a result of the potential consequences listed above.

*Adverse capital and credit market conditions may impact the Issuer's ability to access liquidity and capital, as well as the cost of credit and capital.*

The capital and credit markets have been experiencing extreme volatility and disruption for more than eighteen months. In the second half of 2008, the volatility and disruption reached unprecedented levels. In some cases, market developments have resulted in restrictions on the availability of liquidity and credit capacity for certain issuers.

The Issuer needs liquidity in its day-to-day business activities to pay its operating expenses, interest on its debt and dividends on its capital stock; maintain its securities lending activities; and replace certain maturing liabilities. The principal sources of the Issuer's liquidity are deposit funds, insurance premiums, annuity considerations, cash flow from its investment portfolio and assets, consisting mainly of cash or assets that are readily convertible into cash. Sources of liquidity in normal markets also include a variety of short- and long-term instruments, including repurchase agreements, commercial paper, medium- and long-term debt, junior subordinated debt securities, capital securities and shareholders' equity.

In the event current resources do not satisfy the Issuer's needs, it may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, its credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of its long- or short-term financial prospects. Similarly, the Issuer's access to funds may be limited if regulatory authorities or rating agencies take negative actions against it. If the Issuer's internal sources of liquidity prove to be insufficient, there is a risk that external funding sources might not be available, or available at unfavourable terms.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Issuer's access to capital required to operate its business. Such market conditions may limit the Issuer's ability to raise additional capital to support business growth, or to counter-balance the consequences of losses or increased regulatory capital requirements. This could force the Issuer to, as applicable, delay raising capital, reduce or postpone payment of dividends on its shares or interest payments on other securities, issue capital of different types or under different terms than the Issuer would otherwise, or incur a higher cost of capital than in a more stable market environment. This would have the potential to decrease both the Issuer's profitability and its financial flexibility. The Issuer's results of operations, financial condition, cash flows and regulatory capital position could be materially adversely affected by disruptions in the financial markets.

In the course of 2008, governments around the world, including the Dutch government, have implemented measures providing assistance to financial institutions, in certain cases requiring (indirect) influence on or changes to governance and remuneration practices. In certain cases governments have even nationalised companies or parts thereof. The measures adopted in the Netherlands consist of both liquidity provision and capital reinforcement, and a Dutch Capital Guarantee Scheme. The liquidity and capital reinforcement measures apply for a period of one year as of 10 October 2008, while the Credit Guarantee Scheme of the Netherlands is scheduled to run through 31 December 2009. So far the Issuer has been able to benefit from these measures. Going forward, the Dutch authorities will look at each application individually. Potential future transactions with the Dutch government or any other government or actions by such government regarding ING could adversely impact the position or rights of the Issuer's shareholders, bondholders, customers, creditors, or the Issuer's results, operations, solvency, liquidity and governance.

*Because life and non-life insurance and reinsurance businesses of the Issuer are subject to losses from unforeseeable and/or catastrophic events, which are inherently unpredictable, the actual claims amount of the Issuer may exceed the Issuer's established reserves or the Issuer may experience an abrupt interruption of activities, each of which could result in lower net results and have an adverse effect on its results of operations.*

In its life and non-life insurance and reinsurance businesses, the Issuer is subject to losses from natural and man-made catastrophic events. Such events include, without limitation, weather and other natural catastrophes such as hurricanes, floods, earthquakes and epidemics, as well as events such as terrorist attacks. The frequency and severity of such events, and the losses associated with them, are inherently unpredictable and can not always be adequately reserved for. Furthermore, the Issuer is subject to actuarial and underwriting risks such as, for instance, mortality, morbidity, and adverse home claims development which result from the pricing and acceptance of insurance contracts. In accordance with industry practices, modelling of natural catastrophes is performed and risk mitigation measures are made. In case claims occur, reserves are established based on estimates using actuarial projection techniques. The process of estimating is based on information available at the time the reserves are originally established and includes updates when more information becomes available. Although the Issuer continually reviews the adequacy of the established claim reserves, and based on current information, the Issuer believes its claim reserves are sufficient, there can be no assurances that its actual claims experience will not exceed its estimated claim reserves. If actual claim amounts exceed the estimated claim reserves, the Issuer's earnings may be reduced and its net results may be adversely affected. In addition, because unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, the Issuer's banking and insurance operations may be subject to losses resulting from such disruptions. Losses can relate to property, financial assets, trading positions, insurance and pension benefits to employees and also to key personnel. If the Issuer's business continuity plans are not able to be put into action or do not take such events into account, losses may further increase.

*Because the Issuer operates in highly regulated industries, laws, regulations and regulatory policies or the enforcement thereof that govern activities in its various business lines could have an effect on its reputation, operations and net results.*

The Issuer is subject to detailed insurance, asset management and other financial services laws and government regulation in each of the jurisdictions in which the Issuer conducts business. Regulatory agencies have broad administrative power over many aspects of the financial services business, which may include liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, record keeping, and marketing and

selling practices. Insurance and other financial services laws, regulations and policies currently governing the Issuer may also change at any time in ways which have an adverse effect on the Issuer's business, and it is difficult to predict the timing or form of any future regulatory or enforcement initiatives in respect thereof. Also, bank regulators and other supervisory authorities in the EU, the US and elsewhere continue to scrutinize payment processing and other transactions under regulations governing such matters as money-laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures. Regulation is becoming increasingly more extensive and complex and regulators are focusing increased scrutiny on the industries in which the Issuer operates, often requiring additional resources of the Issuer. These regulations can serve to limit the Issuer's activities, including through, as the case may be, its net capital, customer protection and market conduct requirements, and restrictions on businesses in which the Issuer can operate or invest. If the Issuer fails to address, or appears to fail to address, appropriately any of these matters, the Issuer's reputation could be harmed and the Issuer could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages asserted against the Issuer or subject the Issuer to enforcement actions, fines and penalties.

In light of current conditions in the global financial markets and the global economy, regulators have increased their focus on the regulation of the financial services industry. Most of the principal markets where the Issuer conducts its business have adopted, or are currently considering, major legislative and/or regulatory initiatives in response to the financial crisis. In particular, governmental and regulatory authorities in the Netherlands, the United Kingdom, the United States and elsewhere are implementing measures to increase regulatory control in their respective financial markets and financial services sectors, including in the areas of prudential rules, capital requirements, executive compensation and financial reporting, among others. Most recently, governments in the Netherlands and abroad have intervened on an unprecedented scale, responding to stresses experienced in the global financial markets. Some of the measures adopted subject the Issuer and other institutions for which they were designed to additional restrictions, oversight or costs. The Issuer cannot predict whether or when future legislative or regulatory actions may be taken, or what impact, if any, actions taken to date or in the future could have on its business, results of operations and financial condition.

Despite the Issuer's efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, there are a number of risks in areas where applicable regulations may be unclear, subject to multiple interpretation or conflict with one another, where regulators revise their previous guidance or courts overturn previous rulings, or the Issuer fails to meet applicable standards. Regulators and other authorities have the power to bring administrative or judicial proceedings against the Issuer, which could result, amongst other things, in suspension or revocation of its licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially harm the Issuer's results of operations and financial condition.

*Ongoing turbulence and volatility in the financial markets have adversely affected the Issuer, and may continue to do so. The Issuer currently does not expect these conditions to improve in the short term.*

The Issuer's results of operations are materially impacted by conditions in the global capital markets and the economy generally. The stress experienced in the global capital markets that started in the second half of 2007 continued and substantially increased throughout 2008 and continues in 2009. The crisis in the mortgage market in the United States, triggered by a serious deterioration of credit quality, led to a revaluation of credit risks. These conditions

have resulted in greater volatility, widening of credit spreads and overall shortage of liquidity and tightening of financial markets throughout the world. In addition, prices for many types of asset-backed securities (ABS) and other structured products have significantly deteriorated. These concerns have since expanded to include a broad range of fixed income securities, including those rated investment grade, the international credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes, such as public and private equity, and real estate sectors. As a result, the market for fixed income instruments has experienced decreased liquidity, increased price volatility, credit downgrade events, and increased probability of default. Securities that are less liquid are more difficult to value and may be hard to dispose of. International equity markets have also been experiencing heightened volatility and turmoil, with issuers, including the Issuer, that have exposure to the real estate, mortgage, private equity and credit markets particularly affected. These events and the continuing market upheavals, including extreme levels of volatility, have had and may continue to have an adverse effect on the Issuer's revenues and results of operations, in part because the Issuer has a large investment portfolio and extensive real estate activities around the world. In addition, the confidence of customers in financial institutions is being tested. Reduced confidence could have an adverse effect on the Issuer's revenues and results of operations, including through an increase of lapses or surrenders of policies and withdrawal of deposits.

As a result of the ongoing and unprecedented volatility in the global financial markets in 2007 and 2008, the Issuer has incurred negative revaluations on its investment portfolio, which have impacted its earnings and shareholders' equity. Furthermore, the Issuer has incurred impairments and other losses, which have impacted its profit and loss accounts. Reserves for insurance liabilities are overall adequate at the Issuer and Business Line level. Inadequacies in certain product areas have developed.

Such impacts have arisen primarily as a result of valuation issues arising in connection with the Issuer's investments in real estate and private equity, exposures to US mortgage-related structured investment products, including sub-prime and Alt-A Residential and Commercial Mortgage-Backed Securities (RMBS and CMBS), Collateralised Debt Obligations (CDOs) and Collateralised Loan Obligations (CLOs), monoline insurer guarantees, Structured Investment Vehicles (SIVs) and other investments. In many cases, the markets for such investments and instruments have become highly illiquid, and issues relating to counterparty credit ratings and other factors have exacerbated pricing and valuation uncertainties. Valuation of such investments and instruments is a complex process involving the consideration of market transactions, pricing models, management judgment and other factors, and is also impacted by external factors such as underlying mortgage default rates, interest rates, rating agency actions and property valuations. While the Issuer continues to monitor its exposures in this area, in light of the ongoing market environment and the resulting uncertainties concerning valuations, there can be no assurances that the Issuer will not experience further negative impacts to its shareholders' equity or profit and loss accounts from such assets in future periods.

*Because the Issuer operates in highly competitive markets, including in its home market, the Issuer may not be able to increase or maintain its market share, which may have an adverse effect on its results of operations.*

There is substantial competition in the Netherlands and the other countries in which the Issuer does business for the types of insurance, asset management and other products and services the Issuer provides. Customer loyalty and retention can be influenced by a number of factors, including relative service levels, the prices and attributes of products and services, and actions taken by competitors. If the Issuer is not able to match or compete with the products and

services offered by its competitors, it could adversely impact its ability to maintain or further increase its market share, which would adversely affect the Issuer's results of operations. Such competition is most pronounced in the Issuer's more mature markets of the Netherlands, Belgium, the rest of Europe, the United States, Canada and Australia. In recent years, however, competition in emerging markets, such as Latin America, Asia and Central and Eastern Europe, has also increased as large insurance participants from more developed countries have sought to establish themselves in markets which are perceived to offer higher growth potential, and as local institutions have become more sophisticated and competitive and have sought alliances, mergers or strategic relationships with the Issuer's competitors. The Netherlands and the United States are the Issuer's largest markets for its operations.. The Issuer's main competitors in the insurance sector in the Netherlands are Achmea, Fortis and Aegon. The Issuer's main competitors in the United States are insurance companies such as Lincoln National, Hartford, Aegon Americas, AXA, Met Life, Prudential, Nationwide and Principal Financial. Increasing competition in these or any of the Issuer's other markets may significantly impact the Issuer's results if the Issuer unable to match the products and services offered by its competitors. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms or have declared bankruptcy. In 2008, this trend accelerated considerably, as several major financial institutions consolidated, were forced to merge or received substantial government assistance. These developments could result in the Issuer's competitors gaining greater access to capital and liquidity, expanding their ranges of products and services, or gaining geographic diversity. The Issuer may experience pricing pressures as a result of these factors in the event that some of its competitors seek to increase market share by reducing prices.

