

This document constitutes two base prospectuses: (i) the base prospectus of ING-DiBa AG (the "**Issuer**") in respect of non-equity securities within the meaning of Art. 22 (6) No. 4 of the Commission Regulation (EC) no. 809/2004 of 29 April 2004, as amended from time to time (the "**Prospectus Regulation**"); and (ii) the base prospectus of ING-DiBa AG in respect of Pfandbriefe (together, the "**Base Prospectus**"). This Base Prospectus constitutes a prospectus for the purposes of Article 5(4) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended, including by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010) (the "**Prospectus Directive**").



**ING-DiBa AG, Frankfurt am Main, Federal Republic of Germany**

**Euro 10,000,000,000**

**Debt Issuance Programme**

**(the "Programme")**

Under this Programme, ING-DiBa AG (the "**Issuer**") may from time to time issue notes in bearer form (the "**Notes**") and Mortgage Pfandbriefe (*Hypothekendarlehen*) in bearer form (the "**Pfandbriefe**" and together with the Notes, the "**Securities**" and each a "**Security**") in an aggregate principal amount of up to Euro 10,000,000,000. Securities issued under this Prospectus will be issued with a minimum specified denomination of Euro 100,000 or its equivalent in other currencies.

The *Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**") in its capacity as competent authority within the meaning of § 26 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) ("**WpPG**") which implements the Prospectus Directive into German law has approved this Base Prospectus. Approval by BaFin means the positive act at the outcome of the scrutiny of the completeness of this Base Prospectus including the consistency of the information given and its comprehensibility.

The Issuer has requested BaFin to provide the competent authority in the Grand-Duchy of Luxembourg with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the WpPG.

Application (i) has been made for the Securities to be issued under the Programme to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and (ii) may be made to the Official List of the Luxembourg Stock Exchange for the Securities to be issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*). However, Securities may be admitted to trading and listed on such other or further stock exchange(s), as specified in the applicable Final Terms (as defined below).

**Arranger**

**Commerzbank**

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*Part A. of the Base Prospectus  
Overview with regard to the Base Prospectus*

**OVERVIEW WITH REGARD TO THE BASE PROSPECTUS**

This section "Overview with regard to the Base Prospectus" sets out information on the essential characteristics and risks associated with the Issuer and the Securities but does not constitute a summary within the meaning of Annex XXII of the Prospectus Regulation. Any decision by an investor to invest in the Securities should be based on consideration of this Base Prospectus as a whole, any supplements thereto and the relevant final terms (the "**Final Terms**").

**A. Overview with regard to the Risk Factors**

An investment in the Securities involves certain risks relating to the Issuer and the relevant Series of Securities. Potential investors should be aware that the risks involved with investing in the Securities may (i) affect the ability of the Issuer to fulfil its obligations under Securities issued under the Programme and/or (ii) lead to a volatility and/or decrease in the market value of the relevant Series of Securities whereby the market value falls short of the expectations (financial or otherwise) of an investor upon making an investment in such Securities.

The assessment of risks associated with a particular Series of Securities may be different depending on various factors. In particular, the assessment of risk on a case-by-case basis may be different for investors.

Potential investors should consider two main categories of risks, I. "Risks Relating to the Securities" which include 1. "General Risks relating to the Securities"; 2. "General Risks relating to Changes in Market Conditions"; and 3. "Risks relating to specific Product Categories", and II. "Risks Relating to the Issuer":

**I. Risks relating to the Securities**

**1. General Risks relating to the Securities**

**General:**

An investment in the Securities entails certain risks, which vary depending on the specification and type or structure of the Securities. An investment in the Securities is only suitable for potential investors who (i) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Securities and the information contained in or incorporated by reference into this Base Prospectus or any applicable supplement thereto; (ii) have the requisite knowledge to evaluate such merits and risks in the context of the potential investor's particular financial situation and to evaluate the impact the Securities will have on their overall investment portfolio; (iii) understand thoroughly the terms and conditions of the relevant Securities and are familiar with the behaviour of the financial markets; (iv) are capable of bearing the economic risk of an investment in the Securities until the maturity of the Securities; and (v) recognise that it may not be possible to dispose of the Securities for a substantial period of time, if at all before maturity.

- Interest Rate Risk:** The interest rate risk is one of the central risks of interest-bearing Securities. The interest rate level on the money and capital markets may fluctuate on a daily basis and cause the value of the Securities to change on a daily basis. The interest rate risk is a result of the uncertainty with respect to future changes of the level of the current interest rate on the capital market (the "**Market Interest Rate**"). In particular, holders of Fixed Rate Securities are exposed to an interest rate risk that could result in a diminution in value if the level of the Market Interest Rate increases. In general, the effects of this risk increase as the Market Interest Rates increase.
- Currency Risk** A Holder of Securities denominated in a foreign currency is exposed to the risk of changes in currency exchange rates which may affect the yield and/or the redemption amount of such Securities.
- Credit Risk:** Any person who purchases the Securities is relying upon the creditworthiness of the Issuer and has no rights against any other person. Holders of Securities (each a "**Holder**" and, together, the "**Holders**") are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Securities. The worse the creditworthiness of the Issuer, the higher the risk of loss.
- Spread Risk:** Spread risk is defined as risk that quotations of financial instruments deviate more or less from the general market. Hence, spreads combine components that reflect creditworthiness as well as liquidity aspects. The spread is the margin, which the Issuer pays the investor for taking a risk ("**Spread**"). Spreads are added as margins to the current interest rate (without risk).
- Factors influencing the Spread include, among other things, the creditworthiness and rating of the Issuer, the value of assets in the cover pool, probability of default, recovery rate and the remaining term to maturity of the Security. The liquidity situation, the general level of interest rates, overall economic developments, and the currency, in which the relevant obligation is denominated may also have a negative effect.
- Holders are exposed to the risk that the Spread widens which results in a decrease in the price of the Securities.
- Rating of the Securities:** A rating of Securities, if any, may not adequately reflect all risks of the investment in such Securities. Equally, ratings may be suspended, downgraded or withdrawn. Such suspension, downgrading or withdrawal may have an adverse effect on the market value and trading price of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by a rating agency at any time.
- Reinvestment Risk:** Holders may be exposed to risks connected to the reinvestment of interest income or redemption proceeds received from a Security. The return the Holder will receive from a Security depends not only on the price and the interest rate of the Security but also on whether or not the interest received during the term of the

Security can be reinvested at least at the same interest rate than the interest rate provided for in the Security. The risk that the general Market Interest Rate falls below the interest rate of the Security during its term is generally called reinvestment risk. The extent of the reinvestment risk depends on the individual features of the relevant Security.

**Inflation Risk:**

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on a Security. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

**Purchase on Credit – Debt Financing:**

If a loan is used to finance the acquisition of the Securities by a Holder and the Securities subsequently go into default, or if the trading price diminishes significantly, the Holder may not only have to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon. A loan may significantly increase the risk of a loss. Potential investors should not assume that they will at all times be able to repay a loan or pay interest thereon. Instead, potential investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, repay the loan on demand, and contemplate that they may suffer losses.

**Transaction Costs/Charges:**

When Securities are purchased or sold, several types of ancillary costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of the Security. These ancillary costs may significantly reduce or eliminate any profit from holding the Securities. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

**Change of Law:**

The Terms and Conditions of the Securities will be governed by German law. No assurance can be given as to the impact of any possible judicial decision or change to German law (or law applicable in Germany), or administrative practice after the date of this Base Prospectus.

**Taxation:**

Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments. Potential investors are advised not to rely upon the tax section contained in this Base Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor. The afore-mentioned individual tax treatment of the Securities

with regard to any potential investor may have an adverse impact on the return which any such potential investor may receive under the Securities.

**No Gross-Up of the Pfandbriefe:**

All payments made by the Issuer in respect of the Pfandbriefe shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. Holders will not be entitled to receive grossed-up amounts to compensate for any such tax, duty, withholding or other payment. Hence, any such deduction will decrease the return on the Pfandbriefe.

**FATCA (*Foreign Account Tax Compliance Act*):**

Under currently issued guidance, should the Securities be issued after the date that is six months after the date on which final U.S. Treasury regulations that define the term "foreign passthru payment" are filed with the Federal Register (such date the "**Grandfathering Date**") or on or before the Grandfathering Date if the Securities are materially modified for U.S. federal income tax purposes after the Grandfathering Date, then (pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, or similar law implementing an intergovernmental approach thereto ("**FATCA**")) the Issuer and other financial institutions through which payments on the Securities are made may be required to withhold U.S. tax at a rate of 30 % on all, or a portion of, payments made after 31 December 2018 in respect of the Securities to any foreign financial institution or through any foreign financial institution that is unable to certify that it is exempt from FATCA withholding. In addition, withholding under FATCA may be triggered if the Issuer creates and issues further Securities in a manner that does not constitute a "qualified reopening" for U.S. federal income tax purposes after the Grandfathering Date that are consolidated and form a single series with the outstanding Securities as permitted by § 9 of the Terms and Conditions of the Securities. The United States of America (the "**U.S.**") have entered into intergovernmental agreements or reached intergovernmental agreements in principal with many other jurisdictions, including Germany, which modify the application of the rules to foreign financial institutions ("**FFI**") in such jurisdictions.

Under the Agreement between the United States of America and the Federal Republic of Germany ("**Germany**") to Improve International Tax Compliance and with respect to the United States Information and Reporting Provisions Commonly Known as the Foreign Account Tax Compliance Act (the "**German IGA**"), an entity classified as an FFI that is treated as resident in Germany is expected to provide the German tax authorities with certain information on U.S. holders of its securities. Information on U.S. holders will be automatically exchanged with the U.S. Internal Revenue Service ("**IRS**"). The Issuer is an FFI and provided it complies with the requirements of the German IGA and the German legislation implementing the German IGA, it should not be subject to FATCA withholding on any payments it receives and it should not be required to withhold tax on any "foreign passthru payments" that it makes.

The application of FATCA to interest, principal or other amounts paid with respect to the Securities is not clear. If FATCA were to require that an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on (or with respect to) the Securities, then neither the Issuer, any paying agent nor any other person would, pursuant to the Terms and Conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected.

**Independent Review and Advice:**

Each potential investor must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Securities is fully consistent with its (or if it is acquiring the Securities in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Securities as principal or in a fiduciary capacity) and is a fit, proper and suitable investment for it (or if it is acquiring the Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Securities. The Issuer disclaims any responsibility to advise potential investors of any matters arising under the law of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments or deliveries on the Securities. If a potential investor does not inform itself in an appropriate manner with regard to an investment in the Securities, the investor risks disadvantages in the context of its investment.

**Settlement via the Clearing System:**

Securities issued under the Programme may be represented by one or more Global Note(s). Such Global Note(s) will be deposited with Clearstream Banking AG, Frankfurt am Main ("CBF") or with a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme, Luxembourg ("CBL", and together with CBF and Euroclear, the "Clearing System"). Holders will not be entitled to receive definitive Securities. While the Securities are represented by one or more Global Note(s) Holders will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Note(s), the Issuer will discharge its payment obligations under the Securities by making payments to the relevant Clearing System for distribution to its account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note(s).

**Expansion of the Spread between Bid and Offer Prices:**

In special market situations, where the Issuer is completely unable to conclude hedging transactions, or where such transactions are very difficult to conclude, the spread between the bid and offer prices which may be quoted by the Issuer may be temporarily expanded, in order to limit the economic risks to the Issuer. Thus, Holders selling their Securities on a stock exchange or on the over-the-counter market may be doing so at a price that is substantially lower than the actual value of the Securities at the time of sale.

**Early Redemption of the Pfandbriefe:**

The Terms and Conditions of the Pfandbriefe do not provide for any right of early redemption. Hence, Holders have no right to demand early redemption of the Pfandbriefe during the term of the Pfandbriefe. The realisation of any economic value in the Pfandbriefe (or portion thereof) is only possible by way of their sale.

**Early Redemption of the Notes:**

In case of an early redemption of the Notes, an investor may not be able to reinvest the redemption proceeds resulting from the early redemption amount in a comparable instrument at an effective interest rate as high as that of the relevant Notes, if interest is paid on the Notes, and Holders are exposed to the risk that due to an early redemption his investment will have a lower than expected yield.

**Risks relating to the applicability of the German Bond Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (Not applicable with regard to Pfandbriefe):**

If the German Bond Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*, the "**Bond Act**") is applicable, the Terms and Conditions may be amended and/or a Holder's joint representative may be appointed even against the will of a Holder. In such a case, a Holder is subject to the risk of being outvoted and bound by a majority resolution of the Holders. Certain rights of such Holder against the Issuer may be amended or reduced or even cancelled against the will of such Holder. In case of an appointment of a Holders' joint representative, it is possible that a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, such right passing to the Holders' joint representative who is then exclusively responsible to claim and enforce the rights of all Holders.

**Risks relating to regulatory Bail-in Tool and other resolution measures (Not directly applicable with regard to Pfandbriefe):**

The Act on the Restructuring and Orderly Resolution of Credit Institutions (*Sanierungs- und Abwicklungsgesetz* – the "**SAG**") transposes Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 ("**BRRD**") into German law and provides for certain rights of intervention if the Issuer is determined by the competent authority to be failing or likely to fail. In addition, Regulation (EU) No 806/2014 of the European Parliament and of the Council (the "**SRM Regulation**") provides for a coherent application of the resolution rules across the European Single Supervisory Mechanism (the "**SSM**") under responsibility of the European Single Resolution Board (referred to as the "**Single Resolution Mechanism**" or "**SRM**") to which the Issuer (as being part of the significant supervised group relating to ING Group N.V.) as one of the significant entities supervised under the SSM is subject to. These rights include the power to write down, including to write down to zero of claims

for payment of principal, interest or any other amount under the Notes, or a conversion of the Notes into one or more instruments that constitute common equity tier 1 capital for the Issuer, such as ordinary shares. The competent resolution authority is further able to apply any other resolution measure, including, but not limited to, a transfer of the obligations under the Notes to another entity, the amendment of the terms and conditions of the Notes (e.g. the variation of maturity of the Notes) or the cancellation of the Notes. The competent resolution authority may apply resolution measures individually or in any combination. Holders are bound by such measures and would have no claim or any other right against the Issuer arising out of any such measure and there would be no obligation of the Issuer to make payments under the Notes. Any such measure would in particular not constitute any right of a Holder to terminate the Notes. Holders face the risk that they may lose all or part of their investment, including the principal amount plus any accrued interest, or that the Notes are subject to any change in the terms and conditions of the Notes (which change will be to the detriment of the Holder), or that the obligations under the Notes would be transferred to another entity (which may lead to a detrimental credit exposure). Investors should be aware that financial public support will only be used as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution measures, including the bail-in tool.

In addition, pursuant to Section 46f (5)-(7) of the German Banking Act (*Kreditwesengesetz*, the "**KWG**"), certain unsecured and unsubordinated debt instruments of the Issuer (hereinafter referred to as "**Non-Preferred Senior Obligations**") rank below the Issuer's other senior liabilities (hereinafter referred to as "**Preferred Senior Obligations**") in insolvency or in the event of the imposition of resolution measures, such as the bail-in-tool, affecting the Issuer. Non-Preferred Senior Obligations will continue to rank above the Issuer's contractually subordinated liabilities, including subordinated notes issued by the Issuer. This order of priority would apply in a German insolvency proceeding or in the event of the imposition of resolution measures with the respect to the Issuer with effect for any senior unsecured debt instruments outstanding at this time. As a consequence, compared to other senior unsecured creditors, a larger loss share will be allocated to these instruments in an insolvency or bail-in scenario.

## 2. General Risks relating to Changes in Market Conditions

### **Market Illiquidity:**

There can be no assurance as to how the Securities will trade in the secondary market or whether such market will be liquid or illiquid or that there will be a market at all. If the Securities are not traded on any securities exchange, pricing information for the Securities may be more difficult to obtain and the liquidity and market prices of the Securities may be adversely affected. The liquidity of the Securities may also be affected by restrictions on offers and sales of the securities in some jurisdictions. The more limited the secondary market is, the more difficult it may be for the Holders to realise the market value of the Securities prior to the exercise, expiration or maturity date.

Sale of the Securities is contingent on the availability of market participants willing to purchase the Securities at a commensurate price. If no such willing purchasers are available, the value of the Securities cannot be realised. The issue of the Securities entails no obligation on the part of the Issuer *vis-à-vis* the Holders to ensure market equilibrium or to repurchase the Securities.

### **Market Value of Securities:**

The market value of Securities may be negatively affected by a number of factors including, but not limited to, market interest and yield rates, market liquidity, the quality of the cover pool and the remaining term of the Securities.

The market value of Securities also depends on a number of interrelated factors, including economic, financial and political events in Germany or elsewhere, including factors affecting capital markets generally.

### **Market Price Risk – Historic Performance:**

The historic price of a Security should not be taken as an indicator of future performance of such Security. It is not foreseeable whether the market price of a Security will rise or fall. The Issuer gives no guarantee that the spread between purchase and selling prices is within a certain range or remains constant.

## 3. Risks relating to specific Product Categories

### **Fixed Rate Securities:**

A holder of a Fixed Rate Security is exposed to the risk that the price of such Security falls as a result of changes in the Market Interest Rate. While the nominal interest rate of a Fixed Rate Security is fixed during the life of such Security, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of a Fixed Rate Security also changes. If the Market Interest Rate increases, the price of a Fixed Rate Security typically falls, until the yield of such Security is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a Fixed Rate Security typically increases, until the yield of such Security is approximately equal to the Market Interest Rate. Changes in the Market Interest Rate are in particular relevant for Holders who wish to sell the Securities prior to the maturity date of the Securities.

**Floating Rate Securities:**

A holder of a Floating Rate Security is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of Floating Rate Securities in advance.

On 30 June 2016, the EU regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") entered into force. The Benchmark Regulation could have a material impact on Securities linked to a 'benchmark' rate or index. The disappearance of a 'benchmark' or changes in the manner of administration of a 'benchmark' could result in adjustment to the terms and conditions, early redemption, discretionary valuation by the Calculation Agent, delisting or other consequence in relation to Securities linked to such 'benchmark'. Any such consequence could have a material adverse effect on the value of and return on any such Securities.

**Zero Coupon Securities:**

Zero Coupon Securities do not pay current interest but are typically issued at a discount from their nominal value. Instead of periodical interest payments, the difference between the redemption price and the issue price constitutes interest income until maturity and reflects the Market Interest Rate. A holder of a Zero Coupon Security is exposed to the risk that the price of such Security falls as a result of changes in the Market Interest Rate. Prices of Zero Coupon Securities are more volatile than prices of Fixed Rate Securities and are likely to respond to a greater degree to Market Interest Rate changes than interest bearing Securities with a similar maturity.

**II. Risks relating to the Issuer**

**Market Price Risk:**

Market price risk is the risk of potential loss due to adverse changes of market prices, e.g. of bonds, or of underlying market parameters affecting market prices, such as interest rates, spreads, exchange rates and volatilities which may negatively affect the Issuer's earnings, economic value, or the market value of the Issuer's portfolio of marketable assets.

Interest rate risk in the banking book (*Bankbuch*), basis risk, spread risk and currency risk (also foreign exchange rate risk) are the major sources of market price risk for the Issuer.

Investors should be aware of the fact that market parameters and prices may change at any time and are not predictable.

The Issuer is not materially exposed to risks resulting from holding shares and equity positions or to commodities risk.

Change of market parameters may negatively influence the periodicals results as well as the net present value of the Issuer's portfolio.

Volatility risks currently arise from implicit options: the risk of changes in customer behaviour (e.g. unscheduled repayments on mortgage loans and installment loans or withdrawal

behaviour with extra accounts) due to market fluctuations.

**Liquidity Risk:**

Liquidity risk is defined as the risk of failing to meet present or future payment obligations on the specified date (liquidity risk in the narrow sense). The Issuer's principal financing source is customer deposits which may be withdrawn on short call. Due to its business model, the Issuer's assets as a rule are less liquid than its liabilities. Hence, the outflow of deposits is a major source of liquidity risk for the Issuer. Other potential sources include a lack of mortgage prepayments, a higher utilization of facilities, higher collateral requirements, and defaults.

Liquidity risk also comprises the risk of failing to sell marketable assets at fair market value due to a lack of liquidity in the market (market liquidity risk) and the potential losses as a result of the increase in the cost of refinancing funds on the money and capital markets, e.g. due to a changed perception of the credit quality of the issuer in the market (funding liquidity risk).

Furthermore, liquidity risk comprises the intraday liquidity risk as well as the liquidity risk in foreign currency. Intraday liquidity risk is defined as the risk of failing to meet payment obligations at the specified time on a given date (including in foreign currencies). The liquidity risk in foreign currency is defined as the risk of failing to obtain the necessary currencies on the market.

**Counterparty Default Risk:**

The Issuer defines counterparty default risk as the risk of potential loss which can arise due to changes in credit rating, impending illiquidity, or even insolvency of a business partner. Counterparty default risk is substantiated as follows:

Default and migration risks constitute the risk of a loss due to the non-repayment of capital loaned to the borrower. Additionally changes in credit rating can lead to a loss. This is the traditional credit risk in the retail and wholesale banking (formerly commercial banking) businesses. In the institutional business, it can be further differentiated as issuer or counterparty credit risk and settlement risk.

Issuer and counterparty credit risk includes potential losses in value resulting from the default of a contractual partner or the deterioration of their credit rating. In association with this, there are risks for unrealized gains on executory contracts. This risk is also called the replacement risk. It relates to the additional expense of entering into a new contract to replace the lost business.

Settlement risk constitutes the risk that a contractual partner does not fulfil its end of a contract after the Issuer has already met its obligations or the compensatory payment is not made in cases where both parties' deliveries are to be offset.

Collateral and residual value risk is defined as the risk that the

assumed value of collaterals, cannot be realized in case of liquidation.

**Operational Risk:**

Country risks are understood as potential losses that arise despite the debtor's solvency and willingness to pay due to overriding government impediments (transfer risk).

Operational risk is defined as the risk of financial loss through external influence (criminal acts, natural disasters, etc.) or through internal factors (e.g., failure of IT systems, fraud, human error, faulty processes, structural weaknesses, insufficient monitoring). This definition also includes legal risks resulting from contractual agreements or the legal environment.

**Risk Concentration:**

In accordance with the business strategy the Issuer has deliberately decided to take certain concentrations on product level in the retail business. Based on its business model, the Issuer has certain concentrations with regards to liquidity risk management by focusing on retail savings deposits as their main refinancing instrument.

In the institutional business and in wholesale banking, concentrations on selected clients, industries, and asset classes are accepted intentionally. They are accepted against the background of the sizes specified and target customers defined under the strategic business orientation and are monitored regularly.

With respect to the institutional business which includes the Issuer's fixed income investments, mainly government or government-related bonds and Pfandbriefe, as well as its short-term liquidity management operations (e.g. securities financing transactions), investments in Germany play the most important role. Covered bonds and securitisations such as Asset Backed Securities ("**ABS**") and Mortgage Backed Securities ("**MBS**"), of which most have a regional focus in the Netherlands, complete the investment portfolio. In addition, the Issuer invests to a limited extent in corporate certificates of indebtedness (*Schuldscheine*) and corporate bonds.

The wholesale banking activities are divided on the one hand into Corporate Lending and Financial Institutions Lending (C&FI Lending) with focus on large corporates with investment grade rating and on the other hand into specialised financing for international customers, including loans covered by governmental export credit agencies ("**ECA**" and such loans ECA-covered loans) as well as the financing of national and international infrastructural projects.

## **B. Overview with regard to general information about the Programme**

<b>Issuer:</b>	ING-DiBa AG
<b>Arranger:</b>	Commerzbank Aktiengesellschaft
<b>Dealers:</b>	The Issuer may appoint dealers in respect of one or more Tranches from time to time. References in this Base Prospectus to "Dealers" are to all dealers appointed in respect of one or more Tranches.
<b>Fiscal Agent:</b>	ING-DiBa AG
<b>Paying Agents:</b>	ING-DiBa AG and other institutions, all as indicated in the applicable Final Terms
<b>Programme Amount:</b>	Euro 10,000,000,000
<b>Distribution:</b>	Securities may be distributed by way of public offerings or private placements and, in each case, on a syndicated or non-syndicated basis.

## **C. Overview with regard to the "Terms and Conditions of the Securities and Related Information"**

### **1. General Information**

<b>Method of Issue:</b>	Securities will be issued on a continuous basis in Series (each a " <b>Series</b> "), and each Series may be issued in one or more tranche(s) (each a " <b>Tranche</b> ") consisting of Securities which are identical in all respects, but having different issue dates, interest commencement dates, issue prices and dates for first interest payments. The specific terms of each Tranche will be set forth in the applicable Final Terms.
<b>Currencies:</b>	Securities will be issued in such currency as may be determined by the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms, subject to applicable currency restrictions.
<b>Specified Denominations of Securities:</b>	Securities will be issued in such denominations as may be determined by the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms, save that Securities which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive must have a Specified Denomination of at least Euro 100,000 or its equivalent in other currencies.
<b>Maturities:</b>	Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the

Issuer or the Securities.

**Form and Type of Securities:**

Securities may be issued in bearer form and in classical global note form only. No definitive notes will be issued.

With regard to the Securities, U.S. Treasury Regulation §1.163-5 (c) (2) (i) (D) apply. Securities will always be represented initially by a temporary global note ("**Temporary Global Note**") which will be exchanged for Securities represented by one or more permanent global note(s) in bearer form, without coupons ("**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**"), not earlier than 40 days after the completion of distribution of the Securities comprising the relevant Tranche upon certification of non U.S.-beneficial ownership in the form available from time to time at the specified office of ING-DiBa AG (when acting in such capacity) as Fiscal Agent.

Global Notes will be deposited on or prior to the issue date with a common depository for Euroclear and CBL or with CBF.

The Pfandbriefe will be issued as Mortgage Pfandbriefe (*Hypothekendarlehen*) only.

Mortgage Pfandbriefe are secured or "covered" by separate pools of mortgage loans. The Pfandbrief operations of the Issuer are subject to the German Pfandbrief Act (*Pfandbriefgesetz*) of 22 May 2005, which has come into force on 19 July 2005 and was lastly amended on 2 November 2015.

**Taxation:**

All amounts payable in respect of the Pfandbriefe will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany, or the United States of America or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law or pursuant to any agreement between the Issuer or any person making payments on behalf of the Issuer and the United States of America or any authority thereof.

All amount payable under the Notes will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany, or the United States of America or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law or pursuant to any agreement between the Issuer or any person making payments on behalf of the Issuer and the United States of America or any authority thereof. In such case the Issuer is obliged to pay a gross-up amount.

**Status of the Securities:**

The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and

unsubordinated present and future obligations of the Issuer unless such other obligations take priority by mandatory provisions of law.

The obligations under the Pfandbriefe constitute unsubordinated obligations of the Issuer ranking *pari passu* among themselves. The Pfandbriefe are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz*) and rank at least *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer under Mortgage Pfandbriefe.

**Early Redemption:**

Neither the Issuer nor any Holder shall be entitled to an early redemption of the Pfandbriefe.

Notes can be redeemed prior to their stated maturity at the option of the Holder upon the occurrence of an event of default.

Notes can further be redeemed prior to their stated maturity at the option of the Issuer upon the occurrence of a tax event.

**Application of German Bond Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*):**

The Issuer may determine that §§ 5 – 22 of the German Bond Act are applicable to the Notes. On such basis, the Issuer may determine a Holder's representative or Holders may initiate the appointment of such representative.

**Listing:**

Application (i) has been made for the Securities to be issued under the Programme to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and (ii) may be made to the Official List of the Luxembourg Stock Exchange for the Securities to be issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*). However, Securities may be admitted to trading and listed on such other or further stock exchange(s), as specified in the applicable Final Terms.

**Governing Law:**

German law.

**Selling Restrictions:**

There will be specific restrictions on the offer and sale of Securities and the distribution of offering materials in the United States of America, United Kingdom and such jurisdictions in which the Prospectus Directive has been implemented to become national law and such other restrictions as may be required under applicable law in connection with the offering and sale of a particular Series of Securities.

**Place of Performance and Jurisdiction:**

Place of performance for the obligations under the Securities is Frankfurt am Main.

Exclusive place of jurisdiction for any legal proceedings arising under the Securities is Frankfurt am Main.

**Language of the Terms and Conditions:**

The Terms and Conditions relating to a Series of Securities will be written in the German language. An English language translation will be appended. The German text will be prevailing and binding. The English language translation is provided for convenience only.

## **II. Specific Product Categories**

**Fixed Rate Securities:** Fixed Rate Securities will bear interest at a fixed rate payable on such basis as may be agreed between the Issuer and the relevant Dealer(s).

**Floating Rate Securities:** Floating Rate Securities will bear interest on such basis as may be agreed between the Issuer and the relevant Dealer(s). The Margin, if any, relating to such variable rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Securities.

Interest periods for Floating Rate Securities will be one, three, six or twelve months.

**Zero Coupon Securities:** Zero Coupon Securities will be offered and sold at a discount to their nominal value and will not bear interest other than in the case of late payment.

## D. Overview with regard to the "Description of the Issuer"

### General Information:

ING-DiBa AG (the "Issuer" and, together with its consolidated subsidiaries, "ING-DiBa Group") acts under its legal and commercial name "ING-DiBa AG". The Issuer's predecessor, the "Bankhaus Lunk und Co. GmbH" was incorporated on 20 April 1955 and was granted the permission to commence its business activities under the laws of the Federal Republic of Germany in April 1955.

On 31 August 1956, its legal name changed to "Kreditbank Hagen GmbH". After the place of business was transferred from Hagen to Frankfurt, its corporate form was changed to a stock corporation with the legal name "Bank für Sparanlagen und Vermögensbildung Aktiengesellschaft" on 11 October 1965. It was registered in the commercial register (*Handelsregister*) of the Frankfurt am Main local court on 21 October 1965 under No. HRB 7727. It began as a specialist financial institution to invest employer contributions to employees' tax-deductible savings schemes. Four years later, it began offering mortgage financing.

On 20 September 1976, Bank für Sparanlagen und Vermögensbildung Aktiengesellschaft changed its legal name to "BSV Bank für Sparanlagen und Vermögensbildung".

On 14 May 1993, the legal name was changed to "Deutsche Direktbank Aktiengesellschaft" and thereafter to "Allgemeine Deutsche Direktbank Aktiengesellschaft". Until 1998, the share capital was fully owned by a union-owned company called BGAG Beteiligungsgesellschaft der Gewerkschaften AG (Frankfurt am Main). In the same year, the ING Group bought a 49 per cent. stake in the Issuer; it acquired full ownership in 2003. Since 1 July 2005, the Issuer has been operating in the market under the name "ING-DiBa AG".

On 31 August 2011, the Issuer took over the German commercial banking (now wholesale banking) business of ING Bank N.V. by legally integrating the German branch of ING Bank N.V. (ING Bank N.V., Frankfurt Branch) into ING-DiBa AG.

The Issuer is incorporated as a stock corporation (*Aktiengesellschaft*) under the laws of the Federal Republic of Germany.

The head office is located at Theodor-Heuss-Allee 2, 60486 Frankfurt am Main, Germany. Its telephone number is +49 69 27 222 0.

### Overview on Principal Business Activities:

The Issuer is a universal bank with a direct bank model for its retail bank part. It offers private customers a wide range of products and services of a retail bank. Commercial customers are offered core banking services such as, *inter alia*, lending, as well as solutions for payment transactions, documentary

merchandise transactions and cash management. In addition, the Issuer offers specialised financing forms for selected clients.

The Issuer does not have physical bank branches. The products are distributed to customers primarily through direct channels, i.e. through online or telephone services or by mail, including electronic mail, or fax. Exceptions are residential mortgage lending, for which the Issuer cooperates with carefully chosen mortgage brokers and commercial banks where relationship managers individually attend to the Issuer's commercial customers' needs.

The Issuer divides the business activity of the ING-DiBa Group into the three segments retail customer assets (*Retail-Kundenvermögen*), retail customer loans (*Retail-Kundenkredite*) and wholesale banking subdivided into the core products as described below:

a. Retail customer assets (*Retail-Kundenvermögen*)

*Savings deposits (Spargelder)*: The ING-DiBa Group offers standard savings products and special savings products as well as savings bonds and savings schemes within the scope of capital contribution benefits (*vermögenswirksame Leistungen*). It also offers fixed-term deposits with various terms.

*Current accounts (Girokonten)*: The ING-DiBa Group offers current accounts with the possibility to withdraw cash at no cost from any automated teller machine (ATM) within the Eurozone with a Visa debit card.

*Securities services business (Wertpapierdienstleistungsgeschäft)*: The ING-DiBa Group offers customers securities accounts with low transaction costs. The assets deposited with the securities accounts include securities, shares in investment funds and exchange traded funds (ETF).

b. Retail customer loans (*Retail-Kundenkredite*)

*Mortgage loans (Baufinanzierungen)*: The ING-DiBa Group offers initial and follow-up financing for retail property owners with up to fifteen years terms as well as financing models in connection with programmes offered by KfW (*Kreditanstalt für Wiederaufbau*). In addition to this, it offers forward loans with a lead time of up to three years by means of which a present interest rate level may be used for a later follow-up financing. The ING-DiBa Group finances predominantly owner-occupied properties. Loans for properties that are intended as a capital investment are only granted in exceptional cases and under very specific conditions. The residential mortgage loan business takes place through direct channels; in addition, the ING-DiBa Group works with carefully chosen intermediaries.

*Consumer loans (Konsumentenkredite)*: The ING-DiBa Group offers consumer loans which are specifically tailor-made to customers' needs. In addition to the traditional loans based on regular instalments, it offers flexible lines of loans that can be

drawn daily based on a pre-approved limit. Special consumer loan offers for the acquisition of automobiles and the acquisition or modification of privately owned homes round off the product range.

c. Wholesale banking (formerly: Commercial banking)

The segment wholesale banking combines the ING-DiBa Group's banking business with commercial clients. The customers are predominantly internationally operating industrial and trading companies headquartered in Germany, subsidiaries of foreign groups in Germany who are already ING customers in other countries, and globally active investors. Additionally, ING-DiBa Group acquires risk subparticipations resulting from structured finance from ING Capital LLC, New York.

Apart from core banking services such as lending, the ING-DiBa Group also offers *inter alia* short to long term export financing. Furthermore, in the area of financial markets, the ING-DiBa Group offers financial products for hedging currency risks as well as solutions for payment transactions, documentary merchandise transactions and cash management. In addition, the ING-DiBa Group offers specialised financing forms (including structured project finance) for selected clients.

**Organisational Structure:**

The subscribed capital of the Issuer is fully owned by ING Deutschland GmbH (Frankfurt am Main). The Issuer is a wholly owned subsidiary of ING Bank N.V. (together with its consolidated subsidiaries, "**ING Group**").

**Trend Information:**

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited consolidated financial statements as at 31 December 2016.

**Statutory Auditors:**

For the financial year ended 31 December 2015, the statutory auditors of the Issuer were Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Eschborn/Frankfurt am Main, Mergenthalerallee 3-5, 65760 Eschborn, Germany ("**Ernst & Young**"). Ernst & Young is a member of the German chamber of public accountants (*Wirtschaftsprüferkammer*), Berlin.

For the financial year ended 31 December 2016, the statutory auditors of the Issuer were KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, office Frankfurt am Main, THE SQUAIRE Am Flughafen, 60549 Frankfurt am Main, Germany ("**KPMG**"). KPMG is a member of the German chamber of public accountants (*Wirtschaftsprüferkammer*), Berlin.

**Major Shareholders:**

As of the date of this Base Prospectus, the subscribed capital of the Issuer is EUR 100,000,000 divided into 100,000,000 shares. The share capital of the Issuer is fully owned by ING Deutschland GmbH (Frankfurt am Main).

**Historical Financial**

According to the consolidated financial statements in

**Information:**

accordance with IFRS as adopted by the European Union and the additional requirements of German commercial law pursuant to § 315 a (1) of the German Commercial Code (*Handelsgesetzbuch*), as of 31 December 2016, the total assets of ING-DiBa Group amounted to EUR 157.6 billion and the profit before tax amounted to EUR 1.234 million for the financial year ended 31 December 2016.

**Significant Change in the Issuer's Financial or Trading Position:**

There has been no significant change in ING-DiBa Group's financial or trading position since the date of the last published consolidated financial statements of ING-DiBa Group as at 31 December 2016.

## **RISK FACTORS**

**The purchase of Securities may involve substantial risks and is suitable only for investors with the knowledge and experience in financial and business matters necessary to evaluate the risks and the merits of an investment in the Securities. Before making an investment decision, prospective purchasers of Securities should consider carefully, in the light of their own financial circumstances and investment objectives, all the information set forth in this Base Prospectus.**

The assessment of risks associated with a particular Series of Securities may be different depending on various factors. In particular, the assessment of risk on a case-by-case basis may be different for investors.

Prospective purchasers of the Securities should recognise that the Securities may decline in value and should be prepared to sustain a total loss of their investment in the Securities.

Potential investors should consider two main categories of risks, I. "Risks relating to the Securities" which include 1. "General Risks relating to the Securities"; 2. "General Risks relating to Changes in Market Conditions"; and 3. "Risks relating to specific Product Categories", and II. "Risks relating to the Issuer":

### **I. Risks relating to the Securities**

#### **1. General Risks relating to the Securities**

##### **General**

An investment in the Securities entails certain risks, which vary depending on the specification and type or structure of the Securities. An investment in the Securities is only suitable for potential investors who (i) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Securities and the information contained in or incorporated by reference into this Base Prospectus or any applicable supplement thereto; (ii) have the requisite knowledge to evaluate such merits and risks in the context of the potential investor's particular financial situation and to evaluate the impact the Securities will have on their overall investment portfolio; (iii) understand thoroughly the terms and conditions of the relevant Securities and are familiar with the behaviour of the financial markets; (iv) are capable of bearing the economic risk of an investment in the Securities until the maturity of the Securities; and (v) recognise that it may not be possible to dispose of the Securities for a substantial period of time, if at all before maturity.

##### **Interest Rate Risk**

The interest rate risk is one of the central risks of interest-bearing Securities. The interest rate level on the money and capital markets may fluctuate on a daily basis and cause the value of the Securities to change on a daily basis. The interest rate risk is a result of the uncertainty with respect to future changes of the level of the current interest rate on the capital market (the "**Market Interest Rate**"). In particular, holders of Fixed Rate Securities are exposed to an interest rate risk that could result in a diminution in value if the level of the Market Interest Rate increases. In general, the effects of this risk increase as the Market Interest Rates increase.

##### **Currency Risk**

A holder of a Security denominated in a foreign currency is exposed to the risk of changes in currency exchange rates which may affect the yield and/or the redemption amount of such Securities. A change in the value of any foreign currency in which the Security is denominated against the Euro, for example, will result in a corresponding change in the Euro value of a Security denominated in a currency other than Euro. If the exchange rate falls and the value of the Euro correspondingly rises, the price of the Security and the value of interest and principal payments made thereunder expressed in Euro falls.

### **Credit Risk**

Any person who purchases the Securities is relying upon the creditworthiness of the Issuer and has no rights against any other person. Holders of Securities (each a "**Holder**" and, together, the "**Holder**s") are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Securities. The worse the creditworthiness of the Issuer, the higher the risk of loss.

### **Spread Risk**

Spread risk is defined as risk that quotations of financial instruments deviate more or less from the general market. Hence, spreads combine components that reflect creditworthiness as well as liquidity aspects. The spread is the margin, which the Issuer pays the investor for taking a risk ("**Spread**"). Spreads are added as margins to the current interest rate (without risk).

Factors influencing the Spread include, among other things, the creditworthiness and rating of the Issuer, the value of assets in the cover pool, probability of default, recovery rate and the remaining term to maturity of the Security. The liquidity situation, the general level of interest rates, overall economic developments, and the currency, in which the relevant obligation is denominated may also have a negative effect.

Holders are exposed to the risk that the Spread widens which results in a decrease in the price of the Securities.

### **Rating of the Securities**

A rating of Securities, if any, may not adequately reflect all risks of the investment in such Securities. Equally, ratings may be suspended, downgraded or withdrawn. Such suspension, downgrading or withdrawal may have an adverse effect on the market value and trading price of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by a rating agency at any time.

### **Reinvestment Risk**

Holders may be exposed to risks connected to the reinvestment of interest income or redemption proceeds received from a Security. The return the Holder will receive from a Security depends not only on the price and the interest rate of the Security but also on whether or not the interest received during the term of the Security can be reinvested at least at the same interest rate than the interest rate provided for in the Security. The risk that the general Market Interest Rate falls below the interest rate of the Security during its term is generally called reinvestment risk. The extent of the reinvestment risk depends on the individual features of the relevant Security.

### **Inflation Risk**

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on a Security. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

### **Purchase on Credit – Debt Financing**

If a loan is used to finance the acquisition of the Securities by a Holder and the Securities subsequently go into default, or if the trading price diminishes significantly, the Holder may not only have to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon. A loan may significantly increase the risk of a loss. Potential investors should not assume that they will at all times be able to repay the loan or pay interest thereon. Instead, potential investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, repay the loan on demand, and contemplate that they may suffer losses.

### **Transaction Costs/Charges**

When Securities are purchased or sold, several types of ancillary costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of the Security. These ancillary costs may significantly reduce or eliminate any profit from holding the Securities. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

### **Change of Law**

The Terms and Conditions of the Securities will be governed by German law. No assurance can be given as to the impact of any possible judicial decision or change to German law (or law applicable in Germany), or administrative practice after the date of this Base Prospectus.

### **Taxation**

Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments. Potential investors are advised not to rely upon the tax section contained in this Base Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor. The afore-mentioned individual tax treatment of the Securities with regard to any potential investor may have an adverse impact on the return which any such potential investor may receive under the Securities.

### **No Gross-Up of the Pfandbriefe**

All payments made by the Issuer in respect of the Pfandbriefe shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. Holders will not be entitled to receive grossed-up amounts to compensate for any such tax, duty, withholding or other payment. Hence, any such deduction will decrease the return on the Pfandbriefe.

### **FATCA (*Foreign Account Tax Compliance Act*)**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, ("FATCA") impose a reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to any non-U.S. financial institution (a "**foreign financial institution**", or "FFI" (as defined by FATCA)) that does not enter into an agreement with the U.S. Internal Revenue Service ("IRS") to provide the IRS with certain information in respect of its account holders and investors (such FFI by entering into an agreement becoming a "**Participating FFI**") or is not otherwise exempt from or in deemed compliance with FATCA. The Issuer will be classified as an FFI.

The withholding regime has been phased in beginning on 1 July 2014 for payments from sources within the United States of America and will apply to "foreign passthru payments" (a term not yet defined) no earlier than on and after 1 January 2019. This withholding would potentially apply to payments in respect of any Securities that are issued after the "**Grandfathering Date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified for U.S. federal income tax purposes after the Grandfathering Date.

The United States of America (the "U.S.") have entered into intergovernmental agreements or reached intergovernmental agreements in principal with many other jurisdictions, including the Federal Republic of Germany ("**Germany**"), which modify the application of the rules to FFIs in such jurisdictions. Under the Agreement between the United States of America and the Federal Republic of Germany to Improve International Tax Compliance and with respect to the United States Information and Reporting Provisions Commonly Known as the Foreign Account tax Compliance Act (the

"**German IGA**"), an entity classified as an FFI that is treated as resident in Germany is expected to provide the German tax authorities with certain information on U.S. holders of its securities. Information on U.S. holders will be automatically exchanged with the IRS. The Issuer is an FFI and provided it complies with the requirements of the German IGA and the German legislation implementing the German IGA, it should not be subject to FATCA withholding on any payments it receives and it should not be required to withhold tax on any "foreign passthru payments" that it makes.

Although the Issuer will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Issuer will be able to satisfy these obligations. Accordingly, the Issuer and financial institutions through which payments on the Securities are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Securities is made is not a Participating FFI, or otherwise exempt from or in deemed compliance with FATCA.

The application of FATCA to interest, principal or other amounts paid with respect to the Securities is not clear. If FATCA were to require that an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on (or with respect to) the Securities, then neither the Issuer, any paying agent nor any other person would, pursuant to the Terms and Conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected.

#### **Independent Review and Advice**

Each potential investor must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Securities is fully consistent with its (or if it is acquiring the Securities in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Securities as principal or in a fiduciary capacity) and is a fit, proper and suitable investment for it (or if it is acquiring the Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Securities. The Issuer disclaims any responsibility to advise potential investors of any matters arising under the law of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments or deliveries on the Securities. If a potential investor does not inform itself in an appropriate manner with regard to an investment in the Securities, the investor's risks disadvantages in the context of its investment.

#### **Settlement via the Clearing System**

Securities issued under the Programme may be represented by one or more Global Note(s). Such Global Note(s) will be deposited with Clearstream Banking AG, Frankfurt am Main ("**CBF**") or with a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**CBL**", and together with CBF and Euroclear, the "**Clearing System**"). Holders will not be entitled to receive definitive Securities. While the Securities are represented by one or more Global Note(s) Holders will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Note(s), the Issuer will discharge its payment obligations under the Securities by making payments to the relevant Clearing System for distribution to its account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note(s).

#### **Expansion of the Spread between Bid and Offer Prices**

In special market situations, where the Issuer is completely unable to conclude hedging transactions, or where such transactions are very difficult to conclude, the spread between the bid and offer prices

which may be quoted by the Issuer may be temporarily expanded, in order to limit the economic risks to the Issuer. Thus, Holders selling their Securities on a stock exchange or on the over-the-counter market may be doing so at a price that is substantially lower than the actual value of the Securities at the time of sale.

#### **Early Redemption of the Pfandbriefe**

The Terms and Conditions of the Pfandbriefe do not provide for any right of early redemption. Hence, Holders have no right to demand early redemption of the Pfandbriefe during the term of the Pfandbriefe. The realisation of any economic value in the Pfandbriefe (or portion thereof) is only possible by way of their sale (see also below under "Market Value of Securities").

#### **Early Redemption of the Notes**

The Issuer may have the right to call the Notes prior to maturity for reasons of taxation. In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Germany, or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions. If the Issuer redeems any Note prior to maturity, an investor may not be able to reinvest the redemption proceeds resulting from the early redemption amount in a comparable instrument at an effective interest rate as high as that of the relevant Notes, if interest is paid on the Notes, and a holder of such Note is exposed to the risk that due to early redemption his investment may have a lower than expected yield.

#### **Risks relating to the applicability of the German Bond Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (Not applicable with regard to Pfandbriefe)**

The Final Terms of a Tranche of Notes may provide for the applicability of the German Bond Act. In the case that, pursuant to the Final Terms, §§ 5 – 22 of the Bond Act are applicable, the Terms and Conditions may be amended and/or a Holder's joint representative may be appointed even against the will of a Holder. In such a case, a Holder is subject to the risk of being outvoted by a majority resolution of the Holders. Since such a majority resolution is binding on all Holders, certain rights of such Holder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled against the will of such Holder. If the Final Terms of a Tranche of Notes provide for the appointment of a Holders' joint representative, either in the Terms and Conditions or by a majority resolution of the Holders, it is possible that a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, such right passing to the Holders' joint representative who is then exclusively responsible to claim and enforce the rights of all Holders.

#### **Risks relating to regulatory Bail-in Tool and other Resolution Measures (Not directly applicable with regard to Pfandbriefe)**

On 15 May 2014, the European Parliament and the Council of the European Union adopted Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (commonly referred to as the "Bank Recovery and Resolution Directive" or the "BRRD"). The BRRD was implemented into German law by the Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*, or the "SAG").

For banks established in the eurozone, such as the Issuer (as being part of the significant supervised group relating to ING Group N.V.), which are supervised within the framework of the Single Supervisory Mechanism (the "SSM"), Regulation (EU) No 806/2014 of the European Parliament and of the Council (the "SRM Regulation") provides for a coherent application of the resolution rules across the SSM under responsibility of the European Single Resolution Board (referred to as the "Single Resolution Mechanism" or "SRM"). Under the SRM, the Single Resolution Board is responsible for adopting resolution decisions in close cooperation with the European Central Bank, the European Commission, and national resolution authorities (such as the German Federal Financial

Market Stabilisation Authority (*Bundesanstalt für Finanzmarktstabilisierung – "FMSA"*) in the event that a significant supervised entity directly supervised by the European Central Bank, such as the Issuer, is failing or likely to fail and certain other conditions are met. National resolution authorities in the European Union member states concerned would implement such resolution decisions adopted by the Single Resolution Board in accordance with the powers conferred on them under national law transposing the BRRD.

If the Issuer is determined by the competent authority to be failing or likely to fail and certain other conditions are met (as set forth in the SRM Regulation, the SAG and other applicable rules and regulations), the competent resolution authority has the power to write down, including to write down to zero, claims for payment of the principal, interest or any other amount in respect of the Notes, to convert the Notes into ordinary shares or other instruments constituting common equity tier 1 capital (the write-down and conversion powers are hereinafter referred to as the "**Bail-in Tool**"), or to apply any other resolution measure including, but not limited to, any transfer of the obligations under the Notes to another entity, the amendment of the terms and conditions of the Notes (including, but not limited to, the variation of maturity of the Notes) or the cancellation of the Notes. The Bail-in tool and each of these other resolution measures are hereinafter referred to as a "**Resolution Measure**". The competent resolution authority may apply Resolution Measures individually or in any combination. The competent resolution authority will have to exercise the Bail-in Tool in a way that results in (i) common equity tier 1 capital instruments (such as ordinary shares of the Issuer) being written down first in proportion to the relevant losses, (ii) thereafter, the principal amount of other capital instruments (additional tier 1 capital instruments, tier 2 capital instruments and other subordinated liabilities) being written down on a permanent basis or converted into common equity tier 1 capital instruments in accordance with their order of priority and (iii) thereafter, eligible liabilities (potentially including some liabilities under and in connection with Notes that do not constitute subordinated liabilities) being written down on a permanent basis or converted into common equity tier 1 capital instruments in accordance with the hierarchy of claims in normal insolvency proceedings.

Pursuant to Section 46f (5)-(7) of the German Banking Act (*Kreditwesengesetz*, the "**KWG**"), certain unsecured and unsubordinated debt instruments of the Issuer (hereinafter referred to as "**Non-Preferred Senior Obligations**") rank below the Issuer's other senior liabilities (hereinafter referred to as "**Preferred Senior Obligations**") in insolvency or in the event of the imposition of resolution measures, such as the Bail-in Tool, affecting the Issuer. Non-Preferred Senior Obligations will continue to rank above the Issuer's contractually subordinated liabilities. This order of priority would apply in a German insolvency proceeding or in the event of the imposition of resolution measures with respect to the Issuer with effect for any senior unsecured debt instruments outstanding at this time. Among the Preferred Senior Obligations are, as defined in Section 46f (7) KWG, senior unsecured debt instruments whose terms provide that (i) the amount of repayment depends on the occurrence or non-occurrence of an event which is uncertain at the point in time when the senior unsecured debt instruments are issued, or settlement is effected in a way other than by monetary payment, or (ii) the amount of the interest payments depends on the occurrence or non-occurrence of an event which is uncertain at the point in time when the senior unsecured debt instruments are issued unless the amount of the interest payments solely depends on a fixed or floating reference interest rate, and settlement is effected by monetary payment. Unsecured and unsubordinated Securities issued under the Prospectus that do not meet the terms described in (i) or (ii) above, are, therefore, expected to constitute Non-Preferred Senior Obligations that would bear losses in a German insolvency proceeding or in the event of the imposition of resolution measures before Preferred Senior Obligations. In a German insolvency proceeding or in the event of the imposition of a Resolution Measure with respect to the Issuer, the competent resolution authority or court would determine whether unsecured and unsubordinated Securities issued under the Prospectus qualify as Preferred Senior Obligations or as Non-Preferred Senior Obligations. FMSA, BaFin and the German Central Bank published a joint interpretative guide on the classification of certain liabilities under Section 46f (5)-(7) KWG. Therefore, the subordination by virtue of the German Banking Act could lead to increased losses for creditors of Notes that are considered to be Non-Preferred Senior Obligations as such rank junior to other unsecured debt instruments, if insolvency proceedings were initiated or Resolution Measures imposed upon the Issuer. Holders are bound by any Resolution Measure. They would have no claim or any other right against

the Issuer arising out of any Resolution Measure or increased losses incurred on the basis of the new order of priority introduced by the Resolution Mechanism Act. Depending on the Resolution Measure, there would be no obligation of the Issuer to make payments under the Notes.

The extent to which payment obligations under the Notes may be subject to Resolution Measures will depend on a number of factors that are outside the Issuer's control, and it will be difficult to predict when, if at all, Resolution Measures will occur. The exercise of any Resolution Measure would in particular not constitute any right of a Holder to terminate the Notes. Potential investors should consider the risk that they may lose all or part of their investment, including the principal amount plus any accrued interest, if Resolution Measures are initiated, and should be aware that extraordinary public financial support for troubled banks, if any, would only potentially be used as a last resort after having assessed and exploited, to the maximum extent practicable, the Resolution Measures, including the Bail-in Tool.

## **2. General Risks relating to Changes in Market Conditions**

### **Market Illiquidity**

There can be no assurance as to how the Securities will trade in the secondary market or whether such market will be liquid or illiquid or that there will be a market at all. If the Securities are not traded on any securities exchange, pricing information for the Securities may be more difficult to obtain and the liquidity and market prices of the Securities may be adversely affected. The liquidity of the Securities may also be affected by restrictions on offers and sales of the securities in some jurisdictions. The more limited the secondary market is, the more difficult it may be for the Holders to realise the market value of the Securities prior to the exercise, expiration or maturity date.

Sale of the Securities is contingent on the availability of market participants willing to purchase the Securities at a commensurate price. If no such willing purchasers are available, the value of the Securities cannot be realised. The issue of the Securities entails no obligation on the part of the Issuer *vis-à-vis* the Holders to ensure market equilibrium or to repurchase the Securities.

### **Market Value of Securities**

The market value of Securities may be negatively affected by a number of factors including, but not limited to, market interest and yield rates, market liquidity, the quality of the cover pool and the remaining term of the Securities.

The market value of Securities also depends on a number of interrelated factors, including economic, financial and political events in Germany or elsewhere, including factors affecting capital markets generally.

### **Market Price Risk – Historic Performance**

The historic price of a Security should not be taken as an indicator of future performance of such Security. It is not foreseeable whether the market price of a Security will rise or fall. The Issuer gives no guarantee that the spread between purchase and selling prices is within a certain range or remains constant.

## **3. Risks relating to specific Product Categories**

### **Fixed Rate Securities**

A holder of a Fixed Rate Security is exposed to the risk that the price of such Security falls as a result of changes in the Market Interest Rate. While the nominal interest rate of a Fixed Rate Security is fixed during the life of such Security, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of a Fixed Rate Security also changes, but in the opposite direction. If the Market Interest Rate increases, the price of a Fixed Rate Security typically falls, until the yield of such Security is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a Fixed Rate Security typically increases, until the yield of such Security is approximately equal to the Market Interest Rate. Changes in the Market Interest Rate are in particular

relevant for Holders who wish to sell the Securities prior to the maturity date of the Securities.

### **Floating Rate Securities**

A holder of a Floating Rate Security is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of Floating Rate Securities in advance and holders of Floating Rate Securities cannot compare their return on investment with that of investments with fixed interest rates. If the Terms and Conditions of the Securities provide for frequent interest payment dates, investors are exposed to reinvestment risk if Market Interest Rates decline. That is, investors may only be able to reinvest the interest income paid to them at a relevant lower interest rate than prevailing (see also above under "Reinvestment Risk").

The EURIBOR, the LIBOR and other interest rate indices which are deemed to be 'benchmarks' are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such 'benchmarks' to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to such a 'benchmark'.

On 17 May 2016, the Council of the European Union adopted the EU regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**"). The Benchmark Regulation entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmark Regulation will apply from 1 January 2018, except that the regime for 'critical' benchmarks applies from 30 June 2016. The Benchmark Regulation will apply to 'contributors', 'administrators' and 'users' of 'benchmarks' in the EU, and will, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to have satisfied certain 'equivalence' conditions in its local jurisdiction, to be 'recognised' by the authorities of a Member State pending an equivalence decision or to be 'endorsed' for such purpose by an EU competent authority) and to comply with requirements in relation to the administration of 'benchmarks' and (ii) ban the use of 'benchmarks' of unauthorised administrators. The scope of the Benchmark Regulation is wide and, in addition to so-called 'critical benchmark' indices such as EURIBOR and LIBOR, will apply to many other interest rate indices.

The Benchmark Regulation could have a material impact on Securities linked to a 'benchmark' rate or index, including in any of the following circumstances:

- a rate or index which is a 'benchmark' could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to applicable transitional provisions) does not satisfy the 'equivalence' conditions, is not 'recognised' pending such a decision and is not 'endorsed' for such purpose. In such event, depending on the particular 'benchmark' and the applicable terms of the Securities, the Securities could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted; and
- the methodology or other terms of the 'benchmark' could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Securities, including Calculation Agent determination of the rate or level in its discretion.

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of 'benchmarks' could increase the costs and risks of administering or otherwise participating in the setting of a 'benchmark' and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain 'benchmarks', trigger changes in the rules or methodologies used in certain 'benchmarks' or lead to the disappearance of certain 'benchmarks'. The disappearance of a 'benchmark' or changes in the manner of administration of a 'benchmark' could result in adjustment to the terms and conditions, early redemption, discretionary valuation by the Calculation Agent, delisting or other consequence in

relation to Securities linked to such 'benchmark'. Any such consequence could have a material adverse effect on the value of and return on any such Securities.

### **Zero Coupon Securities**

Zero Coupon Securities do not pay current interest but are typically issued at a discount from their nominal value. Instead of periodical interest payments, the difference between the redemption price and the issue price constitutes interest income until maturity and reflects the Market Interest Rate. A holder of a Zero Coupon Security is exposed to the risk that the price of such Security falls as a result of changes in the Market Interest Rate. Prices of Zero Coupon Securities are more volatile than prices of Fixed Rate Securities and are likely to respond to a greater degree to Market Interest Rate changes than interest bearing Securities with a similar maturity.

### **B.II. Risks relating to the Issuer**

The business strategy of ING-DiBa AG (the "**Issuer**" and, together with its consolidated subsidiaries, "**ING-DiBa Group**") generally entails risk factors that may affect the ability to fulfil its obligations, such as the obligations arising under the Securities. The Issuer distinguishes four broad risk types:

- (i) market price risk;
- (ii) liquidity risk;
- (iii) counterparty default risk; and
- (iv) operational risk.

In addition due to its activities, the Issuer is exposed to risk concentrations and combinations of the above mentioned risks.

#### **Market Price Risk**

Market price risk is the risk of potential loss due to adverse changes of market prices, e.g. of bonds, or of underlying market parameters affecting market prices, such as interest rates, spreads, exchange rates and volatilities which may negatively affect the Issuer's earnings, economic value, or the market value of the Issuer's portfolio of marketable assets.

Interest rate risk in the banking book (*Bankbuch*), basis risk, spread risk and currency risk (also foreign exchange rate risk) are the major sources of market price risk for the Issuer.

The risk of changing interest rates consists of the potential loss resulting from a change in the risk-free interest rate and may adversely affect the net interest income, the economic value and the market value of the marketable assets of the Issuer (interest rate risk). Potential losses may also result from changes in the relevant basis swaps (basis risk).

The economic value of the Issuer and the market value of the marketable assets may also be affected by changes in the market value of financial instruments, e.g. bonds and registered notes that cannot be explained by changes in the general market, e.g. due to changes in the relevant swap rates or due to events (spread risk). Therefore, the Issuer considers this risk to be a residual risk.

Changes in foreign currency exchange rates, particularly the EUR/USD rate, may adversely impact the value of a position (currency risk).

Investors should be aware of the fact that market parameters and prices may change at any time and are not predictable.

The Issuer is not materially exposed to risks resulting from holding shares and equity positions or

to commodities risk.

Change of market parameters may negatively influence the periodicals results as well as the net present value of the Issuer's portfolio.

Volatility risks currently arise from implicit options: the risk of changes in customer behavior (e.g. unscheduled repayments on mortgage loans and installment loans or withdrawal behavior with extra accounts) due to market fluctuations.

### **Liquidity Risk**

Liquidity risk is defined as the risk of failing to meet present or future payment obligations on the specified date (liquidity risk in the narrow sense). The Issuer's principal financing source is customer deposits which may be withdrawn on short call. Due to its business model, the Issuer's assets as a rule are less liquid than its liabilities. Hence, the outflow of deposits is a major source of liquidity risk for the Issuer. Other potential sources include a lack of mortgage prepayments, a higher utilization of facilities, higher collateral requirements, and defaults.

Liquidity risk also comprises the risk of failing to sell marketable assets at fair market value due to a lack of liquidity in the market (market liquidity risk) and the potential losses as a result of the increase in the cost of refinancing funds on the money and capital markets, e.g. due to a changed perception of the credit quality of the issuer in the market (funding liquidity risk).

Furthermore, liquidity risk comprises the intraday liquidity risk as well as the liquidity risk in foreign currency. Intraday liquidity risk is defined as the risk of failing to meet payment obligations at the specified time on a given date (including in foreign currencies). The liquidity risk in foreign currency is defined as the risk failing to obtain the necessary currencies on the market.

### **Counterparty Default Risk**

The Issuer defines counterparty default risk as the risk of potential loss which can arise due to changes in credit rating, impending illiquidity, or even insolvency of a business partner. Counterparty default risk is substantiated as follows:

Default and migration risks constitute the risk of a loss due to the non-repayment of capital loaned to the borrower. Additionally changes in credit rating can lead to a loss. This is the traditional credit risk in the retail and wholesale banking businesses (formerly commercial banking businesses). In the institutional business, it can be further differentiated as issuer or counterparty credit risk and settlement risk.

Issuer and counterparty credit risk includes potential losses in value resulting from the default of a contractual partner or the deterioration of their credit rating. In association with this, there are risks for unrealized gains on executory contracts. This risk is also called the replacement risk. It relates to the additional expense of entering into a new contract to replace the lost business.

Settlement risk constitutes the risk that a contractual partner does not fulfil its end of a contract after the Issuer has already met its obligations or the compensatory payment is not made in cases where both parties' deliveries are to be offset.

Collateral and residual value risk is defined as the risk that the assumed value of collaterals, cannot be realized in case of liquidation.

Country risks are understood as potential losses that arise despite the debtor's solvency and willingness to pay due to overriding government impediments (transfer risk).

### **Operational Risk**

Operational risk is defined as the risk of financial loss through external influence (criminal acts, natural disasters, etc.) or through internal factors (e.g., failure of IT systems, fraud, human error, faulty processes, structural weaknesses, insufficient monitoring). This definition also includes legal risks resulting from contractual agreements or the legal environment.

### **Risk Concentration**

In accordance with the business strategy the Issuer has deliberately decided to take certain concentrations on product level in the retail business. Based on its business model the Issuer has certain concentrations with regards to liquidity risk management by focusing on retail savings deposits as their main refinancing instrument.

In the institutional business and in wholesale banking, concentrations on selected clients, industries, and asset classes are accepted intentionally. They are accepted against the background of the sizes specified and target customers defined under the strategic business orientation and are monitored regularly.

With respect to the institutional business which includes the Issuer's fixed income investments, mainly government or government-related bonds and Pfandbriefe, as well as its short-term liquidity management operations (e.g. securities financing transactions), investments in Germany play the most important role. Covered bonds and securitisations such as Asset Backed Securities ("ABS") and Mortgage Backed Securities ("MBS"), of which most have a regional focus in the Netherlands, complete the investment portfolio. In addition, the Issuer invests to a limited extent in corporate certificates of indebtedness (*Schuldscheine*) and corporate bonds.

The wholesale banking activities are divided on the one hand into Corporate Lending and Financial Institutions Lending (C&FI Lending) with focus on large investment grade rated corporates and on the other hand into specialised financing forms for international customers, including loans covered by governmental export credit agencies (ECA-covered loans) as well as the financing of national and international infrastructural projects.

*Part C of the Base Prospectus  
Responsibility Statement*

**RESPONSIBILITY STATEMENT**

ING-DiBa AG with its registered address at Theodor-Heuss-Allee 2, 60486 Frankfurt am Main, Germany, assumes responsibility for the content of this Base Prospectus pursuant to § 5 (4) of the WpPG and declares that information contained in this Base Prospectus is to the best of its knowledge in accordance with the facts and that no material circumstances have been omitted.

*Part D of the Base Prospectus*  
*Important Notice*

**IMPORTANT NOTICE**

No person is authorised to give any information or to make any representation regarding the Issuer or the Securities not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Arranger or by any of the Dealers.

This Base Prospectus should be read and construed with any supplement thereto and with any other documents incorporated by reference and, in relation to any Series of Securities, should be read and construed together with the relevant Final Terms.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Security shall, in any circumstances, create any implication (i) that the information contained in this Base Prospectus is true subsequent to the date thereof or the date upon which this Base Prospectus has been most recently supplemented or (ii) that there has been no adverse change in the financial situation of the Issuer since the date thereof or, as the case may be, the date upon which this Base Prospectus has been most recently supplemented or (iii) that the financial information for the financial year ended 31 December 2016 or any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Should however a material change occur in relation to the information contained in, or incorporated into, this Base Prospectus or an adverse change occur in the financial situation of the Issuer since the date hereof or, as the case may be, the date upon which this Base Prospectus has been most recently supplemented, the Issuer will promptly procure that this Base Prospectus will be supplemented pursuant to § 16 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*).

Neither the Arranger nor any of the Dealers make any representation or warranty, express or implied, as to the accuracy or completeness of the information in this Base Prospectus. Each person receiving this Base Prospectus acknowledges that such person has not relied on the Arranger, the Dealers or any person affiliated with the Arranger or the Dealers in connection with its investigation of the accuracy of such information or its investment decision. Each person contemplating making an investment in the Securities must make its own assessment of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment.

This Base Prospectus does not constitute an offer of or an invitation by or on behalf of the Issuer or the Dealers to subscribe or purchase any of the Securities. The distribution of this Base Prospectus and of any Final Terms and the offering of the Securities in certain jurisdictions may be restricted by law. Neither the Issuer, nor the Arranger nor any of the Dealers represent that this document may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction or pursuant to an exemption available thereunder or assumes any responsibility for facilitating any such distribution or offering. Accordingly, the Securities may not be offered or sold, directly or indirectly, and neither this document nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Base Prospectus or any Final Terms comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities and on the distribution of the Base Prospectus or any Final Terms and other offering material relating to the Securities, see "*Subscription and Sale*". **In particular, Securities have not been and will not be**

**registered under the United States Securities Act of 1933 (as amended) and may include Securities which are subject to U.S. tax law requirements. Subject to certain exceptions, Securities may not be offered, sold or delivered within the United States or to U.S. persons.**

**Neither the Base Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.**

In connection with the issue and distribution of any Tranche of Securities under the Programme, the Dealer(s) who is/are specified in the relevant Final Terms as the stabilising manager(s) (or persons acting on its/their behalf) may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that such Dealer(s) (or any person acting on its/their behalf) will undertake stabilisation action. Any stabilisation action may begin at any time after the adequate public disclosure of the Final Terms of the offer of Securities is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date and 60 days after the date of the allotment of the Securities.

**Any such stabilisation action so taken will be, in all material respects, permitted by or otherwise in accordance with all relevant requirements applicable to such actions in the jurisdictions where such actions are effected (including rules and other regulatory requirements governing any stock exchange where such Securities are listed).**

In this Base Prospectus all references to "EUR", "€", "Euro" and "euro" are to the single currency which was introduced as of 1 January 1999 with the start of the third stage of the European Economic and Monetary Union by which date the euro became the legal currency in (initially) eleven member states of the European Union. All references in this Base Prospectus to "CHF" and "Swiss Francs" are to the lawful currency of Switzerland, references to "dollars", "USD", "U.S. dollars", "U.S.\$" "United States dollars" or "\$" are to the currency from time to time of the United States of America, references to "Sterling" and "£" refer to the currency of the United Kingdom.

#### **PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

The Securities are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, in the effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II") or; (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

*Part E of the Base Prospectus  
Terms and Conditions of the Securities  
and Related Information*

**TERMS AND CONDITIONS OF THE SECURITIES  
AND  
RELATED INFORMATION**

The information contained in this part "Terms and Conditions of the Securities and Related Information" includes the following parts relating to the terms and conditions of the Securities:

- E.I. Description of the Programme and the Securities
- E.II. Terms and Conditions of the Securities
- E.III. Form of Final Terms (*Muster Endgültige Bedingungen*)

**Part E.I. of the Base Prospectus  
Description of the Programme  
and the Securities**

**DESCRIPTION OF THE PROGRAMME AND THE SECURITIES**

***A. Description of the Programme***

***General***

Under the Programme, the Issuer may from time to time issue Notes or Mortgage Pfandbriefe (*Hypothekendarlehenbriefe*) in bearer form in an aggregate principal amount of up to Euro 10,000,000,000 (or its equivalent in other currencies) provided that the Issuer may, subject to compliance with the relevant provisions of the Programme Agreement (as defined below), increase or decrease such amount by appropriate action.

Application (i) has been made for the Securities to be issued under the Programme to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and (ii) may be made to the Official List of the Luxembourg Stock Exchange for the Securities to be issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*). However, Securities may be admitted to trading and listed on such other or further stock exchange(s), as specified in the applicable Final.

The Securities will be issued on a continuing basis. The Issuer may from time to time enter into an agreement with Dealer(s) on the basis of which such Dealer or Dealers agree to purchase Securities and further may offer the Securities (as further described under the section "Subscription and Sale"). The relevant Final Terms with respect to each issue of Securities will specify the aggregate principal amount of such Securities, the issue price, any applicable interest rate or interest rate formula and interest payment dates, the maturity date of the Securities, any redemption provisions, the stock exchange where such Securities will be listed and any other terms and conditions not contained herein which are applicable to such Securities.

***Structures of Securities to be issued under the Programme***

The Programme provides for the issue of the following structures of Securities by the Issuer:

1. Securities with a fixed rate of interest (*Fixed Rate Securities*);
2. Securities with a floating rate of interest (*Floating Rate Securities*); and
3. Securities with no periodic payment of interest (*Zero Coupon Securities*).

A more detailed description of these structures is set out below under "B. Description of the Securities – Interest on the Securities".

***Authorisation***

The update of the Programme and the issue of Securities under the updated Programme were duly authorised by the Issuer by resolution of the Management Board of the Issuer dated 5 January 2015.

***Listing and Admission to Trading***

Application (i) has been made for the Securities to be issued under the Programme to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and (ii) may be made to the Official List of the Luxembourg Stock Exchange for the Securities to be issued under the

Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*). However, Securities may be admitted to trading and listed on such other or further stock exchange(s), as specified in the applicable Final Terms.

The estimate of the total expenses relating to an admission to trading of the Securities will be set out in the relevant Final Terms (PART II.).

### ***Clearing Systems***

The Securities will be accepted for clearance through either Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("**CBF**"), Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels ("**Euroclear**") and/or Clearstream, Banking, société anonyme, Luxembourg, 42 Avenue JF Kennedy, L-1855 Luxembourg ("**CBL**", and together with CBF and Euroclear, the "**Clearing System**"), as specified in the Final Terms.

### ***Representation of Securities***

Securities are subject to the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) or substantially identical successor regulations ("**TEFRA D**"). Securities will always be represented initially by a temporary global note which will be exchanged for Securities represented by one or more permanent global note(s) not earlier than 40 days after completion of distribution of the Securities comprising the relevant tranche upon certification of non-U.S. beneficial ownership in the form available from time to time at the specified office of the Fiscal Agent.

Permanent global notes will not be exchanged for Securities in definitive form.

### ***Payments***

Payments on global notes will be made to the relevant Clearing System or to its order for credit to the relevant accountholders of the relevant Clearing System. The Issuer will be discharged by payment to, or to the order of, the relevant Clearing System and each holder of Securities represented by a global note held through the relevant Clearing System must look solely to the relevant Clearing System for his share of any payments so made by the Issuer.

### ***Material interests, including conflicting ones, of natural and legal persons involved in the issue/offer***

Any material interests, including conflicting ones, of natural and legal persons involved in the issue and or offer of the Securities will be set out in the relevant Final Terms (PART II.).

### ***Information from third party***

The relevant Final Terms (PART II.) will specify that where information has been sourced from a third party, that such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, the Issuer will identify the source(s) of the information.

### ***Ratings of the Securities***

A rating of the Securities, if any, will be set out in the relevant Final Terms (PART II.).

## ***B. Description of the Securities***

### ***General***

The following description is an abstract presentation of the following possible structures of the Securities to be issued under the terms of this Base Prospectus and does not refer to a specific issue of Securities which will be issued under the terms of this Base Prospectus.

Potential investors should note that information relating to a specific issue of Securities that is not yet known at the date of this Base Prospectus, including, but not limited to, the issue price, the date of the issue, the level of the interest rate (if the Securities bear interest), the type of interest payable (if the Securities bear interest), the maturity date and other details significantly affecting the economic assessment of the Securities is not contained in this section of this Base Prospectus but in the relevant Final Terms. Consequently, the following description does not contain all information relating to the Securities. Any investment decision by an investor should therefore be made only on the basis of full information on the Issuer and on the Securities to be offered which is set out in this Base Prospectus and the relevant Final Terms for such Securities when read together with this Base Prospectus and any supplement thereto.

### ***Issue price of the Securities***

The Securities will be offered on the basis of an issue price as determined by the Issuer and as set out in the relevant Final Terms. The relevant issue price will be determined on the basis of various factors, including but not limited to, the rating of the Securities and the Issuer, if any, the term of the Securities, the interest rate applicable to the Securities and current market conditions, such as current market interest rates.

### ***Issue date of the Securities***

The issue date of each Tranche of Securities will be determined by the Issuer and the relevant Dealer(s) and specified in the relevant Final Terms.

### ***Yield of Fixed Rate Securities***

The yield with regard to Fixed Rate Securities will be set out in the relevant Final Terms (PART II.).

### ***Interest on the Securities***

The Programme provides for the issue of Securities with a fixed rate of interest (*Fixed Rate Securities*), Securities with a floating rate of interest (*Floating Rate Securities*) and Securities with no periodic payment of interest (*Zero Coupon Securities*).

#### ***Securities with a fixed rate of interest (Fixed Rate Securities)***

In the case of Securities with a fixed rate of interest (the "**Fixed Rate Securities**"), the rate of interest on the basis of which periodic interest payments are calculated will be specified before the issue date of the Securities.

#### ***Securities with a floating rate of interest (Floating Rate Securities)***

In the case of Securities with a floating rate of interest (the "**Floating Rate Securities**"), the interest rate on the basis of which the amount of interest payable to the Holders is calculated is not specified at the issue date of the Securities. Instead, the rate at which interest accrues changes over time and only the relevant variable on which the rate of interest on the Securities is based (the reference rate) is specified. The reference rate may be either the EURIBOR<sup>®</sup> or the LIBOR<sup>®</sup>. Euro Interbank Offered Rate (EURIBOR<sup>®</sup>) is a daily interest rate at which Eurozone banks offer to lend unsecured funds to other banks for a term of 1 and 2 weeks and on a monthly basis for a term of 1 month, 2, 3, 6, 9 and 12 months. London Interbank Offered Rate (LIBOR<sup>®</sup>) is an interest rate at

which banks of the London market offer to lend unsecured funds to other banks in the London market to be determined on a daily basis for a term of 1 week and on a monthly basis for a term of 1 month, 2, 3, 6 and 12 months. Each reference rate reflects the normal terms currently applying on the capital market for raising funds in the form of debt capital for the relevant period of weeks or months.

Floating Rate Securities are linked to a reference rate and may be structured in accordance with the following variants: (i) the relevant reference rate represents the rate of interest applicable to the Securities on a one to one basis or (ii) a fixed rate of interest (margin) is added (premium) to the relevant reference rate depending on the credit rating of the Issuer, the maturity of the Securities and the interest rates currently applying on the capital market for raising debt capital, i.e. the relevant reference rate and the premium together produce the rate of interest applicable to the Securities or (iii) a fixed rate of interest (margin) is deducted (discount) from the relevant reference rate depending on the maturity of the Securities and the interest rates currently applying on the capital market for raising debt capital, i.e. the relevant reference rate after deducting the discount produces the rate of interest applicable to the Securities or (iv) the rate of interest based on the relevant reference rate is limited to a lower minimum interest rate determined in advance (minimum interest), i.e. even if the relevant reference rate were to be lower than the minimum interest rate, the minimum interest rate would be applicable to the Securities for the relevant interest period.

*Securities with no periodic payment of interest (Zero Coupon Securities)*

In the case of Securities with no periodic payment of interest (the "**Zero Coupon Securities**"), the interest accrued takes the exclusive form of the redemption of the Zero Coupon Securities at maturity at a higher amount than the issue price. The Holder of Zero Coupon Securities therefore receives "interest" as a one-time payment at maturity in the form of a redemption amount that is higher than the issue price. No periodic interest payments are made during the term of the Zero Coupon Securities.

***Due dates for interest payments and calculation of the amount of interest (except for Zero Coupon Securities)***

Interest payments may be made monthly, quarterly, semi-annually or annually. The amount of interest payable in respect of the Securities is calculated by applying the relevant interest rate for the interest period concerned and the day count fraction to the par value of the Securities.

***Redemption of the Securities at maturity***

Securities issued under the terms of this Base Prospectus have a maturity which is determined at the issue date. Prior to the issue date of the Securities, the Issuer determines the maturity date on which it is obliged to redeem the Securities and the amount at which it is obliged to redeem them.

***Early redemption of the Securities***

The Pfandbriefe do not provide for any call and/or put rights.

The Notes may be redeemed early at the option of a Holder upon the occurrence of an event of default.

Notes can further be redeemed early at the option of the Issuer upon the occurrence of a tax event.

***Repurchase***

Notwithstanding the provisions governing the redemption of the Securities, the Issuer is entitled to purchase all or some of the Securities at any time and at any price in the market or otherwise and to hold, cancel or resell them at its discretion.

### ***Minimum denomination of the Securities***

Securities issued under this Prospectus will be issued with a minimum specified denomination of Euro 100,000 or its equivalent in other currencies.

### ***Currency of the Securities***

Securities will be issued in such currency as may be determined by the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms, subject to applicable currency restrictions.

### ***Status and ranking of the Securities***

The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer unless such other obligations take priority by mandatory provisions of law.

The obligations under the Pfandbriefe constitute unsubordinated obligations of the Issuer ranking *pari passu* among themselves. The Pfandbriefe are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz*) and rank at least *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer under mortgage covered Pfandbriefe (*Hypothekendarbriefe*).

### ***Form of notes of the Securities***

The Securities are represented by the issue of one or more global note(s) in bearer form. Definitive notes will not be issued by the Issuer.

### ***Issue of further Securities***

The Issuer reserves the right to issue further Securities with the same terms without the consent of the Holders in such a way that they will be consolidated with the Securities issued previously, form a uniform series with them and increase their total par value.

### ***Substitution of the Issuer under the Notes***

A subsidiary of the Issuer may replace ING-DiBa AG in its capacity as Issuer at any time and without the consent of the Holders with respect to all rights and obligations arising under or in connection with the Notes provided that the Issuer is not in default with any payment of principal and/or interest in respect of the Notes and the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the substitute debtor in respect of the Notes.

### ***Application of German Bond Act (Schuldverschreibungsgesetz)***

The Issuer may determine that §§ 5 – 22 of the German Bond Act (*Schuldverschreibungsgesetz*) are applicable to the Notes. On such basis, the Issuer may determine a Holder's representative or Holders may initiate the appointment of such representative.

### ***Governing law, place of performance, jurisdiction and limitation period***

The Securities, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law. Place of performance shall be Frankfurt am Main.

The relevant prescription limitation period for the limitation of claims arising from the Securities is ten years.

*Part E.II. of the Base Prospectus*

*Terms and Conditions of the Securities*

**Instructions for the use of the Terms and Conditions of the Securities**  
*Handlungsanweisungen für die Verwendung der Emissionsbedingungen der Wertpapiere*

**GERMAN LANGUAGE VERSION**  
**(DEUTSCHE FASSUNG)**

Die Emissionsbedingungen der Wertpapiere (die "**Emissionsbedingungen der Wertpapiere**") sind in den folgenden 8 Optionen dargestellt:

**Option I** findet auf Pfandbriefe mit fester Verzinsung (Festverzinsliche Pfandbriefe) Anwendung.

**Option II** findet auf Pfandbriefe mit variabler Verzinsung (Variabel Verzinsliche Pfandbriefe) Anwendung.

**Option III** findet auf Pfandbriefe ohne periodische Zinszahlungen (Nullkupon-Pfandbriefe) Anwendung.

**Option IV** findet auf Schuldverschreibungen mit fester Verzinsung (Festverzinsliche Schuldverschreibungen) Anwendung.

**Option V** findet auf Schuldverschreibungen mit variabler Verzinsung (Variabel Verzinsliche Schuldverschreibungen) Anwendung.

**Option VI** findet auf Schuldverschreibungen ohne periodische Zinszahlungen (Nullkupon-Schuldverschreibungen) Anwendung.

**Option VII** findet im Fall einer Aufstockung der EUR 500.000.000 2,00 % Hypothekendarlehen fällig 13. März 2019 (ISIN: DE000A1KRJD4) Anwendung.

**Option VIII** findet im Fall einer Aufstockung der EUR 500.000.000 0,25 % Hypothekendarlehen fällig 16. November 2026 (ISIN: DE000A1KRJQ6) Anwendung.

Der jeweilige Satz von Emissionsbedingungen der Wertpapiere enthält für die betreffende Option an einigen Stellen Platzhalter bzw. gegebenenfalls mehrere grundsätzlich mögliche Regelungsvarianten (ausgenommen der Option VII, die ausschließlich Platzhalter enthält). Diese sind mit eckigen Klammern und Hinweisen entsprechend gekennzeichnet.

Die Emissionsbedingungen der Wertpapiere gelten für eine Serie von Wertpapieren, wie in den jeweiligen Endgültigen Bedingungen (die "**Endgültigen Bedingungen**") entweder in der Form des "Typ A" oder in der Form des "Typ B" dokumentiert:

Findet Typ A auf eine Serie von Wertpapieren Anwendung, werden die Emissionsbedingungen, die

**ENGLISH LANGUAGE VERSION**

The terms and conditions of the Securities (the "**Terms and Conditions of the Securities**") are set forth in the following 8 options:

**Option I** applies to Pfandbriefe with a fixed rate of interest (Fixed Rate Pfandbriefe).

**Option II** applies to Pfandbriefe with a floating rate of interest (Floating Rate Pfandbriefe).

**Option III** applies to Pfandbriefe without periodic interest payments (Zero Coupon Pfandbriefe).

**Option IV** applies to Notes with a fixed rate of interest (Fixed Rate Notes).

**Option V** applies to Notes with a floating rate of interest (Floating Rate Notes).

**Option VI** applies to Notes without periodic interest payments (Zero Coupon Notes).

**Option VII** applies to any increase of the EUR 500,000,000 2.00 per cent. Mortgage Pfandbriefe due 13 March 2019 (ISIN: DE000A1KRJD4).

**Option VIII** applies in case of an increase of the EUR 500,000,000 0.25 per cent. Mortgage-Pfandbriefe due 16 November 2026 (ISIN: DE000A1KRJQ6).

Each set of Terms and Conditions of the Securities contains, for the relevant Option, in certain places placeholders or potentially a variety of possible further variables for a provision (except for Option VII which contains placeholders only). These are marked with square brackets and corresponding comments.

The Terms and Conditions of the Securities apply to a Series of Securities, as documented by the relevant Final Terms (the "**Final Terms**") either in the form of "Type A" or in the form of "Type B":

If Type A applies to a Series of Securities, the terms and conditions applicable to the relevant Series of Securities

auf die jeweilige Serie von Wertpapieren anwendbar sind (die "**Typ A Emissionsbedingungen**"), wie folgt bestimmt:

Die Endgültigen Bedingungen werden (i) bestimmen, welche der Optionen I bis VII der Emissionsbedingungen auf die jeweilige Serie der Wertpapiere anwendbar ist, indem diese Option in Teil I der Endgültigen Bedingungen eingefügt wird und (ii) die jeweils eingefügte Option spezifizieren und vervollständigen.

