



## **Eureko B.V.**

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

### **Euro 500,000,000 Fixed-to-Floating Rate Perpetual Capital Securities** **Issue price: 100 per cent.**

Unless expressly indicated otherwise, the terms and expressions used herein have the same meaning as given to them in the terms and conditions (the “**Terms and Conditions**”) of the Euro 500,000,000 Fixed-to-Floating Rate Perpetual Capital Securities (the “**Securities**”).

The Securities are perpetual securities and have no fixed redemption date. However, the Securities may be redeemed in whole but not in part at the option of the Issuer, at their principal amount together with any Outstanding Payments on the Coupon Payment Date falling on 24 June 2015 (the “**First Call Date**”) or any Coupon Payment Date thereafter, subject, after the Issuer becoming subject to Capital Adequacy Regulations, to the prior consent of the Regulator. Prior redemption, conversion, exchange or substitution, as the case may be, may apply in case of tax events, for regulatory purposes, for accounting reasons or in case of the occurrence of a Substitution Event, subject to Condition 7.

The Securities will bear a fixed rate of interest of 5.125 per cent. per annum on their outstanding principal amount from (and including) the Issue Date to (but excluding) the First Call Date and thereafter a floating rate of interest. Interest will be payable, in respect of the Fixed Rate Period, annually in arrear on 24 June of each year and thereafter quarterly in arrear on 24 March, 24 June, 24 September and 24 December of each year, subject to Conditions 4 and 5. Payments (such term does not include principal) may be deferred, as more fully described in Condition 4, but any Deferred Coupon Payment will immediately become due if the Issuer makes payments on or purchases or redeems its Junior Securities or Parity Securities. Investors will always receive cash but the moneys to satisfy such Deferred Coupon Payments may only be raised by the issue of Payment Capital Securities, which, when sold, will provide cash amounts which will be paid in respect of the Deferred Coupon Payments.

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

This Offering Circular constitutes a prospectus for the purpose of the listing and issuing rules of Euronext Amsterdam N.V. Application has been made for the listing of the Securities on Eurolist by Euronext Amsterdam (“**Euronext Amsterdam**”). It is anticipated that the Securities will be quoted as a percentage of their principal amount of € 10,000, € 100,000 and € 1,000,000, respectively.

The Securities are expected to be assigned, on issue, a rating of “**BBB**” by Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

The Securities shall have denominations of € 10,000, € 100,000 and € 1,000,000 each. The Securities will be represented by a global security (the “**Global Security**”) in bearer form without interest coupons, in the principal amount of € 500,000,000. The Global Security will be deposited with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (“**Euroclear Netherlands**”) and purchase transactions will be cleared through Euroclear Netherlands participants including Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream**”). The Global Security will not be exchangeable for definitive Securities in bearer form.

#### *Joint Bookrunners*

**ABN AMRO**

**Lehman Brothers**

**UBS Investment Bank**

#### *Co-Managers*

**Barclays**

**JP Morgan**

**Merrill Lynch**

The date of this Offering Circular is 22 June 2005.

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## IMPORTANT INFORMATION

### Responsibility

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

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

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

### Incorporation by Reference

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

- (a) the annual reports and the audited annual consolidated financial statements of the Issuer in respect of the financial years ending 31 December 2003 and 31 December 2004;
- (b) the Issuer’s preliminary unaudited 2004 IFRS comparative results dated 2 June 2005; and
- (c) the Articles of Association (*statuten*) of the Issuer as in force on the date of this Offering Circular.

### Offering and Selling Restrictions

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

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

## STABILISATION

IN CONNECTION WITH THE ISSUE OF THE SECURITIES, ABN AMRO BANK N.V. MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME (BUT WILL IN ANY EVENT BE DISCONTINUED 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES). SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS AND REGULATIONS INCLUDING ARTICLE 32 (AND ANNEX 6) OF THE FURTHER REGULATIONS ON MARKET CONDUCT SUPERVISION ON THE SECURITIES TRADE (*NADERE REGELING GEDRAGSTOEZICHT EFFECTENVERKEER 2002*).

### Miscellaneous

All references in this document to “euro”, “euros”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992).

In this Offering Circular, “we”, “our”, “us” or the “Issuer” refers to Eureko B.V. and its consolidated subsidiaries (unless the context requires otherwise).

See “Terms and Conditions of the Securities – 20. Definitions” for defined terms used in this Offering Circular.

## INVESTMENT CONSIDERATIONS

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

### Conditions to payment

Payments on the Securities will be payable only if the Issuer is Solvent or not subject to a Regulatory Event, as applicable, and could make such payment and still be Solvent or still not be subject to a Regulatory Event, as applicable, immediately thereafter. See “Terms and Conditions of the Securities – 2. Status – (b)(i) Conditions to Payment by the Issuer before becoming subject to Capital Adequacy Regulations and (b)(ii) Conditions to Payment by the Issuer after becoming subject to Capital Adequacy Regulations” below.

### Deferral

#### *Mandatory deferral*

Upon the occurrence of the Mandatory Deferral Condition and during the period such Mandatory Deferral Condition is continuing, the Issuer will defer Payments (such term does not include principal) on the Securities for any period of time. Any Payments so deferred will not accrue interest. See “Terms and Conditions of the Securities – 4. Deferrals – (a) Mandatory Deferral of Payments” below.

#### *Optional deferral*

The Issuer may at its discretion elect to defer any Payment (such term does not include principal) on the Securities for any period of time subject to suspension of payment on Junior Securities and Parity Securities. Any payment deferred pursuant to the Issuer’s optional right to defer will bear interest at the Coupon Rate. See “Terms and Conditions of the Securities – 4. Deferrals – (b) Optional Deferral of Payments” below.

### Perpetual securities

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

### Status, Subordination and Ranking

The Securities constitute direct, unsecured, subordinated securities of the Issuer and rank *pari passu* without any preference among themselves. The rights and claims of the Holders under the Securities are subordinated to the claims of Senior Creditors of the Issuer, present and future. On a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer the Securities will rank in priority to distributions on all classes of share capital of the Issuer and *pari passu* with each other and among themselves, but junior to and thus be subordinated in right of payment to the Senior Creditors of the Issuer, present and future, and save for the following. If on a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer there is outstanding any class of Preference Shares of the Issuer which, under the then effective articles of association of the Issuer, ranks more senior than any other class of Preference Shares of the Issuer, the Securities will, on such winding-up, effectively from a financial point of view, rank *pari passu* with that most senior class of Preference Shares of the Issuer, except where the Existing Preference Shares are (or were prior to their redemption) included in that most senior class, in which case the preceding sentence applies.

“Senior Creditors” means creditors of the Issuer:

- (i) who are unsubordinated creditors of the Issuer, or
- (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise; or
- (iii) who are subordinated creditors of the Issuer other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders.

### Governmental Supervision and Regulation

The Issuer is currently not subject to regulations and laws which would require it to maintain required levels of a solvency margin and/or a capital adequacy ratio. It is expected that the Issuer will

in the future become subject to supervisory or regulatory laws and regulations on the basis whereof it will be required to maintain minimum required levels of a solvency margin and/or a capital adequacy ratio. The scope and impact of such possible future supervisory or regulatory laws and regulations is not yet clear and any such future supervisory or regulatory laws and regulations may have a material effect on the business, financial condition and operations of the Issuer and the risks of Payments under the Securities being deferred.

#### **Redemption risk**

Upon the occurrence of certain specified tax, regulatory, accounting or substitution events, or on the Coupon Payment Date falling on 24 June 2015 or any Coupon Payment Date thereafter, the Securities may be redeemed at their principal amount or, as the case may be under Condition 7, their Make Whole Redemption Amount, in each case together with any Outstanding Payments (as defined in “Terms and Conditions of the Securities – 20. Definitions”), or converted, exchanged or substituted, in each case subject as provided in “Terms and Conditions of the Securities – 7. Redemption and Purchases”.

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

There is no restriction on the amount of debt which the Issuer may issue which ranks senior to the Securities or *pari passu* with the Securities. The issue of any such debt or securities may reduce the amount recoverable by Holders on a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer or may increase the likelihood of a deferral of Payments under the Securities.

#### **Market Disruption Event**

If, in the event the Alternative Coupon Satisfaction Mechanism is applied (which is mandatory if it concerns Deferred Coupon Payments and which the Issuer may elect to do in other cases), in the opinion of the Issuer a Market Disruption Event exists, the payment to Holders may be deferred until the cessation of such market disruption, as more particularly described in “Terms and Conditions of the Securities – 6. Alternative Coupon Satisfaction Mechanism – (d) Market Disruption”. Any such deferred payments shall bear interest at the Coupon Rate if the Market Disruption Event continues for 14 days or more.

#### **Restricted remedy for non-payment**

The sole remedy against the Issuer available to the Trustee or any Holder for recovery of amounts owing in respect of any Payment or principal in respect of the Securities will be the institution of proceedings in the Netherlands for the bankruptcy (*faillissement*) of the Issuer and/or proving (*indienen ter verificatie*) in such bankruptcy.

#### **Set-off**

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

#### **Absence of prior public markets**

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

## SUMMARY

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

<b>Issuer</b>	Eureko B.V.
<b>Trustee</b>	Amsterdamsch Trustee's Kantoor B.V. or any successor trustee
<b>Issue Size</b>	€ 500,000,000
<b>Issue Price</b>	100 per cent.
<b>Redemption/Call Option</b>	The Securities are perpetual securities and have no maturity date. Subject, after the Issuer becoming subject to Capital Adequacy Regulations, to prior consent of the Regulator, the Securities may be redeemed in whole but not in part at the option of the Issuer, at their principal amount together with any Outstanding Payments, on the Coupon Payment Date falling on 24 June 2015 (the “ <b>First Call Date</b> ”) or any Coupon Payment Date thereafter.
<b>Interest</b>	The Securities will bear a fixed rate of interest of 5.125 per cent. per annum (the “ <b>Fixed Coupon Rate</b> ”) from (and including) the Issue Date to (but excluding) the First Call Date which will be payable annually in arrear on each Coupon Payment Date in respect of the Fixed Rate Period. Thereafter the Securities will bear a floating rate of interest (the “ <b>Floating Coupon Rate</b> ”) which will be determined on each Coupon Determination Date for the next succeeding Coupon Period and shall be the then prevailing offered rate for three-month euro deposits plus 2.80 per cent. per annum. The first Coupon Determination Date is two Business Days before the First Call Date.
<b>Coupon Payment Dates</b>	Subject as described below, Coupon Payments will be payable in respect of the Fixed Rate Period annually in arrear on 24 June of each year and thereafter quarterly in arrear on 24 March, 24 June, 24 September and 24 December of each year (each a “ <b>Coupon Payment Date</b> ”) from (and including) 24 June 2006.
<b>Condition to Payment</b>	No payment in respect of the Securities shall be payable except to the extent that the Issuer is Solvent or not subject to a Regulatory Event, as applicable, and could make such payment and still be Solvent or still not be subject to a Regulatory Event, as applicable, immediately thereafter.
<b>Status and Subordination</b>	The Securities constitute direct, unsecured and subordinated securities of the Issuer. The claims of the Holders under the Securities are subordinated to the claims of Senior Creditors of the Issuer, present and future.
<b>Winding-up Claims</b>	The Securities will rank on a winding-up ( <i>faillissement</i> or <i>vereffening na ontbinding</i> ) of the Issuer in priority to distributions on all classes of share capital of the Issuer and <i>pari passu</i> with each other and among themselves, but junior to and thus be subordinated in right of payment to the Senior Creditors of the Issuer, present and future, and save for the following. If on a winding-up ( <i>faillissement</i> or <i>vereffening na ontbinding</i> ) of the Issuer there is outstanding any class of Preference Shares of the Issuer which, under the then effective articles of association of the Issuer, ranks more senior than any other class of Preference Shares of the Issuer, the Securities will, on such winding-up, effectively from a financial point of view, rank <i>pari passu</i> with that most senior class of Preference Shares of the Issuer, except where the Existing

Preference Shares are (or were prior to their redemption) included in that most senior class, in which case the preceding sentence applies.

**Mandatory Deferral of Payments**

If the Issuer determines, on the 20th Business Day prior to the date on which any Payment (such term does not include principal) would, in the absence of deferral in accordance with Condition 4 of the Terms and Conditions of the Securities, be due and payable, that the Mandatory Deferral Condition is met, the Issuer must defer such Payment or part thereof.

Any payment so deferred may be satisfied at any time by the Issuer giving not less than 16 Business Days' notice of such satisfaction (provided that at the time of satisfying such payment, the Mandatory Deferral Condition is no longer met). Such mandatorily deferred payment must be satisfied if the Mandatory Deferral Condition is no longer met on the 20th Business Day preceding a Coupon Payment Date, unless the Issuer elects to defer such Payment pursuant to its optional right to defer referred to below. No interest will accrue on payments being mandatorily deferred.

**Optional Deferral of Payments**

The Issuer may elect to defer any Payment (such term does not include principal) on the Securities for any period of time. However, if the Issuer makes this election, the deferred payment will bear interest at the Coupon Rate for the full period of optional deferral.

**Deferred and Future Interest Payments**

Any Payment which has been deferred will become immediately due and payable if the Issuer makes payments on or purchases or redeems any Parity Securities or Junior Securities. Furthermore any payment on or purchase or redemption of Junior Securities will result in full mandatory payments for the next coupon period or coupon periods, as applicable, as more fully described in Condition 4(c). Any payment on Parity Securities will result in a proportional mandatory payment for the relevant number of consecutive coupon periods following the payment on such Parity Securities, as more fully described in Condition 4(c).

**Alternative Coupon Satisfaction Mechanism**

Any Deferred Coupon Payment (with any interest accrued on such Deferred Coupon Payment, as applicable) will be satisfied using the Alternative Coupon Satisfaction Mechanism. In addition, the Issuer may elect at any time to satisfy any Payment (other than Deferred Coupon Payments and a payment of principal) to Holders by using the Alternative Coupon Satisfaction Mechanism. This mechanism means that the relevant payment is satisfied from the proceeds of the issue of such amount of Payment Capital Securities for cash as required to provide enough cash for the Issuer to make full payments on the Securities in respect of the relevant Payment. Investors will always receive payments made in respect of Securities in cash.