*Because the Issuer does business with many counterparties, the inability of these counterparties to meet their financial obligations could have an adverse effect on the Issuer's results of operations.*

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

*Reinsurers:* The Issuer's insurance operations have bought protection for risks that exceed certain risk tolerance levels set for both the Issuer's life and non-life businesses. This protection is bought through reinsurance arrangements in order to reduce possible losses. Because in most cases the Issuer must pay the policyholders first, and then collect from the reinsurer, the Issuer is subject to credit risk with respect to each reinsurer for all such amounts. As a percentage of the Issuer's (potential) reinsurance receivables as of 31 December 2008, the greatest exposure after collateral to an individual reinsurer was



approximately 32%, approximately 68% related to four other reinsurers and the remainder of the reinsurance receivables balance related to various other reinsurers. The inability or unwillingness of any one of these reinsurers to meet its financial obligations to the Issuer, or the insolvency of the Issuer's reinsurers, could have a material adverse effect on the Issuer's net results and the Issuer's financial results.

*Because the Issuer uses assumptions about factors to determine the insurance provisions, deferred acquisition costs (DAC) and value of business added (VOBA), the use of different assumptions about these factors may have an adverse impact on the Issuer's results of operations.*

The establishment of insurance provisions, including the impact of minimum guarantees which are contained within certain variable annuity products, the adequacy test performed on the provisions for life policies and the establishment of DAC and VOBA are inherently uncertain processes involving assumptions about factors such as court decisions, changes in laws, social, economic and demographic trends, inflation, investment returns, policyholder behaviour (e.g. lapses, persistency, etc.) and other factors, and, in the life insurance business, assumptions concerning mortality and morbidity trends.

The use of different assumptions about these factors could have a material effect on insurance provisions and underwriting expense. Changes in assumptions may lead to changes in the insurance provisions over time. Furthermore, some of these assumptions can be volatile.

*Because the Issuer uses assumptions to model client behaviour for the purpose of its market risk calculations, the difference between the realisation and the assumptions may have an adverse impact on the risk figures and future results.*

The Issuer uses assumptions in order to model client behaviour for the risk calculations in its banking and insurance books. Assumptions are used to determine insurance liabilities, the price sensitivity of savings and current accounts and to estimate the embedded optional risk in the mortgage and investment portfolios. The realisation or use of different assumptions to determine the client behaviour could have material adverse effect on the calculated risk figures and ultimately future results.

*Because the Issuer also operates in markets with less developed judiciary and dispute resolution systems, in the event of disputes in these markets, the quality and the effectiveness of such systems could have an adverse effect on the Issuer's operations and net results.*

In the less developed markets in which the Issuer operates, judiciary and dispute resolution systems may be less developed. As a result in case of a breach of contract the Issuer may have difficulties in making and enforcing claims against contractual counterparties and, if claims are made against the Issuer, it might encounter difficulties in mounting a defence against such allegations. If the Issuer becomes party to legal proceedings in a market with an insufficiently developed judiciary system, it could have an adverse effect on the Issuer's operations and net result.

*Because the Issuer is a financial services company and it is continually developing new financial products, the Issuer might be faced with claims that could have an adverse effect on its operations and net result if clients' expectations are not met.*

When new financial products are brought to the market, communication and marketing aims to present a balanced view of the product (however there is a focus on potential advantages for the customers). Whilst the Issuer engages in a due diligence process when it develops products, if the products do not generate the expected profit, or result in a loss, or otherwise

do not meet expectations, customers may file claims against the Issuer. Such claims could have an adverse effect on the Issuer's operations and net result.

*Ratings are important to the Issuer's business for a number of reasons. Among these are the issuance of debt, the sale of certain products and the risk weighting of bank assets. Downgrades could have an adverse impact on the Issuer's operations and net results.*

The Issuer obtains credit ratings from Standard & Poor's, Moody's and Fitch. While the Issuer aims for a senior unsecured rating of AA, each of the rating agencies reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time. In the event of a downgrade the cost of issuing debt will increase, having an adverse effect on net results.

Claims paying ability, at the ING or subsidiary level, and financial strength ratings are factors in establishing the competitive position of insurers. A rating downgrade could elevate lapses or surrenders of policies requiring cash payments, which might force the Issuer to sell assets at a price that may result in realised investment losses. Among others, total invested assets decreases and deferred acquisition costs might need to be accelerated, adversely impacting earnings. A downgrade may adversely impact relationships with distributors of the Issuer's products and services and customers, which may affect new sales and the Issuer's competitive position.

*The Issuer's business may be negatively affected by a sustained increase in inflation.*

A sustained increase in the inflation rate in the Issuer's principal markets would have multiple impacts on ING and may negatively affect the Issuer's business, solvency position and results of operations. For example, a sustained increase in the inflation rate may result in an increase in market interest rates which may (i) decrease the value of certain fixed income securities the Issuer holds in its investment portfolios resulting in reduced levels of unrealised capital gains available to it which could negatively impact the Issuer's solvency position and net income, (ii) result in increased surrenders of certain life & savings products, particularly, those with fixed rates below market rates, and (iii) require the Issuer, as an issuer of securities, to pay higher interest rates on debt securities it issues in the financial markets from time to time to finance its operations which would increase the Issuer's interest expenses and reduce the Issuer's results of operations. A significant and sustained increase in inflation has historically also been associated with decreased prices for equity securities and sluggish performance of equity markets generally. A sustained decline in equity markets may (i) result in impairment charges to equity securities that the Issuer holds in its investment portfolios and reduced levels of unrealised capital gains available to it which would reduce the Issuer's net income and negatively impact the Issuer's solvency position, (ii) negatively impact performance, future sales and surrenders of the Issuer's unit-linked products where underlying investments are often allocated to equity funds, and (iii) negatively impact the ability of the Issuer's asset management subsidiaries to retain and attract assets under management, as well as the value of assets they do manage, which may negatively impact their results of operations. In addition, in the context of certain property & casualty risks underwritten by the Issuer's insurance subsidiaries (particularly "long-tail" risks), a sustained increase in inflation with a resulting increase in market interest rates may result in (i) claims inflation (i.e., an increase in the amount ultimately paid to settle claims several years after the policy coverage period or event giving rise to the claim), coupled with (ii) an underestimation of corresponding claims reserves at the time of establishment due to a failure to fully anticipate increased inflation and its effect on the amounts ultimately payable to policyholders, and, consequently, (iii) actual claims payments significantly exceeding associated insurance reserves which would negatively impact the Issuer's results of operations. In addition, a failure to accurately anticipate higher inflation and factor it into the Issuer's product pricing assumptions may

result in a systemic mis-pricing of the Issuer's products resulting in underwriting losses which would negatively impact the Issuer's results of operations.

*Operational risks are inherent in the Issuer's business.*

The Issuer's businesses depend on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequate personnel, inadequate or failed internal control processes and systems, or from external events that interrupt normal business operations. The Issuer also faces the risk that the design of its controls and procedures prove to be inadequate or are circumvented. The Issuer has suffered losses from operational risk in the past and there can be no assurance that it will not suffer material losses from operational risk in the future.

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

Adverse publicity and damage to the Issuer's reputation arising from its failure or perceived failure to comply with legal and regulatory requirements, financial reporting irregularities involving other large and well known companies, increasing regulatory and law enforcement scrutiny of "know your customer" anti-money laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures and anti-terrorist-financing procedures and their effectiveness, regulatory investigations of the mutual fund, banking and insurance industries, and litigation that arises from the failure or perceived failure by the Issuer to comply with legal, regulatory and compliance requirements, could result in adverse publicity and reputation harm, lead to increased regulatory supervision, affect the Issuer's ability to attract and retain customers, maintain access to the capital markets, result in cease and desist orders, suits, enforcement actions, fines and civil and criminal penalties, other disciplinary action or have other material adverse effects on the Issuer in ways that are not predictable.

*ING's agreements with the Dutch State impose certain restrictions regarding the compensation of certain senior management positions.*

For so long as the Dutch State holds at least 25% of the Core Tier-I Securities issued by the ING on 12 November 2008 or for so long as the Illiquid Assets Back-up Facility between ING and the Dutch State agreed upon in the terms sheet of 26 January 2009 is in place, or so long as any of the government guaranteed senior unsecured bonds issued by ING Bank N.V. under the Credit Guarantee Scheme of the Netherlands (the "Government Guaranteed Bonds") are outstanding, whichever expires last, the Issuer is required to institute certain restrictions on the compensation of the members of its Executive Board and senior management, including incentives or performance-based compensation. These restrictions could hinder or prevent the Issuer from attracting or retaining the most qualified management with the talent and experience to manage its business effectively. In connection with these transactions, the Dutch State was granted the right to nominate two candidates for appointment to the Issuer's Supervisory Board. The Dutch State's nominees have veto rights over certain material transactions.

*The issuance of the Core Tier-I Securities to the Dutch State has increased the cumulative change of ownership for United States tax purposes to approximately 42% as per 12 November 2008. Future increases of capital or other ownership changes may bring ING over the 50% threshold; in which case limitations to the future use of tax loss carry forwards as well as certain so-called built-in-losses may adversely affect net result and equity.*

Section 382 of the United States Internal Revenue Code contains a so-called loss limitation rule, the general purpose of which is to prevent trafficking in tax losses (i.e. it is an anti-abuse rule). The rule is triggered when the ownership of a company changes by more than 50% (measured by value) on a cumulative basis in any three year period. If triggered, restrictions may be imposed on the future use of realised tax losses as well as certain losses that are built into the assets of the company at the time of the ownership change and that are realised within the next five years. The issuance of EUR 10 billion of securities by ING to the Dutch State on 12 November 2008 brought ING's (cumulative) change of ownership as per that date to approximately 42%. As a result, future increases in capital or other changes of ownership may adversely affect the net result or equity of ING, unless relief from the loss limitation rules is obtained, which may or may not be possible.

*The European Commission may impose conditions and/or obligations in the context of applying the EC State aid rules to the transactions entered into by the Dutch State and ING.*

The European Commission (the **Commission**) has temporarily approved the Core Tier 1 Securities transaction and the Illiquid Assets Back-up Facility entered into by ING and the Dutch State. Following these temporary approval decisions, the Commission will further assess these transactions to come to a definitive conclusion. ING has been requested to submit a restructuring plan to the Commission in the context of these proceedings. The Commission may request changes and/or amendments and may impose obligations and/or conditions in order to grant a final approval. The requests made by the Commission and obligations and/or commitments imposed by the Commission could adversely impact the position or rights of the Issuer's shareholder, bondholders, other security holders, customers, creditors, or the Issuer's results, operations, solvency, liquidity and governance."

### **General Information**

Paragraph 7 of the "General Information" section on page 76 of the Information Memorandum shall be deleted in its entirety and replaced with the following:

"At the date hereof, other than in respect of:

- (i) the finalisation of the illiquid assets back-up facility covering part of ING Insurance's mortgage backed securities portfolio as agreed with the Dutch State and announced in the Illiquid Assets Back-up Facility Finalisation Release of 1 April 2009;
- (ii) the risk and leverage reductions and over time divestments of EUR 6 to 8 billion as announced in the Strategy Update Release of 9 April 2009; and
- (iii) the net result for the period, a decline in market values of available-for-sale debt securities and the completion of the divestment of ING Life Taiwan, as disclosed in the Q1 Report of 13 May 2009,

there has been no significant change in the financial or trading position of the Issuer and its consolidated subsidiaries and no material adverse change in the prospects of the Issuer since 31 December 2008."