Findet Typ B auf eine Serie von Wertpapieren Anwendung, werden die Emissionsbedingungen, die auf die jeweilige Serie von Wertpapieren anwendbar sind (die "**Typ B Emissionsbedingungen**"), wie folgt bestimmt:

Die Endgültigen Bedingungen werden (i) bestimmen, welche der Optionen I bis VI der Emissionsbedingungen der Wertpapiere auf die jeweilige Serie der Wertpapiere anwendbar ist und (ii) die für diese Serie der Wertpapiere anwendbaren Varianten spezifizieren und vervollständigen, indem die die jeweilige Option betreffenden Tabellen, die in TEIL I der Endgültigen Bedingungen enthalten sind, vervollständigt werden.

Der deutsche Text der Emissionsbedingungen ist rechtsverbindlich. Die unverbindliche englische Übersetzung dient lediglich zu Lesezwecken.

Findet Typ A Anwendung, werden die so vervollständigten und spezifizierten Bestimmungen der jeweiligen Option der betreffenden temporären und/oder permanenten Global-Inhaber-Schuldverschreibung (die "**Globalurkunde**") beigeheftet.

Findet Typ B Anwendung, werden (i) die die jeweilige Option betreffenden Tabellen, die in TEIL I der Endgültigen Bedingungen enthalten sind, und (ii) die jeweilige Option I bis VI der Emissionsbedingungen der jeweiligen Globalurkunde beigeheftet.

(the "**Type A Terms and Conditions**") will be determined as follows:

The Final Terms will (i) determine which of the Option I through VII of the Terms and Conditions shall apply to the relevant Series of Securities, by inserting such Option in the Final Terms Part I and will (ii) specify and complete such Option so inserted, respectively.

If Type B applies to a Series of Securities, the terms and conditions applicable to the relevant Series of Securities (the "**Type B Terms and Conditions**") will be determined as follows:

The Final Terms will (i) determine which of the Option I through VI of the Terms and Conditions of the Securities shall apply to the relevant Series of Securities, and will (ii) specify and complete the variables that shall be applicable to such Series of Securities by completing the relevant tables pertaining to the chosen Option contained in PART I of the Final Terms.

The German text of the Terms and Conditions shall be legally binding. The non-binding English translation will be prepared for convenience only.

Where Type A applies, the so specified and completed provisions of the relevant Option will be attached to the respective temporary and/or permanent global bearer note (the "**Global Note**").

Where Type B applies, both (i) the completed tables pertaining to the relevant Option in PART I of the Final Terms, and (ii) the relevant Option I through VI of the Terms and Conditions will be attached to the respective Global Note.

**TERMS AND CONDITIONS OF THE SECURITIES**  
- German and English Language Version -  
**EMISSIONSBEDINGUNGEN DER WERTPAPIERE**  
- Deutsche und englische Fassung -

Diese Emissionsbedingungen gelten im Hinblick auf die Serie [Seriennummer einfügen] [, Tranche [Tranche einfügen]] von Pfandbriefen (die "Pfandbriefe").

The Terms and Conditions apply to the series [insert series number] [, tranche [insert number of tranche]] of Pfandbriefe (the "Pfandbriefe").

**Option I: Emissionsbedingungen für  
Festverzinsliche Pfandbriefe**

**Option I: Terms and Conditions of the Fixed Rate  
Pfandbriefe**

**GERMAN LANGUAGE VERSION  
(DEUTSCHE FASSUNG)**

**ENGLISH LANGUAGE VERSION**

**§ 1**

**WÄHRUNG, FESTGELEGTE  
STÜCKELUNG, FORM, DEFINITIONEN**

**§ 1**

**CURRENCY, SPECIFIED DENOMINATION,  
FORM,  
CERTAIN DEFINITIONS**

(1) *Währung. Festgelegte Stückelung.* Diese [Serie] [Tranche] von Hypothekendarlehen (die "Pfandbriefe") der ING-DiBa AG (die "Emittentin") wird in [Währung] (die "Festgelegte Währung") im Gesamtnennbetrag von [Gesamtnennbetrag] (in Worten: [Gesamtnennbetrag in Worten]) in festgelegten Stückelungen von [Währung] [Stückelung] (die "Festgelegte Stückelung") begeben.

(1) *Currency. Specified Denomination.* This [Series] [Tranche] of Mortgage Pfandbriefe (*Hypothekendarlehen*) (the "Pfandbriefe") of ING-DiBa AG (the "Issuer") is being issued in [Currency] (the "Specified Currency") in the aggregate principal amount of [aggregate principal amount] (in words: [aggregate principal amount in words]) in Specified Denomination of [Currency] [Denomination] (the "Specified Denomination").

(2) *Form.* Die Pfandbriefe lauten auf den Inhaber.

(2) *Form.* The Pfandbriefe are being issued in bearer form.

(3) *Vorläufige Globalurkunde – Austausch*

(3) *Temporary Global Note – Exchange*

(a) Die Pfandbriefe sind anfänglich durch eine vorläufige Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird gegen Pfandbriefe in den festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die Vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin sowie des von der Bundesanstalt für Finanzdienstleistungsaufsicht bestellten staatlichen Treuhänders. Einzelkunden und Zinsscheine werden nicht ausgegeben.

(a) The Pfandbriefe are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Pfandbriefe in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually or in facsimile by two authorised signatories of the Issuer and the public fiduciary appointed by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). Definitive Pfandbriefe and coupons will not be issued.

(b) Die Vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**"), der nicht weniger als 40 Tage nach dem Tag der Ausgabe der Vorläufigen Globalurkunde liegen darf, gegen die Dauerglobalurkunde ausgetauscht. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Pfandbriefe represented by the Temporary Global Note is not a U.S.

wirtschaftlichen Eigentümer der durch die Vorläufige Globalurkunde verbrieften Pfandbriefe keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Pfandbriefe über solche Finanzinstitute halten). Zinszahlungen auf durch eine Vorläufige Globalurkunde verbrieft Pfandbriefe erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der Vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese Vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.

(4) *Clearing System.* Jede Vorläufige Globalurkunde (falls diese nicht ausgetauscht wird) und/oder jede Dauerglobalurkunde wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Pfandbriefen erfüllt sind. "**Clearing System**" bedeutet **[Bei mehr als einem Clearing System: jeweils]** Folgendes: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("**CBF**") [Clearstream Banking, société anonyme, Luxembourg, 42 Avenue JF Kennedy, L-1855 Luxembourg ("**CBL**") und Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brüssel ("**Euroclear**") [(CBL und Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**")]] oder jeder Funktionsnachfolger.

(5) *Gläubiger von Pfandbriefen.* "**Gläubiger**" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen Rechts an den Pfandbriefen.

## § 2 STATUS

Die Pfandbriefe begründen nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind. Die Pfandbriefe sind nach Maßgabe des deutschen Pfandbriefgesetzes gedeckt und stehen mindestens im gleichen Rang mit allen anderen Verpflichtungen der Emittentin aus Hypothekenpfandbriefen.

## § 3 ZINSEN

(1) *Zinssatz und Zinszahlungstage.* Die Pfandbriefe werden bezogen auf ihre Festgelegte Stückelung verzinst, und zwar vom

person (other than certain financial institutions or certain persons holding Pfandbriefe through such financial institutions). Payment of interest on Pfandbriefe represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).

(4) *Clearing System.* Each Temporary Global Note (if it will not be exchanged) and/or Permanent Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Pfandbriefe have been satisfied. "**Clearing System**" means **[In the event of more than one Clearing System, insert: each of]** the following: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("**CBF**") [Clearstream Banking, société anonyme, Luxembourg, 42 Avenue JF Kennedy, L-1855 Luxembourg ("**CBL**") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels ("**Euroclear**") [(CBL and Euroclear each an "**ICSD**" and together the "**ICSDs**")]] or any successor in respect of the functions performed by **[If more than one Clearing System insert: each of the Clearing Systems]** **[If one Clearing System insert: the Clearing System]**.

(5) *Holder of Pfandbriefe.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Pfandbriefe.

## § 2 STATUS

The obligations under the Pfandbriefe constitute unsubordinated obligations of the Issuer ranking *pari passu* among themselves. The Pfandbriefe are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz*) and rank at least *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer under Mortgage Pfandbriefe (*Hypothekenpfandbriefe*).

## § 3 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Pfandbriefe shall bear interest on their Specified Denomination at the rate of [**Rate of Interest**] per cent.

[**Verzinsungsbeginn**] (der "**Verzinsungsbeginn**") (einschließlich) bis zum Fälligkeitstag (wie in § 5 (1) definiert) (ausschließlich) mit jährlich [**Zinssatz**] %.

Die Zinsen sind nachträglich am [**Festzinstermine**] eines jeden Jahres, vorbehaltlich einer Verschiebung gemäß § 4 (5), zahlbar (jeweils ein "**Zinszahlungstag**"). Die erste Zinszahlung erfolgt am [**erster Zinszahlungstag**] vorbehaltlich einer Verschiebung gemäß § 4 (5)

[**Sofern der erste Zinszahlungstag nicht der erste Jahrestag des Verzinsungsbeginns ist einfügen:** und beläuft sich auf [**anfänglicher Bruchteilszinsbetrag pro Festgelegte Stückelung**] je Pfandbrief in einer Festgelegten Stückelung von [**Festgelegte Stückelung**].

[**Sofern der Fälligkeitstag kein Festzinstermine ist einfügen:** Die Zinsen für den Zeitraum vom [**letzter dem Fälligkeitstag vorausgehenden Festzinstermine**] (einschließlich) bis zum Fälligkeitstag (ausschließlich) belaufen sich auf [**abschließender Bruchteilszinsbetrag pro Festgelegte Stückelung**].]

Die Anzahl der Zinszahlungstage im Kalenderjahr (jeweils ein "**Feststellungstermin**") beträgt [**Anzahl der regulären Zinszahlungstage im Kalenderjahr**].

(2) *Zinslauf.* Der Zinslauf der Pfandbriefe endet an dem Tag, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Pfandbriefe bei Fälligkeit nicht einlöst, endet die Verzinsung der ausstehenden Pfandbriefe nicht am Tag der Fälligkeit, sondern erst an dem Tag, der dem Tag der tatsächlichen Rückzahlung der Pfandbriefe vorangeht. Der maßgebliche Zinssatz ist der gesetzlich festgelegte Satz für Verzugszinsen<sup>1</sup>.

(3) *Unterjährige Berechnung der Zinsen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).

(4) *Zinstagequotient.* "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf einen Pfandbrief für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**"):

*per annum* from (and including) [**Interest Commencement Date**] (the "**Interest Commencement Date**") to (but excluding) the Maturity Date (as defined in § 5 (1)).

Interest shall be payable in arrears on [**Fixed Interest Date or Dates**] in each year (each such date, an "**Interest Payment Date**"), subject to postponement in accordance with § 4 (5). The first payment of interest shall, subject to postponement in accordance with § 4 (5), be made on [**First Interest Payment Date**]

[**If the First Interest Payment Date is not first anniversary of Interest Commencement Date, insert:** and will amount to [**Initial Broken Amount per Specified Denomination**] per Pfandbrief in a Specified Denomination of [**Specified Denomination**].

[**If the Maturity Date is not a Fixed Interest Date, insert:** Interest in respect of the period from [**Fixed Interest Date preceding the Maturity Date**] (inclusive) to the Maturity Date (exclusive) will amount to [**Final Broken Amount per Specified Denomination**].]

The number of Interest Payment Dates per calendar year (each a "**Determination Date**") is [**number of regular Interest Payment Dates per calendar year**].

(2) *Accrual of Interest.* The Pfandbriefe shall cease to bear interest from the date preceding their due date for redemption. If the Issuer shall fail to redeem the Pfandbriefe when due, interest shall continue to accrue on the outstanding Pfandbriefe beyond the due date until the date preceding the date of actual redemption of the Pfandbriefe. The applicable Rate of Interest will be the default rate of interest established by law<sup>1</sup>.

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

(4) *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Pfandbrief for any period of time (the "**Calculation Period**"):

<sup>1</sup> The default rate of interest established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, §§ 288 paragraph 1, 247 paragraph 1 German Civil Code (BGB).

*Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Abs. 1, 247 Abs. 1 BGB.*

- (i) wenn der Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) kürzer ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraumes fällt oder ihr entspricht, die Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr; oder
- (ii) wenn der Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) länger ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraumes fällt, die Summe (A) der Anzahl der Tage in den Zinsberechnungszeitraum, die in die Feststellungsperiode fallen, in welcher der Zinsberechnungszeitraum beginnt, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr und (B) der Anzahl der Tage in dem Zinsberechnungszeitraum, die in die nächste Feststellungsperiode fallen, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr.

"Feststellungsperiode" ist die Periode ab einem Feststellungstermin (einschließlich desselben) bis zum nächsten Feststellungstermin (ausschließlich desselben).

#### § 4 ZAHLUNGEN

(1) (a) *Zahlungen von Kapital.* Zahlungen von Kapital auf die Pfandbriefe erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Pfandbriefe zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.

(b) *Zahlungen von Zinsen.* Die Zahlung von Zinsen auf Pfandbriefe erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

- (i) if the Calculation Period (from, and including, the first day of such period, but excluding, the last) is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period (from, and including, the first day of such period, but excluding, the last) divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year; or
- (ii) if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of: (A) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) and (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year.

"Determination Period" means the period from, and including, a Determination Date to, but excluding, the next Determination Date.

#### § 4 PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Pfandbriefe shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Pfandbriefe at the time of payment at the specified office of the Fiscal Agent outside the United States.

(b) *Payment of Interest.* Payment of interest on Pfandbriefe shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System.

Die Zahlung von Zinsen auf Pfandbriefe, die durch die Vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 (3) (b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Pfandbriefe in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

(3) *Vereinigte Staaten.* Für die Zwecke des § 1 (3) und des Absatzes (1) dieses § 4 bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf einen Pfandbrief auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nachfolgenden Zahltag.

Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund einer solchen Verschiebung eines Zahltages zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) **[Falls die festgelegte Währung Euro ist einfügen:** das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET)]**[Falls die festgelegte Währung nicht Euro ist einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevanten Finanzzentren]** Zahlungen abwickeln.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger

Payment of interest on Pfandbriefe represented by the Temporary Global Note shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System, upon due certification as provided in § 1 (3) (b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Pfandbriefe shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.

(3) *United States.* For purposes of § 1 (3) and paragraph (1) of this § 4, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Pfandbrief is not a Payment Business Day then the Holder shall not be entitled to payment until the next day which is a Payment Business Day.

The Holder shall not be entitled to further interest or other payment in respect of such a postponement of a Payment Business Day.

For these purposes, "**Payment Business Day**" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) **[If the Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET)]**[If the Specified Currency is not Euro, insert:** commercial banks and foreign exchange markets in **[all relevant financial centres]** settle payments.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the Amtsgericht in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

gegen die Emittentin.

## § 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Pfandbriefe zu ihrem Rückzahlungsbetrag am **[Fälligkeitstag]** (der **"Fälligkeitstag"**) zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jeden Pfandbrief entspricht der Festgelegten Stückelung der Pfandbriefe.

(2) *Keine Vorzeitige Rückzahlung.* Weder die Emittentin noch ein Gläubiger ist zur vorzeitigen Rückzahlung der Pfandbriefe berechtigt.

## § 6 DIE EMISSIONSSTELLE UND DIE ZAHLSTELLEN

(1) *Bestellung. Bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissionsstelle und die Zahlstelle[n] und deren anfänglich bezeichnete[n] Geschäftsstelle[n] lauten wie folgt:

### **Emissionsstelle:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

**[Im Fall einer anderen Emissionsstelle einfügen: [Name der anderen Emissionsstelle] [bezeichnete Geschäftsstelle der anderen Emissionsstelle]]**

### **Zahlstelle[n]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

**[Im Fall einer/von anderen Zahlstelle[n] einfügen: [Name der anderen Zahlstelle[n]] [bezeichnete Geschäftsstelle[n] der anderen Zahlstelle[n]]]**

Die Emissionsstelle und die Zahlstelle[n] behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder einer Zahlstelle zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen zu bestellen. Die Emittentin

## § 5 REDEMPTION

(1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or purchased and cancelled, the Pfandbriefe shall be redeemed at their Final Redemption Amount on **[Maturity Date]** (the **"Maturity Date"**). The Final Redemption Amount in respect of each Pfandbrief shall be its Specified Denomination.

(2) *No Early Redemption.* Neither the Issuer nor any Holder shall be entitled to an early redemption of the Pfandbriefe.

## § 6 FISCAL AGENT AND PAYING AGENTS

(1) *Appointment. Specified Offices.* The initial Fiscal Agent and Paying Agent[s] and [its] [their] respective initial specified offices are:

### **Fiscal Agent:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[In the case of another Fiscal Agent, insert: [name of the other Fiscal Agent] [specified office of the other Fiscal Agent]]**

### **Paying Agent[s]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[In the case of [an]other Paying Agent[s], insert: [name of the other Paying Agent[s]] [specified office[s] of the other Paying Agent[s]]]**

The Fiscal Agent and the Paying Agent[s] reserve the right at any time to change their respective specified offices to some other specified office.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and to appoint another Fiscal Agent or additional or other Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the

wird jederzeit (i) eine Emissionsstelle unterhalten und (ii) solange die Pfandbriefe an der [**Name der Börse**] notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in [**Sitz der Börse**] und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen.

[**im Fall von Zahlungen in U.S. Dollar:** und (iii) falls Zahlungen bei den oder durch die Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich der vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in U.S. Dollar widerrechtlich oder tatsächlich ausgeschlossen werden, eine Zahlstelle mit bezeichneter Geschäftsstelle in New York City unterhalten.]

(3) *Beauftragte der Emittentin.* Die Emissionsstelle und die Zahlstelle[n] handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

#### § 7 STEUERN

Sämtliche auf die Pfandbriefe zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder in den Vereinigten Staaten von Amerika oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde derselben auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich oder gemäß eines Vertrages zwischen der Emittentin oder einer Person, die Zahlungen für die Emittentin vornimmt und den Vereinigten Staaten von Amerika oder einer Behörde der Vereinigten Staaten von Amerika vorgeschrieben.

#### § 8 VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 Bürgerliches Gesetzbuch bestimmte Vorlegungsfrist wird für die Pfandbriefe auf zehn Jahre abgekürzt.

#### § 9 BEGEBUNG WEITERER PFANDBRIEFE, ANKAUF UND ENTWERTUNG

(1) *Begebung weiterer Pfandbriefe.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Pfandbriefe

Pfandbriefe are listed on the [**name of Stock Exchange**], a Paying Agent (which may be the Fiscal Agent) with a specified office in [**location of Stock Exchange**] and/or in such other place as may be required by the rules of such stock exchange.

[**in the case of payments in U.S. dollars:** and [(iii)] if payments at or through the offices of all Paying Agents outside the United States (as defined in § 4 (3) hereof) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollars, a Paying Agent with a specified office in New York City.]

(3) *Agents of the Issuer.* The Fiscal Agent and the Paying Agent[s] act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

#### § 7 TAXATION

All amounts payable in respect of the Pfandbriefe shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany or the United States of America or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law or pursuant to any agreement between the Issuer or any person making payments on behalf of the Issuer and the United States of America or any authority thereof.

#### § 8 PRESENTATION PERIOD

The presentation period provided in § 801 paragraph 1, sentence 1 German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Pfandbriefe.

#### § 9 FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Pfandbriefe having the same terms and conditions as

mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns, des ersten Zinszahlungstags und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Pfandbriefen eine einheitliche Serie bilden.

(2) *Ankauf*. Die Emittentin ist berechtigt, jederzeit Pfandbriefe im Markt oder anderweitig zu marktgerechten Preisen zu kaufen. Die von der Emittentin erworbenen Pfandbriefe können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses öffentliche Angebot allen Gläubigern dieser Pfandbriefe gemacht werden.

(3) *Entwertung*. Sämtliche vollständig zurückgezahlten Pfandbriefe sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

## § 10 MITTEILUNGEN

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse nicht möglich ist einfügen:**

[(1)] *Bekanntmachung*. Alle die Pfandbriefe betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger [sowie in einer führenden Tageszeitung mit allgemeiner Verbreitung in [Deutschland] [Luxemburg] [anderen Ort einfügen], voraussichtlich [die *Börsen-Zeitung*] [das *Luxemburger Wort*] [andere Zeitung mit allgemeiner Verbreitung einfügen]] zu veröffentlichen [und erfolgen durch elektronische Publikation auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse möglich ist einfügen:**

[(1)] *Bekanntmachung*. Alle die Pfandbriefe betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger in deutscher oder englischer Sprache zu veröffentlichen und erfolgen durch elektronische Publikation auf der Website der [betreffende Börse einfügen] (www.[Internetadresse einfügen]) [und auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

the Pfandbriefe in all respects (or in all respects except for the issue date, interest commencement date, first interest payment date and/or issue price) so as to form a single Series with the Pfandbriefe.

(2) *Purchases*. The Issuer may at any time purchase Pfandbriefe in the open market or otherwise and at prices in line with the market. Pfandbriefe purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Pfandbriefe must be made available to all Holders of such Pfandbriefe alike.

(3) *Cancellation*. All Pfandbriefe redeemed in full shall be cancelled forthwith and may not be reissued or resold.

## § 10 NOTICES

**[If notices may not be given by means of electronic publication on the website of the relevant stock exchange, insert:**

[(1)] *Publication*. All notices concerning the Pfandbriefe shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) [and in a leading daily newspaper having general circulation in [Germany] [Luxembourg] [specify other location] [and will be made by means of electronic publication on the internet website of the Issuer (www.ing-diba.de)]. [These newspapers are expected to be the [*Börsen-Zeitung*] [*Luxemburger Wort*] [insert other applicable newspaper having general circulation]]]. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).]

**[If notices may be given by means of electronic publication on the website of the relevant stock exchange insert:**

[(1)] *Publication*. All notices concerning the Pfandbriefe shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) and will be made by means of electronic publication on the internet website of the [insert relevant stock exchange] (www.[insert internet address]) [and on the internet website of the Issuer (www.ing-diba.de)]. Any notice so given will be deemed to have been validly given on the day of such publication (or, if published more than once, on the first day of such publication).]

**[Im Fall von Pfandbriefen, die an einer Börse notiert sind und falls die Regularien dieser Börse es zulassen einfügen: (2) Mitteilung an das Clearing System.**

Die Emittentin ist berechtigt, eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger zu ersetzen, vorausgesetzt, dass die Regeln der Börse, an der die Pfandbriefe notiert sind, diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.]

**§ 11  
ANWENDBARES RECHT,  
ERFÜLLUNGORT, GERICHTSSTAND  
UND GERICHTLICHE  
GELTENDMACHUNG**

(1) *Anwendbares Recht.* Form und Inhalt der Pfandbriefe sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich nach deutschem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Pfandbriefen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Zuständigkeit des vorgenannten Gerichts ist ausschließlich, soweit es sich um Rechtsstreitigkeiten handelt, die von Kaufleuten, juristischen Personen des öffentlichen Rechts, öffentlich-rechtlichen Sondervermögen und Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland angestrengt werden. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhandener gekommener oder vernichteter Pfandbriefe.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Pfandbriefen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Pfandbriefen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Pfandbriefe ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Pfandbriefe bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem

**[In the case of Pfandbriefe which are listed on a Stock Exchange and in which case the rules of such stock exchange allow for this way of publication, insert: (2) Notification to Clearing System.**

The Issuer may, in lieu of publication set forth in paragraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Holders, provided that the rules of the stock exchange on which Pfandbriefe are listed permit such form of notice. Any such notice shall be deemed to have been given to the Holders on the fifth day after the day on which said notice was given to the Clearing System.]

**§ 11  
APPLICABLE LAW, PLACE OF  
PERFORMANCE, PLACE OF JURISDICTION  
AND ENFORCEMENT**

(1) *Applicable Law.* The Pfandbriefe, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Place of Performance.* Place of performance shall be Frankfurt am Main.

(3) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Pfandbriefe. The afore-mentioned court shall have exclusive jurisdiction in case of Proceedings which are established by business people (*Kaufleute*), corporate bodies of public law (*juristische Personen des öffentlichen Rechts*), separate assets of public law (*öffentlich-rechtliche Sondervermögen*) and persons for which the place of jurisdiction is not the Federal Republic of Germany. The German courts shall have exclusive jurisdiction over lost or destroyed Pfandbriefe.

(4) *Enforcement.* Any Holder of Pfandbriefe may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, in his own name enforce his rights arising under such Pfandbriefe on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of Pfandbriefe (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Pfandbriefe credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the Pfandbrief in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the

Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; oder (ii) er legt eine Kopie der die betreffenden Pfandbriefe verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Pfandbriefe verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Pfandbriefe unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Pfandbriefen auch auf jede andere Weise schützen oder geltend machen, die im Land, in dem der Rechtsstreit eingeleitet wird, prozessual zulässig ist.

## § 12 SPRACHE

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

Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Pfandbriefe. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Pfandbriefe and includes the Clearing System. Each Holder may, without prejudice of the foregoing, protect and enforce his rights under the Pfandbriefe also in any other way which is permitted in the country in which the proceedings are initiated.

## § 12 LANGUAGE

These Terms and Conditions are written in the German language. An English language translation has been appended. The German text shall be prevailing and binding. The English language translation is provided for convenience only.

**Option II: Emissionsbedingungen für Variabel  
Verzinsliche Pfandbriefe**

**GERMAN LANGUAGE VERSION  
(DEUTSCHE FASSUNG)**

**§ 1**

**WÄHRUNG, FESTGELEGTE STÜCKELUNG,  
FORM, DEFINITIONEN**

(1) *Währung. Festgelegte Stückelung.* Diese [Serie] [Tranche] von Hypothekendarlehen (die "**Pfandbriefe**") der ING-DiBa AG (die "**Emittentin**") wird in [Währung] (die "**Festgelegte Währung**") im Gesamtnennbetrag von [Gesamtnennbetrag] (in Worten: [Gesamtnennbetrag in Worten]) in Festgelegten Stückelungen von [Währung] [Stückelung] (die "**Festgelegte Stückelung**") begeben.

(2) *Form.* Die Pfandbriefe lauten auf den Inhaber.

(3) *Vorläufige Globalurkunde – Austausch*

(a) Die Pfandbriefe sind anfänglich durch eine vorläufige Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird gegen Pfandbriefe in den Festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die Vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin sowie des von der Bundesanstalt für Finanzdienstleistungsaufsicht bestellten staatlichen Treuhänders. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die Vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**"), der nicht weniger als 40 Tage nach dem Tag der Ausgabe der Vorläufigen Globalurkunde liegen darf, gegen die Dauerglobalurkunde ausgetauscht. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die Vorläufige Globalurkunde verbrieften Pfandbriefe keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Pfandbriefe über solche Finanzinstitute halten). Zinszahlungen auf durch eine Vorläufige Globalurkunde verbrieft Pfandbriefe erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der Vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden,

**Option II: Terms and Conditions of the Floating Rate  
Pfandbriefe**

**ENGLISH LANGUAGE VERSION**

**§ 1**

**CURRENCY, SPECIFIED DENOMINATION,  
FORM,  
CERTAIN DEFINITIONS**

(1) *Currency. Specified Denomination.* This [Series] [Tranche] of Mortgage Pfandbriefe (*Hypothekendarlehen*) (the "**Pfandbriefe**") of ING-DiBa AG (the "**Issuer**") is being issued in [Currency] (the "**Specified Currency**") in the aggregate principal amount of [aggregate principal amount] (in words: [aggregate principal amount in words]) in Specified Denomination of [Currency] [Denomination] (the "**Specified Denomination**").

(2) *Form.* The Pfandbriefe are being issued in bearer form.

(3) *Temporary Global Note – Exchange*

(a) The Pfandbriefe are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Pfandbriefe in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually or in facsimile by two authorised signatories of the Issuer and the public fiduciary appointed by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). Definitive Pfandbriefe and coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Pfandbriefe represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Pfandbriefe through such financial institutions). Payment of interest on Pfandbriefe represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in

diese Vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.

(4) *Clearing System.* Jede Vorläufige Globalurkunde (falls diese nicht ausgetauscht wird) und/oder jede Dauerglobalurkunde wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Pfandbriefen erfüllt sind. "Clearing System" bedeutet [Bei mehr als einem Clearing System: jeweils] Folgendes: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("CBF")] [Clearstream Banking, société anonyme, Luxembourg, 42 Avenue JF Kennedy, L-1855 Luxembourg ("CBL")] und Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brüssel ("Euroclear")] [(CBL und Euroclear jeweils ein "ICSD" und zusammen die "ICSDs")] oder jeder Funktionsnachfolger.

(5) *Gläubiger von Pfandbriefen.* "Gläubiger" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen Rechts an den Pfandbriefen.

(6) In diesen Emissionsbedingungen bezeichnet "Geschäftstag" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) [Falls die festgelegte Währung Euro ist einfügen: das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET)] [Falls die festgelegte Währung nicht Euro ist einfügen: Geschäftsbanken und Devisenmärkte in [sämtliche relevanten Finanzzentren]] Zahlungen abwickeln.

## § 2 STATUS

Die Pfandbriefe begründen nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind. Die Pfandbriefe sind nach Maßgabe des deutschen Pfandbriefgesetzes gedeckt und stehen mindestens im gleichen Rang mit allen anderen Verpflichtungen der Emittentin aus Hypothekenpfandbriefen.

## § 3 ZINSEN

(1) *Zinszahlungstage.*

(a) Die Pfandbriefe werden bezogen auf ihre festgelegte Stückelung ab dem [Verzinsungsbeginn] (der "Verzinsungsbeginn") (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und danach von jedem Zinszahlungstag (einschließlich) bis zum nächstfolgenden Zinszahlungstag (ausschließlich)

§ 4 (3)).

(4) *Clearing System.* Each Temporary Global Note (if it will not be exchanged) and/or Permanent Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Pfandbriefe have been satisfied. "Clearing System" means [In the event of more than one Clearing System, insert: each of] the following: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("CBF")] [Clearstream Banking, société anonyme, Luxembourg, 42 Avenue JF Kennedy, L-1855 Luxembourg ("CBL")] and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels ("Euroclear")] [(CBL and Euroclear each an "ICSD" and together the "ICSDs")] or any successor in respect of the functions performed by [If more than one Clearing System insert: each of the Clearing Systems] [If one Clearing System insert: the Clearing System].

(5) *Holder of Pfandbriefe.* "Holder" means any holder of a proportionate co-ownership or other beneficial interest or right in the Pfandbriefe.

(6) In these Terms and Conditions, "Business Day" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) [If the Specified Currency is Euro insert: the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET)] [If the Specified Currency is not Euro, insert: commercial banks and foreign exchange markets in [all relevant financial centres]] settle payments.

## § 2 STATUS

The obligations under the Pfandbriefe constitute unsubordinated obligations of the Issuer ranking *pari passu* among themselves. The Pfandbriefe are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz*) and rank at least *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer under Mortgage Pfandbriefe (*Hypothekenpfandbriefe*).

## § 3 INTEREST

(1) *Interest Payment Dates.*

(a) The Pfandbriefe bear interest on their respective Specified Denomination from [Interest Commencement Date] (inclusive) (the "Interest Commencement Date") to the first Interest Payment Date (exclusive) and thereafter from each Interest Payment Date (inclusive) to the next following Interest

verzinst. Zinsen auf die Pfandbriefe sind an jedem Zinszahlungstag zahlbar.

(b) "**Zinszahlungstag**" bedeutet, vorbehaltlich einer Verschiebung gemäß § 4 (5),

[Im Fall von festgelegten Zinszahlungstagen ohne langer erster oder letzter Zinsperiode einfügen: jeder [festlegte Zinszahlungstage].]

[Im Fall einer langen ersten Zinsperiode einfügen: der [erster Zinszahlungstag] und danach [jeder][der] [festgelegte(r) Zinszahlungstag(e)].]

[Im Fall einer langen letzten Zinsperiode einfügen: jeder [festlegte Zinszahlungstage], wobei die letzte, dem Fälligkeitstag vorausgehende Zinszahlung am [Zinszahlungstag, der dem Fälligkeitstag vorausgeht] erfolgt.]

(2) *Zinssatz.*

Der Zinssatz (der "**Zinssatz**") für jede Zinsperiode (wie nachstehend definiert) ist, sofern nachstehend nichts Abweichendes bestimmt wird, entweder:

(a) der [relevante Laufzeit]-[EURIBOR<sup>®</sup>]-[[Währung]-LIBOR<sup>®</sup>-] Angebotssatz (wenn nur ein Angebotssatz auf der Bildschirmseite (wie nachstehend definiert) angezeigt ist), oder

(b) das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein

[Falls der Referenzsatz EURIBOR<sup>®</sup> ist, einfügen: Tausendstel Prozent, wobei 0,0005]

[Falls der Referenzsatz LIBOR<sup>®</sup> ist, einfügen: Hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) der Angebotssätze,

(ausgedrückt als Prozentsatz *per annum*) für Einlagen in der festgelegten Währung für die jeweilige Zinsperiode, der bzw. die auf der Bildschirmseite am Zinsfestlegungstag (wie nachstehend definiert) gegen 11.00 Uhr ([Brüsseler] [Londoner] Ortszeit) angezeigt werden

[im Fall einer Marge einfügen: [zuzüglich] [abzüglich] der Marge (wie nachstehend definiert)], wobei alle Festlegungen durch die Berechnungsstelle erfolgen].

"**Zinsperiode**" bezeichnet den Zeitraum von dem Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) bzw. von jedem Zinszahlungstag (einschließlich) bis zum jeweils darauf folgenden Zinszahlungstag (ausschließlich).

"**Zinsfestlegungstag**" bezeichnet den [zweiten] [zutreffende andere Zahl von Tagen] [TARGET-] [Londoner] [zutreffende andere Bezugnahmen]

Payment Date (exclusive). Interest on the Pfandbriefe shall be payable on each Interest Payment Date.

(b) "**Interest Payment Date**" means, subject to postponement in accordance with § 4 (5),

[In the case of Specified Interest Payment Dates without a long first or last interest period, insert: each [Specified Interest Payment Dates]].]

[In the case of a long first interest period, insert: [first Interest Payment Date] and thereafter [each][the] [Specified Interest Payment Date(s)].]

[In the case of a long last interest period, insert: each [Specified Interest Payment Dates], whereas the last payment of interest preceding the Maturity Date shall be made on [Interest Payment Date preceding the Maturity Date].]

(2) *Rate of Interest.*

The rate of interest (the "**Rate of Interest**") for each Interest Period (as defined below) will, except as provided below, be either:

(a) the [relevant term]-[EURIBOR<sup>®</sup>] [[currency]-]LIBOR<sup>®</sup>] offered quotation (if there is only one quotation on the Screen Page (as defined below)); or

(b) the arithmetic mean (rounded if necessary to the nearest one

[If the Reference Rate is EURIBOR<sup>®</sup>, insert: thousandth of a percentage point, with 0.0005]

[If the Reference Rate is LIBOR<sup>®</sup>, insert: hundred-thousandth of a percentage point, with 0.000005] being rounded upwards) of the offered quotations,

(expressed as a percentage rate *per annum*) for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Screen Page as of 11.00 a.m. ([Brussels] [London] time) on the Interest Determination Date (as defined below)

[in the case of Margin insert: [plus] [minus] the Margin (as defined below)], all as determined by the Calculation Agent].

"**Interest Period**" means each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and from (and including) each Interest Payment Date to (but excluding) the following Interest Payment Date.

"**Interest Determination Date**" means the [second] [other applicable number of days] [TARGET] [London] [other relevant reference] Business Day prior

Geschäftstag vor Beginn der jeweiligen Zinsperiode. **[Im Fall eines TARGET-Geschäftstages einfügen:** "TARGET-Geschäftstag" bezeichnet einen Tag, an dem das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET) betriebsbereit ist.] **[Im Fall eines anderen Geschäftstages als ein TARGET-Geschäftstages einfügen:** "[Londoner] [zutreffenden anderen Ort] Geschäftstag" bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken in [London] [zutreffenden anderen Ort] für Geschäfte (einschließlich Devisen- und Sortengeschäfte) geöffnet sind.]

**[Im Fall einer Marge einfügen:** Die "Marge" beträgt [Zahl] % *per annum*.]

"Bildschirmseite" bedeutet [zutreffende Bildschirmseite] oder jede Nachfolgeseite.

Wenn im vorstehenden Fall (b) auf der maßgeblichen Bildschirmseite fünf oder mehr Angebotssätze angezeigt werden, werden der höchste (falls mehr als ein solcher Höchstsatz angezeigt wird, nur einer dieser Sätze) und der niedrigste (falls mehr als ein solcher Niedrigstsatz angezeigt wird, nur einer dieser Sätze) von der Berechnungsstelle für die Bestimmung des arithmetischen Mittels der Angebotssätze (das wie vorstehend beschrieben auf- oder abgerundet wird) außer Acht gelassen; diese Regel gilt entsprechend für diesen gesamten Absatz (2).

Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen, oder wird im Fall von (a) kein Angebotssatz, oder werden im Fall von (b) weniger als drei Angebotssätze angezeigt (dort jeweils zur genannten Zeit), wird die Berechnungsstelle von der [Londoner] [zutreffender anderer Ort] Hauptniederlassung jeder der Referenzbanken (wie nachstehend definiert) [in der Euro-Zone] deren jeweilige Angebotssätze (jeweils als Prozentsatz *per annum* ausgedrückt) für Einlagen in der Festgelegten Währung für die betreffende Zinsperiode gegenüber führenden Banken im [Londoner] [zutreffender anderer Ort] Interbanken-Markt [in der Euro-Zone] um ca. 11.00 Uhr ([Londoner] [Brüsseler] Ortszeit) am Zinsfestlegungstag anfordern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Zinssatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein

**[Falls der Referenzsatz EURIBOR<sup>®</sup> ist einfügen:** Tausendstel Prozent, wobei 0,0005]

**[Falls der Referenzsatz LIBOR<sup>®</sup> ist einfügen:** Hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) dieser Angebotssätze

to the commencement of the relevant Interest Period. **[In the case of a TARGET Business Day, insert:** "TARGET Business Day" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET) is operating.] **[In the case of a non-TARGET Business Day, insert:** "[London] [other relevant location] Business Day" means a day which is a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency) in [London] [other relevant location].]

**[In the case of Margin, insert:** "Margin" means [rate] per cent. *per annum*.]

"Screen Page" means [relevant Screen Page] or any successor page thereto.

If, in the case of (b) above, five or more such offered quotations are available on the Screen Page, the highest (or, if there is more than one such highest rate, only one of such rates) and the lowest (or, if there is more than one such lowest rate, only one of such rates) shall be disregarded by the Calculation Agent for the purposes of determining the arithmetic mean (rounded as provided above) of such offered quotations and this rule shall apply throughout this paragraph (2).

If the Screen Page is not available or if, in the case of (a) above, no such quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at such time, the Calculation Agent shall request the principal [Euro-Zone] [London] [other relevant location] office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for deposits in the Specified Currency for the relevant Interest Period to leading banks in the [London] [other relevant location] interbank market [of the Euro-Zone] at approximately 11.00 a.m. ([Brussels] [London] time) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one

**[If the Reference Rate is EURIBOR<sup>®</sup>, insert:** thousandth of a percentage point, with 0.0005]

**[If the Reference Rate is LIBOR<sup>®</sup>, insert:** hundred-thousandth of a percentage point, with 0.000005] being rounded upwards) of such offered quotations

**[Im Fall einer Marge einfügen:** [zuzüglich]  
[abzüglich] der Marge]

, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Falls an einem Zinsfestlegungstag nur eine oder keine der Referenzbanken der Berechnungsstelle solche im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Zinssatz für die betreffende Zinsperiode der Satz *per annum*, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein

**[Falls der Referenzsatz EURIBOR<sup>®</sup> ist einfügen:** Tausendstel Prozent, wobei 0,0005]

**[falls der Referenzsatz LIBOR<sup>®</sup> ist einfügen:** Hunderttausendstel Prozent, wobei 0,000005]

aufgerundet wird) der Angebotssätze ermittelt, die die Referenzbanken bzw. zwei oder mehrere von ihnen der Berechnungsstelle auf deren Anfrage als den jeweiligen Satz nennen, zu dem ihnen um ca. 11.00 Uhr ([Brüsseler] [Londoner] Ortszeit) an dem betreffenden Zinsfestlegungstag Einlagen in der Festgelegten Währung für die betreffende Zinsperiode von führenden Banken im [Londoner] [zutreffender anderer Ort] Interbanken-Markt [in der Euro-Zone] angeboten werden

**[Im Fall einer Marge einfügen:** [zuzüglich]  
[abzüglich] der Marge]

; falls weniger als zwei der Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, dann ist der Zinssatz für die betreffende Zinsperiode der Angebotssatz für Einlagen in der Festgelegten Währung für die betreffende Zinsperiode oder das arithmetische Mittel (gerundet wie oben beschrieben) der Angebotssätze für Einlagen in der Festgelegten Währung für die betreffende Zinsperiode, den bzw. die eine oder mehrere Banken (die nach Ansicht der Berechnungsstelle und der Emittentin für diesen Zweck geeignet sind) der Berechnungsstelle als Sätze bekannt geben, die sie an dem betreffenden Zinsfestlegungstag gegenüber führenden Banken am [Londoner] [zutreffender anderer Ort] Interbanken-Markt [in der Euro-Zone] nennen (bzw. den diese Banken gegenüber der Berechnungsstelle nennen)

**[Im Fall einer Marge einfügen:** [zuzüglich]  
[abzüglich] der Marge].

Für den Fall, dass der Zinssatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, ist der Zinssatz der Angebotssatz oder das arithmetische Mittel der Angebotssätze auf der Bildschirmseite, wie vorstehend beschrieben, an dem letzten Tag vor dem Zinsfestlegungstag, an dem diese Angebotssätze angezeigt wurden

**[in the case of Margin, insert:** [plus] [minus] the Margin]

, all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate *per annum* which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one

**[If the Reference Rate is EURIBOR<sup>®</sup>, insert:** thousandth of a percentage point, with 0.0005]

**[If the Reference Rate is LIBOR<sup>®</sup>, insert:** hundred-thousandth of a percentage point, with 0.000005]

being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, as at 11.00 a.m. ([Brussels] [London] time) on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the [London] [other relevant location] interbank market [of the Euro-Zone]

**[In the case of Margin, insert:** [plus] [minus] the Margin]

or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) inform(s) the Calculation Agent it is or they are quoting to leading banks in the [London] [other relevant location] interbank market [of the Euro-Zone] (or, as the case may be, the quotations of such bank or banks to the Calculation Agent)

**[In the case of Margin, insert:** [plus] [minus] the Margin].

If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotations were offered

[**Im Fall einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge (wobei jedoch, falls für die relevante Zinsperiode eine andere Marge als für die unmittelbar vorhergehende Zinsperiode gilt, die relevante Marge an die Stelle der Marge für die vorhergehende Zinsperiode tritt)].

"Referenzbanken" bezeichnen

[**Falls in den Endgültigen Bedingungen keine anderen Referenzbanken bestimmt werden einfügen:** im vorstehenden Fall (a) diejenigen Niederlassungen von vier derjenigen Banken, deren Angebotssätze zur Ermittlung des maßgeblichen Angebotssatzes zu dem Zeitpunkt benutzt wurden, als solch ein Angebot letztmals auf der maßgeblichen Bildschirmseite angezeigt wurde, und im vorstehenden Fall (b) diejenigen Banken, deren Angebotssätze zuletzt zu dem Zeitpunkt auf der maßgeblichen Bildschirmseite angezeigt wurden, als nicht weniger als drei solcher Angebotssätze angezeigt wurden]

[**Falls in den Endgültigen Bedingungen andere Referenzbanken bestimmt werden, einfügen:** [Namen der anderen Referenzbanken]].]

[**Im Fall des Interbanken-Marktes in der Euro-Zone einfügen:** "Euro-Zone" bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag über die Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992), den Amsterdamer Vertrag vom 2. Oktober 1997 und den Vertrag von Lissabon vom 13. Dezember 2007, in seiner jeweiligen Fassung, eine einheitliche Währung eingeführt haben oder jeweils eingeführt haben werden.]

[**Falls ein Mindestzinssatz gilt einfügen:**

(3) *Mindestzinssatz.*

Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz niedriger ist als [**Mindestzinssatz**], so ist der Zinssatz für diese Zinsperiode [**Mindestzinssatz**].]

[(3)][(4)] *Zinsbetrag.* Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zeitpunkt, an dem der Zinssatz zu bestimmen ist, den auf die Pfandbriefe zahlbaren Zinsbetrag in Bezug auf jede Festgelegte Stückelung (der "**Zinsbetrag**") für die entsprechende Zinsperiode berechnen. Der Zinsbetrag wird ermittelt, indem der Zinssatz und der Zinstagequotient (wie nachstehend definiert) auf jede Festgelegte Stückelung angewendet werden, wobei der resultierende Betrag auf den nächsten Euro 0,01 auf-

[**In the case of Margin, insert:** [plus] [minus] the Margin (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period)].

As used herein, "**Reference Banks**" means

[**If no other Reference Banks are specified in the Final Terms, insert:**, in the case of (a) above, those offices of four of such banks whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page and, in the case of (b) above, those banks whose offered quotations last appeared on the Screen Page when no fewer than three such offered quotations appeared]

[**If other Reference Banks are specified in the Final Terms, insert:** [names of other Reference Banks]].]

[**In the case of the Interbank market in the Euro-Zone, insert:** "Euro-Zone" means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992), the Amsterdam Treaty of 2 October 1997 and the Lisbon Treaty of 13 December 2007, as further amended from time to time.]

[**If a Minimum Rate of Interest applies, insert:**

(3) *Minimum Rate of Interest.*

If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than [**Minimum Rate of Interest**], the Rate of Interest for such Interest Period shall be [**Minimum Rate of Interest**].]

[(3)][(4)] *Interest Amount.* The Calculation Agent will, on or as soon as practicable after each date at which the Rate of Interest is to be determined, calculate the amount of interest (the "**Interest Amount**") payable on the Pfandbriefe in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to each Specified Denomination and rounding the resulting figure to the nearest Euro 0.01, Euro 0.005 being

oder abgerundet wird, wobei Euro 0,005 aufgerundet werden.

[(4)][(5)] *Mitteilungen von Zinssatz und Zinsbetrag.* Die Berechnungsstelle wird veranlassen, dass der Zinssatz, der Zinsbetrag für die jeweilige Zinsperiode, die jeweilige Zinsperiode und der relevante Zinszahlungstag der Emittentin, der Emissionsstelle und den Gläubigern gemäß § 10 baldmöglichst, aber keinesfalls später als am vierten auf die Berechnung jeweils folgenden

**[Falls die Berechnungsstelle eine bezeichnete Geschäftsstelle an einem vorgeschriebenen Ort zu unterhalten hat einfügen:** Geschäftstag, der ein Geschäftstag am Ort der bezeichneten Geschäftsstelle der Berechnungsstelle ist,]

**[Falls die Berechnungsstelle keine bezeichnete Geschäftsstelle an einem vorgeschriebenen Ort zu unterhalten hat einfügen:** [TARGET-] [Londoner] Geschäftstag]

und jeder Börse, an der die betreffenden Pfandbriefe zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, umgehend, aber keinesfalls später als zu Beginn der jeweiligen Zinsperiode mitgeteilt werden. Im Falle einer Verlängerung oder Verkürzung der Zinsperiode können der mitgeteilte Zinsbetrag und Zinszahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend allen Börsen, an denen die Pfandbriefe zu diesem Zeitpunkt notiert sind, sowie den Gläubigern gemäß § 10 mitgeteilt.

[(5)][(6)] *Verbindlichkeit der Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Emissionsstelle, die Zahlstellen und die Gläubiger bindend.

[(6)][(7)] *Zinslauf.* Der Zinslauf der Pfandbriefe endet an dem Tag, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Pfandbriefe bei Fälligkeit nicht einlöst, endet die Verzinsung der ausstehenden Pfandbriefe nicht am Tag der Fälligkeit, sondern erst an dem Tag, der dem Tag der tatsächlichen Rückzahlung der Pfandbriefe vorangeht. Der maßgebliche Zinssatz ist der gesetzlich festgelegte Satz für Verzugszinsen.<sup>2</sup>

rounded upwards.

[(4)][(5)] *Notification of Rate of Interest and Interest Amount.* The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent and to the Holders in accordance with § 10 as soon as possible after their determination, but in no event later than the fourth

**[If the Calculation Agent is required to maintain a Specific Office in a Required Location, insert:** Business Day which is a Business Day at the place of the Specified Office of the Calculation Agent]

**[If Calculation Agent is not required to maintain a Specific Office in a Required Location, insert:** [TARGET] [London] Business Day]

thereafter and, if required by the rules of any stock exchange on which the Pfandbriefe are from time to time listed, to such stock exchange, as soon as possible after their determination, but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of postponement) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Pfandbriefe are then listed and to the Holders in accordance with § 10.

[(5)][(6)] *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents and the Holders.

[(6)][(7)] *Accrual of Interest.* The Pfandbriefe shall cease to bear interest from the date preceding their due date for redemption. If the Issuer shall fail to redeem the Pfandbriefe when due, interest shall continue to accrue on the outstanding Pfandbriefe beyond the due date until the date preceding the date of actual redemption of the Pfandbriefe. The applicable Rate of Interest will be the default rate of interest established by law<sup>2</sup>.

<sup>2</sup> The default rate of interest established by law is five percentage points above the basic rate of interest published by *Deutsche Bundesbank* from time to time, §§ 288 paragraph 1, 247 paragraph 1 German Civil Code.  
*Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Absatz 1 BGB.*

[(8)][(9)] *Zinstagequotient*. "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf einen Pfandbrief für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**"):

die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360.

#### § 4 ZAHLUNGEN

(1) (a) *Zahlungen von Kapital*. Zahlungen von Kapital auf die Pfandbriefe erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Pfandbriefe zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.

(b) *Zahlungen von Zinsen*. Die Zahlung von Zinsen auf Pfandbriefe erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Pfandbriefe, die durch die Vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 (3) (b).

(2) *Zahlungsweise*. Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Pfandbriefe in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

(3) *Vereinigte Staaten*. Für die Zwecke des § 1 (3) und des] Absatzes (1) dieses § 4 bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung*. Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag*. Fällt der Fälligkeitstag einer Zahlung in Bezug auf einen Pfandbrief auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch

[(8)][(9)] *Day Count Fraction*. "**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Pfandbrief for any period of time (the "**Calculation Period**"):

the actual number of days in the Calculation Period divided by 360.

#### § 4 PAYMENTS

(1) (a) *Payment of Principal*. Payment of principal in respect of Pfandbriefe shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Pfandbriefe at the time of payment at the specified office of the Fiscal Agent outside the United States.

(b) *Payment of Interest*. Payment of interest on Pfandbriefe shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System.

Payment of interest on Pfandbriefe represented by the Temporary Global Note shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System, upon due certification as provided in § 1 (3) (b).

(2) *Manner of Payment*. Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Pfandbriefe shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.

(3) *United States*. For purposes of § 1 (3) and] paragraph (1) of this § 4, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge*. The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day*. If the date for payment of any amount in respect of any Pfandbrief is not a Payment Business Day then the Holder shall not be

auf Zahlung vor dem nächstfolgenden Zahltag, es sei denn jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Zahltag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) **[Falls die festgelegte Währung Euro ist einfügen:** das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET)]**[Falls die festgelegte Währung nicht Euro ist einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevanten Finanzzentren]**] Zahlungen abwickeln.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

## § 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Pfandbriefe zu ihrem Rückzahlungsbetrag am **[Fälligkeitstag]** (der "**Fälligkeitstag**") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jeden Pfandbrief entspricht der Festgelegten Stückelung der Pfandbriefe.

(2) *Keine Vorzeitige Rückzahlung.* Weder die Emittentin noch ein Gläubiger ist zur vorzeitigen Rückzahlung der Pfandbriefe berechtigt.

## § 6 DIE EMISSIONSSTELLE, DIE ZAHLSTELLEN UND DIE BERECHNUNGSSTELLE

(1) *Bestellung. Bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissionsstelle, die Zahlstelle[n] und die Berechnungsstelle und deren anfänglich bezeichnete[n] Geschäftsstelle[n] lauten wie folgt:

### **Emissionsstelle:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

**[Im Fall einer anderen Emissionsstelle einfügen:**  
**[Name der anderen Emissionsstelle] [bezeichnete**

entitled to payment until the next day which is a Payment Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be the immediately preceding Business Day.

For these purposes, "**Payment Business Day**" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) **[If the Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET)]**[If the Specified Currency is not Euro, insert:** commercial banks and foreign exchange markets in **[all relevant financial centres]**] settle payments.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the Amtsgericht in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

## § 5 REDEMPTION

(1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or purchased and cancelled, the Pfandbriefe shall be redeemed at their Final Redemption Amount on **[Maturity Date]** (the "**Maturity Date**"). The Final Redemption Amount in respect of each Pfandbrief shall be its Specified Denomination.

(2) *No Early Redemption.* Neither the Issuer nor any Holder shall be entitled to an early redemption of the Pfandbriefe.

## § 6 FISCAL AGENT, PAYING AGENTS AND CALCULATION AGENT

(1) *Appointment. Specified Offices.* The initial Fiscal Agent, Paying Agent[s] and the Calculation Agent and [its] [their] respective initial specified offices are:

### **Fiscal Agent:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[In the case of another Fiscal Agent, insert: [name of the other Fiscal Agent] [specified office of the other**

**Geschäftsstelle der anderen Emissionsstelle]]**

**Zahlstelle[n]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

**[Im Fall einer/von anderen Zahlstelle[n] einfügen:  
[Name der anderen Zahlstelle[n]] [bezeichnete  
Geschäftsstelle[n] der anderen Zahlstelle[n]]]**

**Berechnungsstelle:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

**[Im Falle einer anderen Berechnungsstelle  
einfügen: [Name der anderen Berechnungsstelle]  
[bezeichnete Geschäftsstelle der anderen  
Berechnungsstelle]]]**

Die Emissionsstelle, die Zahlstelle[n] und die Berechnungsstelle behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder einer Zahlstelle oder der Berechnungsstelle zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen oder eine andere Berechnungsstelle zu bestellen. Die Emittentin wird jederzeit (i) eine Emissionsstelle unterhalten und (ii) solange die Pfandbriefe an der [Name der Börse] notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in [Sitz der Börse] und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen.

[im Fall von Zahlungen in U.S. Dollar: und (iii) falls Zahlungen bei den oder durch die Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich der vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in U.S. Dollar widerrechtlich oder tatsächlich ausgeschlossen werden, eine Zahlstelle mit bezeichneter Geschäftsstelle in New York City unterhalten.]

(3) *Beauftragte der Emittentin.* Die Emissionsstelle, die Zahlstelle[n] und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

**Fiscal Agent]]**

**Paying Agent[s]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[In the case of [an]other Paying Agent[s], insert:  
[name of the other Paying Agent[s]] [specified  
office[s] of the other Paying Agent[s]]]**

**Calculation Agent:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[In the case of another Calculation Agent, insert:  
[name of the other Calculation Agent] [specified  
office of the other Calculation Agent]]]**

The Fiscal Agent, the Paying Agent[s] and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent or the Calculation Agent and to appoint another Fiscal Agent or additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the Pfandbriefe are listed on the [name of Stock Exchange], a Paying Agent (which may be the Fiscal Agent) with a specified office in [location of Stock Exchange] and/or in such other place as may be required by the rules of such stock exchange.

[in the case of payments in U.S. dollars: and (iii) if payments at or through the offices of all Paying Agents outside the United States (as defined in § 4 (3) hereof) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollars, a Paying Agent with a specified office in New York City.]

(3) *Agents of the Issuer.* The Fiscal Agent, the Paying Agent[s] and the Calculation Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

**§ 7  
STEUERN**

Sämtliche auf die Pfandbriefe zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder in den Vereinigten Staaten von Amerika oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde derselben auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich oder gemäß eines Vertrages zwischen der Emittentin oder einer Person, die Zahlungen für die Emittentin vornimmt, und den Vereinigten Staaten von Amerika oder einer Behörde der Vereinigten Staaten von Amerika vorgeschrieben.

**§ 8  
VORLEGUNGSFRIST**

Die in § 801 Absatz 1 Satz 1 Bürgerliches Gesetzbuch bestimmte Vorlegungsfrist wird für die Pfandbriefe auf zehn Jahre abgekürzt.

**§ 9  
BEGEBUNG WEITERER PFANDBRIEFE,  
ANKAUF UND ENTWERTUNG**

(1) *Begebung weiterer Pfandbriefe.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Pfandbriefe mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns, des ersten Zinszahlungstags und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Pfandbriefen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Pfandbriefe im Markt oder anderweitig zu marktgerechten Preisen zu kaufen. Die von der Emittentin erworbenen Pfandbriefe können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses öffentliche Angebot allen Gläubigern dieser Pfandbriefe gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Pfandbriefe sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

**§ 7  
TAXATION**

All amounts payable in respect of the Pfandbriefe shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany or the United States of America or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law or pursuant to any agreement between the Issuer or any person making payments on behalf of the Issuer and the United States of America or any authority thereof.

**§ 8  
PRESENTATION PERIOD**

The presentation period provided in § 801 paragraph 1, sentence 1 German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Pfandbriefe.

**§ 9  
FURTHER ISSUES, PURCHASES AND  
CANCELLATION**

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Pfandbriefe having the same terms and conditions as the Pfandbriefe in all respects (or in all respects except for the issue date, interest commencement date, first interest payment date and/or issue price) so as to form a single Series with the Pfandbriefe.

(2) *Purchases.* The Issuer may at any time purchase Pfandbriefe in the open market or otherwise and at prices in line with the market. Pfandbriefe purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Pfandbriefe must be made available to all Holders of such Pfandbriefe alike.

(3) *Cancellation.* All Pfandbriefe redeemed in full shall be cancelled forthwith and may not be reissued or resold.

**§ 10  
MITTEILUNGEN**

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse nicht möglich ist einfügen:**

[(1)] *Bekanntmachung.* Alle die Pfandbriefe betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger [sowie in einer führenden Tageszeitung mit allgemeiner Verbreitung in [Deutschland] [Luxemburg] [anderen Ort einfügen], voraussichtlich [die *Börsen-Zeitung*] [das *Luxemburger Wort*] [andere Zeitung mit allgemeiner Verbreitung einfügen]] zu veröffentlichen [und erfolgen durch elektronische Publikation auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse möglich ist einfügen:**

[(1)] *Bekanntmachung.* Alle die Pfandbriefe betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger in deutscher oder englischer Sprache zu veröffentlichen und erfolgen durch elektronische Publikation auf der Website der [betreffende Börse einfügen] (www.[Internetadresse einfügen]) [und auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

**[Im Fall von Pfandbriefen, die an einer Börse notiert sind und falls die Regularien dieser Börse es zulassen einfügen: (2) Mitteilung an das Clearing System.**

Die Emittentin ist berechtigt, eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger zu ersetzen, vorausgesetzt, dass die Regeln der Börse, an der die Pfandbriefen notiert sind, diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am [fünften] Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.]

**§ 11  
ANWENDBARES RECHT, ERFÜLLUNGORT,  
GERICHTSSTAND UND GERICHTLICHE  
GELTENDMACHUNG**

(1) *Anwendbares Recht.* Form und Inhalt der Pfandbriefe sowie die Rechte und Pflichten der

**§ 10  
NOTICES**

**[If notices may not be given by means of electronic publication on the website of the relevant stock exchange, insert:**

[(1)] *Publication.* All notices concerning the Pfandbriefe shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) [and in a leading daily newspaper having general circulation in [Germany] [Luxembourg] [specify other location] [and will be made by means of electronic publication on the internet website of the Issuer (www.ing-diba.de)]. [These newspapers are expected to be the [*Börsen-Zeitung*] [*Luxemburger Wort*] [insert other applicable newspaper having general circulation]]]. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).]

**[If notices may be given by means of electronic publication on the website of the relevant stock exchange insert:**

[(1)] *Publication.* All notices concerning the Pfandbriefe shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) and will be made by means of electronic publication on the internet website of the [insert relevant stock exchange] (www.[insert internet address]) [and on the internet website of the Issuer (www.ing-diba.de)]. Any notice so given will be deemed to have been validly given on the day of such publication (or, if published more than once, on the first day of such publication).]

**[In the case of Pfandbriefe which are listed on a Stock Exchange and in which case the rules of such stock exchange allow for this way of publication, insert: (2) Notification to Clearing System.**

The Issuer may, in lieu of publication set forth in paragraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Holders, provided that the rules of the stock exchange on which Pfandbriefe are listed permit such form of notice. Any such notice shall be deemed to have been given to the Holders on the [fifth] day after the day on which said notice was given to the Clearing System.]

**§ 11  
APPLICABLE LAW, PLACE OF  
PERFORMANCE, PLACE OF JURISDICTION  
AND ENFORCEMENT**

(1) *Applicable Law.* The Pfandbriefe, as to form and content, and all rights and obligations of the Holders and

Gläubiger und der Emittentin bestimmen sich nach deutschem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Pfandbriefen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Zuständigkeit des vorgenannten Gerichts ist ausschließlich, soweit es sich um Rechtsstreitigkeiten handelt, die von Kaufleuten, juristischen Personen des öffentlichen Rechts, öffentlich-rechtlichen Sondervermögen und Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland angestrengt werden. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhanden gekommener oder vernichteter Pfandbriefe.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Pfandbriefen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Pfandbriefen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Pfandbriefe ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Pfandbriefe bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; oder (ii) er legt eine Kopie der die betreffenden Pfandbriefe verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Pfandbriefe verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Pfandbriefe unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Pfandbriefen auch auf jede andere Weise schützen oder geltend machen, die im Land, in dem der Rechtsstreit eingeleitet wird, prozessual zulässig ist.

## § 12 SPRACHE

Diese Emissionsbedingungen sind in deutscher

the Issuer, shall be governed by German law.

(2) *Place of Performance.* Place of performance shall be Frankfurt am Main.

(3) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Pfandbriefe. The afore-mentioned court shall have exclusive jurisdiction in case of Proceedings which are established by business people (*Kaufleute*), corporate bodies of public law (*juristische Personen des öffentlichen Rechts*), separate assets of public law (*öffentlich-rechtliche Sondervermögen*) and persons for which the place of jurisdiction is not the Federal Republic of Germany. The German courts shall have exclusive jurisdiction over lost or destroyed Pfandbriefe.

(4) *Enforcement.* Any Holder of Pfandbriefe may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, in his own name enforce his rights arising under such Pfandbriefe on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of Pfandbriefe (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Pfandbriefe credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the Pfandbrief in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Pfandbriefe. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Pfandbriefe and includes the Clearing System. Each Holder may, without prejudice of the foregoing, protect and enforce his rights under the Pfandbriefe also in any other way which is permitted in the country in which the proceedings are initiated.

## § 12 LANGUAGE

These Terms and Conditions are written in the German

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

language. An English language translation has been appended. The German text shall be prevailing and binding. The English language translation is provided for convenience only.

**Option III: Emissionsbedingungen für  
Nullkupon-Pfandbriefe**

**GERMAN LANGUAGE VERSION  
(DEUTSCHE FASSUNG)**

**§ 1  
WÄHRUNG, FESTGELEGTE  
STÜCKELUNG, FORM, DEFINITIONEN**

(1) *Währung. Festgelegte Stückelung.* Diese [Serie] [Tranche] von Hypothekendarlehen (die "**Pfandbriefe**") der ING-DiBa AG (die "**Emittentin**") wird in [Währung] (die "**Festgelegte Währung**") im Gesamtnennbetrag von [Gesamtnennbetrag] (in Worten: [Gesamtnennbetrag in Worten]) in Festgelegten Stückelungen von [Währung] [Stückelung] (die "**Festgelegte Stückelung**") begeben.

(2) *Form.* Die Pfandbriefe lauten auf den Inhaber.

(3) *Vorläufige Globalurkunde – Austausch*

(a) Die Pfandbriefe sind anfänglich durch eine vorläufige Globalurkunde (die "**Vorläufige Globalurkunde**") verbrieft. Die Vorläufige Globalurkunde wird gegen Pfandbriefe in den Festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") verbrieft sind, ausgetauscht. Die Vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin sowie des von der Bundesanstalt für Finanzdienstleistungsaufsicht bestellten staatlichen Treuhänders. Einzelurkunden werden nicht ausgeben.

(b) Die Vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**"), der nicht weniger als 40 Tage nach dem Tag der Ausgabe der Vorläufigen Globalurkunde liegen darf, gegen die Dauerglobalurkunde ausgetauscht. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die Vorläufige Globalurkunde verbrieften Pfandbriefe keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Pfandbriefe über solche Finanzinstitute halten). Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der Vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese Vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 (3)

**Option III: Terms and Conditions of the Zero  
Coupon Pfandbriefe**

**ENGLISH LANGUAGE VERSION**

**§ 1  
CURRENCY, SPECIFIED DENOMINATION,  
FORM,  
CERTAIN DEFINITIONS**

(1) *Currency. Specified Denomination.* This [Series] [Tranche] of Mortgage Pfandbriefe (*Hypothekendarlehen*) (the "**Pfandbriefe**") of ING-DiBa AG (the "**Issuer**") is being issued in [Currency] (the "**Specified Currency**") in the aggregate principal amount of [aggregate principal amount] (in words: [aggregate principal amount in words]) in Specified Denomination of [Currency] [Denomination] (the "**Specified Denomination**").

(2) *Form.* The Pfandbriefe are being issued in bearer form.

(3) *Temporary Global Note – Exchange*

(a) The Pfandbriefe are initially represented by a temporary global note (the "**Temporary Global Note**"). The Temporary Global Note will be exchangeable for Pfandbriefe in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**"). The Temporary Global Note and the Permanent Global Note shall each be signed manually or in facsimile by two authorised signatories of the Issuer and the public fiduciary appointed by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). Definitive Pfandbriefe will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Pfandbriefe represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Pfandbriefe through such financial institutions). Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).

auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.

(4) *Clearing System*. Jede Vorläufige Globalurkunde (falls diese nicht ausgetauscht wird) und/oder jede Dauerglobalurkunde wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Pfandbriefen erfüllt sind. "Clearing System" bedeutet **[Bei mehr als einem Clearing System: jeweils]** Folgendes: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("CBF")] [Clearstream Banking, société anonyme, Luxemburg, 42 Avenue JF Kennedy, L-1855 Luxemburg ("CBL") und Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brüssel ("Euroclear")] [(CBL und Euroclear jeweils ein "ICSD" und zusammen die "ICSDs")] oder jeder Funktionsnachfolger.

(5) *Gläubiger von Pfandbriefen*. "Gläubiger" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen Rechts an den Pfandbriefen.

## § 2 STATUS

Die Pfandbriefe begründen nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind. Die Pfandbriefe sind nach Maßgabe des deutschen Pfandbriefgesetzes gedeckt und stehen mindestens im gleichen Rang mit allen anderen Verpflichtungen der Emittentin aus Hypothekenpfandbriefen.

## § 3 ZINSEN

Es erfolgen keine regelmäßigen Zinszahlungen unter den Pfandbriefen. Falls die Emittentin die Pfandbriefe bei Fälligkeit nicht einlöst, erfolgt die Verzinsung bezogen auf die festgelegte Stückelung der ausstehenden Pfandbriefe vom Tag der Fälligkeit (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Pfandbriefe (ausschließlich) in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen.<sup>3</sup>

(4) *Clearing System*. Each Temporary Global Note (if it will not be exchanged) and/or Permanent Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Pfandbriefe have been satisfied. "Clearing System" means **[In the event of more than one Clearing System, insert: each of]** the following: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("CBF")] [Clearstream Banking, société anonyme, Luxembourg, 42 Avenue JF Kennedy, L-1855 Luxembourg ("CBL") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels ("Euroclear")] [(CBL and Euroclear each an "ICSD" and together the "ICSDs")] or any successor in respect of the functions performed by **[If more than one Clearing System insert: each of the Clearing Systems] [If one Clearing System insert: the Clearing System]**.

(5) *Holder of Pfandbriefe*. "Holder" means any holder of a proportionate co-ownership or other beneficial interest or right in the Pfandbriefe.

## § 2 STATUS

The obligations under the Pfandbriefe constitute unsubordinated obligations of the Issuer ranking *pari passu* among themselves. The Pfandbriefe are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz*) and rank at least *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer under Mortgage Pfandbriefe (*Hypothekenpfandbriefe*).

## § 3 INTEREST

There will not be any periodic payments of interest on the Pfandbriefe. If the Issuer fails to redeem the Pfandbriefe when due, interest on the Specified Denomination of the outstanding Pfandbriefe accrues from, and including, the due date to, but excluding, the date of the actual redemption of the Pfandbriefe at the default rate of interest established by law.<sup>3</sup>

<sup>3</sup> The default rate of interest established by law is currently five percentage points above the base rate of interest (*Basiszinssatz*) published by Deutsche Bundesbank from time to time, §§ 288 paragraph 1, 247 German Civil Code (*Bürgerliches Gesetzbuch*). *Der gegenwärtig geltende gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Bürgerliches Gesetzbuch.*

**§ 4**  
**ZAHLUNGEN**

(1) *Zahlungen von Kapital.* Zahlungen von Kapital auf die Pfandbriefe erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Pfandbriefe zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Pfandbriefe in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

(3) *Vereinigte Staaten.* Für die Zwecke des § 1 (3) und des Absatzes (1) dieses § 4 bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf einen Pfandbrief auf einen Tag, der kein Zahltag ist, dann wird der Zahltag auf den unmittelbar vorausgehenden Zahltag vorgezogen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) **[Falls die festgelegte Währung Euro ist einfügen:** das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET)]**[Falls die festgelegte Währung nicht Euro ist einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevanten Finanzzentren]** Zahlungen abwickeln.

(6) *Hinterlegung von Kapital.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf

**§ 4**  
**PAYMENTS**

(1) *Payment of Principal.* Payment of principal in respect of Pfandbriefe shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Pfandbriefe at the time of payment at the specified office of the Fiscal Agent outside the United States.

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Pfandbriefe shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.

(3) *United States.* For purposes of § 1 (3) and paragraph (1) of this § 4, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Pfandbrief is not a Payment Business Day then the Holder shall be entitled to payment on the immediately preceding Payment Business Day.

For these purposes, "**Payment Business Day**" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) **[If the Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET)]**[If the Specified Currency is not Euro, insert:** commercial banks and foreign exchange markets in **[all relevant financial centres]** settle payments.

(6) *Deposit of Principal.* The Issuer may deposit with the Amtsgericht in Frankfurt am Main principal not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be

Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

## § 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Pfandbriefe zu ihrem Rückzahlungsbetrag am **[Fälligkeitstag einfügen]** (der "Fälligkeitstag") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jeden Pfandbrief entspricht

**[Falls die Pfandbriefe zu ihrer Festgelegten Stückelung zurückgezahlt werden einfügen:** der Festgelegten Stückelung der Pfandbriefe]

**[Falls die Pfandbriefe nicht zu ihrer Festgelegten Stückelung zurückgezahlt werden einfügen:** [Rückzahlungsbetrag für die jeweilige Festgelegte Stückelung].]

(2) *Keine Vorzeitige Rückzahlung.* Weder die Emittentin noch ein Gläubiger ist zur vorzeitigen Rückzahlung der Pfandbriefe berechtigt.

## § 6 DIE EMISSIONSSTELLE [UND] [,] DIE ZAHLSTELLEN [UND DIE BERECHNUNGSSTELLE]

(1) *Bestellung. Bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissionsstelle[,][und] die Zahlstelle[n] [und die Berechnungsstelle] und deren anfänglich bezeichnete[n] Geschäftsstelle[n] lauten wie folgt:

### **Emissionsstelle:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

**[Im Fall einer anderen Emissionsstelle einfügen:** [Name der anderen Emissionsstelle] [bezeichnete Geschäftsstelle der anderen Emissionsstelle]]

### **Zahlstelle[n]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

## § 5 REDEMPTION

(1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or purchased and cancelled, the Pfandbriefe shall be redeemed at their Final Redemption Amount on **[insert Maturity Date]** (the "Maturity Date"). The Final Redemption Amount in respect of each Pfandbrief shall be

**[If the Pfandbriefe are redeemed at their Specified Denomination, insert:** its Specified Denomination]

**[If the Pfandbriefe are not redeemed at their Specified Denomination, insert:** [Final Redemption Amount per Specified Denomination].]

(2) *No Early Redemption.* Neither the Issuer nor any Holder shall be entitled to an early redemption of the Pfandbriefe.

## § 6 FISCAL AGENT [,] [AND] PAYING AGENTS [AND CALCULATION AGENT]

(1) *Appointment. Specified Offices.* The initial Fiscal Agent[,], [and] Paying Agent[s] [and the Calculation Agent] and [its] [their] respective initial specified offices are:

### **Fiscal Agent:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[In the case of another Fiscal Agent, insert:** [name of the other Fiscal Agent] [specified office of the other Fiscal Agent]]

### **Paying Agent[s]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

[Im Fall einer/von anderen Zahlstelle[n] einfügen: [Name der anderen Zahlstelle[n]] [bezeichnete Geschäftsstelle[n] der anderen Zahlstelle[n]]]

[Im Falle einer Berechnungsstelle einfügen:

**Berechnungsstelle:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

[Im Falle einer anderen Berechnungsstelle einfügen: [Name der anderen Berechnungsstelle] [bezeichnete Geschäftsstelle der anderen Berechnungsstelle]]]

Die Emissionsstelle[,] [und] die Zahlstelle[n] [und die Berechnungsstelle] behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder einer Zahlstelle [oder der Berechnungsstelle] zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen [oder eine andere Berechnungsstelle] zu bestellen. Die Emittentin wird jederzeit (i) eine Emissionsstelle unterhalten und (ii) solange die Pfandbriefe an der [Name der Börse] notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in [Sitz der Börse] und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen.

[im Fall von Zahlungen in U.S. Dollar: und (iii) falls Zahlungen bei den oder durch die Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich der vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in U.S. Dollar widerrechtlich oder tatsächlich ausgeschlossen werden, eine Zahlstelle mit bezeichneter Geschäftsstelle in New York City unterhalten.]

(3) *Beauftragte der Emittentin.* Die Emissionsstelle[,] [und] die Zahlstelle[n] [und die Berechnungsstelle] handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder

[In the case of [an]other Paying Agent[s], insert: [name of the other Paying Agent[s]] [specified office[s] of the other Paying Agent[s]]]

[In the event of a Calculation Agent, insert:

**Calculation Agent:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

[In the case of another Calculation Agent, insert: [name of the other Calculation Agent] [specified office of the other Calculation Agent]]]

The Fiscal Agent [,] [and] the Paying Agent[s] [and the Calculation Agent] reserve the right at any time to change their respective specified offices to some other specified office.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent [or the Calculation Agent] and to appoint another Fiscal Agent or additional or other Paying Agents [or another Calculation Agent]. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the Pfandbriefe are listed on the [name of Stock Exchange], a Paying Agent (which may be the Fiscal Agent) with a specified office in [location of Stock Exchange] and/or in such other place as may be required by the rules of such stock exchange.

[in the case of payments in U.S. dollars: and (iii) if payments at or through the offices of all Paying Agents outside the United States (as defined in § 4 (3) hereof) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollars, a Paying Agent with a specified office in New York City.]

(3) *Agents of the Issuer.* The Fiscal Agent[,] [and] the Paying Agent[s] [and the Calculation Agent] act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

**§ 7  
STEUERN**

Sämtliche auf die Pfandbriefe zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder in den Vereinigten Staaten von Amerika oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde derselben auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich oder gemäß eines Vertrages zwischen der Emittentin oder einer Person, die Zahlungen für die Emittentin vornimmt, und den Vereinigten Staaten von Amerika oder einer Behörde der Vereinigten Staaten von Amerika vorgeschrieben.

**§ 8  
VORLEGUNGSFRIST**

Die in § 801 Absatz 1 Satz 1 Bürgerliches Gesetzbuch bestimmte Vorlegungsfrist wird für die Pfandbriefe auf zehn Jahre abgekürzt.

**§ 9  
BEGEBUNG WEITERER PFANDBRIEFE,  
ANKAUF UND ENTWERTUNG**

(1) *Begebung weiterer Pfandbriefe.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Pfandbriefe mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Pfandbriefen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Pfandbriefe im Markt oder anderweitig zu marktgerechten Preisen zu kaufen. Die von der Emittentin erworbenen Pfandbriefe können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses öffentliche Angebot allen Gläubigern dieser Pfandbriefe gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Pfandbriefe sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

**§ 7  
TAXATION**

All amounts payable in respect of the Pfandbriefe shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany or the United States of America or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law or pursuant to any agreement between the Issuer or any person making payments on behalf of the Issuer and the United States of America or any authority thereof.

**§ 8  
PRESENTATION PERIOD**

The presentation period provided in § 801 paragraph 1, sentence 1 German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Pfandbriefe.

**§ 9  
FURTHER ISSUES, PURCHASES AND  
CANCELLATION**

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Pfandbriefe having the same terms and conditions as the Pfandbriefe in all respects (or in all respects except for the issue date and/or issue price) so as to form a single Series with the Pfandbriefe.

(2) *Purchases.* The Issuer may at any time purchase Pfandbriefe in the open market or otherwise and at prices in line with the market. Pfandbriefe purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Pfandbriefe must be made available to all Holders of such Pfandbriefe alike.

(3) *Cancellation.* All Pfandbriefe redeemed in full shall be cancelled forthwith and may not be reissued or resold.

**§ 10  
MITTEILUNGEN**

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse nicht möglich ist einfügen:**

[(1)] *Bekanntmachung.* Alle die Pfandbriefe betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger [sowie in einer führenden Tageszeitung mit allgemeiner Verbreitung in [Deutschland] [anderen Ort einfügen], voraussichtlich [die *Börsen-Zeitung*] [andere Zeitung mit allgemeiner Verbreitung einfügen]] zu veröffentlichen [und erfolgen durch elektronische Publikation auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse möglich ist einfügen:**

[(1)] *Bekanntmachung.* Alle die Pfandbriefe betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger in deutscher oder englischer Sprache zu veröffentlichen und erfolgen durch elektronische Publikation auf der Website der [betreffende Börse einfügen] (www.[Internetadresse einfügen]) [und auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

**[Im Fall von Pfandbriefen, die an einer Börse notiert sind und falls die Regularien dieser Börse es zulassen einfügen: (2) Mitteilung an das Clearing System.**

Die Emittentin ist berechtigt, eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger zu ersetzen, vorausgesetzt, dass die Regeln der Börse, an der die Pfandbriefen notiert sind, diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am [fünften] Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.]

**§ 10  
NOTICES**

**[If notices may not be given by means of electronic publication on the website of the relevant stock exchange, insert:**

[(1)] *Publication.* All notices concerning the Pfandbriefe shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) [and in a leading daily newspaper having general circulation in [Germany] [specify other location] [and will be made by means of electronic publication on the internet website of the Issuer (www.ing-diba.de)]. [These newspapers are expected to be the [*Börsen-Zeitung*] [insert other applicable newspaper having general circulation]]]. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).]

**[If notices may be given by means of electronic publication on the website of the relevant stock exchange insert:**

[(1)] *Publication.* All notices concerning the Pfandbriefe shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) and will be made by means of electronic publication on the internet website of the [insert relevant stock exchange] (www.[insert internet address]) [and on the internet website of the Issuer (www.ing-diba.de)]. Any notice so given will be deemed to have been validly given on the day of such publication (or, if published more than once, on the first day of such publication).]

**[In the case of Pfandbriefe which are listed on a Stock Exchange and in which case the rules of such stock exchange allow for this way of publication, insert: (2) Notification to Clearing System.**

The Issuer may, in lieu of publication set forth in paragraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Holders, provided that the rules of the stock exchange on which Pfandbriefe are listed permit such form of notice. Any such notice shall be deemed to have been given to the Holders on the [fifth] day after the day on which said notice was given to the Clearing System.]

**§ 11**  
**ANWENDBARES RECHT,**  
**ERFÜLLUNGORT, GERICHTSSTAND**  
**UND GERICHTLICHE**  
**GELTENDMACHUNG**

(1) *Anwendbares Recht.* Form und Inhalt der Pfandbriefe sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich nach deutschem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Pfandbriefen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Zuständigkeit des vorgenannten Gerichts ist ausschließlich, soweit es sich um Rechtsstreitigkeiten handelt, die von Kaufleuten, juristischen Personen des öffentlichen Rechts, öffentlich-rechtlichen Sondervermögen und Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland angestrengt werden. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhandelter oder vernichteter Pfandbriefe.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Pfandbriefen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Pfandbriefen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Pfandbriefe ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Pfandbriefe bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; oder (ii) er legt eine Kopie der die betreffenden Pfandbriefe verbrieften Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Pfandbriefe verbrieften Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes

**§ 11**  
**APPLICABLE LAW, PLACE OF**  
**PERFORMANCE, PLACE OF JURISDICTION**  
**AND ENFORCEMENT**

(1) *Applicable Law.* The Pfandbriefe, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Place of Performance.* Place of performance shall be Frankfurt am Main.

(3) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Pfandbriefe. The aforementioned court shall have exclusive jurisdiction in case of Proceedings which are established by business people (*Kaufleute*), corporate bodies of public law (*juristische Personen des öffentlichen Rechts*), separate assets of public law (*öffentlich-rechtliche Sondervermögen*) and persons for which the place of jurisdiction is not the Federal Republic of Germany. The German courts shall have exclusive jurisdiction over lost or destroyed Pfandbriefe.

(4) *Enforcement.* Any Holder of Pfandbriefe may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, in his own name enforce his rights arising under such Pfandbriefe on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of Pfandbriefe (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Pfandbriefe credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the Pfandbrief in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Pfandbriefe. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Pfandbriefe and includes the Clearing System. Each Holder may, without prejudice of the foregoing, protect and enforce his rights under the Pfandbriefe also in any other way which is permitted in the country in which the proceedings are initiated.

Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Pfandbriefe unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Pfandbriefen auch auf jede andere Weise schützen oder geltend machen, die im Land, in dem der Rechtsstreit eingeleitet wird, prozessual zulässig ist.

**§ 12  
SPRACHE**

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

**§ 12  
LANGUAGE**

These Terms and Conditions are written in the German language. An English language translation has been appended. The German text shall be prevailing and binding. The English language translation is provided for convenience only.

Diese Emissionsbedingungen gelten im Hinblick auf die Serie [**Seriennummer einfügen**] [, Tranche [**Tranche einfügen**]] von Schuldverschreibungen (die "**Schuldverschreibungen**").

The Terms and Conditions apply to the series [**insert series number**] [, tranche [**insert number of tranche**]] of notes (the "**Notes**").

**Option IV: Emissionsbedingungen für  
Festverzinsliche Schuldverschreibungen**

**Option IV: Terms and Conditions of the Fixed  
Rate Notes**

**GERMAN LANGUAGE VERSION  
(DEUTSCHE FASSUNG)**

**ENGLISH LANGUAGE VERSION**

**§ 1  
WÄHRUNG, FESTGELEGTE STÜCKELUNG,  
FORM, DEFINITIONEN**

**§ 1  
CURRENCY, SPECIFIED DENOMINATION,  
FORM,  
CERTAIN DEFINITIONS**

(1) *Währung. Festgelegte Stückelung.* Diese [Serie] [Tranche] von Schuldverschreibungen (die "**Schuldverschreibungen**") der ING-DiBa AG (die "**Emittentin**") wird in [Währung] (die "**Festgelegte Währung**") im Gesamtnennbetrag von [Gesamtnennbetrag] (in Worten: [**Gesamtnennbetrag in Worten**]) in Festgelegten Stückelungen von [Währung] [Stückelung] (die "**Festgelegte Stückelung**") begeben.

(1) *Currency. Specified Denomination.* This [Series] [Tranche] of Notes (the "**Notes**") of ING-DiBa AG (the "**Issuer**") is being issued in [Currency] (the "**Specified Currency**") in the aggregate principal amount of [**aggregate principal amount**] (in words: [**aggregate principal amount in words**]) in Specified Denomination of [Currency] [**Denomination**] (the "**Specified Denomination**").