**Market Disruption Event**

If, in the opinion of the Issuer, a Market Disruption Event exists on or after the 15th Business Day preceding any date upon which the Issuer is due to satisfy a Payment using the Alternative Coupon Satisfaction Mechanism (which is mandatory if it concerns Deferred Coupon Payments and which the Issuer may elect to do in other cases), the payment to Holders may be deferred until the Market Disruption Event no longer exists. Any such deferred payments shall bear interest at the Coupon Rate if the Market Disruption Event continues for 14 days or more.

<b>Additional Amounts</b>	The Issuer will pay additional amounts to Holders of the Securities to gross up Payments upon the imposition of Dutch withholding tax, subject to customary exceptions.
<b>Redemption for Taxation Reasons</b>	Upon the occurrence of certain changes in the treatment of the Securities for taxation purposes as described below, the Issuer may (after becoming subject to Capital Adequacy Regulations, subject to prior consent of the Regulator) redeem all but not some only of the Securities at their principal amount or, as the case may be under Condition 7(c), their Make Whole Redemption Amount, in each case together with any Outstanding Payments.
<b>Redemption, Conversion or Exchange for Regulatory Reasons</b>	If, after the Issuer becoming subject to Capital Adequacy Regulations, the Securities cease to qualify as own funds and, if own funds is subdivided in tiers, core capital (tier 1 capital or equivalent) for the purposes of determination of its solvency margin, capital adequacy ratios or comparable margins or ratios under such Capital Adequacy Regulations, then the Issuer may, subject to prior consent of the Regulator, if required, redeem all, but not some only, of the Securities at their principal amount or, as the case may be under Condition 7(d), their Make Whole Redemption Amount, in each case together with any Outstanding Payments, or convert or exchange the Securities into or for preference shares or another series of capital securities qualifying as own funds and, if own funds is subdivided in tiers, core capital (tier 1 capital or equivalent), as more fully described in the Terms and Conditions of the Securities.
<b>Redemption, Conversion or Exchange for Accounting Reasons</b>	If, as a result of a change of accounting standards or as a result of a change in interpretation of accounting standards, the Securities are no longer classified as equity or equity instrument under accounting standards applicable to the Issuer from time to time, then the Issuer may (after becoming subject to Capital Adequacy Regulations, subject to prior consent of the Regulator) redeem all, but not some only, of the Securities at their principal amount or, as the case may be under Condition 7(e), their Make Whole Redemption Amount, in each case together with any Outstanding Payments, or convert or exchange the Securities into or for preference shares or another series of capital securities that classify as equity or equity instrument under accounting standards applicable to the Issuer from time to time.
<b>Substitution Event</b>	If at any time a Substitution Event has occurred and is continuing, the Issuer may (after becoming subject to Capital Adequacy Regulations, subject to prior consent of the Regulator) cause substitution of all, but not some only, of the Securities for fully paid non-cumulative Preference Shares issued directly by the Issuer having materially the same terms as the Securities.
<b>Remedy for Non-Payment</b>	The sole remedy against the Issuer available to any Holder for recovery of amounts owing in respect of the Securities will be the institution by the Trustee of proceedings for the bankruptcy ( <i>faillissement</i> ) of the Issuer and/or proving ( <i>indienen ter verificatie</i> ) in such bankruptcy, as more fully described in the Terms and Conditions of the Securities.
<b>Form</b>	The Securities will be represented by a Global Security in bearer form (the “ <b>Global Security</b> ”), without coupons, in the principal amount of € 500,000,000. The Global Security will be deposited with Euroclear Netherlands. The Global Security will not be exchangeable for definitive Securities in bearer form.
<b>Clearing Systems</b>	Euroclear Netherlands, Euroclear and Clearstream.

<b>Selling Restrictions</b>	The offering and sale of the Securities are subject to all applicable selling restrictions. See “Subscription and Sale” on page 56.
<b>Listing</b>	Application has been made to list the Securities on Eurolist by Euronext Amsterdam. It is anticipated that the Securities will be quoted as a percentage of their principal amount of € 10,000, € 100,000 and € 1,000,000, respectively.
<b>Ratings</b>	The Securities are expected to be assigned, on issue, a rating of “BBB” by Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.
<b>Governing Law</b>	The Securities will be governed by, and construed in accordance with, the laws of the Netherlands.

## TERMS AND CONDITIONS OF THE SECURITIES

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

The Securities are constituted by the Trust Deed. The issue of the Securities was authorised pursuant to resolutions of the Executive Board of the Issuer passed on 24 January 2005, 28 February 2005 and 7 March 2005 and resolutions of the Supervisory Board of the Issuer passed on 10 March 2005. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours by the Holders at the registered office of the Trustee, being at Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands, and at the specified office of each of the Paying Agents. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

### 1. Form, Denomination and Title

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

The Securities are in bearer form and shall be in denominations of € 10,000, € 100,000 and € 1,000,000 each (each an “**Authorised Denomination**”). The Securities will be represented by a global security (the “**Global Security**”) without interest coupons, in the principal amount of € 500,000,000. The Global Security will be deposited with *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* (“**Euroclear Netherlands**”) and thereby become subject to the Dutch Securities Giro Transfer Act (*Wet Giraal Effectenverkeer*, “**WGE**”). The Global Security will not be exchangeable for definitive bearer Securities.

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

Interests in the Global Security will be transferable only in accordance with the provisions of the WGE and the rules and procedures from time to time of Euroclear Nederland and its participants (*aangesloten instellingen*) and all transactions in (including transfer of) Securities, in the open market or otherwise, must be effected through participants of Euroclear Nederland. The bearer of the Global Security will be the only person entitled to receive payments in respect of such Global Security. To the extent permitted by law, each person who is for the time being shown in the records of Euroclear Netherlands or any of its participants as the holder of a particular nominal amount of such Securities (a “**Holder**”) (in which regard any certificate or other document issued by Euroclear Netherlands or such participant as to the nominal amounts of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Securities for all purposes other than with respect to the payment of principal or interest on the Securities, for which purpose the bearer of the Global Security shall be treated by the Issuer and the Paying Agents as the holder of such Securities in accordance with and subject to the terms of the Global Security.

### 2. Status

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

The Securities constitute direct, unsecured, subordinated securities of the Issuer and rank, and will rank, *pari passu* without any preference among themselves. The claims of the Holders under the Securities are subordinated to the claims of Senior Creditors of the Issuer, present and future.

#### (b) (i) *Condition to Payment by the Issuer before becoming subject to Capital Adequacy Regulations*

Payments in respect of the Securities (and use of the proceeds of the issue of Payment Capital Securities in accordance with Condition 6) are conditional upon the Issuer being Solvent at the time of payment by the Issuer (or at the time of use of the proceeds of the issue of such Payment Capital Securities) and in that no principal or Payments shall be payable in respect of the Securities (including use of the proceeds of the issue of Payment Capital Securities in accordance with Condition 6) except to the extent that the Issuer could make such payment (or use the proceeds of such issue of Payment Capital Securities) and still be Solvent immediately thereafter.

For the purposes of this Condition 2(b)(i) any reference to a payment by the Issuer in respect of a Security shall be deemed to include a redemption or purchase of such Security by the Issuer.

(ii) *Condition to Payment by the Issuer after becoming subject to Capital Adequacy Regulations*

Payments in respect of the Securities (and use of the proceeds of the issue of Payment Capital Securities in accordance with Condition 6) are conditional upon the Issuer not being subject to a Regulatory Event at the time of payment by the Issuer (or at the time of use of the proceeds of the issue of such Payment Capital Securities) and in that no principal or Payments shall be payable in respect of the Securities (including use of the proceeds of the issue of Payment Capital Securities in accordance with Condition 6) except to the extent that the Issuer could make such payment (or use the proceeds of such issue of Payment Capital Securities) and still not be subject to a Regulatory Event.

For the purposes of this Condition 2(b)(ii) any reference to a payment by the Issuer in respect of a Security shall be deemed to include a redemption or purchase of such Security by the Issuer.

- (iii) *Payments payable:* Amounts in respect of principal or Payments in respect of which the conditions referred to in Condition 2(b)(i) or 2(b)(ii), as applicable, are not satisfied on the date upon which the same would otherwise be payable and have since not been paid will be payable by the Issuer in a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer as provided in Condition 3 (“**Winding-Up Claims**”). A Winding-Up Claim shall not bear interest. Amounts will also be payable on any redemption as provided in Condition 7(b), 7(c), 7(d) or 7(e).
- (iv) *Set-off:* Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each Holder shall, by virtue of being the Holder of any Security, be deemed to have waived all such rights of set-off.

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

If at any time an order is made, or an effective resolution is passed, for the winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer (except in any such case a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed) of the Issuer, the terms of which reconstruction, amalgamation or substitution (a) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (b) do not provide that the Securities shall thereby become payable), there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer) a winding-up amount consisting of principal and Outstanding Payments. The Securities will rank on a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer in priority to distributions on all classes of share capital of the Issuer and *pari passu* with each other and among themselves, but junior to and thus be subordinated in right of payment to the Senior Creditors of the Issuer, present and future, and save for the following. If on a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer there is outstanding any class of Preference Shares of the Issuer which, under the then effective articles of association of the Issuer, ranks more senior than any other class of Preference Shares of the Issuer, the Securities will, on such winding-up, effectively from a financial point of view, rank *pari passu* with that most senior class of Preference Shares of the Issuer, except where the Existing Preference Shares are (or were prior to their redemption) included in that most senior class, in which case the preceding sentence applies.

In a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer, Holders will only have a claim for payment in full or part of principal and Deferred Coupon Payments, if any, to the extent that distributable assets of the Issuer are sufficient to pay in full or part such amount of principal and such Deferred Coupon Payments. In the event that the Securities rank, effectively from a financial point of view, *pari passu* with the most senior class of Preference Shares of the Issuer, Holders will only receive payment in full or part of principal and Outstanding Payments, if any, to the extent that after payment to the Senior Creditors of the Issuer further distributable assets of the Issuer are available to pay in full or part such amount of principal and such Outstanding Payments as well as the distributions on the most senior class or classes of Preference Shares of the Issuer. If in such case available distributable assets of the Issuer are not sufficient to pay both the amounts due to the Holders and the distributions on the most senior class or classes of Preference Shares of the

Issuer in full, such payments and distributions shall be made on a *pro rata* basis calculated by reference to the aggregate full amount due to the Holders and the aggregate full amount that would be distributable to the holders of the most senior class or classes of Preference Shares, such that the Holders will receive such proportion of their full claim as the assets of the Issuer available for such payments and distributions bears to the aggregate full amount due to the Holders and the aggregate full amount that would be distributable to the holders of the most senior class or classes of Preference Shares.

#### 4. Deferrals

The Issuer must make each Coupon Payment on the relevant Coupon Payment Date subject to and in accordance with these Terms and Conditions. Without prejudice to the generality of Condition 2, the Issuer must or, subject to Condition 4(c), may defer a Coupon Payment and any other Payment in the following circumstances:

(a) *Mandatory Deferral of Payments*

- (i) If, on the 20th Business Day preceding the date on which any Payment (such term does not include principal) would, in the absence of deferral in accordance with this Condition 4(a)(i), be due and payable, the Mandatory Deferral Condition is met, any such Payment must (subject to Condition 6) be deferred by the Issuer giving notice (a “**Mandatory Deferral Notice**”) to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to such date.

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

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

Any such deferred Payment shall be satisfied from the proceeds of the issue of Payment Capital Securities in accordance with Condition 6.

(b) *Optional Deferral of Payments*

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

(c) *Dividend Pusher; Mandatory Payments and Mandatory Partial Payments*

The Issuer may give an Optional Deferral Notice under Condition 4(b) in its sole discretion and for any reason, but any such Optional Deferral Notice as to a Payment required to be paid pursuant to (i), (ii) or (iii) below shall have no force or effect.

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

- (i) If a Mandatory Payment Event or a Mandatory Partial Payment Event occurs then all Deferred Coupon Payments will become mandatorily due and payable in full on the date of the Mandatory Payment Event or Mandatory Partial Payment Event, in accordance with the provisions of Condition 6.

The Issuer may satisfy its obligations to pay such Deferred Coupon Payment only in accordance with the Alternative Coupon Satisfaction Mechanism. For the avoidance of doubt the Issuer will not be required to utilise the Alternative Coupon Satisfaction Mechanism in order to satisfy its obligation to pay any Coupon Payment or Mandatory Partial Payment payable on a Mandatory Payment date or a Mandatory Partial Payment date, respectively, if such date happens to coincide with the date on which such Deferred Coupon Payment has become mandatorily due and payable in full (which will be the date of the Mandatory Payment Event or Mandatory Partial Payment Event, as the case may be).

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

(d) *Dividend Stopper*

The Issuer agrees that if the Issuer defers a payment for any reason as described above then, while any payment is so deferred, it will not recommend to its shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent, any action that would constitute a Mandatory Payment Event or a Mandatory Partial Payment Event.

**5. Coupon Payments**

(a) *Coupon Payment Dates*

The Securities bear interest from (and including) the Issue Date. Such interest will (subject to Conditions 2(b)(i), 2(b)(ii), 4(a), 4(b) and 6(d)) be payable, in respect of the Fixed Rate Period, annually in arrear on each Coupon Payment Date relating to the Fixed Rate Period, and thereafter quarterly in arrear on each subsequent Coupon Payment Date. Each Security will cease to bear interest from the due date for redemption unless, upon due presentation, payment

of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing Coupon Rate in accordance with this Condition (both before and after judgment) as provided in the Trust Deed.

(b) *Coupon Rate*

The Coupon Rate payable from time to time in respect of the Securities in respect of the Fixed Rate Period will be 5.125 per cent. per annum (the “**Fixed Coupon Rate**”). Where it is necessary to compute an amount of interest in respect of any Security during the Fixed Rate Period for a period which is less than a complete year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the next (or first) scheduled Coupon Payment Date. Where it is necessary to compute an amount of interest in respect of any Security for a period of more than one year, such interest shall be the aggregate of the interest payable in respect of a full year plus the interest payable in respect of the remaining period calculated in the manner as aforesaid.