### **ING VERZEKERINGEN N.V.**

The text under the heading 'ING VERZEKERINGEN N.V.' beginning on page 55 of the Information Memorandum shall be deleted entirely and replaced with the following:

**"ING VERZEKERINGEN N.V.**

## **Profile**

ING Verzekeringen N.V. (“INGV”) is part of ING Groep N.V., also called ING Group (“ING Group”). ING Group is the holding company of a broad spectrum of companies (together called “ING”), offering banking, investments, life insurance and retirement services to about 85 million private, corporate and institutional clients in Europe, the United States, Canada, Latin America, Asia and Australia. Originating from The Netherlands, ING has a workforce of almost 115,000 people worldwide. ING Group is a listed company and holds all shares of INGV, which is a non-listed 100% subsidiary of ING Group.

INGV is represented in more than 25 countries around the world through a variety of insurance companies, offering life insurance, retirement services and investment and asset management products and services. In a selected number of countries non-life insurance is offered. In approximately 20 countries INGV started life insurance companies from scratch in the 1980s, in Europe, in Asia and in Latin America.

INGV has over 40,000 people active in three Business Lines: Insurance Europe, Insurance Americas and Insurance Asia/Pacific. Insurance Europe operates the insurance and asset management activities in Europe. The main insurance activities are in The Netherlands, Belgium, Spain, Greece, Turkey and Central Europe, where ING offers life insurance with a particular focus on retirement services. In The Netherlands and Belgium, ING also offers non-life insurance. Insurance Americas provides insurance, investment, retirement and asset management products and services in the region. The United States is an important insurance market for retirement services. ING is a leading insurance company in a number of Latin American countries, including Mexico, Chile, Peru and Brazil. Insurance Asia/Pacific conducts life insurance and asset/wealth management activities in the region and is well-established in Australia, New Zealand, Japan, Hong Kong, Malaysia and South Korea. ING is of the opinion that the activities in China, India and Thailand are high-growth markets.

## **Incorporation and history**

INGV was established on 3rd April, 1963 as a public limited company in The Netherlands under the name Nationale-Nederlanden N.V. as a result of the merger of Nationale-Levensverzekering-Bank N.V., established in 1863 and N.V. Assurantie Maatschappij De Nederlanden van 1845. INGV operates under Dutch law.

INGV became the holding company for the insurance activities of ING, following the merger of NMB Postbank Group and Nationale-Nederlanden on 4th March, 1991. On that date the newly formed holding company Internationale Nederlanden Groep N.V. honoured its offer to exchange its shares for 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 continue to be separate legal entities. After interim changes of names the statutory names of the above mentioned companies were changed in ING Groep N.V., ING Bank N.V. and ING Verzekeringen N.V. on 1st December, 1995.

The registered office is at Amstelveenseweg 500 (ING House), 1081 KL Amsterdam, The Netherlands, telephone: +31 20 5415411. INGV is registered at the Chamber of Commerce of Amsterdam under no. 33260659. The articles of association were last amended by notarial deed executed on 6 February 2009. According to its Articles of Association (article 2 on page 2 of the Articles of Association), the objects of the company are to participate in, conduct the management of, finance and furnish personal or real security for the obligations of and

provide services to other enterprises and institutions of whatever kind, but in particular enterprises and institutions active in the insurance business, the credit business, investments and/or other financial services, as well as to perform all that which is related or may be conducive to the foregoing.

As a non-listed company INGV is not obliged to the Dutch Corporate Governance Code. ING Group, as the listed holding company of INGV, is in compliance with Dutch Corporate Governance Code, the so-called Tabaksblad Code.

### **Supervisory Board and Executive Board**

INGV has a two-tier board system, consisting of a Supervisory Board and an Executive Board. The Supervisory Board consists of all but one independent non-executives. Piet Hoogendoorn qualifies as ‘non-independent’ as defined in best practice provision III.2.1 of the Dutch Corporate Governance Code. Mr. Hoogendoorn is considered not to be independent, because he held a position with Deloitte Touche Tohmatsu until 1 June 2007 and considering the important relationship between Deloitte Touche Thomatsu and ING. The task of the Supervisory Board 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.

The composition of the Supervisory Board and the Executive Board is as follows:

- Supervisory Board: Peter A.F.W. Elverding (chairman), J.P. (Tineke) Bahlmann, Henk W. Breukink, Claus Dieter Hoffmann, Piet Hoogendoorn, Piet C. Klaver, Godfried J.A. van der Lugt, Harish Manwani, Aman Mehta, Joan E. Spero, Jackson P. Tai, Karel Vuursteen and Lodewijk J. de Waal. Jeroen van der Veer was appointed to the Supervisory Board as of 1 July 2009.
- Executive Board: Jan H.M. Hommen (chairman), Eric F. Boyer de la Giroday, Patrick G. Flynn (CFO), Dick H. Harryvan, C.P.A.(Eli) Leenaars, Tom J. McNerney, Hans van der Noordaa, J.V. (Koos) Timmermans (CRO) and Jacques M. de Vaucleroy.

The business address of all members of the Supervisory Board and Executive Board is: ING Verzekeringen N.V., P.O. Box 810, 1000 AV Amsterdam, The Netherlands.

In order to avoid potential conflicts of interest, INGV has a policy that members of its Executive Board do not accept corporate directorships with listed companies outside ING. The only exception is the membership of Jacques de Vaucleroy on the Board of Directors of the Delhaize Group in Belgium. Mr. de Vaucleroy held this position prior to his appointment to the Executive Board of INGV. Mr. de Vaucleroy observes a strict “chinese wall” between his position at INGV and his position at the Delhaize Group. As a result, and given the different fields of business of each company, INGV believes that there is no potential conflict of interests.

Details of relationships that members of the Executive Board may have with ING Group subsidiaries as ordinary, private individuals are not reported, with the exception of information on any loans that may have been granted to them. In all these cases, the company complies with the best-practice provisions of the Dutch Corporate Governance Code.

Listed below are the principal activities performed by members of the Supervisory Board outside INGV. None of the members of the Supervisory Board have any conflict between their duties to INGV and their other principal activities as listed below.

### **Elverding, P.A.F.W.**

Chairman of the Supervisory Board of Océ N.V., The Netherlands.

Member of the Supervisory Board of SHV Holdings N.V., The Netherlands.

Vice-chairman of the Supervisory Board of Q-Park N.V., The Netherlands.  
Member of the Supervisory Board of Koninklijke Friesland Campina N.V., The Netherlands.  
Chairman of the Supervisory Board of Maastricht University, The Netherlands.  
Member of the Supervisory Board of the cross-border University of Limburg, The Netherlands.

**Bahlmann, J.P.**

Vice-chairman of the Supervisory Board of N.V. Nederlandsche Apparatenfabriek “Nedap”, The Netherlands.  
Member of the Supervisory Board of Deloitte Holding B.V., The Netherlands.  
Member of the Board of Maatschappelijk Verantwoord Ondernemen Nederland, The Netherlands.  
Chairman of Stichting Max Havelaar, The Netherlands.  
Chairman of the audit committee of De Baak Management Centre VNO-NCW, The Netherlands.  
Member of the Board of Trustees of Canisius-Wilhelmina Ziekenhuis (hospital), The Netherlands.  
Member of the Board of Toneelgroep Amsterdam, The Netherlands.

**Breukink, H.W.**

Non-executive/vice-chairman of VastNed Offices/Industrial (real estate fund), The Netherlands.  
Non-executive director of F&C hedge funds, Ireland.  
Non-executive director of Heembouw Holding B.V., The Netherlands.  
Chairman of the Supervisory Board of Modulus VastGoed Ontwikkelingen, The Netherlands.  
Member of the Supervisory Board of Omring (health care institution), Hoorn, The Netherlands.  
Member of the Supervisory Board of HaagWonen (housing corporation), The Netherlands.  
Associated as coach with TEC (Top Executive Coaching), The Netherlands.

**Hoffmann, C.D.**

Managing partner of H+H Senior Advisors, Stuttgart, Germany.  
Chairman of the Supervisory Board of EnBW AG, Germany.  
Member of the Supervisory Board of de Boer Structures Holding B.V., The Netherlands.  
Chairman of the Charlottenklinik Foundation (hospital), Germany.  
Chairman of the Board of Trustees (Vereinigung der Freunde) of Stuttgart University, Germany.

**Hoogendoorn, P.**

Former chairman of the Board of Directors of Deloitte Touche Tohmatsu and CEO of Deloitte in The Netherlands.  
Former chairman of Royal NIVRA (Netherlands Institute of Chartered Accountants), The Netherlands.

**Klaver, P.C.**

Chairman of the Supervisory Board of TNT N.V., The Netherlands.  
Chairman of the Supervisory Board of Dekker Hout Groep B.V., The Netherlands.  
Chairman of the Supervisory Board of Jaarbeurs Holding B.V., The Netherlands.  
Chairman of the Supervisory Board of Credit Yard Group BV, The Netherlands.  
Member of the Supervisory Board of SHV Holdings N.V., The Netherlands.  
Member of the Supervisory Board of Dura Vermeer Groep N.V., The Netherlands.  
Member of the African Parks Foundation, The Netherlands.  
Chairman of the Utrecht School of the Arts, The Netherlands.

**Lugt, G.J.A. van der**

Chairman of the Supervisory Board of Stadsherstel Amsterdam NV, The Netherlands.  
Chairman of the Advisory Board of Kasteel De Haar, The Netherlands.  
Chairman of the Advisory Board of R.C. Oude Armenkantoer, The Netherlands.  
Member of the Investment Advisory Committee of Stichting Instituut GAK, The Netherlands.

**Manwani, H.**

President Unilever Asia, Africa, Central & Eastern Europe.  
Non-executive chairman of Hindustan Unilever Ltd.  
Member of the Executive Board of Indian School of Business.

**Mehta, A.**

Non-executive director of Tata Consultancy Services.  
Non-executive director of Jet Airways Ltd.  
Non-executive director of PCCW Ltd.  
Non-executive director of Vedanta Resources Plc.  
Non-executive director of Wockhardt Ltd.  
Non-executive director of Godrej Consumer Products Ltd.  
Non-executive director of Cairn India Ltd.  
Non-executive director of Max Healthcare Institute Ltd.  
Non-executive director of Emaar MGF Land Ltd.  
Member of the governing board of Indian School of Business.  
Member of the governing board of Centre for International Economic Relations.  
Member of the International Advisory Council of INSEAD.

**Spero, J.E.**

Non-executive director of IBM Corporation.  
President of Doris Duke Charitable Foundation.  
Member of the International Advisory Board of Toyota Motor Corporation.  
Trustee of Columbia University, Council on Foreign Relations.  
Trustee of Wisconsin Alumni Research Foundation.

**Tai, J.P.**

Non-executive director of MasterCard Incorporated.  
Non-executive director of CapitaLand.  
Chairman of the Board of Directors of Brookstone, Inc.  
Member of the Bloomberg Asia Pacific Advisory Board.  
Member of the Harvard Business School Asia Pacific Advisory Board.  
Trustee of Rensselaer Polytechnic Institute.

**Vuursteen, K.**

Vice-chairman of the Supervisory Board of Akzo Nobel N.V., The Netherlands.  
Chairman of the Supervisory Board of TomTom N.V., The Netherlands.  
Member of the Supervisory Board of Henkel KGaA., Germany.  
Member of the Board of Directors of Heineken Holding N.V., The Netherlands.  
Member of the Advisory Board of CVC Capital Partners.  
Chairman of World Wild Life Fund Netherlands, The Netherlands.  
Chairman of the Concertgebouw Fund Foundation, The Netherlands.  
Member of the Supervisory Board of Nyenrode Foundation, The Netherlands.