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.

(2) *Form.* The Notes are being issued in bearer form.

(3) *Vorläufige Globalurkunde – Austausch*

(3) *Temporary Global Note – Exchange*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird gegen Schuldverschreibungen in den Festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die Vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin sowie des von der Bundesanstalt für Finanzdienstleistungsaufsicht bestellten staatlichen Treuhänders. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually or in facsimile by two authorised signatories of the Issuer and the public fiduciary appointed by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). Definitive notes and coupons will not be issued.

(b) Die Vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**"), der nicht weniger als 40 Tage nach dem Tag der Ausgabe der Vorläufigen Globalurkunde liegen darf, gegen die Dauerglobalurkunde ausgetauscht. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die Vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine Vorläufige

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be

Globalurkunde verbriefte Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der Vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese Vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.

(4) *Clearing System.* Jede Vorläufige Globalurkunde (falls diese nicht ausgetauscht wird) und/oder jede Dauerglobalurkunde wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "**Clearing System**" bedeutet [**Bei mehr als einem Clearing System:** jeweils] Folgendes: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("**CBF**") [Clearstream Banking, société anonyme, Luxemburg, 42 Avenue JF Kennedy, L-1855 Luxemburg ("**CBL**") und Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brüssel ("**Euroclear**") [(CBL und Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**")]] oder jeder Funktionsnachfolger.

(5) *Gläubiger von Schuldverschreibungen.* "**Gläubiger**" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

## § 2 STATUS

Die Schuldverschreibungen begründen nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

## § 3 ZINSEN

(1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden bezogen auf ihre festgelegte Stückelung verzinst, und zwar vom [**Verzinsungsbeginn**] (der "**Verzinsungsbeginn**") (einschließlich) bis zum Fälligkeitstag (wie in § 5 (1) definiert) (ausschließlich) mit jährlich [**Zinssatz**] %.

required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).

(4) *Clearing System.* Each Temporary Global Note (if it will not be exchanged) and/or Permanent Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means [**In the event of more than one Clearing System, insert:** each of] the following: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("**CBF**") [Clearstream Banking, société anonyme, Luxemburg, 42 Avenue JF Kennedy, L-1855 Luxemburg ("**CBL**") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels ("**Euroclear**") [(CBL and Euroclear each an "**ICSD**" and together the "**ICSDs**")]] or any successor in respect of the functions performed by [**If more than one Clearing System insert:** each of the Clearing Systems] [**If one Clearing System insert:** the Clearing System].

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

## § 2 STATUS

The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer unless such other obligations take priority by mandatory provisions of law.

## § 3 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their Specified Denomination at the rate of [**Rate of Interest**] per cent. *per annum* from (and including) [**Interest Commencement Date**] (the "**Interest Commencement Date**") to (but excluding) the Maturity Date (as defined in § 5 (1)).

Die Zinsen sind nachträglich am **[Festzinstern(e)]** eines jeden Jahres, vorbehaltlich einer Verschiebung gemäß § 4 (5), zahlbar (jeweils ein **"Zinszahlungstag"**). Die erste Zinszahlung erfolgt am **[erster Zinszahlungstag]** vorbehaltlich einer Verschiebung gemäß § 4 (5)

**[Sofern der erste Zinszahlungstag nicht der erste Jahrestag des Verzinsungsbeginns ist einfügen:** und beläuft sich auf **[anfänglicher Bruchteilszinsbetrag pro Festgelegte Stückelung]** je Schuldverschreibung in einer Festgelegten Stückelung von **[Festgelegte Stückelung]**].

**[Sofern der Fälligkeitstag kein Festzinstern ist einfügen:** Die Zinsen für den Zeitraum vom **[letzter dem Fälligkeitstag vorausgehenden Festzinstern]** (einschließlich) bis zum Fälligkeitstag (ausschließlich) belaufen sich auf **[abschließender Bruchteilszinsbetrag pro Festgelegte Stückelung]**].

Die Anzahl der Zinszahlungstage im Kalenderjahr (jeweils ein **"Feststellungstermin"**) beträgt **[Anzahl der regulären Zinszahlungstage im Kalenderjahr]**.

(2) *Zinslauf.* Der Zinslauf der Schuldverschreibungen endet an dem Tag, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, endet die Verzinsung der ausstehenden Schuldverschreibungen nicht am Tag der Fälligkeit, sondern erst an dem Tag, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht. Der maßgebliche Zinssatz ist der gesetzlich festgelegte Satz für Verzugszinsen<sup>4</sup>.

(3) *Unterjährige Berechnung der Zinsen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).

(4) *Zinstagequotient.* **"Zinstagequotient"** bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf eine Schuldverschreibung für einen beliebigen Zeitraum (der **"Zinsberechnungszeitraum"**):

(i) wenn der Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) kürzer ist als die Feststellungsperiode, in die das Ende des

Interest shall be payable in arrears on **[Fixed Interest Date or Dates]** in each year (each such date, an **"Interest Payment Date"**), subject to postponement in accordance with § 4 (5). The first payment of interest shall, subject to postponement in accordance with § 4 (5), be made on **[First Interest Payment Date]**

**[If the First Interest Payment Date is not first anniversary of Interest Commencement Date, insert:** and will amount to **[Initial Broken Amount per Specified Denomination]** per Note in a Specified Denomination of **[Specified Denomination]**].

**[If the Maturity Date is not a Fixed Interest Date, insert:** Interest in respect of the period from **[Fixed Interest Date preceding the Maturity Date]** (inclusive) to the Maturity Date (exclusive) will amount to **[Final Broken Amount per Specified Denomination]**].

The number of Interest Payment Dates per calendar year (each a **"Determination Date"**) is **[number of regular Interest Payment Dates per calendar year]**.

(2) *Accrual of Interest.* The Notes shall cease to bear interest from the date preceding their due date for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding Notes beyond the due date until the date preceding the date of actual redemption of the Notes. The applicable Rate of Interest will be the default rate of interest established by law<sup>4</sup>.

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

(4) *Day Count Fraction.* **"Day Count Fraction"** means, in respect of the calculation of an amount of interest on any Note for any period of time (the **"Calculation Period"**):

(i) if the Calculation Period (from, and including, the first day of such period, but excluding, the last) is equal to or shorter than the Determination Period during which the Calculation Period ends,

<sup>4</sup> The default rate of interest established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, §§ 288 paragraph 1, 247 paragraph 1 German Civil Code (BGB).

*Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Abs. 1, 247 Abs. 1 BGB.*

Zinsberechnungszeitraumes fällt oder ihr entspricht, die Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr; oder

- (ii) wenn der Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) länger ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraumes fällt, die Summe (A) der Anzahl der Tage in den Zinsberechnungszeitraum, die in die Feststellungsperiode fallen, in welcher der Zinsberechnungszeitraum beginnt, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr und (B) der Anzahl der Tage in dem Zinsberechnungszeitraum, die in die nächste Feststellungsperiode fallen, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr.

"**Feststellungsperiode**" ist die Periode ab einem Feststellungstermin (einschließlich desselben) bis zum nächsten Feststellungstermin (ausschließlich desselben).

#### § 4 ZAHLUNGEN

(1) (a) *Zahlungen von Kapital.* Zahlungen von Kapital auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Schuldverschreibungen zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.

(b) *Zahlungen von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer

the number of days in such Calculation Period (from, and including, the first day of such period, but excluding, the last) divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year; or

- (ii) if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of: (A) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) and (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year.

"**Determination Period**" means the period from, and including, a Determination Date to, but excluding, the next Determination Date.

#### § 4 PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Notes at the time of payment at the specified office of the Fiscal Agent outside the United States.

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System.

Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System, upon due certification as provided in § 1 (3) (b).

Bescheinigung gemäß § 1 (3) (b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

(3) *Vereinigte Staaten.* Für die Zwecke des § 1 (3) und des Absatzes (1) dieses § 4 bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nachfolgenden Zahltag.

Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund einer solchen Verschiebung eines Zahltages zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) **[Falls die festgelegte Währung Euro ist einfügen:** das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET)]**[Falls die festgelegte Währung nicht Euro ist einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevanten Finanzzentren]** Zahlungen abwickeln.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

## § 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.*

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.

(3) *United States.* For purposes of § 1 (3) and paragraph (1) of this § 4, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next day which is a Payment Business Day.

The Holder shall not be entitled to further interest or other payment in respect of such a postponement of a Payment Business Day.

For these purposes, "**Payment Business Day**" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) **[If the Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET)]**[If the Specified Currency is not Euro, insert:** commercial banks and foreign exchange markets in **[all relevant financial centres]** settle payments.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the Amtsgericht in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

## § 5 REDEMPTION

(1) *Redemption at Maturity.*

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be

die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am **[Fälligkeitstag]** (der "**Fälligkeitstag**") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jede Schuldverschreibung entspricht der Festgelegten Stückelung.

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.*

Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber der Emissionsstelle und gemäß § 12 gegenüber den Gläubigern vorzeitig gekündigt und zu ihrem vorzeitigen Rückzahlungsbetrag (wie nachstehend definiert) **[Falls aufgelaufene Zinsen separat gezahlt werden, einfügen:** zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen] zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die letzte Tranche dieser Serie von Schuldverschreibungen begeben wird, wirksam) am nächstfolgenden Zinszahlungstag (wie in § 3 (1) definiert) zur Zahlung von zusätzlichen Beträgen (wie in § 7 dieser Bedingungen definiert) verpflichtet sein wird.

Eine solche Kündigung hat gemäß § 12 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin und die das Rückzahlungsrecht der Emittentin begründenden Umstände nennen.

(3) *Vorzeitiger Rückzahlungsbetrag.*

Für die Zwecke von Absatz 2 dieses § 5 und § 9, entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Rückzahlungsbetrag.

## § 6 DIE EMISSIONSSTELLE UND DIE ZAHLSTELLEN

(1) *Bestellung. Bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissionsstelle und die Zahlstelle[n] und deren anfänglich bezeichnete[n] Geschäftsstelle[n] lauten wie folgt:

redeemed at their Final Redemption Amount on **[Maturity Date]** (the "**Maturity Date**"). The Final Redemption Amount in respect of each Note shall be its Specified Denomination.

(2) *Early Redemption for Reasons of Taxation.*

If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this Series of Notes was issued, the Issuer is required to pay Additional Amounts (as defined in § 7 herein) on the next succeeding Interest Payment Date (as defined in § 3 (1), the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Fiscal Agent and, in accordance with § 12, to the Holders, at their Early Redemption Amount (as defined below) **[If accrued interest shall be paid separately, insert:** together with interest, if any, accrued to the date fixed for redemption].

Any such notice shall be given in accordance with § 12. It shall be irrevocable, must specify the date fixed for redemption and must set forth the facts constituting the basis for the right of the Issuer so to redeem.

(3) *Early Redemption Amount.*

For purposes of paragraph (2) of this § 5 and § 9, the Early Redemption Amount of a Note shall be its Final Redemption Amount.

## § 6 FISCAL AGENT AND PAYING AGENTS

(1) *Appointment. Specified Offices.* The initial Fiscal Agent and Paying Agent[s] and [its] [their] respective initial specified offices are:

**Emissionsstelle:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

[Im Fall einer anderen Emissionsstelle einfügen:  
[Name der anderen Emissionsstelle] [bezeichnete  
Geschäftsstelle der anderen Emissionsstelle]]

**Zahlstelle[n]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

[Im Fall einer/von anderen Zahlstelle[n] einfügen:  
[Name der anderen Zahlstelle[n]] [bezeichnete  
Geschäftsstelle[n] der anderen Zahlstelle[n]]]

Die Emissionsstelle und die Zahlstelle[n] behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder einer Zahlstelle zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen zu bestellen. Die Emittentin wird jederzeit (i) eine Emissionsstelle unterhalten und (ii) solange die Schuldverschreibungen an der [Name der Börse] notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in [Sitz der Börse] und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen.

[im Fall von Zahlungen in U.S. Dollar: und (iii) falls Zahlungen bei den oder durch die Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich der vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in U.S. Dollar widerrechtlich oder tatsächlich ausgeschlossen werden, eine Zahlstelle mit bezeichneter Geschäftsstelle in New York City unterhalten.]

(3) *Beauftragte der Emittentin.* Die Emissionsstelle und die Zahlstelle[n] handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

**§ 7  
STEUERN**

Sämtliche auf die Schuldverschreibungen zu

**Fiscal Agent:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

[In the case of another Fiscal Agent, insert: [name of the other Fiscal Agent] [specified office of the other Fiscal Agent]]

**Paying Agent[s]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

[In the case of [an]other Paying Agent[s], insert: [name of the other Paying Agent[s]] [specified office[s] of the other Paying Agent[s]]]

The Fiscal Agent and the Paying Agent[s] reserve the right at any time to change their respective specified offices to some other specified office.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and to appoint another Fiscal Agent or additional or other Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the [name of Stock Exchange], a Paying Agent (which may be the Fiscal Agent) with a specified office in [location of Stock Exchange] and/or in such other place as may be required by the rules of such stock exchange.

[in the case of payments in U.S. dollars: and (iii) if payments at or through the offices of all Paying Agents outside the United States (as defined in § 4 (3) hereof) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollars, a Paying Agent with a specified office in New York City.]

(3) *Agents of the Issuer.* The Fiscal Agent and the Paying Agent[s] act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

**§ 7  
TAXATION**

All amounts payable in respect of the Notes shall be

zahlenden Beträge sind an der Quelle ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder von oder in den Vereinigten Staaten von Amerika oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde derselben auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich oder auf der Grundlage eines Vertrages zwischen der Emittentin oder eines Staates und den Vereinigten Staaten von Amerika oder einer Behörde der Vereinigten Staaten von Amerika vorgeschrieben. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlichen Beträge besteht jedoch nicht für solche Steuern und Abgaben,:

- (a) die in Bezug auf die deutsche Kapitalertragsteuer (einschließlich der sog. Abgeltungsteuer), einschließlich Kirchensteuer (soweit anwendbar) und Solidaritätszuschlag, die nach den deutschen Steuergesetzen abgezogen oder einbehalten werden, auch wenn der Abzug oder Einbehalt durch die Emittentin, ihren Stellvertreter oder die auszahlende Stelle vorzunehmen ist oder jede andere Steuer, welche die oben genannten Steuern ersetzen sollte; oder
- (b) die wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
- (c) die (x) aufgrund oder infolge (i) eines internationalen Vertrages, dessen Partei die Bundesrepublik Deutschland ist, oder (ii) einer Verordnung oder Richtlinie aufgrund oder infolge eines solchen Vertrages auferlegt oder erhoben werden; oder
- (y) auf eine Zahlung erhoben werden, die an eine natürliche Person vorgenommen wird und aufgrund der Richtlinie 2003/48/EG des Europäischen Rates oder einer anderen Richtlinie (die "**Richtlinie**") zur Umsetzung der Schlussfolgerungen des ECOFIN-Ratstreffens vom 26. und 27. November 2000 über die Besteuerung von Einkommen aus Geldanlagen

made at source without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany or the United States of America or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law or pursuant to any agreement between the issuer or a country and the United States of America or any authority thereof. In such event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction except that no such Additional Amounts shall be payable on account of any taxes or duties:

- (a) which German *Kapitalertragsteuer* (including, *Abgeltungsteuer*), as well as including church tax (if any) and the German Solidarity Surcharge (*Solidaritätszuschlag*) to be deducted or withheld pursuant to German Income Tax Law, even if the deduction or withholding has to be made by the Issuer or its representative, or any other tax which may substitute the afore-mentioned taxes, as the case may be; or
- (b) which are payable by reason of the Holder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or
- (c) which (x) are payable pursuant to, or as a consequence of (i) an international agreement, to which the Federal Republic of Germany is a party, or (ii) a directive or regulation passed pursuant to, or in the consequence of, such Agreement, or
- (y) are payable on a payment to an individual and which are required to be levied pursuant to European Council Directive 2003/48/EC or any other directive (the "**Directive**") implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced

oder aufgrund einer Rechtsnorm erhoben werden, die der Umsetzung dieser Richtlinie dient, dieser entspricht oder zur Anpassung an die Richtlinie eingeführt wird; oder

- (d) die wegen einer Rechtänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, falls dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 12 wirksam wird; oder
- (e) die von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können; oder
- (f) wenn hinsichtlich der Schuldverschreibungen derartige Steuern oder Abgaben auf andere Weise als durch Abzug oder Einbehalt von Kapital und/oder Zinsen erhoben werden; oder
- (g) in Bezug auf Zahlungen durch die Emittentin, die Zahlstelle(n) oder eine andere Person im Hinblick auf die Schuldverschreibungen, die gemäß den Abschnitten 1471 bis 1474 des United States Internal Revenue Code of 1986, in der jeweils gültigen Fassung ("FATCA"), aufgrund eines Vertrages, eines Gesetzes, einer Verordnung oder einer anderen offiziellen Richtlinie oder Verwaltungspraxis, die FATCA durch die Bundesrepublik Deutschland oder eine andere Jurisdiktion umsetzt, oder einem Vertrag zwischen der Emittentin und den Vereinigten Staaten oder einer Behörde, die FATCA umsetzt, abgezogen oder einbehalten werden müssen.

### § 8

#### VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 Bürgerliches Gesetzbuch bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre abgekürzt.

### § 9

#### KÜNDIGUNG

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, seine Schuldverschreibungen zu kündigen und deren sofortige Rückzahlung zu ihrem vorzeitigen Rückzahlungsbetrag (wie in § 5 beschrieben), zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

- (a) die Emittentin Kapital oder Zinsen nicht innerhalb von [30] Tagen nach dem betreffenden Fälligkeitstag zahlt; oder

in order to conform to, such Directive, or

- (d) which are payable by reason of a change of law that becomes effective more than 30 days after the relevant payment becomes due or is duly provided for and notice thereof is published in accordance with § 12, whichever occurs later, or
- (e) which are deducted or withheld by a Paying Agent if another Paying Agent would have been able to make the relevant payment without such deduction or withholding; or
- (f) if with respect to the Notes, such taxes or duties are levied other than by deduction or withholding of principal and/or interest; or
- (g) with respect to any payment made by the Issuer, the Paying Agent(s) or any person other in respect of any Notes, which are required to be deducted or withheld pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA"), any treaty, law, regulation or other official guidance enacted by the Federal Republic of Germany or any other jurisdiction implementing FATCA, or any agreement between the Issuer, and the United States or any authority thereof implementing FATCA.

### § 8

#### PRESENTATION PERIOD

The presentation period provided in § 801 paragraph 1, sentence 1 German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes.

### § 9

#### EVENTS OF DEFAULT

(1) *Events of Default.* Each Holder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Early Redemption Amount (as described in § 5), together with accrued interest (if any) to the date of repayment, in the event that:

- (a) the Issuer fails to pay principal or interest within [30] days from the relevant due date, or

- |   |   |
|---|---|
| <p>(b) die Emittentin die ordnungsgemäße Erfüllung irgendeiner anderen Verpflichtung aus den Schuldverschreibungen unterlässt und diese Unterlassung nicht geheilt werden kann oder, falls sie geheilt werden kann, länger als [60] Tage fort dauert, nachdem die Emissionsstelle hierüber eine Benachrichtigung von einem Gläubiger erhalten hat; oder</p> <p>(c) die Emittentin ihre Zahlungsunfähigkeit bekanntgibt oder ihre Zahlungen einstellt; oder</p> <p>(d) ein Gericht ein Insolvenzverfahren gegen die Emittentin eröffnet, oder die Emittentin oder eine Aufsichts- oder sonstige Behörde, deren Zuständigkeit die Emittentin unterliegt, ein solches Verfahren einleitet oder beantragt; oder</p> <p>(e) die Emittentin aufgelöst oder liquidiert wird, es sei denn dass die Auflösung oder Liquidation im Zusammenhang mit einer Verschmelzung oder einem sonstigen Zusammenschluss mit einem anderen Rechtsgebilde erfolgt, sofern dieses andere Rechtsgebilde alle Verbindlichkeiten der Emittentin aus den Schuldverschreibungen übernimmt; oder</p> <p>(f) die Emittentin ihren Geschäftsbetrieb einstellt oder damit droht; oder</p> <p>(g) in der Bundesrepublik Deutschland irgendein Gesetz, eine Verordnung oder behördliche Anordnung erlassen wird oder ergeht, aufgrund derer die Emittentin daran gehindert wird, die von ihr gemäß diesen Emissionsbedingungen übernommenen Verpflichtungen in vollem Umfang zu beachten und zu erfüllen und diese Lage nicht binnen 90 Tagen behoben ist.</p> | <p>(b) the Issuer fails duly to perform any other obligation arising from the Notes which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than [60] days after the Fiscal Agent has received notice thereof from a Holder, or</p> <p>(c) the Issuer announces its inability to meet its financial obligations or ceases its payments, or</p> <p>(d) a court opens insolvency proceedings against the Issuer or the Issuer or a supervisory or other authority which has jurisdiction over the Issuer institutes or applies for such proceedings, or</p> <p>(e) the Issuer is dissolved or liquidated, unless such dissolution or liquidation is made in connection with a merger, consolidation or other combination with any other entity, provided that such other entity assumes all obligations of the Issuer arising under the Notes; or</p> <p>(f) the Issuer ceases or threatens to cease to carry on its business, or</p> <p>(g) any governmental order, decree or enactment shall be made in or by the Federal Republic of Germany whereby the Issuer is prevented from observing and performing in full its obligations as set forth in these Terms and Conditions and this situation is not cured within 90 days.</p> |
|---|---|

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(2) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß vorstehendem Absatz (1) ist schriftlich in deutscher oder englischer Sprache gegenüber der Emissionsstelle zu erklären und persönlich oder per Einschreiben an deren bezeichnete Geschäftsstelle zu übermitteln. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Gläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der Depotbank (wie in § [13][14] Absatz (4) definiert) oder auf andere geeignete Weise erbracht werden.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Notice.* Any notice, including any notice declaring Notes due in accordance with subparagraph (1), shall be made by means of a written declaration in the German or English language delivered by hand or registered mail to the specified office of the Fiscal Agent together with proof that such Holder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian (as defined in § [13][14] paragraph (4)) or in other appropriate manner.

**§ 10  
ERSETZUNG**

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger an ihrer Stelle eine andere Gesellschaft (deren stimmberechtigtes Kapital mehrheitlich unmittelbar oder mittelbar von der Emittentin gehalten wird, vorausgesetzt, dass es der Emittentin nach ihrer wohlbegründeten Einschätzung gestattet ist, (i) eine solche Gesellschaft zu errichten und fortzuführen und (ii) dass sie mit der Erteilung der hierfür nach ihrer wohlbegründeten Einschätzung erforderlichen Genehmigungen rechnen kann; andernfalls kann diese Gesellschaft eine nicht mit der Emittentin verbundene Gesellschaft sein) als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit dieser Emission einzusetzen, vorausgesetzt, dass:

- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (b) die Emittentin und die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erhalten haben und berechtigt sind, an die Emissionsstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge, in der hierin festgelegten Währung zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;
- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden;
- (d) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert, die sicherstellen, dass jeder Gläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne eine Ersetzung stehen würde; und
- (e) der Emissionsstelle ein oder mehrere Rechtsgutachten von anerkannten Rechtsanwälten vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d) erfüllt wurden.

**§ 10  
SUBSTITUTION**

(1) *Substitution.* The Issuer may, without the consent of the Holders, if no payment of principal of or interest on any of the Notes is in default, at any time substitute for the Issuer any company (in which the Issuer holds, directly, or indirectly, the majority of the voting capital provided that, in its reasonable judgement, the Issuer (i) may establish and continue to operate such a company and (ii) can expect to receive all necessary approvals to such end; otherwise such company may be a company which is unrelated to the Issuer) as principal debtor in respect of all obligations arising from or in connection with this issue (the "**Substitute Debtor**") provided that:

- (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (b) the Issuer and the Substitute Debtor have obtained all necessary authorisations and may transfer to the Fiscal Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;
- (c) the Substitute Debtor has agreed to indemnify and hold harmless each Holder against any tax, duty, assessment or governmental charge imposed on such Holder in respect of such substitution;
- (d) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes on terms which ensure that each Holder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place; and
- (e) there shall have been delivered to the Fiscal Agent an opinion or opinions of lawyers of recognised standing to the effect that subparagraphs (a), (b), (c) and (d) above have been satisfied.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 12 bekannt zu machen.

(3) *Änderung von Bezugnahmen.* Im Falle einer Ersetzung gilt jede Bezugnahme in diesen Emissionsbedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des Weiteren gilt im Falle einer Ersetzung folgendes:

- (a) in § 7 und § 5 (2) gilt eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat;
- (b) in § 9 (1) (c) bis (g) gilt eine alternative Bezugnahme auf die Emittentin in ihrer Eigenschaft als Garantin als aufgenommen (zusätzlich zu der Bezugnahme auf die Nachfolgeschuldnerin).

#### **§ 11 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG**

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns, des ersten Zinszahlungstags und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu marktgerechten Preisen zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses öffentliche Angebot allen Gläubigern dieser Schuldverschreibungen gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

(2) *Notice.* Notice of any such substitution shall be published in accordance with § 12.

(3) *Change of References.* In the event of any such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply:

- (a) in § 7 and § 5 (2) an alternative reference to the Federal Republic of Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor;
- (b) in § 9 (1) (c) to (g) an alternative reference to the Issuer in its capacity as Guarantor shall be deemed to have been included in addition to the reference to the Substitute Debtor.

#### **§ 11 FURTHER ISSUES, PURCHASES AND CANCELLATION**

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, interest commencement date, first interest payment date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at prices in line with the market. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 12  
MITTEILUNGEN

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse nicht möglich ist einfügen:**

[(1)] *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger [sowie in einer führenden Tageszeitung mit allgemeiner Verbreitung in [Deutschland] [Luxemburg] **[anderen Ort einfügen]**], voraussichtlich [die *Börsen-Zeitung*] [das *Luxemburger Wort*] **[andere Zeitung mit allgemeiner Verbreitung einfügen]**] zu veröffentlichen [und erfolgen durch elektronische Publikation auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse möglich ist einfügen:**

[(1)] *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger in deutscher oder englischer Sprache zu veröffentlichen und erfolgen durch elektronische Publikation auf der Website der **[betreffende Börse einfügen]** (www. **[Internetadresse einfügen]**) [und auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

**[Im Fall von Schuldverschreibungen, die an einer Börse notiert sind und falls die Regularien dieser Börse es zulassen einfügen: (2) Mitteilung an das Clearing System.**

Die Emittentin ist berechtigt, eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger zu ersetzen, vorausgesetzt, dass die Regeln der Börse, an der die Schuldverschreibungen notiert sind, diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.]

§ 12  
NOTICES

**[If notices may not be given by means of electronic publication on the website of the relevant stock exchange, insert:**

[(1)] *Publication.* All notices concerning the Notes shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) [and in a leading daily newspaper having general circulation in [Germany] [Luxembourg] **[specify other location]**] [and will be made by means of electronic publication on the internet website of the Issuer (www.ing-diba.de)]. [These newspapers are expected to be the [*Börsen-Zeitung*] [*Luxemburger Wort*] **[insert other applicable newspaper having general circulation]**]]. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).]

**[If notices may be given by means of electronic publication on the website of the relevant stock exchange insert:**

[(1)] *Publication.* All notices concerning the Notes shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) and will be made by means of electronic publication on the internet website of the **[insert relevant stock exchange]** (www.**[insert internet address]**) [and on the internet website of the Issuer (www.ing-diba.de)]. Any notice so given will be deemed to have been validly given on the day of such publication (or, if published more than once, on the first day of such publication).]

**[In the case of Notes which are listed on a Stock Exchange and in which case the rules of such stock exchange allow for this way of publication, insert: (2) Notification to Clearing System.**

The Issuer may, in lieu of publication set forth in paragraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Holders, provided that the rules of the stock exchange on which Notes are listed permit such form of notice. Any such notice shall be deemed to have been given to the Holders on the fifth day after the day on which said notice was given to the Clearing System.]

[Soweit Beschlüsse der Gläubiger nach dem Schuldverschreibungsgesetz anwendbar sein sollen:

**§ 13  
BESCHLÜSSE DER GLÄUBIGER**

(1) *Beschlussgegenstände.* Die Gläubiger können gemäß dem Gesetz über Schuldverschreibungen aus Gesamtemissionen (das "**Schuldverschreibungsgesetz**") durch Mehrheitsbeschluss die Anleihebedingungen ändern, einen gemeinsamen Vertreter aller Gläubiger bestellen und über alle anderen gesetzlich zugelassenen Beschlussgegenstände beschließen [falls über bestimmte Maßnahmen nicht durch Mehrheitsbeschluss entschieden werden soll:, wobei folgende Maßnahmen von einer Beschlussfassung ausgenommen sind: [maßgebliche Maßnahmen].]

(2) *Mehrheitserfordernisse für Änderungen der Anleihebedingungen.* Die Gläubiger der Schuldverschreibungen entscheiden mit einer Mehrheit von [75] [●] Prozent (Qualifizierte Mehrheit) der an der Abstimmung teilnehmenden Stimmrechte über wesentliche Änderungen der Anleihebedingungen, insbesondere die in § 5 (3) Schuldverschreibungsgesetz aufgeführten Maßnahmen. Beschlüsse, durch die der wesentliche Inhalt der Bedingungen nicht geändert wird, bedürfen zu ihrer Wirksamkeit einer einfachen Mehrheit von mindestens [50] [●] Prozent der an der Abstimmung teilnehmenden Stimmrechte. Jeder Gläubiger nimmt an Abstimmungen nach Maßgabe des Nennwerts oder des rechnerischen Anteils seiner Berechtigung an den ausstehenden Schuldverschreibungen teil.

[Soweit für einzelne Maßnahmen eine höhere Mehrheit gilt: Beschlüsse über folgende Maßnahmen bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens [●] Prozent der teilnehmenden Stimmrechte: [maßgebliche Maßnahmen].]

(3) *Beschlussfassung.* Beschlüsse der Gläubiger werden im Wege einer Abstimmung ohne Versammlung nach § 18 Schuldverschreibungsgesetz getroffen.

(4) *Nachweise.* Gläubiger haben die Berechtigung zur Teilnahme an der Abstimmung zum Zeitpunkt der Stimmabgabe durch besonderen Nachweis der Depotbank gemäß § 14 (4) dieser Anleihebedingungen und die Vorlage eines Sperrvermerks der Depotbank für den Abstimmungszeitraum nachzuweisen.

[Falls kein Gläubigervertreter in den Anleihebedingungen bestellt wird und die Gläubiger einen gemeinsamen Vertreter durch Mehrheitsbeschluss bestellen können:

(5) *Gemeinsamer Vertreter.* [Die Gläubiger können durch Mehrheitsbeschluss zur Wahrnehmung ihrer

[In case Resolutions of Holders pursuant to the Bond Act shall be applicable:

**§ 13  
RESOLUTIONS OF HOLDERS**

(1) *Matters subject to resolutions.* The Holders may agree in accordance with the *German Bond Act (Gesetz über Schuldverschreibungen aus Gesamtemissionen)* (the "**Bond Act**") by majority resolution to amend the Terms and Conditions, to appoint a joint representative of all Holders and on all other matters permitted by law [In case certain matters shall not be subject to resolutions of Holders:, provided that the following matters shall not be subject to resolutions of Holders: [relevant matters]].

(2) *Majority requirements for amendments to the Terms and Conditions.* Resolutions relating to material amendments to the Terms and Conditions, in particular consents to the measures set out in § 5 (3) of the Bond Act, shall be passed by a majority of not less than [75] [●] per cent. of the votes cast (Qualified Majority). Resolutions relating to amendments to the Terms and Conditions which are not material, require a simple majority of not less than [50] [●] per cent. of the votes cast. Each Holder participating in any vote shall cast votes in accordance with the nominal amount or the notional share of its entitlement to the outstanding Notes.

[In case certain matters require a higher majority: Resolutions on the following matters shall require the majority of not less than [●] per cent. of the votes cast: [relevant matters].]

(3) *Passing of resolutions.* Holders shall pass resolutions by vote taken without a physical meeting (*Abstimmung ohne Versammlung*) in accordance with § 18 of the Bond Act.

(4) *Proof of eligibility.* Holders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of the Custodian in accordance with § 14 (4) of these Terms and Conditions and by submission of a blocking instruction by the Custodian for the voting period.

[In case no Holders' Joint Representative is specified in the Terms and Conditions but the Holders may appoint a Holders' Joint Representative by resolution:

(5) *Holders' Joint Representative.* [The Holders may by majority resolution provide for the appointment

Rechte einen gemeinsamen Vertreter der Gläubiger (der "**Gläubigervertreter**") für alle Gläubiger bestellen, die Aufgaben und Befugnisse des Gläubigervertreters festlegen, Rechte der Gläubiger auf den Gläubigervertreter übertragen und die Beschränkung der Haftung des Gläubigervertreters bestimmen. Die Bestellung eines Gläubigervertreters bedarf einer Qualifizierten Mehrheit (siehe vorstehenden Absatz 2), wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen zuzustimmen.]

**[Falls ein gemeinsamer Vertreter in den Bedingungen bestimmt wird:**

(5) *Gemeinsamer Vertreter.* Gemeinsamer Vertreter der Gläubiger (der "**Gläubigervertreter**") für alle Gläubiger zur Wahrnehmung ihrer Rechte ist: **[Gläubigervertreter]**. Der Gläubigervertreter kann von den Gläubigern jederzeit ohne Angabe von Gründen abberufen werden.

Der Gläubigervertreter ist befugt, nach seinem Ermessen zu dem von ihm bestimmten Maßnahmen [eine Gläubigerversammlung einzuberufen] [zu einer Abstimmung der Gläubiger ohne Versammlung aufzufordern] und die [Versammlung] [die Abstimmung] zu leiten. **[Gegebenenfalls weitere Aufgaben des Gläubigervertreters ]**

Der Gläubigervertreter hat die Weisungen der Gläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Gläubiger ermächtigt ist, sind die einzelnen Gläubiger zur selbständigen Geltendmachung dieser Rechte nicht befugt, es sei denn, die Gläubiger bestimmen durch Mehrheitsbeschluss etwas anderes. Über seine Tätigkeit hat der Gläubigervertreter den Gläubigern zu berichten.

Der Gläubigervertreter haftet den Gläubigern als Gesamtgläubiger für die ordnungsgemäße Erfüllung seiner Aufgaben; bei seiner Tätigkeit hat er die Sorgfalt eines ordentlichen und gewissenhaften Geschäftsleiters anzuwenden. Die Haftung des Gläubigervertreters ist auf das Zehnfache seiner jährlichen Vergütung beschränkt, es sei denn, dem gemeinsamen Vertreter fällt Vorsatz oder grobe Fahrlässigkeit zur Last. Die Haftung des Gläubigervertreters kann durch Beschluss der Gläubiger weiter beschränkt werden. Über die Geltendmachung von Ersatzansprüchen der Gläubiger gegen den Gläubigervertreter entscheiden die Gläubiger.]]

of a joint holders' joint representative (the "**Holders' Joint Representative**"), the duties and responsibilities and the powers of such Holders' Joint Representative, the transfer of the rights of the Holders to the Holders' Joint Representative and a limitation of liability of the Holders' Joint Representative. Appointment of a Holders' Joint Representative may only be passed by a Qualified Majority (see paragraph 2 above) if such Holders' Joint Representative is to be authorised to consent to a material change in the substance of the Terms and Conditions.]

**[In case the Holders' Joint Representative is appointed in the Terms and Conditions:**

(5) *Holders' Joint Representative.* The holders' joint representative (the "**Holders' Joint Representative**") to exercise the Holders' rights on behalf of each Holder shall be: **[Holders' Joint Representative]**. The Holders' Joint Representative may be removed from office at any time by the Holders without specifying any reason.

The Holders' Joint Representative shall be authorised, at its discretion, in respect of the matters determined by it [to convene a meeting of Holders] [to call for a vote of Holders without a meeting] and to preside the [meeting] [the taking of votes]. **[If relevant, further duties and powers of the Holders' Joint Representative]**

The Holders' Joint Representative shall comply with the instructions of the Holders. To the extent that the Holders' Joint Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided so by majority resolution. The Holders' Joint Representative shall provide reports to the Holders with respect to its activities.

The Holders' Joint Representative shall be liable for the proper performance of its duties towards the Holders who shall be joint and several creditors (*Gesamtgläubiger*); in the performance of its duties it shall act with the diligence and care of a prudent business manager. The liability of the Holders' Joint Representative shall be limited to ten times the amount of its annual remuneration, unless the Holders' Joint Representative has acted willfully or with gross negligence. The liability of the Holders' Joint Representative may be further limited by a resolution passed by the Holders. The Holders shall decide upon the assertion of claims for compensation of the Holders against the Holders' Joint Representative.]]

§ [13][14]  
ANWENDBARES RECHT, ERFÜLLUNGSORT,  
GERICHTSSTAND UND GERICHTLICHE  
GELTENDMACHUNG

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich nach deutschem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Zuständigkeit des vorgenannten Gerichts ist ausschließlich, soweit es sich um Rechtsstreitigkeiten handelt, die von Kaufleuten, juristischen Personen des öffentlichen Rechts, öffentlich-rechtlichen Sondervermögen und Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland angestrengt werden. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhandelter oder vernichteter Schuldverschreibungen.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; oder (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den

§ [13][14]  
APPLICABLE LAW, PLACE OF  
PERFORMANCE, PLACE OF JURISDICTION  
AND ENFORCEMENT

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Place of Performance.* Place of performance shall be Frankfurt am Main.

(3) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes. The afore-mentioned court shall have exclusive jurisdiction in case of Proceedings which are established by business people (*Kaufleute*), corporate bodies of public law (*juristische Personen des öffentlichen Rechts*), separate assets of public law (*öffentlich-rechtliche Sondervermögen*) and persons for which the place of jurisdiction is not the Federal Republic of Germany. The German courts shall have exclusive jurisdiction over lost or destroyed Notes.

(4) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, in his own name enforce his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depositary of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice of the foregoing, protect and enforce his rights under the Notes also in any other way which is permitted in the country in which the proceedings are initiated.

Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land, in dem der Rechtsstreit eingeleitet wird, prozessual zulässig ist.

**§ [14][15]  
SPRACHE**

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

**§ [14][15]  
LANGUAGE**

These Terms and Conditions are written in the German language. An English language translation has been appended. The German text shall be prevailing and binding. The English language translation is provided for convenience only.

**Option V: Emissionsbedingungen für Variabel  
Verzinsliche Schuldverschreibungen**

**GERMAN LANGUAGE VERSION  
(DEUTSCHE FASSUNG)**

**§ 1**

**WÄHRUNG, FESTGELEGTE STÜCKELUNG,  
FORM, DEFINITIONEN**

(1) *Währung. Festgelegte Stückelung.* Diese [Serie] [Tranche] von Schuldverschreibungen (die "**Schuldverschreibungen**") der ING-DiBa AG (die "**Emittentin**") wird in [Währung] (die "**Festgelegte Währung**") im Gesamtnennbetrag von [Gesamtnennbetrag] (in Worten: [Gesamtnennbetrag in Worten]) in Festgelegten Stückelungen von [Währung] [Stückelung] (die "**Festgelegte Stückelung**") begeben.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.

(3) *Vorläufige Globalurkunde – Austausch*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird gegen Schuldverschreibungen in den Festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die Vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin sowie des von der Bundesanstalt für Finanzdienstleistungsaufsicht bestellten staatlichen Treuhänders. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die Vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**"), der nicht weniger als 40 Tage nach dem Tag der Ausgabe der Vorläufigen Globalurkunde liegen darf, gegen die Dauerglobalurkunde ausgetauscht. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die Vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine Vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der Vorläufigen Globalurkunde

**Option V: Terms and Conditions of the Floating  
Rate Notes**

**ENGLISH LANGUAGE VERSION**

**§ 1**

**CURRENCY, SPECIFIED DENOMINATION,  
FORM,  
CERTAIN DEFINITIONS**

(1) *Currency. Specified Denomination.* This [Series] [Tranche] of Notes (the "**Notes**") of ING-DiBa AG (the "**Issuer**") is being issued in [Currency] (the "**Specified Currency**") in the aggregate principal amount of [aggregate principal amount] (in words: [aggregate principal amount in words]) in Specified Denomination of [Currency] [Denomination] (the "**Specified Denomination**").

(2) *Form.* The Notes are being issued in bearer form.

(3) *Temporary Global Note – Exchange*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually or in facsimile by two authorised signatories of the Issuer and the public fiduciary appointed by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). Definitive notes and coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange

eingeholt, wird als ein Ersuchen behandelt werden, diese Vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.

(4) *Clearing System.* Jede Vorläufige Globalurkunde (falls diese nicht ausgetauscht wird) und/oder jede Dauerglobalurkunde wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "Clearing System" bedeutet [Bei mehr als einem Clearing System: jeweils] Folgendes: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("CBF")] [Clearstream Banking, société anonyme, Luxemburg, 42 Avenue JF Kennedy, L-1855 Luxemburg ("CBL") und Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brüssel ("Euroclear")] [(CBL und Euroclear jeweils ein "ICSD" und zusammen die "ICSDs")] oder jeder Funktionsnachfolger.

(5) *Gläubiger von Schuldverschreibungen.* "Gläubiger" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

(6) In diesen Emissionsbedingungen bezeichnet "Geschäftstag" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) [Falls die festgelegte Währung Euro ist einfügen: das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET)][Falls die festgelegte Währung nicht Euro ist einfügen: Geschäftsbanken und Devisenmärkte in [sämtliche relevanten Finanzzentren]] Zahlungen abwickeln.

## § 2 STATUS

Die Schuldverschreibungen begründen nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

## § 3 ZINSEN

(1) *Zinszahlungstage.*

(a) Die Schuldverschreibungen werden bezogen auf ihre festgelegte Stückelung ab dem [Verzinsungsbeginn] (der "Verzinsungsbeginn")

for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).

(4) *Clearing System.* Each Temporary Global Note (if it will not be exchanged) and/or Permanent Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "Clearing System" means [In the event of more than one Clearing System, insert: each of] the following: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("CBF")] [Clearstream Banking, société anonyme, Luxembourg, 42 Avenue JF Kennedy, L-1855 Luxembourg ("CBL") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels ("Euroclear")] [(CBL and Euroclear each an "ICSD" and together the "ICSDs")] or any successor in respect of the functions performed by [If more than one Clearing System insert: each of the Clearing Systems] [If one Clearing System insert: the Clearing System].

(5) *Holder of Notes.* "Holder" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

(6) In these Terms and Conditions, "Business Day" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) [If the Specified Currency is Euro insert: the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET)][If the Specified Currency is not Euro, insert: commercial banks and foreign exchange markets in [all relevant financial centres]] settle payments.

## § 2 STATUS

The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer unless such other obligations take priority by mandatory provisions of law.

## § 3 INTEREST

(1) *Interest Payment Dates.*

(a) The Notes bear interest on their respective Specified Denomination from [Interest Commencement Date] (inclusive) (the "Interest

(einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und danach von jedem Zinszahlungstag (einschließlich) bis zum nächstfolgenden Zinszahlungstag (ausschließlich) verzinst. Zinsen auf die Schuldverschreibungen sind an jedem Zinszahlungstag zahlbar.

(b) "**Zinszahlungstag**" bedeutet, vorbehaltlich einer Verschiebung gemäß § 4 (5),

[**Im Fall von festgelegten Zinszahlungstagen ohne langer erster oder letzter Zinsperiode einfügen:** jeder [festgelegte Zinszahlungstage].]

[**Im Fall einer langen ersten Zinsperiode einfügen:** der [erster Zinszahlungstag] und danach [jeder][der] [festgelegte(r) Zinszahlungstag(e)].]

[**Im Fall einer langen letzten Zinsperiode einfügen:** jeder [festgelegte Zinszahlungstage], wobei die letzte, dem Fälligkeitstag vorausgehende Zinszahlung am [Zinszahlungstag, der dem Fälligkeitstag vorausgeht] erfolgt.]

(2) *Zinssatz.*

Der Zinssatz (der "**Zinssatz**") für jede Zinsperiode (wie nachstehend definiert) ist, sofern nachstehend nichts Abweichendes bestimmt wird, entweder:

(a) der [relevante Laufzeit]-[EURIBOR<sup>®</sup>]-[[[Währung-]LIBOR<sup>®</sup>]-] Angebotssatz (wenn nur ein Angebotssatz auf der Bildschirmseite (wie nachstehend definiert) angezeigt ist), oder

(b) das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein

[**Falls der Referenzsatz EURIBOR<sup>®</sup> ist, einfügen:** Tausendstel Prozent, wobei 0,0005]

[**Falls der Referenzsatz LIBOR<sup>®</sup> ist, einfügen:** Hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) der Angebotssätze,

(ausgedrückt als Prozentsatz *per annum*) für Einlagen in der festgelegten Währung für die jeweilige Zinsperiode, der bzw. die auf der Bildschirmseite am Zinsfestlegungstag (wie nachstehend definiert) gegen 11.00 Uhr ([Brüsseler] [Londoner] Ortszeit) angezeigt werden

[**im Fall einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge (wie nachstehend definiert)], wobei alle Festlegungen durch die Berechnungsstelle erfolgen].

"**Zinsperiode**" bezeichnet den Zeitraum von dem Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) bzw. von jedem Zinszahlungstag (einschließlich) bis zum jeweils

**Commencement Date**") to the first Interest Payment Date (exclusive) and thereafter from each Interest Payment Date (inclusive) to the next following Interest Payment Date (exclusive). Interest on the Notes shall be payable on each Interest Payment Date.

(b) "**Interest Payment Date**" means, subject to postponement in accordance with § 4 (5),

[**In the case of Specified Interest Payment Dates without a long first or last interest period, insert:** each [Specified Interest Payment Dates]].]

[**In the case of a long first interest period, insert:** [first Interest Payment Date] and thereafter [each][the] [Specified Interest Payment Date(s)].]

[**In the case of a long last interest period, insert:** each [Specified Interest Payment Dates], whereas the last payment of interest preceding the Maturity Date shall be made on [Interest Payment Date preceding the Maturity Date].]

(2) *Rate of Interest.*

The rate of interest (the "**Rate of Interest**") for each Interest Period (as defined below) will, except as provided below, be either:

(a) the [relevant term]-[EURIBOR<sup>®</sup>] [[[currency-]LIBOR<sup>®</sup>]] offered quotation (if there is only one quotation on the Screen Page (as defined below)); or

(b) the arithmetic mean (rounded if necessary to the nearest one

[**If the Reference Rate is EURIBOR<sup>®</sup>, insert:** thousandth of a percentage point, with 0.0005]

[**If the Reference Rate is LIBOR<sup>®</sup>, insert:** hundred-thousandth of a percentage point, with 0.000005] being rounded upwards) of the offered quotations,

(expressed as a percentage rate *per annum*) for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Screen Page as of 11.00 a.m. ([Brussels] [London] time) on the Interest Determination Date (as defined below)

[**in the case of Margin insert:** [plus] [minus] the Margin (as defined below)], all as determined by the Calculation Agent].

"**Interest Period**" means each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and from (and including) each Interest Payment Date to (but

darauf folgenden Zinszahlungstag (ausschließlich.)

"**Zinsfestlegungstag**" bezeichnet den [zweiten] [zutreffende andere Zahl von Tagen] [TARGET-] [Londoner] [zutreffende andere Bezugnahmen] Geschäftstag vor Beginn der jeweiligen Zinsperiode. [Im Fall eines TARGET-Geschäftstages einfügen: "**TARGET-Geschäftstag**" bezeichnet einen Tag, an dem das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET) betriebsbereit ist.] [Im Fall eines anderen Geschäftstages als ein TARGET-Geschäftstages einfügen: "[Londoner] [zutreffenden anderen Ort] Geschäftstag" bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken in [London] [zutreffenden anderen Ort] für Geschäfte (einschließlich Devisen- und Sortengeschäfte) geöffnet sind.]

[Im Fall einer Marge einfügen: Die "**Marge**" beträgt [Zahl] % *per annum*.]

"**Bildschirmseite**" bedeutet [zutreffende Bildschirmseite] oder jede Nachfolgeseite.

Wenn im vorstehenden Fall (b) auf der maßgeblichen Bildschirmseite fünf oder mehr Angebotssätze angezeigt werden, werden der höchste (falls mehr als ein solcher Höchstsatz angezeigt wird, nur einer dieser Sätze) und der niedrigste (falls mehr als ein solcher Niedrigstsatz angezeigt wird, nur einer dieser Sätze) von der Berechnungsstelle für die Bestimmung des arithmetischen Mittels der Angebotssätze (das wie vorstehend beschrieben auf- oder abgerundet wird) außer Acht gelassen; diese Regel gilt entsprechend für diesen gesamten Absatz (2).

Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen, oder wird im Fall von (a) kein Angebotssatz, oder werden im Fall von (b) weniger als drei Angebotssätze angezeigt (dort jeweils zur genannten Zeit), wird die Berechnungsstelle von der [Londoner] [zutreffender anderer Ort] Hauptniederlassung jeder der Referenzbanken (wie nachstehend definiert) [in der Euro-Zone] deren jeweilige Angebotssätze (jeweils als Prozentsatz *per annum* ausgedrückt) für Einlagen in der Festgelegten Währung für die betreffende Zinsperiode gegenüber führenden Banken im [Londoner] [zutreffender anderer Ort] Interbanken-Markt [in der Euro-Zone] um ca. 11.00 Uhr ([Londoner] [Brüsseler] Ortszeit) am Zinsfestlegungstag anfordern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Zinssatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein

excluding) the following Interest Payment Date.

"**Interest Determination Date**" means the [second] [other applicable number of days] [TARGET] [London] [other relevant reference] Business Day prior to the commencement of the relevant Interest Period. [In the case of a TARGET Business Day, insert: "**TARGET Business Day**" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET) is operating.] [In the case of a non-TARGET Business Day, insert: "[London] [other relevant location] Business Day" means a day which is a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency) in [London] [other relevant location].]

[In the case of Margin, insert: "**Margin**" means [rate] per cent. *per annum*.]

"**Screen Page**" means [relevant Screen Page] or any successor page thereto.

If, in the case of (b) above, five or more such offered quotations are available on the Screen Page, the highest (or, if there is more than one such highest rate, only one of such rates) and the lowest (or, if there is more than one such lowest rate, only one of such rates) shall be disregarded by the Calculation Agent for the purposes of determining the arithmetic mean (rounded as provided above) of such offered quotations and this rule shall apply throughout this paragraph (2).

If the Screen Page is not available or if, in the case of (a) above, no such quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at such time, the Calculation Agent shall request the principal [Euro-Zone] [London] [other relevant location] office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for deposits in the Specified Currency for the relevant Interest Period to leading banks in the [London] [other relevant location] interbank market [of the Euro-Zone] at approximately 11.00 a.m. ([Brussels] [London] time) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one

**[Falls der Referenzsatz EURIBOR<sup>®</sup> ist einfügen:**  
Tausendstel Prozent, wobei 0,0005]

**[Falls der Referenzsatz LIBOR<sup>®</sup> ist einfügen:**  
Hunderttausendstel Prozent, wobei 0,000005]  
aufgerundet wird) dieser Angebotssätze

**[Im Fall einer Marge einfügen:** [zuzüglich]  
[abzüglich] der Marge]

, wobei alle Festlegungen durch die  
Berechnungsstelle erfolgen.

Falls an einem Zinsfestlegungstag nur eine oder  
keine der Referenzbanken der Berechnungsstelle  
solche im vorstehenden Absatz beschriebenen  
Angebotssätze nennt, ist der Zinssatz für die  
betreffende Zinsperiode der Satz *per annum*, den  
die Berechnungsstelle als das arithmetische Mittel  
(falls erforderlich, auf- oder abgerundet auf das  
nächste ein

**[Falls der Referenzsatz EURIBOR<sup>®</sup> ist einfügen:**  
Tausendstel Prozent, wobei 0,0005]

**[falls der Referenzsatz LIBOR<sup>®</sup> ist einfügen:**  
Hunderttausendstel Prozent, wobei 0,000005]

aufgerundet wird) der Angebotssätze ermittelt, die  
die Referenzbanken bzw. zwei oder mehrere von  
ihnen der Berechnungsstelle auf deren Anfrage als  
den jeweiligen Satz nennen, zu dem ihnen um ca.  
11.00 Uhr ([Brüsseler] [Londoner] Ortszeit) an dem  
betreffenden Zinsfestlegungstag Einlagen in der  
Festgelegten Währung für die betreffende  
Zinsperiode von führenden Banken im [Londoner]  
[**zutreffender anderer Ort**] Interbanken-Markt [in  
der Euro-Zone] angeboten werden

**[Im Fall einer Marge einfügen:** [zuzüglich]  
[abzüglich] der Marge]

; falls weniger als zwei der Referenzbanken der  
Berechnungsstelle solche Angebotssätze nennen,  
dann ist der Zinssatz für die betreffende  
Zinsperiode der Angebotssatz für Einlagen in der  
Festgelegten Währung für die betreffende  
Zinsperiode oder das arithmetische Mittel (gerundet  
wie oben beschrieben) der Angebotssätze für  
Einlagen in der Festgelegten Währung für die  
betreffende Zinsperiode, den bzw. die eine oder  
mehrere Banken (die nach Ansicht der  
Berechnungsstelle und der Emittentin für diesen  
Zweck geeignet sind) der Berechnungsstelle als  
Sätze bekannt geben, die sie an dem betreffenden  
Zinsfestlegungstag gegenüber führenden Banken  
am [Londoner] [**zutreffender anderer Ort**]  
Interbanken-Markt [in der Euro-Zone] nennen  
(bzw. den diese Banken gegenüber der  
Berechnungsstelle nennen)

**[If the Reference Rate is EURIBOR<sup>®</sup>, insert:**  
thousandth of a percentage point, with 0.0005]

**[If the Reference Rate is LIBOR<sup>®</sup>, insert:** hundred-  
thousandth of a percentage point, with 0.000005]  
being rounded upwards) of such offered quotations

**[in the case of Margin, insert:** [plus] [minus] the  
Margin]

, all as determined by the Calculation Agent.

If on any Interest Determination Date only one or  
none of the Reference Banks provides the Calculation  
Agent with such offered quotations as provided in the  
preceding paragraph, the Rate of Interest for the  
relevant Interest Period shall be the rate *per annum*  
which the Calculation Agent determines as being the  
arithmetic mean (rounded if necessary to the nearest  
one

**[If the Reference Rate is EURIBOR<sup>®</sup>, insert:**  
thousandth of a percentage point, with 0.0005]

**[If the Reference Rate is LIBOR<sup>®</sup>, insert:** hundred-  
thousandth of a percentage point, with 0.000005]

being rounded upwards) of the rates, as  
communicated to (and at the request of) the  
Calculation Agent by the Reference Banks or any two  
or more of them, at which such banks were offered,  
as at 11.00 a.m. ([Brussels] [London] time) on the  
relevant Interest Determination Date, deposits in the  
Specified Currency for the relevant Interest Period by  
leading banks in the [London] [**other relevant  
location**] interbank market [of the Euro-Zone]

**[In the case of Margin, insert:** [plus] [minus] the  
Margin]

or, if fewer than two of the Reference Banks provide  
the Calculation Agent with such offered rates, the  
offered rate for deposits in the Specified Currency for  
the relevant Interest Period, or the arithmetic mean  
(rounded as provided above) of the offered rates for  
deposits in the Specified Currency for the relevant  
Interest Period, at which, on the relevant Interest  
Determination Date, any one or more banks (which  
bank or banks is or are in the opinion of the  
Calculation Agent and the Issuer suitable for such  
purpose) inform(s) the Calculation Agent it is or they  
are quoting to leading banks in the [London] [**other  
relevant location**] interbank market [of the Euro-  
Zone] (or, as the case may be, the quotations of such  
bank or banks to the Calculation Agent)

**[Im Fall einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge].

Für den Fall, dass der Zinssatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, ist der Zinssatz der Angebotssatz oder das arithmetische Mittel der Angebotssätze auf der Bildschirmseite, wie vorstehend beschrieben, an dem letzten Tag vor dem Zinsfestlegungstag, an dem diese Angebotssätze angezeigt wurden

**[Im Fall einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge (wobei jedoch, falls für die relevante Zinsperiode eine andere Marge als für die unmittelbar vorhergehende Zinsperiode gilt, die relevante Marge an die Stelle der Marge für die vorhergehende Zinsperiode tritt)].

"Referenzbanken" bezeichnen

**[Falls in den Endgültigen Bedingungen keine anderen Referenzbanken bestimmt werden einfügen:** im vorstehenden Fall (a) diejenigen Niederlassungen von vier derjenigen Banken, deren Angebotssätze zur Ermittlung des maßgeblichen Angebotssatzes zu dem Zeitpunkt benutzt wurden, als solch ein Angebot letztmals auf der maßgeblichen Bildschirmseite angezeigt wurde, und im vorstehenden Fall (b) diejenigen Banken, deren Angebotssätze zuletzt zu dem Zeitpunkt auf der maßgeblichen Bildschirmseite angezeigt wurden, als nicht weniger als drei solcher Angebotssätze angezeigt wurden]

**[Falls in den Endgültigen Bedingungen andere Referenzbanken bestimmt werden, einfügen:** [Namen der anderen Referenzbanken]].]

**[Im Fall des Interbanken-Marktes in der Euro-Zone einfügen:** "Euro-Zone" bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag über die Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992), den Amsterdamer Vertrag vom 2. Oktober 1997 und den Vertrag von Lissabon vom 13. Dezember 2007, in seiner jeweiligen Fassung, eine einheitliche Währung eingeführt haben oder jeweils eingeführt haben werden.]

**[Falls ein Mindestzinssatz gilt einfügen:**

(3) *Mindestzinssatz.*

Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz niedriger ist als **[Mindestzinssatz]**, so ist der Zinssatz für diese Zinsperiode **[Mindestzinssatz]**.]

**[In the case of Margin, insert:** [plus] [minus] the Margin].

If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotations were offered

**[In the case of Margin, insert:** [plus] [minus] the Margin (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period)].

As used herein, "Reference Banks" means

**[If no other Reference Banks are specified in the Final Terms, insert:**, in the case of (a) above, those offices of four of such banks whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page and, in the case of (b) above, those banks whose offered quotations last appeared on the Screen Page when no fewer than three such offered quotations appeared]

**[If other Reference Banks are specified in the Final Terms, insert:** [names of other Reference Banks]].]

**[In the case of the Interbank market in the Euro-Zone, insert:** "Euro-Zone" means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992), the Amsterdam Treaty of 2 October 1997 and the Lisbon Treaty of 13 December 2007, as further amended from time to time.]

**[If a Minimum Rate of Interest applies, insert:**

(3) *Minimum Rate of Interest.*

If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than **[Minimum Rate of Interest]**, the Rate of Interest for such Interest Period shall be **[Minimum**

**Rate of Interest].]**

[(3)][(4)] *Zinsbetrag*. Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zeitpunkt, an dem der Zinssatz zu bestimmen ist, den auf die Schuldverschreibungen zahlbaren Zinsbetrag in Bezug auf jede Festgelegte Stückelung (der "**Zinsbetrag**") für die entsprechende Zinsperiode berechnen. Der Zinsbetrag wird ermittelt, indem der Zinssatz und der Zinstagequotient (wie nachstehend definiert) auf jede Festgelegte Stückelung angewendet werden, wobei der resultierende Betrag auf den nächsten Euro 0,01 auf- oder abgerundet wird, wobei Euro 0,005 aufgerundet werden.

[(3)][(4)] *Interest Amount*. The Calculation Agent will, on or as soon as practicable after each date at which the Rate of Interest is to be determined, calculate the amount of interest (the "**Interest Amount**") payable on the Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to each Specified Denomination and rounding the resulting figure to the nearest Euro 0.01, Euro 0.005 being rounded upwards.

[(4)][(5)] *Mitteilungen von Zinssatz und Zinsbetrag*. Die Berechnungsstelle wird veranlassen, dass der Zinssatz, der Zinsbetrag für die jeweilige Zinsperiode, die jeweilige Zinsperiode und der relevante Zinszahlungstag der Emittentin, der Emissionsstelle und den Gläubigern gemäß § 12 baldmöglichst, aber keinesfalls später als am vierten auf die Berechnung jeweils folgenden

[(4)][(5)] *Notification of Rate of Interest and Interest Amount*. The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent and to the Holders in accordance with § 12 as soon as possible after their determination, but in no event later than the fourth

[**Falls die Berechnungsstelle eine bezeichnete Geschäftsstelle an einem vorgeschriebenen Ort zu unterhalten hat einfügen:** Geschäftstag, der ein Geschäftstag am Ort der bezeichneten Geschäftsstelle der Berechnungsstelle ist,]

[**If the Calculation Agent is required to maintain a Specific Office in a Required Location, insert:** Business Day which is a Business Day at the place of the Specified Office of the Calculation Agent]

[**Falls die Berechnungsstelle keine bezeichnete Geschäftsstelle an einem vorgeschriebenen Ort zu unterhalten hat einfügen:** [TARGET-] [Londoner] Geschäftstag]

[**If Calculation Agent is not required to maintain a Specific Office in a Required Location, insert:** [TARGET] [London] Business Day]

und jeder Börse, an der die betreffenden Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, umgehend, aber keinesfalls später als zu Beginn der jeweiligen Zinsperiode mitgeteilt werden. Im Falle einer Verlängerung oder Verkürzung der Zinsperiode können der mitgeteilte Zinsbetrag und Zinszahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend allen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt notiert sind, sowie den Gläubigern gemäß § 12 mitgeteilt.

thereafter and, if required by the rules of any stock exchange on which the Notes are from time to time listed, to such stock exchange, as soon as possible after their determination, but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of postponement) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Notes are then listed and to the Holders in accordance with § 12.

[(5)][(6)] *Verbindlichkeit der Festsetzungen*. Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Emissionsstelle, die Zahlstellen und die Gläubiger bindend.

[(5)][(6)] *Determinations Binding*. All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents and the Holders.

[(6)][(7)] *Zinslauf.* Der Zinslauf der Schuldverschreibungen endet an dem Tag, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, endet die Verzinsung der ausstehenden Schuldverschreibungen nicht am Tag der Fälligkeit, sondern erst an dem Tag, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht. Der maßgebliche Zinssatz ist der gesetzlich festgelegte Satz für Verzugszinsen.<sup>5</sup>

[(8)][(9)] *Zinstagequotient.* "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**"):

die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360.

#### § 4 ZAHLUNGEN

(1) (a) *Zahlungen von Kapital.* Zahlungen von Kapital auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Schuldverschreibungen zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.

(b) *Zahlungen von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die Vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 (3) (b).

[(6)][(7)] *Accrual of Interest.* The Notes shall cease to bear interest from the date preceding their due date for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding Notes beyond the due date until the date preceding the date of actual redemption of the Notes. The applicable Rate of Interest will be the default rate of interest established by law<sup>5</sup>.

[(8)][(9)] *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (the "**Calculation Period**"):

the actual number of days in the Calculation Period divided by 360.

#### § 4 PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Notes at the time of payment at the specified office of the Fiscal Agent outside the United States.

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System.

Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System, upon due certification as provided in § 1 (3) (b).

<sup>5</sup> The default rate of interest established by law is five percentage points above the basic rate of interest published by *Deutsche Bundesbank* from time to time, §§ 288 paragraph 1, 247 paragraph 1 German Civil Code.  
*Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Absatz 1 BGB.*

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

(3) *Vereinigte Staaten.* Für die Zwecke des § 1 (3) und des Absatzes (1) dieses § 4 bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nachfolgenden Zahltag.

Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund einer solchen Verschiebung eines Zahltages zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) **[Falls die festgelegte Währung Euro ist einfügen:** das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET)]**[Falls die festgelegte Währung nicht Euro ist einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevanten Finanzzentren]** Zahlungen abwickeln.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

## § 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.*

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am **[Fälligkeitstag]** (der

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.

(3) *United States.* For purposes of § 1 (3) and paragraph (1) of this § 4, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next day which is a Payment Business Day.

The Holder shall not be entitled to further interest or other payment in respect of such a postponement of a Payment Business Day.

For these purposes, "**Payment Business Day**" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) **[If the Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET)]**[If the Specified Currency is not Euro, insert:** commercial banks and foreign exchange markets in **[all relevant financial centres]** settle payments.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the Amtsgericht in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

## § 5 REDEMPTION

(1) *Redemption at Maturity.*

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on **[Maturity Date]** (the "**Maturity Date**"). The Final

"Fälligkeitstag") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jede Schuldverschreibung entspricht der Festgelegten Stückelung.

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.*

Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber der Emissionsstelle und gemäß § 12 gegenüber den Gläubigern vorzeitig gekündigt und zu ihrem vorzeitigen Rückzahlungsbetrag (wie nachstehend definiert) **[Falls aufgelaufene Zinsen separat gezahlt werden, einfügen:** zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen] zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die letzte Tranche dieser Serie von Schuldverschreibungen begeben wird, wirksam) am nächstfolgenden Zinszahlungstag (wie in § 3 (1) definiert) zur Zahlung von zusätzlichen Beträgen (wie in § 7 dieser Bedingungen definiert) verpflichtet sein wird.

Eine solche Kündigung hat gemäß § 12 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin und die das Rückzahlungsrecht der Emittentin begründenden Umstände nennen.

(3) *Vorzeitiger Rückzahlungsbetrag.*

Für die Zwecke von Absatz 2 dieses § 5 und § 9, entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Rückzahlungsbetrag.

## § 6 DIE EMISSIONSSTELLE, DIE ZAHLSTELLEN UND DIE BERECHNUNGSSTELLE

(1) *Bestellung. Bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissionsstelle, die Zahlstelle[n] und die Berechnungsstelle und deren anfänglich bezeichnete[n] Geschäftsstelle[n] lauten wie folgt:

### **Emissionsstelle:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

Redemption Amount in respect of each Note shall be its Specified Denomination.

(2) *Early Redemption for Reasons of Taxation.*

If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this Series of Notes was issued, the Issuer is required to pay Additional Amounts (as defined in § 7 herein) on the next succeeding Interest Payment Date (as defined in § 3 (1), the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Fiscal Agent and, in accordance with § 12, to the Holders, at their Early Redemption Amount (as defined below) **[If accrued interest shall be paid separately, insert:** together with interest, if any, accrued to the date fixed for redemption].

Any such notice shall be given in accordance with § 12. It shall be irrevocable, must specify the date fixed for redemption and must set forth the facts constituting the basis for the right of the Issuer so to redeem.

(3) *Early Redemption Amount.*

For purposes of paragraph (2) of this § 5 and § 9, the Early Redemption Amount of a Note shall be its Final Redemption Amount.

## § 6 FISCAL AGENT, PAYING AGENTS AND CALCULATION AGENT

(1) *Appointment. Specified Offices.* The initial Fiscal Agent and Paying Agent[s] and the Calculation Agent [its] [their] respective initial specified offices are:

### **Fiscal Agent:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[Im Fall einer anderen Emissionsstelle einfügen: [Name der anderen Emissionsstelle] [bezeichnete Geschäftsstelle der anderen Emissionsstelle]]**

**Zahlstelle[n]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

**[Im Fall einer/von anderen Zahlstelle[n] einfügen: [Name der anderen Zahlstelle[n]] [bezeichnete Geschäftsstelle[n] der anderen Zahlstelle[n]]]**

Die Emissionsstelle und die Zahlstelle[n] behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle zu ersetzen.

**Berechnungsstelle:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

**[Im Falle einer anderen Berechnungsstelle einfügen: [Name der anderen Berechnungsstelle] [bezeichnete Geschäftsstelle der anderen Berechnungsstelle]]]**

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder einer Zahlstelle oder der Berechnungsstelle zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen zu bestellen. Die Emittentin wird jederzeit (i) eine Emissionsstelle unterhalten und (ii) solange die Schuldverschreibungen an der [Name der Börse] notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in [Sitz der Börse] und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen.

[im Fall von Zahlungen in U.S. Dollar: und (iii) falls Zahlungen bei den oder durch die Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich der vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in U.S. Dollar widerrechtlich oder tatsächlich ausgeschlossen werden, eine Zahlstelle mit bezeichneter Geschäftsstelle in New York City unterhalten.]

(3) *Beauftragte der Emittentin.* Die Emissionsstelle, die Zahlstelle[n] und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den

**[In the case of another Fiscal Agent, insert: [name of the other Fiscal Agent] [specified office of the other Fiscal Agent]]**

**Paying Agent[s]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[In the case of [an]other Paying Agent[s], insert: [name of the other Paying Agent[s]] [specified office[s] of the other Paying Agent[s]]]**

The Fiscal Agent and the Paying Agent[s] reserve the right at any time to change their respective specified offices to some other specified office.

**Calculation Agent:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[In the case of another Calculation Agent, insert: [name of the other Calculation Agent] [specified office of the other Calculation Agent]]]**

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and to appoint another Fiscal Agent or additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the [name of Stock Exchange], a Paying Agent (which may be the Fiscal Agent) with a specified office in [location of Stock Exchange] and/or in such other place as may be required by the rules of such stock exchange.

[in the case of payments in U.S. dollars: and (iii) if payments at or through the offices of all Paying Agents outside the United States (as defined in § 4 (3) hereof) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollars, a Paying Agent with a specified office in New York City.]

(3) *Agents of the Issuer.* The Fiscal Agent, the Paying Agent[s] and the Calculation Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust

Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

## § 7 STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind an der Quelle ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder von oder in den Vereinigten Staaten von Amerika oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde derselben auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich oder auf der Grundlage eines Vertrages zwischen der Emittentin oder eines Staates und den Vereinigten Staaten von Amerika oder einer Behörde der Vereinigten Staaten von Amerika vorgeschrieben. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlichen Beträge besteht jedoch nicht für solche Steuern und Abgaben,:

- (a) die in Bezug auf die deutsche Kapitalertragsteuer (einschließlich der sog. Abgeltungsteuer), einschließlich Kirchensteuer (soweit anwendbar) und Solidaritätszuschlag, die nach den deutschen Steuergesetzen abgezogen oder einbehalten werden, auch wenn der Abzug oder Einbehalt durch die Emittentin, ihren Stellvertreter oder die auszahlende Stelle vorzunehmen ist oder jede andere Steuer, welche die oben genannten Steuern ersetzen sollte; oder
- (b) die wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
- (c) die (x) aufgrund oder infolge (i) eines internationalen Vertrages, dessen Partei die Bundesrepublik Deutschland ist, oder (ii) einer Verordnung oder Richtlinie aufgrund oder infolge eines solchen Vertrages auferlegt oder erhoben werden; oder

to any Holder.

## § 7 TAXATION

All amounts payable in respect of the Notes shall be made at source without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany or the United States of America or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law or pursuant to any agreement between the issuer or a country and the United States of America or any authority thereof. In such event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction except that no such Additional Amounts shall be payable on account of any taxes or duties:

- (a) which German *Kapitalertragsteuer* (including, *Abgeltungsteuer*), as well as including church tax (if any) and the German Solidarity Surcharge (*Solidaritätszuschlag*) to be deducted or withheld pursuant to German Income Tax Law, even if the deduction or withholding has to be made by the Issuer or its representative, or any other tax which may substitute the afore-mentioned taxes, as the case may be; or
- (b) which are payable by reason of the Holder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or
- (c) which (x) are payable pursuant to, or as a consequence of (i) an international agreement, to which the Federal Republic of Germany is a party, or (ii) a directive or regulation passed pursuant to, or in the consequence of, such Agreement, or

- (y) auf eine Zahlung erhoben werden, die an eine natürliche Person vorgenommen wird und aufgrund der Richtlinie 2003/48/EG des Europäischen Rates oder einer anderen Richtlinie (die "**Richtlinie**") zur Umsetzung der Schlussfolgerungen des ECOFIN-Ratstreffens vom 26. und 27. November 2000 über die Besteuerung von Einkommen aus Geldanlagen oder aufgrund einer Rechtsnorm erhoben werden, die der Umsetzung dieser Richtlinie dient, dieser entspricht oder zur Anpassung an die Richtlinie eingeführt wird; oder
- (d) die wegen einer Rechtänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, falls dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 12 wirksam wird; oder
- (e) die von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können; oder
- (f) wenn hinsichtlich der Schuldverschreibungen derartige Steuern oder Abgaben auf andere Weise als durch Abzug oder Einbehalt von Kapital und/oder Zinsen erhoben werden; oder
- (g) in Bezug auf Zahlungen durch die Emittentin, die Zahlstelle(n) oder eine andere Person im Hinblick auf die Schuldverschreibungen, die gemäß den Abschnitten 1471 bis 1474 des United States Internal Revenue Code of 1986, in der jeweils gültigen Fassung ("**FATCA**"), aufgrund eines Vertrages, eines Gesetzes, einer Verordnung oder einer anderen offiziellen Richtlinie oder Verwaltungspraxis, die FATCA durch die Bundesrepublik Deutschland oder eine andere Jurisdiktion umsetzt, oder einem Vertrag zwischen der Emittentin und den Vereinigten Staaten oder einer Behörde, die FATCA umsetzt, abgezogen oder einbehalten werden müssen.
- (y) are payable on a payment to an individual and which are required to be levied pursuant to European Council Directive 2003/48/EC or any other directive (the "**Directive**") implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or
- (d) which are payable by reason of a change of law that becomes effective more than 30 days after the relevant payment becomes due or is duly provided for and notice thereof is published in accordance with § 12, whichever occurs later, or
- (e) which are deducted or withheld by a Paying Agent if another Paying Agent would have been able to make the relevant payment without such deduction or withholding; or
- (f) if with respect to the Notes, such taxes or duties are levied other than by deduction or withholding of principal and/or interest; or
- (g) with respect to any payment made by the Issuer, the Paying Agent(s) or any person other in respect of any Notes, which are required to be deducted or withheld pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any treaty, law, regulation or other official guidance enacted by the Federal Republic of Germany or any other jurisdiction implementing FATCA, or any agreement between the Issuer, and the United States or any authority thereof implementing FATCA.

## § 8

### VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 Bürgerliches Gesetzbuch bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre abgekürzt.

## § 9

### KÜNDIGUNG

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, seine Schuldverschreibungen zu kündigen und deren sofortige Rückzahlung zu ihrem vorzeitigen Rückzahlungsbetrag (wie in § 5 beschrieben), zuzüglich etwaiger bis zum Tage der Rückzahlung

## § 8

### PRESENTATION PERIOD

The presentation period provided in § 801 paragraph 1, sentence 1 German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes.

## § 9

### EVENTS OF DEFAULT

(1) *Events of Default.* Each Holder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Early Redemption Amount (as described in § 5), together with accrued interest (if any) to the date of repayment, in the event that:

aufgelaufener Zinsen zu verlangen, falls:

- |   |   |
|---|---|
| (a) die Emittentin Kapital oder Zinsen nicht innerhalb von [30] Tagen nach dem betreffenden Fälligkeitstag zahlt; oder  | (a) the Issuer fails to pay principal or interest within [30] days from the relevant due date, or   |
| (b) die Emittentin die ordnungsgemäße Erfüllung irgendeiner anderen Verpflichtung aus den Schuldverschreibungen unterlässt und diese Unterlassung nicht geheilt werden kann oder, falls sie geheilt werden kann, länger als [60] Tage fort dauert, nachdem die Emissionsstelle hierüber eine Benachrichtigung von einem Gläubiger erhalten hat; oder        | (b) the Issuer fails duly to perform any other obligation arising from the Notes which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than [60] days after the Fiscal Agent has received notice thereof from a Holder, or   |
| (c) die Emittentin ihre Zahlungsunfähigkeit bekanntgibt oder ihre Zahlungen einstellt; oder   | (c) the Issuer announces its inability to meet its financial obligations or ceases its payments, or   |
| (d) ein Gericht ein Insolvenzverfahren gegen die Emittentin eröffnet, oder die Emittentin oder eine Aufsichts- oder sonstige Behörde, deren Zuständigkeit die Emittentin unterliegt, ein solches Verfahren einleitet oder beantragt; oder   | (d) a court opens insolvency proceedings against the Issuer or the Issuer or a supervisory or other authority which has jurisdiction over the Issuer institutes or applies for such proceedings, or   |
| (e) die Emittentin aufgelöst oder liquidiert wird, es sei denn dass die Auflösung oder Liquidation im Zusammenhang mit einer Verschmelzung oder einem sonstigen Zusammenschluss mit einem anderen Rechtsgebilde erfolgt, sofern dieses andere Rechtsgebilde alle Verbindlichkeiten der Emittentin aus den Schuldverschreibungen übernimmt; oder             | (e) the Issuer is dissolved or liquidated, unless such dissolution or liquidation is made in connection with a merger, consolidation or other combination with any other entity, provided that such other entity assumes all obligations of the Issuer arising under the Notes; or      |
| (f) die Emittentin ihren Geschäftsbetrieb einstellt oder damit droht; oder  | (f) the Issuer ceases or threatens to cease to carry on its business, or  |
| (g) in der Bundesrepublik Deutschland irgendein Gesetz, eine Verordnung oder behördliche Anordnung erlassen wird oder ergeht, aufgrund derer die Emittentin daran gehindert wird, die von ihr gemäß diesen Emissionsbedingungen übernommenen Verpflichtungen in vollem Umfang zu beachten und zu erfüllen und diese Lage nicht binnen 90 Tagen behoben ist. | (g) any governmental order, decree or enactment shall be made in or by the Federal Republic of Germany whereby the Issuer is prevented from observing and performing in full its obligations as set forth in these Terms and Conditions and this situation is not cured within 90 days. |

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß vorstehendem Absatz (1) ist schriftlich in deutscher oder englischer Sprache gegenüber der Emissionsstelle zu erklären und persönlich oder per Einschreiben an deren bezeichnete Geschäftsstelle zu übermitteln. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Gläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der

(2) *Notice.* Any notice, including any notice declaring Notes due in accordance with subparagraph (1), shall be made by means of a written declaration in the German or English language delivered by hand or registered mail to the specified office of the Fiscal Agent together with proof that such Holder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian (as defined in § [13][14] paragraph (4)) or in other appropriate manner.

Depotbank (wie in § [13][14] Absatz (4) definiert) oder auf andere geeignete Weise erbracht werden.

## § 10 ERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger an ihrer Stelle eine andere Gesellschaft (deren stimmberechtigtes Kapital mehrheitlich unmittelbar oder mittelbar von der Emittentin gehalten wird, vorausgesetzt, dass es der Emittentin nach ihrer wohlbegründeten Einschätzung gestattet ist, (i) eine solche Gesellschaft zu errichten und fortzuführen und (ii) dass sie mit der Erteilung der hierfür nach ihrer wohlbegründeten Einschätzung erforderlichen Genehmigungen rechnen kann; andernfalls kann diese Gesellschaft eine nicht mit der Emittentin verbundene Gesellschaft sein) als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit dieser Emission einzusetzen, vorausgesetzt, dass:

- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (b) die Emittentin und die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erhalten haben und berechtigt sind, an die Emissionsstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge, in der hierin festgelegten Währung zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;
- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden;
- (d) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert, die sicherstellen, dass jeder Gläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne eine Ersetzung stehen würde; und
- (e) der Emissionsstelle ein oder mehrere Rechtsgutachten von anerkannten Rechtsanwälten vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d)

## § 10 SUBSTITUTION

(1) *Substitution.* The Issuer may, without the consent of the Holders, if no payment of principal or interest on any of the Notes is in default, at any time substitute for the Issuer any company (in which the Issuer holds, directly, or indirectly, the majority of the voting capital provided that, in its reasonable judgement, the Issuer (i) may establish and continue to operate such a company and (ii) can expect to receive all necessary approvals to such end; otherwise such company may be a company which is unrelated to the Issuer) as principal debtor in respect of all obligations arising from or in connection with this issue (the "**Substitute Debtor**") provided that:

- (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (b) the Issuer and the Substitute Debtor have obtained all necessary authorisations and may transfer to the Fiscal Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;
- (c) the Substitute Debtor has agreed to indemnify and hold harmless each Holder against any tax, duty, assessment or governmental charge imposed on such Holder in respect of such substitution;
- (d) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes on terms which ensure that each Holder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place; and
- (e) there shall have been delivered to the Fiscal Agent an opinion or opinions of lawyers of recognised standing to the effect that subparagraphs (a), (b), (c) and (d) above have been satisfied.

erfüllt wurden.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 12 bekannt zu machen.

(3) *Änderung von Bezugnahmen.* Im Falle einer Ersetzung gilt jede Bezugnahme in diesen Emissionsbedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des Weiteren gilt im Falle einer Ersetzung Folgendes:

- (a) in § 7 und § 5 (2) gilt eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat;
- (b) in § 9 (1) (c) bis (g) gilt eine alternative Bezugnahme auf die Emittentin in ihrer Eigenschaft als Garantin als aufgenommen (zusätzlich zu der Bezugnahme auf die Nachfolgeschuldnerin).

## **§ 11 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG**

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns, des ersten Zinszahlungstags und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu marktgerechten Preisen zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses öffentliche Angebot allen Gläubigern dieser Schuldverschreibungen gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

(2) *Notice.* Notice of any such substitution shall be published in accordance with § 12.

(3) *Change of References.* In the event of any such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply:

- (a) in § 7 and § 5 (2) an alternative reference to the Federal Republic of Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor;
- (b) in § 9 (1) (c) to (g) an alternative reference to the Issuer in its capacity as Guarantor shall be deemed to have been included in addition to the reference to the Substitute Debtor.

## **§ 11 FURTHER ISSUES, PURCHASES AND CANCELLATION**

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, interest commencement date, first interest payment date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at prices in line with the market. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 12  
MITTEILUNGEN

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse nicht möglich ist einfügen:**

[(1)] *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger [sowie in einer führenden Tageszeitung mit allgemeiner Verbreitung in [Deutschland] [Luxemburg] **[anderen Ort einfügen]**], voraussichtlich [die *Börsen-Zeitung*] [das *Luxemburger Wort*] **[andere Zeitung mit allgemeiner Verbreitung einfügen]**] zu veröffentlichen [und erfolgen durch elektronische Publikation auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse möglich ist einfügen:**

[(1)] *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger in deutscher oder englischer Sprache zu veröffentlichen und erfolgen durch elektronische Publikation auf der Website der **[betreffende Börse einfügen]** (www. **[Internetadresse einfügen]**) [und auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

**[Im Fall von Schuldverschreibungen, die an einer Börse notiert sind und falls die Regularien dieser Börse es zulassen einfügen: (2) Mitteilung an das Clearing System.**

Die Emittentin ist berechtigt, eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger zu ersetzen, vorausgesetzt, dass die Regeln der Börse, an der die Schuldverschreibungen notiert sind, diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.]

**[Soweit Beschlüsse der Gläubiger nach dem Schuldverschreibungsgesetz anwendbar sein sollen:**

§ 12  
NOTICES

**[If notices may not be given by means of electronic publication on the website of the relevant stock exchange, insert:**

[(1)] *Publication.* All notices concerning the Notes shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) [and in a leading daily newspaper having general circulation in [Germany] [Luxembourg] **[specify other location]**] [and will be made by means of electronic publication on the internet website of the Issuer (www.ing-diba.de)]. [These newspapers are expected to be the [*Börsen-Zeitung*] [*Luxemburger Wort*] **[insert other applicable newspaper having general circulation]**]]. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).]

**[If notices may be given by means of electronic publication on the website of the relevant stock exchange insert:**

[(1)] *Publication.* All notices concerning the Notes shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) and will be made by means of electronic publication on the internet website of the **[insert relevant stock exchange]** (www.**[insert internet address]**) [and on the internet website of the Issuer (www.ing-diba.de)]. Any notice so given will be deemed to have been validly given on the day of such publication (or, if published more than once, on the first day of such publication).]

**[In the case of Notes which are listed on a Stock Exchange and in which case the rules of such stock exchange allow for this way of publication, insert: (2) Notification to Clearing System.**

The Issuer may, in lieu of publication set forth in paragraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Holders, provided that the rules of the stock exchange on which Notes are listed permit such form of notice. Any such notice shall be deemed to have been given to the Holders on the fifth day after the day on which said notice was given to the Clearing System.]