The Coupon Rate payable from time to time in respect of the Securities in respect of the period from and including the First Call Date (the “**Floating Coupon Rate**”) will be determined by the Calculation Agent on the basis of the following provisions:

- (i) On each Coupon Determination Date the Calculation Agent will determine the offered rate (expressed as a rate per annum) for three month euro deposits as at 11.00 a.m. (Central European time) on such Coupon Determination Date, as displayed on the display designated as page “248” on the Moneyline Telerate Monitor (or such other page or pages as may replace it for the purpose of displaying such information). The Floating Coupon Rate for the Coupon Period immediately succeeding the Coupon Determination Date shall be such offered rate as determined by the Calculation Agent plus the Margin.
- (ii) If such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will, on such date, request the principal Euro-zone office of the Reference Banks to provide the Calculation Agent with its offered quotation to leading banks in the Euro-zone inter bank market for three-month euro deposits as at 11.00 a.m. (Central European time) on the Coupon Determination Date in question. If at least two of the Reference Banks provide the Calculation Agent with such offered quotations, the Floating Coupon Rate for the Coupon Period immediately succeeding the relevant Coupon Determination Date shall be the rate determined by the Calculation Agent to be the arithmetic mean (rounded upwards if necessary to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of such offered quotations plus the Margin.
- (iii) If on any Coupon Determination Date to which the provisions of sub-paragraph (ii) above apply, one only or none of the Reference Banks provides the Calculation Agent with such a quotation, the Floating Coupon Rate for the Coupon Period immediately succeeding such Coupon Determination Date shall be the rate which the Calculation Agent determines to be the aggregate of the Margin and the arithmetic mean (rounded upwards, if necessary, to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of the euro lending rates which leading banks in the Euro-zone selected by the Calculation Agent are quoting, on the relevant Coupon Determination Date, to leading European banks for a period of three months, except that, if the banks so selected by the Calculation Agent are not quoting as mentioned above, the Floating Coupon Rate for such Coupon Period shall be either (1) the Floating Coupon Rate in effect for the last preceding Coupon Period to which one of the preceding sub-paragraphs of this Condition 5(b) shall have applied or (2) if none, 5.125 per cent. per annum.

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

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Central European time) on each Coupon Determination Date, determine the Floating Coupon Rate in respect of the relevant Coupon Period and calculate the amount of interest payable in respect of a Security of each Authorised Denomination on the Coupon Payment Date for the relevant Coupon Period (the “**Floating Coupon Amounts**”) by applying the Floating Coupon Rate for such Coupon

Period to the principal amount of a Security of each Authorised Denomination, multiplying such sum by the actual number of days in the Coupon Period concerned divided by 360 and, if necessary, rounding the resultant figure to the nearest € 0.01 (€ 0.005 being rounded upwards). The Calculation Agent will subsequently cause the Floating Coupon Rate and each Floating Coupon Amount payable in respect of a Coupon Period to be notified to the Trustee, the Issuer, the Principal Paying Agent, Euronext Amsterdam N.V. and the Holders and to be published as soon as possible after their determination but in no event later than the fourth Business Day thereafter.

(d) *Determination or Calculation by Trustee*

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

**6. Alternative Coupon Satisfaction Mechanism**

(a) *Alternative Coupon Satisfaction Mechanism*

If any Deferred Coupon Payment (with any interest accrued on such Deferred Coupon Payment, as applicable) is to be made, it will be satisfied using the Alternative Coupon Satisfaction Mechanism. In addition, the Issuer may elect at any time to satisfy its obligation to make any Payment (other than Deferred Coupon Payments and a payment of principal) to Holders by using the Alternative Coupon Satisfaction Mechanism. “**Alternative Coupon Satisfaction Mechanism**” means that the relevant payment is satisfied from the proceeds of the issue of such amount of Payment Capital Securities for cash as required to provide enough cash for the Issuer to make full payments on the Securities in respect of the relevant Payment, in accordance with and subject to the following provisions of this Condition 6. Investors will always receive payments made in respect of Securities in cash.

If the Issuer uses the Alternative Coupon Satisfaction Mechanism, the Issuer shall notify the Trustee and the Principal Paying Agent not less than 16 Business Days prior to the relevant Coupon Payment Date.

(b) *Issue of Payment Capital Securities*

If any Payment is to be satisfied in accordance with the Alternative Coupon Satisfaction Mechanism then, subject to Condition 6(d):

- (i) by close of business on or before the seventh Business Day prior to the relevant Coupon Payment Date or Deferred Coupon Satisfaction Date the Issuer will issue such number of Payment Capital Securities as, in the determination of the Issuer, have a market value of not less than the relevant Payment to be satisfied in accordance with this Condition 6;
- (ii) if, after the operation of the above procedure, there would in the opinion of the Issuer be a shortfall on the date on which the relevant Payment is due, the Issuer shall issue further Payment Capital Securities in accordance with the provisions of the Trust Deed to ensure that a sum at least equal to the relevant Payment is available to make the Payment in full on the relevant due date provided that if, despite the operation of the aforementioned provisions, such a shortfall exists on the relevant due date the Issuer will in accordance with the provisions of the Trust Deed continue to issue Payment Capital Securities until the Principal Paying Agent shall have received funds equal to the full amount of such shortfall.

(c) *Receipt of cash proceeds in respect of Issue of Payment Capital Securities satisfies Payment*

Where the Issuer either elects or is required to make a Payment hereunder by using the proceeds of an issue of Payment Capital Securities and in accordance with its obligations under the Trust Deed issues such Payment Capital Securities, the cash proceeds of such issue by the Issuer shall, subject to Condition 6(b)(ii) and 6(d), be used to satisfy the relevant Payment or, as the case may be, in the circumstances referred to in (d) below, the relevant part of such Payment. The proceeds of sale of Payment Capital Securities in accordance with this Condition 6 shall be paid by the Principal Paying Agent to the Holders in respect of the relevant Payment.

(d) *Market Disruption*

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

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

(e) *Issuer certification to Trustee*

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

**7. Redemption, Conversion, Exchange or Substitution and Purchases**

(a) *No Fixed Redemption Date*

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 2 and 3 and without prejudice to the provisions of Condition 11) only have the right to repay them in accordance with the following provisions of this Condition 7.

(b) *Issuer's Call Option*

Subject to Condition 2(b)(i) or 2(b)(ii), as applicable, and, after the Issuer becoming subject to Capital Adequacy Regulations, to the prior consent of the Regulator, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 15 and to the Principal Paying Agent and the Trustee, which notice shall be irrevocable, elect to redeem all, but not some only, of the Securities on the Coupon Payment Date falling on 24 June 2015 (the "**First Call Date**") or any Coupon Payment Date thereafter at their principal amount together with any Outstanding Payments.

(c) *Redemption for Taxation Reasons*

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that, on the next due date for a Coupon Payment:

- (i) as a result of any change in or proposed change in, or amendment to or proposed amendment to, the laws of the Netherlands or any political subdivision or authority thereof having power to tax, or any change in or proposed change in the application of official or generally published interpretation of such laws, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such law or regulations that differs from the previously generally accepted position in

relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Securities, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by an act (*wet*) or made by subordinate legislation on or after 22 June 2005 (a “**Tax Law Change**”), or other than as a result of a Tax Law Change, there is more than an insubstantial risk that the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any payment of interest including, for the avoidance of doubt, where the payment of interest is to be satisfied by the proceeds of the issue of Payment Capital Securities, and the Issuer cannot avoid the foregoing in connection with the Securities by taking measures reasonably available to it, or

- (ii) whether or not as a result of a Tax Law Change (as defined below), the Issuer would be unable to make such payment without being required to pay additional amounts as provided or referred to in Condition 10 and the Issuer cannot avoid the foregoing in connection with the Securities by taking measures reasonably available to it; or
- (iii) whether or not as a result of a Tax Law Change, payments of amounts in respect of interest on the Securities including, for the avoidance of doubt, the issue of Payment Capital Securities pursuant to Condition 6, may be treated as “distributions” within the meaning of Section II of the Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*) (or such other Section and/or Act as may from time to time supersede or replace Section II of the Dividend Withholding Tax Act 1965 for the purposes of such definition) and such requirement or circumstance cannot be avoided by the Issuer taking measures reasonably available to it,

then the Issuer may (subject to Condition 2(b)(i) or 2(b)(ii), as applicable, and, after the Issuer becoming subject to Capital Adequacy Regulations, to the prior consent of the Regulator), having given not less than 30 nor more than 60 days’ notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable), redeem, in accordance with these Terms and Conditions, at any time on or prior to the First Call Date and thereafter only on a Coupon Payment Date, all, but not some only, of the Securities at (a) in the case of a Tax Law Change Event, their principal amount and (b) in the case of an Other Tax Event occurring prior to the First Call Date, their Make Whole Redemption Amount and (c) in the case of an Other Tax Event occurring on or after the First Call Date, their principal amount, together, in each case with any Outstanding Payments.

Prior to the publication of any notice of redemption pursuant to this Condition 7(c), the Issuer shall deliver to the Trustee a certificate signed by one or more members of the Executive Board of the Issuer stating that the relevant requirement or circumstance referred to in paragraphs (i), (ii) or (iii) above is satisfied and the Trustee shall accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Holders.

(d) *Redemption, Conversion or Exchange for Regulatory Reasons*

If, at or after the time the Issuer becomes subject to Capital Adequacy Regulations, the Issuer notifies the Trustee immediately prior to the giving of the notice referred to below that the Regulator has determined that securities of the nature of the Securities cease to qualify as own funds and, if own funds is subdivided in tiers, core capital (tier 1 or equivalent), for the purposes of determination of its solvency margin, capital adequacy ratios or comparable margins or ratios under such Capital Adequacy Regulations, then the Issuer may (subject to Condition 2(b)(ii) and the prior consent of the Regulator, if required), having given not less than 30 nor more than 60 days’ notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable)

- (i) redeem, in accordance with these Terms and Conditions, at any time on or prior to the First Call Date and thereafter only on a Coupon Payment Date, all, but not some only, of the Securities at (a), in the case of any redemption prior to the First Call Date, their Make Whole Redemption Amount and (b), in the case of any redemption on or after the First Call Date, their principal amount, together, in each case, with any Outstanding Payments; or

- (ii) subject to compliance with applicable regulatory requirements, convert or exchange the Securities in whole (but not in part) into or for preference shares or another series of capital securities of the Issuer qualifying as own funds and, if own funds is subdivided in tiers, core capital (tier 1 capital or equivalent) that, in the opinion of the Trustee, have materially the same terms as the Securities which terms are no less favourable to an investor than the terms of the Securities then prevailing, except that such preference shares or capital securities may have a non-cumulative character and that such capital securities may, but need not, have an Alternative Coupon Satisfaction Mechanism. Any conversion of the Securities into preference shares or another series of capital securities under this paragraph (d)(ii) shall be made on not less than 30 nor more than 60 days' notice to the Holders. The Issuer is permitted to satisfy its obligation to pay any Deferred Coupon Payment due upon conversion only in accordance with the Alternative Coupon Satisfaction Mechanism.
- (e) *Redemption, Conversion or Exchange for Accounting Reasons*  
 If, as a result of a change of accounting standards or as a result of a change in interpretation of accounting standards, the Securities are no longer classified as equity or equity instrument under accounting standards applicable to the Issuer from time to time, the Issuer may (subject to Condition 2(b)(i) or 2(b)(ii), as applicable, and, after the Issuer becoming subject to Capital Adequacy Regulations, to the prior consent of the Regulator), having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall be irrevocable), redeem, in accordance with these Terms and Conditions, at any time on or prior to the First Call Date and thereafter only on a Coupon Payment Date, all, but not some only, of the Securities at (a), in the case of any redemption prior to the First Call Date, their Make Whole Redemption Amount and (b), in the case of any redemption on or after the First Call Date, their principal amount, together, in each case, with any Outstanding Payments, or convert or exchange the Securities in whole (but not in part) into or for preference shares or another series of capital securities that classify as equity or equity instrument under accounting standards applicable to the Issuer from time to time.
- (f) *Substitution Event*  
 If at any time a Substitution Event has occurred and is continuing, the Issuer may, subject, after the Issuer becoming subject to Capital Adequacy Regulations, to the prior consent of the Regulator, cause substitution of all (but not some only) of the Securities for fully paid non-cumulative Preference Shares issued directly by the Issuer having materially the same terms as the Securities.
- (g) *Purchases*  
 The Issuer may (subject to Condition 2(b)(i) or 2(b)(ii), as applicable, and, after the Issuer becoming subject to Capital Adequacy Regulations, to the prior consent of the Regulator) at any time purchase Securities in any manner and at any price. Securities purchased by the Issuer may be held, reissued, resold or, at the option of the Issuer, be cancelled by decreasing the number of Securities represented by the Global Security by an equal number.
- (h) *Cancellation*  
 Cancellation of any Securities will be effected by reduction in the principal amount of the Global Securities and such cancelled Securities may not be reissued or resold. The obligations of the Issuer in respect of any such Securities shall be discharged.

## **8. Payments**

- (a) *Method of Payment*
  - (i) Payments of principal and Coupon Amounts and all other payments on or in respect of the Securities will be in euro and will be calculated by the Calculation Agent and effected through the Paying Agents.  
  
 Payments of redemption amounts and interest in respect of the Securities will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of the Global Security to the order of the Paying Agent. A record of each payment will be endorsed on the appropriate part

of the schedule to the Global Security by or on behalf of the Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Securities.

- (ii) The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain (x) a Paying Agent having a specified office in the Netherlands (y) for so long as the Securities are listed on Eurolist by Euronext Amsterdam, or any other stock exchange or regulated securities market and the rules of such exchange or securities market so require, a Paying Agent having a specified office in such location as the rules of such exchange or securities market may require and (z) a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any other 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. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 15.

(b) *Payments subject to fiscal laws*

All payments made in accordance with these Terms and Conditions will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10.

(c) *Payments on Payment Business Days*

A Global Security in respect of a Security may only be presented for payment on a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for general business in Amsterdam and, if different, in the place of the specified office of the relevant Paying Agent to whom such Global Security is presented for payment and (ii) the TARGET System is operating.

No further interest or other payment will be made as a consequence of the day on which a Global Security may be presented for payment under this paragraph falling after the due date. A Global Security may not be presented for payment before the due date.