**Waal, L.J. de**

Member of the Supervisory Board of PGGM N.V., The Netherlands.  
Member of the Advisory Board of Zorgverzekeraars Nederland, The Netherlands.  
Chairman of the Supervisory Council of SNV, The Netherlands.  
Member of the Advisory Board of Stichting Nationaal Fonds Kunstbezit, The Netherlands.



There are no potential conflicts of interest between any duties owed by the members of the Supervisory Board or the Executive Board to the Issuer and any private interests or other duties which such persons may have.

### **Supervisory Board committees**

On 31 December 2008, the Supervisory Board had three committees: the Audit Committee, the Remuneration and Nomination Committee and the Corporate Governance Committee. On 1 January 2009, the Remuneration and Nomination Committee was split into a separate Remuneration Committee and a separate Nomination Committee. The organisation, powers and modus operandi of the Supervisory Board are detailed in the Supervisory Board Charter. Separate charters have been drawn up for the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee. These charters are available on the ING website ([www.ing.com](http://www.ing.com)). A short description of the duties for the Committees follows below.

The Audit Committee assists the Supervisory Board in monitoring the integrity of the financial statements of ING Groep N.V., ING Verzekeringen N.V. and ING Bank N.V., in monitoring the compliance with legal and regulatory requirements, and in monitoring the independence and performance of ING's internal and external auditors.

The Remuneration Committee, among other things, advises the Supervisory Board on the compensation packages of the members of the Executive Board and on stock-based compensation programmes for top senior management, including the Executive Board.

The Nomination Committee, among other things, advises the Supervisory Board on the composition of the Supervisory Board and Executive Board.

The Corporate Governance Committee assists the Supervisory Board in monitoring and evaluating the corporate governance of ING as a whole and the reporting on this in the Annual Report and to the General Meeting, and advises the Supervisory Board on improvements.

## FIVE YEAR KEY CONSOLIDATED FIGURES INGV\*

\* These figures have been derived from the audited annual accounts of INGV in respect of the financial years ended 31st December, 2004 – 2008.

(amounts in millions of euros)	2008	2007	2006	2005	2004
<b>Balance sheet<sup>(1)</sup></b>					
Group Equity	12,413	18,801	23,687	21,854	14,987
Capital base/Available capital	22,010	22,965	25,505	22,541	17,710
Investments	244,999	285,158	299,178	293,004	233,037
Insurance and investment contracts <sup>(2)</sup>	234,993	259,838	262,154	255,202	210,107
Total assets	312,220	322,083	333,771	328,810	263,249
<b>Results<sup>(3)</sup></b>					
Total income	54,664	62,352	59,668	57,406	55,593
Premium income	43,812	46,818	46,835	45,758	43,617
Expenses	56,390	55,737	54,711	53,398	51,247
Result before taxation	-1,726	6,615	4,957	4,008	4,346
Taxation	-499	782	706	455	857
Result after taxation	-1,227	5,833	4,251	3,553	3,489
Net result for the period	-1,265	5,650	3,960	3,291	3,361
<b>Ratios (in %)</b>					
Life premiums as % of total premiums	88.7	87.0	86.5	85.5	84.8
Combined ratio non-life insurance	96.5	97.1	90.4	94.6	93.6

<sup>(1)</sup> As at 31 December.

<sup>(2)</sup> Insurance and investments, net of reinsurance contracts.

<sup>(3)</sup> For the year ended 31 December.

### Share capital

The authorised share capital of INGV amounts to EUR 768 million, divided into 680,000,000 ordinary shares with a nominal value of EUR 1.13 each. The issued and paid-up capital as at 31st December, 2008 amounted to EUR 174 million and consisted of 153,884,000 ordinary shares with a nominal value of EUR 1.13.

### Main developments in 2008

On 10 January 2008, ING, consistent with its increasing focus on wealth management, completed the sale of its health business in Chile, ING Salud, to Said Group and Linzor Capital Partners. The sale resulted in a net capital gain of EUR 62 million in 1Q 2008.

On 17 January, 2008, ING closed the final transaction to acquire 100% of Banco Santander's pension and annuity businesses in Mexico, Chile, Colombia, Uruguay and Argentina. On 27 July and on 14 November 2007, ING signed agreements with Banco Santander to acquire these five mandatory pension fund management companies and an annuity company in Argentina for a total consideration of EUR 1.1 billion.

On 2 May 2008, ING announced that it had reached an agreement with Citigroup, Inc. and State Street Corporation, to acquire CitiStreet, one of the premier retirement plan and benefit service and administration organizations in the US defined contribution marketplace.

On 17 June 2008, ING announced that it had completed the sale of its reinsurance unit NRG to Columbia Insurance Company, a subsidiary of Berkshire Hathaway Inc. ING announced the sale of Nederlandse Reassurantie Groep N.V. on 28 December 2007 as part of its strategy to focus on its core businesses in banking, investments, life insurance and retirement services. Columbia has paid ING a total consideration of EUR 272 million. The sale has resulted in a total capital loss for ING of EUR 144 million after tax.

On 17 June 2008, ING announced it had reached an agreement with OYAK Group to acquire the voluntary pension fund Oyak Emeklilik. The transaction provides ING with a great opportunity to enter the fast growing Turkish pension market and gives further impetus to its recently acquired retail banking operations in the country. Under the terms of the agreement ING will acquire 100 percent of the shares in Oyak Emeklilik for a total cash consideration of EUR 110 million which will be financed entirely from existing internal resources.

On 1 July 2008, ING received final regulatory approvals and completed its acquisition of CitiStreet LLC, one of the US' premier retirement plan and benefit service and administration organisations. With the successful closing of this transaction, ING is now the third-largest defined contribution business in the US based on approximately EUR 191 billion (USD 300 billion) of combined assets under management (AUM) and assets under administration (AUA); the second-largest based on approximately 9.8 million plan participants; and the largest based on approximately 60,000 plans (31 December 2007). In aggregate, ING US' Retirement Services and Annuities business, which now includes CitiStreet, has more than EUR 259 billion (USD 408 billion) in combined AUM and AUA and more than 16 million participants (31 March 2008). Under the terms of the agreement, ING acquired 100 percent of CitiStreet for a total consideration of approximately EUR 570 million (USD 900 million). The acquisition was financed entirely from existing internal resources.

On 9 July 2008, ING announced that it had received approval from the relevant authorities to start life insurance operations in the Ukraine. This will allow ING to enter the fast growing life insurance market in a country with over 46 million inhabitants and a rapidly growing middle class. ING considers Ukraine to be an attractive emerging market, with strong growth indicators and a huge potential.

On 22 July 2008, ING announced that it had received all final regulatory approvals and completed the sale of part of its Mexican business, Seguros ING SA de CV and subsidiaries, to AXA. ING announced this divestment on 12 February 2008 as part of its strategy to focus on its core activities of banking, investments, life insurance and retirement services. Under the terms of the agreement, ING sold companies that comprise its non-life businesses of P&C and Auto, plus its Health and Life insurance businesses, its Health Maintenance Organization (ISES) and its Bonding business for a total consideration of USD 1.5 billion.

On 19 October 2008, ING announced that it had reached an agreement with the Dutch government to strengthen its capital position. ING would issue non-voting core Tier-1 securities for a total consideration of EUR 10 billion to the Dutch State.

On 20 October 2008, ING announced that it had reached an agreement with Fubon Financial Holding Co. Ltd. ("Fubon Financial Holding"), a leading diversified Taiwanese financial services company, to sell its Taiwanese life insurance business for a consideration equivalent to USD 600 million (EUR 447 million). The transaction is subject to regulatory approval and is expected to close by the end of the first quarter of 2009.

ING announced on 21 November 2008 that Nationale-Nederlanden and its other Dutch insurance subsidiaries had reached agreements with the Stichting Verliespolis and Stichting WPC and their related consumer organisations to resolve a dispute regarding the cost charges related to individual universal life insurance products ("particuliere

beleggingsverzekeringen”) sold to customers in The Netherlands. The agreement is in line with an arrangement that was previously reached by another company in the Dutch insurance sector. Under the terms of the agreement, ING’s Dutch insurance subsidiaries will offer compensation to policyholders where individual universal life policies have a cost charge in excess of an agreed maximum.

On 4 December 2008, ING announced that it had closed the transaction to acquire Oyak Emeklilik. As previously announced on 17 June 2008, ING will acquire Turkey’s sixth largest pension company for a total cash consideration of EUR 110 million, entirely financed from existing internal resources.

## **Main developments in 2009**

On 26 January 2009, ING announced that in light of the extraordinary developments over the previous few months and given his personal condition, Michel Tilmant stepped down from the Executive Board as of 26 January 2009. Michel Tilmant will be an advisor to the company until his retirement from ING on 1 August 2009. The Supervisory Board appointed Jan Hommen – who was chairman of the Supervisory Board – as chairman of ING Group, subject to his appointment as a member of the Executive Board by the annual General Meeting (AGM). This meeting took place on 27 April 2009. Prior to the AGM, Jan Hommen was closely involved in the day-to-day operations of ING and worked alongside the Executive Board in anticipation of his official appointment as chairman. As of 26 January 2009, Eric Boyer, a member of the Executive Board since 2004, was appointed acting CEO until Jan Hommen could formally take over after the AGM. The Supervisory Board appointed Peter Elverding as successor to Jan Hommen as chairman of the Supervisory Board effective following the AGM in April 2009. In light of this appointment, the Dutch State nominated another member for the Supervisory Board.

On 26 January 2009, ING issued a press release with preliminary and unaudited figures on the 2008 results and measures to reduce risk and costs.

On 3 February 2009, ING announced that it had entered into several agreements to sell most of its stake in ING Canada, the largest provider of property and casualty insurance products and services in Canada. ING owned approximately 70% of the outstanding common shares in ING Canada. The transaction is part of the announced intention to increase focus on core franchises.

Under the terms of these agreements, ING Group would sell in a private placement an aggregate of 36.02 million common shares to a group of institutional investors at a price of CAD 25.00 per common share. ING would also sell an aggregate of 34.16 million common shares to a syndicate of underwriters at a price of CAD 26.35 per common share through a concurrent ‘bought deal’ public offering in Canada. ING had also granted the underwriters an overallotment option, exercisable until 30 days after closing, to purchase up to an additional 5.12 million common shares at the public offering price. Gross proceeds from these sales would total approximately CAD 1.9 billion, assuming exercise in full of the overallotment option. Following completion of the transaction, assuming exercise in full of the overallotment option, ING would continue to own approximately 8.6 million shares of ING Canada, representing an approximately 7% shareholding in ING Canada.

In the context of ING Group’s press release of 3 February 2009, in which ING announced that it had sold the majority of its stake in ING Canada, ING announced on 4 February 2009 that it had entered into an additional agreement with a syndicate of underwriters to sell the remaining approximate 10% of its shareholding in ING Canada. As a result, ING divested its total stake in ING Canada, totalling 70% of the company.

On 11 February 2009, ING announced that it had closed the sale of its Taiwanese life insurance business to Fubon Financial Holding Co. Ltd. ('Fubon Financial Holding'), a leading diversified Taiwanese financial services company. As announced on 20 October 2008, the divestment was in line with ING's strategy to actively manage its portfolio of businesses, allocating capital to those businesses that generate the highest return. Under the terms of the agreement, ING sold its Taiwanese life insurance business for a consideration equivalent to USD 600 million. The transaction has significantly reduced the economic capital attributed to insurance. The transaction resulted in a loss of EUR 292 million which was booked in the fourth quarter of 2008.

On 23 February 2009, ING announced that the Supervisory Board intended to nominate Patrick Flynn (1960, Irish) for appointment to the Executive Board at the annual General Meeting of Shareholders of 27 April 2009. Patrick Flynn became the new chief financial officer of ING.