**[In case Resolutions of Holders pursuant to the Bond Act shall be applicable:**

§ 13  
BESCHLÜSSE DER GLÄUBIGER

(1) *Beschlussgegenstände.* Die Gläubiger können gemäß dem Gesetz über Schuldverschreibungen aus Gesamtemissionen (das "Schuldverschreibungsgesetz") durch Mehrheitsbeschluss die Anleihebedingungen ändern, einen gemeinsamen Vertreter aller Gläubiger bestellen und über alle anderen gesetzlich zugelassenen Beschlussgegenstände beschließen **[falls über bestimmte Maßnahmen nicht durch Mehrheitsbeschluss entschieden werden soll:]**, wobei folgende Maßnahmen von einer Beschlussfassung ausgenommen sind: **[maßgebliche Maßnahmen].**

(2) *Mehrheitserfordernisse für Änderungen der Anleihebedingungen.* Die Gläubiger der Schuldverschreibungen entscheiden mit einer Mehrheit von [75] [●] Prozent (Qualifizierte Mehrheit) der an der Abstimmung teilnehmenden Stimmrechte über wesentliche Änderungen der Anleihebedingungen, insbesondere die in § 5 (3) Schuldverschreibungsgesetz aufgeführten Maßnahmen. Beschlüsse, durch die der wesentliche Inhalt der Bedingungen nicht geändert wird, bedürfen zu ihrer Wirksamkeit einer einfachen Mehrheit von mindestens [50] [●] Prozent der an der Abstimmung teilnehmenden Stimmrechte. Jeder Gläubiger nimmt an Abstimmungen nach Maßgabe des Nennwerts oder des rechnerischen Anteils seiner Berechtigung an den ausstehenden Schuldverschreibungen teil.

**[Soweit für einzelne Maßnahmen eine höhere Mehrheit gilt:** Beschlüsse über folgende Maßnahmen bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens [●] Prozent der teilnehmenden Stimmrechte: **[maßgebliche Maßnahmen].**

(3) *Beschlussfassung.* Beschlüsse der Gläubiger werden im Wege einer Abstimmung ohne Versammlung nach § 18 Schuldverschreibungsgesetz getroffen.

(4) *Nachweise.* Gläubiger haben die Berechtigung zur Teilnahme an der Abstimmung zum Zeitpunkt der Stimmabgabe durch besonderen Nachweis der Depotbank gemäß § 14 (4) dieser Anleihebedingungen und die Vorlage eines Sperrvermerks der Depotbank für den Abstimmungszeitraum nachzuweisen.

**[Falls kein Gläubigervertreter in den Anleihebedingungen bestellt wird und die Gläubiger einen gemeinsamen Vertreter durch Mehrheitsbeschluss bestellen können:**

(5) *Gemeinsamer Vertreter.* [Die Gläubiger können durch Mehrheitsbeschluss zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter der Gläubiger (der "Gläubigervertreter") für alle Gläubiger bestellen, die Aufgaben und Befugnisse des

§ 13  
RESOLUTIONS OF HOLDERS

(1) *Matters subject to resolutions.* The Holders may agree in accordance with the *German Bond Act (Gesetz über Schuldverschreibungen aus Gesamtemissionen)* (the "**Bond Act**") by majority resolution to amend the Terms and Conditions, to appoint a joint representative of all Holders and on all other matters permitted by law **[In case certain matters shall not be subject to resolutions of Holders:]**, provided that the following matters shall not be subject to resolutions of Holders: **[relevant matters]**.

(2) *Majority requirements for amendments to the Terms and Conditions.* Resolutions relating to material amendments to the Terms and Conditions, in particular consents to the measures set out in § 5 (3) of the Bond Act, shall be passed by a majority of not less than [75] [●] per cent. of the votes cast (Qualified Majority). Resolutions relating to amendments to the Terms and Conditions which are not material, require a simple majority of not less than [50] [●] per cent. of the votes cast. Each Holder participating in any vote shall cast votes in accordance with the nominal amount or the notional share of its entitlement to the outstanding Notes.

**[In case certain matters require a higher majority:** Resolutions on the following matters shall require the majority of not less than [●] per cent. of the votes cast: **[relevant matters].**

(3) *Passing of resolutions.* Holders shall pass resolutions by vote taken without a physical meeting (*Abstimmung ohne Versammlung*) in accordance with § 18 of the Bond Act.

(4) *Proof of eligibility.* Holders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of the Custodian in accordance with § 14 (4) of these Terms and Conditions and by submission of a blocking instruction by the Custodian for the voting period.

**[In case no Holders' Joint Representative is specified in the Terms and Conditions but the Holders may appoint a Holders' Joint Representative by resolution:**

(5) *Holders' Joint Representative.* [The Holders may by majority resolution provide for the appointment of a joint holders' joint representative (the "**Holders' Joint Representative**"), the duties and responsibilities and the powers of such Holders'

Gläubigervertreter festlegen, Rechte der Gläubiger auf den Gläubigervertreter übertragen und die Beschränkung der Haftung des Gläubigervertreter bestimmen. Die Bestellung eines Gläubigervertreter bedarf einer Qualifizierten Mehrheit (siehe vorstehenden Absatz 2), wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen zuzustimmen.]

**[Falls ein gemeinsamer Vertreter in den Bedingungen bestimmt wird:**

(5) *Gemeinsamer Vertreter*. Gemeinsamer Vertreter der Gläubiger (der "**Gläubigervertreter**") für alle Gläubiger zur Wahrnehmung ihrer Rechte ist: **[Gläubigervertreter]**. Der Gläubigervertreter kann von den Gläubigern jederzeit ohne Angabe von Gründen abberufen werden.

Der Gläubigervertreter ist befugt, nach seinem Ermessen zu dem von ihm bestimmten Maßnahmen [eine Gläubigerversammlung einzuberufen] [zu einer Abstimmung der Gläubiger ohne Versammlung aufzufordern] und die [Versammlung] [die Abstimmung] zu leiten. **[Gegebenenfalls weitere Aufgaben des Gläubigervertreter]**

Der Gläubigervertreter hat die Weisungen der Gläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Gläubiger ermächtigt ist, sind die einzelnen Gläubiger zur selbständigen Geltendmachung dieser Rechte nicht befugt, es sei denn, die Gläubiger bestimmen durch Mehrheitsbeschluss etwas anderes. Über seine Tätigkeit hat der Gläubigervertreter den Gläubigern zu berichten.

Der Gläubigervertreter haftet den Gläubigern als Gesamtgläubiger für die ordnungsgemäße Erfüllung seiner Aufgaben; bei seiner Tätigkeit hat er die Sorgfalt eines ordentlichen und gewissenhaften Geschäftsleiters anzuwenden. Die Haftung des Gläubigervertreter ist auf das Zehnfache seiner jährlichen Vergütung beschränkt, es sei denn, dem gemeinsamen Vertreter fällt Vorsatz oder grobe Fahrlässigkeit zur Last. Die Haftung des Gläubigervertreter kann durch Beschluss der Gläubiger weiter beschränkt werden. Über die Geltendmachung von Ersatzansprüchen der Gläubiger gegen den Gläubigervertreter entscheiden die Gläubiger.]]

§ [13][14]  
**ANWENDBARES RECHT, ERFÜLLUNGORT,  
GERICHTSSTAND UND GERICHTLICHE  
GELTENDMACHUNG**

(1) *Anwendbares Recht*. Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin

Joint Representative, the transfer of the rights of the Holders to the Holders' Joint Representative and a limitation of liability of the Holders' Joint Representative. Appointment of a Holders' Joint Representative may only be passed by a Qualified Majority (see paragraph 2 above) if such Holders' Joint Representative is to be authorised to consent to a material change in the substance of the Terms and Conditions.]

**[In case the Holders' Joint Representative is appointed in the Terms and Conditions:**

(5) *Holders' Joint Representative*. The holders' joint representative (the "**Holders' Joint Representative**") to exercise the Holders' rights on behalf of each Holder shall be: **[Holders' Joint Representative]**. The Holders' Joint Representative may be removed from office at any time by the Holders without specifying any reason.

The Holders' Joint Representative shall be authorised, at its discretion, in respect of the matters determined by it [to convene a meeting of Holders] [to call for a vote of Holders without a meeting] and to preside the [meeting] [the taking of votes]. **[If relevant, further duties and powers of the Holders' Joint Representative]**

The Holders' Joint Representative shall comply with the instructions of the Holders. To the extent that the Holders' Joint Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided so by majority resolution. The Holders' Joint Representative shall provide reports to the Holders with respect to its activities.

The Holders' Joint Representative shall be liable for the proper performance of its duties towards the Holders who shall be joint and several creditors (*Gesamtgläubiger*); in the performance of its duties it shall act with the diligence and care of a prudent business manager. The liability of the Holders' Joint Representative shall be limited to ten times the amount of its annual remuneration, unless the Holders' Joint Representative has acted willfully or with gross negligence. The liability of the Holders' Joint Representative may be further limited by a resolution passed by the Holders. The Holders shall decide upon the assertion of claims for compensation of the Holders against the Holders' Joint Representative.]]

§ [13][14]  
**APPLICABLE LAW, PLACE OF  
PERFORMANCE, PLACE OF JURISDICTION  
AND ENFORCEMENT**

(1) *Applicable Law*. The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

bestimmen sich nach deutschem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Zuständigkeit des vorgenannten Gerichts ist ausschließlich, soweit es sich um Rechtsstreitigkeiten handelt, die von Kaufleuten, juristischen Personen des öffentlichen Rechts, öffentlich-rechtlichen Sondervermögen und Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland angestrengt werden. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhandener oder vernichteter Schuldverschreibungen.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; oder (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land, in dem der Rechtsstreit eingeleitet wird, prozessual zulässig ist.

(2) *Place of Performance.* Place of performance shall be Frankfurt am Main.

(3) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes. The afore-mentioned court shall have exclusive jurisdiction in case of Proceedings which are established by business people (*Kaufleute*), corporate bodies of public law (*juristische Personen des öffentlichen Rechts*), separate assets of public law (*öffentlich-rechtliche Sondervermögen*) and persons for which the place of jurisdiction is not the Federal Republic of Germany. The German courts shall have exclusive jurisdiction over lost or destroyed Notes.

(4) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, in his own name enforce his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice of the foregoing, protect and enforce his rights under the Notes also in any other way which is permitted in the country in which the proceedings are initiated.

**§ [14][15]  
SPRACHE**

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

**§ [14][15]  
LANGUAGE**

These Terms and Conditions are written in the German language. An English language translation has been appended. The German text shall be prevailing and binding. The English language translation is provided for convenience only.

**Option VI: Emissionsbedingungen für Nullkupon-Schuldverschreibungen**

**GERMAN LANGUAGE VERSION  
(DEUTSCHE FASSUNG)**

**§ 1  
WÄHRUNG, FESTGELEGTE STÜCKELUNG,  
FORM, DEFINITIONEN**

(1) *Währung. Festgelegte Stückelung.* Diese [Serie] [Tranche] von Schuldverschreibungen (die "**Schuldverschreibungen**") der ING-DiBa AG (die "**Emittentin**") wird in [Währung] (die "**Festgelegte Währung**") im Gesamtnennbetrag von [Gesamtnennbetrag] (in Worten: [Gesamtnennbetrag in Worten]) in Festgelegten Stückelungen von [Währung] [Stückelung] (die "**Festgelegte Stückelung**") begeben.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.

(3) *Vorläufige Globalurkunde – Austausch*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird gegen Schuldverschreibungen in den Festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die Vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin sowie des von der Bundesanstalt für Finanzdienstleistungsaufsicht bestellten staatlichen Treuhänders. Einzelurkunden und Zinsscheine werden nicht ausgeben.

(b) Die Vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**"), der nicht weniger als 40 Tage nach dem Tag der Ausgabe der Vorläufigen Globalurkunde liegen darf, gegen die Dauerglobalurkunde ausgetauscht. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die Vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine Vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach

**Option VI: Terms and Conditions of the Zero Coupon Notes**

**ENGLISH LANGUAGE VERSION**

**§ 1  
CURRENCY, SPECIFIED DENOMINATION,  
FORM,  
CERTAIN DEFINITIONS**

(1) *Currency. Specified Denomination.* This [Series] [Tranche] of Notes (the "**Notes**") of ING-DiBa AG (the "**Issuer**") is being issued in [Currency] (the "**Specified Currency**") in the aggregate principal amount of [aggregate principal amount] (in words: [aggregate principal amount in words]) in Specified Denomination of [Currency] [Denomination] (the "**Specified Denomination**").

(2) *Form.* The Notes are being issued in bearer form.

(3) *Temporary Global Note – Exchange*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually or in facsimile by two authorised signatories of the Issuer and the public fiduciary appointed by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). Definitive notes and coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b)

dem Tag der Ausgabe der Vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese Vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.

(4) *Clearing System.* Jede Vorläufige Globalurkunde (falls diese nicht ausgetauscht wird) und/oder jede Dauerglobalurkunde wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "Clearing System" bedeutet [Bei mehr als einem Clearing System: jeweils] Folgendes: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("CBF")] [Clearstream Banking, société anonyme, Luxemburg, 42 Avenue JF Kennedy, L-1855 Luxemburg ("CBL") und Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brüssel ("Euroclear")] [(CBL und Euroclear jeweils ein "ICSD" und zusammen die "ICSDs")] oder jeder Funktionsnachfolger.

(5) *Gläubiger von Schuldverschreibungen.* "Gläubiger" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

## § 2 STATUS

Die Schuldverschreibungen begründen nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

## § 3 ZINSEN

Es erfolgen keine regelmäßigen Zinszahlungen unter den Schuldverschreibungen. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, erfolgt die Verzinsung bezogen auf die festgelegte Stückelung der ausstehenden Schuldverschreibungen vom Tag der Fälligkeit (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen.<sup>6</sup>

of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).

(4) *Clearing System.* Each Temporary Global Note (if it will not be exchanged) and/or Permanent Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "Clearing System" means [In the event of more than one Clearing System, insert: each of] the following: [Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("CBF")] [Clearstream Banking, société anonyme, Luxemburg, 42 Avenue JF Kennedy, L-1855 Luxemburg ("CBL") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels ("Euroclear")] [(CBL and Euroclear each an "ICSD" and together the "ICSDs")] or any successor in respect of the functions performed by [If more than one Clearing System insert: each of the Clearing Systems] [If one Clearing System insert: the Clearing System].

(5) *Holder of Notes.* "Holder" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

## § 2 STATUS

The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer unless such other obligations take priority by mandatory provisions of law.

## § 3 INTEREST

There will not be any periodic payments of interest on the Notes. If the Issuer fails to redeem the Notes when due, interest on the Specified Denomination of the outstanding Notes accrues from, and including, the due date to, but excluding, the date of the actual redemption of the Notes at the default rate of interest established by law.<sup>6</sup>

<sup>6</sup> The default rate of interest established by law is currently five percentage points above the base rate of interest (*Basiszinssatz*) published by Deutsche Bundesbank from time to time, §§ 288 paragraph 1, 247 German Civil Code (*Bürgerliches Gesetzbuch*). *Der gegenwärtig geltende gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank*

§ 4  
ZAHLUNGEN

(1) (a) *Zahlungen von Kapital.* Zahlungen von Kapital auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Schuldverschreibungen zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.

(b) *Zahlungen von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die Vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 (3) (b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

(3) *Vereinigte Staaten.* Für die Zwecke des § 1 (3) und des Absatzes (1) dieses § 4 bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nachfolgenden Zahltag.

Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund einer solchen

§ 4  
PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Notes at the time of payment at the specified office of the Fiscal Agent outside the United States.

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System.

Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System, upon due certification as provided in § 1 (3) (b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.

(3) *United States.* For purposes of § 1 (3) and paragraph (1) of this § 4, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next day which is a Payment Business Day.

The Holder shall not be entitled to further interest or other payment in respect of such a postponement of a

Verschiebung eines Zahltages zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) **[Falls die festgelegte Währung Euro ist einfügen:** das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET)]**[Falls die festgelegte Währung nicht Euro ist einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevanten Finanzzentren]** Zahlungen abwickeln.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

## § 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.*

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am **[Fälligkeitstag]** (der "**Fälligkeitstag**") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jede Schuldverschreibung entspricht

**[Falls die Schuldverschreibungen zu ihrer Festgelegten Stückelung zurückgezahlt werden einfügen:** der Festgelegten Stückelung der Schuldverschreibungen.]

**[Falls die Schuldverschreibungen nicht zu ihrer Festgelegten Stückelung zurückgezahlt werden einfügen:** **[Rückzahlungsbetrag für die jeweilige Festgelegte Stückelung].**]

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.*

Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber der Emissionsstelle und gemäß § 12 gegenüber den Gläubigern vorzeitig gekündigt und zu ihrem vorzeitigen Rückzahlungsbetrag (wie nachstehend definiert) **[Falls aufgelaufene Zinsen separat gezahlt werden, einfügen:** zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen] zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Steuer- oder

Payment Business Day.

For these purposes, "**Payment Business Day**" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) **[If the Specified Currency is Euro insert:** the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET)]**[If the Specified Currency is not Euro, insert:** commercial banks and foreign exchange markets in **[all relevant financial centres]** settle payments.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the Amtsgericht in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

## § 5 REDEMPTION

(1) *Redemption at Maturity.*

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on **[Maturity Date]** (the "**Maturity Date**"). The Final Redemption Amount in respect of each Note shall be

**[If the Notes are redeemed at their Specified Denomination, insert:** its Specified Denomination.]

**[If the Notes are not redeemed at their Specified Denomination, insert:** **[Final Redemption Amount per Specified Denomination].**]

(2) *Early Redemption for Reasons of Taxation.*

If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this Series of Notes was issued, the Issuer is required to pay Additional Amounts (as defined in § 7 herein) on the next succeeding Interest Payment Date (as defined in § 3

Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die letzte Tranche dieser Serie von Schuldverschreibungen begeben wird, wirksam) am nächstfolgenden Zinszahlungstag (wie in § 3 (1) definiert) zur Zahlung von zusätzlichen Beträgen (wie in § 7 dieser Bedingungen definiert) verpflichtet sein wird.

Eine solche Kündigung hat gemäß § 12 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin und die das Rückzahlungsrecht der Emittentin begründenden Umstände nennen.

(3) *Vorzeitiger Rückzahlungsbetrag.*

(a) Der "**Vorzeitige Rückzahlungsbetrag**" einer Schuldverschreibung entspricht der Summe aus:

(i) **[Referenzpreis]** (der "**Referenzpreis**") und

(ii) dem Produkt aus Emissionsrendite (jährlich kapitalisiert) und dem Referenzpreis ab dem (und einschließlich) **[Tag der Begebung]** bis zu (aber ausschließlich) dem vorgesehenen Rückzahlungstag oder (je nachdem) dem Tag, an dem die Schuldverschreibungen fällig und rückzahlbar werden.

Wenn diese Berechnung für einen Zeitraum, der nicht vollen Jahren entspricht, durchzuführen ist, hat sie im Falle des nicht vollständigen Jahres (der "**Zinsberechnungszeitraum**") auf der Grundlage des Zinstagequotienten zu erfolgen.

"**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung des vorzeitigen Rückzahlungsbetrags für einen beliebigen Zeitraum

(i) wenn der Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) kürzer ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraumes fällt oder ihr entspricht, die Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr; oder

(1), the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Fiscal Agent and, in accordance with § 12, to the Holders, at their Early Redemption Amount (as defined below) **[If accrued interest shall be paid separately, insert:** together with interest, if any, accrued to the date fixed for redemption].

Any such notice shall be given in accordance with § 12. It shall be irrevocable, must specify the date fixed for redemption and must set forth the facts constituting the basis for the right of the Issuer so to redeem.

(3) *Early Redemption Amount.*

(a) The "**Early Redemption Amount**" of a Note shall be an amount equal to the sum of:

(i) **[Reference Price]** (the "**Reference Price**") and

(ii) the product of Amortisation Yield (compounded annually) and the Reference Price from (and including) **[issue date]** to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Notes become due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year (the "**Calculation Period**") shall be made on the basis of the Day Count Fraction.

"**Day Count Fraction**" means, in respect of the calculation of the Early Redemption Amount for any period of time

(i) if the Calculation Period (from, and including, the first day of such period, but excluding, the last) is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period (from, and including, the first day of such period, but excluding, the last) divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year; or

(ii) wenn der Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) länger ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraumes fällt, die Summe (A) der Anzahl der Tage in den Zinsberechnungszeitraum, die in die Feststellungsperiode fallen, in welcher der Zinsberechnungszeitraum beginnt, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr und (B) der Anzahl der Tage in dem Zinsberechnungszeitraum, die in die nächste Feststellungsperiode fallen, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr.

**"Feststellungsperiode"** ist die Periode ab einem Feststellungstermin (einschließlich desselben) bis zum nächsten Feststellungstermin (ausschließlich desselben).

(b) Falls die Emittentin den vorzeitigen Rückzahlungsbetrag bei Fälligkeit nicht zahlt, wird der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung wie vorstehend beschrieben berechnet, jedoch mit der Maßgabe, dass die Bezugnahmen in Unterabsatz (a) (ii) auf den für die Rückzahlung vorgesehenen Rückzahlungstag oder den Tag, an dem diese Schuldverschreibungen fällig und rückzahlbar werden, durch den früheren der nachstehenden Zeitpunkte ersetzt werden: (i) der Tag, an dem die Zahlung gegen ordnungsgemäße Vorlage und Einreichung der betreffenden Schuldverschreibungen (sofern erforderlich) erfolgt, und (ii) der vierzehnte Tag, nachdem die Emissionsstelle gemäß § 12 mitgeteilt hat, dass ihr die für die Rückzahlung erforderlichen Mittel zur Verfügung gestellt wurden.

## § 6

### DIE EMISSIONSSTELLE, DIE ZAHLSTELLEN UND DIE BERECHNUNGSSTELLE

(1) *Bestellung. Bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissionsstelle, die Zahlstelle[n] und die Berechnungsstelle und deren anfänglich bezeichnete[n] Geschäftsstelle[n] lauten wie folgt:

#### Emissionsstelle:

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

(ii) if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of: (A) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) and (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year.

**"Determination Period"** means the period from, and including, a Determination Date to, but excluding, the next Determination Date.

(b) If the Issuer fails to pay the Early Redemption Amount when due, the Early Redemption Amount of a Note shall be calculated as provided herein, except that references in subparagraph (a) (ii) above to the date fixed for redemption or the date on which such Note becomes due and repayable shall refer to the earlier of (i) the date on which, upon due presentation and surrender of the relevant Note (if required), payment is made, and (ii) the fourteenth day after notice has been given by the Fiscal Agent in accordance with § 12 that the funds required for redemption have been provided to the Fiscal Agent.

## § 6

### FISCAL AGENT, PAYING AGENTS AND CALCULATION AGENT

(1) *Appointment. Specified Offices.* The initial Fiscal Agent and Paying Agent[s] and the Calculation Agent [its] [their] respective initial specified offices are:

#### Fiscal Agent:

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[Im Fall einer anderen Emissionsstelle einfügen: [Name der anderen Emissionsstelle] [bezeichnete Geschäftsstelle der anderen Emissionsstelle]]**

**Zahlstelle[n]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

**[Im Fall einer/von anderen Zahlstelle[n] einfügen: [Name der anderen Zahlstelle[n]] [bezeichnete Geschäftsstelle[n] der anderen Zahlstelle[n]]]**

Die Emissionsstelle und die Zahlstelle[n] behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle zu ersetzen.

**Berechnungsstelle:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland]

**[Im Falle einer anderen Berechnungsstelle einfügen: [Name der anderen Berechnungsstelle] [bezeichnete Geschäftsstelle der anderen Berechnungsstelle]]]**

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder einer Zahlstelle oder der Berechnungsstelle zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen zu bestellen. Die Emittentin wird jederzeit (i) eine Emissionsstelle unterhalten und (ii) solange die Schuldverschreibungen an der **[Name der Börse]** notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in **[Sitz der Börse]** und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen.

**[im Fall von Zahlungen in U.S. Dollar:** und (iii) falls Zahlungen bei den oder durch die Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich der vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in U.S. Dollar widerrechtlich oder tatsächlich ausgeschlossen werden, eine Zahlstelle mit bezeichneter Geschäftsstelle in New York City unterhalten.]

(3) *Beauftragte der Emittentin.* Die Emissionsstelle, die Zahlstelle[n] und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder

**[In the case of another Fiscal Agent, insert: [name of the other Fiscal Agent] [specified office of the other Fiscal Agent]]**

**Paying Agent[s]:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[In the case of [an]other Paying Agent[s], insert: [name of the other Paying Agent[s]] [specified office[s] of the other Paying Agent[s]]]**

The Fiscal Agent and the Paying Agent[s] reserve the right at any time to change their respective specified offices to some other specified office.

**Calculation Agent:**

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany]

**[In the case of another Calculation Agent, insert: [name of the other Calculation Agent] [specified office of the other Calculation Agent]]]**

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and to appoint another Fiscal Agent or additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the Notes are listed on the **[name of Stock Exchange]**, a Paying Agent (which may be the Fiscal Agent) with a specified office in **[location of Stock Exchange]** and/or in such other place as may be required by the rules of such stock exchange.

**[in the case of payments in U.S. dollars:** and (iii) if payments at or through the offices of all Paying Agents outside the United States (as defined in § 4 (3) hereof) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollars, a Paying Agent with a specified office in New York City.]

(3) *Agents of the Issuer.* The Fiscal Agent, the Paying Agent[s] and the Calculation Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

§ 7  
STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind an der Quelle ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder von oder in den Vereinigten Staaten von Amerika oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde derselben auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich oder auf der Grundlage eines Vertrages zwischen der Emittentin oder eines Staates und den Vereinigten Staaten von Amerika oder einer Behörde der Vereinigten Staaten von Amerika vorgeschrieben. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlichen Beträge besteht jedoch nicht für solche Steuern und Abgaben,:

- (a) die in Bezug auf die deutsche Kapitalertragsteuer (einschließlich der sog. Abgeltungsteuer), einschließlich Kirchensteuer (soweit anwendbar) und Solidaritätszuschlag, die nach den deutschen Steuergesetzen abgezogen oder einbehalten werden, auch wenn der Abzug oder Einbehalt durch die Emittentin, ihren Stellvertreter oder die auszahlende Stelle vorzunehmen ist oder jede andere Steuer, welche die oben genannten Steuern ersetzen sollte; oder
- (b) die wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
- (c) die (x) aufgrund oder infolge (i) eines internationalen Vertrages, dessen Partei die Bundesrepublik Deutschland ist, oder (ii) einer Verordnung oder Richtlinie aufgrund oder infolge eines solchen Vertrages auferlegt oder erhoben werden; oder

§ 7  
TAXATION

All amounts payable in respect of the Notes shall be made at source without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany or the United States of America or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law or pursuant to any agreement between the issuer or a country and the United States of America or any authority thereof. In such event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction except that no such Additional Amounts shall be payable on account of any taxes or duties:

- (a) which German *Kapitalertragsteuer* (including, *Abgeltungsteuer*), as well as including church tax (if any) and the German Solidarity Surcharge (*Solidaritätszuschlag*) to be deducted or withheld pursuant to German Income Tax Law, even if the deduction or withholding has to be made by the Issuer or its representative, or any other tax which may substitute the afore-mentioned taxes, as the case may be; or
- (b) which are payable by reason of the Holder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or
- (c) which (x) are payable pursuant to, or as a consequence of (i) an international agreement, to which the Federal Republic of Germany is a party, or (ii) a directive or regulation passed pursuant to, or in the consequence of, such Agreement, or

- (y) auf eine Zahlung erhoben werden, die an eine natürliche Person vorgenommen wird und aufgrund der Richtlinie 2003/48/EG des Europäischen Rates oder einer anderen Richtlinie (die "**Richtlinie**") zur Umsetzung der Schlussfolgerungen des ECOFIN-Ratstreffens vom 26. und 27. November 2000 über die Besteuerung von Einkommen aus Geldanlagen oder aufgrund einer Rechtsnorm erhoben werden, die der Umsetzung dieser Richtlinie dient, dieser entspricht oder zur Anpassung an die Richtlinie eingeführt wird; oder
- (d) die wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, falls dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 12 wirksam wird; oder
- (e) die von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können; oder
- (f) wenn hinsichtlich der Schuldverschreibungen derartige Steuern oder Abgaben auf andere Weise als durch Abzug oder Einbehalt von Kapital und/oder Zinsen erhoben werden; oder
- (g) in Bezug auf Zahlungen durch die Emittentin, die Zahlstelle(n) oder eine andere Person im Hinblick auf die Schuldverschreibungen, die gemäß den Abschnitten 1471 bis 1474 des United States Internal Revenue Code of 1986, in der jeweils gültigen Fassung ("**FATCA**"), aufgrund eines Vertrages, eines Gesetzes, einer Verordnung oder einer anderen offiziellen Richtlinie oder Verwaltungspraxis, die FATCA durch die Bundesrepublik Deutschland oder eine andere Jurisdiktion umsetzt, oder einem Vertrag zwischen der Emittentin und den Vereinigten Staaten oder einer Behörde, die FATCA umsetzt, abgezogen oder einbehalten werden müssen.
- (y) are payable on a payment to an individual and which are required to be levied pursuant to European Council Directive 2003/48/EC or any other directive (the "**Directive**") implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, or
- (d) which are payable by reason of a change of law that becomes effective more than 30 days after the relevant payment becomes due or is duly provided for and notice thereof is published in accordance with § 12, whichever occurs later, or
- (e) which are deducted or withheld by a Paying Agent if another Paying Agent would have been able to make the relevant payment without such deduction or withholding; or
- (f) if with respect to the Notes, such taxes or duties are levied other than by deduction or withholding of principal and/or interest; or
- (g) with respect to any payment made by the Issuer, the Paying Agent(s) or any person other in respect of any Notes, which are required to be deducted or withheld pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any treaty, law, regulation or other official guidance enacted by the Federal Republic of Germany or any other jurisdiction implementing FATCA, or any agreement between the Issuer, and the United States or any authority thereof implementing FATCA.

## § 8 VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 Bürgerliches Gesetzbuch bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre abgekürzt.

## § 9 KÜNDIGUNG

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, seine Schuldverschreibungen zu kündigen und deren sofortige Rückzahlung zu ihrem vorzeitigen Rückzahlungsbetrag (wie in § 5 beschrieben), zuzüglich etwaiger bis zum Tage der Rückzahlung

## § 8 PRESENTATION PERIOD

The presentation period provided in § 801 paragraph 1, sentence 1 German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes.

## § 9 EVENTS OF DEFAULT

(1) *Events of Default.* Each Holder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Early Redemption Amount (as described in § 5), together with accrued interest (if any) to the date of repayment, in the event that:

aufgelaufener Zinsen zu verlangen, falls:

- |   |   |
|---|---|
| (a) die Emittentin Kapital oder Zinsen nicht innerhalb von [30] Tagen nach dem betreffenden Fälligkeitstag zahlt; oder  | (a) the Issuer fails to pay principal or interest within [30] days from the relevant due date, or   |
| (b) die Emittentin die ordnungsgemäße Erfüllung irgendeiner anderen Verpflichtung aus den Schuldverschreibungen unterlässt und diese Unterlassung nicht geheilt werden kann oder, falls sie geheilt werden kann, länger als [60] Tage fort dauert, nachdem die Emissionsstelle hierüber eine Benachrichtigung von einem Gläubiger erhalten hat; oder        | (b) the Issuer fails duly to perform any other obligation arising from the Notes which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than [60] days after the Fiscal Agent has received notice thereof from a Holder, or   |
| (c) die Emittentin ihre Zahlungsunfähigkeit bekanntgibt oder ihre Zahlungen einstellt; oder   | (c) the Issuer announces its inability to meet its financial obligations or ceases its payments, or   |
| (d) ein Gericht ein Insolvenzverfahren gegen die Emittentin eröffnet, oder die Emittentin oder eine Aufsichts- oder sonstige Behörde, deren Zuständigkeit die Emittentin unterliegt, ein solches Verfahren einleitet oder beantragt; oder   | (d) a court opens insolvency proceedings against the Issuer or the Issuer or a supervisory or other authority which has jurisdiction over the Issuer institutes or applies for such proceedings, or   |
| (e) die Emittentin aufgelöst oder liquidiert wird, es sei denn dass die Auflösung oder Liquidation im Zusammenhang mit einer Verschmelzung oder einem sonstigen Zusammenschluss mit einem anderen Rechtsgebilde erfolgt, sofern dieses andere Rechtsgebilde alle Verbindlichkeiten der Emittentin aus den Schuldverschreibungen übernimmt; oder             | (e) the Issuer is dissolved or liquidated, unless such dissolution or liquidation is made in connection with a merger, consolidation or other combination with any other entity, provided that such other entity assumes all obligations of the Issuer arising under the Notes; or      |
| (f) die Emittentin ihren Geschäftsbetrieb einstellt oder damit droht; oder  | (f) the Issuer ceases or threatens to cease to carry on its business, or  |
| (g) in der Bundesrepublik Deutschland irgendein Gesetz, eine Verordnung oder behördliche Anordnung erlassen wird oder ergeht, aufgrund derer die Emittentin daran gehindert wird, die von ihr gemäß diesen Emissionsbedingungen übernommenen Verpflichtungen in vollem Umfang zu beachten und zu erfüllen und diese Lage nicht binnen 90 Tagen behoben ist. | (g) any governmental order, decree or enactment shall be made in or by the Federal Republic of Germany whereby the Issuer is prevented from observing and performing in full its obligations as set forth in these Terms and Conditions and this situation is not cured within 90 days. |

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß vorstehendem Absatz (1) ist schriftlich in deutscher oder englischer Sprache gegenüber der Emissionsstelle zu erklären und persönlich oder per Einschreiben an deren bezeichnete Geschäftsstelle zu übermitteln. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Gläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der

(2) *Notice.* Any notice, including any notice declaring Notes due in accordance with subparagraph (1), shall be made by means of a written declaration in the German or English language delivered by hand or registered mail to the specified office of the Fiscal Agent together with proof that such Holder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian (as defined in § [13][14] paragraph (4)) or in other appropriate manner.

Depotbank (wie in § [13][14] Absatz (4) definiert) oder auf andere geeignete Weise erbracht werden.

## § 10 ERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger an ihrer Stelle eine andere Gesellschaft (deren stimmberechtigtes Kapital mehrheitlich unmittelbar oder mittelbar von der Emittentin gehalten wird, vorausgesetzt, dass es der Emittentin nach ihrer wohlbegründeten Einschätzung gestattet ist, (i) eine solche Gesellschaft zu errichten und fortzuführen und (ii) dass sie mit der Erteilung der hierfür nach ihrer wohlbegründeten Einschätzung erforderlichen Genehmigungen rechnen kann; andernfalls kann diese Gesellschaft eine nicht mit der Emittentin verbundene Gesellschaft sein) als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit dieser Emission einzusetzen, vorausgesetzt, dass:

- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (b) die Emittentin und die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erhalten haben und berechtigt sind, an die Emissionsstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge, in der hierin festgelegten Währung zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;
- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden;
- (d) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert, die sicherstellen, dass jeder Gläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne eine Ersetzung stehen würde; und
- (e) der Emissionsstelle ein oder mehrere Rechtsgutachten von anerkannten Rechtsanwälten vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d)

## § 10 SUBSTITUTION

(1) *Substitution.* The Issuer may, without the consent of the Holders, if no payment of principal or interest on any of the Notes is in default, at any time substitute for the Issuer any company (in which the Issuer holds, directly, or indirectly, the majority of the voting capital provided that, in its reasonable judgement, the Issuer (i) may establish and continue to operate such a company and (ii) can expect to receive all necessary approvals to such end; otherwise such company may be a company which is unrelated to the Issuer) as principal debtor in respect of all obligations arising from or in connection with this issue (the "**Substitute Debtor**") provided that:

- (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (b) the Issuer and the Substitute Debtor have obtained all necessary authorisations and may transfer to the Fiscal Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;
- (c) the Substitute Debtor has agreed to indemnify and hold harmless each Holder against any tax, duty, assessment or governmental charge imposed on such Holder in respect of such substitution;
- (d) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes on terms which ensure that each Holder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place; and
- (e) there shall have been delivered to the Fiscal Agent an opinion or opinions of lawyers of recognised standing to the effect that subparagraphs (a), (b), (c) and (d) above have been satisfied.

erfüllt wurden.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 12 bekannt zu machen.

(3) *Änderung von Bezugnahmen.* Im Falle einer Ersetzung gilt jede Bezugnahme in diesen Emissionsbedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des Weiteren gilt im Falle einer Ersetzung Folgendes:

- (a) in § 7 und § 5 (2) gilt eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat;
- (b) in § 9 (1) (c) bis (g) gilt eine alternative Bezugnahme auf die Emittentin in ihrer Eigenschaft als Garantin als aufgenommen (zusätzlich zu der Bezugnahme auf die Nachfolgeschuldnerin).

## **§ 11 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG**

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns, des ersten Zinszahlungstags und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu marktgerechten Preisen zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses öffentliche Angebot allen Gläubigern dieser Schuldverschreibungen gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

(2) *Notice.* Notice of any such substitution shall be published in accordance with § 12.

(3) *Change of References.* In the event of any such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply:

- (a) in § 7 and § 5 (2) an alternative reference to the Federal Republic of Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor;
- (b) in § 9 (1) (c) to (g) an alternative reference to the Issuer in its capacity as Guarantor shall be deemed to have been included in addition to the reference to the Substitute Debtor.

## **§ 11 FURTHER ISSUES, PURCHASES AND CANCELLATION**

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, interest commencement date, first interest payment date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at prices in line with the market. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 12  
MITTEILUNGEN

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse nicht möglich ist einfügen:**

[(1)] *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger [sowie in einer führenden Tageszeitung mit allgemeiner Verbreitung in [Deutschland] [Luxemburg] **[anderen Ort einfügen]**], voraussichtlich [die *Börsen-Zeitung*] [das *Luxemburger Wort*] **[andere Zeitung mit allgemeiner Verbreitung einfügen]**] zu veröffentlichen [und erfolgen durch elektronische Publikation auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

**[Sofern eine Mitteilung durch Elektronische Publikation auf der Website der betreffenden Börse möglich ist einfügen:**

[(1)] *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger in deutscher oder englischer Sprache zu veröffentlichen und erfolgen durch elektronische Publikation auf der Website der **[betreffende Börse einfügen]** (www. **[Internetadresse einfügen]**) [und auf der Website der Emittentin (www.ing-diba.de)]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

**[Im Fall von Schuldverschreibungen, die an einer Börse notiert sind und falls die Regularien dieser Börse es zulassen einfügen: (2) Mitteilung an das Clearing System.**

Die Emittentin ist berechtigt, eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger zu ersetzen, vorausgesetzt, dass die Regeln der Börse, an der die Schuldverschreibungen notiert sind, diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.]

**[Soweit Beschlüsse der Gläubiger nach dem Schuldverschreibungsgesetz anwendbar sein sollen:**

§ 12  
NOTICES

**[If notices may not be given by means of electronic publication on the website of the relevant stock exchange, insert:**

[(1)] *Publication.* All notices concerning the Notes shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) [and in a leading daily newspaper having general circulation in [Germany] [Luxembourg] **[specify other location]**] [and will be made by means of electronic publication on the internet website of the Issuer (www.ing-diba.de)]. [These newspapers are expected to be the [*Börsen-Zeitung*] [*Luxemburger Wort*] **[insert other applicable newspaper having general circulation]**]]. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).]

**[If notices may be given by means of electronic publication on the website of the relevant stock exchange insert:**

[(1)] *Publication.* All notices concerning the Notes shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*) and will be made by means of electronic publication on the internet website of the **[insert relevant stock exchange]** (www.**[insert internet address]**) [and on the internet website of the Issuer (www.ing-diba.de)]. Any notice so given will be deemed to have been validly given on the day of such publication (or, if published more than once, on the first day of such publication).]

**[In the case of Notes which are listed on a Stock Exchange and in which case the rules of such stock exchange allow for this way of publication, insert: (2) Notification to Clearing System.**

The Issuer may, in lieu of publication set forth in paragraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Holders, provided that the rules of the stock exchange on which Notes are listed permit such form of notice. Any such notice shall be deemed to have been given to the Holders on the fifth day after the day on which said notice was given to the Clearing System.]

**[In case Resolutions of Holders pursuant to the Bond Act shall be applicable:**

§ 13  
BESCHLÜSSE DER GLÄUBIGER

(1) *Beschlussgegenstände.* Die Gläubiger können gemäß dem Gesetz über Schuldverschreibungen aus Gesamtemissionen (das "**Schuldverschreibungsgesetz**") durch Mehrheitsbeschluss die Anleihebedingungen ändern, einen gemeinsamen Vertreter aller Gläubiger bestellen und über alle anderen gesetzlich zugelassenen Beschlussgegenstände beschließen [**falls über bestimmte Maßnahmen nicht durch Mehrheitsbeschluss entschieden werden soll:**, wobei folgende Maßnahmen von einer Beschlussfassung ausgenommen sind: [**maßgebliche Maßnahmen**].]

(2) *Mehrheitserfordernisse für Änderungen der Anleihebedingungen.* Die Gläubiger der Schuldverschreibungen entscheiden mit einer Mehrheit von [75] [●] Prozent (Qualifizierte Mehrheit) der an der Abstimmung teilnehmenden Stimmrechte über wesentliche Änderungen der Anleihebedingungen, insbesondere die in § 5 (3) Schuldverschreibungsgesetz aufgeführten Maßnahmen. Beschlüsse, durch die der wesentliche Inhalt der Bedingungen nicht geändert wird, bedürfen zu ihrer Wirksamkeit einer einfachen Mehrheit von mindestens [50] [●] Prozent der an der Abstimmung teilnehmenden Stimmrechte. Jeder Gläubiger nimmt an Abstimmungen nach Maßgabe des Nennwerts oder des rechnerischen Anteils seiner Berechtigung an den ausstehenden Schuldverschreibungen teil.

[**Soweit für einzelne Maßnahmen eine höhere Mehrheit gilt:** Beschlüsse über folgende Maßnahmen bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens [●] Prozent der teilnehmenden Stimmrechte: [**maßgebliche Maßnahmen**].]

(3) *Beschlussfassung.* Beschlüsse der Gläubiger werden im Wege einer Abstimmung ohne Versammlung nach § 18 Schuldverschreibungsgesetz getroffen.

(4) *Nachweise.* Gläubiger haben die Berechtigung zur Teilnahme an der Abstimmung zum Zeitpunkt der Stimmabgabe durch besonderen Nachweis der Depotbank gemäß § 14 (4) dieser Anleihebedingungen und die Vorlage eines Sperrvermerks der Depotbank für den Abstimmungszeitraum nachzuweisen.

[**Falls kein Gläubigervertreter in den Anleihebedingungen bestellt wird und die Gläubiger einen gemeinsamen Vertreter durch Mehrheitsbeschluss bestellen können:**

(5) *Gemeinsamer Vertreter.* [Die Gläubiger können durch Mehrheitsbeschluss zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter der Gläubiger (der "**Gläubigervertreter**") für alle Gläubiger bestellen, die Aufgaben und Befugnisse des

§ 13  
RESOLUTIONS OF HOLDERS

(1) *Matters subject to resolutions.* The Holders may agree in accordance with the *German Bond Act (Gesetz über Schuldverschreibungen aus Gesamtemissionen)* (the "**Bond Act**") by majority resolution to amend the Terms and Conditions, to appoint a joint representative of all Holders and on all other matters permitted by law [**In case certain matters shall not be subject to resolutions of Holders:**, provided that the following matters shall not be subject to resolutions of Holders: [**relevant matters**]].

(2) *Majority requirements for amendments to the Terms and Conditions.* Resolutions relating to material amendments to the Terms and Conditions, in particular consents to the measures set out in § 5 (3) of the Bond Act, shall be passed by a majority of not less than [75] [●] per cent. of the votes cast (Qualified Majority). Resolutions relating to amendments to the Terms and Conditions which are not material, require a simple majority of not less than [50] [●] per cent. of the votes cast. Each Holder participating in any vote shall cast votes in accordance with the nominal amount or the notional share of its entitlement to the outstanding Notes.

[**In case certain matters require a higher majority:** Resolutions on the following matters shall require the majority of not less than [●] per cent. of the votes cast: [**relevant matters**].]

(3) *Passing of resolutions.* Holders shall pass resolutions by vote taken without a physical meeting (*Abstimmung ohne Versammlung*) in accordance with § 18 of the Bond Act.

(4) *Proof of eligibility.* Holders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of the Custodian in accordance with § 14 (4) of these Terms and Conditions and by submission of a blocking instruction by the Custodian for the voting period.

[**In case no Holders' Joint Representative is specified in the Terms and Conditions but the Holders may appoint a Holders' Joint Representative by resolution:**

(5) *Holders' Joint Representative.* [The Holders may by majority resolution provide for the appointment of a joint holders' joint representative (the "**Holders' Joint Representative**"), the duties and responsibilities and the powers of such Holders'

Gläubigervertreter festlegen, Rechte der Gläubiger auf den Gläubigervertreter übertragen und die Beschränkung der Haftung des Gläubigervertreter bestimmen. Die Bestellung eines Gläubigervertreter bedarf einer Qualifizierten Mehrheit (siehe vorstehenden Absatz 2), wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen zuzustimmen.]

**[Falls ein gemeinsamer Vertreter in den Bedingungen bestimmt wird:**

(5) *Gemeinsamer Vertreter*. Gemeinsamer Vertreter der Gläubiger (der "**Gläubigervertreter**") für alle Gläubiger zur Wahrnehmung ihrer Rechte ist: **[Gläubigervertreter]**. Der Gläubigervertreter kann von den Gläubigern jederzeit ohne Angabe von Gründen abberufen werden.

Der Gläubigervertreter ist befugt, nach seinem Ermessen zu dem von ihm bestimmten Maßnahmen [eine Gläubigerversammlung einzuberufen] [zu einer Abstimmung der Gläubiger ohne Versammlung aufzufordern] und die [Versammlung] [die Abstimmung] zu leiten. **[Gegebenenfalls weitere Aufgaben des Gläubigervertreter]**

Der Gläubigervertreter hat die Weisungen der Gläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Gläubiger ermächtigt ist, sind die einzelnen Gläubiger zur selbständigen Geltendmachung dieser Rechte nicht befugt, es sei denn, die Gläubiger bestimmen durch Mehrheitsbeschluss etwas anderes. Über seine Tätigkeit hat der Gläubigervertreter den Gläubigern zu berichten.

Der Gläubigervertreter haftet den Gläubigern als Gesamtgläubiger für die ordnungsgemäße Erfüllung seiner Aufgaben; bei seiner Tätigkeit hat er die Sorgfalt eines ordentlichen und gewissenhaften Geschäftsleiters anzuwenden. Die Haftung des Gläubigervertreter ist auf das Zehnfache seiner jährlichen Vergütung beschränkt, es sei denn, dem gemeinsamen Vertreter fällt Vorsatz oder grobe Fahrlässigkeit zur Last. Die Haftung des Gläubigervertreter kann durch Beschluss der Gläubiger weiter beschränkt werden. Über die Geltendmachung von Ersatzansprüchen der Gläubiger gegen den Gläubigervertreter entscheiden die Gläubiger.]]

**§ [13][14]  
ANWENDBARES RECHT, ERFÜLLUNGORT,  
GERICHTSSTAND UND GERICHTLICHE  
GELTENDMACHUNG**

(1) *Anwendbares Recht*. Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin

Joint Representative, the transfer of the rights of the Holders to the Holders' Joint Representative and a limitation of liability of the Holders' Joint Representative. Appointment of a Holders' Joint Representative may only be passed by a Qualified Majority (see paragraph 2 above) if such Holders' Joint Representative is to be authorised to consent to a material change in the substance of the Terms and Conditions.]

**[In case the Holders' Joint Representative is appointed in the Terms and Conditions:**

(5) *Holders' Joint Representative*. The holders' joint representative (the "**Holders' Joint Representative**") to exercise the Holders' rights on behalf of each Holder shall be: **[Holders' Joint Representative]**. The Holders' Joint Representative may be removed from office at any time by the Holders without specifying any reason.

The Holders' Joint Representative shall be authorised, at its discretion, in respect of the matters determined by it [to convene a meeting of Holders] [to call for a vote of Holders without a meeting] and to preside the [meeting] [the taking of votes]. **[If relevant, further duties and powers of the Holders' Joint Representative]**

The Holders' Joint Representative shall comply with the instructions of the Holders. To the extent that the Holders' Joint Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided so by majority resolution. The Holders' Joint Representative shall provide reports to the Holders with respect to its activities.

The Holders' Joint Representative shall be liable for the proper performance of its duties towards the Holders who shall be joint and several creditors (*Gesamtgläubiger*); in the performance of its duties it shall act with the diligence and care of a prudent business manager. The liability of the Holders' Joint Representative shall be limited to ten times the amount of its annual remuneration, unless the Holders' Joint Representative has acted willfully or with gross negligence. The liability of the Holders' Joint Representative may be further limited by a resolution passed by the Holders. The Holders shall decide upon the assertion of claims for compensation of the Holders against the Holders' Joint Representative.]]

**§ [13][14]  
APPLICABLE LAW, PLACE OF  
PERFORMANCE, PLACE OF JURISDICTION  
AND ENFORCEMENT**

(1) *Applicable Law*. The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

bestimmen sich nach deutschem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Zuständigkeit des vorgenannten Gerichts ist ausschließlich, soweit es sich um Rechtsstreitigkeiten handelt, die von Kaufleuten, juristischen Personen des öffentlichen Rechts, öffentlich-rechtlichen Sondervermögen und Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland angestrengt werden. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhandener oder vernichteter Schuldverschreibungen.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; oder (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land, in dem der Rechtsstreit eingeleitet wird, prozessual zulässig ist.

(2) *Place of Performance.* Place of performance shall be Frankfurt am Main.

(3) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes. The afore-mentioned court shall have exclusive jurisdiction in case of Proceedings which are established by business people (*Kaufleute*), corporate bodies of public law (*juristische Personen des öffentlichen Rechts*), separate assets of public law (*öffentlich-rechtliche Sondervermögen*) and persons for which the place of jurisdiction is not the Federal Republic of Germany. The German courts shall have exclusive jurisdiction over lost or destroyed Notes.

(4) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, in his own name enforce his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depositary of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice of the foregoing, protect and enforce his rights under the Notes also in any other way which is permitted in the country in which the proceedings are initiated.

**§ [14][15]  
SPRACHE**

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

**§ [14][15]  
LANGUAGE**

These Terms and Conditions are written in the German language. An English language translation has been appended. The German text shall be prevailing and binding. The English language translation is provided for convenience only.

Option VII: ISIN: DE000A1KRJD4

GERMAN LANGUAGE VERSION

(DEUTSCHE FASSUNG)

Diese Tranche von Hypothekendarlehen wird mit den EUR 500.000.000 Hypothekendarlehen fällig 2019, die am 13. März 2012 begeben wurden [und den EUR [ ] Hypothekendarlehen fällig 2019, die am [ ] begeben wurden]\* konsolidiert und bildet eine einheitliche Serie mit diesen.

\* Bei Bedarf kopieren.

§ 1

**WÄHRUNG, FESTGELEGTE STÜCKELUNG,  
FORM, DEFINITIONEN**

(1) *Währung. Festgelegte Stückelung.* Diese Tranche von Hypothekendarlehen (die "**Pfandbriefe**") der ING-DiBa AG (die "**Emittentin**") wird in Euro (die "**Festgelegte Währung**") im Gesamtnennbetrag von EUR [Gesamtnennbetrag einfügen] (in Worten: [Gesamtnennbetrag in Worten einfügen]) in Festgelegten Stückelungen von EUR 100.000 (die "**Festgelegte Stückelung**") begeben.

(2) *Form.* Die Pfandbriefe lauten auf den Inhaber.

(3) *Dauerglobalurkunde.* Die Pfandbriefe sind durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft. Die Dauerglobalurkunde trägt die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin sowie des von der Bundesanstalt für Finanzdienstleistungsaufsicht bestellten staatlichen Treuhänders. Einzelurkunden und Zinsscheine werden nicht ausgeben.

(4) *Clearing System.* Die Dauerglobalurkunde wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Pfandbriefen erfüllt sind. "**Clearing System**" bedeutet Folgendes: Clearstream Banking AG, Frankfurt am Main ("**CBF**") oder jeder Funktionsnachfolger.

(5) *Gläubiger von Pfandbriefen.* "**Gläubiger**" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen Rechts an den Pfandbriefen.

(6) In diesen Bedingungen bezeichnet "**Geschäftstag**" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET) Zahlungen abwickeln.

Option VII: ISIN: DE000A1KRJD4

ENGLISH LANGUAGE VERSION

This Tranche of Mortgage Pfandbriefe (*Hypothekendarlehen*) shall be consolidated and form a single Series with the EUR 500,000,000 Mortgage Pfandbriefe (*Hypothekendarlehen*) due 2019, issued on 13 March 2012 [and the EUR [ ] Mortgage Pfandbriefe (*Hypothekendarlehen*) due 2019, issued on [ ]]\*.

\* To be copied if necessary.

§ 1

**CURRENCY, SPECIFIED DENOMINATION,  
FORM, CERTAIN DEFINITIONS**

(1) *Currency. Specified Denomination.* This Tranche of Mortgage Pfandbriefe (*Hypothekendarlehen*) (the "**Pfandbriefe**") of ING-DiBa AG (the "**Issuer**") is being issued in Euro (the "**Specified Currency**") in the aggregate principal amount of EUR [insert aggregate principal amount] (in words: [insert aggregate principal amount in words]) in Specified Denomination of EUR 100,000 (the "**Specified Denomination**").

(2) *Form.* The Pfandbriefe are being issued in bearer form.

(3) *Permanent Global Note.* The Pfandbriefe are represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Permanent Global Note shall be signed manually or in facsimile by two authorised signatories of the Issuer and the public fiduciary appointed by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). Definitive Pfandbriefe and coupons will not be issued.

(4) *Clearing System.* The Permanent Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Pfandbriefe have been satisfied. "**Clearing System**" means the following: Clearstream Banking AG, Frankfurt am Main ("**CBF**") or any successor in respect of the functions performed by the Clearing System.

(5) *Holder of Pfandbriefe.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Pfandbriefe.

(6) In these Conditions, "**Business Day**" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET) settle payments.

§ 2  
STATUS

Die Pfandbriefe begründen nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind. Die Pfandbriefe sind nach Maßgabe des deutschen Pfandbriefgesetzes gedeckt und stehen mindestens im gleichen Rang mit allen anderen Verpflichtungen der Emittentin aus Hypothekenpfandbriefen.

§ 3  
ZINSEN

(1) *Zinssatz und Zinszahlungstage.* Die Pfandbriefe werden bezogen auf ihre festgelegte Stückelung verzinst, und zwar vom [ ] (der "**Verzinsungsbeginn**") (einschließlich) bis zum Fälligkeitstag (wie in § 5 (1) definiert) (ausschließlich) mit jährlich 2,00 %.

Die Zinsen sind nachträglich am 13. März eines jeden Jahres, vorbehaltlich einer Verschiebung gemäß § 4 (5), zahlbar (jeweils ein "**Zinszahlungstag**"). Die erste Zinszahlung erfolgt am [ ] vorbehaltlich einer Verschiebung gem. § 4 (5). Die Anzahl der Zinszahlungstage im Kalenderjahr (jeweils ein "**Feststellungstermin**") beträgt 1.

(2) *Zinslauf.* Der Zinslauf der Pfandbriefe endet an dem Tag, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Pfandbriefe bei Fälligkeit nicht einlöst, endet die Verzinsung der ausstehenden Pfandbriefe nicht am Tag der Fälligkeit, sondern erst an dem Tag, der dem Tag der tatsächlichen Rückzahlung der Pfandbriefe vorangeht. Der maßgebliche Zinssatz ist der gesetzlich festgelegte Satz für Verzugszinsen<sup>7</sup>.

(3) *Unterjährige Berechnung der Zinsen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).

(4) *Zinstagequotient.* "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf einen Pfandbrief für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**"):

(i) wenn der Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des

§ 2  
STATUS

The obligations under the Pfandbriefe constitute unsubordinated obligations of the Issuer ranking *pari passu* among themselves. The Pfandbriefe are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz*) and rank at least *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer under Mortgage Pfandbriefe (*Hypothekenpfandbriefe*).

§ 3  
INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Pfandbriefe shall bear interest on their Specified Denomination at the rate of 2.00 per cent. per annum from (and including) [ ] (the "**Interest Commencement Date**") to (but excluding) the Maturity Date (as defined in § 5 (1)).

Interest shall be payable in arrear on 13 March in each year (each such date, an "**Interest Payment Date**"), subject to postponement in accordance with § 4 (5). The first payment of interest shall, subject to postponement in accordance with § 4 (5), be made on [ ]. The number of Interest Payment Dates per calendar year (each a "**Determination Date**") is 1.

(2) *Accrual of Interest.* The Pfandbriefe shall cease to bear interest from the date preceding their due date for redemption. If the Issuer shall fail to redeem the Pfandbriefe when due, interest shall continue to accrue on the outstanding Pfandbriefe beyond the due date until the date preceding the date of actual redemption of the Pfandbriefe. The applicable rate of interest will be the default rate of interest established by law<sup>7</sup>.

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

(4) *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Pfandbrief for any period of time (the "**Calculation Period**"):

(i) if the Calculation Period (from, and including, the first day of such period, but excluding, the last) is

<sup>7</sup> The default rate of interest established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, §§ 288 paragraph 1, 247 paragraph 1 German Civil Code (BGB).

*Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Abs. 1, 247 Abs. 1 BGB.*

letzten Tages dieser Periode) kürzer ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraumes fällt oder ihr entspricht, die Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr; oder

- (ii) wenn der Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) länger ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraumes fällt, die Summe (A) der Anzahl der Tage in den Zinsberechnungszeitraum, die in die Feststellungsperiode fallen, in welcher der Zinsberechnungszeitraum beginnt, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr und (B) der Anzahl der Tage in dem Zinsberechnungszeitraum, die in die nächste Feststellungsperiode fallen, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr.

**"Feststellungsperiode"** ist die Periode ab einem Feststellungstermin (einschließlich desselben) bis zum nächsten Feststellungstermin (ausschließlich desselben).

#### § 4 ZAHLUNGEN

(1) (a) *Zahlungen von Kapital.* Zahlungen von Kapital auf die Pfandbriefe erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Pfandbriefe zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.

(b) *Zahlungen von Zinsen.* Die Zahlung von Zinsen auf Pfandbriefe erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Pfandbriefe in der frei handelbaren und konvertierbaren Währung, die am entsprechenden

equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period (from, and including, the first day of such period, but excluding, the last) divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year; or

- (ii) if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of: (A) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) and (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year.

**"Determination Period"** means the period from, and including, a Determination Date to, but excluding, the next Determination Date.

#### § 4 PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Pfandbriefe shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Pfandbriefe at the time of payment at the specified office of the Fiscal Agent outside the United States.

(b) *Payment of Interest.* Payment of interest on Pfandbriefe shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System.

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Pfandbriefe shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the

Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

(3) *Vereinigte Staaten.* Für die Zwecke des Absatzes (1) dieses § 4 bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf einen Pfandbrief auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nachfolgenden Zahltag.

Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund einer solchen Verschiebung eines Zahltages zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) das Trans-European Automated Real-Time Gross Settlement Express Transfer System oder ein Nachfolgesystem (TARGET) Zahlungen abwickeln.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

## § 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Pfandbriefe zu ihrem Rückzahlungsbetrag am 13. März 2019 (der "**Fälligkeitstag**") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jeden Pfandbrief entspricht der Festgelegten Stückelung der Pfandbriefe.

(2) *Keine Vorzeitige Rückzahlung.* Weder die Emittentin noch ein Gläubiger ist zur vorzeitigen Rückzahlung der Pfandbriefe berechtigt.

Specified Currency.

(3) *United States.* For purposes of paragraph (1) of this § 4, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Pfandbrief is not a Payment Business Day then the Holder shall not be entitled to payment until the next day which is a Payment Business Day.

The Holder shall not be entitled to further interest or other payment in respect of such a postponement of a Payment Business Day.

For these purposes, "**Payment Business Day**" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor system thereto (TARGET) settle payments.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the Amtsgericht in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

## § 5 REDEMPTION

(1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or purchased and cancelled, the Pfandbriefe shall be redeemed at their Final Redemption Amount on 13 March 2019 (the "**Maturity Date**"). The Final Redemption Amount in respect of each Pfandbrief shall be its Specified Denomination.

(2) *No Early Redemption.* Neither the Issuer nor any Holder shall be entitled to an early redemption of the Pfandbriefe.

**§ 6**  
**DIE EMISSIONSSTELLE UND DIE**  
**ZAHLSTELLEN**

(1) *Bestellung. Bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissionsstelle und die Zahlstelle und deren anfänglich bezeichneten Geschäftsstellen lauten wie folgt:

**Emissionsstelle:**

ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland

**Zahlstelle:**

ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland

Die Emissionsstelle und die Zahlstelle behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder einer Zahlstelle zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen zu bestellen. Die Emittentin wird jederzeit (i) eine Emissionsstelle unterhalten und (ii) solange die Pfandbriefe an der Frankfurter Wertpapierbörse notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in Deutschland und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen.

(3) *Beauftragte der Emittentin.* Die Emissionsstelle und die Zahlstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

**§ 7**  
**STEUERN**

Sämtliche auf die Pfandbriefe zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde derselben auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben.

**§ 6**  
**FISCAL AGENT AND PAYING AGENTS**

(1) *Appointment. Specified Offices.* The initial Fiscal Agent and Paying Agent and their respective initial specified offices are:

**Fiscal Agent:**

ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany

**Paying Agent:**

ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany

The Fiscal Agent and the Paying Agent reserve the right at any time to change their respective specified offices to some other specified office.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and to appoint another Fiscal Agent or additional or other Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent; and (ii) so long as the Pfandbriefe are listed on the Frankfurt Stock Exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in Germany and/or in such other place as may be required by the rules of such stock exchange.

(3) *Agents of the Issuer.* The Fiscal Agent and the Paying Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

**§ 7**  
**TAXATION**

All amounts payable in respect of the Pfandbriefe shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

**§ 8  
VORLEGUNGSFRIST**

Die in § 801 Absatz 1 Satz 1 Bürgerliches Gesetzbuch bestimmte Vorlegungsfrist wird für die Pfandbriefe auf zehn Jahre abgekürzt.

**§ 9  
BEGEBUNG WEITERER PFANDBRIEFE,  
ANKAUF UND ENTWERTUNG**

(1) *Begebung weiterer Pfandbriefe.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Pfandbriefe mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Pfandbriefen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, Pfandbriefe im Markt oder anderweitig zu jedem beliebigen Preis zu marktgerechten Preisen zu kaufen. Die von der Emittentin erworbenen Pfandbriefe können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses Angebot allen Gläubigern gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Pfandbriefe sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

**§ 10  
MITTEILUNGEN**

(1) *Bekanntmachung.* Alle die Pfandbriefe betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im elektronischen Bundesanzeiger zu veröffentlichen. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

(2) *Mitteilung an das Clearing System.*

Die Emittentin ist berechtigt, eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger zu ersetzen, vorausgesetzt, dass die Regeln der Börse, an der die Pfandbriefen notiert sind, diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.

**§ 8  
PRESENTATION PERIOD**

The presentation period provided in § 801 paragraph 1, sentence 1 German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Pfandbriefe.

**§ 9  
FURTHER ISSUES, PURCHASES AND  
CANCELLATION**

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Pfandbriefe having the same terms and conditions as the Pfandbriefe in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single Series with the Pfandbriefe.

(2) *Purchases.* The Issuer may at any time purchase Pfandbriefe in the open market or otherwise and at prices in line with the market. Pfandbriefe purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Pfandbriefe must be made available to all Holders of such Pfandbriefe alike.

(3) *Cancellation.* All Pfandbriefe redeemed in full shall be cancelled forthwith and may not be reissued or resold.

**§ 10  
NOTICES**

(1) *Publication.* All notices concerning the Pfandbriefe shall be published, to the extent legally required, in the electronic version of the *Bundesanzeiger*. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).

(2) *Notification to Clearing System.*

The Issuer may, in lieu of publication set forth in paragraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Holders, provided that the rules of the stock exchange on which Pfandbriefe are listed permit such form of notice. Any such notice shall be deemed to have been given to the Holders on the fifth day after the day on which said notice was given to the Clearing System.

§ 11

**ANWENDBARES RECHT, ERFÜLLUNGSORT,  
GERICHTSSTAND UND GERICHTLICHE  
GELTENDMACHUNG**

(1) *Anwendbares Recht.* Form und Inhalt der Pfandbriefe sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich nach deutschem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Pfandbriefen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Zuständigkeit des vorgenannten Gerichts ist ausschließlich, soweit es sich um Rechtsstreitigkeiten handelt, die von Kaufleuten, juristischen Personen des öffentlichen Rechts, öffentlich-rechtlichen Sondervermögen und Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland angestrengt werden. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhandener gekommener oder vernichteter Pfandbriefe.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Pfandbriefen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Pfandbriefen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Pfandbriefe ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Pfandbriefe bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; oder (ii) er legt eine Kopie der die betreffenden Pfandbriefe verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing System oder des Verwahrers des Clearing System bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Pfandbriefe verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Pfandbriefe unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Pfandbriefen auch auf jede andere Weise schützen oder geltend machen,

§ 11

**APPLICABLE LAW, PLACE OF PERFORMANCE,  
PLACE OF JURISDICTION AND ENFORCEMENT**

(1) *Applicable Law.* The Pfandbriefe, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Place of Performance.* Place of performance shall be Frankfurt am Main.

(3) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Pfandbriefe. The afore-mentioned court shall have exclusive jurisdiction in case of Proceedings which are established by business people (*Kaufleute*), corporate bodies of public law (*juristische Personen des öffentlichen Rechts*), separate assets of public law (*öffentlich-rechtliche Sondervermögen*) and persons for which the place of jurisdiction is not the Federal Republic of Germany. The German courts shall have exclusive jurisdiction over lost or destroyed Pfandbriefe.

(4) *Enforcement.* Any Holder of Pfandbriefe may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, in his own name enforce his rights arising under such Pfandbriefe on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of Pfandbriefe (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Pfandbriefe credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the Pfandbrief in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depositary of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Pfandbriefe. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Pfandbriefe and includes the Clearing System. Each Holder may, without prejudice of the foregoing, protect and enforce his rights under the Pfandbriefe also in any other way which is permitted in the country in which the proceedings are initiated.

die im Land, in dem der Rechtsstreit eingeleitet wird, prozessual zulässig ist.

**§ 12  
SPRACHE**

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

**§ 12  
LANGUAGE**

These Terms and Conditions are written in the German language. An English language translation has been appended. The German text shall be prevailing and binding. The English language translation is provided for convenience only.

**Option VIII: ISIN: DE000A1KRJD4**

**GERMAN LANGUAGE VERSION**

**(DEUTSCHE FASSUNG)**

Diese Tranche von Hypothekendarlehen wird mit den EUR 500.000.000 Hypothekendarlehen fällig 2026, die am 16. November 2016 begeben wurden [und den EUR [ ] Hypothekendarlehen fällig 2026, die am [ ] begeben wurden]\* konsolidiert und bildet eine einheitliche Serie mit diesen.

\* Bei Bedarf kopieren.

**§ 1**

**WÄHRUNG, FESTGELEGTE  
STÜCKELUNG, FORM, DEFINITIONEN**

(1) *Währung. Festgelegte Stückelung.* Diese Serie von Hypothekendarlehen (die "**Pfandbriefe**") der ING-DiBa AG (die "**Emittentin**") wird in Euro (die "**Festgelegte Währung**" oder "**EUR**") im Gesamtnennbetrag von EUR [**Gesamtnennbetrag einfügen**] (in Worten:[**Gesamtnennbetrag in Worten einfügen**]) in Festgelegten Stückelungen von EUR 100.000 (die "**Festgelegte Stückelung**") begeben.

(2) *Form.* Die Pfandbriefe lauten auf den Inhaber.

(3) *Vorläufige Globalurkunde – Austausch*

(a) Die Pfandbriefe sind anfänglich durch eine vorläufige Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde wird gegen Pfandbriefe in den Festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die Vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin sowie des von der Bundesanstalt für Finanzdienstleistungsaufsicht bestellten staatlichen Treuhänders. Einzelkunden und Zinsscheine werden nicht ausgeben.

(b) Die Vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**"), der nicht weniger als 40 Tage nach dem Tag der Ausgabe der Vorläufigen Globalurkunde liegen darf, gegen die Dauerglobalurkunde ausgetauscht. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die Vorläufige Globalurkunde verbrieften Pfandbriefe keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen,

**Option VIII: ISIN: DE000A1KRJD4**

**ENGLISH LANGUAGE VERSION**

This Tranche of Mortgage Pfandbriefe (*Hypothekendarlehen*) shall be consolidated and form a single Series with the EUR 500,000,000 Mortgage Pfandbriefe (*Hypothekendarlehen*) due 2026, issued on 16 November 2016 [and the EUR [ ] Mortgage Pfandbriefe (*Hypothekendarlehen*) due 2026, issued on [ ]]\*.

\* To be copied if necessary.

**§ 1**

**CURRENCY, SPECIFIED DENOMINATION,  
FORM,  
CERTAIN DEFINITIONS**

(1) *Currency. Specified Denomination.* This Series of Mortgage Pfandbriefe (*Hypothekendarlehen*) (the "**Pfandbriefe**") of ING-DiBa AG (the "**Issuer**") is being issued in Euro (the "**Specified Currency**" or "**EUR**") in the aggregate principal amount of EUR [**insert aggregate principal amount**] (in words: [**insert aggregate principal amount in words**]) in Specified Denomination of EUR 100,000 (the "**Specified Denomination**").

(2) *Form.* The Pfandbriefe are being issued in bearer form.

(3) *Temporary Global Note – Exchange*

(a) The Pfandbriefe are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Pfandbriefe in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually or in facsimile by two authorised signatories of the Issuer and the public fiduciary appointed by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). Definitive Pfandbriefe and coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Pfandbriefe represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Pfandbriefe through such financial institutions). Payment of interest on Pfandbriefe represented by a Temporary Global Note will be made

die Pfandbriefe über solche Finanzinstitute halten). Zinszahlungen auf durch eine Vorläufige Globalurkunde verbriefte Pfandbriefe erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der Vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese Vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.

(4) *Clearing System.* Jede Vorläufige Globalurkunde (falls diese nicht ausgetauscht wird) und/oder jede Dauerglobalurkunde wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Pfandbriefen erfüllt sind. "**Clearing System**" bedeutet Folgendes: Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("**CBF**") oder jeder Funktionsnachfolger.

(5) *Gläubiger von Pfandbriefen.* "**Gläubiger**" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen Rechts an den Pfandbriefen.

## § 2 STATUS

Die Pfandbriefe begründen nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind. Die Pfandbriefe sind nach Maßgabe des deutschen Pfandbriefgesetzes gedeckt und stehen mindestens im gleichen Rang mit allen anderen Verpflichtungen der Emittentin aus Hypothekenpfandbriefen.

## § 3 ZINSEN

(1) *Zinssatz und Zinszahlungstage.* Die Pfandbriefe werden bezogen auf ihre festgelegte Stückelung verzinst, und zwar vom [●] (der "**Verzinsungsbeginn**") (einschließlich) bis zum Fälligkeitstag (wie in § 5 (1) definiert) (ausschließlich) mit jährlich 0,25 %.

Die Zinsen sind nachträglich am 16. November eines jeden Jahres, vorbehaltlich einer Verschiebung gemäß § 4 (5), zahlbar (jeweils ein "**Zinszahlungstag**"). Die erste Zinszahlung erfolgt am [●] vorbehaltlich einer Verschiebung gemäß § 4 (5).

only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).

(4) *Clearing System.* Each Temporary Global Note (if it will not be exchanged) and/or Permanent Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Pfandbriefe have been satisfied. "**Clearing System**" means the following: Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, D-65760 Eschborn ("**CBF**") or any successor in respect of the functions performed by the Clearing System.

(5) *Holder of Pfandbriefe.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Pfandbriefe.

## § 2 STATUS

The obligations under the Pfandbriefe constitute unsubordinated obligations of the Issuer ranking *pari passu* among themselves. The Pfandbriefe are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz*) and rank at least *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer under Mortgage Pfandbriefe (*Hypothekenpfandbriefe*).

## § 3 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Pfandbriefe shall bear interest on their Specified Denomination at the rate of 0.25 per cent. *per annum* from (and including) [●] (the "**Interest Commencement Date**") to (but excluding) the Maturity Date (as defined in § 5 (1)).

Interest shall be payable in arrears on 16 November in each year (each such date, an "**Interest Payment Date**"), subject to postponement in accordance with § 4 (5). The first payment of interest shall, subject to postponement in accordance with § 4 (5), be made on [●].

Die Anzahl der Zinszahlungstage im Kalenderjahr (jeweils ein "**Feststellungstermin**") beträgt 1 (eins).

The number of Interest Payment Dates per calendar year (each a "**Determination Date**") is 1 (one).

(2) *Zinslauf.* Der Zinslauf der Pfandbriefe endet an dem Tag, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Pfandbriefe bei Fälligkeit nicht einlöst, endet die Verzinsung der ausstehenden Pfandbriefe nicht am Tag der Fälligkeit, sondern erst an dem Tag, der dem Tag der tatsächlichen Rückzahlung der Pfandbriefe vorangeht. Der maßgebliche Zinssatz ist der gesetzlich festgelegte Satz für Verzugszinsen<sup>8</sup>.

(2) *Accrual of Interest.* The Pfandbriefe shall cease to bear interest from the date preceding their due date for redemption. If the Issuer shall fail to redeem the Pfandbriefe when due, interest shall continue to accrue on the outstanding Pfandbriefe beyond the due date until the date preceding the date of actual redemption of the Pfandbriefe. The applicable Rate of Interest will be the default rate of interest established by law<sup>1</sup>.

(3) *Unterjährige Berechnung der Zinsen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

(4) *Zinstagequotient.* "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf einen Pfandbrief für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**"):

(4) *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Pfandbrief for any period of time (the "**Calculation Period**"):

(i) wenn der Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) kürzer ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraumes fällt oder ihr entspricht, die Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr; oder

(i) if the Calculation Period (from, and including, the first day of such period, but excluding, the last) is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period (from, and including, the first day of such period, but excluding, the last) divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year; or

(ii) wenn der Zinsberechnungszeitraum (einschließlich des ersten aber ausschließlich des letzten Tages dieser Periode) länger ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraumes fällt, die Summe (A) der Anzahl der Tage in den Zinsberechnungszeitraum, die in die Feststellungsperiode fallen, in welcher der Zinsberechnungszeitraum beginnt, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr und (B) der

(ii) if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of: (A) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) and (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that

<sup>8</sup> The default rate of interest established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, §§ 288 paragraph 1, 247 paragraph 1 German Civil Code (BGB).

*Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Abs. 1, 247 Abs. 1 BGB.*

Anzahl der Tage in dem Zinsberechnungszeitraum, die in die nächste Feststellungsperiode fallen, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 (1) angegeben) in einem Kalenderjahr.

"**Feststellungsperiode**" ist die Periode ab einem Feststellungstermin (einschließlich desselben) bis zum nächsten Feststellungstermin (ausschließlich desselben).

#### § 4 ZAHLUNGEN

(1) (a) *Zahlungen von Kapital.* Zahlungen von Kapital auf die Pfandbriefe erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Pfandbriefe zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.

(b) *Zahlungen von Zinsen.* Die Zahlung von Zinsen auf Pfandbriefe erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

Die Zahlung von Zinsen auf Pfandbriefe, die durch die Vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 (3) (b).

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Pfandbriefe in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

(3) *Vereinigte Staaten.* Für die Zwecke des § 1 (3) und des Absatzes (1) dieses § 4 bezeichnet "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

would occur in one calendar year.

"**Determination Period**" means the period from, and including, a Determination Date to, but excluding, the next Determination Date.

#### § 4 PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Pfandbriefe shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Pfandbriefe at the time of payment at the specified office of the Fiscal Agent outside the United States.

(b) *Payment of Interest.* Payment of interest on Pfandbriefe shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System.

Payment of interest on Pfandbriefe represented by the Temporary Global Note shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System, upon due certification as provided in § 1 (3) (b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Pfandbriefe shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.

(3) *United States.* For purposes of § 1 (3) and paragraph (1) of this § 4, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Zahltag*. Fällt der Fälligkeitstag einer Zahlung in Bezug auf einen Pfandbrief auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nachfolgenden Zahltag.

Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund einer solchen Verschiebung eines Zahltages zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 oder ein Nachfolgesystem (TARGET) Zahlungen abwickeln.

(6) *Hinterlegung von Kapital und Zinsen*. Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

## § 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit*. Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Pfandbriefe zu ihrem Rückzahlungsbetrag am 16. November 2026 (der "**Fälligkeitstag**") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jeden Pfandbrief entspricht der festgelegten Stückelung der Pfandbriefe.

(2) *Keine Vorzeitige Rückzahlung*. Weder die Emittentin noch ein Gläubiger ist zur vorzeitigen Rückzahlung der Pfandbriefe berechtigt.

## § 6 DIE EMISSIONSSTELLE UND DIE ZAHLSTELLEN

(1) *Bestellung. Bezeichnete Geschäftsstelle*. Die anfänglich bestellte Emissionsstelle und die Zahlstelle und deren anfänglich bezeichnete Geschäftsstelle lauten wie folgt:

### **Emissionsstelle:**

ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland

(5) *Payment Business Day*. If the date for payment of any amount in respect of any Pfandbrief is not a Payment Business Day then the Holder shall not be entitled to payment until the next day which is a Payment Business Day.

The Holder shall not be entitled to further interest or other payment in respect of such a postponement of a Payment Business Day.

For these purposes, "**Payment Business Day**" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or any successor system thereto (TARGET) settle payments.

(6) *Deposit of Principal and Interest*. The Issuer may deposit with the Amtsgericht in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

## § 5 REDEMPTION

(1) *Redemption at Maturity*. Unless previously redeemed in whole or in part or purchased and cancelled, the Pfandbriefe shall be redeemed at their Final Redemption Amount on 16 November 2026 (the "**Maturity Date**"). The Final Redemption Amount in respect of each Pfandbrief shall be its Specified Denomination.

(2) *No Early Redemption*. Neither the Issuer nor any Holder shall be entitled to an early redemption of the Pfandbriefe.

## § 6 FISCAL AGENT AND PAYING AGENTS

(1) *Appointment. Specified Offices*. The initial Fiscal Agent and Paying Agent and its respective initial specified offices are:

### **Fiscal Agent:**

ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany

**Zahlstelle:**

ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Deutschland

Die Emissionsstelle und die Zahlstelle behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder einer Zahlstelle zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen zu bestellen. Die Emittentin wird jederzeit (i) eine Emissionsstelle unterhalten und (ii) solange die Pfandbriefe an der Frankfurter Wertpapierbörse notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in Frankfurt am Main und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen.

(3) *Beauftragte der Emittentin.* Die Emissionsstelle und die Zahlstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

**§ 7  
STEUERN**

Sämtliche auf die Pfandbriefe zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder in den Vereinigten Staaten von Amerika oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde derselben auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich oder gemäß eines Vertrages zwischen der Emittentin oder einer Person, die Zahlungen für die Emittentin vornimmt und den Vereinigten Staaten von Amerika oder einer Behörde der Vereinigten Staaten von Amerika vorgeschrieben.

**§ 8  
VORLEGUNGSFRIST**

Die in § 801 Absatz 1 Satz 1 Bürgerliches Gesetzbuch bestimmte Vorlegungsfrist wird für die Pfandbriefe auf zehn Jahre abgekürzt.

**Paying Agent:**

ING-DiBa AG  
Theodor-Heuss-Allee 2  
60486 Frankfurt am Main  
Germany

The Fiscal Agent and the Paying Agent reserve the right at any time to change their respective specified offices to some other specified office.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and to appoint another Fiscal Agent or additional or other Paying Agents. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) so long as the Pfandbriefe are listed on the Frankfurt Stock Exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in Frankfurt am Main and/or in such other place as may be required by the rules of such stock exchange.

(3) *Agents of the Issuer.* The Fiscal Agent and the Paying Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

**§ 7  
TAXATION**

All amounts payable in respect of the Pfandbriefe shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of the Federal Republic of Germany or the United States of America or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law or pursuant to any agreement between the Issuer or any person making payments on behalf of the Issuer and the United States of America or any authority thereof.

**§ 8  
PRESENTATION PERIOD**

The presentation period provided in § 801 paragraph 1, sentence 1 German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Pfandbriefe.

**§ 9**

**BEGEBUNG WEITERER PFANDBRIEFE,  
ANKAUF UND ENTWERTUNG**

(1) *Begebung weiterer Pfandbriefe.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Pfandbriefe mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns, des ersten Zinszahlungstags und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Pfandbriefen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Pfandbriefe im Markt oder anderweitig zu marktgerechten Preisen zu kaufen. Die von der Emittentin erworbenen Pfandbriefe können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses öffentliche Angebot allen Gläubigern dieser Pfandbriefe gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Pfandbriefe sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

**§ 10**

**MITTEILUNGEN**

(1) *Bekanntmachung.* Alle die Pfandbriefe betreffenden Mitteilungen sind, soweit gesetzlich erforderlich, im Bundesanzeiger zu veröffentlichen. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

(2) *Mitteilung an das Clearing System.*

Die Emittentin ist berechtigt, eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger zu ersetzen, vorausgesetzt, dass die Regeln der Börse, an der die Pfandbriefen notiert sind, diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.

**§ 11**

**ANWENDBARES RECHT,  
ERFÜLLUNGORT, GERICHTSSTAND UND  
GERICHTLICHE GELTENDMACHUNG**

(1) *Anwendbares Recht.* Form und Inhalt der Pfandbriefe sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich nach deutschem Recht.

**§ 9**

**FURTHER ISSUES, PURCHASES AND  
CANCELLATION**

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Pfandbriefe having the same terms and conditions as the Pfandbriefe in all respects (or in all respects except for the issue date, interest commencement date, first interest payment date and/or issue price) so as to form a single Series with the Pfandbriefe.

(2) *Purchases.* The Issuer may at any time purchase Pfandbriefe in the open market or otherwise and at prices in line with the market. Pfandbriefe purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Pfandbriefe must be made available to all Holders of such Pfandbriefe alike.

(3) *Cancellation.* All Pfandbriefe redeemed in full shall be cancelled forthwith and may not be reissued or resold.

**§ 10**

**NOTICES**

(1) *Publication.* All notices concerning the Pfandbriefe shall be published, to the extent legally required, in the federal gazette (*Bundesanzeiger*). Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).

(2) *Notification to Clearing System.*

The Issuer may, in lieu of publication set forth in paragraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Holders, provided that the rules of the stock exchange on which Pfandbriefe are listed permit such form of notice. Any such notice shall be deemed to have been given to the Holders on the fifth day after the day on which said notice was given to the Clearing System.

**§ 11**

**APPLICABLE LAW, PLACE OF PERFORMANCE,  
PLACE OF JURISDICTION AND  
ENFORCEMENT**

(1) *Applicable Law.* The Pfandbriefe, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Pfandbriefen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Zuständigkeit des vorgenannten Gerichts ist ausschließlich, soweit es sich um Rechtsstreitigkeiten handelt, die von Kaufleuten, juristischen Personen des öffentlichen Rechts, öffentlich-rechtlichen Sondervermögen und Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland angestrengt werden. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhanden gekommener oder vernichteter Pfandbriefe.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Pfandbriefen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Pfandbriefen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Pfandbriefe ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Pfandbriefe bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; oder (ii) er legt eine Kopie der die betreffenden Pfandbriefe verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Pfandbriefe verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Pfandbriefe unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Pfandbriefen auch auf jede andere Weise schützen oder geltend machen, die im Land, in dem der Rechtsstreit eingeleitet wird, prozessual zulässig ist.

(2) *Place of Performance.* Place of performance shall be Frankfurt am Main.