**9. Non-Payment when Due**

*Notwithstanding any of the provisions below in this Condition 9, the right to institute bankruptcy proceedings is limited to circumstances where payment has become due. Pursuant to Condition 2(b)(i) and 2(b)(ii) and subject as provided in the next sentence, no principal or Payment will be due by the Issuer if the Issuer is not Solvent or would not be Solvent, or if the Issuer is subject to a Regulatory Event or would be subject to a Regulatory Event, if payment of such principal or Payment was made. Also, in the case of any Payment, such Payment will not be due if the Issuer is required or has elected to defer that Payment pursuant to Condition 4(a) or 4(b) or if the circumstances referred to in Condition 6(d) then apply. The Trust Deed contains provisions entitling the Trustee to claim from the Issuer, inter alia, the fees, expenses and liabilities incurred by it in carrying out its duties under the Trust Deed. The restrictions on commencing proceedings described below will not apply to any such claim.*

- (a) If the Issuer shall not make a payment in respect of the Securities for a period of 14 days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Securities, and the Trustee may, notwithstanding the provisions of paragraph (b) of this Condition 9, institute proceedings in its own name but on behalf of the Holders in the Netherlands (but not elsewhere) for the bankruptcy (*faillissement*) of the Issuer.
- (b) Subject as provided in this Condition 9, the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Securities (other than for the payment of any principal or satisfaction of any Payments in respect of the Securities, including any payment under clause [2.6] of the Trust Deed) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

- (c) The Trustee shall not be bound to take any of the actions referred to in paragraph (a) or (b) above against the Issuer to enforce the terms of the Trust Deed or the Securities unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) or in writing by the holders of at least one-fifth in principal amount of the Securities then outstanding and (ii) it shall have been indemnified to its satisfaction.
- (d) No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the bankruptcy (*faillissement*) of the Issuer or to prove (*indienen ter verificatie*) in such bankruptcy unless the Trustee, having become so bound to proceed or being able to prove in such bankruptcy, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No remedy against the Issuer shall be available to the Trustee or any Holder (i) for the recovery of amounts owing in respect of the Securities (including any payment under clause [2.6] of the Trust Deed), other than the institution of proceedings in the Netherlands (but not elsewhere) for the bankruptcy (*faillissement*) of the Issuer and/or proving (*indienen ter verificatie*) in such bankruptcy (*faillissement*) and (ii) for the breach of any other term under the Trust Deed or the Securities other than as provided in paragraph (b) above.

## 10. Taxation

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

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

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

In the event that any payment is satisfied by using the proceeds of an issue of Payment Capital Securities pursuant to Condition 6, then any additional amounts which are payable shall also be satisfied through the issue of Payment Capital Securities.

#### **11. Prescription**

Claims for payment in relation to Securities will become void unless exercised within a period of five years from the due date thereof.

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

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests including the modification by Extraordinary Resolution of any of these Terms and Conditions or any of the provisions of the Securities or the Trust Deed. Any Extraordinary Resolution duly passed shall be binding on all Holders (whether or not they were present at the meeting at which such resolution was passed).

The Trustee may agree, without the consent of the Holders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Holders. Any such modification, authorisation or waiver shall be binding on the Holders and, if the Trustee so requires, such modification shall be notified to the Holders as soon as practicable thereafter in accordance with Condition 15.

As provided in the Trust Deed, the Trustee may agree with the Issuer, without any further consent of the Holders being required, to substitution on a subordinated basis equivalent to that referred to in these Terms and Conditions of any holding company of the Issuer, any subsidiary of such holding company, any Subsidiary, any successor in business of the Issuer or any subsidiary of any successor in business of the Issuer (the “**Substituted Issuer**”) in place of the Issuer (or any previous Substituted Issuer under this Condition 12) as a new issuing party under the Trust Deed and the Securities. In connection with any proposed substitution as aforesaid and in connection with the exercise of its functions, the Trustee shall have regard to the interests of the Holders as a class and the Trustee shall not have regard to the consequences of such substitution for individual Holders resulting from in particular their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the general interests of the Holders as a class and shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders except to the extent already provided for in Condition 10 and/or any undertaking given in addition thereto or in substitution therefor under the Trust Deed.

#### **13. Replacement of the Securities**

Should the Global Security be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (or such other place of which notice shall have been given in accordance with Condition 15) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity and/or as the Issuer may reasonably require. The mutilated or defaced Global Security must be surrendered before any replacement Global Security will be issued.

#### **14. The Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified to its

satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, without accounting for any profit resulting therefrom.

#### **15. Notices**

Notices to Holders may be given by publication in a newspaper having general circulation in the Netherlands, most likely *Het Financieele Dagblad*. So long as the Securities are listed on Eurolist by Euronext Amsterdam and the rules of Euronext Amsterdam N.V. so require, notices shall also be published in the Euronext Amsterdam Daily Official List (*Officiële Prijscourant*). Any such notice shall be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

#### **16. Further Issues**

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

#### **17. Agents**

The Issuer will procure that there shall at all times be a Calculation Agent and a Principal Paying Agent so long as any Security is outstanding. If either the Calculation Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Terms and Conditions or the Agency Agreement, as appropriate, the Issuer shall appoint, on terms acceptable to the Trustee, an independent investment bank acceptable to the Trustee to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Principal Paying Agent nor the resignation of either will be effective without a successor having been appointed.

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

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

#### **18. Governing Law and Jurisdiction**

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

#### **19. Additional Obligations**

For so long as the Securities are listed on Euronext Amsterdam N.V., the Issuer will comply with the provisions set forth in Article 2.1.20 of Schedule B of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam N.V. or any amended form of the said provisions in force for the time being.

#### **20. Definitions**

In these Terms and Conditions:

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

*‘Agency Agreement’* means the agency agreement dated 22 June 2005 between the Issuer, the Trustee and the Agents relating to the Securities under which each Agent agrees to perform the duties required of it under these Terms and Conditions;

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

*‘Alternative Coupon Satisfaction Mechanism’* has the meaning ascribed to it in Condition 6(a);

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

*‘Authorised Denomination’* has the meaning ascribed to it in Condition 1(a);

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

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

*‘Capital Adequacy Regulations’* means at any time the regulations, requirements, guidelines, policies, decrees imposing obligations on the Issuer with respect to the maintenance of minimum levels of solvency margins and/or capital adequacy ratios and/or comparable margins or ratios, as well as regarding the supervision thereof by any Regulator;

*‘Condition’* means any of the numbered paragraphs of these Terms and Conditions of the Securities;

*‘Coupon Amount’* means (i) in respect of a Coupon Payment, the amount of interest payable on a Security for the relevant Coupon Period in accordance with Condition 5 and (ii) for the purposes of Conditions 7(c), 7(d) and 7(e) any interest accrued from (and including) the preceding Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the due date for redemption if not a Coupon Payment Date as provided for in Condition 5(b); the term “Coupon Amount” also includes Floating Coupon Amounts;

*‘Coupon Determination Date’* means, in respect of the period from and including the First Call Date, the second Business Day before the commencement of each Coupon Period;

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

*‘Coupon Payment Date’* means, in respect of the Fixed Rate Period, 24 June in each year, starting 24 June 2006 and ending 24 June 2015, and thereafter 24 March, 24 June, 24 September and 24 December in each year, provided that if any Coupon Payment Date after the First Call Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next Business Day unless it would then fall into the next calendar month in which event the Coupon Payment Date shall be brought forward to the immediately preceding Business Day;

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

*‘Coupon Rate’* means the Fixed Coupon Rate and/or the Floating Coupon Rate, as the case may be;

*‘Debt Service’* means, in respect of a Security, all payments of principal of and interest on such Security;

*‘Deferred Coupon Payment’* means (i) any Payment, or part thereof, which has been deferred in accordance with Condition 4(a) and has not been subsequently been either (x) satisfied or (y) deferred in accordance with Condition 4(b); or (ii) any Payment, or part thereof, which pursuant to Condition 4(b) the Issuer has elected to defer and which has not been satisfied;

*‘Deferred Coupon Satisfaction Date’* means:

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

- (ii) the date on which the Issuer has resolved to satisfy a Deferred Coupon Payment, as notified by the Issuer to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent in accordance with Condition 6; or
- (iii) the date on which the Issuer is required to satisfy all Deferred Coupon Payments pursuant to Condition 4(c);

‘*Deferral Notice*’ means a Mandatory Deferral Notice or an Optional Deferral Notice;

‘*Existing Preference Shares*’ means the 23,904,060 7.15 per cent. preference shares of the Issuer issued on 11 March 2004;

‘*First Call Date*’ has the meaning ascribed to it in Condition 7(b);

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

‘*Fixed Rate Period*’ means the period from (and including) the Issue Date to (but excluding) the First Call Date;

‘*Floating Coupon Amount*’ has the meaning ascribed to it in Condition 5(c);

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

‘*Group*’ means the Issuer and its Subsidiaries;

‘*Holder*’ has the meaning ascribed to it in Condition 1(b);

‘*Interest*’ shall, where appropriate, include Coupon Amounts, Deferred Coupon Payments and Accrued Coupon Payments;

‘*Issue Date*’ means 24 June 2005, being the date of initial issue of the Securities;

‘*Issuer*’ means Eureka B.V.;

‘*Junior Guarantee*’ means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary or Undertaking and ranking after the Securities on a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer or in respect of distributions or payment of dividends or any other payment thereon;

‘*Junior Securities*’ means the Ordinary Shares of the Issuer and any other securities or instruments which rank after the Securities as regards distributions or a return of assets on a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer or in respect of distributions or payment of dividends or any other payments thereon, including, without limitation, the Existing Preference Shares of the Issuer;

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

‘*Make Whole Premium*’ means the excess, if any, of (i) the present value of the future Debt Service on the Security (assuming for this purpose that the Securities are to be redeemed at their principal amount on the First Call Date) discounted at 0.95 per cent. above the then current yield on the 3.25 per cent. German Bundesobligationen due 4 July 2015 (or, if such security is no longer in issue, such other German Bundesobligationen in issue on or about the Reference Date as the Calculation Agent may, with the advice of Reference Market Makers, determine to be appropriate by way of substitution for the 3.25 per cent. German Bundesobligationen due 4 July 2015) over (ii) the outstanding principal amount of such Security, all as determined by the Calculation Agent;

‘*Make Whole Redemption Amount*’ means, in respect of each Security, (a) the principal amount of such Security or, if this is higher, (b) the sum of the principal amount of such Security and the Make Whole Premium;

the ‘*Mandatory Deferral Condition*’ will be met, *before the Issuer becoming subject to Capital Adequacy Regulations*, if, in the determination of the Issuer, on the 20th Business Day preceding the date on which a Payment will be due and payable, the Issuer is not Solvent or payment of the relevant Payment, or part thereof, would result in the Issuer becoming not Solvent or, *after the Issuer becoming subject to Capital Adequacy Regulations*, if, in the determination of the Issuer, on the 20th Business Day preceding the date on which a Payment will be due and payable the Issuer is subject to a Regulatory Event or payment of the relevant Payment, or part thereof, would result in the Issuer becoming subject to a Regulatory Event;

*‘Mandatory Deferral Notice’* has the meaning ascribed to it in Condition 4(a);

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

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

- (i) the Issuer declares, pays or distributes a dividend or makes a payment on any of its Parity Securities or makes any payment on a Parity Guarantee (except where it concerns a payment, purchase or redemption which the Issuer is obliged to make pursuant to its Articles of Association as they read prior to the relevant deferral or equity swap, forward, repo or equity derivative transactions concluded by the Issuer prior to the relevant deferral); or
- (ii) any Subsidiary or Undertaking declares, pays or distributes a dividend on any security issued by it benefiting from a Parity Guarantee or makes a payment on any security issued by it benefiting from a Parity Guarantee;

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

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

*‘Margin’* means 2.80 per cent.;

*‘Market Disruption Event’* means (i) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or on settlement procedures for transactions in the Payment Capital Securities on the Relevant Stock Exchange) if, in any such case, that suspension or limitation is, in the determination of the Issuer material in the context of the sale of the Payment Capital Securities, (ii) where, in the opinion of the Issuer, there has been a substantial deterioration in the price and/or value of the Payment Capital Securities or circumstances are such as to prevent, or to a material extent restrict, the issue or delivery of the Payment Capital Securities, (iii) where, pursuant to these Terms and Conditions, moneys are required to be converted from one currency into another currency in respect of any Payment, the occurrence of any event that makes it impracticable to effect such conversion or (iv) where, in the opinion of the Issuer, there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Payment Capital Securities or dealings in the Payment Capital Securities in the secondary market, if any.

*‘Non-callable Securities’* means subordinated perpetual non-cumulative securities that are not callable at the option of the Issuer (and, in addition after the Issuer becoming subject to Capital Adequacy

Regulations, that constitute or are treated as own funds and, if own funds is subdivided in tiers, core capital (tier 1 or equivalent) of the Issuer) and that rank on a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer, effectively from a financial point of view, *pari passu* with the Ordinary Shares of the Issuer;

‘*Optional Deferral Notice*’ has the meaning ascribed to it in Condition 4(b);

‘*Ordinary Shares*’ means the A share, the M shares and the ordinary shares of the Issuer or depositary receipts, if any, issued in respect of such ordinary shares, as the context may require;

‘*Other Tax Event*’ means an event of the type described in Condition 7(c) (i), (ii) or (iii) that is not the result of a Tax Law Change;

‘*Outstanding Payment*’ means:

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

‘*Parity Guarantee*’ means any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary or an Undertaking or other securities (regardless of name or designation) of the Issuer or such Subsidiary or Undertaking which rank on a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer or in respect of distributions or payments thereon *pari passu* with the Securities;

‘*Parity Securities*’ means, in respect of the Issuer, any securities of the Issuer which, whether legally or effectively from a financial point of view, rank *pari passu* with the Securities as regards distributions or a return of assets on a winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer or in respect of distribution or payment of any amounts thereunder by the Issuer;

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

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

‘*Payment Capital Securities*’ means (i) Ordinary Shares, or (until such time as Ordinary Shares of the Issuer are listed on a stock exchange or traded on a regulated market) (ii) any Non-callable Securities, which may be issued by the Issuer to satisfy the Alternative Coupon Satisfaction Mechanism set out in Condition 6(a);

‘*Preference Shares*’ means preference shares of the Issuer;

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

‘*Reference Bank*’ means four major banks in the Euro-zone interbank market as selected by the Calculation Agent;

‘*Reference Date*’ means the date which is three dealing days prior to the date fixed for redemption pursuant to Conditions 7(c), 7(d) or 7(e) by the Issuer;