On 19 March 2009, ING Group announced the appointment of two new members to the Supervisory Board: Mrs. Tineke Bahlmann and Mr. Jeroen van der Veer. At the General Meeting of 27 April 2009, Mrs. Bahlmann was appointed as of 27 April 2009 and Mr. van der Veer was appointed as of 1 July 2009. The appointments have been approved by the Dutch central bank (DNB). Tineke Bahlmann was recommended for nomination by the Dutch government. As a State nominee, Tineke Bahlmann will replace Peter Elverding who succeeded Jan Hommen as chairman of the Supervisory Board. Eric Bourdais de Charbonnière and Wim Kok retired from the Supervisory Board after the 2009 AGM.

On 1 April 2009, ING Group announced that it had finalised the transaction with the Dutch government on an Illiquid Assets Back-up Facility as announced on 26 January 2009. The transaction was booked and closed in the first quarter and has a limited impact on the profit and loss account for the quarter.

On 2 April 2009, ING Group announced that it had published the 2008 Annual Report for ING Insurance.

In a press release published on 9 April 2009, ING announced a strategic update: Taking ING back to basics. To reduce complexity, ING announced that it will operate the banking and insurance operations separately under the Group umbrella. It further announced that measures to reduce cost, risk and leverage were on track.

On 27 April 2009, ING announced that the annual General Meeting (AGM) of ING Groep N.V. approved the appointment of Jan Hommen and Patrick Flynn as new Executive Board members. The AGM also appointed Tineke Bahlmann, Jeroen van der Veer and Lodewijk de Waal to the Supervisory Board. The required approvals were obtained from DNB, the Dutch central bank, at an earlier stage. In addition, Godfried van der Lugt was reappointed to the Supervisory Board.

On 13 May 2009, ING announced that in line with the strategic announcement made on 9 April 2009, ING is taking measures to simplify its governance. To increase the business focus of the Group's leadership, Banking and Insurance will each have its own management board consisting of the Group CEO, CFO and CRO and the heads of the respective business lines currently serving on the Group's Executive Board. Strategic, operational and business decisions that do not affect the Group's direction or regulatory and government issues will be taken by the Banking or Insurance management board. Within the insurance board, Jacques de Vacleroy will be responsible for Global Asset Management. Hans van der Noordaa will take up responsibility for Insurance Europe in addition to his current responsibility for

Insurance Asia/Pacific. These organisational changes were scheduled to become effective as of 1 June 2009, pending approval of DNB. As at the date hereof, implementation is pending.

In addition, on 13 May 2009, ING Group announced, among other things a decline in market values of available-for-sale debt securities in respect of ING Verzekeringen N.V. for the first three months of 2009, as disclosed in the Q1 Report of 13 May 2009 which is incorporated by reference in this Information Memorandum.

## **Results 2008**

### **Key figures and highlights of INGV**

ING Verzekeringen N.V., together with ING Bank N.V., is part of ING Groep N.V. The business lines for the insurance activities are Insurance Europe, Insurance Americas and Insurance Asia/Pacific.

### **Overview**

ING manages its business on an underlying result basis. Underlying result before taxation is defined as result before taxation excluding the impact of divestments and special items. A reconciliation of net result to underlying result can be found in Note 42 'Primary reporting format – Business segments'.

### **Financial results**

Total result before tax from Insurance operations declined by EUR 8,341 million from a profit of EUR 6,615 million in 2007 to a loss of EUR 1,726 million in 2008. The underlying result before tax (excluding the impact of divestments and special items) decreased from a profit of EUR 6,195 million in 2007 to a loss of EUR 1,326 million in 2008. The sharp decline in results was due mainly to the deterioration of the financial markets in the second half of 2008. Additionally 2007 results included gains of EUR 2,087 million in 2007 on the sale of ING's stakes in ABN AMRO and Numico.

The underlying result from life insurance fell by EUR 6,748 million from a profit of EUR 4,913 last year to a loss of EUR 1,835 million in 2008. Investment income was adversely impacted by capital losses and impairments on equity and debt securities as well as negative fair value changes on real estate and private equity investments. The result was also adversely affected by deferred acquisition costs (DAC) unlocking in the US and hedge losses on the Single Premium Variable Annuity (SPVA) business in Japan. Underlying profit before tax on non-life insurance declined 60.3% to EUR 509 million from EUR 1,282 million last year, due primarily to capital losses and impairments of equities, and disappointing underwriting results in Canada.

Underlying gross premium income from life insurance decreased 3.7% to EUR 38,748 million, but once ING Life Taiwan and currency effects are excluded, this figure actually rose 3.3% driven mainly by the US, Australia, and much of in Asia. Underlying gross premium income from non-life insurance decreased 8.1%, or 4.1% excluding currency effects, to EUR 4,402 million, largely because of the sale of the Chile health business.

Underlying operating expenses for insurance operations increased 1.4% (up 2.7% excluding ING Life Taiwan) to EUR 5,242 million as cost containment helped offset most of the costs of supporting business growth in Asia/Pacific and Central Europe. In 2007, operating expenses also included a EUR 89 million non-recurring net release of employee benefits provisions in The Netherlands.

## **INSURANCE EUROPE**

Insurance Europe delivered a resilient performance in 2008, especially in Central Europe. However, Insurance Europe was affected by the global financial turmoil. The lower net result was mainly due to negative revaluation of real estate and private equity investments. The business responded by managing the business more efficiently and prudently, and by de-risking its balance sheet.

Insurance Europe's underlying result before tax fell 76.7% to EUR 456 million in 2008, as most European investment portfolios were negatively impacted by the financial market turmoil. Of the EUR 1,504 million decline in underlying result before tax, EUR 667 million was primarily caused by lower income from real estate and EUR 456 million was due to lower private equity income, caused by impairments and revaluations. Life insurance results declined EUR 1,381 million to EUR 151 million in 2008. Underlying profit before tax from non-life insurance declined 28.7% to EUR 305 million, primarily as a result of a decline of EUR 120 million in investment income. Corporate income tax fell 61.1% to EUR 110 million.

Underlying premium income decreased by 0.6% to EUR 10,194 million, as both life and non-life premiums fell marginally in the deteriorating economic environment. Premium growth in Central and the rest of Europe clearly slowed down in the course of the year, as the effects of the credit crisis were increasingly felt in the emerging economies in the region. The successful introduction of a single premium investment product in Poland, which generated EUR 542 million in sales, is not reflected in gross premiums. Pension inflows in Central Europe totalled EUR 2.0 billion in 2008, up 29.1% from 2007. In Belgium, life premiums declined 8.3% to EUR 1,064 million as the outlook for single premium products with profit participation worsened and bank deposits offered increasingly attractive rates. Life premiums in The Netherlands were flat at EUR 5.0 billion.

In 2008, Insurance Europe received EUR 2.3 billion in (net) capital contributions from the Corporate Line Insurance. These capital contributions were needed to meet regulatory and/or internal solvency requirements, as available solvency was adversely affected by declining market values of the investment portfolios.

The value of new business was virtually flat at EUR 397 million although new sales increased by 4.2% to EUR 1,010 million, due in particular to higher sales in The Netherlands after inclusion of group contract renewals in the definition of new sales. The Romanian second-pillar pension fund, which was launched in September 2007, contributed EUR 73 million in value of new business and EUR 40 million in new sales in 2008.

### **Overall strategic approach**

Insurance Europe operates in the mature Benelux market and the emerging markets of Central Europe, Spain, Greece and Turkey with a focus on life insurance and retirement services. Within the Benelux, Insurance Europe maintains its focus on the pension and life insurance business while continuing to enhance cost and capital efficiency. Insurance Europe has the long-term ambition to grow bancassurance in Central Europe. For the longer term, Insurance Europe will focus on growth in pension and life insurance client balances driven by economic growth and growth in retirement services.

### **Business developments**

ING Insurance Europe operates in the mature Benelux market and the emerging markets of Central Europe, with a focus on life insurance and retirement services. It is the leading life insurer and pension provider in both The Netherlands and Central Europe. In addition, Insurance Europe operates life insurance businesses in Spain, Greece, Russia, and has a growing presence in Turkey. Commercial performance was resilient in 2008, especially in Central Europe, which continued to see strong net pension inflows and traditional life sales.

However, Insurance Europe was negatively affected by the global financial turmoil. The lower net result is mainly attributable to negative fair value changes on real estate and private equity investments.

### **Developments in mature markets**

Within the Benelux, ING maintains its focus on the pension and life insurance business while continuing to enhance cost and capital efficiency. Cost containment in The Netherlands was reflected in lower staffing levels and increased operational efficiency. Life insurance operations in Belgium are continuing their operational efficiency efforts. The life insurance market in the Benelux remains highly competitive. ING is focused on maintaining profitability and returns by enhancing its multi-channel distribution platform, reducing costs and reinforcing its market position as the specialist in retirement services.

In mid November 2008 ING reached an outline agreement with consumer organisations in The Netherlands to resolve a dispute regarding individual universal life insurance products sold to customers in The Netherlands by ING's Dutch insurance subsidiaries. The costs of the settlement have been valued at EUR 365 million. Nationale-Nederlanden demonstrated its commitment to improve customer confidence and transparency by ceasing production of its individual unit-linked life insurance policies, and by launching a new generation of fully transparent variable annuity products in the course of 2008.

### **Stable growth in Central Europe**

Markets in Central Europe tend to be sizable, with a growing middle-class: demographic conditions that are conducive to growth in life insurance and retirement services. In 2008, ING in Central and the rest of Europe showed solid financial results and sales in general were up. Overall, the number of customers increased from 7 million to 8.6 million. A growing number of customers as well as wage increases resulted in a solid performance in the pensions business in Central Europe. ING is implementing a multi-channel distribution approach, with a blend of channels such as tied agents, bancassurance and brokers. In December 2008, ING completed the acquisition of the Turkish voluntary pension company Oyak Emeklilik, providing the opportunity to enter the growing Turkish pension market. In July 2008, ING received approval from the relevant authorities to start life insurance operations in Ukraine.

However, circumstances in Ukraine have deteriorated drastically due to the global financial turmoil. As a result of this instability, ING decided to postpone its greenfield life insurance operation there.

### **Looking ahead**

Insurance Europe will reinforce its position as the specialist in investments and retirement services across Europe. Although economic prospects are muted due to the global economic climate, long-term growth prospects remain favourable. Insurance Europe will re-base the business to respond to market conditions, through a focus on expense reduction and capital management. In Central and the rest of Europe, ING will build on its leading position and focus on broadening the distribution base and increasing its operating efficiency.

### **INSURANCE AMERICAS**

Insurance Americas' results were significantly affected by the global financial turmoil. This resulted in substantial credit and investment-related losses together with lower sales of equity-linked products. The CitiStreet acquisition has given Retirement Services in the US a robust platform for further growth. Sales in Latin America remained constant, although returns were lower and Canada produced firm results given the challenging market circumstances.



Underlying result before tax declined to a loss of EUR 534 million. The US recorded a loss of EUR 1,117 million following the severe impact of the turbulent financial environment. This result included investment losses of EUR 965 million, of which EUR 811 million related to credit losses. In addition, deferred acquisition costs unlocking had a negative impact of EUR 1,180 million. Underlying profit before tax in Canada decreased 22.6%, or 17.7% excluding currency effects, to EUR 364 million. Underlying profit before tax in Latin America decreased by 6.8%, or 12.2% excluding currencies, to EUR 220 million.