(3) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Pfandbriefe. The afore-mentioned court shall have exclusive jurisdiction in case of Proceedings which are established by business people (*Kaufleute*), corporate bodies of public law (*juristische Personen des öffentlichen Rechts*), separate assets of public law (*öffentlich-rechtliche Sondervermögen*) and persons for which the place of jurisdiction is not the Federal Republic of Germany. The German courts shall have exclusive jurisdiction over lost or destroyed Pfandbriefe.

(4) *Enforcement.* Any Holder of Pfandbriefe may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, in his own name enforce his rights arising under such Pfandbriefe on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of Pfandbriefe (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Pfandbriefe credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the Pfandbrief in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Pfandbriefe. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Pfandbriefe and includes the Clearing System. Each Holder may, without prejudice of the foregoing, protect and enforce his rights under the Pfandbriefe also in any other way which is permitted in the country in which the proceedings are initiated.

**§ 12  
SPRACHE**

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

**§ 12  
LANGUAGE**

These Terms and Conditions are written in the German language. An English language translation has been appended. The German text shall be prevailing and binding. The English language translation is provided for convenience only.

**Part E.III. of the Base Prospectus  
Form of Final Terms**

Terms not otherwise defined in the Final Terms (as defined below) shall have the meanings specified in the Terms and Conditions of the Securities, as set out in the Base Prospectus (the "**Terms and Conditions of the Securities**"). All references in these Final Terms to numbered sections are to sections of the Terms and Conditions of the Securities.

The Terms and Conditions of the Securities shall be completed and specified by the information contained in Part I of these Final Terms. The completed and specified provisions of the relevant Option I, II, III, IV, V, VI, VII or VIII of the Terms and Conditions of the Securities (if Type A applies) represent the terms and conditions applicable to the relevant Series of Securities or the relevant Option I, II, III, IV, V or VI of the Terms and Conditions of the Securities, completed and specified by, and to be read together with, Part I of these Final Terms (if Type B applies) represent the terms and conditions applicable to the relevant Series of Securities (in each case the "**Terms and Conditions**").

**Final Terms**

[insert date]

[insert title of relevant Series / Tranche of Securities including information relating to an increase of an existing series]  
issued pursuant to the

**Euro 10,000,000,000  
Debt Issuance Programme  
(the "Programme")**

**of  
ING-DiBa AG**

Dated 15 May 2017

Issue Price: [insert issue price expressed as a percentage] per cent.

Issue Date: [insert issue date]<sup>9</sup>

Series No.: [insert number of series]

Tranche No.: [insert number of tranche]

These Final Terms dated [ ] (the "**Final Terms**") have been prepared for the purpose of Article 5 (4) of Directive 2003/71/EC and must be read in conjunction with the base prospectus dated 15 May 2017, including any supplements thereto (the "**Base Prospectus**"). Full information on the Issuer and the offer of the [Notes][Pfandbriefe] is only available on the basis of the combination of the Final Terms when read together with the Base Prospectus. The Base Prospectus [and the supplement dated [insert date] [, the supplement dated [insert date]] [and the supplement dated [insert date]]] has been or will be, as the case may be, published on the website of the Issuer ([www.ing-diba.de](http://www.ing-diba.de)). The Final Terms relating to the [Notes][Pfandbriefe] will be published on the website of the [Frankfurt Stock Exchange [([www.deutsche-boerse-cash-market.com](http://www.deutsche-boerse-cash-market.com))] [•]] [Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) [•]] [other stock exchange (website of other stock exchange)] [Issuer ([www.ing-diba.de](http://www.ing-diba.de))].

**[To be inserted for Securities issued from 1 January 2018:  
PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

The Securities are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as

<sup>9</sup> The Issue Date is the date of payment and settlement of the Securities. In the case of free delivery, the Issue Date is the delivery date.  
*Der Begebungstag ist der Tag, an dem die Wertpapiere begeben und bezahlt werden. Bei freier Lieferung ist der Begebungstag der Tag der Lieferung.*

defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC ("IMD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

## **PART I.**

**[[In the case the options applicable to the relevant Securities are to be determined by replicating the relevant provisions set forth in the Base Prospectus as Option I to Option VII including certain further options contained therein, respectively, and completing the relevant placeholders ("Type A Terms and Conditions"), the following paragraphs shall be applicable.]**

The applicable Terms and Conditions and the English language translation thereof, are as set out below.

**[In the case of Fixed Rate Pfandbriefe replicate all relevant provisions of Option I and complete relevant placeholders]**

**[In the case of Floating Rate Pfandbriefe with floating interest rates replicate all relevant provisions of Option II and complete relevant placeholders]**

**[In the case of Zero Coupon Pfandbriefe replicate all relevant provisions of Option III and complete relevant placeholders]**

**[In the case of Fixed Rate Notes replicate all relevant provisions of Option IV and complete relevant placeholders]**

**[In the case of Floating Rate Notes with floating interest rates replicate all relevant provisions of Option V and complete relevant placeholders]**

**[In the case of Zero Coupon Notes replicate all relevant provisions of Option VI and complete relevant placeholders]**

**[In the case of any increase of the EUR 500,000,000 2.00 per cent. Mortgage Pfandbriefe due 13 March 2019 (ISIN: DE000A1KRJD4) replicate the provisions of Option VII and complete relevant placeholders]**

**[In the case of any increase of the EUR 500,000,000 0.25 per cent. Mortgage Pfandbriefe due 16 November 2026 (ISIN: DE000A1KRJQ6) replicate the provisions of Option VIII and complete relevant placeholders]**

**[[[In the case the options applicable to the relevant Securities are to be determined by referring to the relevant provisions set forth in the Base Prospectus as Option I to Option VI including certain further options contained therein, respectively ("Type B Terms and Conditions"), the following paragraphs shall be applicable.]**

This PART I. of the Final Terms is to be read in conjunction with the set of Terms and Conditions of the Securities that apply to [Fixed Rate Pfandbriefe] [Floating Rate Pfandbriefe] [Zero Coupon Pfandbriefe] [Fixed Rate Notes] [Floating Rate Notes] [Zero Coupon Notes] set forth in the Base Prospectus as [Option I] [Option II] [Option III] [Option IV] [Option V] [Option VI].

The placeholders in the provisions of the Terms and Conditions of the [Notes][Pfandbriefe] which are applicable to the [Notes][Pfandbriefe] shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the placeholder of such provisions. All provisions in the Terms and Conditions of the [Notes][Pfandbriefe] which are not selected and not completed by the information contained in the Final Terms shall be deemed to be deleted from the terms and conditions applicable to the [Notes][Pfandbriefe].

**§ 1 CURRENCY, SPECIFIED DENOMINATION, FORM, CERTAIN DEFINITIONS**  
**§ 1 WÄHRUNG, FESTGELEGTE STÜCKELUNG, FORM, DEFINITIONEN**

§ 1 (1)

§ 1(1)

Currency [ ]  
Währung [ ]

Aggregate Principal Amount: [ ]  
Gesamtnennbetrag: [ ]

Specified Denomination [ ]  
Festgelegte Stückelung [ ]

[Relevant Financial Centres [ ]  
Relevante Finanzzentren [ ]]

§ 1 (4)

§ 1(4)

Clearing System [Clearstream Banking AG, Frankfurt am Main]  
[Euroclear Bank SA/NV]  
[Clearstream Banking, société anonyme]

**[§ 3 INTEREST**  
**§ 3 ZINSEN]**

**[Option I][IV]: Fixed Rate [Pfandbriefe][Notes]**  
**Option I][IV]: Festverzinsliche [Pfandbriefe][Schuldverschreibungen]**

§ 3 (1)

§ 3 (1)

Interest Commencement Date : [ ]  
Verzinsungsbeginn: [ ]

Rate of Interest: [ ] per cent. *per annum* [payable [annually /  
semi-annually / quarterly / monthly] [in arrear]]  
Zinssatz: [ ] % *per annum* [zahlbar [jährlich/ halbjährlich /  
vierteljährlich/monatlich] [nachträglich]]

Fixed Interest Date(s): [ ]  
Festzinstermine): [ ]

First Interest Payment Date: [ ]  
Erster Zinszahlungstag: [ ]

[Initial Broken Amount(s) (per Specified [ ]  
Denomination):  
Anfängliche(r) Bruchteilzinsbetrag (-beträge)  
(für jede Festgelegte Stückelung): [ ]]

Fixed Interest Date preceding the Maturity Date:   
*Festzinstermine, der dem Fälligkeitstag vorangeht:*

[Final Broken Amount(s) (per Specified Denomination):   
*Abschließende(r) Bruchteilzinsbetrag (-beträge) (für jede Festgelegte Stückelung):*

[Determination Date(s):<sup>10</sup>  in each year  
*Feststellungstermin(e):*<sup>10</sup>  in jedem Jahr]]

**[Option III][V]: Floating Rate [Pfandbriefe][Notes]**  
**Option III][V]: Variabel Verzinsliche [Pfandbriefe][Schuldverschreibungen]**

**§ 3 (1)**  
**§ 3 (1)**

Interest Commencement Date:   
*Verzinsungsbeginn:*

Interest Payment Dates:  
*Zinszahlungstage:*

Specified Interest Payment Dates   
*Festgelegte Zinszahlungstage*

[First Interest Payment Date:   
*Erster Zinszahlungstag:*

[Interest Payment Date preceding the Maturity Date:   
*Zinszahlungstag, der dem Fälligkeitstag vorangeht:*

**§ 3 (2)**  
**§ 3 (2)**

Screen Rate Determination:  
*Bildschirmfeststellung:*

[EURIBOR<sup>®</sup> (Brussels time/TARGET Business Day/Interbank market in the Euro-Zone):   
*EURIBOR<sup>®</sup> (Brüsseler Ortszeit/TARGET-Geschäftstag/Interbanken-Markt in der Euro-Zone):*

Euro Interbank Offered Rate (EURIBOR<sup>®</sup>) means the rate for deposits

<sup>10</sup> Insert regular interest dates ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA).  
*Einzusetzen sind die festen Zinstermine, wobei im Falle eines langen oder kurzen ersten bzw. letzten Zinsscheins der Tag der Begebung bzw. der Fälligkeitstag nicht zu berücksichtigen sind. N.B.: Nur einschlägig im Falle des Zinstagequotienten Actual/Actual (ICMA).*

in Euros for a specified period:

*Euro Interbank Offered Rate* [ ]  
*(EURIBOR<sup>®</sup>) bezeichnet den*  
*Angebotssatz für Einlagen in Euro für*  
*einen bestimmten Zeitraum:* [ ]

[LIBOR<sup>®</sup> (Währung/London time/London  
Business Day/City of London/London  
Office/London Interbank market): [ ]  
*LIBOR<sup>®</sup> (Currency/Londoner* [ ]  
*Ortszeit/Londoner Geschäftstag/City of*  
*London/Londoner*  
*Geschäftsstelle/Londoner Interbanken-*  
*Markt):* [ ]

London Interbank Offered Rate  
(LIBOR<sup>®</sup>) means the rate for deposits in [ ]  
various currencies for a specified period:  
*London Interbank Offered Rate (LIBOR<sup>®</sup>)*  
*bezeichnet den Angebotssatz für Einlagen*  
*in Euro für einen bestimmten Zeitraum:*

Interest Determination Date:  
*Zinsfestlegungstag:*

-[second] [**insert other number of**  
**days**] [TARGET] [London] [**Other**  
**(specify)**] Business Day prior to  
commencement of Interest Period  
-[zweiter] [**andere Anzahl von**  
**Tagen einfügen**] [TARGET]  
[London] [**Sonstige (angeben)**]  
*Geschäftstag vor Beginn der*  
*jeweiligen Zinsperiode*

Margin: [[ ] per cent. *per annum*][not applicable]  
*Marge:* [[ ] % *per annum*][*entfällt*]

-[plus  
zuzüglich]

-[minus  
abzüglich]

Screen page: [ ]  
*Bildschirmseite:* [ ]

Interbank market:  
*Interbanken-Markt:*

-[London  
London]

-[Euro-Zone  
Euro-Zone]

-[insert other relevant location  
Zutreffenden anderen Ort  
einfügen]

[Reference Banks (if other than as  
specified in § 3(2)):  
*Referenzbanken (sofern abweichend von  
§ 3 (2)):* [ ]  
[ ]]

**[§ 3 (3)  
§ 3 (3)]**

Minimum Rate of Interest: [ ] per cent. *per annum*  
*Mindestzinssatz:* [ ] % *per annum*]]

**§ 3 [(4)] [(5)]  
§ 3 [(4)] [(5)]**

[Calculation Agent is required to maintain a Specified Office in a Required Location  
Die Berechnungsstelle hat an einem vorgeschriebenen Ort eine bezeichnete Geschäftsstelle zu  
unterhalten]

[Calculation Agent is not required to maintain a  
Specified Office in a Required Location: **[insert  
relevant Business Day determination]** [TARGET Business Day] [London Business Day]  
Die Berechnungsstelle hat keine Geschäftsstelle  
an einem vorgeschriebenen Ort zu unterhalten:  
**[maßgebliche Geschäftstagerreglung einfügen]** [TARGET-Geschäftstag] [Londoner Geschäftstag]]

**§ 4 ZAHLUNGEN  
§ 4 PAYMENTS**

Relevante Finanzzentren [ ]  
*Relevant Financial Centres* [ ]

**§ 5 REDEMPTION  
§ 5 RÜCKZAHLUNG**

Maturity Date: [ ]  
*Fälligkeitstag:* [ ]

Final Redemption Amount:  
*Rückzahlungsbetrag:*

[-Specified Denomination  
Festgelegte Stückelung]

[-Final Redemption Amount (per Specified Denomination): [ ]  
*Rückzahlungsbetrag (für jede Festgelegte Stückelung):* [ ]<sup>11</sup>]

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<sup>11</sup> Applicable only to Zero Coupon Securities.  
*Nur auf Nullkupon Wertpapiere anwendbar.*

[Early Redemption for Reasons of Taxation:  
*Vorzeitige Rückzahlung aus steuerlichen Gründen:*

[-Accrued interest payable: [yes]<sup>12</sup>  
- *Aufgelaufene Zinsen zahlbar:* [Ja]<sup>12</sup>]

**§ 6 FISCAL AGENT [,] [AND] PAYING AGENTS [AND CALCULATION AGENT]  
§ 6 EMISSIONSSTELLE [,] [UND] ZAHLSTELLEN [UND BERECHNUNGSSTELLE]**

Fiscal Agent:  
*Emissionsstelle:*

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
D-60486 Frankfurt am Main  
*ING-DiBa AG  
Theodor-Heuss-Allee 2  
D-60486 Frankfurt am Main]*

**[[specify other, including address of specified office]  
[andere angeben, einschließlich der Adresse der Geschäftsstelle]]**

Paying Agent :  
*Zahlstelle:*

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
D-60486 Frankfurt am Main  
*ING-DiBa AG  
Theodor-Heuss-Allee 2  
D-60486 Frankfurt am Main]*

**[[specify other, including address of specified office]  
[andere angeben, einschließlich der Adresse der Geschäftsstelle]]**

[Calculation Agent  
*Berechnungsstelle*

[ING-DiBa AG  
Theodor-Heuss-Allee 2  
D-60486 Frankfurt am Main  
*ING-DiBa AG  
Theodor-Heuss-Allee 2  
D-60486 Frankfurt am Main]*<sup>13</sup>

**[[specify other, including address of specified office]  
[andere angeben, einschließlich der Adresse der Geschäftsstelle]]**

[Required location of Calculation Agent: [ ]  
*Vorgeschriebener Ort für Berechnungsstelle:* [ ]]

Listing on a Stock Exchange:  
*Börsenzulassung:*

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<sup>12</sup> Applicable only to Notes.

*Nur auf Schuldverschreibungen anwendbar.*

<sup>13</sup> Applicable only to Floating Rate Securities and compounded Zero Coupon Securities.

*Nur auf variabel verzinsliche Wertpapiere und aufgezinsten Nullkupon Wertpapiere anwendbar.*

Name of Stock Exchange: <i>Name der Börse:</i>	[ ] [ ]
Location of Stock Exchange: <i>Sitz der Börse:</i>	[ ] [ ]
<b>[§ 10 SUBSTITUTION § 10 ERSETZUNG</b>	[Applicable][Not Applicable] [Anwendbar][Nicht Anwendbar]]
<b>§ [10][12] NOTICES § [10][12] MITTEILUNGEN</b>	
[-Federal Gazette ( <i>Bundesanzeiger</i> ) <i>Bundesanzeiger</i> ]	
[-Germany (Börsen-Zeitung) <i>Deutschland (Börsen-Zeitung)</i> ]	
[-Luxembourg (Luxemburger Wort) <i>Luxemburg (Luxemburger Wort)</i> ]	
[- <b>[Other (specify)]</b> <b>/Sonstige (angeben)]</b>	[ ] [ ]
[-Internetadresse: <i>Internet address:</i>	<b>[specify]</b> <b>[angeben]]</b>
[- <b>[Other (specify)]</b> <b>/Sonstige (angeben)]</b>	[ ] [ ]
[-Clearing System <i>Clearing System</i> ]	
<b>[§ 13 RESOLUTIONS OF HOLDERS § 13 BESCHLÜSSE DER GLÄUBIGER</b>	
§§ 5 – 21 of the Bond Act <i>§§ 5 – 21 des Schuldverschreibungsgesetzes</i>	[Applicable] [Not applicable] [Anwendbar] [Nicht anwendbar]
Certain matters which shall not be subject to resolutions of Holders:  <i>Bestimmte Maßnahmen, die nicht durch Mehrheitsbeschluss der Gläubiger entschieden werden sollen</i>	[Specify any matters which shall not be subject to resolutions of Holders] [none] [Not applicable] [Maßnahmen einfügen, über die nicht durch Mehrheitsbeschluss der Gläubiger entschieden werden soll] [Keine] [Nicht anwendbar]
Majority requirements for amendments to the Terms and Conditions <i>Mehrheitserfordernisse für Änderungen der Anleihebedingungen</i>	[Specify majority requirements] [none] [Not applicable] [Mehrheitserfordernisse einfügen] [Keine] [Nicht anwendbar]
Material amendments (including measures set out in § 5(3) of the Bond Act) <i>Wesentliche Änderungen (einschließlich Maßnahmen nach § 5 (3) des Schuldverschreibungsgesetzes)</i>	[75] [other percentage] per cent. [Not applicable] [75] [anderer Prozentsatz] % [Nicht anwendbar]

Non-material amendments <i>Unwesentliche Änderungen</i>	[50] [other percentage] per cent. [Not applicable] [50] [anderer Prozentsatz] % [Nicht anwendbar]
<i>In case certain matters require a higher majority, specify such certain matters:</i> <i>Soweit für einzelne Maßnahmen eine höhere Mehrheit gilt, diese Maßnahmen angeben</i>	[specify matters] [Not applicable] [Maßnahmen angeben] [Nicht anwendbar]
Holder's Joint Representative <i>Gemeinsamer Vertreter</i>	[To be appointed by majority vote] [Not applicable] [Wird durch Mehrheitsbeschluss bestellt] [Nicht anwendbar] [insert further matters to be determined by the Holders' Joint Representative if applicable] [Weitere Maßnahmen einfügen, die von dem Gemeinsamen Vertreter festgelegt werden sollen, soweit anwendbar]]

**PART II.**

Material Interests:

Material Interests, including conflicting ones, of natural and legal persons involved in the issue/offer: **[specify, if any]** [None]

Securities Identification Numbers :

[-Common Code: [ ]]  
[-Temporary Common Code: [ ]]  
[-ISIN Code: [ ]]  
[-Temporary ISIN Code: [ ]]  
[-German Securities Code: [ ]]  
[-Temporary German Securities Code: [ ]]  
[Any other securities number: [ ]]  
[Yield on issue price:<sup>14</sup> [ ]]

Method of Distribution:

[-Non-Syndicated]  
[-Syndicated]

Management Details:

Dealer/Management Group: **[insert name and address]**

Commissions:

[-Management/Underwriting Commission: [ ]]  
[-Selling Concession (specify) [ ]]  
[-Listing Commission (specify) [ ]]  
[Other: [ ]]

Estimate of the total expenses related to admission to trading: [ ]

Market Making:

[Stabilising Manager: **[insert details]]**

Listing(s) and admission to trading:

[-Frankfurt Stock Exchange (regulated market)]

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<sup>14</sup> Only applicable for Fixed Rate Securities. The calculation of yield is carried out on the basis of the Issue Price.  
*Nur für festverzinsliche Wertpapiere anwendbar. Berechnung der Rendite erfolgt auf Basis des Ausgabepreises.*

[-Luxembourg Stock Exchange (regulated market)]

[-**insert other stock exchange and market segment**]

First [listing] [and] [trading] date: [ ]

[Information from third party:

*[Where information has been sourced from a third party, provide confirmation that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, the Issuer shall identify the source(s) of the information.]*

**[insert respective wording]**

[Rating of the Securities:

[The Securities to be issued [have been] [are expected to be] rated:

[Moody's: [ ]]

[other: [ ]]

[[Each such/The] rating agency is established in the European Union and [has applied to be / is] registered under Regulation (EC) no 1060/2009 of the European Parliament and of Council of 16 September 2009 on credit rating agencies as amended by Regulation (EU) No. 513/2011.]

Signed on behalf of the Issuer

By:

Duly authorised

By:

Duly authorised

*Part F of the Base Prospectus  
Information relating to Pfandbriefe*

**INFORMATION RELATING TO PFANDBRIEFE**

*The following is a description condensed to some of the more fundamental principles governing the law regarding Pfandbriefe and Pfandbrief Banks in summary form and without addressing all the laws' complexities and details. Accordingly, it is qualified in its entirety by reference to the applicable laws.*

**Introduction**

The Pfandbrief operations of the Issuer are subject to the German Pfandbrief Act (*Pfandbriefgesetz*) of 22 May 2005, which has come into force on 19 July 2005 and was lastly amended on 2 November 2015 (with some of the respective amendments having entered into force on 6 November 2015) (the "**Pfandbrief Act**").

All German credit institutions are permitted, subject to authorisation and further requirements of the Pfandbrief Act, to engage in the Pfandbrief business and to issue Mortgage Pfandbriefe, Public Pfandbriefe, Ship Pfandbriefe as well as Aircraft Pfandbriefe.

German credit institutions wishing to take up the Pfandbrief business must obtain special authorisation under the German Banking Act (*Kreditwesengesetz* - the "**Banking Act**") from the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) and, for that purpose, must meet some additional requirements as specified in the Pfandbrief Act. In the case of the Issuer, the authorisation to act as a Pfandbrief Bank was granted on 3 December 2010.

For the purpose of this summary, banks authorised to issue Pfandbriefe will generally be referred to as "**Pfandbrief Banks**" which is the term applied by the Pfandbrief Act.

**Rules applicable to all types of Pfandbriefe**

Pfandbriefe are standardised debt instruments issued by a Pfandbrief Bank. The quality and standards of Pfandbriefe are strictly governed by provisions of the Pfandbrief Act and subject to the supervision of the BaFin. Pfandbriefe generally are medium- to long-term bonds, typically with an original maturity of two to ten years, which are secured or "covered" at all times by a pool of specified qualifying assets (*Deckung*), as described below. Pfandbriefe are recourse obligations of the issuing bank, and no separate vehicle is created for their issuance generally or for the issuance of any specific series of Pfandbriefe. Traditionally, Pfandbriefe have borne interest at a fixed rate, but Pfandbrief Banks are also issuing zero-coupon and floating rate Pfandbriefe, in some cases with additional features such as step-up coupons, caps or floors. Most issues of Pfandbriefe are denominated in Euro. A Pfandbrief Bank may, however, also issue Pfandbriefe in other currencies, subject to certain limitations. Pfandbriefe may not be redeemed at the option of the Holders prior to maturity.

Pfandbriefe may either be Mortgage Pfandbriefe, Public Pfandbriefe, Ship Pfandbriefe or Aircraft Pfandbriefe. The outstanding Pfandbriefe of any one of these types must be covered by a separate pool of specified qualifying assets: a pool for Mortgage Pfandbriefe only, a pool for Public Pfandbriefe only, a pool covering all outstanding Ship Pfandbriefe only, and a pool covering all outstanding Aircraft Pfandbriefe (each a "**Cover Pool**"). An independent trustee appointed by the BaFin has wide responsibilities in monitoring compliance by the Pfandbrief Bank with the provisions of the Pfandbrief Act. In particular, the trustee monitors the sufficiency of the cover assets recorded in a register listing the assets provided as cover from time to time in respect of the Pfandbriefe of any given type; such register is maintained by the Pfandbrief Bank.

The aggregate principal amount of assets in each Cover Pool must at all times at least be equal to the aggregate principal amount of the outstanding Pfandbriefe covered by such Cover Pool. Moreover, the aggregate interest yield on any such Pool must at all times be at least equal to the aggregate interest payable on all Pfandbriefe covered by such Cover Pool. In addition, the coverage of all outstanding Pfandbriefe with respect to principal and interest must also at all times be ensured on the basis of the present value (*Barwert*). Finally, the present value of the assets contained in the Cover Pool must exceed the total amount of liabilities from the corresponding Pfandbriefe and derivatives by at least 2 per cent. (*sichernde Überdeckung*).

Such 2 per cent. excess cover must consist of highly liquid assets. Qualifying assets for the excess cover are (i) debt securities of the Federal Republic of Germany, a special fund of the Federal Republic of Germany, a German state, the European Communities, the member states of the European Union, the states comprising the European Economic Area, the European Investment Bank, the IBRD-World Bank, the Council of Europe Development Bank, or the European Bank for Reconstruction and Development, as well as under certain circumstances debt securities of Switzerland, the United States of America, Canada or Japan, if such countries have been assigned a risk weight equal to a credit quality of level 1 obtained by an international rating agency and as set out in regulation (EU) no. 575/2013; (ii) debt securities guaranteed by any of the foregoing entities; and (iii) credit balances maintained with the European Central Bank, the central banks of the member states of the European Union or appropriate credit institutions which have their corporate seat in a country listed under (i) above if such credit institutions have been assigned a risk weight equal to a credit quality of level 1 obtained by an international rating agency and as set out in regulation (EU) no. 575/2013. In addition, to safeguard liquidity, a certain liquidity cushion must be established.

The Pfandbrief Bank must record in the register of cover assets for any Cover Pool of a given Pfandbrief type each asset and the liabilities arising from derivatives. Derivatives may be entered in such register only with the consent of the trustee and the counterparty.

The Pfandbrief Bank must have an appropriate risk management system meeting the requirements specified in detail in the Pfandbrief Act and must comply with comprehensive disclosure requirements on a quarterly and annual basis set out in detail in the Pfandbrief Act.

### **Cover Pool for Mortgage Pfandbriefe**

The principal assets qualifying for the Cover Pool for Mortgage Pfandbriefe are loans secured by mortgages which may serve as cover up to the initial 60 per cent. of the value of the property, as assessed by experts of the Pfandbrief Bank not taking part in the credit decision in accordance with comprehensive evaluation rules designed to arrive at the fair market value of the property. Moreover, the mortgaged property must be adequately insured against relevant risks.

The underlying property must be situated in a state of the European Economic Area, Switzerland, the United States of America, Canada or Japan. Furthermore, the registered cover pool assets include all claims of the Pfandbrief Bank directed to the economic substance of the property.

Other assets qualifying for inclusion in the Cover Pool for Mortgage Pfandbriefe include, among others:

(i) equalisation claims converted into bonds,

(ii) subject to certain qualifications, those assets which may also be included in the 2 per cent. excess cover described above, up to a total sum of 10 per cent. of the aggregate principal amount of outstanding Mortgage Pfandbriefe; (iii) the assets which may also be included in the Cover Pool for Public Pfandbriefe referred to below, up to a total of 20 per cent. of the aggregate principal amount of outstanding Mortgage Pfandbriefe, whereby the assets pursuant to (i) above will be deducted and (iv) claims arising under interest rate and currency swaps as well as under other qualifying derivatives contracted under standardised master agreements with certain qualifying counterparties, provided that

it is assured that the claims arising under such derivatives will not be prejudiced in the event of the insolvency of the Pfandbrief Bank or any other Cover Pool maintained by it. The amount of the claims of the Pfandbrief Bank arising under derivatives which are included in the Cover Pool measured against the total amount of all assets forming part of the Cover Pool as well as the amount of the liabilities of the Pfandbrief Bank arising from such derivatives measured against the aggregate principal amount of the outstanding Mortgage Pfandbriefe plus the liabilities arising from derivatives may in either case not exceed 12 per cent., calculated in each case on the basis of the net present values.

### **Status and protection of the Pfandbrief Holders**

The Holders of outstanding Pfandbriefe rank *pari passu* among themselves, and have preferential claims with respect to the assets registered in the relevant cover register. With respect to other assets of a Pfandbrief Bank, holders of Pfandbriefe rank *pari passu* with unsecured creditors of the Pfandbrief Bank.

### **Insolvency proceedings**

In the event of the institution of insolvency proceedings over the assets of the Pfandbrief Bank, any Cover Pool maintained by it would not be part of the insolvency estate, and, therefore, such insolvency would not automatically result in an insolvency of any Cover Pool. Only if at the same time or thereafter the relevant Cover Pool were to become insolvent, separate insolvency proceedings would be initiated over the assets of such Cover Pool by the BaFin. In this case, Holders of Pfandbriefe would have the first claim on the respective Cover Pool. Their preferential right would also extend to interest on the Pfandbriefe accrued after the commencement of insolvency proceedings. Furthermore, but only to the extent that Holders of Pfandbriefe suffer a loss, Holders would also have recourse to any assets of the Pfandbrief Bank not included in the Cover Pools. As regards those assets, Holders of the Pfandbriefe would rank equal with other unsecured and unsubordinated creditors of the Pfandbrief Bank.

One to three administrators (*Sachwalter*, each an "**Administrator**") will be appointed in the case of the insolvency of the Pfandbrief Bank to administer each Cover Pool for the sole benefit of the Holders of related Pfandbriefe. The Administrator will be appointed by the court having jurisdiction pursuant to the German Insolvency Code (*Insolvenzordnung*) at the request of the BaFin before or after the institution of insolvency proceedings. The Administrator will be subject to the supervision of the court and also of the BaFin with respect to the duties of the Pfandbrief Bank arising in connection with the administration of the assets included in the relevant Cover Pool. The Administrator will be entitled to dispose of the Cover Pool's assets and receive all payments on the relevant assets to ensure full satisfaction of the claims of the Holders of Pfandbriefe. To the extent, however, that those assets are obviously not necessary to satisfy such claims, the insolvency receiver of the Pfandbrief Bank is entitled to demand the transfer of such assets to the Pfandbrief Bank's insolvency estate.

Subject to the consent of the BaFin, the Administrator may transfer all or part of the cover assets and the liabilities arising from the Pfandbriefe issued against such assets to another Pfandbrief Bank.

### **Jumbo-Pfandbriefe**

Jumbo-Pfandbriefe are governed by the same laws as Pfandbriefe and therefore cannot be classified as a type of securities apart from Pfandbriefe. However, in order to improve the liquidity of the Pfandbrief market certain Pfandbrief Banks have agreed upon certain minimum requirements for Jumbo-Pfandbriefe (*Mindeststandards von Jumbo-Pfandbriefen*) (the "**Minimum Requirements**") applicable to such Pfandbriefe which are issued as Jumbo-Pfandbriefe. These Minimum Requirements are not statutory provisions. Instead, they should be regarded as voluntary self-restrictions which limit the options issuers have when structuring Pfandbriefe. An incomplete overview of the Minimum Requirements is set out below:

- (a) The minimum issue size of a Jumbo-Pfandbrief is Euro 1,000,000,000. If the minimum size is not reached with the initial issue, a Pfandbrief may be increased by way of a tap issue in order to give it Jumbo-Pfandbrief status, provided all the requirements stated under (b) to (g) are fulfilled.
- (b) Only Pfandbriefe of straight bond format (i.e. fixed coupon payable annually in arrear, bullet redemption) may be offered as Jumbo-Pfandbriefe.
- (c) Jumbo-Pfandbriefe must be listed on an organised market in a Member State of the European Union or in another contracting state of the agreement on the European Economic Area immediately after issue, although not later than 30 calendar days after the settlement date.
- (d) Jumbo-Pfandbriefe must be placed by a syndicate consisting of at least five banks (syndicate banks).
- (e) The syndicate banks act as market makers; in addition to their own system, they pledge to quote prices upon application and bid/ask (two-way) prices at the request of investors on an electronic trading platform and in telephone trading.
- (f) The syndicate banks pledge to report daily for each Jumbo-Pfandbrief outstanding (life to maturity from 24 months upwards) the spread versus asset swap. The average spreads, which are calculated for each Jumbo-Pfandbrief by following a defined procedure, are published on the website of the Verband Deutscher Pfandbriefbanken ([www.pfandbrief.de](http://www.pfandbrief.de)).
- (g) A subsequent transfer to the name of an investor is not permitted (restriction on transferability). It is permitted to buy back securities for redemption purposes or in the context of monitoring the cover pool if the outstanding volume of the issue does not fall below Euro 1,000,000,000 at any time. The issuer must publicly announce any buyback, the planned volume thereof and the issue envisaged for repurchase at least 3 banking days in advance, and make sure that extensive transparency is given in the market. Once a buyback transaction has been carried out, it is not permitted to increase the issue in question for a period of one year.
- (h) If one of the requirements stated in the above provisions is not met, the issue will lose its Jumbo-Pfandbrief status. Jumbo-Pfandbriefe which were issued before 28 April 2004 and have a volume of less than Euro 1,000,000,000 retain status of a Jumbo-Pfandbrief notwithstanding (a) above, provided that the other requirements in the above provisions are fulfilled.

The Minimum Requirements are supplemented by additional recommendations (*Empfehlungen* - "**Recommendations**") and a code of conduct applicable to issuers of Jumbo-Pfandbriefe (*Wohlverhaltensregeln für Emittenten* - "**Code of Conduct**"). Neither the Recommendations nor the Code of Conduct are statutory provisions.

## TAXATION

### Taxation in Germany

*The following is a general discussion of certain German tax consequences of the acquisition, the ownership and the sale, assignment or redemption of Securities and the receipt of interest thereon. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Securities. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of the Federal Republic of Germany currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.*

*PROSPECTIVE PURCHASERS OF SECURITIES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND SALE, ASSIGNMENT OR REDEMPTION OF SECURITIES AND THE RECEIPT OF INTEREST THEREON, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY.*

### **Tax Residents**

#### *Private Investors*

#### Interest and Capital Gains

Interest payable on the Securities to persons holding the Securities as private assets ("**Private Investors**") who are tax residents of Germany (i.e. persons whose residence or habitual abode is located in Germany) qualifies as investment income (*Einkünfte aus Kapitalvermögen*) according to § 20 (1) of the German Income Tax Act (*Einkommensteuergesetz*) and is, in general, taxed at a separate flat tax rate of 25% according to § 32d (1) German Income Tax Act (*Abgeltungsteuer*, in the following also referred to as "**Flat Tax**"), plus 5.5% solidarity surcharge ("**Solidarity Surcharge**", *Solidaritätszuschlag*) thereon and, if applicable, church tax. Capital gains from the sale, assignment or redemption of the Securities, including the original issue discount of the Securities, if any, and interest having accrued up to the disposition of the Securities and credited separately ("**Accrued Interest**", *Stückzinsen*), if any, also qualify – irrespective of any holding period – as investment income pursuant to § 20 (2) German Income Tax Act and are also generally taxed at the Flat Tax rate plus 5.5% Solidarity Surcharge thereon and, if applicable, church tax. If the Securities are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. The separation of coupons or interest claims from the Securities is treated as a disposition of the Securities.

Capital gains are determined by taking the difference between the sale, assignment or redemption price (after the deduction of expenses directly and factually related to the sale, assignment or redemption) and the issue or acquisition price of the Securities. Where the Securities are issued in a currency other than Euro the sale, assignment or redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the issue or acquisition date and the sale, assignment or redemption date respectively.

Expenses (other than such expenses directly and factually related to the sale, assignment or redemption) related to interest payments or capital gains under the Securities are – except for a standard lump sum (*Sparer-Pauschbetrag*) of 801 Euro (1,602 Euro for married couples filing jointly) – not deductible.

According to the Flat Tax regime losses from the sale, assignment or redemption of the Securities can

only be set-off against other investment income including capital gains. If the set-off is not possible in the assessment period in which the losses have been realised, such losses can be carried forward into future assessment periods only and can be set-off against investment income including capital gains generated in these future assessment periods.

Further, the German Federal Ministry of Finance in its decree dated 18 January 2016 (IV C 1 – S 2252/08/10004 :17) has taken the position that a bad debt loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*) shall, in general, not be treated as a sale, so that losses suffered upon such bad debt loss or waiver shall not be deductible for tax purposes. With respect to a bad debt loss a German lower fiscal court has recently confirmed the view of the German tax authorities in a non-final decision. Furthermore, according to its decree dated 18 January 2016 (IV C 1 – S 2252/08/10004 :17), the German Federal Ministry of Finance holds the view that a disposal (*Veräußerung*) (and, as a consequence, a tax loss resulting from such disposal) shall not be recognised if (i) the sales price does not exceed the actual transaction cost or (ii) the level of transaction costs is restricted because of a mutual agreement that the transaction costs are calculated by subtracting a certain amount from the sales price. This view has however been challenged by two German lower fiscal courts.

### *Withholding*

If the Securities are held in custody with or administrated by a German credit institution, financial services institution (including a German permanent establishment of such foreign institution), securities trading company or securities trading bank ("**Disbursing Agent**"), the Flat Tax at a rate of 25% (plus 5.5% Solidarity Surcharge thereon and, if applicable, church tax) will be withheld by the Disbursing Agent on interest payments and the excess of the proceeds from the sale, assignment or redemption (after the deduction of expenses directly and factually related to the sale, assignment or redemption) over the issue or acquisitions costs for the Securities (if applicable converted into Euro terms on the basis of the foreign exchange rates as of the acquisition date and the sale, assignment or redemption date respectively). In the case of interest and capital gains received after 31 December 2015, church tax is collected by way of withholding as a standard procedure unless the Private Investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

The Disbursing Agent will provide for the set-off of losses with investment income including capital gains from other securities. If, in the absence of sufficient current investment income derived through the same Disbursing Agent, a set-off is not possible, the holder of the Securities may – instead of having a loss carried forward into the following year – file an application with the Disbursing Agent until 15 December of the current fiscal year for a certification of losses in order to set-off such losses with investment income derived through other institutions in the holder's personal income tax return. If custody has changed since the acquisition and the acquisition data is not proved as required by § 43a (2) German Income Tax Act or not relevant, the Flat Tax rate of 25% (plus 5.5% Solidarity Surcharge thereon and, if applicable, church tax) will be imposed on an amount equal to 30% of the proceeds from the sale, assignment or redemption of the Securities.

In the course of the tax withholding provided for by the Disbursing Agent foreign taxes may be credited in accordance with the German Income Tax Act.

In general, no Flat Tax will be levied if the holder of a Security filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent (in the maximum amount of the standard lump sum of 801 Euro (1,602 Euro for married couples filing jointly)) to the extent the income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no Flat Tax will be deducted if the holder of the Security has submitted to the Disbursing Agent a valid certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

For Private Investors the withheld Flat Tax is, in general, definitive. Exceptions apply, if and to the extent the actual investment income exceeds the amount which was determined as the basis for the

withholding of the Flat Tax by the Disbursing Agent. In such case, the exceeding amount of investment income must be included in the Private Investor's income tax return and will be subject to the Flat Tax in the course of the assessment procedure. According to the decree of the German Federal Ministry of Finance dated 18 January 2016 (IV C 1 – S 2252/08/10004 :017), however, any exceeding amount of not more than 500 Euro per assessment period will not be claimed on grounds of equity, provided that no other reasons for an assessment according to § 32d (3) German Income Tax Act exist. Further, Private Investors may request their total investment income, together with their other income, to be subject to taxation at their personal, progressive income tax rate rather than the Flat Tax rate, if this results in a lower tax liability. According to § 32d (2) no. 1 German Income Tax Act the Flat Tax rate will also not be available in situations where an abuse of the Flat Tax rate is assumed (e.g. "back-to-back" financing). In order to prove investment income and the withheld Flat Tax thereon, the investor may request a respective certificate in officially required form from the Disbursing Agent.

Investment income not subject to the withholding of the Flat Tax (e.g. since there is no Disbursing Agent) must be included into the personal income tax return and will be subject to the Flat Tax rate of 25% (plus 5.5% Solidarity Surcharge thereon and, if applicable, church tax), unless the investor requests the investment income to be subject to taxation at the lower personal, progressive income tax rate or the investment income is not subject to the Flat Tax rate according to § 32d (2) no. 1 German Income Tax Act. Foreign taxes on investment income may be credited in accordance with the German Income Tax Act.

### ***Business Investors***

Interest payable on the Securities to persons holding the Securities as business assets ("**Business Investors**") who are tax residents of Germany (i.e. Business Investors whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany) and capital gains from the sale, assignment or redemption of the Securities, including any issue discount of the Securities and Accrued Interest, if any, are subject to income tax at the Business Investor's personal, progressive income tax rate (plus 5.5% Solidarity Surcharge thereon and, if applicable, church tax) or, in case of corporate entities, to corporation tax at a uniform 15% tax rate (plus 5.5 % Solidarity Surcharge thereon). Such interest payments and capital gains may also be subject to trade tax if the Securities form part of the property of a German trade or business. Losses from the sale, assignment or redemption of the Securities are in general recognised for tax purposes.

Withholding tax, if any, including Solidarity Surcharge thereon is credited as a prepayment against the Business Investor's personal, progressive or corporate income tax liability and the Solidarity Surcharge in the course of the tax assessment procedure, i.e. the withholding tax is not definitive. Any potential surplus will be refunded. However, in general and subject to further requirements no withholding deduction will apply to the gains from the sale, assignment or redemption of the Securities if (i) the Securities are held by a corporation, association or estate in terms of § 43 (2) sentence 3 no. 1 German Income Tax Act or (ii) the proceeds from the Securities qualify as income of a domestic business and the investor notifies this to the Disbursing Agent by use of the required official form according to § 43 (2) sentence 3 no. 2 German Income Tax Act (*Erklärung zur Freistellung vom Kapitalertragsteuerabzug*).

Foreign taxes may be credited in accordance with the German Income Tax Act. Alternatively, foreign taxes may also be deducted from the tax base for German income tax purposes.

### ***Non-residents***

Interest payable on the Securities and capital gains, including any issue discount and Accrued Interest, if any, are not subject to German taxation, unless (i) the Securities form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of the Securities or (ii) the interest income otherwise constitutes German-source income. In the cases (i) and (ii) a tax regime similar to that explained above under "*Tax Residents*" applies.

Non-residents of Germany are, subject to certain exceptions, exempt from German withholding tax and the Solidarity Surcharge thereon, even if the Securities are held in custody with a Disbursing Agent. However, where the investment income is subject to German taxation as set forth in the preceding paragraph and the Securities are held in a custodial account with a Disbursing Agent withholding tax is levied as explained above under "*Tax Residents*".

The withholding tax may be refunded based upon German national tax law or an applicable tax treaty.

### ***Particularities of Securities with a negative yield***

Holders will only realize a taxable capital gain if they receive, upon a disposal of the Securities, an amount in excess of the issue price (or the purchase price they paid for the Securities).

Contrary thereto, holders who subscribe the Securities at the issue price and hold the Securities until their final maturity will realize a loss. The tax treatment of such losses is not entirely clear:

If the Securities are held by tax residents as private assets, recently published statements of the German tax authorities regarding "negative interest" incurred on bank deposits made by private investors arguably imply that such losses cannot be fully deducted; such losses are rather treated as expenses in connection with investment income and, are, consequently not tax-deductible except for the standard lump sum deduction (*Sparer-Pauschbetrag*) of € 801 (€ 1,602 for married couples filing jointly).

If the Securities are held by tax residents as business assets, arguably such losses are generally tax deductible.

### ***Inheritance and Gift Tax***

No inheritance or gift taxes with respect to the Securities will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Securities are not attributable to a trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

### ***Other Taxes***

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Securities. Currently, net assets tax is not levied in Germany.

Germany and other Member States of the European Union intend to introduce a financial transaction tax. However, it is unclear if and in what form such tax will be actually introduced. In case such tax is introduced, the acquisition and disposal of Securities (in the secondary market) would be subject to a tax of at least 0.1% of the acquisition or disposal price.

### ***Repeal of the EU Savings Tax Directive and Introduction of the Extended Automatic Exchange of Information Regime***

The Council of the European Union has adopted a Directive repealing the Council Directive 2003/48/EC on the taxation of savings income from 1 January 2016 (1 January 2017 in the case of Austria). The Council of the European Union has also adopted Directive 2014/107/EU ("**Amending Cooperation Directive**"), amending Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014. Germany has implemented the Amending Cooperation Directive by means of a Financial Account Information Act (*Finanzkonten-Informationsaustauschgesetz, FKAustG*) according to which it will provide information on financial

accounts to EU Member States and certain other states as of 1 January 2016.

## **Taxation in Luxembourg**

**The following information is of a general nature and is included herein solely for preliminary information purposes. It is a description of *certain material Luxembourg tax consequences of purchasing, owning and disposing of the Securities*. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any prospective investor and may not include tax considerations that arise from rules of general application or that are generally assumed to be known by Holders. This information is based on the laws in force in Luxembourg on the date of this Prospectus and is subject to any change in law that may take effect after such date. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.**

Please be aware that the residence concept used below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Corporate Holders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual tax payers are generally subject to personal income tax and a solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

### ***Luxembourg tax residency of the Holders***

A Holder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding of the Securities, or the execution, performance, delivery and/or enforcement of the Securities.

### ***Withholding Tax***

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Securities can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein in accordance with applicable law, subject however to the application of the Luxembourg law of December 23, 2005 as amended introducing a final tax on certain payments of interest made to certain Luxembourg resident individuals (the "**Law**").

### **Resident Holders**

Payment of interest or similar income (within the meaning of the Law) on debt instruments made or deemed made by a paying agent (within the meaning of the Law) established in Luxembourg to or for the benefit of an individual Luxembourg resident for tax purposes who is the beneficial owner of such payment may be subject to a final tax at a rate of 20 per cent. Such final tax will be in full discharge of income tax if the individual beneficial owner acts in the course of the management of his/her private wealth. Responsibility for the withholding and payment of the tax lies with the Luxembourg paying agent.

An individual beneficial owner of interest or similar income (within the meaning of the Law) who is a resident of Luxembourg and acts in the course of the management of his private wealth may opt for a

final tax of 20 per cent. when he receives or is deemed to receive such interest or similar income (including the discount at which the Zero Coupon Securities would be issued) from a paying agent established in another EU Member State, in a Member State of the EEA which is not an EU Member State, or in a State which has concluded a treaty directly in connection with the EU Savings Directive. Responsibility for the declaration and the payment of the 20 per cent. final tax is assumed by the individual resident beneficial owner of interest.

## **Taxation of the Holders**

### *Taxation of Luxembourg non – residents*

Holders who are non-residents of Luxembourg and who have neither a permanent establishment, a fixed place of business nor a permanent representative in Luxembourg to which the Securities are attributable are not liable to any Luxembourg income tax, whether they receive payments of principal or interest (including accrued but unpaid interest) or realize capital gains upon redemption, repurchase, sale or exchange of any Securities.

Holders who are non-residents of Luxembourg and who have a permanent establishment, a fixed place of business or a permanent representative in Luxembourg to which the Securities are attributable have to include any interest received or accrued, redemption premiums or issue discounts, as well as any capital gain realised on the sale or disposal of the Securities in their taxable income for Luxembourg income tax assessment purposes.

## **Taxation of Luxembourg residents**

### *Luxembourg resident individuals*

A Luxembourg resident individual Holder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts under the Securities, except if a withholding tax has been levied by the Luxembourg paying agent on such payments or, in the case of a non-resident paying agent, if such individual has opted for the 20 per cent. levy, in accordance with the Law.

Under Luxembourg domestic tax law, gains realised upon the sale, disposal or redemption of the Securities by a Luxembourg resident individual Holder, who acts in the course of the management of his/her private wealth, on the sale or disposal, in any form whatsoever, are not subject to Luxembourg income tax, provided (i) this sale or disposal took place at least six months after the acquisition of the Securities and (ii) the Securities do not constitute Zero Coupon Securities. A Luxembourg resident individual Holder, who acts in the course of the management of his/her private wealth, has further to include the portion of the gain corresponding to accrued but unpaid income in respect of the Securities in his/her taxable income, insofar as the accrued but unpaid interest is indicated separately in the agreement. A gain realised by a Luxembourg resident individual Holder acting in the course of the management of his/her private wealth upon the sale of Zero Coupon Securities before maturity must be included in his/her taxable income for Luxembourg income tax assessment purposes.

A Luxembourg resident individual Holder acting in the course of the management of a professional or business undertaking to which the Securities are attributable, has to include interest and gains realised on the sale or disposal of the Securities in his/her taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Securities sold or redeemed.

### *Luxembourg resident companies*

A Luxembourg resident company Holder (*société de capitaux*) must include interest and gains realised on the sale or disposal of the Securities in its taxable income for Luxembourg income tax assessment

purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Securities sold or redeemed.

#### *Luxembourg residents benefiting from a special tax regime*

Luxembourg resident Holders who benefit from a special tax regime, such as, for example, (i) undertakings for collective investment subject to the law of December 17, 2010 (amending the law of December 20, 2002), (ii) specialised investment funds subject to the law dated February 13, 2007 (as amended) or (iii) family wealth management companies subject to the law dated May 11, 2007 (as amended) or (iv) by the Law of 23 July 2016 on Reserved Alternative Investment Funds having elected for the Specialized Investment Funds regime as referred to in the Law of 13 February 2007 on specialized investment funds (as amended), are exempt from income tax in Luxembourg and thus income derived from the Securities, as well as gains realised thereon, are not subject to Luxembourg income taxes.

#### ***Net Wealth Tax***

A Luxembourg resident Holders or a non-resident Holders who has a permanent establishment or a permanent representative in Luxembourg to which the Securities are attributable, is subject to Luxembourg wealth tax on such Securities, except if the Holder is (i) a resident or nonresident individual taxpayer, (ii) an undertaking for collective investment subject to the law of December 17, 2010 (amending the law of December 20, 2002), (iii) a securitisation company governed by the law of March 22, 2004 on securitization (as amended), (iv) a company governed by the law of June 15, 2004 on venture capital vehicles (as amended), (v) a specialized investment fund subject to the law of February 13, 2007 (as amended), or (vi) a family wealth management company (*Société de gestion de patrimoine familial*) subject to the law of May 11, 2007 (as amended) or (vii) a reserved alternative investment fund governed by the Law of 23 July 2016 on Reserved Alternative Investment Funds. However, if the Holder is a vehicle listed above under (iii) or (iv) a Reserved Alternative Investment Funds having elected for the regime of an investment company in risk capital as referred to in the Law of 15 June 2004 on Venture Capital Vehicles (as amended), as from 1 January 2016, it might still be subject (a) to a minimum net wealth tax of EUR 4,815 if it holds assets such as fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash, in a proportion that exceeds 90 % of its total balance sheet value and if the total of such assets exceeds EUR 350,000 or (b) to a minimum net wealth tax between EUR 535 and EUR 32,100 based on the total amount of its assets.

#### ***Other Taxes***

##### *Registration taxes and stamp duties*

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the Holders as a consequence of the issuance of the Securities, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Securities, provided that the relevant issuance, transfer, redemption or repurchase is not registered in Luxembourg, which is not mandatory.

##### *Value added tax*

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Securities or in respect of the payment of interest or principal under the Securities or the transfer of the Securities.

*Inheritance tax and gift tax*

No estate or inheritance taxes are levied on the transfer of the Securities upon death of a Holder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. Where a Holder is a resident of Luxembourg for tax purposes at the time of his/her death, the Securities are included in his/her taxable estate for inheritance tax assessment purposes. Gift tax may be due on a gift or donation of Securities if the gift is recorded in a deed passed in front of a Luxembourg notary or otherwise registered in Luxembourg.

*Part H of the Base Prospectus  
Subscription and Sale*

**SUBSCRIPTION AND SALE**

Subject to the terms and conditions contained in the programme agreement dated 15 May 2017 (the "**Programme Agreement**") between ING-DiBa AG and Commerzbank Aktiengesellschaft, the Securities will be offered by the Issuer to the dealer(s) appointed from time to time in respect of one or more Tranches (each a "**Dealer**" and, together, the "**Dealers**"). The Securities may be sold by the Issuer through the Dealers, acting as agents of the Issuer, or directly without any Dealer. The Programme Agreement also provides for Securities to be issued in Series of Securities which are severally and not jointly underwritten by two or more Dealers.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Securities. The Programme Agreement may be terminated by any party at any time on giving not less than ten business days' notice.

**United States of America**

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "**Securities Act**") and may not be offered or sold within the United States (as defined in Rule 902 of Regulation S) or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has offered and sold the Securities of any Tranche, and will offer and sell the Securities of any Tranche (i) as part of its distribution at any time and (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and such completion is notified to each relevant Dealer, by the Fiscal Agent or, in the case of a Syndicated Issue, the lead manager, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Rule 902 of Regulation S) with respect to the Securities, and it and they have complied and will comply with the offering restrictions (as defined in Rule 902 of Regulation S) requirement of Regulation S. Each Dealer has agreed to notify the Fiscal Agent or, in the case of a Syndicated Issue, the lead manager when it has completed the distribution of its portion of the Securities of any Tranche so that the Fiscal Agent or, in the case of a Syndicated Issue, the lead manager may determine the completion of the distribution of all Securities of that Tranche and notify the other relevant Dealers (if any) of the end of the distribution compliance period (as defined in Rule 902 of Regulation S). Each Dealer agrees that, at or prior to confirmation of sale of Securities, it will have sent to each distributor (as defined in Rule 902 of Regulation S), dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of this tranche of Securities as determined, and notified to [relevant Dealer], by the [Fiscal Agent/Lead Manager]. Terms used above have the meanings given to them by Regulation S under the Securities Act."<sup>15</sup>

Each Dealer has represented and agreed that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of Securities within the United States of America, except with its affiliates or with the prior written consent of the Issuer.

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<sup>15</sup> The square brackets do not represent alternatives to be applied by the Issuer in specific issuances, rather they are included to indicate places in which the relevant Dealer is to fill in the appropriate names in any such legend provided to any distributor as required by Regulation S.

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

Securities will be issued in accordance with the provisions of U.S. Treasury Regulation Section 1.163-5 (c) (2) (i) (D) (or substantially identical successor regulations) (the "**D Rules**").

Each Dealer has represented and agreed that:

- (i) except to the extent permitted under U.S. Treasury Regulation Section 1.163-5 (c) (2) (i) (D), (i) it has not offered or sold, and during the restricted period will not offer or sell, Securities in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) such Dealer has not delivered and will not deliver within the United States or its possessions definitive Securities in bearer form that are sold during the restricted period;
- (ii) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Securities in bearer form are aware that such Securities may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (iii) if such Dealer is a United States person, it has represented that it is acquiring the Securities in bearer form for purposes of resale in connection with their original issuance and if such Dealer retains Securities in bearer form for its own account, it will do so only in accordance with the requirements of U.S. Treasury Regulation Section 1.163-5 (c) (2) (i) (D) (6); and
- (iv) with respect to each affiliate that acquires Securities in bearer form from such Dealer for the purpose of offering or selling such Securities during the restricted period, such Dealer either (a) has repeated and confirmed the representations and agreements contained in sub-clauses (i), (ii) and (iii) on such affiliate's behalf or (b) has agreed that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-clauses (i), (ii) and (iii).

Terms used in the above paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

The Issuer may agree with one or more Dealers for such Dealers to arrange for the sale of Securities under procedures and restrictions designed to allow such sales to be exempt from the registration requirements of the Securities Act.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes the Base Prospectus or any other offering material.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that

it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

#### ***Prohibition of Sales to EEA Retail Investors***

From January 2018, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- a) the expression "retail investor" means a person who is one (or more) of the following:
  - i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - ii. a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Sec. 19 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Sec. 21 of the FSMA received by it in connection with the issue or sale of any Securities in circumstances in which Sec. 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

## Republic of Italy

The offering of the Securities has not been registered with the Italian financial regulator (Commissione Nazionale per le Società e la Borsa or "**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold, promoted, advertised or delivered in a solicitation to the public, nor may copies of the Base Prospectus, the Final Terms or of any other document relating to the Securities be distributed in the Republic of Italy except:

- (a) to "qualified investors" (*investitori qualificati*) as defined under Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended, (the "**Italian Financial Services Act**"), as implemented by Article 26, paragraph 1 (d) of Consob Regulation No. 16190 of October 29, 2007, as amended (the "**Intermediaries Regulation**"), pursuant to Article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999 (the "**Issuers Regulation**"); or
- (b) in any other circumstances which are exempted from the rules on public offering pursuant to Article 100 of the Italian Financial Services Act and its implementing CONSOB regulations, including the Issuers Regulation.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Securities or distribution of copies of this Base Prospectus, the Final Terms or any other document relating to the Securities in the Republic of Italy will be made in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver any Securities or distribute copies of this Base Prospectus, the Final Terms or any other document relating to the Securities in the Republic of Italy, except in any circumstances which are exempted from the rules on public offerings, as provided under the Italian Financial Services Act and its implementing regulations, including the Issuers Regulation.

Any such offer, sale or delivery of the Securities or any document relating to the Securities in the

Republic of Italy must be:

- (i) made by investment firms, banks or financial intermediaries allowed to conduct such activities in Italy in accordance with the relevant provisions of the Italian Financial Services Act, Intermediaries Regulation, Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Banking Act**"), and any other applicable laws and regulations; and
- (ii) to the extent applicable, in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request post-offering information on the issue or the offer of securities in the Republic of Italy or by Italian persons outside the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

*Provisions relating to the secondary market in the Republic of Italy*

Investors should also note that, in accordance with Article 100-*bis* of the Italian Financial Services Act, where no exemption from the rules on public offerings applies, Securities which are initially offered and placed in the Republic of Italy or abroad to qualified investors only but in the following year are (*sistematicamente*) resold to non-qualified investors become subject to the public offer and prospectus requirement rules provided under the Italian Financial Services Act and the Issuers Regulation. Failure to comply with such rules may result in the sale of the Securities being declared null and void and in the liability of the intermediary transferring the Securities for any damages suffered by such non-qualified investors.

## DESCRIPTION OF THE ISSUER

### 1. Information about the Issuer

#### General Information

ING-DiBa AG (the "**Issuer**" and, together with its consolidated subsidiaries, "**ING-DiBa Group**") acts under its legal and commercial name "ING-DiBa AG". The Issuer's predecessor, the "Bankhaus Lunk und Co. GmbH" was incorporated on 20 April 1955 and was granted the permission to commence its business activities under the laws of the Federal Republic of Germany in April 1955. On 31 August 1956, its legal name changed to "Kreditbank Hagen GmbH". After the place of business was transferred from Hagen to Frankfurt, its corporate form was changed to a stock corporation with the legal name "Bank für Sparanlagen und Vermögensbildung Aktiengesellschaft" on 11 October 1965. It was registered in the commercial register (*Handelsregister*) of the Frankfurt am Main local court on 21 October 1965 under No. HRB 7727. It began as a specialist financial institution to invest employer contributions to employees' tax-deductible savings schemes. Four years later, it began offering mortgage financing.

On 20 September 1976, Bank für Sparanlagen und Vermögensbildung Aktiengesellschaft changed its legal name to "BSV Bank für Sparanlagen und Vermögensbildung".

On 14 May 1993, the legal name was changed to "Deutsche Direktbank Aktiengesellschaft" and thereafter to "Allgemeine Deutsche Direktbank Aktiengesellschaft". Until 1998, the share capital was fully owned by a union-owned company called BGAG Beteiligungsgesellschaft der Gewerkschaften AG (Frankfurt am Main). In the same year, the ING Group bought a 49 per cent. stake in the Issuer; it acquired full ownership in 2003. Since 1 July 2005, the Issuer has been operating in the market under the name "ING-DiBa AG".

On 31 August 2011, the Issuer took over the German commercial banking (now wholesale banking) business of ING Bank N.V. by legally integrating the German branch of ING Bank N.V. (ING Bank N.V., Frankfurt Branch) into ING-DiBa AG.

The Issuer is incorporated as a stock corporation (*Aktiengesellschaft*) under the laws of the Federal Republic of Germany.

The head office is located at Theodor-Heuss-Allee 2, 60486 Frankfurt am Main, Germany. Its telephone number is +49 69 27 222 0.

#### Employees

As at 31 December 2016, ING-DiBa AG had 3,938 employees (including trainees).

### 2. Overview on Principal Business Activities

The Issuer is a universal bank with a direct bank model for its retail bank part. It offers private customers a wide range of products and services of a retail bank. Furthermore, the Issuer provides commercial customers with core banking services such as *inter alia* lending, payments and cash management solutions, treasury services and specialised financing forms for selected clients.

However, the Issuer does not have physical bank branches. Instead, the products are distributed to customers primarily through direct channels, i.e. through online or telephone services or by mail, including electronic mail, or fax. The exception is residential mortgage lending, for which the Issuer

also cooperates with carefully chosen mortgage brokers and commercial banks where relationship managers individually attend to the Issuer's customers' needs. The products offered by the Issuer to retail customers range from payment and saving accounts, investment funds and securities brokerage to various types of private consumer loans and residential mortgage financing and products offered to commercial customers range from payments and cash management solutions, advice on mergers and acquisitions to structured finance and syndicated loans.

The Issuer divides the business activity of the ING-DiBa Group into the three segments retail customer assets (*Retail-Kundenvermögen*), retail customer loans (*Retail-Kundenkredite*) and wholesale banking (formerly commercial banking), subdivided into the core products as described below.

*a. Retail customer assets (Retail-Kundenvermögen)*

The segment retail customer assets includes all investment products offered by the ING-DiBa Group: savings deposits, securities services business and current accounts.

*Savings deposits (Spargelder)*

The ING-DiBa Group offers its customers standard savings products and special savings products as well as savings bonds and savings schemes within the scope of capital contribution benefits (*vermögenswirksame Leistungen*). It also offers fixed-term deposits with various terms.

As at 31 December 2016, the ING-DiBa Group held a total of around 9.4 million savings accounts (including current accounts) for its customers (as at 31 December 2015: around 8.7 million) with a total portfolio volume for savings deposits and deposits in current accounts in the area of retail customer business amounting to EUR 128.9 billion (as at 31 December 2015: EUR 119.9 billion).

*Current accounts (Girokonten)*

The ING-DiBa Group offers current accounts with the possibility to withdraw cash at no cost from any automated teller machine (ATM) within the Eurozone with a Visa debit card.

As at 31 December 2016, the ING-DiBa Group managed approximately 1.7 million current accounts (as at 31 December 2015: approximately 1.4 million).

*Securities services business (Wertpapierdienstleistungsgeschäft)*

The ING-DiBa Group offers customers securities accounts with low transaction costs. The assets deposited with the securities accounts include securities, shares in investment funds and exchange traded funds (ETF).

As at 31 December 2016, the number of securities accounts managed by the ING-DiBa Group amounted to approximately 1,087 thousand (as at 31 December 2015: approximately 1,015 thousand). The securities account volume (*Depotvolumen*) of the ING-DiBa Group stood at EUR 30.8 billion as at 31 December 2016 (as at 31 December 2015: EUR 27.1 billion). As at 31 December 2016, the fund volume included in these accounts of ING-DiBa Group amounted to EUR 10.4 billion (as at 31 December 2015: EUR 9.1 billion).

*b. Retail customer loans (Retail-Kundenkredite)*

The segment retail customer loans covers all lending products offered by the ING-DiBa Group: (i) mortgage loans; and (ii) consumer loans.

*Mortgage loans (Baufinanzierungen)*

The ING-DiBa Group offers initial financing and follow-up financing for retail property owners with up to fifteen years terms as well as financing models in connection with programmes offered by KfW (*Kreditanstalt für Wiederaufbau*). In addition to this, it offers forward loans with a lead time of up to three years by means of which a present interest rate level rate may be used for a later follow-up financing. The ING-DiBa Group finances predominantly owner-occupied properties. Loans for properties that are intended as a capital investment are only granted in exceptional cases and under very specific conditions. The residential mortgage loan business takes place through direct channels; in addition the ING-DiBa Group works with carefully chosen intermediaries.

In the financial year ended 31 December 2016, new business of ING-DiBa Group accounted for a committed volume of EUR 9.6 billion (in the financial year ended 31 December 2015: a committed volume of EUR 10.4 billion). The portfolio volume in the mortgage loans of ING-DiBa Group amounted to EUR 67.7 billion as at 31 December 2016, compared to EUR 64.7 billion as at 31 December 2015, an increase of 5 per cent.

*Consumer loans (Konsumentenkredite)*

The ING-DiBa Group is able to cover the entire segment of consumer loans by designing products which are specifically tailor-made to customers' needs. In addition to the traditional loans based on regular instalments, the ING-DiBa Group offers flexible lines of loans that can be drawn daily based on a pre-approved limit. Special consumer loan offers for the acquisition of automobiles and the acquisition or modification of privately owned homes round off the product range.

As at 31 December 2016, the portfolio volume of consumer loans of ING-DiBa Group amounted to EUR 6.5 billion (as at 31 December 2015: EUR 5.7 billion). As at 31 December 2016, the number of consumer loan accounts held with the ING-DiBa Group amounted to 648 thousand (as at 31 December 2015: 579 thousand).

*c. Wholesale banking (formerly: Commercial banking)*

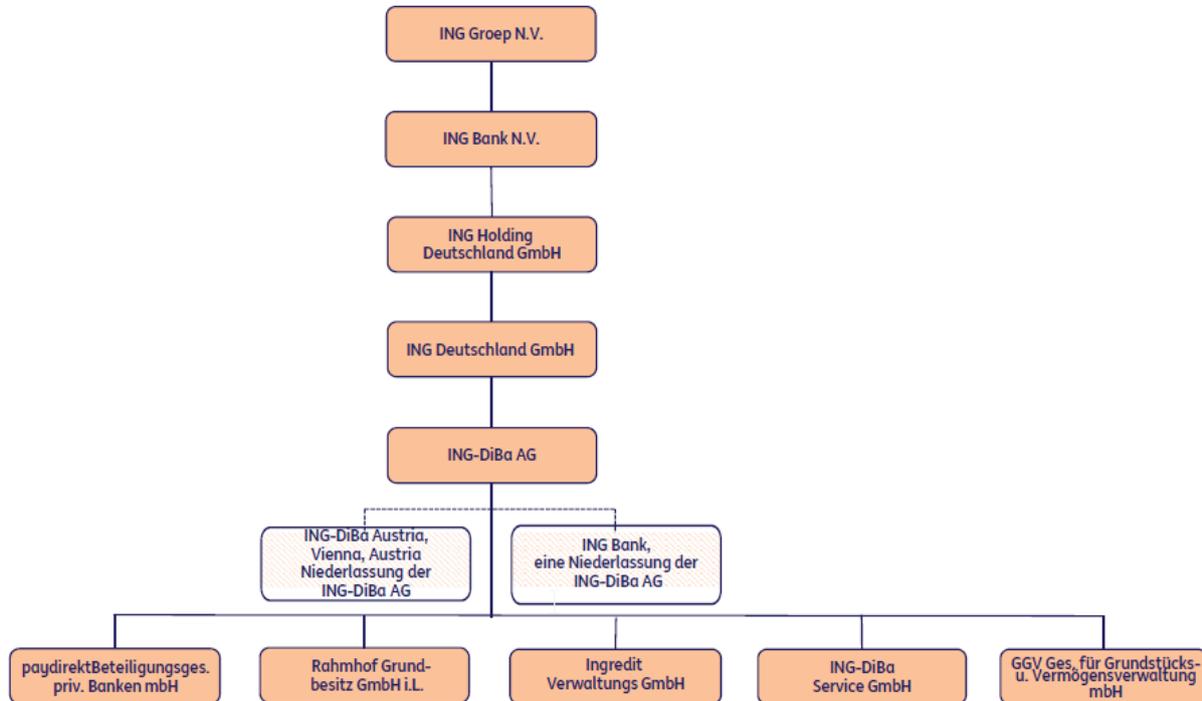
The segment wholesale banking combines the ING-DiBa Group's banking business with commercial clients. The customers are predominantly internationally operating industrial and trading companies headquartered in Germany, subsidiaries of foreign groups in Germany who are already ING customers in other countries, and globally active investors. Additionally, ING-DiBa Group acquires risk participations resulting from structured finance from ING Capital LLC, New York.

Apart from core banking services such as lending, the ING-DiBa Group also offers *inter alia* short to long term export financing. Furthermore, in the area of financial markets, the ING-DiBa Group offers financial products for hedging currency risks as well as solutions for payment transactions, documentary merchandise transactions and cash management. In addition, the ING-DiBa Group offers specialised financing forms (incl. structured project finance) for selected clients. As at 31 December 2016, loans and advances to customers of the segment wholesale banking of the ING-DiBa Group amounted to EUR 25.6 billion (as at 31 December 2015: EUR 15.2 billion).

### **3. Organisational Structure**

The subscribed capital of the Issuer is fully owned by ING Deutschland GmbH (Frankfurt am Main). The Issuer is a wholly owned subsidiary of ING Bank N.V. The following chart shows the Issuer's position within the group and its subsidiaries (solely those subsidiaries controlled based on the

majority of voting rights) and associate paydirekt Beteiligungsgesellschaft privater Banken mbH (formerly: BV-BGPB Beteiligungsgesellschaft privater Banken für Internet- und mobile Bezahlungen GmbH) with 19.94 % ownership) and branches *ING Bank*, eine Niederlassung der *ING-DiBa AG* and *ING-DiBa Austria* (formerly *ING-DiBa Direktbank Austria*), Vienna, Austria as of the date of the Base Prospectus.



In accordance with § 17 paragraph 2 of the German Stock Corporation Act (*Aktiengesetz*), it is assumed that a majority owned enterprise is dependent on the company holding the majority interest and the majority in voting rights.

#### 4. Trend Information

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited consolidated financial statements as at 31 December 2016.

#### 5. Administrative, Management and Supervisory Body

The corporate bodies of the Issuer are:

- (i) the "Management Board" (*Vorstand*); and
- (ii) the "Supervisory Board" (*Aufsichtsrat*); and
- (iii) the "General Meeting of Shareholders" (*Hauptversammlung*).

##### The Management Board

In accordance with the Articles of Association (*Satzung*), the Management Board consists of two or more members. The Supervisory Board determines the number of the members of the Management Board and can appoint the chairman of the Management Board (*Vorsitzender des Vorstands*).

As at the date of this Base Prospectus, members of the Management Board are:

<b>Name and Position</b>	<b>Functions</b>	<b>Other Mandates</b>
Nicolaas Cornelis Jue (chairman of the Management Board <sup>1)</sup> )	--	--
Bernd Geilen	Consumer loans, risk management, compliance and anti-money laundering, treasury operations	Member of the Board of directors of the Arbeitgeberverband des privaten Bankgewerbes e.V.; managing director of ING Holding Deutschland GmbH; managing director of ING Deutschland GmbH; advisor of Schufa Holding AG
Katharina Herrmann	Marketing, customer dialog, mortgage loan sales, product and target group management, digital channels	none
Željko Kaurin	Mortgage loans, service center, securities brokerage, facility management, IT & project management, Wholesale banking operations & IT	Member of the Board of Administration of VISA Deutschland
Remco Nieland	Treasury, Accounting, Controlling/Management accounting, procurement, tax	Managing director of ING Holding Deutschland GmbH; managing director of ING Deutschland GmbH
Dr. Joachim von Schorlemer	ING Bank Wholesale Banking, Chief Economist	Member of the Supervisory Board Efiport AG; Member of the Supervisory Board Dresden Frankfurt Dance Company

<sup>1)</sup>with effect from 1 June 2017

The business address of the members of the Management Board is Theodor-Heuss-Allee 2, 60486 Frankfurt am Main, Germany.

### **The Supervisory Board**

In accordance with the Articles of Association, the Supervisory Board consists of twelve members. As at the date of this Base Prospectus, members of the Supervisory Board are:

<b>Name and Position</b>	<b>Other Mandates</b>
Simonis Maria Hubertus ("Ben") Tellings (chairman of the Supervisory Board) <sup>1</sup>	--

Aris Bogdaneris	Member of the Management Board Banking of ING Bank N.V., Amsterdam; Non-executive director of the Board of ING Bank (Australia) Limited, Sydney, Australia
Professor Dr. Wolfgang Gerke	Member of the supervisory board of Société Générale SGSS KAG; member of the supervisory board of St. Galler Kantonalbank Deutschland AG
Dr. Claus Dieter Hoffmann	Member of the advisory board of Ejot GmbH & Co. KG; managing director of H + H Senior Advisors GmbH
Diederik C. Baron van Wassenaer	Member of the supervisory board of Bank Mendes Gans N.V.; member of the executive board of the American Chamber of Commerce Netherlands; member of The Netherlands State Committee for Export
Hermann Zeilinger	none
Birgit Braitsch <sup>*)</sup>	Member of the Board Verein zur beruflichen Förderung von Frauen e.V.; Member of the Board Bildungswerk der Vereinten Dienstleistungsgewerkschaft (ver.di) im Lande Hessen
Rüdiger Köppel <sup>*)</sup>	none
Ulrich Probst <sup>*)</sup>	Member of the supervisory board of the trade union "DBV-Gewerkschaft"
Rainer Pfeifer <sup>*)</sup>	none
Christine Stürtz-Deligiannis <sup>*)</sup>	Deputy chairman of the Board Das Demographie Netzwerk e.V. (ddn)
Stefan Teichmann <sup>*)</sup>	none

<sup>\*)</sup> Employee representatives according to the German Co-Determination Act (*Mitbestimmungsgesetz*).

<sup>1)</sup> Ben Tellings has vacated office. A successor has not been appointed yet.

The business address of the members of the Supervisory Board is Theodor-Heuss-Allee 2, 60486 Frankfurt am Main, Germany.

### **General Meeting of Shareholders**

The General Meeting of Shareholders, which is called by the Management Board or by the Supervisory Board, as the case may be, is held at the head office of the Issuer. An ordinary shareholder meeting takes place within the first eight months of every financial year of the Issuer. The voting right of each individual share gives entitlement to one vote.

### **Potential Conflicts of Interest**

The members of the Management Board and the Supervisory Board have additional positions as described above which may result in potential conflicts of interest between their duties towards the Issuer and their private interests and other duties, in particular insofar as some of the members of the Management Board and the Supervisory Board have additional functions within ING Group. As at the date of this Base Prospectus, there are no conflicts of interest in connection with the issue of Securities

under the Programme.

## 6. Statutory Auditors

For the financial year ended 31 December 2015, the statutory auditors of the Issuer were Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Eschborn/Frankfurt am Main, Mergenthalerallee 3-5, 65760 Eschborn, Germany ("**Ernst & Young**"). Ernst & Young is a member of the German chamber of public accountants (*Wirtschaftsprüferkammer*), Berlin.

For the financial year ended 31 December 2016, the statutory auditors of the Issuer were KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, office Frankfurt am Main, THE SQUAIRE Am Flughafen, 60549 Frankfurt am Main, Germany ("**KPMG**"). KPMG is a member of the German chamber of public accountants (*Wirtschaftsprüferkammer*), Berlin. The statutory auditors were changed according to schedule.

## 7. Major Shareholders

As of the date of this Base Prospectus, the subscribed capital of the Issuer is EUR 100,000,000 divided into 100,000,000 shares. The share capital of the Issuer is fully owned by ING Deutschland GmbH (Frankfurt am Main) (for more information see also "3. Organisational Structure" above).

## 8. Financial Information

### Historical Financial Information

For the financial year ended 31 December 2016, the Issuer's consolidated financial statements, including the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Notes to the IFRS Consolidated Financial Statements, and the respective Auditor's Report (the "**Consolidated Financial Information 2016**") are set out in Annex A to the Base Prospectus (pages F-1 to F-110).

For the financial year ended 31 December 2015, the Issuer's consolidated financial statements, including the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Notes to the IFRS Consolidated Financial Statements, and the respective Auditors' Report (the "**Consolidated Financial Information 2015**") are incorporated by reference into this Base Prospectus as set out in the table under "*Documents incorporated by reference*" within the section "*General Information*" below.

For the financial year ended 31 December 2016, the Issuer's unconsolidated financial statements, including the Balance Sheet, the Income Statement and the Notes to the Financial Statements, and the respective Auditor's Report (the "**Unconsolidated Financial Information 2016**") are set out in Annex B to the Base Prospectus (pages G-1 to G-36).

The Issuer's consolidated financial statements for the financial years ended 31 December 2015 and 31 December 2016 have been prepared on the basis of International Financial Reporting Standards, as adopted by the European Union, ("**IFRS**") and the additional requirements of German commercial law pursuant to § 315a (1) of the German Commercial Code (*Handelsgesetzbuch*).

The Issuer's unconsolidated financial statements for the financial year ended 31 December 2016 have been prepared on the basis of the principles pursuant to the German Commercial Code (*Handelsgesetzbuch*), the German Order on the Accounting of Credit Institutions and Financial Services Institutions (*RechKredV*) (*Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute*), the German Pfandbrief Act (*Pfandbriefgesetz*) and the German Stock Corporation Act (*Aktiengesetz*).

### **Auditing of Historical Financial Information**

The statutory auditors of the Issuer have audited the consolidated financial statements as well as the respective group management report for the financial year ended 31 December 2016, the consolidated financial statements as well as the respective group management report for the financial year ended 31 December 2015 and the unconsolidated financial statements for the financial year ended 31 December 2016 in accordance with § 317 of the German Commercial Code (*Handelsgesetzbuch*) and German generally accepted standards of the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V. – IDW*) and have issued an unqualified auditors' report (*uneingeschränkter Bestätigungsvermerk*) in each case.

### **Legal and Arbitration Proceedings**

The Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have or have had in the recent past, significant effects on the Issuer's and/or ING-DiBa Group's financial position or profitability.

### **Significant Change in the Issuer's Financial or Trading Position**

There has been no significant change in ING-DiBa Group's financial or trading position since the date of the last published consolidated financial statements of ING-DiBa Group as at 31 December 2016.

### **Rating of the Issuer**

The current long-term deposits rating of the Issuer by Moody's Deutschland GmbH ("**Moody's**") is A2, Outlook stable.

Obligations rated by Moody's in the rating category A pursuant its global long-term rating scale are judged by Moody's to be upper-medium grade and are subject to low credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The numerical modifier 2 indicates a mid-range ranking within the generic rating category A.

Moody's is established in the European Union and is registered under Regulation (EC) no 1060/2009 of the European Parliament and of Council of 16 September 2009 on credit rating agencies as amended by Regulation (EU) No. 513/2011 (the "**CRA Regulation**").

The European Securities and Markets Authority ("**ESMA**") publishes on its website ([www.esma.europa.eu](http://www.esma.europa.eu)) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 of the CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

The long-term rating of the Issuer has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by Moody's, no facts have been omitted which would render the reproduced information inaccurate or misleading.

**Part J of the Base Prospectus  
General Information**

**GENERAL INFORMATION**

***Documents available for Inspection***

For the period during which this Base Prospectus is valid, copies of the following documents concerning the Issuer will be available for inspection, and copies thereof will be available free of charge upon oral or written request, during normal business hours at the principle office of the Issuer:

- (i) the Articles of Association of the Issuer;
- (ii) this Base Prospectus and any supplement thereto; and
- (iii) the Consolidated Financial Information 2015 of the Issuer in accordance with IFRS, as incorporated by reference into this Base Prospectus, the Consolidated Financial Information 2016 of the Issuer in accordance with IFRS, as set out in Annex A to this Base Prospectus, and the Unconsolidated Financial Information 2016 of the Issuer in accordance with the German Commercial Code (*Handelsgesetzbuch*), as set out in Annex B to this Base Prospectus.

***Documents incorporated by Reference***

The following document shall be deemed to be incorporated into, and to form part of, this Base Prospectus:

<b>Document</b>	<b>Page Reference</b>	<b>Incorporation on page of the Base Prospectus</b>
<b>Consolidated Financial Information 2015 of the Issuer in accordance with IFRS (English translation from the German language) (Annex A to the 2015 Base Prospectus (as defined below)):</b>		
Cover Page of the Consolidated Financial Statements	F-1	Page 185
Table of Contents	F-2	Page 185
Consolidated Financial Statements	F-3	Page 185
Consolidated Statement of Financial Position	F-4	Page 185
Consolidated Income Statement	F-5	Page 185
Consolidated Statement of Comprehensive Income	F-6 - F-7	Page 185
Consolidated Statement of Changes in Equity	F-8	Page 185
Consolidated Statement of Cash Flows	F-9 - F-10	Page 185
Notes to the IFRS Consolidated Financial Statements	F-11 - F-127	Page 185
Auditors' Report <sup>16</sup>	F-128 - F-129	Page 185

<sup>16</sup> The auditor's report (*Bestätigungsvermerk*) refers to the Issuer's consolidated financial statements and group management report for the financial year ended 31 December 2015 as a whole and not solely to the consolidated financial statements incorporated by reference.

The document set out in the table above was deposited with BaFin in connection with the approval of the base prospectus dated 18 May 2016 (the "**2016 Base Prospectus**") with regard to the Euro 10,000,000,000 Programme for the Issuance of *Pfandbriefe*. The 2016 Base Prospectus was approved by BaFin on 18 May 2016. The 2016 Base Prospectus is available for inspection, and copies thereof will be available free of charge upon oral or written request, during normal business hours at the principle office of the Issuer. Parts of the 2016 Base Prospectus referred to above which are not explicitly listed in the table above are not incorporated by reference into this Base Prospectus and are either not relevant for the investor or are covered elsewhere in this Base Prospectus.