‘*Reference Market Makers*’ means three brokers or market makers of European government bonds selected by the Calculation Agent and approved for this purpose by the Trustee or such other three persons operating in the European government bonds market as are selected by the Calculation Agent in consultation with the Issuer and approved for this purpose by the Trustee;

‘*Regulator*’ means any existing or future regulator having primary supervisory authority with respect to the Issuer or the Issuer as if it were the ultimate parent undertaking in an EU regulated financial group;

‘*Regulatory Event*’ means the Issuer shall have become subject to supervision by a Regulator pursuant to law or regulation and that the Issuer’s consolidated or non-consolidated solvency margin, capital adequacy ratios or comparable margins or ratios under the Capital Adequacy Regulations are, or as

a result of a Payment would become, less than the relevant minimum requirements as to be applied and enforced by such Regulator pursuant to the Capital Adequacy Regulations;

‘*Relevant Date*’ means (i) in respect of any payment other than a Winding-Up Claim, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the “Relevant Date” means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 16, and (ii) in respect of a Winding-Up Claim, the date which is one day prior to the commencement of the winding-up (*faillissement* or *vereffening na ontbinding*);

‘*Relevant Stock Exchange*’ means the exchange or quotation system on which the Payment Capital Securities may have their primary listing from time to time;

‘*Securities*’ means € 500,000,000 Fixed-to-Floating Rate Perpetual Capital Securities, and such expression shall include, unless the context otherwise requires, any further Securities issued pursuant to Condition 17 and forming a single series with the Securities;

‘*Senior Creditors*’ means present and future creditors of the Issuer (a) who are unsubordinated creditors of the Issuer, or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up (*faillissement* or *vereffening na ontbinding*) of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise or (c) who are subordinated creditors of the Issuer other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders;

‘*Solvent*’ means that the Issuer is (a) able to pay its debts to Senior Creditors as they fall due and (b) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Senior Creditors);

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

‘*Substitution Event*’ means the occurrence of a breach by the Issuer or the Group or any member of the Group of Dutch capital adequacy requirements, guidelines or measures or any other regulatory capital requirements, guidelines or measures applicable to the Issuer or the Group or any member of the Group, as the case may be (whether or not such requirements, guidelines or measures have the force of law and whether they are applied generally or specifically to the Issuer or the Group or any member of the Group, as the case may be);

‘*TARGET Settlement Day*’ means a day on which the TARGET System is open;

‘*TARGET System*’ means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System;

‘*Tax Law Change*’ has the meaning ascribed to it in Condition 7(c)(i);

‘*Tax Law Change Event*’ means an event of the type described in Condition 7 (c) (i), (ii) or (iii) that is the result of a Tax Law Change;

‘*Trust Deed*’ means the trust deed dated 22 June 2005 between the Issuer and the Trustee;

‘*Trustee*’ means Amsterdamsch Trustee’s Kantoor B.V. or any successor trustee;

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

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

## EUREKO B.V.

In this section entitled “Eureko B.V.” references to “Eureko” and the “Eureko Group” are each to Eureko B.V. and its subsidiaries taken together, unless the context indicates otherwise.

### GENERAL INFORMATION

The Eureko Group consists of Eureko B.V. and its subsidiaries. Eureko B.V. was incorporated by deed of incorporation on 30 December 1991. Eureko B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands with a corporate seat in Amsterdam. The Articles of Association of Eureko B.V. were most recently amended by deed of amendment on 28 December 2004. Eureko B.V. is registered with the Trade Register at the Chamber of Commerce and Industry for Utrecht, registration number 33235189.

Eureko B.V. is a privately-owned holding company of a financial services group, whose core business is primarily insurance, and which has operations in eleven European countries. Eureko has evolved from its origins as an alliance of likeminded, independent insurance companies with shared goals, to its position as a broad group with a number of operating companies which it owns outright, or in which it has significant share holdings.

The Eureko Group offers a full range of insurance products – life insurance, health insurance and non-life insurance – and pension products and banking services. Eureko’s philosophy is to create an integrated, European group consisting of market leaders in the territories in which its companies operate, providing ‘local solutions, shared goals’. Each of its operating companies has strong brands; they know their local markets, and are customer-focused. It is this local expertise, combined with the backing of a strong European Group and sharing of skills and experience throughout the Group which is the cornerstone of Eureko’s values. The operating companies retain their own brand names, as brand recognition in their territories is very strong.

The Eureko Group comprises Achmea, Friends First, Interamerican, Union, Império France and a strategic investment in PZU of Poland (31.8%) and in F&C Asset Management of the UK (21%). Eureko has start-up operations in Bulgaria, Romania and Cyprus.

Eureko has operations in the following countries (under the respective operating company brands).

The Netherlands, Luxembourg, Belgium	(Achmea)
Greece	(Interamerican)
Ireland	(Friends First)
Slovakia	(Union)
France	(Império France)
Romania, Bulgaria and Cyprus	(Start-up companies)

In addition, Eureko has a company based in Warsaw (Eureko Polska) whose personnel are engaged in the development plans of Eureko’s shareholding in PZU, Poland.

Shareholders' structure<sup>1</sup>



<sup>1</sup> Presented percentages for Eureko’s shareholders are voting rights.

Eureko B.V. is not subject to supervision by the Dutch Central Bank (*De Nederlandsche Bank N.V.*) under the Netherlands Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*) or the Act on the Supervision of the Insurance Industry (*Wet toezicht verzekeringsbedrijf 1993*) or any other regulator.

## **REVIEW OF OPERATIONS EUREKO FOR 2004**

Eureko experienced a very successful year in 2004. Net result showed an excellent development at € 1,153 million (including the one-off capital gain from Group transactions of € 667 million). Excluding these transactions, the net result has doubled from its 2003 figure (€ 243 million), to € 486 million in 2004. The operating result (based on long-term returns) of € 564 million compared with € 309 million for the same period in 2003. Gross written premiums have increased by 10%, to € 6,209 million, from € 5,656 million in 2003.

There has been a strong improvement in results in the last two years, which serves to underline Eureko's solid financial position, and is also an endorsement of the success of the re-structuring programme that began in 2003 and which has continued throughout the past year. In assessing Eureko's businesses and future development plans, it was decided to concentrate the strategic focus on insurance and insurance-related businesses. To this end Eureko reduced its exposure to asset management through the merger of F&C with ISIS Asset Management, and by the sale of its Greek asset manager, Intertrust, to EFG Eurobank Ergasias. Eureko has divested non-core banking operations by selling Europabank in Belgium, the commercial property finance portfolio in the Netherlands, and has re-positioned Staalbankiers to focus on private banking in the Netherlands.

Overall, Eureko has experienced excellent results in its non-life insurance business, mainly due to an excellent claims ratio and strict underwriting policies. The improved performance is also a result of the strict cost controls introduced. Eureko has also taken steps to strengthen its intermediary business in the Netherlands through the merger with Levob, and the acquisition of the health portfolio of AXA.

The health insurance business also recorded a strong improvement in results, although the health services business (in the Netherlands and Greece) was less satisfactory, mainly due to extensive legislative changes in the Netherlands and a reduced level of demand for such services. Accordingly, this business area is being re-structured to meet the new demands of the market. However, the proposed reforms, in the Netherlands, are creating considerable difficulties for providers, as the information required for effective implementation is not fully available yet, despite the pressure to have the reforms implemented within a relatively short time-frame.

In the Netherlands, whilst the life sector has shown an improvement, new business generation and profitability of Eureko's life insurance operations do not meet its standards yet. However, with a renewed focus on commercial vitality, the performance of these operations is expected to improve. There is little time for insurers to prepare for the changes being introduced in the pension sector. For both public and private sectors, the complexity of the new pension legislation creates a climate of uncertainty for all participants. However, it is also a fact that the introduction of new systems does present considerable opportunities for growth in health and pension products. Eureko is keen to embrace the potential, but of course can only do so effectively when there is a clear decision-making process on the part of the government.

The contribution from associated companies and strategic investments (primarily PZU and BCP) have been very satisfying, under-scoring the success of these investments.

In general, the results of the implementation of the re-structuring programme are satisfactory, but will not lessen efforts to contain costs and to continue to improve commercial performance.

Eureko has initiated arbitration proceedings against the State of Poland for failure to protect the rights of foreign investors under the bilateral agreement between the State of Poland and the Netherlands of 1992. These proceedings are still pending.

## **MAIN OPERATING COMPANIES OF THE EUREKO GROUP**

### **Achmea**

As a leading financial services provider in the Netherlands, Achmea offers businesses, institutions and consumers a broad range of insurance, banking and mortgage products. Achmea links other services to these products so as to enhance their value and to provide greater convenience for the consumer. These services include emergency assistance at home and abroad, health and safety services, absenteeism prevention and workplace reintegration services, as well as health services which aim for

‘prevention rather than cure’, and encourage a healthy lifestyle for its policyholders. Achmea also administers pension schemes. In the market Achmea is known for services which ‘unburden’ its customers.

Through its brands, including among others, Centraal Beheer Achmea, Zilveren Kruis Achmea, Avéro Achmea and FBTO, Achmea holds an important position in the non-life, occupational health and life insurance market segments, and is a market leader in health insurance. Achmea makes use of all the major distribution channels, both traditional and relatively new channels: personal, telephone and workplace sales, as well as sales through agents, intermediaries and banks and, increasingly, direct sales via the internet.

Achmea’s banking activities primarily focus on retail banking and, through Staalbankiers, private banking for high net worth individuals.

Achmea is organised in business units which are increasingly making use of shared services and competence centres. By pooling expertise in these support services, Achmea has been improving its efficiency. To that end, the management of the business units are responsible not only for the results of their own business unit, but also for achieving the objectives of Achmea as a whole and thereby improving the overall performance of the group. Furthermore, there is considerable emphasis on improving individual performance by encouraging individuals to take responsibility for their own goals and targets.

#### *Financial Highlights in 2004*

- Achmea Holding N.V. registered an after-tax result of € 337.3 million, which represents a substantial improvement compared with its result in 2003 (€ 251.6 million). The improvement was achieved primarily in non-life, while health and banking showed considerable improvement as well. Achmea’s result in life, compared with 2003, was affected by lower release of technical provisions for profit sharing and addition to the reserves that cover the risk of increased longevity.
- Achmea’s non-life combined ratio reached a historically low level, primarily driven by low claims levels across non-life product lines. The combined ratio fell from 96.4% in 2003 to 91.6% in 2004. In health insurance, the claims ratio fell by 1.4 percentage points to 88%.
- Achmea’s banking operations were restructured significantly, increasing focus on private and retail banking. Despite significant reorganisation expenses, Achmea’s banking result increased from a € 48.4 million loss in 2003 to a € 2.0 million profit in 2004.
- Premium income was resilient and increased across business lines. Overall, Achmea’s premium income rose from 2003 to 2004 by 8.7%. The inclusion of Levob’s premium income in the second half of 2004 accounted for 3.9% of Achmea’s premium growth. Achmea’s life premium income was up by 8.9%, non-life premiums by 1.5% and health premiums by 14.3%.

## Key Figures

	2004	2003
	€ million	
Premium income Life	1,947.3	1,787.4
Premium income Non-Life	1,304.9	1,285.8
Premium income Health	1,817.8	1,590.9
<b>Total premium income</b>	<b>5,070.0</b>	<b>4,664.1</b>
Banking income	862.0	927.1
Result before tax	452.2	363.0
Net income	337.3	251.6
Contribution to Eureko	325.0	212.1 <sup>(1)</sup>
Total assets	43,605.5	42,178.1
Shareholders' equity	3,000.2	2,814.8
<i>Market Share (in terms of premiums)</i>		
Life	7.5%	7.2%
Non-Life (incl. Health)	12.9%	12.9%
<i>Ranking</i>		
Life	6th	6th
Non-Life (incl. Health)	1st	1st

(1) Following the integration of the offices of the holding companies of Eureko and Achmea, holding expenses have been included in the contribution of Achmea. The comparative figures for 2003 have been restated.

## Main Developments in 2004

- Operating results improved mainly as a further result of a restructuring programme which began in 2003 and enhanced commercial performance.
- A restructuring of banking activities was implemented, including the transfer of Eduard de Graaff brokerage activities to Rabo Securities N.V. and the termination of Staalbankiers' business banking and commercial property financing activities. Staalbankiers will focus on private banking going forward.
- Achmea sold Europabank (Belgium) to Belgian Landbouwkrediet.
- The merger between Achmea and Levob was agreed and completed.
- Achmea acquired the health insurance portfolio of AXA, resulting in an increase of volume of Avéro Achmea's health insurance portfolio.
- An agreement was signed with Rabobank to distribute health insurances via intermediary Interpolis.

## Friends First

Friends First, originally founded as a branch of Friends Provident (UK) in 1834, is the second largest operating company of Eureko and is active in Ireland, one of Eureko's core markets. Friends First consists of Friends First Life Assurance Co. Ltd ("FFLAC"), Friends First Finance Limited ("FFF") and four developmental businesses.

FFLAC is a leading Irish life insurer providing the full range of pensions, investments, savings and protection products to consumers and businesses in Ireland. It is currently ranked seventh in the market with a 7% market share. It has a customer base of approximately 220,000 and employs over 450 people.

FFLAC has a multi-channel distribution strategy and distributes its products through the broker channel, bancassurance via its established relationship with First Active and a developing agency/direct relationship with key producers such as One Direct (the financial services business of An Post). 81% of FFLAC's sales are through brokers; 12% through First Active and 7% directly to customers (phone based). The First Active relationship commenced in 1998 and was renewed in 2003 after a competitive tender process. First Active's Annual Premium Equivalent sales have grown by 38% Compound Annual Growth Rate between 2001 and 2004.

Product innovation and an early adapter approach to e-commerce have brought significant benefits to the company in recent years.

FFF was established in 1997 and is one of the leading players in the asset finance market in Ireland. It operates in 3 distinct areas of activity: asset finance, car finance and retail consumer lending and has a loan book of almost € 400 million.

The four developmental businesses are all performing well and are all related to the core vision. These businesses consist of a third party administration business; a brokerage business; a high net worth business and a securities lending business.