Premium income decreased by 1.1% to EUR 21,887 million, although when currency effects are excluded this value rose 6.9%. In the US, premiums increased by 8.7% excluding currency impact, as sales of retirement services, variable and fixed annuities and insurance were higher than 2007 levels. Premium income in Canada decreased 4.2% to EUR 2,671 million, but increased by 1.7% excluding currency impact, reflecting rate increases in personal lines but a lower number of new insured risks. Premiums in Latin America decreased 20.6% excluding currency effects, reflecting the sale of Chilean health insurance business in the first quarter of 2008, which was partly offset by higher annuity sales.

The value of new business (VNB) increased by 12.6%, driven by higher pension fund sales and better quality of business in Latin America. VNB in the US fell 7.9% due to reduced spread-related products sales and pressure on variable annuity margins and sales.

### **Developments in the United States**

Insurance Americas' most critical priorities in 2009 are customer retention, cost containment and reducing risk to preserve capital and to improve profitability. The acquisition of CitiStreet for EUR 570 million boosted ING's leading position in retirement services in the US. Variable annuity sales were well supported by ING LifePay Plus, a withdrawal benefit launched in 2007, but sales began to slow in the third quarter as equity markets became more volatile and dipped further in the fourth quarter. Sales of fixed annuities improved 35% as customers sought fixed-rate products in the volatile market environment. The US Individual Life business generated a 11% increase in sales in 2008. More than 156,000 new policies were issued during 2008, up 87% from 2007.

### **Lower returns in Latin America mask solid sales**

ING's strong market positions in life and pension businesses across Latin America allowed the company to post solid top-line growth, but investment returns declined due to the financial market crisis. The sale of the Mexican insurance business, completed in July 2008, allowed ING in Mexico to concentrate on its growing Afore pension, annuities and investment management businesses. In November 2008, the Argentine government nationalised the country's private pension system, which includes ING's pension fund business. ING is the second largest pension provider in Latin America. It holds strong positions in Peru, Mexico, Chile, Uruguay and Colombia. In Peru, ING increased its stake in AFP Integra to 80%, and also increased its shareholding in ING Fondos, a Peruvian mutual fund provider, under the holding company of ING Wealth Management.

### **Canada**

In February 2009, ING completed the sale of its entire 70% stake in property & casualty insurer ING Canada.

### **Looking ahead**

ING will focus on aggressive capital management and de-risking in 2009 to ensure the company is well-positioned for the rebound in markets. Over the longer term, Insurance Americas will balance profit, growth, value creation and capital management with a continued focus on retirement services, life insurance and investments in the Americas.

Insurance Americas remains committed to building and strengthening customer and distributor relationships, and making it easier for people to do business with ING.

## **INSURANCE ASIA/PACIFIC**

Growth in the Asia/Pacific region was adversely affected by global economic developments in 2008. However, as one of the leading international insurance and asset management companies in the region with a strong and diversified distribution network, ING remains well-positioned to maintain its franchise. Based on annual premium equivalent, ING maintained or improved its market positions across the region in 2008, a sign of its sound product portfolio and distribution capabilities. Active repositioning of its product portfolio was at the core of ING's response to changing customer needs due to the economic downturn.

Underlying result before tax decreased by 79.9% to EUR 116 million. Japan recorded a loss of EUR 167 million. Excluding Japan and currency effects, underlying result before tax declined 3.0%.

Gross premium income decreased 12.6%, or 3.3% excluding Taiwan and currency effects, to EUR 11,040 million. Double-digit growth was recorded in local currency terms in Australia, South Korea and Rest of Asia, but this was more than offset by a sharp decline in single premium variable annuity premiums in Japan.

Assets under management decreased by 22.6% to EUR 82 billion at year-end 2008. Underlying operating expenses fell 6.7%, but were up 6.9% excluding Taiwan and currency impacts, to EUR 1,040 million as cost containment helped to offset most of the increased expenses from a higher in-force base in some countries and continued investment in greenfield operations, to support the growth in premium income in these markets.

VNB decreased 27.4%, or 14.6%, excluding Taiwan, to EUR 321 million, broadly consistent with the decline in sales.

### **Continued strengthening of distribution channels**

Broadening distribution methods and increasing the efficiency of existing channels continues to be a strategic priority for ING in Asia. Traditionally, the tied agent channel has been the largest, but distribution through banks is on the rise. The number of tied agents grew from 75,000 in 2007 to over 100,000. This growth took place mainly in India, South Korea and Thailand. Insurance Asia/Pacific's bank distribution takes place through partnerships with other banks as well as through ING's retail banking presence in the region.

Bank distribution was further reinforced through an exclusive agreement with the Royal Bank of Scotland in Hong Kong and by sales expansion to TMB Bank's entire branch network in Thailand.

### **Products**

In several countries ING introduced new products. For instance, in Japan, a new single premium variable annuity product with guaranteed income benefits was introduced. In Malaysia, ING further expanded its unit-linked product offering in response to government deregulation. In South Korea, ING launched retirement services. In Australia, a flexible term-deposit option was added to the wealth management platform to compete against higher deposit rates offered by banks. In South Korea, a product was launched that allows customers a choice between asset-linked performance (with a capital guarantee) or a fixed interest rate every six months.

### **Organisational and operational efficiency**

Insurance Asia/Pacific's regional structure was strengthened and simplified by the establishment of a new regional governance structure. ING continues to focus on talent management, managing the inflow of new talent as well as local leadership development.

### **Brand awareness**

Brand awareness in the region has risen as a result of the global advertising campaign and sponsorship activation of the Shanghai, Tokyo, Melbourne and Singapore Formula 1 Grand Prix, as well as Insurance Asia/Pacific's sponsorships of the national and league competitions under the purview of the Asian Football Confederation. Together with local advertising and sponsorships, brand awareness increased throughout the region.

### **Looking ahead**

In the year ahead, ING will continue to focus on maintaining its market share and managing for value rather than growth. In addition to initiatives for cost containment and repositioning of product portfolios, new measures to strengthen capital and risk management, as well as compliance are underway. Throughout the business line, efficiency will be increased through the standardisation of key operational processes. Insurance Asia/Pacific will continue to strengthen the bancassurance model.

## **RISK MANAGEMENT**

### **Risk management in 2008**

Taking measured risks is part of INGV's business. As a financial services company active in investments, life insurance and retirement services, INGV is naturally exposed to a variety of risks. To ensure measured risk-taking INGV has integrated risk management in its daily business activities and strategic planning. Risk Management assists with the formulation of risk appetite, strategies, policies and limits and provides a review, oversight and support function throughout INGV on risk-related issues. The main financial risks INGV is exposed to are credit risk (including transfer risk), market risk (including interest rate, equity, real estate, and foreign exchange risks), insurance risk and liquidity risk. In addition, INGV is exposed to non-financial risks, e.g. operational and compliance risks. The way INGV manages these risks on a day-to-day basis is described in this risk management section.

Despite the fact that the ongoing crisis claims most of the management attention on a daily basis throughout risk management organisation, ING continued its long-term investments in risk management, including investments in people, governance, processes, measurement tools and systems. The Non-Financial Risk Dashboard, which was introduced internally and piloted in 2007 was implemented and presented to the Executive Board and the Audit Committee for the first time in November 2008.

### **Market developments 2008**

Although the whole of 2008 was characterised by significant turmoil, it was in the second half of the year, after the default of Lehman Brothers, Washington Mutual and three Icelandic banks, that volatility in financial markets intensified. Throughout the world the prices of most major asset classes fell sharply. Equity markets came down significantly: year on year the S&P 500 declined 38% and the Dutch Amsterdam Exchange Index (AEX) declined 52%. Real estate prices were also under pressure. At December 31 2008 the most prominent real estate index in the United States, the S&P Case-Shiller Index, was 18.6% lower than at the end of 2007. Moreover, credit spreads in the financial and corporate sector widened materially, both in the US and in Europe. The second half of 2008 showed a steep increase in corporate credit spreads which was for a major part driven by the auto and industrial sectors. Both short and long term interest rates dropped in Europe and more profoundly in the United States.

In response to these movements governments all over the world introduced rescue plans to buy pressurised assets, deposit guarantee programmes, capital injections or full nationalisations. In October 2008 ING Group and the Dutch State announced that an agreement had been reached on a EUR 10 billion capital injection from the Dutch State.

### **Risk mitigation**

To counter the implications of the financial crisis ING decided to take several measures over the course of the year to reduce risk:

#### *-Reduction of credit risk*

- In January 2009, ING Group entered into an illiquid Assets Back-up Facility term sheet with the Dutch State covering ING's Alt-A residential mortgage backed securities (RMBS) portfolio. Through this agreement, which is expected to close in the first quarter of 2009, subject to final documentation and regulatory approval, the Dutch State has become the economic owner of 80% of the Alt-A RMBS portfolio. This transaction was concluded at 90% of the par value with respect to the 80% portion of the portfolio of which the Dutch State will become the economic owner. Par value of the portfolio is approximately EUR 4 billion. Following the deteriorated economic outlook in the third and fourth quarter, market prices for these securities had become depressed as liquidity dried up. This had an impact on ING's results and equity far in excess of estimated credit losses. The transaction with the Dutch State is expected to significantly reduce the uncertainty regarding the impact on ING of any future losses in the portfolio. As condition to the Facility, ING will commit to support the growth of the Dutch lending business for an amount of EUR 25 billion at market-conforming conditions. The Dutch State will also acquire certain consent rights with respect to the sale or transfer of the 20% proportion of the Alt-A RMBS portfolio that is retained by ING.

#### *-Reduction of equity exposure (available-for-sale)*

- Direct public equity exposure was reduced from EUR 12.2 billion at the end of 2007 to EUR 3.9 billion at year-end 2008. The reduction in exposure was due to negative revaluations, and sales.
- The remaining exposure was partially hedged against further market losses. In addition a temporary hedging programme was put in place to reduce earnings volatility resulting from potential DAC unlocking.

#### *-Reduction of interest rate risk*

- INGV sold ING Life Taiwan which resulted into a significant reduction of its interest rate risk exposure. This divestment was in line with the strategy to allocate capital to those businesses that generate the highest return. In addition, INGV lengthened its asset duration in order to mitigate the impact of declining interest rates, herewith further reducing its interest rate risk exposure.

### **Impact of financial crisis**

#### *Impact on pressurised asset classes*

As a result of the deteriorating market conditions throughout 2008 INGV incurred negative revaluations on its investment portfolio, which impacted shareholders' equity. Furthermore, INGV incurred impairments, fair value changes and trading losses, which impacted its profit and loss account (P&L).

The table below shows the exposures and negative revaluations and losses taken on US sub-prime and US Alt-A (RMBS), Collateralised Debt Obligations (CDOs) and Collateralised Loan Obligations (CLOs) during 2008.

# **US Subprime RMBS, US Alt-A RMBS, CDOs/CLOs exposures, revaluations and losses**

(amount in millions of euro)	31 December 2008		Change in 2008		31 December 2007	
	Market Value	Revaluation through Equity (pre-tax)	Writedown through P&L (pretax)	Other changes	Market value	Revaluation through Equity (pre-tax)
US Subprime RMBS	1,674	-761	-39	-55	2,529	-254
Alt-A RMBS	2,121	-1,094	-241	-323	3,779	-110
CDOs/CLOs	3,419	-192	-272	3,312	571	-67
<b>Total</b>	<b>7,214</b>	<b>-2,047</b>	<b>-552</b>	<b>2,934</b>	<b>6,879</b>	<b>-431</b>

- INGV's total EUR 1.7 billion exposure to US sub-prime assets relates to non originated loans acquired as investments in RMBS and represents approximately 0.5% of total INGV assets. At 31 December 2008 approximately 86% of ING's US sub-prime portfolio was rated AA or higher. INGV does not originate sub-prime mortgages. The vast majority of the total mortgage backed securities are (residential) mortgages that are not classified as sub-prime.
- INGV's total US Alt-A exposure at 31 December 2008 was EUR 2.1 billion. About 83% of this portfolio was AAA rated. ING's available-for-sale Alt-A investments are measured at fair value in the balance sheet. The substantial amount of negative pre-tax revaluation and impairments on this portfolio are mainly caused by the illiquid market.
- Net investments in CDOs/CLOs at 31 December 2008 were 1.1% of total INGV assets. The vast majority of the CDOs/CLOs has investment grade corporate credit as underlying assets, only EUR 0.1 million has US subprime mortgages underlying. Other changes includes purchases and sales of CDOs/CLOs, as well as foreign currency effects.