**ANNEX A**

**Consolidated Financial Information 2016 of the Issuer in accordance with IFRS**

**(English Translation from the German language)**

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Consolidated Statement of Comprehensive Income	F-5
Consolidated Statement of Changes in Equity	F-6
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Notes to the IFRS Consolidated Financial Statements	F-9 - F-107
Auditors' Report	F-108 - F-109

Consolidated Financial  
Statements  
prepared in accordance  
with IFRS as of  
December 31, 2016

ING-DiBa AG, Frankfurt am Main

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CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH  
IFRS AS OF DECEMBER 31, 2016

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## Consolidated statement of financial position

	Note	12/31/2016 € m	12/31/2015 € m
<b>Assets</b>			
Cash reserve	1	1,487	1,497
Loans and advances to banks	2	8,881	4,904
Loans and advances to customers	3	106,459	97,943
Adjustment to portfolio fair value hedges	4	879	1,183
Financial investments	5	38,738	37,670
Derivatives with positive fair value	6	345	68
Investment property	7	12	12
Property and equipment and Group-occupied property	8	64	54
Intangible assets	9	23	11
Income tax assets	10	21	8
Deferred tax assets	11	7	1
Other assets	12	637	626
<b>Total assets</b>		<b>157,553</b>	<b>143,977</b>
<b>Equity and liabilities</b>			
<b>EQUITY</b>			
Subscribed capital		100	100
Reserves		7,590	7,106
Non-controlling interests		0	0
<b>Equity</b>	13	<b>7,690</b>	<b>7,206</b>
<b>LIABILITIES</b>			
Securitized liabilities	14	1,272	1,283
Deposits from banks	15	16,595	12,941
Due to customers	16	130,151	121,126
Derivatives with negative fair value	17	336	76
Income tax liabilities	18	0	4
Deferred tax liabilities	19	164	161
Non-current provisions	20	199	173
Other liabilities	21	1,146	1,007
<b>Total equity and liabilities</b>		<b>157,553</b>	<b>143,977</b>

## Consolidated income statement

	Note	2016 € m	2015 € m
Interest income		2,851	2,862
Interest expense		- 879	- 1,055
Net interest income	33	1,972	1,807
Commission income		243	228
Commission expense		- 139	- 136
Net commission income	34	104	92
Net gains/losses on measurement of derivatives and hedged items	35	27	4
Other net gains/losses on financial investments and investment property	36	48	76
Other income and expenses	37	- 30	13
Total income		2,121	1,992
Risk provision	38	- 31	- 77
Personnel expenses	39	- 342	- 314
Other administrative expenses	40	- 514	- 486
Total expenses		- 887	- 877
Profit before tax		1,234	1,115
Income tax	41	- 375	- 360
Profit after tax		859	755
attributable to non-controlling interests		0	0
attributable to owners of the parent		859	755

## Consolidated statement of comprehensive income

	Note	2016 Amount before tax € m	2016 Income tax € m	2016 Amount after tax € m
Remeasurements of Group-occupied property	8, 13	0	0	0
Remeasurement gains/losses related to defined benefit plans	13, 20	- 20	- 6	- 14
Other comprehensive income from items that, in accordance with other IFRSs, will not be reclassified subsequently to profit or loss		- 20	- 6	- 14
Realized gains/losses transferred to profit or loss	5, 13	- 20	- 6	- 14
Remeasurements of available for sale financial investments	5, 13	11	3	8
Changes in cash flow hedge reserve	13, 24	6	2	4
Other comprehensive income from items that are, in accordance with other IFRSs, eligible for subsequent reclassification to profit or loss		- 3	- 1	- 2
Consolidated other comprehensive income		- 23	- 7	- 16
Profit		1,234	375	859
Total comprehensive income		1,211	368	843
attributable to non-controlling interests				0
attributable to owners of the parent				843

		2015 Amount before tax € m	2015 Income tax € m	2015 Amount after tax € m
Remeasurements of Group-occupied property	8, 13	0	0	0
Remeasurement gains/losses related to defined benefit plans	13, 20	9	3	6
Other comprehensive income from items that, in accordance with other IFRSs, will not be reclassified subsequently to profit or loss		9	3	6
Impairment losses	5, 13	0	0	0
Realized gains/losses transferred to profit or loss	5, 13	- 93	- 28	- 65
Remeasurements of available for sale financial investments	5, 13	- 319	- 106	- 213
Changes in cash flow hedge reserve	13, 24	- 3	- 1	- 2
Other comprehensive income from items that are, in accordance with other IFRSs, eligible for subsequent reclassification to profit or loss		- 415	- 135	- 280
Consolidated other comprehensive income		- 406	- 132	- 274
Profit		1,115	360	755
Total comprehensive income		709	228	481
attributable to non-controlling interests				0
attributable to owners of the parent				481

## Consolidated statement of changes in equity

	2016 Subscribed capital € m	2016 Other reserves € m	2016 Total € m
Consolidated equity as of Jan. 1	100	7,106	7,206
Remeasurement of available for sale financial investments	0	8	8
Realized gains/losses transferred to profit or loss	0	- 14	- 14
Changes in the cash flow hedge reserve	0	4	4
Remeasurement gains/ losses related to defined benefit plans	0	- 13	- 13
Other remeasurements	0	0	0
Consolidated other comprehensive income	0	- 15	- 15
<b>Subtotal</b>	<b>100</b>	<b>7,091</b>	<b>7,191</b>
Other changes	0	3	3
Contribution of Wholesale Banking Austria	0	8	8
Profit transfer	0	- 740	- 740
Contribution from tax group (push-down method)	0	369	369
Profit after tax	0	859	859
<b>Consolidated equity as of Dec. 31</b>	<b>100</b>	<b>7,590</b>	<b>7,690</b>

	2015 Subscribed capital € m	2015 Other reserves € m	2015 Total € m
Consolidated equity as of Jan. 1	100	6,921	7,021
Remeasurement of available for sale financial investments	0	- 213	- 213
Realized gains/losses transferred to profit or loss	0	- 65	- 65
Changes in the cash flow hedge reserve	0	- 2	- 2
Remeasurement gains/losses related to defined benefit plans	0	6	6
Other remeasurements	0	0	0
Consolidated other comprehensive income	0	- 274	- 274
<b>Subtotal</b>	<b>100</b>	<b>6,647</b>	<b>6,747</b>
Other changes	0	3	3
Contribution of Wholesale Banking Austria	0	0	0
Profit transfer	0	- 644	- 644
Contribution from tax group (push-down method)	0	345	345
Profit after tax	0	755	755
<b>Consolidated equity as of Dec. 31</b>	<b>100</b>	<b>7,106</b>	<b>7,206</b>

(1) "Contribution of Wholesale Banking Austria" relates to the operations of the former "ING Bank N.V. Vienna Branch". Further information can be found in the section entitled "General information".

Changes in reserves are presented as after-tax amounts.  
For detailed disclosures on the equity accounts, refer to note 13.

## Consolidated statement of cash flows

	2016 € m	2015 € m
Profit before tax	1,234	1,115
Non-cash items included in profit before tax and reconciliation to cash flow from operating activities		
Depreciation and write-downs of property and equipment, write-downs of loans and advances, financial investments and intangible assets, and reversals of impairment losses on these items	59	90
Increase/decrease in provisions	9	38
Gains/losses on disposal of financial investments and property and equipment	- 4	- 75
Other non-cash items of total comprehensive income	19	182
Subtotal	1,317	1,350
Cash changes in operating assets and liabilities		
Loans and advances to banks	- 3,603	- 1,846
Loans and advances to customers	- 8,752	- 7,800
Other operating assets	552	600
Deposits from banks	2,541	1,851
Due to customers	8,941	5,860
Other operating liabilities	- 565	- 682
Cash flows from derivative upfront and closing	552	- 330
Net cash flows from operating activities	983	- 997
Investing activities		
Proceeds from		
Disposal of financial investments and other investments	154	4,401
Maturity of financial investments and other investments	3,272	2,545
Proceeds from		
Disposal of property and equipment	0	0
Payments for investments in		
Financial investments and other investments	- 4,486	- 6,220
Property and equipment	- 26	- 17
Intangible assets	- 18	- 8
Cash and cash equivalents from contribution of Wholesale Banking Austria	91	0
Net cash flows from investing activities	- 1.013	701

Continued on next page

	2016 € m	2015 € m
Financing activities		
Issuance of securitized liabilities	493	0
Maturity of securitized liabilities	- 500	0
Profit transfer	- 644	- 621
Net cash flows from financing activities	- 651	- 621
Net cash flow	- 681	- 917
Effects of exchange rate changes	0	0
Cash and cash equivalents at start of period	1,447	2,364
Cash and cash equivalents at end of period	766	1,447
The cash flows from operating activities include		
Interest received	3,279	3,260
Interest paid	- 1,011	- 1,336
Cash and cash equivalents include		
Cash reserve	1,487	1,497
Loans and advances to banks, payable on demand	604	256
Deposits from banks, payable on demand	- 1,325	- 306
Cash and cash equivalents at end of period	766	1,447

The statement of cash flows is explained in note 43.

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## IFRS notes to the consolidated financial statements

### General information

ING-DiBa AG, Frankfurt am Main, is a German stock corporation (*Aktiengesellschaft*) with activities in the banking sector.

Its business is primarily focused on direct banking with retail customers (retail business) and on financing business customers (Wholesale Banking).

ING-DiBa AG (hereinafter ING-DiBa) is domiciled at Theodor-Heuss-Allee 2, 60486 Frankfurt am Main, Germany. The Company is registered under HRB 7727 in the commercial register at the Local Court of Frankfurt am Main.

The Company operates a branch in Vienna, Austria, The branch trades as ING-DiBa Austria, a branch of ING-DiBa AG (formerly ING-DiBa Direktbank Austria), hereinafter referred to as "ING-DiBa Austria".

An additional branch with its registered office in Frankfurt am Main trades under the name ING Bank, a branch of ING-DiBa AG.

ING-DiBa AG's operation in Germany has offices in Frankfurt am Main, Nuremberg, and Hanover, and a representative office in Berlin.

ING-DiBa AG is the parent company of a subgroup; the subgroup is hereinafter referred to as ING-DiBa. All companies in the subgroup are domiciled in Germany. The activities of the subsidiaries are focused on property and asset management; none of them operates banking business. One company is a special purpose entity created to securitize a portfolio of mortgage loans of ING-DiBa (note 30).

ING-DiBa's share capital was completely held by ING Deutschland GmbH, Frankfurt am Main, at the end of the reporting period. The consolidated financial statements for the largest group of entities in which the Company is included are prepared by ING Groep N.V., Amsterdam, the Netherlands, and published at its website ([www.ing.com](http://www.ing.com)). The consolidated financial statements for the smallest group of entities in which the Company is included are prepared by ING Bank N.V., Amsterdam, the Netherlands, and published in German in the electronic Federal Gazette ([www.bundesanzeiger.de](http://www.bundesanzeiger.de)).

The share capital of ING-DiBa is not listed on the stock exchange.

ING-DiBa participates in the deposit protection fund of the Bundesverband deutscher Banken e.V. (Association of German Banks), Berlin, and the restructuring fund of the Bundesanstalt für Finanzmarktstabilisierung (Federal Agency for Financial Market Stabilization), Frankfurt am Main. In addition, ING-DiBa makes contributions for the single resolution fund (referred to as "bank levy," note 40) to the Federal Agency for Financial Market Stabilization. It also belongs to the Entschädigungseinrichtung deutscher Banken GmbH (Compensation Scheme of German Banks), Berlin.

Since 2011, ING-DiBa AG has been issuing mortgage bonds (*Hypothekendarlehen*, note 14), which are placed on the organized capital market, and has thus acquired the status of a capital-market-oriented company under German commercial law.

The Management Board approved these consolidated financial statements on March 10, 2017, and sent them to the Supervisory Board.

These consolidated financial statements for the fiscal year ended December 31, 2016, were prepared on the basis of Article 4 of Regulation (EC) No. 1606/2002 dated July 19, 2002, in accordance with the International Financial Reporting Standards (IFRSs), as adopted in the European Union. In addition, the commercial law provisions in accordance with section 315 a (1) HGB were also applied.

The consolidated financial statements comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, and consolidated statement of changes in equity. They also include the notes to the consolidated financial statements.

In addition, this report also contains a report on operating segments and the Group management report required under German commercial law.

The components of the risk report in accordance with IFRS 7.31-41 have essentially been incorporated into the following sections of the Group management report: "Principles of risk management", "Monitoring and management of market price risks", "Monitoring and management of liquidity risks", "Monitoring and management of counterparty default risks", "Monitoring and management of operational risks" as well as section 5 "Additional disclosures under IFRS 7". The disclosures under IFRS 7.39 are contained in note 23 and the collateral as defined in IFRS 7.38 is presented in the explanations of the respective items. Disclosures under IFRS 7.42 are centralized under note 25.

Where the terms "consolidated financial statements" and "Group management report" are used in the following, these refer to those prepared by ING-DiBa AG. This applies accordingly to all parts of the Group's consolidated financial statements and the consolidated Group. The consolidated financial statements of other consolidated groups and other consolidated groups themselves will be identified as such.

The consolidated financial statements are presented in euros. Unless otherwise indicated, all figures are shown in millions of euros (€ m).

Where information is presented in tabular format, negative signs are only used if the caption name does not clearly indicate an amount to be deducted.

The comparative period is the 2015 fiscal year; the comparative reporting date is December 31, 2015.

## Contribution of Wholesale Banking Austria

The undertaking previously trading as "ING Bank N.V. Vienna Branch" was contributed to ING-DiBa with retroactive effect as of January 1, 2016. The business operations were transferred as of August 1, 2016.

The profit of the transferred branch was included in ING-DiBa Group's consolidated financial statements as of August 1, 2016. The assets, liabilities and contingent liabilities acquired were included at Group carrying amounts of ING Bank N.V. The equity transferred was accounted for as a contribution to the distributable capital reserves as of the effective date of the contribution (August 1, 2016), corresponding to the accounting treatment under the German Commercial Code (HGB).

## Significant accounting policies

### a) Consolidation

#### Consolidation methods

In accordance with IFRS 10.19, the consolidated financial statements of ING-DiBa have been prepared in accordance with uniform Group accounting policies. The scope of the subsidiaries to be consolidated is reviewed every six months. December 31, 2016, is the reporting date for the financial statements of all entities included in consolidation.

Irrespective of the type of shareholding, the Bank consolidates in the consolidated financial statements all entities that it controls directly or indirectly. Control exists if the investor is exposed to variable returns from the investee and can use its power to affect those returns. Power exists if existing rights give the company the ability to direct the relevant activities of the investee. Power can arise with or without corporate voting rights.

Unless a particular agreement specifies otherwise, control is deemed to exist as soon as ING-DiBa directly or indirectly has more than half of the voting rights.

If it does not hold the majority of the voting rights, control may also arise from the ability to unilaterally direct the relevant activities of the entity. This may, for example, be the case in structured entities, which are always conceived such that voting or similar rights are not the dominant factor when it comes to determining who controls the entity.

Consolidation begins on the date when control is obtained over the entity and ends when control is lost.

Acquisition accounting uses the acquisition method in accordance with IFRS 10.21 in conjunction with IFRS 10.B86 (b) and IFRS 3.4 et seq. The principles of the acquisition method entail the recognition and measurement of the identifiable assets, the liabilities assumed, and all non-controlling interests in the acquiree. If the deduction of the fair value of the share of the equity determined at the acquisition date for the entity to be consolidated from the fair value of the consideration transferred for the acquisition (cost) results in a positive difference, this amount is recognized as goodwill and reported under other assets. Goodwill, if any, is tested for impairment at least annually. If the difference is negative, the resulting amount is recognized in profit or loss at the acquisition date.

If control over subsidiaries is lost, the assets and liabilities as well as the carrying amounts of the non-controlling interests in the former subsidiary are derecognized and any consideration received is recognized at fair value.

Intra-Group balances, transactions, and profits and losses between entities included in consolidation are eliminated as part of consolidation accounting.

Associates are included in the consolidated financial statements using the equity method pursuant to IAS 28.10 et seq. An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Significant influence is assumed at an interest of 20 to 50 percent.

Under the equity method, the interest in the company in question is initially recognized at cost. Subsequently, the carrying amount of the interest is increased or decreased in accordance with the Group's share of the profit or loss of the investee. The investor's share of

the investee's profit or loss is recognized in the investor's income statement. Distributions received from the investee reduce the carrying amount of the interest.

If significant influence over the associate is lost, measurement of the shares in accordance with the equity method ends.

## Basis of consolidation

For the subsidiaries in whose capital ING-DiBa holds shares, the consolidation requirement in fiscal year 2016 arises directly from the fact that, without exception, the direct equity investments are wholly owned and convey corresponding unrestricted voting rights. There is no need for judgments due to the clear control relationship.

Consolidation without corporate voting rights arises with regard to one structured entity. The Bank derives variable returns from this entity, which can be affected due to its power: The de facto control of the entity by ING-DiBa arises from the fact that the existing voting rights have no material effects on its returns. Rather, the entity was established solely for purposes of securitizing loans from ING-DiBa AG; its structure is based solely on the Bank's goals. The ongoing business decisions to be made by the management of the structured entity are limited to administrative matters because the rigid contractual structure, which is sharply focused on the special purpose for the Bank, does not grant management any influence beyond administration. Due to the absence of a majority of voting rights, judgment was exercised in this respect to assess the issue of consolidation.

The Bank holds a direct share in one associate amounting to 19.94 percent of the voting rights, the exercise of which is not subject to any restrictions; the Bank's interest in this associate is thus technically below the materiality threshold set out in IAS 28. Nevertheless, in the Bank's estimate and at its discretion, the Bank exercises a material influence over the company's financial and business decisions as defined in IAS 28.

Note 30 contains detailed disclosures on entities included in consolidation.

## b) Basis of presentation

The consolidated financial statements of ING-DiBa have been prepared on a going concern basis. Income and expenses are ratably recognized in the income statement in the period to which they relate (matching principle).

Recognition, measurement, and reporting policies are applied consistently. For information on material estimates and uses of judgment impacting the consolidated financial statements, see subsection h) Material estimates and uses of judgment.

## c) Financial instruments

### Financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

In these financial statements, financial instruments are recognized in particular in the following accounts:

- › Cash reserve

- › Loans and advances to banks
- › Loans and advances to customers
- › Financial investments
- › Derivatives with positive fair value
- › Securitized liabilities
- › Deposits from banks
- › Due to customers
- › Derivatives with negative fair value.

## Date of recognition

Financial instruments in the “available-for-sale” and “held-to-maturity” category and derivatives are recognized in the statement of financial position on the trade date. Financial instruments in the “loans and receivables” measurement category and non-derivative financial liabilities are recognized as of the settlement date.

## Derecognition

In principle, a financial asset is derecognized when the right to receive cash flows from the financial asset has expired or substantially all risks and rewards arising from the financial asset have been transferred.

It is also derecognized if the Group no longer has control over the financial asset.

If the Group retains control even after transfer, the financial instrument is recognized to the extent the Group has retained control (recognition in the amount of the continuing involvement; note 25).

A financial liability is only derecognized if the contractual obligations have been met, revoked, or have expired.

## Offsetting

Financial assets and liabilities are offset if a current right to do so exists and if the Bank has the intention to settle on a net basis or to simultaneously realize the relevant asset and settle the associated liability. A condition is that the right must be legally enforceable, both in the normal course of business and in the event of the default or insolvency of the company and all counterparties. In addition, the right of set-off may not be contingent on a future event.

If derivatives, repo, or reverse repo transactions are traded through central clearing houses (central counterparty), legal enforceability of the right of set-off in the respective jurisdiction is also a key criterion.

The Group applies offsetting of financial instruments mainly to those derivative instruments which are settled via a central counterparty and with respect to which the Group has both a right to offset those instruments as well as the intention to settle on a net basis or to simultaneously realize the relevant asset and settle the associated liability.

ING-DiBa reports on offsetting, master netting agreements, and similar agreements in note 26.

## Initial recognition

Financial instruments are initially recognized at their fair values. Fair value is defined as the price at which an orderly transaction to sell the asset or to transfer the liability takes place between market participants at the measurement date. It usually corresponds to the fair value of the consideration upon initial recognition, referred to as the transaction price. In the case of financial instruments that do not belong to the “at fair value through profit or loss” category, transaction costs as defined in IAS 39.AG13 are also included.

## Classification and subsequent measurement of financial assets

The subsequent measurement of financial assets depends on the category to which they have been assigned. IAS 39.9 specifies these as

- › Financial assets at fair value through profit or loss (FVTPL)
- › Held-to-maturity (HtM) investments
- › Loans and receivables (LaR)
- › Available-for-sale (AfS) financial assets.

### Financial assets at fair value through profit or loss

Financial instruments in the “at fair value through profit or loss” category are subsequently measured at their fair values. Any changes in fair value are immediately recognized through profit or loss.

This category has the “held for trading” and “fair value option” subcategories.

At ING-DiBa, the “held for trading” subcategory only contains derivatives not accounted for under the special hedge accounting rules of IAS 39.71 et seq. ING-DiBa does not hold any financial instruments for trading as defined in IAS 39.9, Definition of four categories of financial instruments, letter a items (i) and (ii).

The fair value option possible under IAS 39 was not exercised during the periods under review.

This means that the group of financial instruments measured at fair value through profit or loss is made up exclusively of derivatives not designated as hedging instruments. The resulting measurement gains or losses are included in the “net gains/losses on measurement of derivatives and hedged items” caption (note 35), as is the associated interest income and expense. For foreign currency derivatives, the measurement effects from changes in exchange rates are reported under “other income and expenses” (note 37).

The respective derivatives are reported under “derivatives with positive fair value” (note 6) or “derivatives with negative fair value” (note 17).

### Held-to-maturity investments

Held-to-maturity investments consist entirely of securities with fixed or determinable payments and a fixed term, which the Bank intends and is able to hold to maturity.

They are subsequently measured at amortized cost, calculated using the effective interest method, less any necessary impairment allowances.

These financial assets are presented in the “financial investments” account (note 5).

The interest income is allocated to the period in which it accrues; it is recognized in the Bank’s net interest income (note 33).

#### **Loans and receivables**

ING-DiBa generally assigns non-derivative financial assets that have fixed or determinable claims for payment but are not traded in an active market to the “loans and receivables” category.

They are subsequently measured at amortized cost, calculated using the effective interest method, less any necessary impairment allowances.

The interest income is allocated to the period in which it accrues; it is recognized under net interest income (note 33). The “loans and receivables” category includes in particular balances with central banks under the “cash reserve” (note 1), “loans and advances to banks” (note 2), and “loans and advances to customers” (note 3).

Where the instruments have been allocated to the “available-for-sale” category, which is also possible, this is shown in the notes to the individual accounts.

#### **Available-for-sale financial assets**

The “available-for-sale” category primarily contains debt instruments not assigned to any of the above categories as well as financial instruments reclassified from the “held-to-maturity” category in fiscal year 2012.

These financial assets are presented in the “financial investments” account (note 5).

AfS financial instruments are in all cases initially recognized at fair value and subsequent changes in fair value are taken directly to equity. The measurement gains or losses are recognized in changes in accumulated other comprehensive income until the asset is derecognized or an impairment allowance has to be recognized. Changes in accumulated other comprehensive income are part of equity (note 13).

As soon as AfS financial instruments are derecognized or written down for impairment, the changes in fair value accumulated up to then in changes in accumulated other comprehensive income are assigned to “other gains/losses on financial investments and investment property” (note 36) in the consolidated income statement.

The interest income is allocated to the period in which it accrues; it is recognized in the Bank’s net interest income (note 33).

ING-DiBa holds a limited number of equity investments, which are of minor relevance to the net assets, financial position, and results of operations. These equity instruments are treated as financial investments and are allocated to the “available-for-sale” category. The shares are not held for trading. To the extent these equity investments are not listed and it is not possible to reliably measure their fair value, they are recognized and measured at cost (note 5).

Dividends from AfS equity investments are recognized under “other gains/losses on financial investments and investment property” (note 36).

ING-DiBa reports its shares in VISA Inc. (Visa Class C shares) under financial investments in the AFS category. Please refer to the information provided in note 5 “Financial investments,” note 13 “Equity,” and note 32 “Fair value reporting.”

## Reclassifications

No reclassifications were made in the fiscal year under review. Financial instruments reclassified in prior years are subsequently measured in accordance with the provisions of IAS 39.45 et seq. Changes in fair value recognized in equity prior to reclassification are amortized as part of changes in accumulated other comprehensive income over the remaining term using the effective interest method.

## Financial liabilities

After initial recognition at their fair values, ING-DiBa carries all financial liabilities at amortized cost. The fair value option is not exercised.

Liabilities are only measured at their fair values through profit or loss where derivatives are accounted for without using hedge accounting.

In ING-DiBa’s consolidated financial statements, the financial liabilities subsequently measured at amortized cost are reported under “securitized liabilities” (note 14), “deposits from banks” (note 15), “due to customers” (note 16), and “other liabilities” (note 21).

## Valuation techniques

### Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the primary or most advantageous market at the measurement date.

For the measurement of fair value, prices and relevant observable market inputs are used as much as possible, and unobservable inputs as little as possible.

If a publicly quoted market price is available from an active market for identical assets or liabilities, this is the best objective indication of fair value at the measurement date. If no price can be observed for the identical asset or for the identical liability, fair value is determined either by using quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or by using other measurement inputs. In the latter case, fair value is determined on the basis of these observable measurement inputs using discounted cash flow techniques based on the income approach. If neither quoted prices nor observable measurement inputs are available, Company-internal assumptions are used to determine fair value.

Please refer to note 32 for commentary on the methods used.

The Bank measures financial instruments in relation to individual transactions and does not measure fair value at portfolio level.

### Amortized cost and effective interest method

Amortized cost is the amount at which a financial asset or financial liability is initially recognized, minus principal repayments and any impairment losses and the cumulative amortization, calculated using the effective interest method of any difference between the initial amount and the maturity amount. The effective interest method is used to allocate interest income and interest expense over the relevant period.

The effective interest rate is the rate that discounts all expected future cash flows to the current net carrying amount of the financial instrument through the expected life of this instrument, taking into account all relevant transaction costs, fees, premiums and discounts.

### Currency translation

ING-DiBa's foreign currency transactions relate primarily to monetary items and to short-term money market transactions in foreign currencies and foreign currency derivatives.

Foreign currency transactions are initially recognized in the functional currency, the euro, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The Bank uses the uniform exchange rates of the ING Group for this.

The date of a transaction is the date on which the transaction first qualifies for recognition in accordance with IFRSs (trade or settlement date).

In subsequent periods, foreign currency monetary items are translated using the closing rate. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are generally recognized in profit or loss in the period in which they arise. The spot exchange rates applicable to the underlying transactions are used to translate foreign currency revenues and expenses.

Currency translation gains and losses are a component of "other income and expenses" (note 37).

### Risk provision and impairment

An impairment is recognized for a financial asset or group of assets if there are objective indications that the contractual cash flows can no longer be generated in the manner agreed. It must be possible to estimate the future impact sufficiently reliably. By contrast, events expected to occur only in the future are no basis for impairment.

Indications of a need to recognize an allowance in relation to individual financial assets or a group of assets may include the following:

- › There is an increased probability that the counterparty will become insolvent or start financial recovery proceedings.
- › There is already delay or default on interest or principal payments.
- › The counterparty is in considerable financial difficulties, which may negatively impact future cash flows.
- › Based on experience and current data, there are clear indications that part of a group of financial assets is substantively impaired, although it is too soon for the internal risk management system to capture these impairment triggers with respect to individual assets.
- › Under the IFRSs as applied in the EU, forbearance is generally considered an indication of impairment. In such cases, the net present value of the moratorium amount and/or the reduction in debt and/or the reduction in interest payments is taken into account when determining an appropriate risk provision.

Macroeconomic indicators, such as changes in the unemployment rate, economic growth, or developments in the real estate market, are directly and indirectly reflected in credit risk models, ratings, and impairment processes within ING-DiBa.

In the lending business, impairment allowances are recognized if events lead to indications of a threat to the future cash flows from the respective financial instruments.

The amount of the impairment allowance is calculated in a two-step process in which any indications of impairment are first identified and then the amount of the risk provision is determined.

In a first step, individually significant loans are tested for objective indications of impairment.

Impairment tests are carried out at the portfolio level for loans which are individually significant but for which no objective indication of impairment was found and for loans which are not individually significant. To this end, only loans featuring similar risk characteristics are combined in portfolios by product group or business segment. This process takes account of the contractual cash flows and past default rates for loans with similar credit risk characteristics. Past default rates may be adjusted to current conditions on the basis of observable market data. Observable market data may include, for example, the unemployment rate and real estate or commodity prices. In this process, the emerging risk profile provides information on the current counterparty default risk, and thus on the probability with which the contractually agreed cash flows will be able to be generated. The portfolio analysis includes a period analysis of the default probabilities, which takes into account the intervening period that has to be considered between the occurrence of the impairment trigger and its detection by the risk management system. This method ensures that impairment triggers that have already occurred but not yet been identified are adequately reflected in the risk provision. We refer in this context to the information on risk provisions provided in the risk report in the Group management report.

Since the period between the occurrence and the detection of an impairment event is uncertain, ING-DiBa considers for sub-portfolios (large corporations, small and medium-sized enterprises, and retail portfolios) factors such as the frequency with which customers of the sub-portfolio publish credit-risk-sensitive information and how often customers are subject to a review by the ING-DiBa customer advisor. In principle, the frequency of the reviews increases with the size of the customer exposure. The periods between the occurrence and the detection of an impairment event are taken into account within the models using the LIP (loss identification period) factor on the basis of past experience; they are validated through regular backtesting.

The amount of the risk provision for LaR receivables and Htm financial investments is calculated as the difference between the carrying amount and the present value of expected future cash flows, discounted using the original effective interest rate. The basis for determining the amount of the impairment allowance to be recognized is firstly the contractually agreed cash flows and secondly the defaults normally expected, based on experience, for products structured similarly. The amounts determined on the basis of experience are reviewed with the help of observable current data to eliminate the effects of factors and conditions relating to previous periods.

Allowances for losses on loans and advances to customers are deducted from assets. In the case of uncollectible loans and advances, allowances are generally derecognized against the carrying amount of impaired financial assets. Loans and advances are usually deemed uncollectible if no payment has been received in the past twelve months, there is no expectation that there will be a change in solvency, the assets held as collateral have been liqui-

dated and enforcement measures have been taken, the borrower has submitted an affidavit, and a valuation allowance has been recognized in respect of the full loan and/or advance. Consumer loans are generally written off prior to the expiry of twelve months if the borrower is deceased and it was not possible to identify a successor or the successors have relinquished their inheritance.

Debit and credit card receivables are written down directly following a detailed investigation into a loss event. The amount written down is the residual of the loss, less the customer's liability and any potential insurance settlement.

Financial assets are derecognized and the associated allowances reversed in accordance with the general rules of IAS 39 for the derecognition of financial instruments.

Recoveries on loans and advances previously written off are recognized in the income statement under "risk provision" (note 38).

The allowances for losses on loans and advances to customers are discussed in notes 3 and 38.

No material allowances on loans and advances to banks had to be recognized in the periods under review.

Where AfS equity instruments are measured at fair value, an impairment loss is recognized if there is a significant or permanent reduction in fair value. The accumulated losses recognized directly in equity are derecognized from changes in accumulated other comprehensive income and released to profit and loss.

If AfS equity instruments that are not listed on a stock exchange are recognized at cost because it is not possible to reliably measure their fair value, the amount of a necessary impairment is calculated as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, which are discounted using the current market rate of return of a comparable financial asset. No such impairments were recognized in fiscal years 2015 and 2016.

The two-level impairment process (test for indications of impairment and calculation of required impairment) is also applied to foreign currency assets. The required impairment is calculated as follows: First the asset is measured in the foreign currency. Next, the foreign currency amount is translated into the functional currency. On the one hand, the amount requiring impairment is calculated and on the other, it is verified whether a currency-related impairment has occurred in connection with a permanent devaluation of the currency.

The risk provision also includes changes in other provisions for obligations in the lending business recognized off the statement of financial position.

There were no cases where the terms of financial assets that would otherwise have been overdue or impaired were renegotiated.

## Derivative financial instruments

Derivative financial instruments are used exclusively for risk management and duration control.

The respective derivatives are reported under “derivatives with positive fair value” (note 6) or “derivatives with negative fair value” (note 17). Accrued interest is included in “other assets” (note 12) or “other liabilities” (note 21).

ING-DiBa enters into OTC interest rate swaps and foreign currency swaps, such as FX swaps and FX forwards. As from fiscal year 2016, ING-DiBa also enters into cross-currency swaps.

The changes in fair value of foreign currency derivatives are reported under “net gains/losses on measurement of derivatives and hedged items” (note 35). The effects of currency translation are reported under “other income and expenses” (note 37).

Derivative financial instruments are initially recognized at fair value at the trade date. They are subsequently measured at fair value through profit or loss.

All derivative financial instruments are carried at their fair values and reported as derivatives with positive or negative fair values. Changes in fair value, with the exception of those in relation to the effective portion of cash flow hedges, are immediately recognized in profit or loss.

As OTC transactions, the derivatives are subject to the market-based mark-to-model measurement of Level 2 of the fair value hierarchy described below (note 32).

The resulting measurement gains or losses are included in the “net gains/losses on measurement of derivatives and hedged items” caption (note 35). The net interest income from derivatives used in effective hedges is reported under “other interest income” (note 33), which also includes changes in fair value arising from the pull-to-par effect of derivatives in effective fair value hedges.

The interest income and expense in relation to derivatives not designated as hedges (hereinafter “other derivatives”) are reported under “Net gains/losses on measurement of derivatives and hedged items” (note 35).

## Embedded derivatives

An embedded derivative is a component of a structured financial instrument that, in addition to the derivative, also includes a non-derivative host contract. There were no structured financial instruments that had to be recognized separately in the periods under review.

## Hedge accounting

To effectively hedge against interest rate risk, ING-DiBa makes specific use of simply structured interest rate swaps, which hedge changes in the fair value of hedged items and fluctuations in their future cash flows. Since 2016, cross-currency swaps have also been used to reduce currency risks.

The Bank accounts for hedges using hedge accounting for both fair value and cash flow hedges.

The hedging strategy is subject to strict documentation requirements. When designating a hedging relationship, the related hedged items and hedging instruments, the risk to be hedged, and the risk management strategy are documented.

An important part of hedge accounting permitted for use in the financial statements is to successfully measure effectiveness, which is done both ex ante and ex post. The hedges

must be highly effective in accordance with the specified hedging strategy. To be permitted for inclusion in the financial statements, hedge effectiveness must be in a range of between 80 and 125 percent.

The hedged items continue to be reported under the respective captions in the statement of financial position, because the nature and function of the hedged item are not affected by the hedging relationship. Note 24 shows the derivatives broken down by type of hedge. Since the hedging derivatives serve to hedge against interest rate risks, the interest expense on the hedging derivatives is reported together with interest income on the hedged items within "interest income" (note 33) to the extent the hedge meets the requirements for effectiveness. In the event the hedge is ineffective, both the fair value change in the derivatives and the related interest are reported in "net gains/losses on measurement of derivatives and hedged items" (note 35).

A hedge has been designated under fair value hedge accounting for the *Pfandbrief* issued in 2016.

Changes in fair value of derivatives (hedges) which relate to the interest rate risk (hedged risk) are reported in the income statement under "net gains/losses on measurement of derivatives and hedged items" (note 35) together with the changes in the market value of the hedged items.

#### Fair value hedge accounting

Through fair value hedging, the Bank hedges (portions of) recognized assets and liabilities against changes in their fair values if they are due to interest rate risk. Hedged items may be individual items (micro fair value hedging) or consist of entire portfolios (portfolio fair value hedging).

ING-DiBa hedges transactions from the following measurement categories (hedged items):

- › Financial instruments in the LaR category
- › Financial instruments in the AfS category
- › Financial instruments in the financial liabilities category.

The hedge in the "financial liabilities" category relates to the *Pfandbrief* issued in fiscal year 2016. The *Pfandbrief* is reported under "securitized liabilities."

Hedging instruments are measured at fair value and any changes in fair value are recognized through profit or loss. The carrying amounts of the hedged items are also adjusted for fair value changes through profit or loss if they are attributable to the hedged risk (hedge adjustments).

For hedges which are 100% effective, the net effect of this process is to offset changes in value attributable to the hedged risk. Effectiveness is measured using both prospective and retrospective regression analyses. The critical term method was applied prospectively for the hedged *Pfandbrief* issued by the Bank.

If only a portion of the risk exposure of the hedged item is hedged, the unhedged portion is accounted for according to the policies that apply to this hedged item. If the hedged item is an AfS financial instrument, the difference between the total change in fair value and the change in fair value attributable to the hedged risk is recognized directly in changes in accumulated other comprehensive income under equity. The AfS financial instrument is reported at full fair value.

Fair value hedging of interest rate risks is performed for both individual items (micro fair value hedging) and for portfolios (portfolio fair value hedging). In the case of the latter, individual items of the portfolio are not designated as items to be hedged. The effectiveness tests are conducted on the basis of assigned maturity bands. The amount to be hedged and the hedging instruments are designated in each case for the duration of a hedging period. Under micro hedging, changes in the fair value of the hedged items which are attributable to the hedged risks are allocated to the individual assets as a fair value adjustment. Under portfolio fair value hedging, fair value adjustments are recognized separately in the statement of financial position under “adjustment to portfolio fair value hedges” (note 4).

If a fair value hedge is terminated before the hedging instrument matures, the risk-related adjustments to fair value included in the carrying amount of the hedged financial instrument are amortized over the remaining maturity of the hedged item. If hedged items are sold, the fair value adjustments are taken into account immediately when determining the net income from the sale. Individual transactions on which impairment allowances have been recognized are no longer included in hedge accounting.

### Cash flow hedge accounting

A cash flow hedge hedges recognized assets and liabilities against future variability in cash flows that affects profit or loss. ING-DiBa uses interest rate swaps for cash flow hedging to convert variable-rate items into fixed-rate items, thus hedging against interest-driven variability in cash flows. In addition, ING-DiBa uses cross-currency swaps to reduce foreign-currency-driven cash flow variability.

As part of this process, the hedged items continue to be measured according to their classification under IAS 39.9.

The hedging instruments are recognized at their fair values. The portion of the fair value changes of the hedged items that is effective in relation to the hedged risk is recognized directly in changes in accumulated other comprehensive income for cash flow hedges under equity (notes 13 and 24). Hedge ineffectiveness is the quantification of the difference between the accumulated changes in the fair value of the hedge derivative used and the changes in the fair value of a hypothetically perfect hedge. If the cash flow hedge is not 100% effective, but falls within the effectiveness range required by IAS 39, the amount recognized in the equity account is the lower of the accumulated changes in the fair value of the hedging instruments and the hedged cash flows.

If a hedged transaction is no longer expected to occur, the amounts are released to the income statement immediately.

If instruments to hedge cash flow variability are terminated early, the amounts recognized in equity are amortized as interest income over the remaining maturity of the original hedge.

For more information on hedge accounting, see notes 24 and 35.

### Repo and reverse repo transactions

Because of the risks and rewards of ownership, securities that are part of repo transactions remain in ING-DiBa's statement of financial position. The corresponding liabilities are reported either as deposits from banks (note 15) or as amounts due to customers (note 16), depending on the counterparty.

Because of the risk distribution, securities purchased under reverse repo transactions are not recognized in the statement of financial position. The receivables from reverse repo transactions are reported under loans and advances to banks (note 2) or under loans and advances to customers (note 3), likewise depending on the counterparty.

For detailed information on repo and reverse repo transactions, refer to note 25.

## Financial guarantees

In accordance with IAS 39.9, a financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognized by the guarantor at fair value. If the financial guarantee was issued to an unrelated party in an arm's length transaction, its fair value at inception is generally equal to the premium received. The subsequent measurement of guarantees by the guarantor must be based on the higher of the amount determined in accordance with IAS 37 and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18. If the premium is not paid at inception but rather over the term of the guarantee, ING-DiBa presents it on a net basis, with the present value of the premium offset against the present value of the obligation arising from the financial guarantee.

If the probability of a payment under a financial guarantee issued is greater than 50 percent, a provision is recognized, with the expense included in profit or loss from "risk provision" (note 38).

Financial guarantees are both issued and received in the course of corporate customer financing activities. There are usually contingent assets in this event which, in accordance with IAS 37.31, may not be recognized.

## Classes of financial instruments under IFRS 7 and IFRS 13

IFRS 7 and IFRS 13 require certain disclosures to be presented by class of financial instrument. They are related to the nature of the information disclosed, which means that different classes may be formed for the respective disclosures. Financial instruments in the same class have significant characteristics in common.

Financial instruments are classified by caption in the statement of financial position. Where necessary, captions are further subdivided by measurement categories. Wherever appropriate, individual items are aggregated or further broken down under line items in the statement of financial position. The cash reserve, financial guarantees, irrevocable loan commitments, and derivatives used as hedges are presented as classes of their own.

Classification pursuant to IFRS 13 corresponds to classification pursuant to IFRS 7.

### d) Other items

#### Investment property

"Investment property" (note 7) refers to land and buildings leased to third parties. It also includes a bail-out purchase. No property or equipment was reassigned from or to Group-occupied property and equipment in the fiscal years under review.

Investment property is measured at cost plus transaction costs on initial recognition. Subsequent expenditure, incurred at a later date, that increases the potential future economic

benefits of the property beyond the original extent is also recognized as part of cost. Refurbishment work, on the other hand, is classified as maintenance expense.

Investment property is subsequently measured at fair value through profit or loss and tested for impairment as of the end of each reporting period. Whenever there are objective indications of a change in value, and at least every three years, fair value is determined by independent external experts.

Given the lack of comparability in the market, the external experts generally use the income capitalization approach, under which the value is determined on the basis of discounted cash flows. In this process, the rental income is estimated and in addition normal expected market rents and costs are taken into account. Moreover, it takes into account possible vacancies and other losses of rental income as well as the annual return on land value. The amounts calculated in this way are discounted using a market interest rate that takes into account the special attributes of the property, such as its type and location. It is assumed that the current use represents the highest and best use.

### Group-occupied property and property and equipment

“Property and equipment and Group-occupied properties” (note 8) comprises Group-occupied land and buildings as well as operating and office equipment, which includes in particular IT and telecommunication systems and office equipment.

Property and equipment is initially recognized at cost at the date that marks the transfer of beneficial ownership.

Group-occupied land and buildings are measured using the revaluation method in accordance with IAS 16. At regular intervals of up to three years, and when there are objective indications of a change in value, reports are prepared by independent external experts who determine fair value using the income capitalization approach. This method is the same as that explained under “Investment property” above and is therefore also subject to the same type of estimates and management judgment. It is assumed that the current use represents the highest and best use. Group-occupied land and buildings are subsequently measured at fair value through other comprehensive income.

Operating and office equipment is subsequently measured at depreciated cost. Depreciation is recognized on a straight-line basis over the expected useful life. The expense is included in “other administrative expenses” in the consolidated income statement (note 40).

### Intangible assets

“Intangible assets” (note 9) relate almost exclusively to software and software licenses.

They are eligible for recognition in the statement of financial position if they meet all of the following criteria: they are identifiable, they can be measured reliably, they are expected to lead to future economic benefits, and the entity has control over this resource.

ING-DiBa recognizes both purchased and internally generated intangible assets. They are initially recognized at cost and subsequently measured at amortized cost. Useful lives of three years are normally assumed for software. Intangible assets are amortized pro rata temporis on a straight-line basis. The expense is included in “other administrative expenses” in the notes to the consolidated income statement (note 40).

## Impairment of property and equipment and intangible assets

Once each asset has been depreciated or amortized, including a review of the method and useful life applied, it must be tested for impairment as of the end of the respective reporting period. Indications of impairment are, for example, if

- › the market value of an asset has declined significantly more than would be expected as a result of normal use;
- › significant changes with an adverse effect on the entity have taken place or will take place in the technological, market, economic, or legal environment;
- › market interest rates that affect the discount rate used in calculating an asset's value in use have increased and thus decrease the asset's recoverable amount materially as defined in the IFRSs;
- › there is substantial evidence of obsolescence or physical damage of an asset; or
- › as a result of internal restructuring the asset is no longer suitable for generating benefits for the entity in the same way as before or evidence is available that the economic performance of the asset is worse than expected.

If there are indications of impairment, the recoverable amount is determined and compared with the carrying amount. If the carrying amount exceeds the recoverable amount, an impairment loss must be recognized. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, including disposal proceeds. The future cash flows are discounted using a risk-adequate pre-tax market rate of interest. If the recoverable amount cannot be determined for the individual asset, an impairment test is performed at the level of the next higher cash generating unit.

The disclosures are made in note 7 (Investment property), note 8 (Property and equipment and Group-occupied properties), and note 9 (Intangible assets).

## Tax items

A profit and loss transfer agreement in accordance with section 291 (1) of the German Stock Corporation Act (*Aktiengesetz*, "AktG") is in place between ING-DiBa and ING Deutschland GmbH. This agreement forms the basis for a tax group for corporate income tax and trade tax purposes. Under this arrangement, ING-DiBa is a tax group subsidiary and ING Deutschland GmbH is the tax group parent.

In accordance with the principle of substance over form, both the current and deferred income taxes are disclosed in the IFRS consolidated financial statements by the entity responsible, ING-DiBa. In this area, for which IFRSs do not provide any guidance, ING-DiBa thus follows the interpretation of ASC 740 (US GAAP).

Under the push-down method, corresponding deferred tax assets and liabilities are presented for the deferred income taxes.

The current income taxes paid by the tax group parent are presented as a capital contribution by the tax group parent under other reserves in equity.

As a separate taxable entity, the ING-DiBa Direktbank Austria branch is subject to Austrian tax law.

The “tax assets” (note 10) and “tax liabilities” (note 18) items comprise current tax assets and liabilities for the current and previous fiscal years.

Deferred taxes are reconciliation items for temporary differences between the tax base of assets under national tax law and their carrying amounts in the IFRS financial statements. They are calculated using the tax rates expected to be applicable at the time the differences are settled.

Future, and therefore deferred, tax effects arising from changes in carrying amounts are reported under “deferred tax assets” (note 11) and “deferred tax liabilities” (note 19).

Depending on the treatment of the underlying item, deferred taxes are taken directly to the respective equity account or recognized in profit or loss. If they are recognized in profit or loss, they are reported under “income tax” (note 41) in the income statement.

Deferred tax assets on tax loss carryforwards and unused tax deductions are recognized only up to the amount in which realization of the respective tax benefit is probable. Developments in future fiscal years may have an impact on the assessment of realizability. Imponderables in determining whether tax losses and tax deductions will remain usable are taken into account when calculating deferred tax assets.

Deferred tax assets and deferred tax liabilities are netted if the Bank has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority for the same taxable entity or if they relate to different taxable entities which have the intention, for every future period in which they expect to settle or realize considerable amounts of deferred tax liabilities and deferred tax assets, to either settle the current tax liability and refund claims on a net basis or to simultaneously settle the obligations and realize the refund claims.

## Other assets

The “other assets” item (note 12) contains accrued interest, accruals, and the insignificant investment in an associate.

Accrued interest relates primarily to the presentation of interest on financial investments and derivatives as well as on loans and advances to customers in the period to which it relates. It is determined on the basis of the effective interest method.

The other trade receivables and accruals included in this item are normally reported at their nominal values, which correspond to their fair values because they fall due in the short term.

The interest in the associate is accounted for using the equity method (note 30).

## Provisions

Pension provisions (note 20) are recognized according to the projected unit credit method for defined benefit pension plans.

Some of the pension plans are backed by plan assets.

Fair value changes resulting from actuarial gains or losses and from differences between the actual return on plan assets and the previously expected return on plan assets are recognized immediately in other comprehensive income.

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The interest rate used for calculating the pension provisions and the expected return on plan assets is based on the interest rate for prime-rated corporate bonds with matching currencies and maturities.

Actuarial reports are used to measure pension provisions as well as provisions for long-service bonuses and partial retirement (note 20).

The partial retirement commitments are essentially individual arrangements. ING-DiBa accounts for these on a “first in-first out” basis. The aggregate top-up benefits constitute a related benefit component and the provision is reduced as these top-up benefits are paid out. This benefit component is allocated on a straight-line basis to the individual periods of the accrual period. The liability is determined at the end of each reporting period in the accrual period by adding to the provision the top-up benefits which are to be paid out first. Accrued but not yet vested liabilities are deemed to be vested by a certain reporting date for accounting purposes.

The transitional benefits granted by the Bank prior to the start of the disability or old-age pension is a component of the non-current personnel provisions. In contrast to defined benefit pension plans, all additions to the provision are recognized through profit and loss; there are no arrangements for an adjustment through other comprehensive income.

In addition to personnel provisions, there is a small amount of other non-current provisions (note 20).

Provisions for litigation risks are recognized if they are judged to result in a present obligation, if the possibility of an outflow of economic benefits from them is judged to be probable, and if a reliable estimate of the amount is judged to be possible. Litigation risks are generally assumed to be the result of past events. Provisions have been made for legal risks from an unexpectedly customer-friendly court ruling.

Other provisions for obligations from the lending business not recognized in the statement of financial position account for the standard level of uncertainties within the industry. The underlying assumptions and estimates include past experience as well as expectations and forecasts with respect to future development.

The amount provided for is based on the best estimate of the settlement amount. Provisions are only discounted, using interest rates for items with matching maturities applicable as of the end of the reporting period, if the interest effect is material. Interest cost from the unwinding of the discount is in such cases reported under net interest income (note 33). The interest effect is immaterial in the periods under review, which means that no discounting of the other non-current provisions was recognized.

### Other liabilities

“Other liabilities” (note 21) include primarily accrued interest on deposits from banks, amounts due to customers, derivatives and other financial liabilities, allocated over the relevant periods.

Other components of this item are primarily short-term deferred income and accrued administrative expenses. Since the interest effect is immaterial, these items are generally recognized at their nominal values.

## e) Contingent liabilities

Contingent liabilities within the meaning of IAS 37 are reported off the statement of financial position, in the notes to the IFRS financial statements (note 27). They arise on the one hand as possible obligations whose existence has not yet been confirmed, for which the likelihood of realization is estimated to be below 50 percent or for which the amount cannot be estimated with sufficient reliability. The estimated settlement amounts are disclosed in the notes. They normally correspond to the nominal amounts. Contingent liabilities relate primarily to irrevocable loan commitments, guarantees and letters of credit.

Contingent liabilities may in principle also include such litigation risks whose occurrence, and thus related outflow of economic resources, is not improbable, but not sufficiently probable to recognize a provision.

## f) Items in the consolidated income statement

### Net interest income

Interest income and expense (note 33) is recognized in profit or loss for the period on an accrual basis. For loans and advances on which impairment allowances have been recognized, the discount applied to arrive at the present value as of the end of the subsequent reporting period is unwound through interest income.

Other interest income and expense also includes net interest income from derivatives in effective hedging relationships.

Net interest income also includes amortization of the fair value adjustments related to the hedged risk, which are included in the carrying amount of the hedged items, over the remaining term of the hedged items in fair value hedge relationships. Fair value changes related to pull-to-par effects of hedging derivatives are also reported under net interest income.

Negative interest in relation to the investment and borrowing of funds is recognized under net interest income and discussed in note 33. Given the immateriality of the amounts, these are not presented in a separate line item of the income statement.

### Net commission income

Fee and commission income is generally recognized at the time the service is provided. Net commission income is explained in note 34.

Fees and commissions are paid for the use of brokerage and other services in connection with the Group's products. They are usually expensed upon receipt of the service.

Brokerage payments similar to interest are allocated over the (minimum) term of the contracts and presented in net interest income (note 33).

Fees for payment transaction services between banks are recognized as commission income and expense.

### Net gains/losses on measurement of derivatives and hedged items

The net gains/losses on measurement of derivatives and hedged items (note 35) include the changes in fair value from the measurement of derivatives (whether or not they are designated as hedges) as well as of hedged items, to the extent this is not attributable to

pull-to-par effects from hedging derivatives. In addition, this item includes interest income and expense related to derivatives not used in hedging relationships.

In fair value hedges, the interest-driven changes in the fair values of the hedging instruments and the interest-driven changes in the fair values of the hedged items that relate to the hedged risk are recognized in profit or loss, respectively.

In the case of derivatives used in cash flow hedges, the ineffective portion of the amount of change is recognized in profit or loss.

Income is recognized in the period in which it is earned.

## g) Additional information

### Leasing obligations

A lease is an agreement under which the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. The determination as to whether an arrangement is or includes a lease must be based on the substance of the arrangement, and requires an assessment as to whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset. The assessment of whether an arrangement contains a lease has to be made at the inception of the arrangement, being the earlier of the date of the arrangement and the date of commitment by the parties to the principal terms of the arrangement, on the basis of all of the facts and circumstances. In the event of a change in the contractual terms of an arrangement which goes beyond a renewal or extension of the arrangement, the lease must be reassessed. The same applies whenever there is a change in the determination of whether fulfillment is dependent on a specified asset or if there is a substantial change to the asset. A reassessment must also be made if a renewal option is exercised or an extension is agreed to by the parties to the arrangement, unless the term of the renewal or extension had initially been included in the lease term. A renewal or extension of the arrangement that does not include modification of any of the terms in the original arrangement before the end of the term of the original arrangement must be evaluated in accordance with IFRIC 4.6–9 only with respect to the renewal or extension period.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Legal title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

ING-DiBa AG generally only operates as a lessee. All leases are classified as operating leases. The useful lives of the leased assets, market price assumptions, and discount rates are subject to management judgment. Lease installments are recognized under other administrative expenses. Lease installments due for payment are reported as financial liabilities under "other liabilities" (note 21). Note 29 provides a summary of expected future lease obligations.

## h) Material estimates and uses of judgment

These financial statements contain carrying amounts determined on the basis of estimates and assumptions. In accordance with IFRSs, these estimates and assumptions are based on past experience, plans, and forecasts of future events. Management judgment is sometimes required to determine the underlying inputs, assumptions, or models.

**Estimates** are required in particular for:

- › Determining the fair values of financial assets and financial liabilities in cases where there are no active market prices and this necessitates the application of measurement techniques using significant inputs that are not observable in the market (see note 32 – “Fair value reporting – Measurement techniques”).
- › Determining pension obligations under defined benefit plans, where in particular actuarial assumptions, such as the discount rate, expected future salary and pension increases, the mortality rate, and changes in plan assets, are subject to estimates (see note 20 – “Non-current provisions”).
- › Impairment allowances for the risk provision in the lending business, for which estimates are made about, among other factors, the overall portfolio risk and current market developments. Over time, these estimates are subject to change and may require adjustments to be made to the allowance (see note 38 – “Risk provision” in the notes to the financial statements and the section entitled “Monitoring and management of counterparty default risks” in the Group Management Report).
- › Measuring intangible assets in relation to the useful lives, amortization, and cost of intangible assets (see note 9 – “Intangible assets” and the section entitled “Significant accounting policies – d) Other items – Intangible assets”).
- › Determining the useful lives and method of depreciation for Group-occupied property as well as property and equipment, where changes have an impact on the income statement, as well as impairment of Group-occupied property, property and equipment, and intangible assets (see the section entitled “Significant accounting policies – d) Other items – Group-occupied property and property and equipment” and “Impairment of property and equipment and intangible assets”).
- › Measuring “investment property,” especially in relation to the discount rate and measurement technique used (see note 7 – “Investment property” and the section entitled “Significant accounting policies – d) Other items – Investment property”).
- › Determining potentially applicable probabilities and settlement amounts when recognizing other provisions as well as estimating contingent liabilities not recognized in the statement of financial position (see note 20 – “Non-current provisions” and note 27 – “Contingent liabilities”).
- › Measuring financial guarantees issued (see the section entitled “Significant accounting policies – c) Financial instruments – Financial guarantees”).

**Judgment** has to be exercised primarily for:

- › Estimating the deferred tax effect on the basis of temporary differences between the tax base and the carrying amount in the IFRS statement of financial position, to which the operation’s particular average tax rate is applied (see note 11 – “Deferred tax assets,” note 19 – “Deferred tax liabilities,” note 41 – “Disclosures relating to income tax expenses,” and the section entitled “Significant accounting policies – d) Other items – Tax items”).

#### i) Disclosures relating to changes in reporting standards

Amendments to the IFRSs adopted by the EU entered into force in 2016. All standards and amendments to standards whose first-time application is mandatory as from the effective date January 1, 2016 have been applied in these financial statements. The implementation of the amendments had no material impact on the statement of financial position, profit or

loss, other comprehensive income, or on the associated disclosures in the notes to the consolidated financial statements. No interpretations, amendments, or standards have been applied voluntarily prior to the mandatory effective date for the EU.

#### **Future amendments to standards (not yet adopted into EU law)**

The following amendments to standards were published in 2016 and are expected to be relevant for the coming reporting period (in the case of the 2014 – 2016 cycle, for the 2018 reporting period). The amendments have not yet been adopted into applicable EU law and have also not been subject to voluntary early application. The amendments will not have any material effects on ING-DiBa's consolidated financial statements.

Future amendments to standards relevant to the consolidated financial statements of ING-DiBa which have not yet been adopted into applicable EU law:

- › Amendments to IAS 12 – "Income Taxes: Recognition of deferred tax assets for unrealized losses"
- › Amendments to IAS 7 – "Cash Flow Statements: Disclosure Initiative"
- › Annual Improvements to IFRSs – "2014 - 2016 cycle"

The following section presents the changes in relation to IFRS 9, IFRS 15 and IFRS 16, which have already been adopted into EU law.

#### **IFRS 9 – Financial Instruments**

On July 24, 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 "Financial Instruments," which replaces Standard IAS 39 "Financial Instruments: Recognition and Measurement." The standard contains rules on classifying and measuring financial assets and financial liabilities, on impairment of financial assets, and on hedge accounting. IFRS 9 was adopted into EU law in November 2016 and is applicable to reporting periods beginning on or after January 1, 2018. ING-DiBa will apply the standard retrospectively as from the date of initial application. Prior-year figures will not be restated. The opening statement of financial position and equity as of January 1, 2018 will be adjusted. In addition, IFRS 9 allows changes in the fair values of financial liabilities designated as at fair value to be recognized in other comprehensive income, if the changes are attributable to changes in the credit risk of the liability. ING-DiBa will not make use of this option early.

#### **IFRS 9 – project structure and status**

The IFRS 9 project program was launched at the level of ING Groep N.V. (Group level) and of ING-DiBa on the basis of the three pillars of IFRS 9: classification and measurement, impairment, and hedge accounting. Experts from accounting, risk management, treasury, settlement, and the business segments are involved in the components of the project. The Technical Board, which has been established at the Group level of the project, supports the IFRS 9 Steering Committee by reviewing central guidance and instructions as well as interpretations of IFRS 9 created by the central working groups. The Technical Board comprises senior employees in the Accounting and Risk Management departments. The Technical Board is also relevant for the local project conducted within ING-DiBa. The Steering Committee is the highest decision-making body at Group level. It consists of members of senior management from Group Finance, Finance Operations, Retail Banking, Credit & Trading Risk, Risk Operations, Bank Treasury, Balance Sheet Risk Management, and Wholesale Banking Lending Services. An international IFRS 9 network has been established within the Group, which provides a link between the individual countries and the central team and ensures consistent implementation. The Management Board Banking and the Audit Committee

receive regular updates about the progress of the IFRS 9 project and will be actively included in future decisions.

To improve transparency and comparability within the banking sector, the Enhanced Disclosure Task Force (EDTF) in November 2015 published recommendations for notes disclosures in accordance with IFRS 9 intended to enhance the understanding of the effects of the expected credit loss (ECL) approach in the market. Given that the date of initial application is January 1, 2018, the EDTF recommends disclosures in the financial statements before that date in order to ensure that the figures published are consistent and comparable among international banks.

The IFRS 9 working program is being implemented across functions, business segments, and countries of ING Groep N.V. The accounting principles issued by the Group have been modified to comply with the requirements of IFRS 9. What is more, various parallel runs in 2017 shall ensure that the transition to IFRS 9 can be properly implemented as of January 1, 2018.

### **IFRS 9 – classification and measurement**

IFRS 9 is based on a consistent approach for classifying and measuring financial assets on the basis of the business model in which the financial assets are held as well as their cash flow characteristics. Financial assets are not broken down, but classified as a single unit.

The classification and measurement are determined on the basis of two criteria. These criteria are used to determine whether the instruments are measured at amortized cost, at fair value through other comprehensive income (FVTOCI), or at fair value through profit or loss (FVTPL).

1. The business model is examined to assess how a portfolio of financial instruments is managed overall in order to make a classification into the appropriate business model (to hold, to hold and sell, or not to hold).
2. The contractual cash flows of the financial instruments in each business model are analyzed in order to determine whether they consist solely of payments of principal and interest (SPPI).

In 2016, a business model blueprint was created on the basis of the organizational structure and all subsidiaries of ING Groep N.V., as well as by holding discussions with the business segments, accounting, and risk management. In the business model blueprint, the central team identified the business models and documented them in business model templates. In a second step, the local project teams adapted these templates to the local business organization and structure.

In addition, the central team specified the approach to conducting the SPPI test for testing the cash flow conditions. The local project teams received training and implementation support from the central team in order to ensure the requirements of IFRS 9 are implemented consistently. The SPPI test is conducted for groups of financial assets with similar characteristics in order to obtain a homogeneous population.

In 2017, the focus will be on concluding the SPPI test and on the development of formal requirements in connection with IFRS 9 (governance) in order to ensure that the changes required under IFRS 9 are implemented on an ongoing basis in the day-to-day business and in financial reporting.

### **Impact**

At present, the results of the SPPI test and the review of the business models in the central and local projects indicate that the classification and measurement of the majority of the

Group's portfolio will be the same as under the rules of IAS 39. Changes are only expected for sub-portfolios. The share of AfS financial instruments in Treasury will transition to measurement at amortized cost in a "to hold" business model.

The classification and measurement of financial liabilities will remain largely unchanged compared with IAS 39.

### IFRS 9 – impairment

Unlike the impairment model of IAS 39, IFRS 9 has a forward-looking impairment model rooted in the premise of reporting expected credit losses (ECL). Pursuant to IFRS 9, the expected credit losses in the ECL model represent an unbiased amount, which is calculated by including information about past events, current conditions, and forecasts of future economic developments. The ECL also incorporates probability-weighted multiple macroeconomic scenarios and the time value of money. The scope of the new impairment requirements covers all financial assets measured at amortized cost or at fair value through other comprehensive income (FVTOCI), such as receivables and bonds, as well as financial assets not recognized in the statement of financial position, such as certain loan commitments, and financial guarantees.

#### 3-stage model

The 3-stage model for determining expected credit losses specified by IFRS 9 is being implemented throughout ING Groep N.V.

- › Stage 1: 12-month expected credit loss (12-month ECL) – performing  
If at the reporting date the credit risk of financial instruments has not increased significantly since initial recognition, the impairment to be recognized for this financial instrument is determined in the amount of the 12-month expected credit loss (*12-month ECL*).
- › Stage 2: Lifetime expected credit loss (lifetime ECL) – underperforming  
If the credit risk has increased significantly since the financial instrument was first recognized, the total loss expected over the remaining maturity of the instrument is recognized in the amount of the present value of the expected credit losses. In this process, all potential default events over the remaining maturity of the financial instrument (lifetime ECL) are taken into account.
- › Stage 3: Lifetime expected credit loss (lifetime ECL) – non-performing  
If there is objective evidence of impairment, the financial instrument must be allocated to stage 3 and the expected credit loss must be determined for the remaining maturity (lifetime ECL).

#### Key concepts

Within ING Groep N.V., the definition of impairment under IFRS 9 is to be coordinated with the definition used for regulatory purposes. A financial instrument is considered impaired, if one or more events have occurred that have an adverse effect on the expected future cash flows of this financial instrument.

ING Groep N.V. has established a framework for identifying a significant increase in credit risk. Each financial instrument is to be tested as of the reporting date for indications of a significant deterioration in the credit risk. The Group assesses the deterioration by conducting a delta analysis of the default probability over the entire term, the forbearance and watchlist status, assessments by the department responsible, arrears, and the "more than 30 days overdue" backstop. The 3-stage model will be implemented in the central credit risk systems. The transfers between the individual stages of the impairment model will be analyzed in 2017.

Modifications will not lead to derecognition, if according to ING Groep N.V.'s definition they do not entail a significant contract amendment that impacts on the existence or distribution of the contractual cash flows over time. If there is a significant change in the contractual cash flows, the financial instrument is derecognized.

#### Measuring impairment

ECL is determined on the basis of existing models for determining expected losses (PD, EAD, LGD), which are already used to calculate regulatory capital, economic capital, and the risk provision under the existing IAS 39 framework. The IFRS 9 ECL models are derived from existing IRB models. In this process, conservative assumptions required for regulatory reasons are removed and replaced with forward-looking information by taking into account macroeconomic inputs such as the unemployment rate or growth in gross domestic product. The inputs for determining the expected loss are specified using historical statistical relationships and macroeconomic projections. For portfolios to which the IRB approach is not applied, the existing framework for calculating the impairment is used to determine the inputs for measuring credit risk. The risk is determined over the term of the instrument (lifetime ECL) on the basis of historical data, supplemented with future-oriented information, although the data series will be shorter than for the assets treated in the IRB model.

In the entire Group, ECL is determined on the basis of  $PD \times EAD \times LGD$ , where PD stands for probability of default, EAD exposure at default and LGD loss given default. For financial instruments assigned to stage 2 of the impairment model, the underlying inputs are considered over the entire term of the asset. Lifetime ECL is the discounted total of the losses in relation to single default events within a 12-month window. For financial instruments assigned to stage 3 of the impairment model, PD equals 100%. LGD and EAD represent the characteristics of the defaulted exposure over the entire lifetime of the exposure.

Since 2016, there has been extended data collection from the source systems of the subsidiaries around the world. Also, the implementation of the IFRS 9 requirements in the central risk management system has progressed as planned.

#### Impact

Because of the macroeconomic projections it contains, the IFRS 9 ECL model is expected to result in greater volatility in the impairment allowances that will have to be recognized. The greatest impact is expected on financial instruments that are exposed to high risk combined with a medium to long maturity.

For all financial instruments in the scope of the ECL model, the 12-month ECL is the minimum requirement. If the credit risk has increased significantly since the financial instrument was first recognized, but there is no evidence of impairment as of the reporting date, the lifetime ECL must be determined (stage 2). Since IAS 39 does not have this stage, an increase in the impairment loss is considered likely for the Group and hence also for ING-DiBa. The increase results on the one hand from the modified impairment period for stage 1 of the impairment model. On the other hand, a lifetime ECL is calculated in stage 2 of the impairment model, in contrast to current regulations, and therefore a longer period applies for the calculation of the expected losses.

As of December 31, 2016, no reliable statements can yet be made as to the quantitative impacts of switching to IFRS 9. The ING Group plans to present a quantitative analysis of the impacts of IFRS 9 by no later than in the annual report for fiscal year 2017.

#### **IFRS 9 – hedge accounting**

According to a central decision taken at ING Group level, hedge accounting will be continued in accordance with the existing guidance of IAS 39 by applying the EU “carve out.” The revised hedge accounting disclosure requirements of IFRS 7 Financial Instruments: Disclo-

asures will be implemented with effect from January 1, 2018. A technical review of the impact of the IFRS 9 hedge accounting rules was conducted at the level of ING Groep N.V.

#### **IFRS 15 – Revenue from Contracts with Customers**

IFRS 15 “Revenue from Contracts with Customers” was adopted into EU law in September 2016 and according to the IASB is applicable to reporting periods beginning on or after January 1, 2018. IFRS 15 introduces a five-step model framework for recognizing revenue, with revenue being recognized in relation to the agreed performance obligation being satisfied. Agreed performance obligations are individual promises to the customer that provide benefits to the customer. Revenue is recognized either at a point in time or over time, depending on how the performance obligation is satisfied. IFRS 15 must initially be applied retrospectively. Transition relief is available, although the Group has yet to make any definitive decisions.

Commission income is a key source of revenue to be considered in accordance with IFRS 15. No change in accounting treatment is expected for normal transaction-based fees. Fees that are part of the effective interest rate of a loan or fees charged in connection with bank guarantees do not fall within the scope of IFRS 15. At present, the revenue sources within net commission income are being further analyzed.

#### **IFRS 16 – Leases**

IFRS 16 “Leases” was published in January 2016 and according to the IASB is to be applicable to reporting periods beginning on or after January 1, 2019. It is to replace the current IAS 17 “Leases” as well as IFRIC 4. IFRS 16 has not yet been adopted into EU law. Under IFRS 16, lessees no longer classify leases as operating or finance leases. In future, lessees will have to recognize assets and liabilities for all leases, unless the lease is a short-term lease of less than 12 months or the underlying asset has a low value. At the same time, the lessee recognizes a right to use the leased asset in its statement of financial position. IFRS 16 will also lead to a change in the recognition of the expense in comparison to IAS 17. The recognition of expenses under operating leases – generally on a straight-line basis in accordance with IAS 17 – will be replaced by amortization of the right-of-use asset and interest expenses for the lease liability. The new approach is intended to make visible the lessee’s assets and liabilities and to improve comparability between companies; together with the expanded disclosure requirements, it is also aimed at creating transparency with regard to the financial leverage of leases and the capital employed.

Under IFRS 16, lessees will be able to choose between a full and a modified retrospective approach; transition relief is available under the modified approach. In addition, the standard contains options and relief provisions to help minimize the cost of initial application. The accounting treatment of leases by the lessor will remain largely unchanged from IAS 17.

ING Groep N.V. will apply the standard as from its effective date, i.e., for fiscal years beginning on or after January 1, 2019. A Group-level project group is analyzing the future impact of IFRS 16 on the Group. The recognition of right-of-use assets and lease liabilities in the statement of financial position and the different approach to recognition of expenses than under IAS 17 will give rise to changes for ING-DiBa. Due to the insignificance of operating leases with respect to the statement of financial position and income statement, no material effects are expected in the future. The Group has not yet made any conclusive decisions with respect to exercising options and relief provisions.

j) Events after the end of the reporting period

On February 23, 2017, it was announced that the Chairman of the Management Board, Roland Boekhout, intended to leave ING-DiBa as of June 1, 2017 to take on other responsibilities within the ING Group. Subject to the approval of the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, BaFin), the current CEO of ING Domestic Bank Netherlands (DBNL), Nicolaas Cornelis Jue, will be appointed to serve as the new Chairman of the Management Board of ING-DiBa.

## Notes to the consolidated statement of financial position

## (1) Cash reserve

	12/31/2016 € m	12/31/2015 € m
Cash balance	103	95
Balances with central banks	1,384	1,402
Total	1,487	1,497

This item comprises balances with central banks in the European Central Bank System and all cash in the ATM network.

## (2) Loans and advances to banks

	12/31/2016 € m	12/31/2015 € m
Payable on demand	604	256
Other loans and advances	8,277	4,648
Total	8,881	4,904

All loans and advances to banks are classified as loans and receivables as defined in IAS 39.9.

No material impairment allowances on loans and advances to banks had to be recognized in the fiscal years under review.

The year-on-year change resulted from the increase, to EUR 425 million (December 31, 2015: EUR 24 million), in cash collateral for derivatives provided to the Group parent ING Bank N.V., the EUR 402 million increase in reverse repo transactions to EUR 514 million, as well as the increase in cash-collateralized loans and advances to the Group parent ING Bank N.V. to EUR 6,575 million (December 31, 2015: EUR 4,149 million).

Note 25 provides a summary of the collateral provided.

The accrued interest on this item is reported under other assets (note 12).

## Receivables from reverse repo transactions

Loans and advances to banks also include receivables from reverse repo transactions. They are in each case related to securities accepted as collateral and amounted to EUR 514 million as of the reporting date (December 31, 2015: EUR 112 million). For more information on repo transactions with banks, refer to notes 5 and 15.

## (3) Loans and advances to customers

	12/31/2016 € m	12/31/2015 € m
Mortgages	68,029	65,047
Consumer loans	6,769	5,945
Public sector loans	3,481	4,752
Corporate loans	25,628	15,183
Asset-backed securities (ABS)/ mortgage-backed securities (MBS)	2,270	6,731
other	835	829
Loans and advances to customers before risk provision	107,012	98,487
Portfolio-based impairment allowances	- 181	- 161
Specific impairment allowances including those calculated on a portfolio basis	- 372	- 383
Loans and advances to customers after risk provision	106,459	97,943

All loans and advances to customers are classified as loans and receivables as defined in IAS 39.9.

Note 25 provides a summary of the collateral provided.

The accrued interest on these items is reported under other assets (note 12).

## Receivables from reverse repo transactions

In the previous year, receivables from reverse repo transactions were presented under loans to corporate customers. They were in each case related to securities accepted as collateral. At the end of the 2016 fiscal year, they amounted to EUR 0 million (December 31, 2015: EUR 74 million).

## Allowances for losses on loans and advances to customers

	12/31/2016 € m	12/31/2015 € m
Mortgages	- 299	- 348
Consumer loans	- 212	- 184
Corporate loans	- 41	- 12
Asset-backed securities/ mortgage-backed securities	- 1	0
Total	- 553	- 544
Loans and advances to customers before risk provision	107,012	98,487
Risk provision	- 553	- 544
Loans and advances to customers after risk provision	106,459	97,943

In addition, provisions for off-balance sheet risks from the lending business amounted to EUR 14 million (December 31, 2015: EUR 20 million). Please refer to non-current provisions (note 20). As of December 31, 2016, the total risk provision in the lending business amounted to EUR 567 million (December 31, 2015: EUR 564 million).

## Changes in allowances for losses on loans and advances to customers

	2016 Portfolio- based impairment allowances  € m	2016 Specific impairment allowances including those calculated on a portfolio basis  € m	2016 Total  € m
Balance on Jan. 1	- 161	- 383	- 544
Utilization of existing impairment allowances	0	51	51
Additions to/ reversals of risk provision	- 21	- 40	- 61
Other changes	1	0	1
Balance on Dec. 31	- 181	- 372	- 553

	2015 Portfolio-based impairment allowances  € m	2015 Specific impairment allowances including those calculated on a portfolio basis  € m	2015 Total  € m
Balance on Jan. 1	- 154	- 383	- 537
Utilization of existing impairment allowances	0	61	61
Additions to/ reversals of risk provision	- 7	- 61	- 68
Other changes	0	0	0
Balance on Dec. 31	- 161	- 383	- 544

Expenses of EUR 31 million arising from risk provisions were recognized in the income statement (December 31, 2015: EUR 77 million), see note 38.

### Subordinated loans and advances

Subordinated loans and advances to customers amounted to EUR 0 million as of December 31, 2016 (December 31, 2015: EUR 0 million).

#### (4) Adjustment to portfolio fair value hedges

	12/31/2016 € m	12/31/2015 € m
Adjustment to portfolio fair value hedges	879	1,183
Total	879	1,183

This item represents the adjustment to the present value of loans and advances to customers included in portfolio fair value hedge accounting on the basis of the hedged risk.

The hedged items are reported under note 3 "Loans and advances to customers." Further information can be found under note 24 "Hedge accounting," note 6 "Derivatives with positive fair value," note 17 "Derivatives with negative fair value," note 33 "Net interest income," and note 35 "Net gains/losses on measurement of derivatives and hedged items."

## (5) Financial investments

This caption is used primarily to report bonds and other fixed-income securities.

## Financial investments

	12/31/2016 € m	12/31/2015 € m
<b>Available for sale</b>		
Bonds and other fixed-income securities	37,491	36,364
Equity investments	19	51
Total AfS	37,510	36,415
<b>Held to maturity</b>		
Bonds and other fixed-income securities	1,228	1,255
Total HtM	1,228	1,255
Total	38,738	37,670

In the fiscal years under review, financial investments included equity investments that are of minor importance to the Group's economic position. To the extent these equity investments are not listed and it is not possible to reliably measure their fair value, they are recognized at cost.

There were no allocations to the trading book.

The accrued interest on financial investments is reported under "other assets" (note 12).

## Changes in financial investments

	2016 AfS securities € m	2016 AfS equity investments € m	2016 HtM securities € m	2016 Total € m
Balance on Jan. 1	36,364	51	1,255	37,670
Additions	4,478	8	0	4,486
Amortization	- 129	0	- 27	- 156
Reclassifications	0	0	0	0
Other changes in fair value	159	2	0	161
Impairments and reversals	0	0	0	0
Disposals	- 109	- 42	0	- 151
Maturities	- 3,272	0	0	- 3,272
Balance on Dec. 31	37,491	19	1,228	38,738

	2015 AfS securities € m	2015 AfS equity investments € m	2015 HtM securities € m	2015 Total € m
Balance on Jan. 1	38,943	7	0	38,950
Additions	6,220	0	0	6,220
Amortization	- 143	0	- 22	- 165
Reclassifications	- 1,277	0	1,277	0
Other changes in fair value	- 433	44	0	- 389
Impairments and reversals	0	0	0	0
Disposals	- 4,401	0	0	- 4,401
Maturities	- 2,545	0	0	- 2,545
Balance on Dec. 31	36,364	51	1,255	37,670

Information on the net gains or losses on available-for sale securities is disclosed separately in the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

ING-DiBa continues to hold the securities transferred as part of repo and reverse repo transactions in its statement of financial position. Since dated return and repurchase agreements are in place for the transferred assets, ING-DiBa continues to bear the associated risks and rewards. The risks are described in the Group management report. Note 25 contains information relating to financial instruments transferred and pledged as collateral and the corresponding liabilities.

### Collateral held

	2016 € m	2015 € m
Reverse repo transactions	514	186

Securities accepted as collateral as part of reverse repo transactions are not recognized in the statement of financial position under IFRSs. The liquidation options are similar to those of standard international repo transactions. As in the previous year, there were no securities lending transactions as of December 31, 2016. No collateral held had been sold or pledged.

The fair value of collateral held is disclosed in accordance with IFRS 7.15.

### (6) Derivatives with positive fair value

	12/31/2016 € m	12/31/2015 € m
<b>Derivatives</b>		
Micro fair value hedges	0	0
Portfolio fair value hedges	0	0
Used in cash flow hedges	0	0
Other derivatives	345	68
Total	345	68

This item includes derivative financial instruments designated as hedges and instruments not designated as hedges with a positive fair value of EUR 345 million (December 31, 2015: EUR 68 million).

ING-DiBa generally only uses simply structured interest rate swaps. In accordance with IAS 39.9, they are allocated to the “at fair value through profit or loss” category. In addition, foreign currency derivatives have also been entered into, particularly to procure foreign currencies.

Furthermore, other derivatives also include derivatives outside hedge accounting, which serve to hedge interest rate and other market price risks and for duration management. Derivatives in ineffective hedge relationships are also reported under this item.

The carrying amount represents only foreign currency derivatives and other un-netted derivatives due to a large number of netting arrangements with a central counterparty. Please refer to note 26 for further information on the volume of derivatives and offsetting.

All derivative financial instruments are carried at their fair values and reported as derivatives with positive or negative fair values. Changes in fair value, with the exception of those in relation to the effective portion of fair value changes in cash flow hedges, are immediately recognized in profit or loss.

Further information on derivatives and hedge accounting can be found in note 17 “Derivatives with negative fair value,” note 24 “Hedge accounting,” note 33 “Net interest income,” and note 35 “Net gains/losses on measurement of derivatives and hedged items.”

The accrued interest on derivatives is reported under “other assets” (note 12) and under “other liabilities” (note 21).

## (7) Investment property

ING-DiBa holds a small portfolio of properties that it does not use itself. If they generate rental income, this is recognized under other net gains/losses on financial investments and investment property (note 36).

Comments on the valuation techniques can be found in section d) of the chapter on “Significant accounting policies” and note 32 in this report.

## Changes in investment properties

All investment property is measured at fair value. The change in value recorded in fiscal year 2016 was immaterial.

	12/31/2016 € m	12/31/2015 € m
Balance on Jan. 1	12	12
Additions	0	0
Changes in fair value	0	0
Disposal	0	0
Balance on Dec. 31	12	12

## Status of external property valuation reports

	Percentage of the total fair value of investment property
The most recent valuation report was prepared during the year	
2016	100
2015	0
2014	0
Not appraised by external appraisers	0
Total	100

## (8) Property and equipment and Group-occupied properties

	12/31/2016 € m	12/31/2015 € m
IT facilities	30	21
Owner-occupied properties	16	16
Other property and equipment	18	17
Total	64	54

## Changes in property and equipment and Group-occupied properties

	2016 IT facilities € m	2016 Group-occupied properties € m	2016 Other property and equipment € m	2016 Total € m
Carrying amount on Jan. 1	21	16	17	54
Additions	21	0	5	26
Disposals	0	0	0	0
Depreciation	- 12	0	- 4	- 16
Changes in fair value due to remeasurement	0	0	0	0
Reclassifications and other changes	0	0	0	0
Carrying amount on Dec. 31	30	16	18	64
Gross carrying amount on Dec. 31	90	17	48	155
Accumulated depreciation as of Dec. 31	- 60	- 4	- 30	- 94
Cumulative changes in fair value as of Dec. 31	0	3	0	3
Carrying amount on Dec. 31	30	16	18	64

	2015 IT facilities	2015 Group- occupied properties	2015 Other property and equipment	2015 Total
	€ m	€ m	€ m	€ m
Carrying amount on Jan. 1	22	17	14	53
Additions	10	0	7	17
Disposals	0	0	0	0
Depreciation	- 11	- 1	- 4	- 16
Changes in fair value due to remeasurement	0	0	0	0
Reclassifications and other changes	0	0	0	0
Carrying amount on Dec. 31	21	16	17	54
Gross carrying amount on Dec. 31	71	17	44	132
Accumulated depreciation as of Dec. 31	- 50	- 4	- 27	- 81
Cumulative changes in fair value as of Dec. 31	0	3	0	3
Carrying amount on Dec. 31	21	16	17	54

IT facilities and other property and equipment are measured using the cost method under IAS 16.30. The assets are depreciated pro rata temporis on a straight-line basis. The depreciation periods applied correspond to the expected useful lives. Depreciation expenses are recognized under “other administrative expenses” (note 40) in the income statement.

The revaluation method is used to measure Group-occupied properties. Further information can be found in section e) of the chapter on “Significant accounting policies” and note 32.

The following depreciation periods have been applied:

### Overview of depreciation periods

	Depreciation periods in years
IT facilities	2-6
Group-occupied properties	50
Other property and equipment	3-23

Their fair values are determined in the same way as those of investment properties, using the income capitalization approach. The latest external report for Group-occupied properties was issued on August 16, 2016. It resulted in one adjustment of EUR 0 million due to remeasurement in the 2016 fiscal year (December 31, 2015: EUR 0 million).

	12/31/2016 € m	12/31/2015 € m
Fair value after remeasurement	16	17
Notional carrying amount under cost method	11	12

## (9) Intangible assets

	12/31/2016 € m	12/31/2015 € m
Software	23	11
Goodwill	0	0
Total	23	11

No impairment losses on software were recognized in the periods under review.

Software is subject to finite useful lives; it is measured according to the cost method and reduced pro rata temporis by straight-line amortization. The useful life is normally three years.

Amortization expenses are recognized under "other administrative expenses" (note 40) in the income statement.

## Changes in intangible assets

	2016 Purchased software € m	2016 Internally generated software € m	2016 Total € m
Carrying amount on Jan. 1	11	0	11
Additions	9	9	18
Amortization	-6	0	-6
Carrying amount on Dec. 31	14	9	23
Gross carrying amount on Dec. 31	66	25	91
Accumulated amortization as of Dec. 31	-52	-16	-68
Carrying amount on Dec. 31	14	9	23

	2015 Purchased software € m	2015 Internally generated software € m	2015 Total € m
Carrying amount on Jan. 1	9	0	9
Additions	8	0	8
Amortization	-6	0	-6
Carrying amount on Dec. 31	11	0	11
Gross carrying amount on Dec. 31	60	30	90
Accumulated amortization as of Dec. 31	-49	-30	-79
Carrying amount on Dec. 31	11	0	11

## (10) Income tax assets

	12/31/2016 € m	12/31/2015 € m
Income tax assets	21	8

## (11) Deferred tax assets

	12/31/2016 € m	12/31/2015 € m
Deferred tax assets	7	1

Deferred taxes are explained further in notes 19 and 41.

## (12) Other assets

	12/31/2016 € m	12/31/2015 € m
Accrued interest on loans and advances to banks	4	1
Accrued interest on loans and advances to customers	77	64
Accrued interest on AfS financial investments	414	452
Accrued interest on HtM financial investments	15	14
Accrued interest on hedging derivatives	0	0
Accrued interest on other derivatives	1	1
Prepaid expenses	36	32
Miscellaneous assets	90	62
Total	637	626

The other assets include an immaterial investment in an associate of EUR 2 million (December 31, 2015: EUR 2 million) (note 30).

Information on offsetting may be found in note 26.

## (13) Equity

	12/31/2016 € m	12/31/2015 € m
Subscribed capital	100	100
Reserves	7,590	7,106
Accumulated other comprehensive income	729	731
Other reserves	6,861	6,375
Total	7,690	7,206

ING-DiBa's subscribed capital was unchanged at EUR 100 million as of the end of the reporting period. It is fully paid up and divided into 100,000,000 no-par value shares, all of which are held by ING Deutschland GmbH, Frankfurt am Main. No profit participation certificates have been issued.

This item includes non-controlling interests of EUR 25 thousand (December 31, 2015: EUR 25 thousand). These are related to the consolidated structured entity described in greater detail under note 30.

In accordance with IFRSs, gains or losses from the fair value measurement of AfS securities are recognized directly in changes in accumulated other comprehensive income, net of deferred taxes. The gains or losses are only recognized in profit or loss when the asset has been sold or derecognized. In addition, the reserve for cash flow hedges is part of the changes in accumulated other comprehensive income.

“Other reserves” contains the legal reserve, retained earnings, capital contributions from the parent, and the share-based payments granted by ING Groep N.V. with settlement using equity instruments. In addition, the remeasurement of defined benefit pension plans is a component of other reserves. Note 20 contains disclosures on pension provisions.

The profit after tax for 2016, determined in accordance with HGB, of EUR 740 million (2015: EUR 644 million) will be transferred to the sole shareholder, ING Deutschland GmbH, Frankfurt am Main, on the basis of a profit and loss transfer agreement.