### ***Financial Highlights***

- The Friends First Group realised a result after tax of € 27.1 million in 2004 which is 33.5% ahead of last year's result of € 20.3 million. Good progress was made in all business areas during the year.
- Within FFLAC, net income grew by 5% and was well supported by new sales volumes increase of 10% (on an Annual Premium Equivalent basis) in 2004 compared with 2003, mainly on the back of strong sales of the new tracker product, Protected Investment Bond and the Geared Dutch/French Property Fund. These results reflect the ongoing improvement in the Irish life insurance market driven by improved economic sentiment and strong consumer spending. Friends First's premium growth was in line with market developments, leaving the market share unchanged from last year at around 7.0% (excluding investment-only business). Results were positively affected by strong performance of the equity portfolio, higher realised gains on bonds and improved insurance experience.
- FFF had a good year in 2004 as the result after tax increased by 75% (€ 3.5 million in 2004 compared with € 2.0 million in 2003). The improvement in results was driven by higher lending volumes and lower cost of funds. The development of the loan book underscores the outstanding performance of last year as it increased by 12% during 2004 (from € 324 million to € 364 million). The outstanding operational performance is reflected in an improved net interest margin (up to € 13.6 million from € 11.8 million in 2003) and a better cost to income ratio (down by 2.3 percentage points during 2004).
- Shareholders' equity has increased by € 15.1 million during 2004 as net profits of € 27.1 million were partially offset by the decision to fully recognize and write off the goodwill of Liberty (- € 10.5 million) and revaluation losses (- € 1.5 million).

### ***Key figures***

	2004	2003
	€ million	
Premium income Life	560.6	472.4
Operating result Life	19.2	14.5
Operating result Finance	4.0	2.1
Operating result Other	7.8	3.1
Result before tax	31.0	19.7
Net income	27.1	20.3
Contribution to Eureko	27.1	20.3
Total assets	4,478.8	4,286.7
Shareholders' equity	179.1	164.0
<i>Market Share</i>		
Life	7.0%	7.1%
<i>Ranking</i>		
Life	6th	7th

### ***Main developments***

- Friends First International extended the Mediolanum contract for a further three years, now servicing a life and pensions business worth in excess of € 500 million in Spain, Italy and Germany.
- A syndicated € 270 million loan from a group of Irish and international banks has been finalised in 2004 for the funding of FFF.

### ***Interamerican***

Interamerican Group has a 36-year history of leading the Greek insurance market. Today, Interamerican is one of the largest life and health insurance company in Greece with a market share of 14% and the fourth largest in non-life, with a market share of approximately 6.5%. Interamerican offers a broad range of products and services in the area of life insurance, income protection, savings and investments, health care, credit cards, retirement planning, emergency assistance and non-life insurance covering the needs of private and corporate clients.

With more than 2,900 agents, Interamerican has built one of the largest distribution networks in the country. Additionally, Interamerican is expanding its distribution capabilities in the bancassurance channel through its co-operation with NovaBank and EFG Eurobank-Ergasias. Interamerican is among the top 20 companies operating in the local market, in terms of reputation and prestige, with 98 out of 100 Greeks aware of its brand. Interamerican has more than 700,000 customers.

### ***Financial Highlights***

- Interamerican registered a net loss of € 15.9 million in 2004 compared with a profit of € 17.8 million in 2003. The main deviation stems from a provision taken of € 15.2 million after tax (before tax € 20.2 million). Further devaluation of real estate and tax asset write-offs negatively impacted results. Underlying business performance of the non-life and health insurance operations remains satisfactory evidenced by an improvement of the technical results. However, the performance of life insurance was disappointing in 2004. Interamerican will maintain its focus on improving the operational efficiency and commercial vitality of its life insurance operations.
- After a period of falling life sales, Interamerican managed to increase its commercial performance in life, non-life and health. Especially in life, Interamerican's focus on the growing private pension needs of the Greek market contributed to the premium growth achieved in 2004.
- After realising an improvement in 2003, both non-life and health combined ratios further progressed in a positive direction. Non-life combined ratio decreased by 4.5% points from 104.7% in 2003 to 100.2% in 2004. The main contributor to this improvement is a cost reduction exercise, supported by the continued restrictive underwriting policy. In health, the combined ratio decreased further to 99% from 105% in 2003 mainly driven by an improved cost ratio.
- Interamerican registered improved results and revenues from its health services business. Health services revenues are up by 22.6% compared with 2003, from € 47.3 million to € 58.0 million in 2004. All three clinics, Euroclinic, Athinaiki and Pediatrics positively contributed to results, the latter two for the first time after their start-up in 2003.

### **Key Figures**

	2004	2003
	€ million	
Premium income Life	221.4	217.5
Premium income Non-Life	133.3	131.2
Premium income Health	41.9	33.9
<b>Total premium income</b>	<b>396.6</b>	<b>382.6</b>
Result before tax	(17.5)	29.4
Net income	(15.9)	17.8
Contribution to Eureko	(16.5)	18.5
Total assets	1,597.0	1,553.3
Shareholders' equity	162.5	167.3
<i>Market Share</i>		
Life and Health	14.0%	16.5%
Non-Life	6.5%	6.2%
<i>Ranking</i>		
Life and Health	2nd	1st
Non-Life	4th	4th

### **Main Developments in 2004**

- Merger of Interamerican's stock brokerage firm with another firm of similar size is pending regulatory approval, within the context of portfolio optimisation.
- Eureko finalised the sale of Intertrust, its Greek asset management company to EFG Eurobank-Ergasias. Under the terms of the agreement Interamerican will continue to promote and distribute mutual funds under the 'Interamerican' label.

### **Império France**

Império Assurances et Capitalisation S.A. ("Império France") is a life insurance company operating in a niche market segment – the Portuguese community – of some 0.9 million people living in France. Império France was established in 1971 as a subsidiary of a major Portuguese insurer. Since its establishment, Império France has developed into the largest life insurance provider for the Portuguese community living in France, which is concentrated in the Paris region. Império France also offers brokerage services in non-life insurance. Império France operates six agencies in France and has a branch in Lausanne, Switzerland. In total, Império France employs 58 people, of which 21 are tied agents.

### **Financial Highlights**

- Net income grew to € 3.0 million from € 2.0 million in 2003. The improvement in the result has been driven by portfolio growth combined with good claims experience.
- Total premiums reached € 122.2 million, 3.3% higher than 2003, due to a growth in savings products in both banking and agents' distribution channels. Império France's banking partner, Banque BCP, produced 67% of premiums written and 71% of the new business Annual Premium Equivalent. The agents' network, representing a smaller share of the premiums written, produced a good 8.5% growth rate.

### **Key Figures**

	2004	2003
	€ million	
Premium income Life	122.2	118.3
Investment income (excl. policyholders)	17.2	13.9
Other income	0.3	0.2
Operating expenses	9.5	8.5
Result before tax	4.6	3.1
Net income	3.0	2.0
Contribution to Eureko	3.0	2.0
Total assets	468.4	372.4
Shareholders' equity	27.8	20.0

### **Main Developments in 2004**

- Acquisition of Globale, a non-life broker and a former partner company, providing Império France with a broader service range for its clients.
- In December 2004 Império France received a licence to sell accident and health insurance.

### **Union**

Union Poist'ovňa a.s. ("Union") is a medium-sized insurance company, which offers life and non-life products to individual and corporate clients. It continues to dominate the travel insurance sector in Slovakia with a market share of around 50%. Union has a rapidly-growing life insurance business, a strong position within some commercial non-life sectors, and recently launched its health insurance operations. Union has a comprehensive distribution network, which includes direct sales (for both individual and corporate customers), broker distribution, call centre and the Internet. Union's travel insurance is also distributed via travel agencies throughout Slovakia.

### **Financial Highlights**

- In 2004, Union's net income was SKK 23.1 million (€ 0.6 million) compared with SKK 27.4 million (€ 0.7 million) in 2003. Union's result was negatively affected in Q4 by losses related to the start-up of the health business. On a comparable basis, 2004 net income reveals an increase of 8.8% compared with a 2003 net income of SKK 27.4 million (€ 0.7 million).
- Premium income in non-life was SKK 550.9 million (€ 13.7 million), compared with SKK 560.1 million (€ 13.5 million) in 2003. In local currency this represents a slight decrease year-on-year, which was offset by an average 3.6% appreciation of the Slovak Koruna against the Euro. The decline in local currency was driven by the contraction of the custom bond insurance market following Slovakia's entry to the EU from 1 May 2004, partly compensated for by an increase in other business lines. The technical result in non-life was SKK 52.6 million (€ 1.3 million), a decline of 28% from SKK 76.4 million (€ 1.8 million) in 2003, reflecting the intrinsic cyclicity of the non-life business. The net combined ratio, although up by 7.1 percentage points stood at 88.7%, thus showing robust performance in underwriting profitability.
- In life insurance, Union continued to a strong growth in premium income, from SKK 261.9 million (€ 6.3 million) in 2003, to SKK 307.7 million (€ 7.6 million) in 2004, an increase of 21% for the third consecutive year. The technical result remained negative at SKK -34.7 million (€ -0.9 million). This, however, was an improvement when compared with a loss of SKK -48.4 million (€ -1.2 million) in 2003.

## Key Figures

	2004	2003
	€ million	
Premium income Life	7.6	6.3
Premium income Non-Life	13.7	13.5
<b>Total premium income</b>	<b>21.3</b>	<b>19.8</b>
Result before tax	0.6	0.7
Net income	0.6	0.7
Contribution to Eureko	0.6	0.7
Total assets	32.2	24.0
Shareholders' equity	7.9	6.2
<i>Market Share</i>		
Life	1.6%	1.5%
Non-Life	1.9%	2.3%
<i>Ranking</i>		
Life	12th	12th
Non-Life	5th	5th

## Main Developments in 2004

- Union launched a new business line – supplementary health insurance.
- Embedded value profit in life insurance exceeded the operating loss for the first time.

## Associate PZU (Eureko interest 31.8%)

PZU provides comprehensive services to over 15 million clients throughout Poland. In 2004, the PZU Group was the largest insurance institution not only in the domestic market but also in Central and Eastern Europe. PZU S.A. (parent company) continued to dominate the non-life insurance market in Poland with a 50.6% market share (at Q3 2004), while PZU Zycie S.A. maintained its leading position in life insurance with a market share of 44.9% (at Q3 2004). PZU S.A. offers a full range of non-life insurance products, including motor, property and liability insurance for both individual and corporate customers – over 100 business lines in total. PZU Zycie, the life insurer, can provide customers with any of 38 products and packages, including products with risk protection and savings components, whole of life, term assurance, unit-linked products, endowments and corporate-owned life for individuals as well as group life, health and disability products. Pension funds and mutual funds, in addition, provide PZU's customers with a wholly comprehensive package. PZU's 200-year old history, outstanding brand and the strongest distribution network in the country (760 branches, 3,000 sales people, 15,700 tied agents and brokers and 104,000 representatives) make PZU the most well-known insurance brand in Poland.

## Financial Highlights (based on internal Eureko estimates)

- The consolidated net profit of PZU reached an all time record of 2,016 million zlotys (equivalent to € 446.4 million), an increase of 34.9% over 2003.
- Total premium income was 13,259 million zlotys (€ 2,936 million), an increase of 8.6% over 2003. Premium income growth in the life segment outperformed the non-life segment by 0.7 percentage points, with a growth of 9.0% versus 8.3% for the non-life segment.
- The consolidated combined ratio registered a substantial improvement of 1.1 percentage points, from 87.2% in 2003 to 86.1% in 2004. As a result, the technical result for non-life insurance rose to 464 million zlotys (€ 102.7 million) which is 65% higher than in 2003. The technical result for life insurance increased by 20% to 792 million zlotys (€ 175.4 million).
- The balance sheet strength has evolved positively, with shareholders' equity rising 27% from year-end 2003 to 7,563 million zlotys (€ 1,674.8 million), further enhancing an already comfortable solvency level.

### **Key Figures<sup>(1)</sup>**

	2004	2003*
	€ million	
Premium income Life	1,223.8	1,122.8
Premium income Non-Life	1,712.2	1,580.9
<b>Total premium income</b>	<b>2,936.0</b>	<b>2,703.7</b>
Net income	446.4	331.0
Contribution to Eureko	110.5	86.9
Total assets	7,842.6	7,636.2
Shareholders' equity	1,674.8	1,323.0
<i>Market Share</i>		
Life	45.6%	47.2%
Non-Life	50.8%	54.0%
<i>Ranking</i>		
Life and Health	1st	1st
Non-Life	1st	1st

(1) Internal Eureko estimate (final figures not yet available).

\* Figures for 2003 are adjusted for the 2004 currency rate.

### **Main Developments in 2004**

- PZU S.A. acquired a 100% stake in two Lithuanian insurance companies in April: non-life insurance company Nord LB Draudimas and life insurance company Nord/LB Gyvybes Draudimas. In November, these were merged with UAB DK Lindra, to form a new Lithuanian brand, PZU LIETUVA. This was also the start of PZU's first foreign marketing campaign.
- Standard & Poor's assigned its 'A-' long-term credit and insurer financial strength rating to PZU S.A. and PZU Zycie S.A. The outlook is stable. This is the highest rating granted to a financial institution in Central and Eastern Europe.
- The Companies of the PZU Group, PZU S.A. and PZU Zycie S.A., signed a sale agreement with CA IB Fund Management S.A. for the shares of the National Investment Funds and the stocks of PZU NFI Management Sp. z.o.o. – the company managing the Funds – owned by PZU Group.
- PZU will acquire P&C and life insurance companies in the Ukraine; completion is expected in 2005.