The US Subprime RMBS, US Alt-A RMBS and CDOs/CLOs held by INGV are booked at fair value. An analysis of the method applied in determining the fair values of financial assets and liabilities, is provided in Note 29 'Fair value of Financial Assets and Liabilities' of the Annual Report which is incorporated by reference in this Information Memorandum. At 31 December 2008 the fair value of US Subprime RMBS, US Alt-A RMBS and CDOs/CLOs was as follows:

**Fair value of US subprime RMBS, US Alt-A RMBS and CDOs/CLOs**  
(amounts in millions of euros)

	Reference to published price quotations in active markets	Valuation technique supported by market inputs	Valuation technique not supported by market inputs	Total
<b>2008</b>				
US Subprime RMBS	20		1,654	1,674
US Alt-A RMBS		10	2,111	2,121
CDOs/CLOs	3,366	53		3,419
Total	3,386	63	3,765	7,214

**Fair value of US subprime RMBS, US Alt-A RMBS and CDOs/CLOs**  
(amounts in millions of euros)

	Reference to published price quotations in active markets	Valuation technique supported by market inputs	Valuation technique not supported by market inputs	Total
<b>2007</b>				
US Subprime RMBS	2,529			2,529
US Alt-A RMBS	3,765	14		3,779
CDOs/CLOs	253	318		571
Total	6,547	332		6,879

An amount of EUR 5 billion of mortgage backed securities in the United States was reclassified from reference to published price quotations in active markets to valuation technique not supported by market inputs in the third quarter of 2008. Reference is made to Note 29 'Fair value of financial assets and liabilities' of the Annual Report which is incorporated by reference in this Information Memorandum.

*Impact on Real Estate*

By the end of 2008 INGV's total exposure to real estate was EUR 6.6 billion of which EUR 4.9 billion was subject to revaluation through the profit and loss account. In 2008, ING recorded EUR 452 million pre-tax negative revaluations and impairments. ING's real estate portfolio benefits from high occupancy rates and is diversified over sectors and regions but is clearly affected by the negative real estate markets throughout the world.

*Impact on Equity securities – available-for-sale*

Direct equity exposure at 31 December 2008 in this caption was EUR 3.9 billion (public) and EUR 0.4 billion (private). During 2008, ING booked EUR 1,376 million of pre-tax impairments on this direct public equity exposure. ING generally decides to impair a listed equity security based on two broad guidelines: when the fair value of the security is below 75% of the cost price or when the market price of the security is below the cost price for longer than six months.

*Impact on other asset classes*

Negative impact on results for 2008 (pre-tax) from private equity and alternative assets amounted to EUR 399 million. Negative impact on results for 2008 (pre-tax) from debt securities other than mentioned above amounted to EUR 229 million.

#### *Impact on counterparty risk*

In the third quarter, a number of financial institutions were no longer expected to fulfil their obligations. ING incurred EUR 291 million pre-tax losses (excluding loan losses) on Lehman Brothers, Washington Mutual and the Icelandic banks. The loss included impairments of debt securities, trading losses and derivative positions, including the costs to replace derivatives on which the banks were counterparty.

#### **Ongoing volatility in the financial markets**

The impacts have arisen primarily as a result of the deterioration of the US housing market which caused real estate prices to decline. This caused valuation issues in connection with INGV's exposure to US mortgage-related structured investment products, including sub-prime and Alt-A RMBS, CDOs and CLOs. In many cases, the markets for such instruments have become highly illiquid and issues relating to counterparty credit ratings and other factors have exacerbated pricing and valuation uncertainties. Valuation of such instruments is a complex process involving the consideration of market transactions, pricing models, management judgement and other factors and is also impacted by external factors such as underlying mortgage default rates, interest rates, rating agency actions and property valuations.

While we continue to monitor our exposures in this area, in the light of the ongoing market environment and the resulting uncertainties concerning valuations, there can be no assurances that we will not experience further negative impacts on our shareholders' equity or profit and loss accounts from such assets in future periods.

The financial crisis has demonstrated the importance of having a robust risk management organisation in place.

Although ING's risk management organisation and liquidity profile have helped it to limit the impact and manage the company through the turmoil, ING will continue to further strengthen its risk management organisation. The lessons learned in this crisis will contribute to this continuous process.

#### **Introduction**

To ensure measured risk taking throughout the organisation, INGV operates through a comprehensive risk management framework. This ensures the identification, measurement and control of risks at all levels of the organisation so that INGV's financial strength is safeguarded.

The mission of INGV's risk management function is to build a sustainable competitive advantage by fully integrating risk management into daily business activities and strategic planning. This mission is fully embedded in INGV's business processes.

The following principles support this objective:

- Products and portfolios are structured, underwritten, priced, approved and managed appropriately and compliance with internal and external rules and guidelines is monitored;
- INGV's risk profile is transparent, has 'no surprises', and is consistent with delegated authorities;
- Delegated authorities are consistent with the overall strategy and risk appetite;

- Transparent communication to internal and external stakeholders on risk management and value creation.

### **Risk governance**

ING's risk management framework is based on the 'three lines of defence' concept which ensures that risk is managed in line with the risk appetite as defined by the Executive Board and is cascaded throughout INGV. This concept provides a clear allocation of responsibilities for the ownership and management of risk, to avoid overlaps and/or gaps in risk governance. Business line management and the regional and local managers have primary responsibility for the day-to-day management of risk and form the first line of defence. The risk management function, both at corporate and regional/local level, belongs to the second line of defence and has the primary responsibility to align risk taking with strategic planning e.g. in limit setting. Risk managers in the business lines have a functional reporting line to the Corporate Risk General Managers described below. The internal audit function provides an ongoing independent (i.e. outside of the risk organisation) and objective assessment of the effectiveness of internal controls, including financial and operational risk management and forms the third line of defence.

### **Risk profile**

#### **Economic Capital**

The objective of the INGV Economic Capital framework is to achieve an advanced risk and capital measurement and management structure that:

- Covers all the risks in the business units and is applied consistently across all risks and business units;
- Facilitates and encourages adequate risk and capital management, including the proper pricing of products and sound capital allocation decisions.

The INGV Economic Capital model is based on a 99.95% one-year Value at Risk framework. It is important to note that since industry practice relating to Economic Capital (EC) (as defined below) is still evolving and moreover Solvency II standards are still under discussion, INGV models are expected to evolve as a result. Solvency II currently calls for a 99.5% Value at Risk standard for internal models which is a lower risk threshold than used in ING's model.

EC for credit risk and for transfer risk is the portion of EC held to withstand unexpected losses inherent in the credit portfolios related to (unexpected) changes in the underlying creditworthiness of debtors, or the recovery value of underlying collateral (if any). Credit risk and transfer risk capital are calculated on all portfolios which contain credit or transfer risk, including investment portfolios.

EC is defined by ING as the amount of assets that needs to be held in addition to the market value of liabilities to assure a non-negative surplus at a 99.95% level of confidence on a 1 year time horizon. ING measures EC by quantifying the impact on the market value surplus (MVS) as a result of adverse events that occur with a specified probability related to the AA rating. Therefore ING's EC model is based on a 'Surplus-at-Risk' concept. The confidence level consistent with an AA rating has been defined as the 99.95% one-sided confidence level over a one-year horizon. The change in market value surplus (MVS) is the combined effect of changes in Market Value of Assets (MVA) minus market value of liabilities (MVL) and an adjustment for illiquidity spreads due to current dislocated asset markets. The MVS is adjusted to correct this asymmetry by applying an illiquidity spread to the insurance liability cash flows.



EC disclosures relating to INGV include diversification benefits that arise within INGV. The following table provides an EC break down by risk category with diversification benefits proportionally allocated to the risk types:

**Economic Capital break-down INGV by risk category <sup>(1)</sup>**  
(amounts in millions of euros)

	2008	2007
Credit risk (including Transfer risk)	891	1,021
Market risk	8,455	15,258
Insurance risk	1,557	3,293
Other risks <sup>(2)</sup>	2,779	3,627
Total insurance operations	13,682	23,199

<sup>(1)</sup> The EC outcomes do not reflect any potential tax benefit resulting from the loss that occurs under the specified circumstances.

<sup>(2)</sup> Other risk includes operational risk as well as business risk (covering expense risk and lapse risk).

**Market risks**

INGV is exposed to market risk to the extent to which the market value of surplus can be adversely impacted due to movements in financial markets; these include interest rates, equity prices, implied volatilities of options, foreign exchange rates and real estate prices. Changes in financial market prices impact the market value of ING's current asset portfolio and hedging derivatives directly as well as the calculated market value of ING's insurance liabilities. The following table provides information on EC split by risk category:

**Economic capital insurance market risks**

(amounts in millions of euros)	2008	2007
Interest rate risk	2,739	6,021
Credit spread risk	880	1,012
Equity risk	1,293	3,357
Real estate risk	252	669
Implied volatility risk	1,857	2,108
Foreign exchange risk	1,434	2,091
Total	8,455	15,258

**Earnings at Risk (EaR)**

Complementing EC, which is based on a market value analysis, INGV also measures risk based on IFRS earnings. More specifically, using scenario analysis, INGV measures the potential sensitivity of realised pre tax earnings of the insurance operations to an increase/decrease of different risk factors over a full year. These earnings sensitivities are used as input into the ING Group Earnings at Risk measure, where these sensitivities are fully diversified with the Bank. Interpretation of the underlying earnings sensitivities must be done individually as ING does not assume that all of the scenarios presented below will happen concurrently.

Earnings sensitivities are defined on a shock scenario at the 90% confidence level on pre tax IFRS earnings, projected one year forward from the calculation date. Therefore the table below provides earnings sensitivities to an instantaneous shock at the 90% confidence level projected through to 31 December 2009. The EaR information does not include ING Canada which was divested in January.

**Earnings sensitivities for insurance market risks**

(amounts in millions of euros)	2008	2007
Interest rate (1% up)	-67	-161
Interest rate (1% down)	82	125
Equity (15% down)	-795	-613
Real Estate (8% down)	-525	-570
Foreign Exchange (10% worst case)	-224	-338

The table presents figures before diversification between risks. For interest rate risk, we present the effect of a parallel shock of 1% across all regions and take the sum of the shocks. For the Japan business, a shock of 0.5% is applied since this business operates in a lower interest rate environment. Foreign exchange risk includes the sum of both local business currency risk plus translation risk for earnings of non-Euro business units.

The table shows that real estate fluctuations can have a relatively large impact on earnings since all price volatility is fully reflected in earnings for real estate investments. The impact on earnings of interest rates and equity price changes are normally lower than the economic and shareholder's equity impact given current accounting rules. The sensitivity results do reflect the impacts of asymmetric accounting whereby the hedges must be marked-to-market through the earnings while the liability value is not.

EaR is an indicator of future earnings at risk in case markets deteriorate. Earnings can deteriorate significantly when certain thresholds have been reached for impairment and DAC unlocking. At the moment the significant increase in equity EaR despite de-risking is driven by DAC unlocking and negative revaluations being close to or at hitting impairment triggers. Offset from the hedging programs existing at year end is taken into account. Further hedges have been put in place since 31 December 2008.