### Development of changes in accumulated other comprehensive income

	2016 Revaluation reserve Real Estate € m	2016 Available for sale financial investments € m	2016 Cash flow hedge reserve € m	2016 Total € m
Value as of Jan. 1	2	713	16	731
Remeasurement of property and equipment and Group-occupied properties	0	0	0	0
Remeasurement of available for sale financial investments	0	8	0	8
Realized gains/ losses transferred to profit or loss	0	- 14	0	- 14
Changes in cash flow hedge reserve	0	0	4	4
Value on Dec. 31	2	707	20	729

	2015 Revaluation reserve Real Estate € m	2015 Available for sale financial investments € m	2015 Cash flow hedge reserve € m	2015 Total € m
Value as of Jan. 1	2	991	18	1,011
Remeasurement of property and equipment and Group-occupied properties	0	0	0	0
Remeasurement of available for sale financial investments	0	- 213	0	- 213
Realized gains/ losses transferred to profit or loss	0	- 65	0	- 65
Changes in cash flow hedge reserve	0	0	- 2	- 2
Value on Dec. 31	2	713	16	731

Available-for-sale financial investments are explained under note 5 and the fair value measurement method is described under note 32.

Disclosures relating to cash flow hedges can be found in note 24.

The changes in accumulated other comprehensive income include EUR 21 million (December 31, 2015: EUR 32 million) resulting from AFS securities that were reclassified as HtM in 2015. This amount is amortized through profit or loss over the remaining term of the HtM securities.

## (14) Securitized liabilities

Since 2011, ING-DiBa AG has been issuing mortgage bonds (*Hypothekendarlehen*), which are placed on the capital market. Each issue has been given a minimum denomination of EUR 100,000.

As of December 31, 2016, the mortgage bonds were securitized solely through land charges on German residential properties (note 25).

These properties have been entered into the funding register (*Refinanzierungsregister*).

## Changes in securitized liabilities

	12/31/2016 € m	12/31/2015 € m
Balance as of Jan. 1	1,283	1,282
Additions	493	0
Amortization	1	1
Fair value hedge adjustment	- 5	0
Final maturity	- 500	0
Balance as of Dec. 31	1,272	1,283

The fair value hedge adjustment resulted from a hedge for a *Pfandbrief* issued in the 2016 fiscal year. Further disclosures on hedge accounting can be found under note 24 "Hedge accounting".

## Securitized liabilities by remaining contractual maturity

	12/31/2016 less than 1 year € m	12/31/2016 1 to 2 years € m	12/31/2016 2 to 3 years € m
Variable-interest securitized liabilities	50	0	0
Fixed-interest securitized liabilities	0	20	509
Total	50	20	509

	12/31/2016 3 to 4 years € m	12/31/2016 4 to 5 years € m	12/31/2016 more than 5 years € m	12/31/2016 Total € m
Variable-interest securitized liabilities	0	0	100	150
Fixed-interest securitized liabilities	10	10	573	1,122
Total	10	10	673	1,272

	12/31/2015 less than 1 year € m	12/31/2015 1 to 2 years € m	12/31/2015 2 to 3 years € m
Variable-interest securitized liabilities	0	50	0
Fixed-interest securitized liabilities	499	0	20
Total	499	50	20

	12/31/2015 3 to 4 years € m	12/31/2015 4 to 5 years € m	12/31/2015 more than 5 years € m	12/31/2015 Total € m
Variable-interest securitized liabilities	0	0	100	150
Fixed-interest securitized liabilities	509	10	95	1,133
Total	509	10	195	1,283

### (15) Deposits from banks

	12/31/2016 € m	12/31/2015 € m
Payable on demand	1,325	306
With an agreed maturity or period of notice	15,270	12,635
Total	16,595	12,941

As of December 31, 2016, there were no open market transactions with the European Central Bank System (December 31, 2015: EUR 0 million).

Further information regarding financial instruments transferred and pledged as collateral is contained in note 25.

The deposits from banks include cash collateral accepted for reverse repo transactions of EUR 1 million (December 31, 2015: EUR 0 million) and for derivatives (note 6) of EUR 59 million (December 31, 2015: EUR 21 million). The contractual bases are the German master agreement and the International Swaps and Derivatives Association (ISDA) agreement.

In addition, cash collateral for receivables from the Group parent amounted to EUR 7,715 million (December 31, 2015: EUR 4,715 million).

The accrued interest on deposits from banks is reported under "other liabilities" (note 21).

### (16) Due to customers

	12/31/2016 € m	12/31/2015 € m
Savings deposits	2,825	2,698
Call money and fixed deposits	118,044	111,105
Current account balances	6,888	4,825
Other deposits	2,394	2,498
Total	130,151	121,126

Note 25 provides information on financial instruments transferred and pledged as collateral. The contractual basis for derivatives are the German master agreement and the International Swaps and Derivatives Association (ISDA) agreement.

The deposits from customers include cash collateral accepted for derivatives (note 6) of EUR 0 million (December 31, 2015: EUR 13 million) and cash collateral in connection with guarantee loans assumed of EUR 5 million (December 31, 2015: EUR 9 million).

The accrued interest on amounts due to customers is reported under "other liabilities" (note 21).

## (17) Derivatives with negative fair value

	12/31/2016 € m	12/31/2015 € m
<b>Derivatives</b>		
Micro fair value hedges	0	0
Portfolio fair value hedges	0	0
Used in cash flow hedges	4	0
Other derivatives	332	76
<b>Total</b>	<b>336</b>	<b>76</b>

This item includes derivative financial instruments designated as hedges and instruments not designated as hedges with a negative fair value (after offsetting) of EUR 336 million (December 31, 2015: EUR 76 million).

ING-DiBa generally only uses simply structured interest rate swaps. In accordance with IAS 39.9, they are allocated to the “at fair value through profit or loss” category. In addition, foreign currency derivatives have also been entered into, particularly to procure foreign currencies.

Other derivatives include derivatives outside hedge accounting which are used to hedge interest rate and other market price risks and for duration management. Derivatives in ineffective hedge relationships are also reported under this item.

The carrying amount virtually represents only foreign currency derivatives due to a large number of netting arrangements with a central counterparty. Please refer to note 26 for further details on derivatives and offsetting.

All derivative financial instruments are carried at their fair values and reported as derivatives with positive or negative fair values. Changes in fair value, with the exception of those in relation to the effective portion of fair value changes in cash flow hedges, are immediately recognized in profit or loss.

Further information on derivatives and hedge accounting can be found in note 6 “Derivatives with positive fair value,” note 24 “Hedge accounting,” note 33 “Net interest income,” and note 35 “net gains/losses on measurement of derivatives and hedged items.”

The accrued interest on derivatives is reported under “other assets” (note 12) and under “other liabilities” (note 21).

## (18) Income tax liabilities

	12/31/2016 € m	12/31/2015 € m
<b>Income tax liabilities</b>	<b>0</b>	<b>4</b>

There were no income tax payment obligations to the tax authorities as of December 31, 2016.

The tax reconciliation can be found under note 41.

## (19) Deferred tax liabilities

	12/31/2016 € m	12/31/2015 € m
Deferred tax liabilities	164	161

The tax reconciliation and explanations of income tax expense can be found in note 41.

## Changes in deferred tax assets and liabilities

	01/01/2016 Net deferred taxes € m	Changes recognized in equity € m	Changes recognized in profit or loss € m	12/31/2016 Net deferred taxes € m
Financial investments	- 486	3	- 81	- 564
Derivatives with positive and negative fair value	677	0	- 82	595
Loans and advances to banks and customers	- 386	0	145	- 241
Cash flow hedges	- 7	- 2	0	- 9
Pension and personnel provisions	33	6	0	39
Tax loss carryforwards	0	0	6	6
Other items	9	0	8	17
Subtotal	- 160	7	- 4	- 157
Net deferred taxes	- 160	7	- 4	- 157
Deferred tax assets	1	0	6	7
Deferred tax liabilities	- 161	7	- 10	- 164
Total	- 160	7	- 4	- 157

	01/01/2015 Net deferred taxes € m	Changes recognized in equity € m	Changes recognized in profit or loss € m	12/31/2015 Net deferred taxes € m
Financial investments	- 755	134	135	- 486
Derivatives with positive and negative fair value	979	0	- 302	677
Loans and advances to banks and customers	- 554	0	168	- 386
Cash flow hedges	- 7	1	- 1	- 7
Pension and personnel provisions	36	- 3	0	33
Tax loss carryforwards	0	0	0	0
Other items	15	0	- 6	9
Subtotal	- 286	132	- 6	- 160
Net deferred taxes	- 286	132	- 6	- 160
Deferred tax assets	1	0	0	1
Deferred tax liabilities	- 287	132	- 6	- 161
Total	- 286	132	- 6	- 160

Because of amounts taken directly to equity, the change in the difference between deferred tax assets and deferred tax liabilities does not correspond to net deferred taxes.

Deferred taxes on the measurement of AfS securities of EUR 3 million (December 31, 2015: EUR 134 million) were taken directly to equity, and relate to the total result recognized in changes in accumulated other comprehensive income of EUR -8 million (December 31, 2015: EUR -412 million).

This led to a net result of EUR -5 million (December 31, 2015: EUR -278 million).

### Deferred taxes due to unused tax loss carryforwards

	12/31/2016 € m	12/31/2015 € m
<b>Total unused tax loss carryforwards</b>	<b>49</b>	<b>1</b>
of which not resulting in deferred tax assets	23	1
of which resulting in deferred tax assets	26	0

The average tax rate on which the calculation of the unused tax loss carryforwards was based was 25 percent in fiscal year 2016 (December 31, 2015: 16 percent). As of December 31, 2016, this resulted in deferred tax assets amounting to EUR 6 million (December 31, 2015: EUR 0 million).

As of December 31, 2016, and the prior-year date, there were no temporary differences in connection with investments in subsidiaries and foreign branches, for which no deferred taxes had as yet been recognized.

### (20) Non-current provisions

	12/31/2016 € m	12/31/2015 € m
Pension provisions	148	126
Other personnel provisions	12	10
Provision for restructuring measures	0	0
Other provisions	39	37
<b>Total</b>	<b>199</b>	<b>173</b>

Other personnel provisions include provisions for transitional benefits, early retirement benefits, anniversary bonuses, and similar items.

Other provisions of EUR 22 million (December 31, 2015: EUR 15 million) were recognized in respect of litigation risks (arising from the cancellation instruction, among other things) and EUR 14 million (December 31, 2015: EUR 20 million) for risk provisions for obligations from the lending business not recognized in the statement of financial position.

There is uncertainty with regard to the amount and timing of utilization. The likelihood of a utilization and thus an outflow of economic resources is continually reviewed (see section d) in "Significant accounting policies").

## Changes in non-current provisions

	2016 Pension provisions	2016 Other personnel provisions	2016 Provision for restructuring measures and other provisions	2016 Total
	€ m	€ m	€ m	€ m
Carrying amount as of Jan. 1	126	10	37	173
Additions	4	2	21	27
Reversals	0	0	- 15	- 15
Actuarial gains/losses	20	0	0	20
Utilizations	- 2	0	- 4	- 6
Other	0	0	0	0
Carrying amount as of Dec. 31	148	12	39	199

	2015 Pension provisions	2015 Other personnel provisions	2015 Provision for restructuring measures and other provisions	2015 Total
	€ m	€ m	€ m	€ m
Carrying amount as of Jan. 1	132	10	7	149
Additions	5	0	35	40
Reversals	0	0	- 3	- 3
Actuarial gains/losses	- 9	0	0	- 9
Utilizations	- 2	0	- 2	- 4
Other	0	0	0	0
Carrying amount as of Dec. 31	126	10	37	173

## Pension provisions

## Pension plans

ING-DiBa grants its employees post-employment benefits on the basis of bank agreements and individual contractual commitments. In addition to the payment of retirement pensions, they also include disability benefits and bereaved benefits.

Occupational pensions are governed by defined benefit plans and defined contribution plans. Expenses for defined contribution plans, including employer contributions to the statutory pension insurance scheme, amounted to EUR 26 million (December 31, 2015: EUR 24 million).

For the German operations, the regulatory framework for the defined benefit pension plans comprises in particular the German Company Pension Plans Act (*Gesetz zur betrieblichen Altersversorgung* (BetrAVG)) and pension agreements entered into as individual pension promises on the basis of works agreements.

The benefits paid on the basis of defined benefit plans depend on individual arrangements, are calculated on the basis of final salary and the average salary for the last three service years or are based on a system of pension points by salary class.

Pension plans are protected against insolvency through the German Pension Guarantee Association (Pensionssicherungsverein), a contractual trust agreement (CTA), and a pen-

sion fund. The CTA is a guarantee and trust agreement, under which funds can only be used to finance the promised post-employment benefits and which is separate from the employer's other assets.

The plan assets in the CTA and pension fund consist exclusively of units in a special fund, which invests in cash, fixed income securities and various equity strategies are invested. ING-DiBa has an obligation to make additional payments to this fund in defined circumstances of insufficient cover. In fiscal year 2016, additional funding of EUR 1 million (previous year: EUR 0 million) was contributed to plan assets.

A contribution of EUR 2 million to the pension plan is expected for the next reporting period (2017).

The Bank carries the risk of maintaining, and generating returns on, the plan assets. ING-DiBa is represented on the investment committee of the special fund. The fund is managed in accordance with the German Pension Fund Capital Investment Regulation (*Pensionsfondskapitalanlageverordnung* (PFKapAV)), with target performance and composition being specified whereas the primary objective is preservation of capital.

Other risks from defined benefit pension plans arise from unforeseeable changes in actuarial assumptions.

There were no changes to existing plans in fiscal year 2016. There were no curtailments or plan settlements in the periods under review.

Note 31 contains disclosures on pension provisions for former members of executive bodies and their bereaved.

### Reconciliation to pension provisions/other assets

	12/31/2016 € m	12/31/2015 € m
Defined benefit obligation (unfunded plans)	92	78
Defined benefit obligation (funded plans)	145	145
Less fair value of plan assets	89	97
Funding status	148	126
Pension provision	148	126
Other assets	0	0

## Change in defined benefit obligation (DBO) – total

	2016 € m	2015 € m
DBO as of Jan. 1	223	236
Current service cost	2	2
Past service cost	0	0
Interest cost	4	4
Changes in fair value: actuarial gains and losses from financial assumptions	19	-9
Changes in fair value: actuarial gains and losses from experience-based adjustments	-1	0
Benefits paid	-10	-10
DBO as of Dec. 31	237	223

## Change in defined benefit obligation (DBO) – unfunded plans

	2016 € m	2015 € m
DBO as of Jan. 1	78	82
Current service cost	2	2
Past service cost	0	0
Interest cost	1	1
Changes in fair value: actuarial gains and losses from financial assumptions	9	-4
Changes in fair value: actuarial gains and losses from experience-based adjustments	4	-1
Benefits paid	-2	-2
DBO as of Dec. 31	92	78

## Change in defined benefit obligation (DBO) – funded plans

	2016 € m	2015 € m
DBO as of Jan. 1	145	154
Current service cost	0	0
Past service cost	0	0
Interest cost	3	3
Changes in fair value: actuarial gains and losses from financial assumptions	10	-5
Changes in fair value: actuarial gains and losses from experience-based adjustments	-5	1
Benefits paid	-8	-8
DBO as of Dec. 31	145	145

## Change in plan assets

	2016 € m	2015 € m
Fair value of plan assets as of Jan. 1	97	104
Interest income from plan assets	2	2
Changes in fair value: actual return on plan assets excluding interest income	- 2	- 1
Contributions	0	0
Benefits paid	- 8	- 8
Fair value of plan assets as of Dec. 31	89	97

There were no plan surpluses in the periods under review.

## Composition of plan assets

The composition of the investment fund assets was as follows:

	12/31/2016		12/31/2015	
	Fair-Value		Fair-Value	
	Quoted on an active market	Not quoted on an active market	Quoted on an active market	Not quoted on an active market
	€ m	€ m	€ m	€ m
Shares	0	0	36	0
of which: eurozone countries	0	0	19	0
of which: non-eurozone countries	0	0	17	0
Bonds and debentures	64	0	59	0
of which: in euros	64	0	59	0
of which: not in euros	0	0	0	0
Investment funds	23	0	0	0
Other securities, options, other assets	0	0	0	0
Bank balances/ fixed-term deposits	0	2	0	2
Total	87	2	95	2

## Actuarial assumptions

	12/31/2016	12/31/2015
	Percent	Percent
Interest rate	1.4	2.0
Salary growth	2.75	2.75
Inflation	1.75	1.75

The interest rate is based on prime-rated government bonds with matching currencies and maturities. The basic biometric probabilities are based on the mortality tables normally used in the respective country (Germany: Heubeck 2005G; Austria: AVÖ2008-P). Salary growth, turnover, and retirement patterns were estimated specifically for each company.

## Sensitivity analysis

The impact of material changes in actuarial assumptions on the defined benefit obligation (DBO) was as follows:

	12/31/2016		12/31/2015	
	Financial impact in case of increase	Financial impact in case of decrease	Financial impact in case of increase	Financial impact in case of decrease
	€ m	€ m	€ m	€ m
Interest rate +/- 1 percent	-30	37	-27	34
Mortality rate +/- 10 percent	-8	10	-8	9
Salary growth +/- 0.25 percent	1	-1	1	-1
Inflation +/- 0.25 percent	7	-7	6	-6

The sensitivity analysis is performed using notional assumptions only. There is no minimum funding obligation for funded pension plans.

## Average duration of the defined benefit obligation

	Defined benefit obligation Years
Total average duration	14

## Pension benefits to be paid in the future

	Pension benefits € m
Within the next year	13
Year 2	10
Year 3	12
Year 4	11
Year 5	10
Next 5 years	52

## Other non-current personnel provisions

	12/31/2016 € m	12/31/2015 € m
Anniversaries	4	4
Partial retirement (liability)	8	6
Total	12	10

Partial retirement provisions are accounted for in accordance with the first-in, first-out method (for more information, please refer to section d) contained in the section entitled "Significant accounting policies").

## (21) Other liabilities

	12/31/2016 € m	12/31/2015 € m
Accrued interest on deposits from banks	15	2
Accrued interest on amounts due to customers	28	32
Accrued interest on securitized liabilities	10	17
Accrued interest on hedging derivatives	0	0
Accrued interest on other derivatives	9	0
Miscellaneous liabilities	1,084	956
Total	1,146	1,007

"Other liabilities" relates primarily to withholding taxes payable on behalf of our customers as well as the net profit for the year in accordance with HGB to be transferred to the parent, ING Deutschland GmbH.

Information on offsetting may be found in note 26.

## Other disclosures relating to the consolidated statement of financial position

### (22) Contractual maturities

#### Assets by remaining contractual maturity on the basis of undiscounted cash flows

	12/31/2016 on demand € m	12/31/2016 less than 1 month € m	12/31/2016 1 to 3 months € m	12/31/2016 3 to 12 months € m
Cash reserve	1,487	0	0	0
Loans and advances to banks	604	118	905	1,369
Loans and advances to customers	1,842	2,299	4,074	11,116
Financial investments				
- Available for sale	19	618	2,215	3,466
- Held to maturity	0	1	123	422
Derivatives with positive fair value	0	48	5	- 19
Other assets	0	193	203	230
Total	3,952	3,277	7,525	16,584

	12/31/2016 1 to 5 years € m	12/31/2016 more than 5 years € m	12/31/2016 indefinite € m	12/31/2016 Total € m
Cash reserve	0	0	0	1,487
Loans and advances to banks	4,178	1,798	0	8,972
Loans and advances to customers	49,043	48,503	0	116,877
Financial investments				
- Available for sale	14,754	17,017	0	38,089
- Held to maturity	655	44	0	1,245
Derivatives with positive fair value	84	248	0	366
Other assets	12	25	14	677
Total	68,726	67,635	14	167,713

	12/31/2015 on demand € m	12/31/2015 less than 1 month € m	12/31/2015 1 to 3 months € m	12/31/2015 3 to 12 months € m
Cash reserve	1,497	0	0	0
Loans and advances to banks	256	161	25	816
Loans and advances to customers	2,540	3,297	9,030	8,493
Financial investments				
- Available for sale	51	340	569	2,932
- Held to maturity	0	1	3	23
Derivatives with positive fair value	0	13	3	49
Other assets	0	227	164	242
Total	4,344	4,039	9,794	12,555

	12/31/2015 1 to 5 years € m	12/31/2015 more than 5 years € m	12/31/2015 indefinite € m	12/31/2015 Total € m
Cash reserve	0	0	0	1,497
Loans and advances to banks	2,789	928	0	4,975
Loans and advances to customers	41,198	43,203	0	107,761
Financial investments				
- Available for sale	16,016	17,412	0	37,320
- Held to maturity	1,027	205	0	1,259
Derivatives with positive fair value	0	0	0	65
Other assets	0	2	12	647
Total	61,030	61,750	12	153,524

Liabilities and items not recognized in the statement of financial position by remaining contractual maturity on the basis of undiscounted cash flows

	12/31/2016 on demand € m	12/31/2016 less than 1 month € m	12/31/2016 1 to 3 months € m
Securitized liabilities	0	0	36
Deposits from banks	1,325	104	579
Due to customers	117,555	1,440	2,374
Derivatives with negative fair value	0	78	36
Other liabilities	14	825	62
Subtotal	118,894	2,447	3,087
Financial guarantees	191	2	28
Irrevocable loan commitments	0	4,303	374
Total	119,085	6,752	3,489

	12/31/2016 3 to 12 months € m	12/31/2016 1 to 5 years € m	12/31/2016 more than 5 years € m	12/31/2016 Total € m
Securitized liabilities	27	583	694	1,340
Deposits from banks	2,439	8,138	5,091	17,676
Due to customers	5,148	4,094	78	130,689
Derivatives with negative fair value	271	43	3	431
Other liabilities	275	4	331	1,511
Subtotal	8,160	12,862	6,197	151,647
Financial guarantees	106	104	27	458
Irrevocable loan commitments	2,425	7,002	375	14,479
Total	10,691	19,968	6,599	166,584

	12/31/2015 on demand € m	12/31/2015 less than 1 month € m	12/31/2015 1 to 3 months € m
Securitized liabilities	0	0	11
Deposits from banks	118	22	187
Due to customers	107,749	1,802	2,881
Derivatives with negative fair value	0	9	24
Other liabilities	20	702	51
Subtotal	107,887	2,535	3,154
Financial guarantees	198	6	38
Irrevocable loan commitments	34	3,824	204
Total	108,119	6,365	3,396

	12/31/2015 3 to 12 months € m	12/31/2015 1 to 5 years € m	12/31/2015 more than 5 years € m	12/31/2015 Total € m
Securitized liabilities	515	629	200	1,355
Deposits from banks	1,716	6,741	5,299	14,083
Due to customers	5,700	4,270	82	122,484
Derivatives with negative fair value	55	0	0	88
Other liabilities	270	5	297	1,345
Subtotal	8,256	11,645	5,878	139,355
Financial guarantees	73	78	6	399
Irrevocable loan commitments	1,142	7,406	389	12,999
Total	9,471	19,129	6,273	152,753

### (23) Expected periods of realization

The table below shows for each asset and liability position those amounts that, based on their contractual maturities, are expected to be realized or settled within twelve months of the reporting date (current) and later than twelve months after the reporting date (non-current). Asset and liability items without contractual maturities are classified as current items. This includes the “cash reserve” and “income tax assets/liabilities” line items in the statement of financial position. The following line items in the statement of financial position are classified as non-current: investment property, property and equipment, intangible assets, and deferred tax assets and liabilities. “Other assets” and “other liabilities” are classified on the basis of estimates for the significant items contained therein.

	12/31/2016 Current € m	12/31/2016 Non-current € m	12/31/2016 Total € m
<b>Assets</b>			
Cash reserve	1,487	0	1,487
Loans and advances to banks	2,990	5,891	8,881
Loans and advances to customers	18,052	88,407	106,459
Adjustment to portfolio fair value hedges	52	827	879
Financial investments	6,215	32,523	38,738
Derivatives with positive fair value	66	279	345
Investment property	0	12	12
Property and equipment	0	64	64
Intangible assets	0	23	23
Income tax assets	21	0	21
Deferred tax assets	0	7	7
Other assets	605	32	637
<b>Total assets</b>	<b>29,488</b>	<b>128,065</b>	<b>157,553</b>
<b>Liabilities</b>			
Securitized liabilities	50	1,222	1,272
Deposits from banks	4,267	12,328	16,595
Due to customers	126,065	4,086	130,151
Derivatives with negative fair value	332	4	336
Income tax liabilities	0	0	0
Deferred tax liabilities	0	164	164
Non-current provisions	41	158	199
Other liabilities	1,134	12	1,146
<b>Total liabilities</b>	<b>131,889</b>	<b>17,974</b>	<b>149,863</b>

	12/31/2015 Current € m	12/31/2015 Non-current € m	12/31/2015 Total € m
<b>Assets</b>			
Cash reserve	1,497	0	1,497
Loans and advances to banks	1,247	3,657	4,904
Loans and advances to customers	22,054	75,889	97,943
Adjustment to portfolio fair value hedges	69	1,114	1,183
Financial investments	3,257	34,413	37,670
Derivatives with positive fair value	68	0	68
Investment property	0	12	12
Property and equipment	0	54	54
Intangible assets	0	11	11
Income tax assets	8	0	8
Deferred tax assets	1	0	1
Other assets	624	2	626
<b>Total assets</b>	<b>28,825</b>	<b>115,152</b>	<b>143,977</b>
<b>Liabilities</b>			
Securitized liabilities	499	784	1,283
Deposits from banks	1,853	11,088	12,941
Due to customers	116,896	4,230	121,126
Derivatives with negative fair value	76	0	76
Income tax liabilities	4	0	4
Deferred tax liabilities	0	161	161
Non-current provisions	22	151	173
Other liabilities	1,007	0	1,007
<b>Total liabilities</b>	<b>120,357</b>	<b>16,414</b>	<b>136,771</b>

IAS 1.60 *et seq.* in conjunction with IFRS 7.39 results in a worst-case analysis for the “amounts due to customers” item. Customer deposits payable on demand are classified as payable at short notice due to their contractual maturity. The contractual maturity of demand deposits does not adequately reflect the liquidity risk exposure. In order to determine the expected repayment date, modeling assumptions must therefore be made. These assumptions form an integral part of the liquidity risk management concept. Further information on liquidity risk can be found in the Group management report (risk report).

Information on offsetting may be found in note 26.

## (24) Hedge accounting

Hedge accounting is discussed in section d) of the section entitled “Significant accounting policies.”

The accrued interest on hedging derivatives is reported under “other assets” (note 12) or under “other liabilities” (note 21).

Information on the allocation of the hedging derivatives to micro and portfolio hedges is provided in note 6 “Derivatives with positive fair value” and note 17 “Derivatives with negative fair value.”

### Fair value hedges

The following table shows the fair values of derivatives held as part of fair value hedges.

	12/31/2016 Assets € m	12/31/2016 Equity and liabilities € m	12/31/2015 Assets € m	12/31/2015 Equity and liabilities € m
Derivatives used as fair value hedges	0	0	0	0

Net gains/losses on measurement of derivatives and hedged items are described in note 35.

The full fair value of derivatives, including accrued interest, amounted to EUR 0 million as of December 31, 2016, on the assets side (December 31, 2015: EUR 0 million) and to EUR 0 million as of December 31, 2016, on the liabilities side (December 31, 2015: EUR 0 million).

In 2016 all derivatives designated as fair value hedges, including collateral provided, were offset due to the clearing of the derivatives via a CCP. Please refer to note 26 “Offsetting, master netting and similar agreements” for further information.

The changes in fair value of hedged items in portfolio hedge accounting which are attributable to the hedged risk are presented in a separate item in the statement of financial position. These are explained under “adjustment to portfolio fair value hedges” (note 4).

## Cash flow hedges

The following table shows the fair values of derivatives held as part of cash flow hedges.

	12/31/2016 Assets € m	12/31/2016 Equity and liabilities € m	12/31/2015 Assets € m	12/31/2015 Equity and liabilities € m
Derivatives used as cash flow hedges	0	4	0	0

The full fair value of derivatives, including accrued interest, amounted to EUR 0 million as of December 31, 2016, on the assets side (December 31, 2015: EUR 0 million) and to EUR 4 million on the liabilities side (December 31, 2015: EUR 0 million).

## Hedged cash flows

The following table shows the periods in which hedged cash flows are expected to occur and when these are expected to affect profit or loss.

	2016 less than 1 month € m	2016 1 to 3 months € m	2016 3 to 12 months € m	2016 1 to 2 years € m
Inflow	4	3	0	5
Outflow	0	0	- 1	0
Net cash flow	4	3	- 1	5

	2016 2 to 3 years € m	2016 3 to 4 years € m	2016 4 to 5 years € m	2016 more than 5 years € m
Inflow	5	6	6	3
Outflow	0	0	0	0
Net cash flow	5	6	6	3

	2015 less than 1 month € m	2015 1 to 3 months € m	2015 3 to 12 months € m	2015 1 to 2 years € m
Inflow	4	4	2	10
Outflow	0	0	0	0
Net cash flow	4	4	2	10

	2015 2 to 3 years € m	2015 3 to 4 years € m	2015 4 to 5 years € m	2015 more than 5 years € m
Inflow	9	9	8	10
Outflow	0	0	0	0
Net cash flow	9	9	8	10

## Cash flow hedge reserve

The following table shows the cash flow hedge reserve under equity. Note 13 provides information on the development of changes in accumulated other comprehensive income.

	12/31/2016 € m	12/31/2015 € m
Cash flow hedge reserve in equity	20	16

In fiscal year 2016 no securities were disposed of that had an impact on the cash flow hedge reserve and led to the early termination of hedges.

## Cash flow hedge ineffectiveness

Cash flow hedge ineffectiveness impacted profit or loss as follows:

	12/31/2016 € m	12/31/2015 € m
Cash flow hedge ineffectiveness	0	0

## (25) Financial instruments transferred and pledged as collateral

### Financial instruments transferred yet not derecognized

ING-DiBa continues to hold the securities transferred as part of repo and securities lending transactions in its statement of financial position. Since dated return and repurchase agreements are in place for the transferred assets, ING-DiBa continues to bear the associated risks and rewards. The risks are described in the Group management report.

	12/31/2016 Fair value € m	12/31/2016 Carrying amount € m
Repo transactions		
- Assets transferred (available for sale)	120	120
- Assets transferred (other assets - AfS financial investments) <sup>1</sup>	2	2
- Corresponding deposits from banks	122	122
- Corresponding amounts due to customers	0	0
Available for sale <sup>2</sup>	0	0
- Assets transferred (held to maturity)	3	3
- Assets transferred (other assets - HtM financial investments) <sup>1</sup>	0	0
- Corresponding deposits from banks	3	3
- Corresponding amounts due to customers	0	0
Held to maturity <sup>2</sup>	0	0
Total assets transferred	125	125
Total corresponding liabilities	125	125

<sup>(1)</sup> Relates to accrued interest reported separately under other assets.

<sup>(2)</sup> The totals are shown on a net basis.

	12/31/2015 Fair Value € m	12/31/2015 Carrying amount € m
Repo transactions		
- Assets transferred (available for sale)	938	938
- Assets transferred (other assets - AfS financial investments) <sup>1</sup>	20	20
- Corresponding deposits from banks	657	657
- Corresponding amounts due to customers	301	301
Available for sale <sup>2</sup>	0	0
- Assets transferred (held to maturity)	21	20
- Assets transferred (other assets - HtM financial investments) <sup>1</sup>	1	1
- Corresponding deposits from banks	21	21
- Corresponding amounts due to customers	0	0
Held to maturity <sup>2</sup>	1	0
Total assets transferred	980	979
Total corresponding liabilities	979	979

<sup>(1)</sup> Relates to accrued interest reported separately under other assets.

<sup>(2)</sup> The totals are shown on a net basis.

The AfS and HtM instruments reported here are recognized under “financial investments” in the statement of financial position (note 5).

As in the previous year, there were no securities lending transactions as of December 31, 2016.

The transactions with the European Central Bank System do not deviate from the procedure commonly used in the market.

Further information on repo transactions can be found in note 15 “Deposits from banks” and note 16 “Due to customers”.

### Recognition in the amount of the continuing involvement

As part of a sub-participation agreement relating to the Wholesale Banking business, the Bank transferred EUR 66 million in receivables (December 31, 2015: EUR 70 million), resulting in a continuing involvement of EUR 0 million (December 31, 2015: EUR 0 million), which continues to be recognized under “loans and advances to customers” (note 3). This is offset by EUR 0 million (December 31, 2015: EUR 0 million), which is reported under “deposits from banks” (note 15).

## Financial instruments pledged as collateral

	12/31/2016 Carrying amount € m	12/31/2015 Carrying amount € m
Total AfS financial investments	37,510	36,415
of which pledged as collateral	1,288	5,326
Other assets - AfS financial investments total	414	452
of which pledged as collateral	20	106
Total HtM financial investments	1,228	1,255
of which pledged as collateral	81	90
Other assets - HtM financial investments total	15	14
of which pledged as collateral	1	2
Loans and advances to banks	8,881	4,904
of which pledged as collateral	441	56
Loans and advances to customers	106,459	97,943
of which pledged as collateral	16,496	12,601
Total transferred	18,327	18,181

All financial instruments pledged as collateral by ING-DiBa can be sold or pledged by the recipient of the collateral regardless of whether or not ING-DiBa defaults.

“Loans and advances to banks” (note 2) includes cash collateral for derivatives as well as cash collateral provided to the Group parent ING Bank N.V. in an amount of EUR 425 million (December 31, 2015: EUR 24 million). As in the prior year, no cash collateral was pledged for repo transactions. EUR 16 million in cash collateral was provided in the context of transactions settled via central counterparties (December 31, 2015: EUR 32 million).

“Loans and advances to customers” (note 3) included a volume of EUR 7,301 million (December 31, 2015: EUR 7,172 million) pledged as collateral as part of transactions with the KfW development bank (Kreditanstalt für Wiederaufbau).

Residential mortgage-backed securities (RMBSs) in the amount of EUR 4,638 million (December 31, 2015: EUR 200 million) are pledged as collateral with the European Central Bank System. This is disclosed in accordance with IFRS 7.14 and complements the disclosures relating to the collateral furnished. Note 30 contains further information on these RMBSs.

Private mortgage loans serve as collateral cover for the mortgage bonds (*Hypothek-entpfandbriefe*) issued. The carrying amount of the private mortgage loans entered into the funding register was EUR 4,554 million as of December 31, 2016 (December 31, 2015: EUR 5,229 million).

The loans of the cover pool comprise part of the “loans and advances to customers” item (note 3). In addition, EUR 81 million in AfS and Htm financial instruments (December 31, 2015: EUR 582 million) was provided as collateral.

In relation to the collateral listed, there are no clauses or conditions that are of material importance when considered separately.

## (26) Offsetting, master netting, and similar agreements

Since fiscal year 2013, derivatives have increasingly been settled via a central counterparty. This has resulted in an offsetting requirement in the statement of financial position.

Agreements relating to derivatives transactions which were not conducted through the central counterparty as well as repo and reverse repo transactions are master netting agreements (MNA) and similar agreements, which result in the positions concerned being offset under certain conditions. The settlement of these transactions relates solely to technical settlement and not to accounting presentation in accordance with IFRSs. MNAs are deemed to be legally enforceable if this is confirmed by applicable legal opinions.

For more information, please refer to note 6 “Derivatives with positive fair value,” and note 17 “Derivatives with negative fair value.”

Statement of financial position item	Financial assets	12/31/2016	12/31/2016	12/31/2016	12/31/2016		12/31/2016
		Gross amounts of financial assets before offsetting m €	Amounts offset in the statement of financial position m €	Net amounts of financial assets after offsetting m €	Amounts subject to a legally enforceable MNA or similar agreement		Net amount
					Financial instruments m €	Financial instruments pledged as collateral including cash m €	m €
Loans and advances to banks	Reverse repo and similar contracts	514	0	514	14	500	0
Loans and advances to banks	Cash collateral <sup>1</sup>	2,505	2,483	22	0	0	22
Loans and advances to customers	Reverse repo and similar contracts	0	0	0	0	0	0
Derivatives with positive fair value	Derivatives	793	448	345	63	38	244
Other assets	Accrued interest on loans and advances to banks	0	0	0	0	0	0
Other assets	Accrued interest on derivatives	65	64	1	0	0	1
<b>Total</b>		<b>3,877</b>	<b>2,995</b>	<b>882</b>	<b>77</b>	<b>538</b>	<b>267</b>

<sup>(1)</sup> The cash collateral reported here relates in full to the transactions settled via a central counterparty (CCP).

Statement of financial position item	Financial assets	12/31/2015	12/31/2015	12/31/2015	12/31/2015		12/31/2015
		Gross amounts of financial assets before offsetting m €	Amounts offset in the statement of financial position m €	Net amounts of financial assets after offsetting m €	Financial instruments m €	Financial instruments pledged as collateral including cash m €	Net amount m €
Loans and advances to banks	Reverse repo and similar contracts	112	0	112	0	112	0
Loans and advances to banks	Cash collateral <sup>1</sup>	2,519	2,517	2	0	0	2
Loans and advances to customers	Reverse repo and similar contracts	74	0	74	74	0	0
Derivatives with positive fair value	Derivatives	442	373	69	30	7	32
Other assets	Accrued interest on loans and advances to banks	0	0	0	0	0	0
Other assets	Accrued interest on derivatives	47	46	1	0	0	1
<b>Total</b>		<b>3,194</b>	<b>2,936</b>	<b>258</b>	<b>104</b>	<b>119</b>	<b>35</b>

<sup>(1)</sup> The cash collateral reported here relates in full to the transactions settled via a central counterparty (CCP).

Statement of financial position item	Financial liabilities	12/31/2016	12/31/2016	12/31/2016	12/31/2016		12/31/2016
		Gross amounts of financial liabilities before offsetting m €	Amounts offset in the statement of financial position m €	Net amounts of financial liabilities after offsetting m €	Financial instruments m €	Financial instruments pledged as collateral including cash m €	Net amount m €
Deposits from banks	Repo transactions	124	0	124	13	111	0
Due to customers	Repo transactions	0	0	0	0	0	0
Derivatives with negative fair value	Derivatives	2,951	2,615	336	63	35	238
Other liabilities	Accrued interest on derivatives	392	382	10	0	0	10
<b>Total</b>		<b>3,467</b>	<b>2,997</b>	<b>470</b>	<b>76</b>	<b>146</b>	<b>248</b>

Statement of financial position item	Financial liabilities	12/31/2015	12/31/2015	12/31/2015	12/31/2015		12/31/2015
		Gross amounts of financial liabilities before offsetting m €	Amounts offset in the statement of financial position m €	Net amounts of financial liabilities after offsetting m €	Financial instruments m €	Financial instruments pledged as collateral including cash m €	Net amount m €
Deposits from banks	Repo transactions	678	0	678	0	677	1
Due to customers	Repo transactions	301	0	301	74	227	0
Derivatives with negative fair value	Derivatives	2,591	2,515	76	30	24	22
Other liabilities	Accrued interest on derivatives	421	421	0	0	0	0
<b>Total</b>		<b>3,991</b>	<b>2,936</b>	<b>1,055</b>	<b>104</b>	<b>928</b>	<b>23</b>

## (27) Contingent liabilities

Contingent liabilities are items not recognized in the statement of financial position, as specified in IAS 37 (see section e) of "Significant accounting policies").

These include irrevocable loan commitments, guarantees, and letters of credit.

Contingent liabilities relate primarily to irrevocable loan commitments to customers in the mortgage area (forward loans) and in Wholesale Banking.

The expected disbursements for irrevocable loan commitments and letters of credit are presented below. These correspond to the contractually stipulated maximum amounts. For guarantees, the maximum amount that can be drawn down is shown.

As part of the spin-off of the former Frankfurt branch of ING Bank N.V. from ING Bank N.V., Amsterdam, to Conifer B.V., and the subsequent merger with ING-DiBa, ING-DiBa assumed Conifer B.V.'s secondary liability obligations existing by operation of the law for the protection of ING Bank N.V.'s creditors. This secondary liability obligation is anchored in article 2:334t of the Dutch Civil Code and applies to certain obligations on the part of ING Bank N.V. existing as of the effective date of the spin-off (August 31, 2011).

With regard to the scope of liability, a distinction must be drawn between joint and several obligations. Joint obligations of ING Bank N.V. are subject to the joint liability of ING DiBa and ING Bank N.V. The secondary liability in respect of the several obligations is limited to the value of the net assets of the Frankfurt branch of ING Bank N.V. as of the date of the spin-off to Conifer B.V.

The term of this liability is unlimited and expires only upon the extinguishment of the relevant obligation. In this context, it is not practical to make the disclosures required in accordance with IAS 37.86.

## Contingent liabilities

	12/31/2016 on demand € m	12/31/2016 less than 1 month € m	12/31/2016 1 to 3 months € m
Irrevocable loan commitments	0	4,303	374
Guarantees and letters of credit	417	171	94
Total	417	4,474	468

	12/31/2016 3 to 12 months € m	12/31/2016 1 to 5 years € m	12/31/2016 more than 5 years € m	12/31/2016 Total € m
Irrevocable loan commitments	2,425	7,002	375	14,479
Guarantees and letters of credit	231	144	79	1,136
Total	2,656	7,146	454	15,615

	12/31/2015 on demand € m	12/31/2015 less than 1 month € m	12/31/2015 1 to 3 months € m
Irrevocable loan commitments	34	3,824	204
Guarantees and letters of credit	368	30	44
Total	402	3,854	248

	12/31/2015 3 to 12 months € m	12/31/2015 1 to 5 years € m	12/31/2015 more than 5 years € m	12/31/2015 Total € m
Irrevocable loan commitments	1,142	7,406	389	12,999
Guarantees and letters of credit	141	145	255	983
Total	1,283	7,551	644	13,982

## (28) Pending litigation

The outcomes of pending litigation are not expected to have any material adverse effect on the net assets, financial position, and results of operations in excess of the amounts already recognized for litigation risks under non-current provisions (see "Significant accounting policies," sections d) and e)).

## (29) Future lease obligations

	Future minimum lease payments € m
2017	21
2018	19
2019	18
2020	16
2021	15
in years following 2021	56

Total lease expenses amounted to EUR 25 million in fiscal year 2016 (2015: EUR 25 million). Of that amount, EUR 22 million (2015: EUR 22 million) was attributable to minimum lease payments and EUR 3 million (2015: EUR 3 million) was attributable to contingent lease payments.

As of the end of the reporting period, leasing obligations of EUR 0 million are reported due (2015: EUR 0 million).

Operationally, lease agreements for business premises or office buildings are considered material. Most of the agreements in question specify fixed terms or minimum lease terms for which fixed lease amounts have to be paid. Some of the rentals for buildings used for business operations are linked to consumer price indices.

Some of the leases for office buildings are for fixed terms, often granting renewal options, also for a fixed term. Other leases are for indefinite terms. They do not normally include a sale option.

The building leases do not impose restrictions that could impact the capital structure, profit or loss, or other lease agreements of the Company.

## (30) Disclosures relating to equity investments

All subsidiaries and the structured entity included in the consolidated financial statements were consolidated.

As before, there were no equity investments that involved joint control in the fiscal year just ended.

Restrictions on the ability to obtain access to assets or to use them may arise from statutory or regulatory requirements. There are no recognizable significant restrictions on the ability to satisfy liabilities of consolidated companies.

The basis of consolidation in the reporting and comparison period was as follows:

	12/31/2016 Equity interest held directly Percent	12/31/2016 Equity interest held indirectly Percent	12/31/2015 Equity interest held directly Percent	12/31/2015 Equity interest held indirectly Percent
GGV Gesellschaft für Grundstücks- und Vermögensverwaltung mbH, Frankfurt am Main	100	0	100	0
ING-DiBa Service GmbH, Frankfurt am Main	100	0	100	0
Pure German Lion RMBS 2008 GmbH, Frankfurt am Main	0	0	0	0
Ingredit Verwaltungs GmbH, Frankfurt am Main	100	0	100	0
Rahmhof Grundbesitz GmbH i.L., Frankfurt am Main	100	0	100	0

#### Control on the basis of voting rights

ING-DiBa AG holds all of the shares in GGV Gesellschaft für Grundstücks- und Vermögensverwaltung mbH, ING-DiBa Service GmbH, Ingredit Verwaltungs-GmbH and Rahmhof Grundbesitz GmbH i.L. The operating activities of the subsidiaries are primarily related to property and asset management.

#### Control without voting rights

On December 1, 2008, ING-DiBa AG transferred a portfolio of mortgage loans with a nominal volume of EUR 4.7 billion to a structured entity, Pure German Lion RMBS 2008 GmbH to let this entity securitize them in the form of residential mortgage-backed securities (RMBSs).

The structured entity is consolidated based on IFRS 10. ING-DiBa does not hold any equity interest in the entity. Nevertheless, the entity is controlled by the Bank, in particular through its limited purpose and the special economic relationships against the backdrop of corresponding contractual provisions.

All securities under this securitization transaction are held by ING-DiBa and fully eliminated in consolidation.

The consolidation results in the presentation of non-controlling interests in ING-DiBa's equity in the amount of EUR 25 thousand. The non-controlling interest does not represent any influence on the Group's activities or cash flows.

ING-DiBa granted a liquidity facility to Pure German Lion RMBS 2008 GmbH; however this does not represent either a guarantee or an additional payment obligation.

#### Associates

To the extent there is significant influence only insofar as there is the power to participate in financial and operating policy decision-making processes, but without the ability to control these decision-making processes alone, the long-term equity investments in question are reported by the Group as associates using the equity method. In fiscal year 2016, this applied to paydirekt Beteiligungsgesellschaft privater Banken mbH, Berlin, in which the Bank holds 19.94% of voting rights. The purpose of the company's business is to hold and manage interests in a joint venture of institutions of the German Banking Industry Committee. The joint venture was set up for the purpose of establishing, operating and enhancing

an innovative electronic payment system. The interest in the sole associate is insignificant in relation to the Group's business volume. The investment is presented under other assets (note 12) at a carrying amount of EUR 2 million (December 31, 2015: EUR 2 million).

The income and expenses generated in the past and previous years by the company were immaterial.

#### Other equity investments

Other equity investments that are insignificant to the Group's economic position are presented under financial investments. Equity investments that are not listed and whose fair value cannot be reliably determined are recognized at cost (note 5).

#### Disclosures on non-consolidated structured entities

In the reporting periods under review, ING-DiBa did not maintain any relations with structured entities that are not included in the consolidated financial statements.

### (31) Related parties

#### Related persons

Total compensation paid to members of executive bodies active during the reporting period (key management personnel)

	12/31/2016 € m	12/31/2015 € m
Current compensation	4	4
Pensions	1	0
Other long-term remuneration	0	2
Severance packages	0	0
Share-based payments	1	1
Total compensation	6	7

Key management personnel as defined by IFRSs comprises the active members of the Management Board and Supervisory Board.

Total compensation paid to the Management Board and Supervisory Board amounted to EUR 6.0 million in fiscal year 2016 (2015: EUR 6.5 million).

EUR 5.0 million of the total compensation paid related to the executive activities of Management Board members (2015: EUR 4.9 million) and EUR 0.8 million related to the executive activities of Supervisory Board members (2015: EUR 0.8 million).

The current compensation includes all fixed and variable components, provided they were paid in the twelve-month period.

#### Share-based payments to the Management Board and Supervisory Board

In the periods under review, the members of the Management Board and Supervisory Board received share-based payments in the amounts presented below. The weighted average of the fair values was determined as of the date of the legally binding commitment. No subsequent changes in value were recognized, because the exercise terms and conditions had not been changed. A more detailed description can be found under note 39.

## Share-based payments to members of executive bodies active during the reporting period

	2016	2016	2015	2015
	Amount	Fair value at grant date €	Amount	Fair value at grant date €
Performance shares, deferred shares	34,720	340,021	34,111	432,409

## Total compensation paid to former members of executive bodies

Total compensation paid to former members of executive bodies amounted to EUR 1.6 million in fiscal year 2016 (2015: EUR 1.9 million). A provision of EUR 21.0 million (December 31, 2015: EUR 19.4 million) was recognized for current pensions and pension entitlements of former members of the Management Board and their dependents.

Note 20 contains disclosures on pension provisions in accordance with IAS 19.

## Other related party disclosures

As at December 31, 2015, the Group had granted loans amounting to EUR 0.3 million to members of the Management Board and Supervisory Board (December 31, 2015: EUR 1.1 million). Deposits from members of the Management Board and Supervisory Board totaled EUR 5.4 million as of December 31, 2016 (December 31, 2015: EUR 5.4 million).

These are the Bank's products and were granted at standard market terms and conditions. No contingent liabilities had been entered into in connection with key management personnel, neither as of December 31, 2016, nor at the end of the previous year's reporting period.

## Related companies

### Business relationships with parent companies

In addition to the companies included in the group, ING-DiBa AG also has business relationships with parent and sister companies of ING Groep N.V.

ING-DiBa's immediate parent is ING Deutschland GmbH, Frankfurt am Main, which holds a 100% interest. The ultimate parent company of the entire ING Group is ING Groep N.V., Amsterdam (Netherlands).

In addition to the companies named, the following companies are parent companies to ING-DiBa:

- › ING Bank N.V., Amsterdam (Netherlands)
- › ING Holding Deutschland GmbH, Frankfurt am Main

	12/31/2016	12/31/2015
	€ m	€ m
ING Groep N.V.		
ING Bank N.V.		
Loans and advances	18,998	11,270
Deposits and amounts due	8,379	5,160
Loan commitments	0	0
Income	353	60
Expenses	193	10
ING Holding Deutschland GmbH		
Loans and advances	0	0
Deposits and amounts due	177	195
Loan commitments	0	0
Income	0	0
Expenses	0	0
ING Deutschland GmbH		
Loans and advances	0	0
Deposits and amounts due	767	688
Loan commitments	0	0
Income	0	0
Expenses	0	0

In fiscal year 2016, EUR 142 million (2015: EUR 261 million) in existing loan transactions were acquired from ING Bank N.V. They relate exclusively to corporate customers.

Some of the loans and advances to ING Bank N.V., Amsterdam (Netherlands) are collateralized. Note 2 contains further information.

The amounts due to ING Deutschland GmbH relate primarily to the profit transfer to be made. The transfer of the profit determined under German commercial law is explained in section d) of "Significant accounting policies."

## Associates

Business relationships with associates were not material.

## Business relationships with other group companies not included in the basis of consolidation

In the 2016 fiscal year, there were business relationships primarily with the following companies included in the consolidated financial statements of ING Groep N.V.:

- › Stichting Orange Lion RMBS, Amsterdam (Netherlands)
- › BSO TWO B.V. (Netherlands)
- › ING Capital LLC, New York (United States of America)
- › Interhyp AG, Munich
- › ING Belgium N.V., Brussels (Belgium)

	12/31/2016 € m	12/31/2015 € m
Loans and advances	3,553	6,796
Deposits and amounts due	782	333
Loan commitments and guarantees	33	199
Income	39	175
Expenses	77	109

Transactions with Stichting Orange Lion RMBS in fiscal year 2016 resulted in receivables of EUR 1,723 million (December 31, 2015: EUR 5,870 million) and accrued interest of EUR 3 million (December 31, 2015: EUR 8 million). EUR 19 million (2015: EUR 115 million) was recognized in net interest income in the income statement.

In 2016, ING-DiBa acquired risk sub-participations resulting from structured finance amounting to approximately EUR 3,600 million (2015: EUR 2,310 million) from ING Capital LLC, New York. They were acquired at arm's length conditions. Individual transactions amounting to EUR 604 million were sold back in the 2016 fiscal year. Of the resulting EUR 4 million net loss, EUR 2 million was recognized in interest income and EUR 6 million in other income and expenses.

Transactions entered into with BSO TWO B.V. in fiscal year 2016 resulted in the recognition of receivables of EUR 1,002 million and income of EUR 6 million.

Loans granted by ING Belgium N.V. in the amount of EUR 781 million (2015: EUR 760 million) were recognized as financial investments. Accrued interest amounted to EUR 2 million (2015: EUR 2 million), and net interest income amounting to EUR 8 million was generated (2015: EUR 7 million).

A significant proportion of transactions with Interhyp AG consists of commission expenses for brokering mortgage loans and installment loans.

No allowances or provisions for doubtful accounts were necessary.

## Business relationships with related parties not included in the group or the basis of consolidation

ING-DiBa has pension plans protected against insolvency through a contractual trust agreement (CTA) and a pension fund (note 20). In fiscal year 2016, additional funding of EUR 1 million (2015: EUR 0 million) was contributed to plan assets via the multi-employer trustee.

### (32) Fair value reporting

#### Disclosures in accordance with IFRS 7.8, IFRS 7.25, and IFRS 13

The following table provides an overview of the carrying amounts and fair values of financial instruments included in the individual items of the statement of financial position.

	12/31/2016 Fair value € m	12/31/2016 Carrying amount € m
<b>Financial assets</b>		
Available for sale financial investments	37,510	37,510
of which equity investments	19	19
Other assets - available for sale financial investments <sup>1</sup>	414	414
Available for sale	37,924	37,924
Held to maturity financial investments	1,236	1,228
Other assets - held to maturity financial investments <sup>1</sup>	15	15
Held to maturity	1,251	1,243
Other derivatives with positive fair value	345	345
Other assets – other derivatives <sup>1</sup>	1	1
Fair value through profit or loss	346	346
Cash balance	103	103
Hedging derivatives	0	0
Other assets - other hedging derivatives <sup>1</sup>	0	0
Adjustment to portfolio fair value hedges	0	879
Financial instruments not categorized under IAS 39	103	982
Balances with central banks	1,384	1,384
Loans and advances to banks	9,015	8,881
Other assets – loans and advances to banks <sup>1</sup>	4	4
Loans and advances to customers	111,578	106,459
Other assets – loans and advances to customers <sup>1</sup>	77	77
Loans and receivables	122,058	116,805
<b>Total financial assets</b>	<b>161,682</b>	<b>157,300</b>
<b>Financial liabilities</b>		
Other derivatives with negative fair value	332	332
Other liabilities – other derivatives <sup>1</sup>	9	9
Fair value through profit or loss	341	341
Hedging derivatives	4	4
Other liabilities - hedging derivatives <sup>1</sup>	0	0
Financial instruments not categorized under IAS 39	4	4
Securitized liabilities	1,306	1,272
Other liabilities - securitized liabilities <sup>1</sup>	10	10
Deposits from banks	17,179	16,595
Other liabilities – deposits from banks <sup>1</sup>	15	15
Due to customers	130,544	130,151
Other liabilities – due to customers <sup>1</sup>	28	28
Financial liabilities	149,082	148,071
<b>Total financial liabilities</b>	<b>149,427</b>	<b>148,416</b>

<sup>(1)</sup> Relates to accrued interest disclosed separately under other assets or other liabilities.

	12/31/2015 Fair value € m	12/31/2015 Carrying amount € m
<b>Financial assets</b>		
Available for sale financial investments	36,415	36,415
of which equity investments	51	51
Other assets - available for sale financial investments <sup>1</sup>	452	452
Available for sale	36,867	36,867
Held to maturity financial investments	1,255	1,255
Other assets - held to maturity financial investments <sup>1</sup>	14	14
Held to maturity	1,269	1,269
Other derivatives with positive fair value	68	68
Other assets – other derivatives <sup>1</sup>	1	1
Fair value through profit or loss	69	69
Cash balance	95	95
Hedging derivatives	0	0
Other assets - hedging derivatives <sup>1</sup>	0	0
Adjustment to portfolio fair value hedges	0	1,183
Financial instruments not categorized under IAS 39	95	1,278
Balances with central banks	1,402	1,402
Loans and advances to banks	4,905	4,904
Other assets – loans and advances to banks <sup>1</sup>	1	1
Loans and advances to customers	103,504	97,943
Other assets – loans and advances to customers <sup>1</sup>	64	64
Loans and receivables	109,876	104,314
<b>Total financial assets</b>	<b>148,176</b>	<b>143,797</b>
<b>Financial liabilities</b>		
Other derivatives with negative fair value	76	76
Other liabilities – other derivatives <sup>1</sup>	0	0
Fair value through profit or loss	76	76
Hedging derivatives	0	0
Other liabilities - hedging derivatives <sup>1</sup>	0	0
Financial instruments not categorized under IAS 39	0	0
Securitized liabilities	1,336	1,283
Other liabilities - securitized liabilities <sup>1</sup>	17	17
Deposits from banks	13,485	12,941
Other liabilities – deposits from banks	2	2
Due to customers	121,366	121,126
Other liabilities- due to customers <sup>1</sup>	32	32
Financial liabilities	136,238	135,401
<b>Total financial liabilities</b>	<b>136,314</b>	<b>135,477</b>

<sup>(1)</sup> Relates to accrued interest disclosed separately under other assets or other liabilities.

## Fair value hierarchy

With regard to their fair values, which have to be reported in the statement of financial position or in the notes, financial and non-financial assets and liabilities are allocated to one of three levels, depending on the valuation techniques used to determine them:

**Level 1:** (Unadjusted) prices for identical assets or liabilities quoted on active markets to which the Company has access on the measurement date.

**Level 2:** Market prices, other than those included in Level 1, that can be observed either directly or indirectly for the assets or liabilities. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in

inactive markets, or other significant observable inputs, such as interest rates, volatilities, or risk premiums.

**Level 3:** Significant inputs that are not observable for assets or liabilities. Here, the determination of fair values is based on prices modeled for the asset or liability that are not based on observable market data.

The table below shows the levels used to measure those financial and non-financial assets and liabilities which are recognized at fair value in the statement of financial position.

	12/31/2016 Level 1 € m	12/31/2016 Level 2 € m	12/31/2016 Level 3 € m	12/31/2016 Total € m
<b>Assets</b>				
Other derivatives with positive fair value	0	345	0	345
Other assets – other derivatives <sup>1</sup>	0	1	0	1
Hedging derivatives	0	0	0	0
Other assets - hedging derivatives <sup>1</sup>	0	0	0	0
AfS financial investments	23,843	13,581	86	37,510
of which equity instruments	9	0	10	19
Other assets - AfS financial investment <sup>1</sup>	350	64	0	414
Investment property	0	0	12	12
Group-occupied properties	0	0	16	16
<b>Total</b>	<b>24,193</b>	<b>13,991</b>	<b>114</b>	<b>38,298</b>
<b>Equity and liabilities</b>				
Other derivatives with negative fair value	0	332	0	332
Other liabilities – other derivatives <sup>1</sup>	0	9	0	9
Hedging derivatives	0	4	0	4
Other liabilities - hedging derivatives <sup>1</sup>	0	0	0	0
<b>Total</b>	<b>0</b>	<b>345</b>	<b>0</b>	<b>345</b>

<sup>(1)</sup> Relates to accrued interest disclosed separately under other assets or other liabilities.

	12/31/2015 Level 1 € m	12/31/2015 Level 2 € m	12/31/2015 Level 3 € m	12/31/2015 Total € m
<b>Assets</b>				
Other derivatives with positive fair value	0	68	0	68
Other assets – other derivatives <sup>1</sup>	0	1	0	1
Hedging derivatives	0	0	0	0
Other assets - hedging derivatives <sup>1</sup>	0	0	0	0
AfS financial investments	26,944	9,354	117	36,415
of which equity instruments	9	0	42	51
Other assets - AfS financial investments <sup>1</sup>	393	59	0	452
Investment property	0	0	12	12
Group-occupied properties	0	0	16	16
<b>Total</b>	<b>27,337</b>	<b>9,482</b>	<b>145</b>	<b>36,964</b>
<b>Equity and liabilities</b>				
Other derivatives with negative fair value	0	76	0	76
Other liabilities – other derivatives <sup>1</sup>	0	0	0	0
Hedging derivatives	0	0	0	0
Other liabilities - hedging derivatives <sup>1</sup>	0	0	0	0
<b>Total</b>	<b>0</b>	<b>76</b>	<b>0</b>	<b>76</b>

<sup>(1)</sup> Relates to accrued interest disclosed separately under other assets or other liabilities.

## Transfers between levels

By default, available-for-sale financial investments, derivatives with positive and negative fair values, investment property, and Group-occupied property are recognized at fair value in the statement of financial position.

If market prices are available and Level 1 allocation is therefore applied, the instruments have to be transferred to Level 2 if the quality of the prices quoted on the respective principal or most advantageous market deteriorates. If the market activity falls below a specified threshold, measurement is made based on observable parameters as defined for Level 2. Accordingly, instruments are transferred from Level 2 to Level 1 if market activity increases. An assignment is made to Level 3 if a significant amount of inputs that are not observable flow into the models for the fair value measurement. Consequently, transfers are made into or out of Level 3 if significant inputs are no longer observable or are again observable.

In fiscal year 2016 changes in market conditions or observable parameters caused the following shifts in the fair value measurement of Afs financial investments:

- › There were 7 (2015: 0) reclassifications from level 2 to level 1 amounting to EUR 75 million (December 31, 2015: EUR 0 million). Accordingly, accrued interest recognized under other assets amounting to EUR 0 million (December 31, 2015: EUR 0 million) was reclassified from level 2 to level 1.
- › There were 10 (2015: 3) shifts from Level 1 to Level 2, with a total volume of EUR 114 million (December 31, 2015: EUR 56 million) and related accrued interest in the amount of EUR 0 million (December 31, 2015: EUR 1 million).

The table below shows the levels used to measure those financial and non-financial assets and liabilities which are not recognized at fair value in the statement of financial position but for which the fair value has to be disclosed.

	12/31/2016 Level 1 € m	12/31/2016 Level 2 € m	12/31/2016 Level 3 € m	12/31/2016 Total € m
<b>Assets</b>				
Cash balance	103	0	0	103
Balances with central banks	0	1,384	0	1,384
Loans and advances to banks	0	7,857	1,158	9,015
Other assets – loans and advances to banks <sup>1</sup>	0	2	2	4
Loans and advances to customers	0	5,895	105,683	111,578
Other assets – loans and advances to customers <sup>1</sup>	0	25	52	77
HtM financial investments	1,236	0	0	1,236
Other assets - HtM financial investments <sup>1</sup>	15	0	0	15
<b>Total</b>	<b>1,354</b>	<b>15,163</b>	<b>106,895</b>	<b>123,412</b>
<b>Equity and liabilities</b>				
Securitized liabilities	1,008	298	0	1,306
Other liabilities - securitized liabilities <sup>1</sup>	8	2	0	10
Deposits from banks	0	9,535	7,644	17,179
Other liabilities – deposits from banks <sup>1</sup>	0	15	0	15
Due to customers	0	125,317	5,227	130,544
Other liabilities – due to customers <sup>1</sup>	0	10	18	28
<b>Total</b>	<b>1,016</b>	<b>135,177</b>	<b>12,889</b>	<b>149,082</b>

<sup>(1)</sup> Relates to accrued interest disclosed separately under other assets or other liabilities.

	12/31/2015 Level 1 € m	12/31/2015 Level 2 € m	12/31/2015 Level 3 € m	12/31/2015 Total € m
<b>Assets</b>				
Cash balance	95	0	0	95
Balances with central banks	0	1,402	0	1,402
Loans and advances to banks	0	4,905	0	4,905
Other assets – loans and advances to banks <sup>1</sup>	0	1	0	1
Loans and advances to customers	0	4,538	98,966	103,504
Other assets – loans and advances to customers <sup>1</sup>	0	31	33	64
HtM financial investments	1,255	0	0	1,255
Other assets - HtM financial investments <sup>1</sup>	14	0	0	14
<b>Total</b>	<b>1,364</b>	<b>10,877</b>	<b>98,999</b>	<b>111,240</b>
<b>Equity and liabilities</b>				
Securitized liabilities	1,040	296	0	1,336
Other liabilities - securitized liabilities <sup>1</sup>	15	2	0	17
Deposits from banks	0	5,938	7,547	13,485
Other liabilities – deposits from banks <sup>1</sup>	0	2	0	2
Due to customers	0	116,558	4,808	121,366
Other liabilities – due to customers <sup>1</sup>	0	32	0	32
<b>Total</b>	<b>1,055</b>	<b>122,828</b>	<b>12,355</b>	<b>136,238</b>

<sup>(1)</sup> Relates to accrued interest disclosed separately under other assets or other liabilities.

## Valuation techniques

### Fair values of financial and non-financial assets and liabilities normally measured and recognized at fair value

Some of the financial and non-financial assets and liabilities are measured in the statement of financial position at fair value at the reporting date. The table below shows the valuation techniques and the inputs used.

	Fair value hierarchy level	Valuation techniques and significant inputs	Significant unobservable inputs	12/31/2016 Fair value € m
<b>Financial assets</b>				
Available for sale financial investments				37,510
based on unadjusted observable prices	1	1)		23,843
based on valuation models with observable inputs	2	1)		13,581
based on valuation models with unobservable inputs	3	2)	2)	86
Other assets - AfS financial investments <sup>1</sup>				414
based on unadjusted observable prices	1	1)		350
based on valuation models with observable inputs	2	1)		64
based on valuation models with unobservable inputs	3	2)	2)	0
Available for sale				37,924
Other derivatives with positive fair value	2	3)		345
Other assets - other derivatives <sup>1</sup>	2	3)		1
Fair value through profit or loss				346
Hedging derivatives	2	3)		0
Other assets - hedging derivatives <sup>1</sup>	2	3)		0
Financial instruments not categorized under IAS 39				0
Investment property	3	4)	4)	12
Group-occupied properties	3	4)	4)	16
Non-financial assets				28
<b>Total assets</b>				<b>38,298</b>
<b>Financial liabilities</b>				
Other derivatives with negative fair value	2	3)		332
Other liabilities – other derivatives <sup>1</sup>	2	3)		9
Fair value through profit or loss				341
Hedging derivatives	2	3)		4
Other liabilities - hedging derivatives <sup>1</sup>	2	3)		0
Financial instruments not categorized under IAS 39				4
<b>Total liabilities</b>				<b>345</b>

<sup>(1)</sup> Relates to accrued interest disclosed separately under other assets or other liabilities.

	Fair value hierarchy level	Valuation techniques and significant inputs	Significant unobservable inputs	12/31/2015 Fair value € m
<b>Financial assets</b>				
Available for sale financial investments				36,415
based on unadjusted observable prices	1	1)		26,944
based on valuation models with observable inputs	2	1), 2)		9,354
based on valuation models with unobservable inputs	3	2)	2)	117
Other assets - AfS financial investments <sup>1</sup>				452
based on unadjusted observable prices	1	1)		393
based on valuation models with observable inputs	2	1), 2)		59
based on valuation models with unobservable inputs	3	2)	2)	0
Available for sale				36,867
Other derivatives with positive fair value	2	3)		68
Other assets – other derivatives <sup>1</sup>	2	3)		1
Fair value through profit or loss				69
Hedging derivatives	2	3)		0
Other assets - hedging derivatives <sup>1</sup>	2	3)		0
Financial instruments not categorized under IAS 39				0
Investment property	3	4)	4)	12
Group-occupied properties	3	4)	4)	16
Non-financial assets				28
<b>Total assets</b>				<b>36,964</b>
<b>Financial liabilities</b>				
Other derivatives with negative fair value	2	3)		76
Other liabilities – other derivatives <sup>1</sup>	2	3)		0
Fair value through profit or loss				76
Hedging derivatives	2	3)		0
Other liabilities - hedging derivatives <sup>1</sup>	2	3)		0
Financial instruments not categorized under IAS 39				0
<b>Total liabilities</b>				<b>76</b>

<sup>(1)</sup> Relates to accrued interest disclosed separately under other assets or other liabilities.

The following presents a description of the valuation techniques used to determine the fair values of assets and liabilities:

- 1) Available-for-sale bonds of local authorities and private issuers and equity instruments are recognized at fair value. For financial instruments listed on active markets, the unadjusted price at the defined principal market or the most advantageous market is used for measurement (Level 1). If market activity is insufficient, either existing prices for similar instruments are used instead or the future cash flows expected to be derived from the respective financial instruments are discounted to present value using current interest rates, applying the relevant yield or swap curve. Product-specific spreads or credit spreads are taken into account. Only inputs observable on the market are included in the measurement systems (Level 2).
- 2) Asset-backed securities (ABSs) and mortgage-backed securities (MBSs) allocated to the available-for-sale category are recognized at fair value in the statement of financial posi-

tion. For these instruments, no prices are quoted on active markets. Either indicative quotes or estimates from market makers are used to determine the fair values (Level 2). In that event ING-DiBa does not generate any quantitative, non-observable inputs. If no plausible fair values can be derived from the estimated values provided by third parties, the securities concerned are modeled as bullet bonds and measured using the discounted cash flow method (Level 3). In this process, the remaining maturity corresponds to a conservatively estimated date of full redemption. The coupon corresponds to the actual interest rate of 0.24 percent, with a spread of 55 basis points modeled on the basis of non-observable inputs.

The value of the Visa Inc. Class C shares has been derived from the purchase price offering issued by VISA Inc. on November 2, 2015 (8-K filing) (Level 3). The valuation is based on the current price of VISA Inc. Class A shares, less certain discounts due to restricted liquidity (20.7%) and taking into account the EUR/USD exchange rate and the term of the exchange agreement (4 - 12 years).

- 3) Standardized swaps (OTC derivatives) are measured using standard industry models, which incorporate inputs observed by providers of financial information, such as interest rates in particular (Level 2). Almost all transactions (interest rate, cross currency and FX swaps) are fully collateralized with cash or by settling them via a central counterparty, so that it is not necessary to take credit risk adjustments into account. Individual OTC derivatives are measured on the basis of the multi-curve valuation.
- 4) Investment property and Group-occupied property (notes 7 and 8) are regularly (once a year, and by an external expert at least every three years) measured at fair value in the statement of financial position. Because of the inputs it uses, the underlying income capitalization approach is categorized as a Level 3 method. Unobservable inputs are in particular the estimated rental income of the properties and the annual return on land value, which has to be deducted from annual net income. For the measurement of Group-occupied property, rental income in a range between EUR 4.50 to EUR 10.50 with a weighted average of EUR 10.21 is assumed per square meter per month, while rental income in a range between EUR 6.00 to EUR 16.79 with a weighted average of EUR 9.83 to EUR 12.33 per square meter per month is assumed for investment property. For annual returns on land value, interest rates in a range between 5.0% p.a. and 8.0% p.a. with a weighted interest rate of 5.25% p.a. are estimated for Group-occupied property, and interest rates in a range between 0.8% p.a. and 6.5% p.a. with a weighted interest rate of between 3.7% p.a. and 4.75% p.a. respectively for investment property. If ING-DiBa had based the valuation on inputs at the extreme ends of the ranges shown, the fair values as of December 31, 2016, would have been up to EUR 341 thousand (December 31, 2015: up to EUR 331 thousand) higher or up to EUR 658 thousand (December 31, 2015: up to EUR 331 thousand) lower.

### Reconciliation to Level 3

The table below shows a reconciliation of the financial instruments and property normally measured within Level 3:

	2016 Available for sale investments € m	2016 Investment property € m	2016 Group-occupied properties € m	2016 Total € m
Balance on Jan. 1	117	12	16	145
Gains or losses recognized in profit or loss during the period	0	0	0	0
thereof unrealized gains or losses	0	0	0	0
Gains or losses recognized in other comprehensive income during the period	2	0	0	2
Additions	8	0	0	8
Disposals	-41	0	0	-41
Maturity/settlement	0	0	0	0
Transfers into level 3	0	0	0	0
Transfers out of level 3	0	0	0	0
Exchange rate differences	0	0	0	0
Balance on Dec. 31	86	12	16	114

	2015 Available for sale investments € m	2015 Investment property € m	2015 Group-occupied properties € m	2015 Total € m
Balance on Jan. 1	82	12	17	111
Gains or losses recognized in profit or loss during the period	0	0	-1	-1
thereof unrealized gains or losses	0	0	0	0
Gains or losses recognized in other comprehensive income during the period	35	0	0	35
Additions	0	0	0	0
Disposals	0	0	0	0
Maturity/settlement	0	0	0	0
Transfers into level 3	0	0	0	0
Transfers out of level 3	0	0	0	0
Exchange rate differences	0	0	0	0
Balance on Dec. 31	117	12	16	145

The change in the portfolio is primarily attributable to the disposal of shares in Visa Europe and the simultaneous addition of Visa Inc. Class C shares.

Unrealized gains or losses due to changes in the fair values of investment properties are presented in "other net gains/losses on financial investments and investment properties" (note 36).

Fair values of financial assets and non-financial assets and liabilities not measured at fair value, but for which fair value has to be disclosed

The table below references valuation techniques and the input parameters used for assets and liabilities not measured at fair value but for which fair value has to be disclosed.

	12/31/2016 Fair value hierarchy level	12/31/2016 Valuation techniques and significant inputs	12/31/2016 Fair value  € m
<b>Financial assets</b>			
Cash balance	1	9)	103
Balances with central banks	2	9)	1,384
Loans and advances to banks	2	5), 8), 9)	9,015
Other assets – loans and advances to banks <sup>1</sup>	2	5), 8), 9)	4
Loans and advances to customers			111,578
Loans and other receivables	2, 3	5), 7), 9)	108,509
Asset-backed securities (ABS)/mortgage-backed securities (MBS)	2, 3	6)	3,069
Other assets – loans and advances to customers <sup>1</sup>			77
Loans and other receivables from customers	2, 3	5), 7), 9)	74
Other ABS/MBS	2, 3	6)	3
HtM financial investments	1	10)	1,236
Other assets - HtM financial investments <sup>1</sup>	1	10)	15
<b>Total</b>			<b>123,412</b>
<b>Financial liabilities</b>			
Securitized liabilities			1,306
based on unadjusted observable prices	1	11)	1,008
based on valuation models with observable inputs	2	11)	298
Other liabilities - securitized liabilities <sup>1</sup>			10
based on unadjusted observable prices	1	11)	8
based on valuation models with observable inputs	2	11)	2
Deposits from banks			17,179
based on valuation models with observable inputs	2	9), 13)	9,535
based on valuation models with unobservable inputs	3	13)	7,644
Other liabilities - deposits from banks <sup>1</sup>			15
based on valuation models with observable inputs	2	9), 13)	15
based on valuation models with unobservable inputs	3	13)	0
Due to customers			130,544
based on valuation models with observable inputs	2	9)	125,317
based on valuation models with unobservable inputs	3	12)	5,227
Other liabilities – due to customers <sup>1</sup>			28
based on valuation models with observable inputs	2	9)	10
based on valuation models with unobservable inputs	3	12)	18
<b>Total</b>			<b>149,082</b>

<sup>(1)</sup> Relates to accrued interest disclosed separately under other assets or other liabilities.

	12/31/2015 Fair value hierarchy level	12/31/2015 Valuation techniques and significant inputs	12/31/2015 Fair value  € m
<b>Financial assets</b>			
Cash balance	1	9)	95
Balances with central banks	2	9)	1,402
Loans and advances to banks	2	5), 8), 9)	4,905
Other assets – loans and advances to banks <sup>1</sup>	2	5), 8), 9)	1
Loans and advances to customers			103,504
Loans and other receivables	2, 3	5), 7), 9)	95,988
Asset-backed securities (ABS)/mortgage-backed securities (MBS)	2, 3	6)	7,516
Other assets – loans and advances to customers <sup>1</sup>			64
Loans and other receivables from customers	2, 3	5), 7), 9)	56
Other ABS/MBS	2, 3	6)	8
HtM financial investments	1	10)	1,255
Other assets - HtM financial investments <sup>1</sup>	1	10)	14
<b>Total</b>			<b>111,240</b>
<b>Financial liabilities</b>			
Securitized liabilities			1,336
based on unadjusted quotes prices	1	11)	1,040
based on valuation models	2	11)	296
Other liabilities - securitized liabilities <sup>1</sup>			17
based on unadjusted quotes prices	1	11)	15
based on valuation models	2	11)	2
Deposits from banks			13,485
based on valuation models with observable inputs	2	9), 13)	5,938
based on valuation models with unobservable inputs	3	13)	7,547
Other liabilities - deposits from banks <sup>1</sup>			2
based on valuation models with observable inputs	2	9), 13)	2
based on valuation models with unobservable inputs	3	13)	0
Due to customers			121,366
based on valuation models with significant observable inputs	2	9)	116,558
based on valuation models with significant unobservable inputs	3	12)	4,808
Other liabilities - due to customers <sup>1</sup>			32
based on valuation models with significant observable inputs	2	9)	32
based on valuation models with significant unobservable inputs	3	12)	0
			136,238

<sup>(1)</sup> Relates to accrued interest disclosed separately under other assets or other liabilities.

- 5) The fair value of loans against borrower's notes is generally determined by applying a discounted cash flow method, taking into consideration the issuer-specific sector curves. If the sector curve spread is not suitable, a spread is derived from observable market inputs (Level 2) or modeled on the basis of internal assumptions (Level 3).
- 6) Asset-backed securities (ABSs) and mortgage-backed securities (MBSs) allocated to the loans-and-receivables category are measured at fair value for disclosure purposes under loans and advances to customers. The valuation technique is the same as the one described in the preceding section on ABSs and MBSs allocated to the available-for-sale category. ABSs and MBSs are allocated to Level 3. In addition to ABSs and MBSs, this item also includes covered bond securities allocated to the loans and receivables category. These securities are not quoted on an active market and were acquired exclusive-

ly by companies of ING Bank N.V. Covered bond securities classified as loans and receivables are allocated to Level 2. The valuation technique is the same as the one described in the section on fixed-income securities allocated to the available-for-sale category.

- 7) To determine the fair values of retail and corporate loans, the expected cash flows are discounted using product or customer-specific spreads. The underlying parameter is the six-month euro swap curve. In addition, Company-internal estimates relating to risks and administrative expenses are also incorporated into the measurement systems (Level 3).
- 8) The fair value of loans and advances to banks is determined by applying a discounted cash flow method, taking into consideration the issuer-specific sector curves. If the sector curve spread is not suitable, a spread is derived from observable market inputs (Level 2).
- 9) The carrying amount of current financial instruments represents an appropriate estimate of fair value. If prices for identical assets or liabilities are quoted on active markets, these are used for valuation purposes (Level 1). Otherwise, the instruments are usually transferred at their repayment amounts if the prices for identical or similar assets and liabilities are quoted on inactive markets; these are therefore classified under Level 2.
- 10) For financial instruments listed on active markets, the fair values for HtM financial investments were used directly as the unadjusted price in the defined principal market or the most advantageous market (Level 1). If market activity is insufficient, either existing prices for similar instruments are used instead or the future cash flows expected to be derived from the respective financial instruments are discounted to present value using current interest rates, applying the relevant yield or swap curve. Product-specific spreads or credit spreads are taken into account. Only inputs observable on the market are included in the measurement systems (Level 2).

No prices are quoted on active markets for asset-backed securities (ABS) and mortgage-backed securities (MBS) allocated to the held-to-maturity category. Either indicative quotes or estimates from market makers are used to determine the fair values (Level 3). In that event, ING-DiBa does not generate any quantitative, non-observable inputs. If no plausible fair values can be derived from the estimated values provided by third parties, the securities concerned are modeled as bullet bonds and measured using a discounted cash flow method. In this process, the maturity corresponds to a conservatively estimated date of full redemption. The coupon corresponds to the actual interest rate. A value based on non-observable market inputs is modeled for the spread (Level 3).

- 11) Listed securitized liabilities with sufficient market liquidity are measured at fair value on the basis of the observed price (Level 1). For securitized liabilities that do not meet these requirements, measurement models are used whose observable inputs are derived from the market (Level 2).
- 12) Non-current amounts due to customers are measured at fair value by discounting the expected cash flows in accordance with the respective maturity profile and adjusting them by a product-specific spread (Level 3).
- 13) The fair value of non-current deposits from banks is determined by discounting expected cash flows in accordance with their respective maturity profile. The model parameters used in doing so are usually observable on the market (Level 2). The fair val-

ues of liabilities from pass-through development loans are allocated to Level 3 because significant non-observable inputs are used in the measurement.

## Notes to the consolidated income statement

### (33) Net interest income

	2016 € m	2015 € m
<b>Interest income</b>		
Interest income from lending transactions	2,991	3,028
Interest income from available for sale securities	581	620
Interest income from held to maturity securities	16	14
Other interest income	- 753	- 801
Negative Interest on liabilities	16	1
Total interest income	2,851	2,862
<b>Interest expenses</b>		
Interest expenses on deposits from banks	289	248
Interest expenses on amounts due to customers	537	769
Interest expenses on securitized liabilities	20	27
Other interest expenses	14	2
Negative Interest on assets	19	9
Total interest expenses	879	1,055
Net interest income	1,972	1,807

The total interest income in respect of financial assets which are subsequently measured at amortized cost or at fair value through other comprehensive income amounted to EUR 3,604 million (2015: EUR 3,663 million). To the extent total interest expenses related to financial liabilities subsequently measured at amortized cost, this amounted to EUR 879 million (2015: EUR 1,055 million).

In fiscal year 2016, interest income from loans on which allowances have been recognized was below half a million euro, as in the previous year.

“Other interest income” includes net interest income from derivatives used in effective hedges. Since the hedging derivatives serve to hedge against interest risks, the interest expense on the hedging derivatives is reported together with interest income on the hedged item within the “interest income” item.

Net interest income also includes amortization of the fair value adjustments related to the hedged risk, which are included in the carrying amount of the hedged items, over the remaining term of the hedged items in fair value hedge relationships. The fair value change arising from the pull-to-par effect of derivatives in effective fair value hedges is also recognized under this item.

## (34) Net commission income

	2016 € m	2015 € m
<b>Commission income</b>		
Payment transactions	41	38
Securities business	127	143
Lending business	73	44
Other fees and commissions	2	3
Fee and commission income	243	228
<b>Commission expense</b>		
Payment transactions	49	42
Securities business	24	25
Lending business	56	59
Other fees and commissions	10	10
Fee and commission expense	139	136
Net commission income	104	92

Net commission income in the payment transactions business relates primarily to income and expenses relating to account management and processing of ATMs.

Income and expenses from the securities business result primarily from customer brokerage services.

## (35) Net gains/losses on measurement of derivatives and hedged items

	2016 € m	2015 € m
Changes in fair value of		
derivatives in fair value hedges (excl. pull-to-par)	- 438	- 153
derivatives in cash flow hedges (ineffective portion)	0	0
other derivatives	4	- 17
Changes in fair value, net	- 434	- 170
Changes in the fair values of the hedged items that relate to the hedged risk	461	174
Total	27	4

Interest income and expense for derivatives which are not designated as fair value hedges or which are ineffective fair value hedges are presented together with the fair value changes under net gains/losses on measurement of derivatives and hedged items.

The changes in fair value of derivatives and hedged items in hedge relationships were attributable in particular to the further fall in the yield curve during the measurement period, while interest rates persisted at historically low levels.

In fiscal year 2016, a *Pfandbrief* issue was designated in a liability fair value hedging strategy for the first time in order to hedge interest rate risk.

Other derivatives that do not qualify for hedge accounting under IFRSs contributed EUR 4 million to earnings in 2016 (2015: EUR -17 million), including EUR 9 million from foreign currency derivatives (2015: EUR -8 million).

For more information on hedge accounting, refer to note 24.

### (36) Other net gains/losses on financial investments and investment property

	2016 € m	2015 € m
Balance from income and expenses from investment property	0	0
Net gain/loss on investment property	0	0
Net gain/loss on disposal of available for sale financial investments	48	76
Net gain/loss on available for sale financial investments	48	76
Net gains/losses on financial investments	48	76

The direct operating expenses in relation to investment property are immaterial.

### (37) Other income and expenses

	2016 € m	2015 € m
Net income/loss from receivables	- 12	0
Net income/loss from currency translation	- 24	5
Other	6	8
Total	- 30	13

### (38) Risk provision

Risk expenses can be broken down as follows:

	2016 Portfolio impairment allowance  € m	2016 Specific impairment allowance including specific impairment allowances calculated on a portfolio basis  € m	2016 Total  € m
Additions to/reversals of risk provision	21	15	36
Direct write-downs	1	0	1
Receipts from loans written off	0	- 6	- 6
Total	22	9	31

	2015 Portfolio impairment allowance	2015 Specific impairment allowance including specific impairment allowances calculated on a portfolio basis	2015 Total
	€ m	€ m	€ m
Additions to/reversals of risk provision	7	81 <sup>1</sup>	88
Direct write-downs	1	0	1
Receipts from loans written off	0	- 12	- 12
Total	8	69	77

<sup>(1)</sup> Also includes additions to provisions in the lending business

Only immaterial impairment allowances on loans and advances to banks had to be recognized in the fiscal years under review.