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Balance Sheet

*(Before appropriation of results)*

	<i>As at 31 Dec 2004</i>	<i>As at 31 Dec 2003</i>
	<i>€ million</i>	
<b>Assets</b>		
Intangible assets	191.2	
Investments in associated companies	988.8	644.4
Other investments	22,056.8	18,532.1
Investments on behalf of policyholders	8,029.2	6,925.5
Banking credit portfolio	16,781.3	17,133.5
Receivables	1,162.9	1,479.3
Other assets	781.7	1,817.8
Prepayments and accrued income	1,304.1	1,245.9
<b>Total</b>	<b>51,296.0</b>	<b>47,778.5</b>
<b>Equity and Liabilities</b>		
Capital and reserves	4,093.4	1,813.5
Minority interest	1.4	365.5
<b>Group equity</b>	<b>4,094.8</b>	<b>2,179.0</b>
Fund for general banking risks	42.8	44.9
<b>Group capital base</b>	<b>4,137.6</b>	<b>2,223.9</b>
Technical provisions	21,539.6	19,336.3
Technical provisions for policyholders	8,029.2	6,925.5
Other provisions	391.4	360.0
Banking customer accounts	5,844.8	6,973.7
Loans and borrowings	9,269.2	9,396.7
Other liabilities	1,334.5	1,694.6
Accruals and deferred income	749.7	867.8
<b>Total</b>	<b>51,296.0</b>	<b>47,778.5</b>

## Consolidated Income Statement

	2004	2003
	€ million	
<b>Income</b>		
Gross written premiums Life	2,878.9	2,602.9
Gross written premiums Non-Life	1,470.8	1,432.4
Gross written premiums Health	1,859.7	1,620.4
<b>Gross written premiums</b>	<b>6,209.4</b>	<b>5,655.7</b>
Reinsurance premiums	(356.6)	(196.6)
Change in provision for unearned premiums (net)	(1.1)	(3.4)
<b>Net earned premiums</b>	<b>5,851.7</b>	<b>5,455.7</b>
Contribution received for health pooling	274.5	268.9
Capital gain from Group transactions	666.5	(12.5)
Income from associated companies	128.6	58.4
Capital gain from restructuring of banking activities	43.2	
Investment income	1,145.1	606.3
Investment income for account of policyholders	536.4	588.0
Asset management income	173.9	230.3
Banking income	890.1	953.1
Other income	419.6	453.2
<b>Total income</b>	<b>10,129.6</b>	<b>8,601.4</b>
<b>Expenses</b>		
Net claims and movement in technical provisions	6,108.2	5,762.7
Profit sharing, bonuses and rebates	230.5	424.7
Change in unrealised investment losses	(16.5)	(692.9)
Operating expenses insurance and Health	1,282.9	1,174.4
Asset Management expenses	148.4	190.5
Banking expenses	749.0	871.8
Interest expenses	48.9	78.3
Other expenses	307.0	367.8
<b>Total expenses</b>	<b>8,858.4</b>	<b>8,177.3</b>
Ordinary result before tax	1,271.2	424.1
Tax on ordinary results	(117.9)	(158.3)
<b>Ordinary result after tax</b>	<b>1,153.3</b>	<b>265.8</b>
Minority interest	(0.7)	(22.8)
<b>Result after minority interest</b>	<b>1,152.6</b>	<b>243.0</b>
<b>Key Indicators</b>	<b>2004</b>	<b>2003</b>
Embedded value	2,744	2,593
ROE	39.0%	14.2%
Earnings per share (EUR)	5.29	1.22
Ratings as per 27 May 2005 – Standard & Poor's		
Financial strength ratings:		
Eureko Group	A+	
Issuer credit rating:		
Eureko B.V.	A-	
Achmea Holding N.V.	A-	

## Consolidated Cash Flow Statement

	2004	2003
	€ million	
<b>Cash flow from operating activities</b>		
Result after taxation	1,152.6	243.0
Movement in technical provisions	943.7	1,046.2
Non-cash proceeds included in capital gains from Group transactions	(155.7)	(8.6)
Realised revaluation of investments	(391.8)	(119.4)
Movement in other provisions	82.2	26.3
Amortisation of acquisition costs	106.6	83.2
Change in deferred interest rebates	32.1	34.9
Amortisation of operating assets	58.3	69.8
Movement in short-term debt	(404.1)	(67.9)
Capitalised acquisition costs	(101.6)	(89.2)
Movement in receivables	339.3	217.5
Other movements	(50.6)	383.9
	<b>1,611.0</b>	<b>1,819.7</b>
<b>Cash flow from investing activities</b>		
<b>Investments and acquisitions</b>		
Real estate and equities	(1,703.7)	(1,971.7)
Fixed-income securities	(15,503.7)	(21,184.8)
Group companies and associated companies	(393.6)	(5.7)
Other investments	(440.7)	(972.4)
Tangible fixed assets	(46.2)	(59.7)
<b>Divestments redemptions and disposals</b>		
Real estate and equities	1,433.0	2,374.3
Fixed-income securities	14,423.0	20,273.1
Group companies and associated companies	124.1	
Other investments	400.6	1,015.4
Tangible fixed assets	24.7	20.7
	<b>(1,682.5)</b>	<b>(510.8)</b>
<b>Cash flow from banking activities</b>		
Loans granted, on balance	755.3	(522.9)
Movement in customer accounts, debt securities and banks	(1,215.8)	436.5
	<b>(460.5)</b>	<b>(86.4)</b>
<b>Cash flow from financing activities</b>		
Private placing of ordinary shares	233.2	198.9
Dividends paid	(91.4)	
Other credit facilities	(469.6)	(1,173.5)
	<b>(327.8)</b>	<b>(974.6)</b>
<b>Net cash flow</b>	<b>(859.8)</b>	<b>247.9</b>
<b>Movement in liquid assets</b>		
Liquid assets at 1 January	1,249.7	1,001.8
Net cash flow	(859.8)	247.9
<b>Liquid assets at 31 December</b>	<b>389.9</b>	<b>1,249.7</b>
Liquid assets include the following items:		
Bank balances	127.3	618.3
Call deposits	262.6	620.9
Short-term government paper		10.5
<b>Liquid assets at 31 December</b>	<b>389.9</b>	<b>1,249.7</b>

## CAPITALISATION

On 31 December 2004, the authorised share capital comprises 739,999,999 ordinary shares, one A-share and 10,000,000 M-shares, and 60,000,000 preference shares, all with a par value of € 1.00 each. The issued share capital consists of 234,585,279 ordinary shares (including 32,361,748 treasury shares), one A-share, 6,667,240 M-shares and 23,904,060 preference shares. The holder of the A-share is entitled to special rights. The M-shares have been established to ensure that new shares can be issued to Covea/MAAF, without the other shares being able to exercise pre-emptive rights. In addition, the M-shares do not entitle the holder thereof to special voting rights.

The following table sets out Eureka's capitalisation and indebtedness as at 31 December 2004 and 31 December 2003 respectively:

	<i>31 Dec 04</i>	<i>31 Dec 03</i>
	<i>€ million</i>	
Capital and reserves	4,093.4	1,813.5
Minority interest	1.4	365.5
<b>Group equity</b>	<b>4,094.8<sup>(1)</sup></b>	<b>2,179.0</b>
Fund for general banking risks	42.8	44.9
<b>Group capital base</b>	<b>4,137.6</b>	<b>2,223.9</b>
Loans and borrowings <sup>(2)</sup>	9,269.2	9,396.7
<b>Total capitalisation</b>	<b>13,406.8</b>	<b>11,620.6</b>

(1) Before the dividend payments referred to below.

(2) As at 31 December 2004, the total loans and borrowings allocated to the banking activity were € 8,737.7 million (2003: € 8,390.3 million). The consolidated non-bank external debt is € 531.5 million (2003: € 1,006.4 million) leading to a debt leverage of 11% (2003: 36%).

On 3 January 2005 the General Meeting of Shareholders decided on an interim dividend on ordinary shares of € 250 million and € 25.4 million of dividend on the preference shares. This interim dividend was paid on 14 January 2005. The final dividend on the ordinary shares of € 184.0 million was paid on 13 April 2005.

## COMMITMENTS AND CONTINGENCIES

### Operating leases

	<i>As at 31 December</i>	
	<i>2004</i>	<i>2003</i>
Non-cancellable operating lease rentals are payable as follows:		
Under 1 year	61.5	65.6
1-5 years	118.8	121.7
Over 5 years	57.4	40.2
	<u>237.7</u>	<u>227.5</u>

### Other contingent liabilities

	<i>As at 31 December</i>	
	<i>2004</i>	<i>2003</i>
Contracted pre-investments	18.3	21.7
Guarantees	686.4	630.7
Irrevocable letters of credit	422.6	691.0
Other commitments	32.1	49.3
	<u>1,159.4</u>	<u>1,392.7</u>

The Dutch-based insurance companies of Eureko have given guarantees to the Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. to a maximum of € 43.6 million. Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. is a company in which the participating insurance companies pool the claims and risks relating to terrorism. The guarantee of € 43.6 million is part of the total amount of guarantees as presented under other contingent liabilities.

Under the PZU initial public offering privatisation agreements, Eureko and PZU have agreed that 21% of PZU S.A.'s shares shall be offered to Eureko and Eureko is committed to buy those shares without reservation. The price of those shares shall be the highest of the 'purchasing price' under the 'Agreement on the Sale of Shares' or 'Institutional Book-building' price at the initial public offering.

At year end 2004 Eureko bought an additional 10% stake in PZU from Millennium Bank at a price based on an estimated value in the initial public offering. Parties agreed that adjustments will be made to this price dependant on the actual price at the initial public offering, taking into account a discount of 20% on the excess of the initial sales price. If no initial public offering takes place before 30 November 2005, a possible adjustment will be based on an independent Sum of the Parts valuation of PZU.

### Foreign exchange risks

The sum of the equivalent in local currency of the assets denominated in foreign currency amounted to € 1,315.1 million (2003: € 626.5 million) and of the liabilities in foreign currency to € 164.1 million (2003: € 226.0 million). The assets consist mainly out of investments in Poland (2004: € 708.7) and Great Britain (2004: € 399.0).

### Charged assets

In connection with security for items included under liabilities and for off-balance sheet contingent liabilities, as well as in connection with transactions on the money and capital markets and foreign exchange transactions, the following assets serve as security and are for that reason no longer at the Group's disposal:

	<i>Loans</i>	<i>Securities</i>
Transactions on the money and capital markets and foreign exchange	11,286.8	27.5
Banks		20.7

## Capital commitments

<i>Number of options outstanding equal number of shares held</i>	<i>Outstanding as at 31 December 2003</i>	<i>Granted in 2004</i>	<i>Exercised in 2004</i>	<i>Outstanding as at 31 December 2004</i>
<b>Option type 1</b>				
Friends Provident Investment Holdings Plc.	6,653,531			6,653,531
Länsförsäkringar Liv Forsakringsaktiebolag	1,761,294			1,761,294
Länsförsäkringar SAK Forsakringsaktiebolag	1,761,294			1,761,294
Schweizerische Mobiliar Holding AG	2,769,246			2,769,246
Gothaer Allgemeine Versicherung AG	1,849,108			1,849,108
Gothaer Lebensversicherung AG	1,369,558			1,369,558
ASSTEL Lebensversicherung AG	836,924			836,924
	<b>17,000,955</b>			<b>17,000,955</b>
<b>Option type 2</b>				
MAAF Assurances S.A.	5,585,596		5,585,596	
MAAF Vie S.A.	1,081,644		1,081,644	
Covea Part. SAS		6,667,240		6,667,240
	<b>6,667,240</b>	<b>6,667,240</b>	<b>6,667,240</b>	<b>6,667,240</b>
<b>Option type 3</b>				
Mr. Dimitrios Contominas	8,722,752			8,722,752
Dievropaiki S.A.	2,347,072			2,347,072
	<b>11,069,824</b>			<b>11,069,824</b>
	<b>34,738,019</b>	<b>6,667,240</b>	<b>6,667,240</b>	<b>34,738,019</b>

### Option type 1

Options can be exercised, subject to certain conditions, until the date of admission of the ordinary shares in the capital of Eureko to listing on the stock exchange. The value of the shares subject to the option agreements will be determined by an expert third party based on agreed valuation principles. Upon exercise the options will be settled against issuance by Eureko of a subordinated debt instrument having an interest deferral provision of up to five years. Eureko's commitment under these options is maximised at € 438 million.

### Option type 2

In 2004, MAAF Assurances S.A. and MAAF Vie S.A. transferred their shareholding in Eureko to Covea Part. SAS and Eureko transferred its shareholdings in MAAF Assurances S.A. and MAAF Vie S.A. also to Covea Part SAS. As part of these transactions, Eureko acquired a 55% interest in Covea Part SAS and granted a loan to Covea Part SAS of € 215.3 million. The option can be exercised as of 1 October 2006 until the earlier of 31 December 2008 and the date of admission of the ordinary shares in the capital of Eureko to a listing on the stock exchange. The value of the shares subject to the option agreement will be determined by an expert third party based on agreed valuation principles. Upon exercising the option it will be settled against the loan granted by Eureko to Covea Part SAS.

### Option type 3

Options can be exercised until the date of admission of the ordinary shares in the capital of Eureko to listing on the stock exchange. The value of the shares subject to the option agreements will be determined by an expert third party based on agreed valuation principles. Upon exercise the options will be settled against cash and issuance by Eureko of a subordinated debt instrument having an interest deferral provision of up to five years. The shares subject to this option agreement have been reduced by a number to be determined by dividing € 127 million by the value per share determined as of 31 December 2005 as determined by an expert third party based on agreed valuation principles.

**Restructuring capital commitments**

On 30 May 2005 Eureka restructured the above capital commitments resulting in the assignment of Eureka's obligation to purchase its own shares to an unrelated third party. Pursuant to the agreements, the third party will purchase the shares (or depositary receipts issued for those shares) upon exercise of an option.

When an option is exercised, Eureka will enter into a cash settled derivative transaction with the third party, pursuant to which Eureka will pay an upfront premium in the same amount and instrument as required for the settlement of the related option. During the life of the derivative transaction, which has no fixed maturity, Eureka will receive all dividends distributed to the third party and pay a fixed financing fee in line with market conditions. Upon unwinding of the derivative transaction, Eureka will receive in cash the upfront premium paid plus a part of the fair value changes of the Eureka shares held by the third party during the life of the derivative transaction.

**Capital rights**

Eureka has a call option on the Eureka shares held by Covea Part SAS. Upon exercise the option will be settled against the loan granted to Covea by Eureka.

## DERIVATIVES & OFF BALANCE SHEET ITEMS

The Eureka Group uses derivative financial instruments (e.g. interest rate swaps and forward exchange contracts) to manage its exposure to foreign exchange, interest rate, and commodity price risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Insurance activities of the Group do not hold or issue derivative financial instruments for trading purposes. Recognition of any resulting unrealised gain or loss depends on the nature of the item being hedged. Derivative financial instruments, not used for hedging, are stated at fair value. Forward exchange contracts are stated at quoted market price. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at balance date, taking into account current interest rates and creditworthiness of the swap counterparties.

The tables below offer an arithmetical presentation to explain derivative activities. The first table gives the notional amount per type of contract as at balance sheet date, broken into the remaining term and the positive replacement value of those contracts.

The second table shows the weighted and unweighted credit equivalents.