**Insurance risks****General**

Actuarial and underwriting risks are risks such as mortality, longevity, morbidity, adverse motor or home claims development, etc., which result from the pricing and acceptance of insurance contracts. In general, these risks cannot be hedged directly in the financial markets and tend to be mitigated by diversification across large portfolios. They are therefore primarily managed at the contract level through standard underwriting policies, product design requirements as set by ING's Insurance Risk Management (IRM) function, independent product approval processes and risk limitations related to insurance policy terms and conditions agreed with the client.

**Measurement**

For portfolio risks which are not mitigated by diversification, the risks are managed primarily through concentration and exposure limits and through reinsurance and/or securitisation. Aggregate portfolio level limits and risk tolerance levels are set in reference to potential losses stemming from adverse claims in ING's insurance portfolios which are reviewed annually by the ING Group Executive Board. ING Group has established actuarial and underwriting risk tolerance levels in specific areas of its insurance operations as described below. For non-life insurance, risk tolerance levels are set by line of business for catastrophic events (e.g. natural perils such as storms, earthquakes and floods) and for individual risks.

**Economic Capital Insurance risks**

(amounts in millions of euros)

	2008	2007
Mortality	781	803
Morbidity	483	2,141
P&C	293	349
Total	1,557	3,293

**Credit risks**

Credit risk is the risk of loss from default by debtors (including bond issuers) or trading counterparties. Credit risks are split into five principal risk categories: a) lending (including guarantees and letters of credit); b) investments; c) pre-settlement (derivatives, securities financing and foreign exchange trades); d) money markets and e) settlement. The credit risks are measured and monitored by Corporate Credit Risk Management (CCRM) as well as local credit risk managers within the various locations where credit risk is taken within INGV and ING Investment Management. The CCRM General Manager is functionally responsible for the global network of credit risk staff, while the heads of the credit risk management functions for the business lines report directly to him.

Within INGV, the goal is to maintain a low risk, well diversified credit risk portfolio that meets or exceeds market based benchmark returns. The emphasis is on managing business developments within the business lines by means of top-down concentration limits for countries, individual borrowers and borrower groups.

The credit risk classification of issuers, debtors and counterparties within the INGV's credit risk portfolios continues its transition to the methodology used by the banking operations. Similar to ING Bank, INGV uses risk classes which are calibrated to the probability of default of the underlying issuer, debtor or counterparty. These ratings are defined based upon the quality of the issuer in terms of creditworthiness, varying from investment grade to problem grade expressed in S&P equivalents.

**Risk classes INGV portfolio, as % of total outstandings <sup>(1)</sup>**

	2008	2007
1 (AAA)	27.2%	25.5%
2-4 (AA)	21.1%	24.6%
5-7 (A)	23.7%	23.8%
8-10 (BBB)	14.8%	13.9%
11-13 (BB)	6.6%	5.5%
14-16 (B)	4.2%	3.7%
17-22 (CCC & Problem Grade)	2.4%	3.0%
	100.0%	100.0%

<sup>(1)</sup> Based on credit risk measurement contained in lending, pre-settlement, money market and investment activities.

The ratings reflect probabilities of default and do not take collateral into consideration.

**Largest economic exposures: INGV lending portfolio, by country (1,2)**

(amounts in billions of euros)

2008 2007

United States	<b>61.7</b>	60.2
Netherlands	<b>15.6</b>	23.0
France	<b>7.2</b>	6.8
Italy	<b>6.4</b>	6.9
South Korea	<b>6.3</b>	6.7
United Kingdom	<b>5.7</b>	5.4
Germany	<b>5.7</b>	6.7
Canada	<b>5.6</b>	6.1

<sup>(1)</sup> Only covers total exposures in excess of EUR 5 billion, including intercompany exposure with ING Bank.

<sup>(2)</sup> Country is based on the country of residence of the obligor.

### **Operational risks**

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes the related risk of reputation loss, as well as legal risk whereas strategic risks are not included. Effective operational risk management leads to more stable business processes (including IT systems) and lower operational risk costs.

ING recognises the following operational risk areas:

- *Control risk* is the risk of loss due to non-adherence to business policies or guidelines. Control risks can lead to losses incurred due to non-compliance with controls established in connection with items such as governance procedures, new product approval procedures, and/or project management methods. Control risk can stem from improper or insufficient monitoring of entities or activities.
- The risk of a loss caused by unauthorised employee activities, including but not limited to unauthorised approvals or overstepping of authority are considered *unauthorised activity risk*.
- *Processing risk* deals with the risk of losses due to failed transaction processing or process management. These events are normally not intentional and usually involve documenting or completing current business transactions.
- *Employment practice risk* is the risk of loss due to actions which are consistent with employment, health or safety laws, or agreements, from payment of personal injury claims or from diversity /discrimination events. Managing this risk means: meeting health and workplace regulations; preventing discrimination and harassment; and in case this does happen, taking adequate counter measures.
- *Personal and physical security risk* is the risk of criminal and environmental threats that might endanger the security of ING personnel (within and outside ING locations, while travelling or being expatriated) and ING assets or might have an impact on the ING organisation.
- *Information (Technology) risk* is the risk of loss due to inadequate information security, resulting in a loss of information confidentiality and/or integrity and/or availability. Aspects of information (technology) risks are user access controls, platform security controls, change management controls, sourcing controls, security monitoring controls and fundamental information security controls.
- *Continuity risk* is the risk of events (e.g. natural disasters, power outages, terrorism) leading to a situation that threatens the continuation of business (including people and assets).
- *Internal and external fraud risk* is the risk of loss due to deliberate abuse of procedures, systems, assets, products and/or services of ING by those who intend to deceitfully or unlawfully benefit themselves or others.

**Compliance risk**

Compliance Risk is defined as the risk of damage to ING's integrity as a result of failure (or perceived failure) to comply with relevant laws, regulations, internal policies and procedures or ethical standards. In addition to reputational damage, failure to effectively manage Compliance Risk can expose financial institutions to fines, civil and criminal penalties, payment of damages, court orders and suspension or revocation of licenses. A failure (or perceived failure) can adversely impact customers, staff and shareholders of ING.

ING believes that fully embedded Compliance Risk Management preserves the trust its customers, shareholders and staff have in ING and is important for the way ING does business. Managing Compliance Risk is fundamental to driving value. The pursuit of long term business sustainability requires proper conduct of business activities in accordance with the high ethical standards of ING's Business Principles. These principles not only reflect laws and regulations, but are also based on ING's core values: integrity, entrepreneurship, professionalism, responsiveness and teamwork.

Clear and accessible policies and procedures are required to be implemented in ING business processes in all Business Lines. An infrastructure is in place to enable management to track current and emerging Compliance Risk issues, to communicate these to internal and external stakeholders, and to drive continuous improvement. ING understands that good Compliance Risk Management involves understanding and delivering on the expectations of customers and other stakeholders, thereby improving the quality of key relationships based on honesty, integrity and fairness.

For more information about Risk management see "Risk management" section in the ING Verzekeringen N.V. Annual Report 2008.

## ABBREVIATED CONSOLIDATED BALANCE SHEET OF ING VERZEKERINGEN N.V. \*

amounts in millions of euros	2008	2007
<b>ASSETS</b>		
Cash and cash equivalents	<b>14,440</b>	3,115
Financial assets at fair value through profit and loss:		
– trading assets	<b>537</b>	1,008
– investments for risk of policyholders	<b>95,366</b>	114,827
– non-trading derivatives	<b>6,344</b>	1,232
– designated as at fair value through profit and loss	<b>3,789</b>	3,805
Available-for-sale investments	<b>109,487</b>	132,266
Loans and advances to customers	<b>25,635</b>	27,529
Reinsurance contracts	<b>5,797</b>	5,874
Investments in associates	<b>2,723</b>	3,189
Real estate investments	<b>1,118</b>	1,302
Property and equipment	<b>710</b>	907
Intangible assets	<b>4,731</b>	3,942
Deferred acquisition costs	<b>11,843</b>	10,692
Other assets	<b>29,700</b>	12,395
<b>Total assets</b>	<b>312,220</b>	322,083
<b>EQUITY</b>		
Shareholders' equity (parent)	<b>11,893</b>	17,911
Minority interests	<b>520</b>	890
<b>Total equity</b>	<b>12,413</b>	18,801
<b>LIABILITIES</b>		
Subordinated loans	<b>6,928</b>	4,493
Debt securities in issue	<b>4,728</b>	4,636
Other borrowed funds	<b>13,153</b>	11,355
Insurance and investment contracts	<b>240,790</b>	265,712
Financial liabilities at fair value through profit and loss:		
– trading liabilities	<b>4</b>	101
– non-trading derivatives	<b>5,213</b>	1,704
Other liabilities	<b>28,991</b>	15,281
<b>Total liabilities</b>	<b>299,807</b>	303,282
<b>Total equity and liabilities</b>	<b>312,220</b>	322,083

**Breakdown of equity attributable to equity holders of ING Verzekeringen N.V.**

amounts in millions of euros	2008	2007
Share capital	<b>174</b>	174
Share premium	<b>9,824</b>	4,374
Revaluation reserve	<b>-4,645</b>	2,834
Currency translation reserve	<b>-1,191</b>	-1,086
Other reserves	<b>7,731</b>	11,615
<b>Equity attributable to equity holders of the Company</b>	<b>11,893</b>	17,911

\* These figures have been derived from the audited annual accounts of INGV in respect of the financial year ended 31st December 2008.

## ABBREVIATED CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING VERZEKERINGEN N.V.

\*

amounts in millions of euros	2008	2008	2007	2007
Gross premium income		<b>43,812</b>		46,818
Investment income		<b>7,177</b>		12,827
Net gains/losses on disposals of group companies		<b>15</b>		299
Gross commission income	<b>3,510</b>		3,527	
Commission expense	<b>-1,440</b>		<b>-1,626</b>	
Commission income		<b>2,070</b>		1,901
Valuation results on non-trading derivatives		<b>1,977</b>		-687
Net trading income		<b>-350</b>		370
Share of profit from associates		<b>-187</b>		530
Other income		<b>150</b>		294
Total income		<b>54,664</b>		62,352
Gross underwriting expenditure	<b>18,831</b>		51,818	
Investment income for risk of policyholders	<b>32,408</b>		-1,079	
Reinsurance recoveries	<b>-1,754</b>		<b>-1,906</b>	
Underwriting expenditure		<b>49,485</b>		48,833
Intangible amortisation and other impairments		<b>310</b>		14
Staff expenses		<b>2,896</b>		2,836
Interest expenses		<b>1,121</b>		1,445
Other operating expenses		<b>2,578</b>		2,609
Total expenses		<b>56,390</b>		55,737
Result before tax		<b>-1,726</b>		6,615
Taxation		<b>-499</b>		782
Net result (before minority interests)		<b>-1,227</b>		5,833
Attributable to:				
Shareholders of the parent		<b>-1,265</b>		5,650
Minority interests		<b>38</b>		183
		<b>-1,227</b>		5,833

\* These figures have been derived from the audited annual accounts of INGV in respect of the financial year ended 31st December 2008.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Information Memorandum by this Supplement and (b) any other statement in or incorporated by reference in the Information Memorandum or in the supplement to the Information Memorandum dated 19 December 2008, the statement in (a) above will prevail.

Save as disclosed in this Supplement and any supplement to the Information Memorandum previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Information Memorandum since the publication of the Information Memorandum.

The Issuer has requested the AFM provide the Commission de Surveillance du Secteur Financier in Luxembourg with a certificate of approval attesting that the Information Memorandum, as supplemented by this Supplement, has been drawn up in accordance with the Prospectus Directive.

The date of this Supplement is 17 June 2009