### Risk provision with respect to the customer lending business

	2016 € m	2015 € m
Mortgage loans	- 22	21
Consumer loans	58	36
Corporate loans	- 5	20
Public sector loans and other receivables	0	0
Asset-backed securities/mortgage-backed securities	0	0
Total	31	77

These expenses are classified analogously to the corresponding report on the risk portfolio (note 3), by products reported under "loans and advances to customers" with similar characteristics. Further information on risk expenses can be found in the risk report, particularly under the section entitled "Monitoring and management of credit risks."

### (39) Personnel expenses

	2016 € m	2015 € m
Salaries	235	219
Bonuses	15	13
Expenses for pensions and other post-employment benefits	14	12
Social insurance contributions	39	35
Share-based payments	5	3
Expenses for external employees	16	15
Training and continuing education	5	4
Other personnel costs	13	13
Total	342	314

## Average number of employees

	2016			2015		
	Total	Germany	Austria	Total	Germany	Austria
Average number of employees	3,485	3,285	200	3,281	3,121	160

## Share-based payments

### The programs from the perspective of the Group as a whole

ING Groep N.V. grants senior employees share-based compensation to reward their contribution to increasing shareholder value and to promote long-term corporate success. Among other things, their exercise is linked to continued employment in the Company.

The share-based payments are issued in the form of stock options and free shares. The option programs are primarily designed such that they are settled by granting shares (equity-settled share-based payments); to a lesser extent, they are settled in cash (cash-settled share-based payments).

Since this concerns a direct commitment of ING Groep N.V. to executives of the Group as a whole, all components are posted against equity (equity-settled) in accordance with IFRS 2 at the ING-DiBa Group level.

In the 2016 fiscal year, share-based payments totaled EUR 5 million (2015: EUR 3 million), which is included in the "personnel expenses" account.

ING Groep N.V. decides annually whether and in what form share-based payments will be granted. The stock option programs were discontinued in fiscal year 2011. The previous forms of compensation will gradually expire on schedule. The share-based payments programs were unchanged between 2015 and 2016.

## Stock option programs

Under the expiring stock option programs, the beneficiaries receive the option to acquire shares of the ING Groep N.V. within stipulated periods at one price (strike price) and to transfer them to their personal securities account. The strike price is set when the options are granted and corresponds to the official listing price at that time. There is no provision for an exchange of options (reload function).

There is a uniform three-year holding period. After expiration of the holding period, the options may be exercised within the following seven years, either completely or in tranches.

The fair value of the stock options is determined uniformly throughout the entire ING Group using Monte Carlo simulation. In the 2016 fiscal year, the following parameters were included: risk-free interest rate in a range of 2.02 to 4.62 percent (2015: from 2.0 to 4.6 percent), expected holding period of the options of 5 to 9 years (2015: from 5 to 9 years), the strike prices, the current market price of the share between EUR 2.90 and EUR 25.42 (2015: between EUR 2.90 and EUR 26.05), the expected volatility of the shares of ING Groep N.V. of between 25 and 84 percent (2015: between 25 and 84 percent), and the expected divi-

dends at 0.94 to 8.99 percent (2015: 0.94 to 8.99 percent) of the quoted share price. The assumptions regarding volatility came from the ING trading systems and are therefore not based on historical, but rather current market data.

### Outstanding options – 2016

	2016 Outstanding options Number	2016 Weighted strike price €
Outstanding options as of Jan. 1	652,704	14.56
Options granted during the reporting period	0	0.00
Net additions and disposals - new and departing Group employees	41,312	13.22
Exercised during the reporting period	29,309	5.91
Forfeited during the reporting period	16,263	6.51
Lapsed after expiration of exercise period	94,422	25.16
Outstanding options as of Dec. 31	554,022	13.35
Exercisable options as of Dec. 31	554,022	13.37

### Outstanding options – 2015

	2015 Outstanding options Number	2015 Weighted strike price €
Outstanding options as of Jan. 1	763,345	14.69
Options granted during the reporting period	0	0.00
Net additions and disposals - new and departing Group employees	27,647	16.60
Exercised during the reporting period	16,148	6.17
Forfeited during the reporting period	14,363	10.90
Lapsed after expiration of exercise period	107,777	17.88
Outstanding options as of Dec. 31	652,704	14.53
Exercisable options as of Dec. 31	605,510	14.29

### Outstanding options – 2016

Range of strike prices	12/31/2016 Outstanding options	12/31/2016 Weighted avg. remaining term of the agreement	12/31/2016 Weighted avg. strike price	12/31/2016 Options exercisable	12/31/2016 Weighted avg. remaining term of the agreement	12/31/2016 Weighted avg. strike price
€ per share	Number	Years	€	Number	Years	€
0,00 - 15,00	236,220	2.87	6.03	236,220	2.87	6.03
15,01 - 20,00	206,949	1.20	16.66	206,949	1.20	16.66
20,01 - 25,00	110,853	0.23	24.72	110,853	0.23	24.72
25,01 - 30,00	0	0.00	0.00	0	0.00	0.00
	554,022	2.09	13.74	554,022	2.09	13.74

## Outstanding options – 2015

Range of strike prices	12/31/2015 Outstanding options	12/31/2015 Weighted avg. remaining term of the agreement Years	12/31/2015 Weighted avg. strike price €	12/31/2013 Options exercisable Number	12/31/2015 Weighted avg. remaining term of the agreement Years	12/31/2015 Weighted avg. strike price €
€ per share	Number			Number		
0,00 - 15,00	258,685	3.82	5.86	249,425	3.82	5.86
15,01 - 20,00	196,819	2.20	16.66	177,450	2.20	16.66
20,01 - 25,00	102,778	1.22	24.72	93,989	1.23	24.72
25,01 - 30,00	94,422	0.23	25.16	84,135	0.23	25.16
	652,704	2.41	14.88	604,999	2.44	14.64

## Earnings and performance-based (free) shares

The plan for compensation in shares of ING Groep N.V. in place since 2011 consists of two components: In the first component, a contingent right to the allocation of a number of free shares is granted, which is linked to the employee's continued affiliation with the Company (holding period). One third of the shares are allocated on a specified calendar day on each of the next three years. The number of allocated shares as of the relevant expiry date is based on the degree to which predefined corporate targets have been achieved. The value of the shares on the actual strike date is determined in accordance with the opening share price on NYSE Euronext. The second component is granted in the form a deferred share model. Bonus claims in excess of a stipulated base amount are not paid out fully in cash, but instead a tiered percentage is paid in the form of shares to the extent the holding period has been satisfied. The bonus amount provided for share compensation on this basis is divided by an average price of the BDR (Bearer Depository Receipts) on NYSE Euronext on the day ING Groep N.V. publishes the results for the fourth quarter of the fiscal year and rounded up if necessary. Analogously to the first component, one third of the resulting number of shares is allocated in the three subsequent years after expiry of each holding period. The shares are issued at the current opening share price on NYSE Euronext.

Up to the actual allocation, the expense is recorded by distributing an extrapolated fair value over the holding period. Since 2015 ING Groep N.V.'s stock option program has no longer stipulated any capital market-related performance conditions. To calculate the extrapolated fair value of stock grants until fiscal year 2014 on the basis of capital market-related performance conditions, ING Groep N.V. uses a Monte Carlo simulation, which includes the risk-free base interest rate, current stock market prices, expected volatilities, and current dividends of peer companies.

In relation to the group of ING Groep N.V. as a whole, the previously unallocated expenses from free shares were EUR 41 million as of December 31, 2016 (December 31, 2015: EUR 45 million). An allocation period of 1.4 years is forecast for fiscal year 2016 (2015: 1.4 years).

Group-wide (ING Groep N.V.), the volume of free shares as of December 31, 2016, was 8,382,963 shares (December 31, 2015: 8,737,014 shares). The weighted average fair value was EUR 10.44 (2015: EUR 10.04).

The ING-DiBa Group held out a prospective total of 466,731 free shares to its executives during fiscal year 2016 (2015: 203,964).

Please see note 31 regarding the share-based payments obtained by the Management Board.

#### (40) Other administrative expenses

	2016 € m	2015 € m
IT	87	76
Telecommunications, office and operating expenses	71	67
Marketing and public relations	78	83
Travel expenses and corporate hospitality expenses	8	8
Legal and consulting expenses	51	30
Deposit protection	72	86
Shipping costs	13	18
Depreciation of buildings and office equipment	16	16
Amortization of software	6	6
ATMs	15	14
Bank levy	13	14
VAT	5	4
Other administrative costs	79	64
Total	514	486

Other administrative expenses did not include any write-downs in the fiscal year.

In fiscal year 2016, expenses of EUR 3 million (2015: EUR 0 million) were incurred for software development within the meaning of IAS 38.54 and IAS 38.57.

The mandatory contributions to the bank restructuring fund (bank levy) were expensed in full.

#### Auditors' fees

	2016 € m	2015 € m
Audit services	3	2
Audit-related services	0	0
Tax services	0	0
Other services	0	0
Total	3	2

Auditors' fees are a component of the legal and consulting expenses.

## (41) Income tax

## Disclosures relating to income tax expenses

	2016 € m	2015 € m
Current income tax expense/income (-)	371	354
Income tax expense/income (-) relating to the current year	410	354
Income tax expense/income (-) related to other accounting periods	- 39	0
Deferred tax expense	4	6
Deferred tax expense/income (-) related to other accounting periods	0	3
Effect from temporary differences	4	3
Items charged or credited directly to equity	0	0
Total	375	360

ING-DiBa is part of a tax group for corporate income and trade tax purposes due to a profit transfer agreement with ING Deutschland GmbH, Frankfurt am Main.

In addition, there is a tax group for corporate income tax, trade tax, and VAT purposes with ING-DiBa as the tax group parent and GGV Gesellschaft für Grundstücks- und Vermögensverwaltung mbH, Frankfurt am Main, as the tax group subsidiary.

In accordance with the principle of substance over form, both the current and deferred income taxes are disclosed in the IFRS consolidated financial statements by the entity responsible, ING-DiBa. In this area, for which IFRSs do not provide any guidance, ING-DiBa thus follows the interpretation of ASC 740 (US GAAP).

Under the push-down method, corresponding tax assets and liabilities are presented for the income taxes. The current income taxes paid by the tax group parent are presented in the consolidated statement of changes in equity as a capital contribution by the tax group parent under other reserves.

The income tax amounts resulting from the components of other comprehensive income are presented in the consolidated statement of comprehensive income.

## Tax reconciliation

	2016 € m	2015 € m
Profit before tax	1,234	1,115
Applicable tax rate in %	31.6	31.5
Expected income tax expense	390	351
Tax-free income	- 12	0
Non-tax deductible expenses	6	6
Effects of as yet unrecognized amounts on deferred taxes	38	3
Effects of as yet unrecognized amounts on current income taxes	- 46	0
Other tax effects	- 1	0
Effective income tax expenses	375	360
Effective tax rate in %	30.4	32.3

The applicable tax rate is determined based on the applicable overall tax rate for the Germany operation (32 percent) and the branch in Austria (25 percent), weighted by each operation's share of total profit. There was no significant change compared to the previous year.

## Segment report

### (42) Segment report

The following segment information is based on the “management approach,” the presentation of segment information based on internal reporting. The Chief Operating Decision Maker (CODM), here, the full Management Board of ING-DiBa, regularly decides on the allocation of resources to segments and the assessment of the segments’ financial performance based on the segment information. The CODM sets performance goals and approves and monitors the issued budgets.

### Segments

Segment reporting follows the Group’s organizational structure underlying the internal management information systems. The Bank’s management information system differentiates between the segments “Retail Customer Loans”, “Retail Customer Assets” and “Wholesale Banking”. The Retail Customer Loans segment includes both long-term mortgage loans and medium-term consumer loans. The Retail Customer Assets segment comprises deposits on the “Extra-Konto” account payable on demand as well as mid-term deposits to fixed term deposit accounts and share assets in securities accounts. The “Wholesale Banking” segment comprises the financing of corporate customers.

The interest income realized and interest expense incurred by the segments are reported as net interest income in the disclosures on the business segments because the segments are managed primarily on the basis of net interest income. Further key performance indicators include the pre-tax management-accounting (MA) result and the business volume of the individual segments. Income and expenses are not offset between the individual segments as the effort involved would be disproportionately high.

### Measurement of segment profit or loss

The information as presented in this note corresponds to the segment information as provided to the full Management Board in the internal management information system.

The reconciliation of the profits or losses as per management reporting to the consolidated earnings in accordance with IFRSs relates to the following aspects in particular:

Management reporting follows the method used by ING Groep N.V. In order to render the business units mutually comparable, corrections are made to capital charges. Net interest income as calculated under IFRSs is reduced by the risk-free interest rate in reference to the accounting equity. This is offset by a credit equaling the risk-free euro interest rate on risk-weighted assets.

“Other income” comprises the following line items from the income statement: “net gains/losses on measurement of derivatives and hedged items,” “other net gains/losses on financial investments and investment property,” and “other income and expenses.” This presentation mirrors that at ING Groep N.V.

The “administrative expenses” presented in the management reporting include amortization, depreciation and write-downs, and personnel expenses.

The income tax reported in accordance with the push-down method (see note 41) is not allocated to individual segments.

## Segment results

	2016 Retail Customer Loans € m	2016 Retail Customer Assets € m	2016 Wholesale Banking € m	2016 MA total € m	2016 Reconci- liation € m	2016 IFRS € m
Net interest income	743	931	325	1,999	-27	1,972
Net commission income	-84	86	58	60	44	104
Other net income	0	43	18	61	-16	45
MA income	659	1,060	401	2,120	1	2,121
Risk provision	22	-4	-5	13	-44	-31
Administrative expenses	-189	-574	-93	-856	0	-856
Result before tax	492	482	303	1,277	-43	1,234

	2015 Retail Customer Loans € m	2015 Retail Customer Assets € m	2015 Wholesale Banking € m	2015 MA total € m	2015 Reconci- liation € m	2015 IFRS € m
Net interest income	726	899	173	1,798	9	1,807
Net commission income	-96	109	41	54	38	92
Other net income	0	103	10	113	-20	93
MA income	630	1,111	224	1,965	27	1,992
Risk provision	-53	-4	-20	-77	0	-77
Administrative expenses	-186	-545	-66	-797	-3	-800
Result before tax	391	562	138	1,091	24	1,115

## Information on geographical areas

ING-DiBa generated total income of EUR 2,121 million during the 2016 fiscal year (2015: EUR 1,992 million). Because ING-DiBa Austria funded itself using internal Group resources and operates the deposit business almost exclusively, the branch's contribution from external customers is negative. Of ING-DiBa's total income, ING-DiBa Austria's share of total income from external customers was EUR -24 million (2015: EUR -42 million). ING-DiBa generated total net interest income of EUR 1,972 million during the 2016 fiscal year (2015: EUR 1,807 million). Of that amount, EUR -26 million from external customers was attributable to ING-DiBa Austria (2015: EUR -43 million). ING-DiBa Austria's net commission income from external customers was EUR 2 million in fiscal year 2016 (2015: EUR 1 million).

There are no non-current assets at ING-DiBa Austria.

ING-DiBa did not have any major customers within the meaning of IFRS 8 as of December 31, 2016 and December 31, 2015. Under IFRS 8, a customer is considered major if more than 10 percent of total income is earned from this customer.

## Business volume

	2016 Retail Customer Loans € billion	2016 Retail Customer Assets € billion	2016 Wholesale Banking € billion	2016 MA total € billion	2016 Reconciliation € billion	2016 IFRS € billion
Business volume	74	160	35	269	- 39	230

	2015 Retail Customer Loans € billion	2015 Retail Customer Assets € billion	2015 Wholesale Banking € billion	2015 MA total € billion	2015 Reconciliation € billion	2015 IFRS € billion
Business volume	71	147	23	241	- 34	207

Business volume is a key performance indicator used by the Bank. It serves as an alternative benchmark for measuring all assets and liabilities (segment assets within the meaning of IFRS 8.28 in conjunction with IFRS 8.23) for each reportable segment. Reports on this performance indicator are included in the regular internal management reporting.

The Bank computes the business volume of the Retail Customer Loans segment as the reported volume of mortgage loans and consumer loans; business volume for the Retail Customer Assets segment comprises the reported volume of savings, current and securities accounts held by customers. In the "Wholesale Banking" segment, business volume includes the reported volume of loans and deposits as well as contingent liabilities and open commitments. When reconciling the Wholesale Banking business volume to the figures reported under IFRS, the value of customer securities accounts and contingent liabilities and open commitments is eliminated.

## Notes to the consolidated cash flow statement

## (43) Notes to the consolidated cash flow statement

## Significant principles of the cash flow statement

The cash flow statement shows the change in the balances of cash and cash equivalents of the ING-DiBa Group using the indirect method for cash flows from operating activities; the other cash flows are determined directly. The changes in the balances are allocated based on their economic cause to cash flows from operating, investing, and financing activities.

The cash flows from operating activities arise from the normal banking business. The earnings before taxes here are thus adjusted for non-cash changes in the balance. Inflows and outflows in relation to changes in the balances of "financial investments," "property and equipment," and "intangible assets" are reported as net cash flows from investing activities. Net cash flows from financing activities represent ING-DiBa's external financing. They consist primarily of profit transfers as well as cash inflows and outflows in relation to securitized liabilities.

ING-DiBa has opted not to report cash flows from income tax payments since it is part of a tax group for corporate income and trade tax purposes due to a profit transfer agreement with ING Deutschland GmbH.

Cash and cash equivalents comprise cash and funds that can readily be converted to cash and are subject to an insignificant risk of changes in value. This includes cash balances and balances with central banks, receivables payable on demand, and deposits from banks.

## Reconciliation to the statement of financial position items

	12/31/2016 € m	12/31/2015 € m
Cash reserve	1,487	1,497
Loans and advances to banks included in cash and cash equivalents	604	256
thereof not freely disposable	0	0
Loans and advances to banks not included in cash and cash equivalents	8,277	4,648
Loans and advances to banks	8,881	4,904

	12/31/2016 € m	12/31/2015 € m
Deposits from banks included in cash and cash equivalents	1,325	306
Deposits from banks not included in cash and cash equivalents	15,270	12,635
Deposits from banks	16,595	12,941

## Capital management

## (44) Regulatory capital and risk-weighted assets

ING-DiBa's capital management serves to ensure compliance with the statutory minimum capital requirements and to hold a sufficient capital buffer to ensure the Bank's ability to act at all times.

ING-DiBa's Risk & Capital Committee (RCC) and Management Board are responsible for setting the target capital ratios and for decisions on capital management. The members of the Management Board are kept informed of the status and development of the capital

base in regular RCC meetings (as well as at ad-hoc meetings if necessary). The necessary decisions and management measures are prepared by the capital working group consisting of members from various departments.

Regular monitoring of compliance with the capital requirement ensures target attainment and delivers warning signals where appropriate to initiate appropriate management measures. As in the preceding fiscal year, the statutory minimum capital requirements were satisfied at all times during the 2016 fiscal year.

ING-DiBa's return on capital pursuant to section 26a (1) KWG, calculated as the quotient of the net profit and total liabilities and equity, as per German financial reporting requirements, was 0.80 percent as of the reporting date (December 31, 2015: 0.65 percent).

The eligible capital is calculated based on the provisions of Regulation (EU) No. 575/2013 including the technical implementation and regulatory standards issued by the Commission and additional specifications as well as the supplemental requirements of the German Banking Act and the German Solvency Regulation.

The following tables show the quantitative composition of own funds for ING-DiBa as a single institution for regulatory purposes, as well as at the consolidated level for the financial holding group pursuant to section 10 KWG.

The first calculation and disclosure of own funds and of the Common Equity Tier 1 capital ratio for the financial holding group was submitted as of December 31, 2016.

### Composition of ING-DiBa AG's own funds

	12/31/2016 € m	12/31/2015 € m
Common Equity Tier I Capital after regulatory adjustments	5,887	5,517
Additional Tier I Capital	0	0
Tier I Capital	5,887	5,517
Tier II Capital	10	0
Own funds	5,897	5,517

As of the end of the reporting period (December 31, 2016), eligible equity amounted to EUR 5,897 million (December 31, 2015: EUR 5,517 million).

### Composition of the financial holding group's own funds

	12/31/2016 € m
Common Equity Tier I Capital after regulatory adjustments	6,065
Additional Tier I Capital	0
Tier I Capital	6,065
Tier II Capital	10
Own funds	6,075

As of the end of the reporting period (December 31, 2016), eligible equity of the financial holding group amounted to EUR 6,075 million.

The table below presents the Common Equity Tier 1 capital ratio of ING-DiBa and of the financial holding group as compared to the internal target ratio and the statutory minimum ratio.

### Common Equity Tier 1 capital ratio of ING-DiBa AG

	12/31/2016 Percent	12/31/2015 Percent
Tier 1 ratio	13.2	14.9
Regulatory minimum requirement - Tier 1 ratio	5.1	4.5
Target for Tier 1 ratio	11.8	11.8

As of the end of the reporting period (December 31, 2016), risk-weighted assets amounted to EUR 44,743 million (December 31, 2015: EUR 36,971 million).

### Core Equity Tier 1 capital ratio of the financial holding group

	12/31/2016 Percent
Tier 1 ratio	13.6
Regulatory minimum requirement - Tier 1 ratio	5.1
Target for Tier 1 ratio	11.8

As of the end of the reporting period (December 31, 2016), risk-weighted assets of the financial holding group amounted to EUR 44,765 million.

Further information on economic capital management can be found in the risk report in the section entitled "Principles of risk management."

Frankfurt am Main, March 10, 2017

The Management Board

Roland Boekhout

Bernd Geilen

Katharina Herrmann

Željko Kaurin

Remco Nieland

Dr. Joachim von Schorlemer

*The following auditor's report, prepared in accordance with § 322 HGB ("Handelsgesetzbuch": "German Commercial Code"), refers to the complete consolidated financial statements, comprising consolidated statement of financial position (Konzernbilanz), consolidated income statement (Konzern Gewinn- und Verlustrechnung), consolidated statement of comprehensive income (Konzern-Gesamtergebnisrechnung), consolidated statement of changes in equity (Konzern-Eigenkapitalveränderungsrechnung), consolidated statement of cash flows (Konzern-Kapitalflussrechnung) and the IFRS notes to the consolidated financial statements (IFRS-Anhang) together with the group management report (Konzernlagebericht) of ING-DiBa AG for the financial year from 1 January to 31 December 2016. The group management report (Konzernlagebericht) is not included in this prospectus. The above-mentioned auditor's report and consolidated financial statements are both translations of the respective German-language documents.*

## Auditors' Report

We have audited the consolidated financial statements prepared by ING-DiBa AG, Frankfurt am Main, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the IFRS notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2016. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB (Handelsgesetzbuch "German Commercial Code") are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB (Handelsgesetzbuch „German Commercial Code“) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements, complies with the German statutory requirements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 17 March 2017

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Bernhard  
Wirtschaftsprüfer  
[German Public Auditor]

Winner  
Wirtschaftsprüfer  
[German Public Auditor]

**ANNEX B**

**Unconsolidated Financial Information 2016 of the Issuer in accordance with the German  
Commercial Code (*Handelsgesetzbuch*)  
(English Translations from the German language)**

Balance Sheet as of 31 December 2016	G-1
Income Statement for the period 1 January 2016 to 31 December 2016	G-2
Notes to the Financial Statements for the financial year 2016	G-3 - G-34
Auditors' Report	G-35 - G-36

		Liabilities and Equity			
		EUR	EUR	EUR	EUR
		12/31/16	12/31/15	12/31/16	12/31/15
		EUR '000	EUR '000	EUR	EUR '000
<b>Assets</b>					
<b>1. Cash reserve</b>					
a) Cash on hand	EUR	103,204,586.41	94,541	1,305,720,504.07	1,305,720,504.07
b) Balances with central banks of which: with Deutsche Bundesbank	EUR	1,384,170,465.11	1,402,247	15,699,457,027.62	13,551,740
<b>2. Loans and advances to banks</b>					
a) Payable on demand	EUR	3,109,110,372.03	2,788,097	2,654,761,143.39	2,548,272
b) Other loans and advances of which: Mortgage loans Public-sector loans	EUR	8,330,223,465.67	4,802,538	170,773,950.96	447,485
	EUR	11,439,333,837.70	7,590,635	2,825,535,094.25	107,971,776
<b>3. Loans and advances to customers</b>					
a) Mortgage loans	EUR	102,992,681,263.18	89,627,422	117,818,694,686.16	107,971,776
b) Other loans and advances of which: Public-sector loans	EUR	48,985,306,604.36 (PY TEUR 47,101,862)	68,527,422	127,575,814,343.49	10,398,173
	EUR	3,205,788,155.01 (PY TEUR 4,562,516)	3,205,788,155.01	130,401,349,437.74	10,398,173
<b>4. Bonds and other fixed-income securities</b>					
a) Bonds	EUR	13,355,932,503.04 (PY TEUR 14,923,461)	14,923,672	5,764,453,871.88	5,381,057
aa) From public-sector issuers of which: eligible as collateral at Deutsche Bundesbank	EUR	30,559,804,221.89 (PY TEUR 32,063,278)	33,601,589	89,023,327.52	61,508
ab) From other issuers of which: eligible as collateral at Deutsche Bundesbank	EUR	11,089,239.85	2,934	13,160.86	50
<b>5. Equity investments</b>					
of which: in other banks	EUR	35,138,628.25	35,139	81,614,225.96	79,873
<b>6. Investments in affiliated companies</b>					
of which: in banks	EUR	2,314,890.30	2,333	351,154,651.78	4,350
of which: in financial services institutions	EUR	2,314,890.30	2,333	289,540,425.82	228,466
<b>7. Trust assets</b>					
of which: trust loans	EUR	8,785,006.92	0	100,000,000.00	100,000
<b>8. Intangible assets</b>					
a) Internally generated industrial rights and similar rights and assets	EUR	10,383,520.86	10,612	3,809,064,283.61	3,801,225
b) Purchased concessions, industrial and similar rights and assets, and licenses to such rights and assets	EUR	12,443,773.06	20,303	665,622.56	687
c) Goodwill	EUR	4,055,979.02	481	19,159,153.91	19,159
d) Advance payments	EUR	48,036,092.31	37,576	0.00	0
<b>9. Fixed assets</b>					
<b>10. Other assets</b>					
a) From the issuing and lending business	EUR	387,118,486.34	350,510	3,928,910,060.08	19,159
b) Other	EUR	27,949,427.53	23,660	0.00	0
<b>Total assets</b>		161,461,987,986.88	147,788,430	161,461,987,986.88	147,788,430
<b>Liabilities and Equity</b>					
<b>1. Amounts due to banks</b>					
a) Payable on demand	EUR	1,305,720,504.07	1,305,720,504.07	1,305,720,504.07	1,305,720,504.07
b) With an agreed maturity or period of notice	EUR	15,699,457,027.62	13,551,740	17,005,177,531.89	13,551,740
<b>2. Amounts due to customers</b>					
a) Savings deposits	EUR	2,654,761,143.39	2,548,272	2,654,761,143.39	2,548,272
aa) With an agreed period of notice of more than three months	EUR	170,773,950.96	447,485	2,825,535,094.25	2,548,272
ab) With an agreed maturity or period of notice	EUR	117,818,694,686.16	107,971,776	117,818,694,686.16	107,971,776
b) Other amounts due	EUR	9,756,949,657.33	10,398,173	127,575,814,343.49	10,398,173
ba) Payable on demand	EUR	130,401,349,437.74	10,398,173	130,401,349,437.74	10,398,173
bb) With an agreed maturity or period of notice	EUR	9,756,949,657.33	10,398,173	127,575,814,343.49	10,398,173
<b>3. Securitised liabilities</b>					
aa) Mortgage Pfandbriefe	EUR	1,294,695,054.83	1,301,473	1,294,695,054.83	1,301,473
ab) Bonds issued	EUR	2,314,890.30	2,333	2,314,890.30	2,333
<b>4. Trust liabilities</b>					
of which: trust loans	EUR	2,314,890.30 (PY TEUR 2,333)	2,333	5,764,453,871.88	5,381,057
<b>5. Other liabilities</b>					
<b>6. Deferred income</b>					
a) From the issuing and lending business	EUR	89,023,327.52	61,508	89,023,327.52	61,508
b) Other	EUR	13,160.86	50	13,160.86	50
<b>7. Provisions</b>					
a) Provisions for pensions and similar obligations	EUR	81,614,225.96	79,873	81,614,225.96	79,873
b) Provisions for taxes	EUR	0.00	4,350	0.00	4,350
c) Other provisions	EUR	289,540,425.82	228,466	289,540,425.82	228,466
<b>8. Fund for general banking risks</b>					
a) Subscribed capital	EUR	100,000,000.00	100,000	100,000,000.00	100,000
b) Capital reserve	EUR	3,809,064,283.61	3,801,225	3,809,064,283.61	3,801,225
c) Retained earnings	EUR	665,622.56	687	665,622.56	687
ca) Legal reserve	EUR	19,159,153.91	19,159	19,159,153.91	19,159
cb) Other retained earnings	EUR	0.00	0	0.00	0
d) Net retained profit for the period	EUR	0.00	0	0.00	0
<b>Total liabilities and equity</b>		161,461,987,986.88	147,788,430	161,461,987,986.88	147,788,430
<b>Contingent liabilities</b>					
a) Liabilities from guarantees and indemnity agreements	EUR	1,578,524,269.90	1,395,100	1,578,524,269.90	1,395,100
b) Liabilities from the provision of collateral for third-party liabilities	EUR	23,392,208.61	23,518	1,601,916,478.51	23,518
<b>2. Other commitments</b>					
a) Irrevocable loan commitments	EUR	14,890,276,688.84	13,120,247	14,890,276,688.84	13,120,247



ING-DiBa AG, Frankfurt  
am Main  
Notes to the Financial  
Statements for the 2016  
Fiscal Year

# 1. General Disclosures Regarding the Annual Financial Statements

The annual financial statements of ING-DiBa AG, domiciled in Frankfurt am Main and registered under HRB 7727 in the commercial register at the Local Court (*Amtsgericht*) of Frankfurt have been prepared pursuant to the provisions of the German Commercial Code (*Handelsgesetzbuch*, "HGB"), the Regulation on the Accounting of Banks and Financial Services Institutions (*Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute*, "RechKredV"), the German Mortgage Bond Act (*Pfandbriefgesetz*, "PfandBG"), and the German Stock Corporation Act (*Aktiengesetz*, "AktG").

The balance sheet and income statement are classified pursuant to the RechKredV forms.

The order of the disclosures in these notes to the financial statements differs from the previous year as a result of the Accounting Directive Implementation Act (*Bilanzrichtlinien-Umsetzungsgesetz*, "BilRUG"), which entered into force on July 23, 2015 and was applied for the first time in the current annual financial statements.

## 2. Accounting Policies

### 2.1. General

Assets and liabilities are recognized and measured pursuant to sections 252 *et seq.* in conjunction with sections 340 *et seq.* HGB.

Loans and advances are measured pursuant to section 253 (1) HGB in conjunction with section 340e (2) HGB. Any difference between the principal amount and amount paid out is recognized as a deferred item and reversed as scheduled.

All discernible individual risks in the lending business have been taken into account by recognizing specific impairment allowances and provisions. The credit risk models used by the Bank are the basis for calculating the risk provision for original credit risks, which are covered through recognition of specific impairment allowances calculated on a portfolio basis. Risks from contingent liabilities and loan commitments were also accounted for in the form of provisions.

The Bank securitized receivables in connection with an RMBS transaction in 2008. The mortgage loan receivables remain on ING-DiBa's balance sheet due to beneficial ownership not being transferred. The Bank has recognized an "other liability", which is treated as a secured liability, in the amount of the transferred mortgage loans.

In accordance with section 253 (1) HGB, liabilities are recognized at their settlement amount. Any difference between the nominal amount of liabilities and the amount paid out is recognized as a deferred item and reversed as scheduled.

#### 2.1.1. Derivative financial instruments

Currency forwards and hedges are measured at the level of individual transactions. The rate for currency forwards comprises the spot exchange rate and the calculated swap rate. The swap rate is calculated as the difference between the spot exchange rate and the forward rate on the reporting date. It is unwound on a straight-line basis as an adjustment to net interest income over the remaining term of the currency forward. Provisions for expected losses are recognized for currency forwards if the current fair value is lower than the carrying amount.

The derivative financial instruments in the banking book used for hedging the general interest rate risk were not measured separately because they are included in the measurement of the banking book at net realizable value. By contrast, exchange differences from interest rate swaps in foreign currency are recognized.

Please see section 7.5.2 for a presentation of the hedges.

#### 2.1.2. Measurement at net realizable value

Interest-bearing loans and advances, securities and derivatives in the banking book are not usually remeasured due to changes in interest rates. Only securities assigned to the liquidity reserve and available-for-sale loans and advances are recognized at the strict lower of cost or market principle under the impairment principle. Nonetheless, for the purposes of accounting for the general interest rate risk management in the banking book, all receivables and refinancing funds in the banking book are measured in their entirety, taking into account changes in interest rates.

The banking book has to be measured at net realizable value. A provision for expected losses is recognized if a loss is expected from the banking book due to a negative overall present value.

The Bank uses the net present value method to determine a potential future excess obligation. The calculation as of December 31, 2016 revealed that the net present value of the banking book exceeds the carrying amount significantly. Therefore, as of December 31, 2016, there is no need to recognize a provision for expected losses from banking book transactions.

### 2.1.3. Deferred taxes

The Bank does not recognize any deferred taxes due to the existing consolidated tax group relationship with the tax group parent, ING Deutschland GmbH, Frankfurt am Main. Deferred taxes with regard to the Austria branch, which is not included in the German tax base, are presented at this level, although no deferred taxes arose in 2016.

### 2.1.4. Restrictions on distributions and transfers

In order to protect creditors, restrictions on distribution and transfer must be observed pursuant to section 268 (8) HGB and section 301 AktG. The German Act Implementing the Mortgage Credit Directive and Amending Commercial Rules (*Gesetz zur Umsetzung der Wohnimmobilienkreditrichtlinie und zur Änderung handelsrechtlicher Vorschriften*, "WohnImmoKredRLUG") transposed EU law into German law with effect as of March 21, 2016. The new version of section 253 (6) HGB includes a restriction on distribution, which does not lead to a restriction on transfer pursuant to section 301 AktG.

Pursuant to section 268 (8) HGB in conjunction with section 301 AktG, EUR 17.5 million (PY: EUR 10.4 million) were subject to restrictions on distribution and transfer as of the balance sheet date. Of this amount, EUR 8.8 million related to internally generated intangible assets recognized pursuant to section 248 (2) HGB and EUR 8.7 million to the fair values of plan assets in excess of historical cost pursuant to section 246 (2) HGB.

Pursuant to section 253 (2) HGB, provisions for pension benefit obligations were recognized based on the average market interest rate for the past ten fiscal years for the first time as of December 31, 2016. The difference between this approach and the approach based on the average market interest rate for the past seven fiscal years must be calculated pursuant to section 253 (6) HGB. The resulting positive difference is restricted from distribution. This led to an amount restricted from distribution of EUR 15.9 million as of December 31, 2016.

The restricted amount reduces the maximum distributable or transferable amount. The distributable capital reserve pursuant to section 272 (2) no. 4 HGB and the retained earnings amounted to EUR 4,553 million (PY: EUR 4,449 million). Consequently, a maximum of EUR 4,520 million (PY: EUR 4,438 million) was distributable and a maximum of EUR 4,536 million (PY: EUR 4,438 million) was transferable under commercial law as of December 31, 2016.

The profit to be transferred of EUR 740.5 million (PY: EUR 643.9 million) is therefore not subject to any restrictions on distribution or transfer.

	12/31/2016 € m	12/31/2015 € m
<b>Restriction on distribution or transfer pursuant to section 268 (8) HGB in conjunction with section 301 AktG</b>	<b>17.5</b>	<b>10.4</b>
Internally generated intangible assets	8.8	0.0
Fair values of plan assets in excess of historical cost pursuant to section 246 (2) HGB	8.7	10.4
<b>Restriction on distribution pursuant to section 253 (6) HGB</b>	<b>15.9</b>	<b>0.0</b>
Difference (gain) on changes in market interest rates	15.9	0.0
<b>Total restrictions on distribution pursuant to the HGB</b>	<b>33.4</b>	<b>10.4</b>

### 2.1.5. Currency Translation

Currency translation for assets, liabilities and off-balance sheet transactions is performed in accordance with section 340h HGB in conjunction with section 256a HGB. Accounts receivable and liabilities denominated in foreign currency, as well as spot dealings not yet settled are translated at the mean spot rate on the balance sheet date.

The rate for currency forwards comprises the spot exchange rate and the calculated swap rate. Changes in the spot exchange rate between the transaction date and the next balance sheet date are reported in other operating expenses or other operating income in the same way as exchange differences from spot dealings. The swap rate included is deferred. It is unwound on a straight-line basis as an adjustment to interest cost over the remaining term of the currency forward.

The Bank manages currency risk as part of the special cover for the overall exposure per currency, which includes all on- and off-balance sheet foreign currency transactions.

### 2.2. Bonds and other fixed-income securities

The securities portfolio is recognized at cost plus accrued interest using the weighted average cost method. To the extent securities are allocated to the liquidity reserve and the securities are not hedged, they are recognized pursuant to the strict lower of cost or market principle (section 253 (4) HGB).

In addition, interest rate swaps (asset swaps) were concluded to hedge securities in the liquidity reserve. Within individual hedges, remeasurement gains and losses on the hedged item and the hedging instrument are offset based on the hedged risk. Any net loss on such remeasurements results in recognition of a provision for onerous contracts. Any net remeasurement gain is not recognized in profit or loss. The remeasurement gains/losses that arise based on the unhedged risks are individually recognized for the hedged item and for the hedging instrument in compliance with the imparity principle pursuant to general accounting standards. Differences between nominal amount and cost upon designation which are not part of the hedged interest rate risk are written down on a straight-line basis over the remaining terms.

Long-term securities are intended to be held to maturity and are measured at amortized cost (section 253 (3) HGB). To the extent of being interest-related, the difference between cost and repayment amount is allocated proportionally over the residual maturity and presented as interest income from fixed-income securities and debt register claims.

Impairment losses are reversed on long-term securities that have previously been reclassified from the liquidity reserve into the investment portfolio if the original reason for the impairment no longer exists and the quoted or market price as of the balance sheet date has increased again compared to the carrying amount. The original cost is the upper limit for such reversals.

### 2.3. Equity investments and investments in affiliated companies

These items are measured at cost or lower net realizable value if impairment is expected to be permanent.

### 2.4. Intangible assets

Intangible assets are recognized at cost less amortization. No write-downs were necessary in the fiscal year.

#### 2.4.1. Internally generated intangible assets

Expenses incurred when developing internally generated software are capitalized provided that these expenses result in an asset. There are no borrowing costs incurred on these expenses.

#### 2.4.2. Acquired goodwill

The goodwill acquired through the acquisition of Entrium Direct Bankers AG, Nuremberg, in 2003 is being amortized over 15 years. The Bank decided on this procedure because it assumes that the goodwill will be available to the company as a long-term asset.

### 2.5. Tangible fixed assets

Tangible fixed assets are recognized at cost less depreciation based on the useful life. Low-value assets purchased in Germany during the fiscal year, the cost of which are between EUR 150 and EUR 1,000 (net), are allocated to a pooled item and written down over five years.

### 2.6. Prepaid expenses

Expenditure prior to the balance sheet date is reported as a prepaid expense, provided this represents an expense for a specific period after that date. Prepaid expense items are recognized for premiums and discounts from Pfandbriefe in bearer form issued by ING-DiBa. These are reversed as scheduled in accordance with the utilization of capital.

In addition, brokerage commissions for mortgage loans are recognized as prepaid expenses and amortized over the respective interest rate period of the individual mortgage loans, however not more than ten years. Prepaid expenses are recognized for fair value settlement in Wholesale Banking (difference between nominal amount and cost due to changes in interest rates). These are amortized over the respective term of the loan agreements.

### 2.7. Deferred income

Receipts prior to the balance sheet date that represent income for a specific period after that date are reported as deferred income. Deferred income items are recognized for discounts that will be reversed as scheduled in accordance with the utilization of capital.

Deferred income items are recognized for upfront payments from concluded hedging transactions. These are reversed ratably over the term of the hedging transaction.

Deferred income is also recognized for interest-induced loan processing fees and fair value settlement in Wholesale Banking (difference between nominal amount and cost due to changes in interest rates). This is amortized over the respective term of the loan agreements.

## 2.8. Provisions

### 2.8.1. Tax and other provisions

Pursuant to section 253 (1) HGB, tax and other provisions must be measured such that they take into account all discernible risks and obligations based on reasonable business judgment considering future cost and price increases (settlement amount).

Provisions with a term of more than one year are discounted pursuant to section 253 (2) HGB over their residual term using the average market interest rate for the past seven fiscal years calculated by Deutsche Bundesbank.

### 2.8.2. Provisions for pensions and similar obligations

The German Act Implementing the Mortgage Credit Directive and Amending Commercial Rules led to changes to section 253 (6) HGB. The applicable EU law was transposed into German law with effect as of March 21, 2016. Provisions for pension benefit obligations are now discounted using the average rate of interest of the past ten years. The difference to the previous rule for pension provisions (seven years) must be calculated and disclosed. This resulted in an effect of EUR 15.9 million for ING-DiBa in the fiscal year. A distribution restriction applies to this amount if it does not at least match the distributable reserves plus retained profits brought forward less any accumulated losses brought forward.

Provisions for pensions and similar obligations are calculated pursuant to recognized actuarial principles using the projected unit credit method. The Klaus Heubeck 2005 G mortality tables were used as biometric actuarial bases. The provisions are collectively discounted pursuant to section 253 (2) HGB using the average rate of interest of the past ten years (4.01 percent; PY: 4.31 percent or 3.89 percent for seven years) applicable to an assumed remaining term of 15 years. This discount rate is calculated and published each month by the Deutsche Bundesbank pursuant to the Regulation on the Discounting of Provisions (*Rückstellungsabzinsungsverordnung*, "RückAbzinsV"). Salary and pension adjustments of 2.75 percent and 1.75 percent, respectively, are included (PY: 2.75 percent and 1.75 percent, respectively). In addition to the obligations from current pensions and the prospective entitlements existing at the balance sheet date, obligations for transitional benefits for early retirement (*Altersübergangsgeld*) are also recognized.

Pursuant to section 246 (2) HGB, assets that are exempt from attachment by all other creditors and that serve exclusively to settle liabilities from pension benefit obligations have to be offset against such liabilities. If the fair value of the assets exceeds the amount of liabilities, the excess amount must be recognized under a separate asset item.

Wholesale Banking's pension schemes consist of a contractual trust arrangement (CTA) and pension fund commitments.

These pension fund commitments are indirect pension obligations within the meaning of article 28 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, "EGHGB"), for which there is basically a recognition option. ING-DiBa has decided to use the continuing book value amount.

Any excess of pension obligations over the related plan assets is presented in the pension provisions. Any surplus of the plan assets over pension obligations are included in the asset item "Excess of plan assets over pension benefit liability".

This results in a pension obligation totaling EUR 109.3 million as of the balance sheet date (PY: EUR 118.7 million). This obligation is covered by plan assets with a fair value of EUR 89.4 million (PY: EUR 96.8 million). The fair value is determined on the basis of market prices for fund shares. The cost of the plan assets is EUR 80.7 million (PY: EUR 86.4 million).

Pursuant to section 246 (2) HGB, income and expenses from discounting the pension obligations and from plan assets must be offset against each other. In the fiscal year, expenses from discounting pension obligations in the amount of EUR 4.5 million (PY: EUR 5.0 million) were offset against income from plan assets in the amount of EUR 16.9 thousand (PY: EUR 921.2 thousand). Overall, this resulted in an expense of EUR 4.4 million for the fiscal year (PY: EUR 4.0 million). There were no further offsetting effects in the fiscal year.

## 3. Balance Sheet Disclosures

### 3.1. General

#### 3.1.1. Maturity structure

Loans and advances, bonds, and liabilities are classified by maturity based on the residual terms. Pro-rata interest and similar amounts for the fiscal year are not included in the classification by residual terms.

#### 3.1.2. Volume of assets and liabilities denominated in foreign currencies

The total amount of assets and liabilities denominated in foreign currencies as of December 31, 2016 was EUR 12.6 billion (PY: EUR 7.1 billion) and EUR 8.2 billion (PY: EUR 5.2 billion), respectively. There were also derivative financial instruments in foreign currencies, which are presented in section 7.5.

### 3.2. Assets

#### 3.2.1. Statement of changes in fixed assets

	Cost 01/01/2016	Additions	Disposals	Reversals of write- downs	Write- downs at the beginning of the fiscal year cumulative	Depreciation, amortization and write-downs		Balance as of 12/31/2016	Balance as of 12/31/2015
	€ m	€ m	€ m	€ m	€ m	in the fiscal year € m	cumulative € m	€ m	€ m
Intangible assets	195.4	18.3	3.6	0.0	163.8	13.8	174.4	35.7	31.6
Tangible fixed assets	108.4	24.7	3.4	0.0	73.8	15.0	85.6	44.1	34.6
Operating and office equipment	6.7	1.4	0.3	0.0	3.3	0.8	3.9	3.9	3.4
Equity investments	2.9	8.2	0.0	0.0	0.0	0.0	0.0	11.1	2.9
Investments in affiliated companies	35.1	0.0	0.0	0.0	0.0	0.0	0.0	35.1	35.1
Fixed-income securities <sup>1</sup>	25,179.7	4,124.4	5,776.2	8.3	50.7	50.8	88.6	23,439.3	25,129.0
Reclassified fixed-income securities	4,307.8	0.0	754.1	0.9	73.2	24.8	90.0	3,463.7	4,234.5
	<b>29,836.0</b>	<b>4,177.0</b>	<b>6,537.6</b>	<b>9.2</b>	<b>364.8</b>	<b>105.2</b>	<b>442.5</b>	<b>27,032.9</b>	<b>29,471.1</b>

<sup>1</sup> The difference between the cost and the repayment amount is allocated proportionally over the residual term. It is recognized as interest income from fixed-income securities and debt register claims and presented as a reversal or write-down in the above statement of changes in fixed assets. The accumulated depreciation/amortization includes the current fiscal year's reversals of write-downs and depreciation/amortization.

The disposals of the fiscal year are related to accumulated depreciation, amortization and write-downs of EUR 73.0 million.

### 3.2.2. Loans and advances to banks

	12/31/2016 € m	12/31/2015 € m
<b>This item includes loans and advances to</b>		
affiliated companies	7,501.6	4,303.1
<b>other loans and advances to banks by remaining maturity</b>		
a) up to three months	1,040.7	279.6
b) more than three months and up to one year	1,379.0	832.4
c) more than one and up to five years	4,567.9	2,785.8
d) more than five years	1,308.6	856.0
<b>Total (remaining maturities)</b>	<b>8,296.2</b>	<b>4,753.8</b>

### 3.2.3. Loans and advances to customers

	12/31/2016 € m	12/31/2015 € m
<b>This item includes loans and advances to</b>		
affiliated companies	1,066.2	71.1
other loans and advances to customers by remaining maturity		
a) up to three months	5,549.9	5,162.2
b) more than three months and up to one year	8,947.3	7,573.0
c) more than one and up to five years	43,165.8	35,278.0
d) more than five years	42,337.3	38,879.5
e) without fixed maturity	2,532.7	2,609.3
<b>Total (remaining maturities)</b>	<b>102,533.0</b>	<b>89,502.0</b>

Loans and advances to customers include EUR 4.6 billion (PY: EUR 5.2 billion) assets held to cover issued bonds.

### 3.2.4. Bonds and other fixed-income securities

	12/31/2016 € m	12/31/2015 € m
<b>This item includes negotiable securities that are:</b>		
listed	45,099.2	48,446.4
unlisted	67.8	78.9
Due within one year (carrying amount)	6,877.6	8,935.9
Securities of affiliated companies	18,392.1	18,303.6
Carrying amount of securities recognized in excess of fair value	5,675.0	7,555.5
Market value of securities recognized in excess of fair value	5,591.3	7,372.2

The securities that are carried at an amount that is higher than their fair value relate solely to negotiable securities. Based on detailed analyses, the Bank currently assumes that the impairments are only temporary and that the securities will be redeemed at the nominal amount.

All of the bonds and other fixed-income securities are securitized.

## 3.2.5. Equity investments and investments in affiliated companies

	12/31/2016 € m	12/31/2015 € m
<b>Equity investments</b>		
Carrying amount	11.1	2.9
negotiable	1.2	1.2
of which: listed	1.2	1.2
of which: unlisted	0.0	0.0
<b>Investments in affiliated companies</b>		
Carrying amount	35.1	35.1
negotiable	0.0	0.0
of which: listed	0.0	0.0
of which: unlisted	0.0	0.0

## 3.2.6. Trust assets

The trust assets (EUR 2.3 million; PY: EUR 2.3 million) relate exclusively to trust loans.

## 3.2.7. Intangible assets

	12/31/2016 € m	12/31/2015 € m
Acquired goodwill	12.4	20.3
Purchased software, licenses and other rights	10.4	10.8
Internally generated software	8.8	0.0
Advance payments	4.1	0.5
<b>Total</b>	<b>35.7</b>	<b>31.6</b>

## 3.2.8. Other assets

	12/31/2016 € m	12/31/2015 € m
Receivables from pending ATM items	40.4	39.6
Receivables from taxes	16.7	3.3
Receivables from securities and funds business commissions	6.6	6.7
Foreign currency measurement	5.7	0.0
Receivables from Visa INC from acquisition of Visa Europe	2.8	0.0
FMSA cash collateral	2.4	0.0
Direct commitments	2.2	1.8
Receivables from control and profit and loss transfer agreement	1.5	0.8
Other items	10.0	11.2
<b>Total</b>	<b>88.3</b>	<b>63.4</b>

ING-DiBa has outsourced ATM servicing to a third-party service provider. The cash made available to fill the ATMs is reported as a pending item under other assets.

Receivables from taxes mainly comprise corporate income tax reclaims in the amount of EUR 15.5 million from the assertion of loss carryforwards as part of the contribution of ING Bank N.V., Vienna Branch, Vienna, Austria, which is described in section 7.1.

The receivable from the control and profit and loss transfer agreement resulted from the profit of GGV for the 2016 fiscal year, which will be transferred to ING-DiBa following the shareholders' meeting.

## 3.2.9. Prepaid expenses

	12/31/2016 € m	12/31/2015 € m
Commissions on mortgage lending	365.2	337.6
Prepayment of wages and salaries	14.0	12.5
Purchase of Wholesale Banking receivables	13.9	7.8
Deferral of non-personnel costs	12.8	9.9
Discounts on issued Pfandbriefe	7.2	0.9
Premiums from loans against borrowers' notes	0.8	4.2
Other prepaid expenses	1.2	1.3
<b>Total</b>	<b>415.1</b>	<b>374.2</b>

The discounts on issued Pfandbriefe were due to differences between the issue and recognized settlement amounts. These are amortized over the remaining terms of the relevant Pfandbriefe.

## 3.3. Liabilities and equity

## 3.3.1. Amounts due to banks

	12/31/2016 € m	12/31/2015 € m
<b>This item includes deposits from</b>		
affiliated companies	8,937.7	5,137.9
<b>other deposits from banks by remaining maturity</b>		
a) up to three months	724.6	535.5
b) more than three months and up to one year	2,319.6	1,780.3
c) more than one and up to five years	7,301.4	6,354.2
d) more than five years	4,985.3	4,454.6
<b>Total (remaining maturities)</b>	<b>15,330.9</b>	<b>13,124.6</b>

## 3.3.2. Amounts due to customers

	12/31/2016 € m	12/31/2015 € m
<b>This item includes amounts due to</b>		
affiliated companies	484.7	540.5
<b>Savings deposits with an agreed term or period of notice, by remaining maturity</b>		
a) up to three months	27.2	24.9
b) more than three months and up to one year	0.0	0.0
c) more than one and up to five years	119.4	98.9
d) more than five years	24.2	23.7
<b>Total (remaining maturities)</b>	<b>170.8</b>	<b>147.5</b>
<b>Other amounts due to customers by remaining maturity</b>		
a) up to three months	3,820.2	4,513.9
b) more than three months and up to one year	4,335.9	4,238.7
c) more than one and up to five years	1,584.7	1,620.6
d) more than five years	2.6	3.8
<b>Total (remaining maturities)</b>	<b>9,743.4</b>	<b>10,377.0</b>

### 3.3.3. Securitized liabilities

	12/31/2016 € m	12/31/2015 € m
Bonds issued by remaining maturity		
a) up to three months	25.0	0.0
b) more than three months and up to one year	25.0	500.0
c) more than one and up to five years	550.0	590.0
d) more than five years	685.0	195.0
<b>Total (remaining maturities)</b>	<b>1,285.0</b>	<b>1,285.0</b>

Bonds issued solely comprise issued Pfandbriefe.

### 3.3.4. Trust liabilities

Trust liabilities (EUR 2.3 million; PY: EUR 2.3 million) correspond to trust assets.

### 3.3.5. Other liabilities

	12/31/2016 € m	12/31/2015 € m
Liabilities from the transfer of mortgage loans to Pure German Lion RMBS 2008 GmbH	4,583.6	4,589.8
Liability from profit and loss transfer agreement	740.5	643.9
Foreign currency position from pending transactions	283.8	9.3
Withholding tax including solidarity surcharge and payroll and church taxes, as well as social security contributions	75.9	83.8
Trade payables	27.1	19.9
Contribution to the deposit protection fund ( <i>Einlagensicherungsfonds</i> )	25.4	4.1
Liabilities from commissions to sales partners	8.6	8.7
Other items	19.6	21.6
<b>Total</b>	<b>5,764.5</b>	<b>5,381.1</b>
Included liabilities to affiliated companies	5,338.5	5,256.5

As in the previous year, none of the liabilities to affiliated companies are securitized.

Other liabilities consist primarily of a liability to the special purpose entity Pure German Lion RMBS 2008 GmbH, Frankfurt am Main, which corresponds to the amount of the mortgage loans transferred, as well as a liability from the existing profit and loss transfer agreement with ING Deutschland GmbH, Frankfurt am Main.

The foreign currency position from pending transactions presented comprises the surplus of currency delivery liabilities over currency delivery claims on translation of the foreign currency position at the middle spot rate as well as the swap points recognized in the balance sheet for the currency forwards.

### 3.3.6. Deferred income

	12/31/2016 € m	12/31/2015 € m
Loan processing fees from lending business - Wholesale Banking	74.5	59.0
Payments received for hedging transactions	12.8	0.0
Discounts for mortgages and other loans	1.7	2.5
Other deferred income	0.0	0.1
<b>Total</b>	<b>89.0</b>	<b>61.6</b>

The increase in deferred income from the lending business in the Wholesale Banking segment was mainly due to the differences between the nominal and fair value of a wholly owned sub-participation in customer receivables of ING Capital LLC, New York, USA.

Payments received for hedging transactions were due to upfront payments for newly concluded interest rate swaps.

### 3.3.7. Other provisions

	12/31/2016 € m	12/31/2015 € m
Provisions for personnel expenses	59.7	46.7
Provisions for expected losses	51.8	25.8
Litigation expenses	21.8	14.6
IT costs	21.3	14.4
Interest growth	18.3	18.6
Contribution to the Compensation Scheme of German Banks (EdB)	14.2	20.5
Marketing	12.7	19.2
Postage and courier services	5.7	9.2
Credit cards	3.5	4.3
Consulting expenses	3.2	6.9
ATMs	2.3	2.1
Commissions	1.8	3.2
Securities broking	1.8	1.2
Lease space and ancillary expenses	1.1	2.1
Other items	50.3	39.7
<b>Total</b>	<b>269.5</b>	<b>228.5</b>

Provisions for expected losses were primarily due to provisions in the lending business.

The recognition of non-current provisions resulted in interest expenses of EUR 643 thousand (PY: EUR 347 thousand) and interest income of EUR 335 thousand (PY: EUR 478 thousand).

The provisions also include the mandatory contribution to the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken, "EdB") until December 31, 2016 for the contribution year October 1, 2016 to September 30, 2017. The provision is calculated on the basis of the parameters provided by the EdB. Since the contribution is calculated based on the metrics of all of banks with an obligation to make contributions, the Bank has made institution-specific assumptions with respect to the risk parameters and the amount of covered deposits.

### 3.3.8. Equity

#### Subscribed capital

ING-DiBa's subscribed capital as of December 31, 2016 remained unchanged at EUR 100 million and is divided into 100 million no-par-value bearer shares.

## Capital reserve

The capital reserve rose by EUR 7.8 million as a result of the contribution of ING Bank N.V., Vienna Branch, Vienna, Austria, as described in section 7.1 and amounted to EUR 3.8 billion.

## Retained earnings

Retained earnings were unchanged at EUR 19.8 million.

## 3.4. Other disclosures

### 3.4.1. Contingent liabilities

	12/31/2016 € m	12/31/2015 € m
a) Liabilities from guarantees and indemnity agreements		
Guarantees given	1,334.9	1,043.5
Letters of credit	182.7	251.9
Guarantee business	39.0	35.0
Documentary business - export	16.7	4.7
Documentary business - import	5.2	0.0
<b>Total</b>	<b>1,578.5</b>	<b>1,335.1</b>
b) Liabilities from the provision of collateral for third-party liabilities	23.4	22.5
<b>Total</b>	<b>1,601.9</b>	<b>1,357.6</b>
Included contingent liabilities to affiliated companies	267.0	199.4

The contingent liabilities reported resulted primarily from the commercial banking business of the ING Bank branch in Frankfurt am Main and the ING-DiBa Austria branch in Vienna, Austria.

The Bank assumes currently that overall there will be no claims related to contingent liabilities. This assumption is based on the credit risk management parameters implemented in accordance with the Solvency Regulation (*Solvabilitätsverordnung*, "SolV"). In three cases, however, credit risk monitoring showed sufficient findings for an expected claim so that provisions for this were set up. In addition, provisions were also recognized for general risks from contingent liabilities.

### 3.4.2. Other commitments

Other obligations consist almost exclusively of irrevocable loan commitments of EUR 14.7 billion (PY: EUR 13.1 billion), which the Bank expects to be utilized over the course of the fiscal year, at least in the retail business. In addition, general risks were also accounted for in the form of provisions.

### 3.4.3. Assets pledged as collateral

	12/31/2016 € m	12/31/2015 € m
For deposits from banks	7,408.9	8,073.1
For other liabilities	4,583.6	4,589.8
For contingent liabilities	23.4	22.5

Mortgage loans have been transferred to Kreditanstalt für Wiederaufbau AG, Frankfurt am Main, (EUR 7.3 billion; PY: EUR 7.2 billion) and to the special purpose entity Pure German Lion RMBS 2008 GmbH, Frankfurt am Main, (EUR 4.6 billion; PY: EUR 4.6 billion) for deposits from banks and other liabilities.

Collateral payments of EUR 115.3 million (PY: EUR 901.3 million) have been transferred for deposits from banks under a repurchase agreement.

Collateral transferred for contingent liabilities consists exclusively of securities that were transferred to Eurex Clearing AG, Frankfurt am Main.

## 4. Income Statement Disclosures

### 4.1. General

#### 4.1.1. Negative interest rates

Negative interest was charged on a number of transactions with banks and institutional customers due to the current interest rate environment. The Bank reports the negative interest income and expenses as a subitem of interest income and expense. The accrued interest resulting from these transactions as of December 31, 2016 was allocated to the corresponding underlying transactions in the balance sheet item pursuant to section 11 (1) RechKredV. Accrued interest on derivative financial instruments is reported under loans and advances to banks and deposits from banks.

### 4.2. Other operating expenses

	12/31/2016 € m	12/31/2015 € m
Head office costs	47.7	35.3
Interest portion from provisions for personnel and plan assets	7.0	6.7
Catering expenses	2.0	1.9
Expenses from previous years	1.8	0.9
Expenses from the sale and administration of land and buildings	1.2	1.2
Other items	8.1	4.0
<b>Total</b>	<b>67.8</b>	<b>50.0</b>

Head office costs relate to expenses for intra-Group services.

### 4.3. Income taxes

	12/31/2016 € m	12/31/2015 € m
Corporate income tax (Austria)	2.4	13.2
Taxes (previous years)	-0.3	0.5
<b>Total</b>	<b>2.1</b>	<b>13.7</b>

The earnings of the Austria branch are taxed at a nominal rate of 25 percent. The decline in the tax expense as against 2015 was due to the offsetting of tax loss carryforwards as part of the contribution of the Austria branch of ING Bank N.V., which is described in section 7.1.

In the fiscal year, the "Taxes - previous years" item primarily related to payments received in connection with foreign withholding tax refunds. Otherwise, no further corporate income taxes were incurred by ING-DiBa due to the existing consolidated tax group with ING Deutschland GmbH, Frankfurt am Main (consolidated tax group parent).

## 4.4. Other operating income

	12/31/2016 € m	12/31/2015 € m
Income from the reversal of provisions	56.2	31.9
Servicer bonuses and service fee Pure German Lion RMBS 2008 GmbH	18.4	18.4
Reimbursements from previous years	3.8	15.4
Currency translation gains	3.6	1.7
Other items	15.3	19.2
<b>Total</b>	<b>97.3</b>	<b>86.6</b>

Income from Pure German Lion RMBS 2008 GmbH, Frankfurt, was due to services from the management of the assigned mortgage loans and net profit attributable to the servicer.

## 5. Events after the End of the Reporting Period

On February 23, 2017, it was announced that the Chairman of the Management Board, Roland Boekhout, intended to leave ING-DiBa as of June 1, 2017 to take on other responsibilities within the ING Group. Subject to the approval of the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, BaFin), the current CEO of ING Domestic Bank Netherlands (DBNL), Nicolaas Cornelis Jue, will be appointed to serve as the new Chairman of the Management Board of ING-DiBa.

## 6. Pfandbrief Disclosures (According to Section 28 PfandBG)

### 6.1. Cover pool report

	Nominal value		Net present value		Risk-adjusted net present value <sup>1</sup> - shift up		Risk-adjusted net present value <sup>1</sup> - shift down	
	12/31/2016 € m	12/31/2015 € m	12/31/2016 € m	12/31/2015 € m	12/31/2016 € m	12/31/2015 € m	12/31/2016 € m	12/31/2015 € m
Mortgage Pfandbriefe	1,285.00	1,285.00	1,308.34	1,332.98	1,243.71	1,305.27	1,332.42	1,339.48
Cover pool	3,365.88	3,977.30	3,961.24	4,707.72	3,777.61	4,458.19	3,980.60	4,832.26
in % of outstanding Pfandbriefe	261.9%	309.5%	302.8%	353.2%	303.7%	341.6%	298.7%	360.8%
of which excess cover	75.00	75.00	81.02	80.73	77.51	76.53	80.64	81.88
in % of outstanding Pfandbriefe	5.8%	5.8%	6.2%	6.1%	6.2%	5.9%	6.1%	6.1%
Cover pool	3,365.88	3,977.30	3,961.24	4,707.72	3,777.61	4,458.19	3,980.60	4,832.26
of which prime (1) residential mortgages	3,290.88	3,902.30	3,880.22	4,627.00	3,700.10	4,381.66	3,899.96	4,750.38
in % of outstanding Pfandbriefe	256.1%	303.7%	296.6%	347.1%	297.5%	335.7%	292.7%	354.6%
of which further cover assets	75.00	75.00	81.02	80.73	77.51	76.53	80.64	81.88
of which excess cover	75.00	75.00	81.02	80.73	77.51	76.53	80.64	81.88
of which section 19 (1) no. 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which section 19 (1) no. 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Liquidity cover only	0.00	470.00	0.00	501.62	0.00	471.96	0.00	516.03

<sup>1</sup> Dynamic approach pursuant to section 5 (1) no. 2 of the Pfandbrief Net Present Value Directive ("PfandBarwertV")

The cover pool does not contain any derivatives.

All cover assets and Pfandbriefe are denominated exclusively in euros; no cover assets are denominated in foreign currencies.

## 6.2. Maturity profile

	Nominal value Pfandbriefe		Nominal amount cover pool	
	12/31/2016 € m	12/31/2015 € m	12/31/2016 € m	12/31/2015 € m
≤ 0.5 years	50.00	500.00	15.81	20.95
> 0.5 to 1 year(s)	0.00	0.00	17.39	21.06
> 1 to 1.5 years	20.00	50.00	15.90	20.69
> 1.5 to 2 years	0.00	0.00	9.59	18.36
> 2 to 3 years	510.00	20.00	78.06	37.06
> 3 to 4 years	10.00	510.00	804.61	99.60
> 4 to 5 years	10.00	10.00	866.73	870.29
> 5 to 10 years	680.00	190.00	1,354.29	2,296.28
> 10 years	5.00	5.00	203.50	593.01
<b>Total</b>	<b>1,285.00</b>	<b>1,285.00</b>	<b>3,365.88</b>	<b>3,977.30</b>

## 6.3. Additional key figures

	12/31/2016	12/31/2015
Fixed-interest Pfandbriefe as a percentage of covered liabilities	88.3%	88.3%
Fixed-interest cover assets as a percentage of total cover pool	100%	100%
Volume-weighted average age of receivables (in years)	5.53	4.54
Weighted average loan to value ratio	50.1%	53.4%

## 6.4. Mortgages by size classes

	Nominal value		% of mortgage receivables	
	12/31/2016 € m	12/31/2015 € m	12/31/2016 %	12/31/2015 %
≤ € 0.3 million	3,290.25	3,899.45	100.0	99.9
> € 0.3 million to EUR 1.0 million	0.62	2.85	0.0	0.1
> € 1 million to EUR 10.0 million	0.00	0.00	0.0	0.0
> € 10.0 million	0.00	0.00	0.0	0.0
<b>Total</b>	<b>3,290.88</b>	<b>3,902.30</b>	<b>100.0</b>	<b>100.0</b>

## 6.5. Mortgages by federal states

	Nominal value		% of mortgage receivables	
	12/31/2016 € m	12/31/2015 € m	12/31/2016 %	12/31/2015 %
Baden-Württemberg	341.90	400.85	10.4	10.3
Bavaria	409.75	494.76	12.5	12.7
Berlin	175.43	210.41	5.3	5.4
Brandenburg	229.34	268.84	7.0	6.9
Bremen	25.53	29.44	0.8	0.8
Hamburg	82.57	99.23	2.5	2.5
Hesse	392.16	469.63	11.9	12.0
Mecklenburg-West Pomerania	63.40	73.51	1.9	1.9
Lower Saxony	247.13	289.78	7.5	7.4
North Rhine-Westphalia	742.59	883.86	22.6	22.6
Rhineland-Palatinate	125.47	148.82	3.8	3.8
Saarland	19.62	22.60	0.6	0.6
Saxony	139.34	162.03	4.2	4.2
Saxony-Anhalt	56.50	66.19	1.7	1.7
Schleswig-Holstein	180.71	212.84	5.5	5.5
Thuringia	59.44	69.50	1.8	1.8
<b>Total</b>	<b>3,290.88</b>	<b>3,902.30</b>	<b>100.0</b>	<b>100.0</b>

## 6.6. Mortgages by property type

	Nominal value		% of mortgage receivables	
	12/31/2016 € m	12/31/2015 € m	12/31/2016 %	12/31/2015 %
<b>Residential use</b>				
Single and two-family houses	2,757.01	3,256.79	83.8	83.5
Multi-family houses	0.00	0.00	0.0	0.0
Condominiums	533.86	645.51	16.2	16.5
<b>Total</b>	<b>3,290.88</b>	<b>3,902.30</b>	<b>100.0</b>	<b>100.0</b>
<b>Commercial use</b>				
Single and two-family houses	0.00	0.00	0.0	0.0
Multi-family houses	0.00	0.00	0.0	0.0
Condominiums	0.00	0.00	0.0	0.0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>

## 6.7. Mortgages at least 90 days delinquent

There were no mortgages at least 90 days delinquent in either the fiscal year or the previous year.

## 6.8. Further information on mortgages pursuant to section 28 (2) no. 4 PfandBG

	Residential use		Commercial use	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Pending foreclosures	0.00	0.00	/	/
Completed foreclosures	/	/	/	/
Mortgages taken over	/	/	/	/
Interest in arrears in €	19,526.65	23,602.37	/	/

## 7. Other Disclosures

### 7.1. Contribution of the Vienna branch of ING Bank N.V., Amsterdam, Netherlands, to ING-DiBa Direktbank Austria

The undertaking previously trading as "ING Bank N.V. Vienna Branch" was contributed to ING-DiBa with retroactive effect as of January 1, 2016. It was a contribution in kind without consideration. The assets and liabilities of ING Bank N.V., Amsterdam, Netherlands, Vienna Branch, Austria, were recognized at their carrying amounts under the corresponding balance sheet items at the ING-DiBa Direktbank Austria branch. As part of the integration, ING-DiBa Direktbank Austria was renamed "ING-DiBa Austria, Niederlassung der ING-DiBa AG". The equity transferred was recognized as a contribution within the meaning of section 272 (2) no. 4 HGB to the distributable capital reserve as of the effective date of the contribution (August 1, 2016). ING-DiBa Austria assumes the economic risk for obligations arising from the documentary business, which remains with ING Bank N.V., Amsterdam, Netherlands.

### 7.2. Other financial commitments and off-balance sheet transactions

#### 7.2.1. From an obligation to make additional payments

ING-DiBa has accepted a release from liability vis-à-vis VISA Europe ("Visa INC" since its acquisition in the fiscal year) for a credit card processing company as its vicarious agent in connection with compliance with the obligations from the "VISA International operating regulations" ("interchange").

The Bank has an obligation to make additional payments to the pension fund in the event the plan assets of the respective post-employment benefits scheme do not sufficiently cover the pension obligations.

There is a further obligation to make additional contributions to the clearing fund of Eurex Clearing AG, Frankfurt am Main. To the extent that this fund does not sufficiently cover obligations subsequent to the realization of the collateral provided by another clearing member for the event of default, the non-affected members may face claims not to exceed double the contribution requirement. As of December 31, 2016, the liability cap is EUR 49.8 million (PY: EUR 50.0 million). The Bank does not assume any utilization of the fund at present.

#### 7.2.2. From outsourcing obligations

ING-DiBa has outsourced some IT tasks. For 2017, this will result in a projected expense of EUR 39.5 million. This relates to expenses from contracts that are adjusted every year. An annual expense of up to EUR 43.4 million is currently projected for the following years.

#### 7.2.3. From secondary liability

As part of the spin-off in 2011 of the former Frankfurt branch of ING Bank N.V. from ING Bank N.V., Amsterdam, to Conifer B.V. and the subsequent merger with ING-DiBa, ING-DiBa assumed Conifer B.V.'s secondary liability obligations existing by operation of the law for the protection of ING Bank N.V.'s creditors. This secondary liability obligation is anchored in article 2:334t of the Dutch Civil

Code and applies to certain obligations on the part of ING Bank N.V. existing as of the effective date of the spin-off (August 31, 2011).

With regard to the scope of liability, a distinction has to be drawn between joint and several obligations. Joint obligations of ING Bank N.V. are subject to the joint liability of ING-DiBa and ING Bank N.V. The secondary liability in respect of the several obligations is limited to the value of the net assets of the Frankfurt branch of ING Bank N.V. as of the date of the spin-off to Conifer B.V.

The term of this liability is unlimited and expires only upon the extinguishment of the relevant obligation. The Bank does not currently anticipate any claims under this liability.

#### 7.2.4. Contributions to deposit protection schemes and to the bank levy

	12/31/2016 € m	12/31/2015 € m
Contributions to deposit protection schemes	79.6	86.5
Additional agreement on contractual payment obligations	22.8	0.0
Contributions to the bank levy	13.5	13.6
Additional agreement on irrevocable payment obligations	2.4	0.0

As a member of the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken GmbH, "EdB"), ING-DiBa is obliged to pay annual contributions. The EdB's calculation model is based, among other things, on the covered deposits and the risk parameters of all of the banks affiliated with the EdB. ING-DiBa does not have any information about the metrics of other banks or the estimated risk parameters that the EdB uses for ING-DiBa. The provisions recognized as of December 31, 2016 are therefore subject to estimation uncertainty.

ING-DiBa exercised the option to provide part of both the annual contribution to the EdB and the European bank levy as a contractual and/or irrevocable payment obligation.

Securities in the amount of 30 percent of the contribution were lodged for the contributions to the EdB. Irrevocable payment obligations in the form of a cash contribution were agreed for 15 percent of the contribution to the bank levy. Neither led to an expense in the fiscal year.

Further payment obligations are expected to accumulate every year until 2024 and, together with any obligation to make additional contributions, will impact our financial position within the meaning of section 285 no. 3 HGB if they are utilized.

#### 7.3. Shareholdings

	Share in equity 2016 %	Equity 12/31/2016 EUR '000	Net profit/loss for fiscal year 2016 EUR '000
GGV Gesellschaft für Grundstücks- und Vermögensverwaltung mbH, Frankfurt am Main (GGV)	100	35,060	1,524
ING-DiBa Service GmbH, Frankfurt am Main	100	391	-249
Rahmhof Grundbesitz GmbH i.L., Frankfurt am Main	100	28	0
Ingredit Verwaltungs GmbH, Frankfurt am Main	100	27	-1
paydirekt Beteiligungsgesellschaft privater Banken mbH, Berlin	20	7,855	9

Under the existing control and profit and loss transfer agreement, GGV's profit for the 2016 fiscal year will be transferred to ING-DiBa.

## 7.4. Auditors' fees

The auditors' fees charged for the fiscal year are not disclosed in ING-DiBa's single-entity financial statements because they are included in the consolidated subgroup financial statements. The consolidated subgroup financial statements are published online at [www.ing-diba.de](http://www.ing-diba.de).

## 7.5. Derivative financial instruments

### 7.5.1. Interest rate and foreign currency swaps

	12/31/2016 € m	12/31/2015 € m
<b>Currency forwards</b>		
Currency delivery claims (notional amount)	9,434.4	4,589.7
Currency delivery liabilities (notional amount)	9,648.3	6,438.2
Carrying amount (other assets)	5.7	0.0
Carrying amount (other liabilities)	198.2	0.0
Positive fair value	65.9	67.8
Negative fair value	253.7	76.2
<b>Interest rate swaps</b>		
Notional amount	113,110.7	51,674.7
Carrying amount (deferred income)	12.8	0.0
Positive fair value (excluding accrued interest)	994.4	766.4
Negative fair value (excluding accrued interest)	2,604.5	2,493.7
<b>Cross currency swaps</b>		
Notional amount	1,859.3	0.0
Carrying amount (other liabilities)	85.6	0.0
Positive fair value (excluding accrued interest)	0.0	0.0
Negative fair value (excluding accrued interest)	82.8	0.0

Currency forwards serve to hedge exchange rate fluctuations. These transactions are not part of hedges and are allocated in full to the special cover. The Bank concludes foreign currency forwards and swaps for this purpose.

Interest rate swaps and cross currency swaps are concluded to cover fluctuations in interest and exchange rates and are not part of a hedge. These are included in the banking book. According to ING-DiBa's calculations, as of December 31, 2016, the present value of the banking book significantly exceeds the corresponding carrying amount. The fair values of these derivatives are determined using the respective cash flows with the help of the front office valuation tools and the KONDOR+ and Murex risk management systems. The valuation model in the two systems is based on a discounted cash flow approach. The required parameters (interest rate curves, credit spreads) are provided in real time by external data providers.

### 7.5.2. Hedges

In addition to general management of the interest rate risk, the Bank also concludes interest rate swaps in order to hedge interest rate risks that result from securities in the liquidity reserve. Hedge accounting is applied to some of these micro hedges pursuant to section 254 HGB.

Under hedge accounting, changes in fair value of the hedged items due to changes in interest rates are almost fully compensated by the offsetting changes in value of the hedging transactions belonging to the hedged item over the entire term of the hedged exposures. The terms of each of the hedging derivatives (e.g., volume, term, interest dates, coupons) correspond almost completely to the terms of the hedged items. The effectiveness of the hedges is documented prospectively using regression analysis. The effectiveness is measured based on a time series of

30 support points from the beginning of the support period up to and including the beginning of the hedge period, extended by an artificial support point up to the end of the period the change in interest rates is assumed based on the offset scenario used (interest rate shock, 100 basis points, on the day following the beginning of the hedge period). All hedges were effective in the fiscal year just ended. ING-DiBa has decided on the net hedge presentation method for the recognition of the effective portion of hedges.

The carrying amount of hedged assets as of the balance sheet date was EUR 229.9 million (PY: EUR 230.8 million). The nominal volume of hedged securities as of the closing date was EUR 225.0 million (PY: EUR 225.0 million). The hedges include derivatives with a negative fair value of EUR 22.5 million (PY: EUR 21.4 million).

## 7.6. Average number of employees

	2016	2015
Germany	3,285	3,121
Austria	200	160
<b>Total</b>	<b>3,485</b>	<b>3,281</b>

## 7.7. Total remuneration of the Management Board and of the Supervisory Board and loans granted to these groups of people

The total remuneration of the Management Board for its services in the fiscal year was EUR 5.0 million (PY: EUR 4.9 million). The total remuneration of the former members of the Management Board and their bereaved in the fiscal year was EUR 1.6 million (PY: EUR 1.9 million).

The members of the Management Board were granted a total of 72,678 share-based subscription rights (PY: 33,507) on shares of the ING Groep. The fair value of the share-based subscription rights as of the grant date was EUR 749 thousand (PY: EUR 425 thousand). As in the previous year, no additional subscription rights were granted in 2016.

Provisions totaling EUR 2.5 million (PY: EUR 3.0 million) have been recognized for current pensions and entitlements to pensions for current members of the Management Board and provisions of EUR 21.0 million (PY: EUR 19.4 million) for former members of the Management Board and their bereaved.

The total remuneration of the Supervisory Board during the fiscal year was EUR 0.8 million (PY: EUR 0.8 million).

As of December 31, 2016, the total amount of loans granted to the members of the Management Board was EUR 0.2 million (PY: EUR 1.0 million) and EUR 88 thousand (PY: EUR 109 thousand) for members of the Supervisory Board. These loans are the Bank's products and were granted at arm's length conditions.

## 7.8. Offices held by management or other employees

Roland Boekhout, Chairman of the Management Board  
Member of the Supervisory Board of ING Bank Śląski S.A., Katowice, Poland

## 7.9. Executive bodies of ING-DiBa AG

### 7.9.1. Management Board

**Roland Boekhout**

Chairman  
Bank director  
Oberursel

**Bernd Geilen**

Bank director  
Mendig

**Katharina Herrmann**

Bank director  
Frankfurt am Main

**Željko Kaurin**

Bank director  
Frankfurt am Main

**Remco Nieland**

Bank director  
Frankfurt am Main

**Dr. Joachim Freiherr von Schorlemer**

Bank director  
Frankfurt am Main

## 7.9.2. Supervisory Board

### **Ben Tellings**

Chairman of the Management Board (retired)  
of ING-DiBa AG, Frankfurt am Main  
Maastricht, Netherlands  
Chairman of the Supervisory Board, until July 5, 2016

### **Rüdiger Köppel**

Bank employee  
Frankfurt am Main  
Vice Chairman of the Supervisory Board

### **Aris Bogdaneris**

CEO Retail Banking International  
Amsterdam, Netherlands

### **Birgit Braitsch (ver.di)**

ver.di regional section head  
Frankfurt am Main

### **Prof. Dr. Wolfgang Gerke**

Financial economist  
Ebenhausen

### **Dr. Claus Dieter Hoffmann**

Managing director, H+H Senior Advisors GmbH  
Stuttgart

### **Rainer Pfeifer**

Bank employee  
Kahl am Main

### **Ulrich Probst**

Bank employee  
Nuremberg, since May 13, 2016

### **Alexander Klein (ver.di)**

ver.di union secretary  
Bruchköbel, until May 13, 2016

### **Christine Stürtz-Deligiannis**

Bank employee  
Frankfurt am Main

### **Stefan Teichmann**

Bank employee  
Wolfsburg, since May 13, 2016

### **Diederik Baron van Wassenaer**

Global Head Network, Wholesale Banking ING Group  
Amsterdam, Netherlands

**Christopher Walker**

Bank employee  
Nuremberg, until May 13, 2016

**Hermann Zeilinger**

Member of the Management Board (retired)  
of ING-DiBa AG, Frankfurt am Main  
Roßtal

## 7.10. Shareholder and consolidated financial statements

The share capital of ING-DiBa is held in full by ING Deutschland GmbH, Frankfurt am Main.

ING-DiBa is subject to disclosure requirements pursuant to Regulation (EC) No. 575/2013 of June 26, 2013 (Capital Requirements Regulation – CRR). Pursuant to article 13 (2) sentence 2 CRR, ING-DiBa, as a significant subsidiary of the EU parent mixed financial holding company ING Groep N.V., Amsterdam, Netherlands, as well as a subsidiary which is of material significance for its local market, is required to disclose information in accordance with articles 437, 438, 440, 442, 450, 451 and 453 CRR on an individual basis. As of December 31, 2016, this information relates to the Bank's equity, own funds requirements, credit risk adjustments, remuneration policies, leverage and credit risk mitigation strategies. The Bank has published the relevant information in a disclosure report and in a remuneration report. In addition, ING-DiBa is required pursuant to section 26a (1) of the German Banking Act (*Kreditwesengesetz*, "KWG") to disclose in its annual financial statements its capital return, calculated as the ratio of net income for the year after tax and total assets. Due to the existing profit and loss transfer agreement with ING Deutschland GmbH, this ratio essentially amounted to 0.0 percent at the balance sheet date.

Moreover, the Bank is obligated to prepare consolidated financial statements and a group management report for the past Group fiscal year. The Bank is preparing consolidated subgroup financial statements for the fiscal year ended December 31, 2016 due to article 4 of Regulation (EC) No. 1606/2002 dated July 19, 2002 in accordance with International Financial Reporting Standards (IFRS), to the extent they have been adopted by the European Union. In addition, the commercial law regulations in accordance with section 315a (1) HGB in conjunction with section 340i (2) HGB are also applied to those financial statements. The consolidated financial statements were not yet prepared as of the date these annual financial statements were prepared.

In addition, ING Bank N.V., Amsterdam, Netherlands, prepares consolidated subgroup financial statements in which ING-DiBa is included and which are published in German in the Federal Gazette. The consolidated financial statements for the largest group of companies in which the Company is included are prepared by ING Groep N.V., Amsterdam, Netherlands.

### 7.11. Profit and loss transfer agreement

There is a profit and loss transfer agreement between ING Deutschland GmbH and ING-DiBa AG. An amount of EUR 740,5 million (PY: EUR 643,9 million) is to be transferred to ING Deutschland GmbH for the 2016 fiscal year.

Frankfurt am Main, March 3, 2017

The Management Board

Roland Boekhout

Bernd Geilen

Katharina Herrmann

Željko Kaurin

Remco Nieland

Dr. Joachim von  
Schorlemer

*The following auditor's report, prepared in accordance with § 322 HGB ("Handelsgesetzbuch": "German Commercial Code"), refers to the complete unconsolidated financial statements, comprising balance sheet (Bilanz), statement of income (Gewinn- und Verlustrechnung) and notes (Anhang) together with the management report (Lagebericht) of ING-DiBa AG for the financial year from 1 January to 31 December 2016. The management report (Lagebericht) is not included in this prospectus. The above-mentioned auditor's report and unconsolidated financial statements are both translations of the respective German-language documents.*

**Auditors' Report**

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of ING-DiBa AG, Frankfurt am Main, for the business year from 1 January to 31 December 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB („Handelsgesetzbuch“: „German Commercial Code“) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, complies with the German statutory requirements, and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 17 March 2017

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Bernhard  
Wirtschaftsprüfer  
[German Public Auditor]

Winner  
Wirtschaftsprüfer  
[German Public Auditor]

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**SIGNATORIES**

Signed on behalf of the Issuer on 15 May 2017:

**ING-DiBa AG**

**By: Remco Nieland**  
Member of the Management Board  
(*Mitglied des Vorstands*)



**By: Frank Fogiel**  
Head of Treasury  
(*Leiter Treasury*)