The notional amount is the basis laid down in the agreement for calculating the size of the cash flows to be exchanged and indicates the scale of the activities under the type of contract concerned. The positive replacement value is the present value of all cash flows yet to be exchanged under the contracts which, based on the market conditions as at the balance sheet date, would result in a loss for the Group in case of premature termination.

The unweighted credit equivalent is the positive replacement value plus a certain percentage of the notional amount and gives an indication of the future credit risk. The mark-up rates are based on international criteria and depend on the nature of the contracts and the remaining term.

The weighted credit equivalent is found by multiplying the unweighted credit equivalent by a factor ranging from 0 to 100%, depending on the risk rating of the counter party involved.

Interest rate contracts have been entered into to cover interest risk from balance sheet positions. Foreign exchange contracts are primarily concluded as a service to clients and to hedge proprietary foreign exchange positions.

	<i>Under 1 year</i>	<i>1-5 years</i>	<i>Over 5 years</i>	<i>Total</i>	<i>Positive Replacement Value</i>
<b>Interest rate contracts</b>					
Over the counter contracts:					
Swaps	1,831.8	5,758.8	4,947.1	12,537.7	393.5
Forwards	2,200.0			2,200.0	0.3
Options	498.3			498.3	0.1
<b>Foreign exchange contracts</b>					
Over the counter contracts:					
Swaps	1,770.9	35.0		1,805.9	56.6
Forwards	4,474.1	1.1		4,475.2	42.2
<b>Total derivatives</b>	<b>10,775.1</b>	<b>5,794.9</b>	<b>4,947.1</b>	<b>21,517.1</b>	<b>492.7</b>

	<i>Unweighted</i>	<i>Weighted</i>
Interest rate contracts	502.3	187.9
Foreign exchange contracts	126.7	232.7
	<b>629.0</b>	<b>420.6</b>

## **PROSPECTS FOR 2005**

Eureko has come through a volatile period since 2002, when the global market place suffered great uncertainty, with equities at a record low. Eureko did not escape the effects of the economic downturn, but has proved its resilience to the vagaries of the markets and have emerged stronger, more focused and more profitable than ever before.

Eureko reduced staffing levels in 2003 and 2004, resulting in reduced costs. It will continue to address its cost base in order to maintain the current profitability. The results of 2004 were notable for a number of one-off transactions, which produced some € 666.5 million profit. Eureko does not expect such extraordinary results in the coming year. However, the results excluding these one-offs, should be sustained with the renewed focus on growth potential during 2005.

## MANAGEMENT

As per the date of this Offering Circular, the Executive Board and Supervisory Board comprise of the following persons:

Executive Board:

G.J. Swalef, chairman and CEO until 1 October 2005

E.R. Jansen, vice chairman

M.W. Dijkshoorn, vice chairman (from 1 October 2005 chairman and CEO)

G.H.J. van Arkel

G. van Olphen (Chief Financial Officer)

M. Tiemstra

W.A.J. van Duin

Supervisory Board:

A.H.C.M. Walravens (chairman)

J.M. Jardim Gonçalves (vice chairman)

D. Contominas

E.A.J. van de Merwe

M. Minderhoud

P.F.M. Overmars

T. Persson

H.J. Slijkhuis

B.J. van der Weg

B.Y. Yntema

All members of the Executive Board and of the Supervisory Board elect domicile at Eureko B.V., Handelsweg 2, 3707 NH Zeist.

## RECENT DEVELOPMENTS

### **Eureko and Rabobank**

Following the discussion between the Eureko Group and the Rabobank group that started in September 2003 Rabobank acquired a 5% stake of the ordinary shares with voting rights of Eureko in March 2004. Subsequently on 27 April 2005, Eureko announced a further step in its cooperation with Rabobank by signing a letter of intent under which Interpolis, the insurance arm of Rabobank, will be merged with Achmea, the Dutch insurance arm of Eureko. Rabobank's shareholding in Eureko is to increase from 5% to 37%.

This transaction will result in an insurance group, which consists of a very large Dutch insurer, and with significant activities in a number of other European countries. The details of the intended transaction are laid out in the letter of intent signed by Achmea's Gijsbert Swalef, Chairman of the Executive Board of Eureko, and Bert Heemskerk, Chairman of the Executive Board of Rabobank.

In early 2004, Rabobank and Eureko began working together in the area of health insurance, whereby Interpolis began selling health insurance products of Zilveren Kruis Achmea through local Rabobanks. From 1 January 2005, Zilveren Kruis Achmea has also insured Rabobank and Interpolis personnel. Additionally, there was a reciprocal exchange of members at the Supervisory Boards of Eureko and Rabobank, and at the Board of Vereniging Achmea and the Centrale Kring Vergadering of Rabobank.

Interpolis provides an important complementary distribution channel for Achmea via the local Rabobanks. The Interpolis brand also fits well with the power brand strategy of Achmea (Centraal Beheer Achmea and Zilveren Kruis Achmea).

In the merged entity, Rabobank will remain the principal insurance distribution channel for Interpolis.

The merger of Interpolis and Achmea creates a major Dutch insurance group with strong, well known brands. The cooperation will create synergies in a number of areas, for example, in market strategy and IT.

The Executive and Supervisory Boards of the new group will be reorganised accordingly. After Vereniging Achmea, Rabobank will be the second largest shareholder of Eureko.

At the same time as the merger of the insurance activities and the increase in Rabobank's shareholding in Eureko, the exchange of members at the level of Vereniging Achmea and the Centrale Kring Vergadering will also be broadened.

Despite the increased cooperation, both companies will continue to pursue their own development strategies. Eureko retains the possibility of pursuing an initial public offering, whilst focusing on the Dutch market and on developing its insurance operations in other European territories. This new step fits well with Rabobank's aim to become a market leader in the provision of financial services in the Netherlands.

The transaction between Rabobank and Eureko is subject to all necessary approvals by shareholders and regulatory bodies.

Pro-forma combined core figures Eureko/Interpolis<sup>(1)</sup>

	<i>Eureko</i>	<i>Interpolis</i>	<i>Combination</i>
		€ million	
Gross Written Premiums	6,209	4,012	10,221
Net income	1,153 <sup>(2)</sup>	219	1,372
Shareholders' equity	4,093	1,520	6,800 <sup>(3)</sup>
Employees	14,405	5,250	19,655

(1) These numbers were taken from the press release issued on 27 April 2005 and have not been audited. Eureko accepts no responsibility as to the accuracy of the figures relating to Interpolis and the combined figures.

(2) Including one-off results on Group transactions

(3) Combined shareholders' equity increases by including goodwill

**Gross Written Premiums (per 31 December 2004)**

	<i>Achmea</i>	<i>Interpolis</i>	<i>Combination<sup>(1)</sup></i>	<i>Eureko (incl. Interpolis)</i>
		€ million		
Life	1,947	2,492	4,439	5,371
Non-life	1,305	1,520	2,825	2,991
Health	1,818	—	1,818	1,860
<b>Total GWP</b>	<b>5,070</b>	<b>4,012</b>	<b>9,082</b>	<b>10,221</b>

(1) Combined figures are pro-forma

**Market position combination Eureko/Interpolis**

<i>Dutch Market</i>	<i>Achmea</i>	<i>Interpolis</i>	<i>Combination</i>
Life	6	4	2
Non-life	4	3	1
Health	2	—	2
<b>Overall position</b>	<b>3</b>	<b>5</b>	<b>1</b>

<i>Distribution</i>	<i>Combination</i>
Banking channel	1
Direct writing channel	1
Intermediary channel	<6

**Core figures (per December 2004)**

	<i>Eureko</i>	<i>Achmea</i>	<i>Interpolis<sup>(1)</sup></i>
		€ million	
<b>Income</b>			
– GWP	6,209	5,070	4,012
– Banking income	890	862	—
– Other income	2,363	1,944	1,295
<b>Total income</b>	<b>9,462</b>	<b>7,876</b>	<b>5,307</b>
Net income	1,153 <sup>(1)</sup>	425	219
Shareholders' equity	4,093	3,000	1,520
Number of employees (fte)	14,405	10,607	5,250

(1) Including one-off results on Group transactions. Eureko accepts no responsibility as to the accuracy of the figures relating to Interpolis.

**Levob**

On the 5 April 2004, it was announced that Avéro Achmea, part of the Dutch Achmea group, which is owned by Eureko B.V., is to combine with domestic insurer, Levob, to consolidate their respective positions in the Dutch intermediary insurance market. A letter of intent between Eureko and Levob was signed in April 2004. Levob's principal activities are life and non-life insurance (with distribution via the intermediary channel), and retail banking. The merger complements Achmea's strategy of strengthening its position in the broker market. The transaction was completed on 30 June 2004.

**F&C**

In July 2004, Eureko announced the proposed merger of its asset management subsidiary, F&C, with ISIS Asset management of the UK – the new entity to be branded F&C Asset Management plc. Following the satisfaction of all conditions of the merger (including regulatory consents and shareholder approvals), the merger was completed in October 2004, creating, for Eureko, capital value of approximately € 1.1 billion, providing significant financial strength for the next stage of its development. Eureko currently maintains an approximate 21% shareholding in the new F&C, as well

as a seat on the Board, and will remain a major client. The merger has also realised Eureko's stated objective (announced in January 2004) of achieving a stock market listing for F&C.

#### **Intertrust**

Eureko, parent company of Interamerican, EFG Eurobank Ergasias and Novabank have agreed the terms under which Eurobank will acquire 100% of Intertrust Mutual Fund Management Company, as stated in the press release of 9 June 2004. This transaction was completed in October 2004.

#### **PZU**

In December 2004 Eureko B.V. reached agreement with Bank Millennium to purchase the Bank's 10% shareholding in PZU. The purchase of Bank Millennium's PZU stake further underscores Eureko's long-term commitment to its strategic investment in PZU, as well as being a long-term investor in Poland. As a result of this transaction, Eureko will itself own 31.8% of PZU shares, independently of any subsequent transaction at the initial public offering of PZU. The Bank Millennium share tranche is being bought at a price linked to the share price after the flotation of PZU. This transaction was completed on 6 January 2005.

In a parallel statement, Eureko announced that, in line with its declared intention to reduce its banking exposure, it would sell an 18.9% shareholding in Bank Millennium. The shares were sold at market price, to a number of investors. This transaction was completed on 28 December 2004.

#### **Interamerican**

On 21 December 2004, Interamerican Hellenic Life Insurance Company S.A. signed an agreement to sell its shares held in Novabank, representing 10% of the total share capital of the bank, to Mr. Contominas. This transaction was completed on 26 April 2005.

#### **Achmea**

On 1 February 2005, Eureko Operating Company, Achmea, acquired the health insurance activities of AKZO by taking over the shares in N.V. Ongevallen en Ziektekostenverzekeringsmaatschappij OZF. As part of this transaction also the activities of the Onderlinge Waarborgmaatschappij 'Onafhankelijk Ziekenfonds Bedrijven' will be incorporated in the Group.

#### **S&P Rating**

On 27 May 2005, Standard & Poor's revised its counterparty credit rating for Eureko B.V. to 'A-' with stable outlook, from 'BBB+' (stable). Achmea Holding N.V. has also been similarly upgraded, to 'A-' (stable), from 'BBB+' (stable).

The improved ratings reflect a revision in Standard & Poor's policy whereby it has narrowed the differential in ratings for certain insurance holding companies relative to their main operating companies. Both Eureko B.V. and Achmea Holding N.V. have been selected as two of the seven companies which fall within the criteria that have been applied to similar insurance holding companies.

#### **IFRS**

As of 1 January 2005, Eureko will publish its results under International Financial Accounting Standards ("IFRS"). On 2 June 2005, Eureko issued a press release on the impact of IFRS on its 2004 financial statements. The impact on Group Capital Base as at 31 December 2004 was a decrease of € 97 million (2%) from € 4,138 million under Eureko GAAP (Dutch accounting principles as applied by Eureko B.V. until 2004), to € 4,041 million under IFRS. The impact on the net result for 2004 was a decrease of € 43 million (4%), from € 1,153 million under Eureko GAAP, to € 1,110 million under IFRS. These figures exclude the temporary negative impact on Group Capital Base of € 790 million and on net result of € 88 million, respectively, as a result of the reclassification, under IFRS, of the ordinary shares subject to repurchase agreements as included in the section "Capital commitments" on page 43 of this Offering Circular from Group Capital Base to liabilities. As a result of the restructuring of the capital commitments in 2005, these shares can be included in Group Capital Base in 2005. The full press release is incorporated by reference in this Offering Circular and is available on the Issuer's website at [www.eureko.net](http://www.eureko.net). The 2004 IFRS figures presented above and in the press release are unaudited.

## DUTCH TAXATION

*This is a general summary and the tax consequences as described here may not apply to a holder of Securities. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Securities in his particular circumstances.*

This taxation summary solely addresses the principal Dutch tax consequences of the acquisition, the ownership and disposition of Securities. In this summary the term Securities does not refer to preference shares, nor another series of capital securities of the Issuer into which Securities may be converted or for which Securities may be exchanged or substituted under special circumstances, in accordance with the Terms and Conditions of the Securities.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. It does not consider every aspect of taxation that may be relevant to a particular holder of Securities under special circumstances or who is subject to special treatment under applicable law.

This summary is based on the tax laws of the Netherlands as they are in force and in effect on the date of this Offering Circular. The laws upon which this summary is based are subject to change, possibly with retroactive effect. A change to such laws may invalidate the contents of this summary, which will not be updated to reflect any such change. This summary assumes that each transaction with respect to Securities is at arm's length.

### **Withholding tax**

All payments under the Securities may be made free from withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

### **Taxes on income and capital gains**

#### **Resident holders of Securities**

The summary set out in this section "Dutch Taxation – Taxes on income and capital gains – Resident holders of Securities" only applies to a holder of Securities who is a "Dutch Individual" or a "Dutch Corporate Entity."

A holder of Securities is a "Dutch Individual" if:

- (i) he is an individual; and
- (ii) he is resident, or deemed to be resident, in the Netherlands for Dutch income tax purposes, or has elected to be treated as a resident of the Netherlands for Dutch income tax purposes.

A holder of Securities is a "Dutch Corporate Entity" if:

- (i) it is a corporate entity (including an association that is taxable as a corporate entity) that is subject to Dutch corporation tax;
- (ii) it is resident, or deemed to be resident, in the Netherlands for Dutch corporation tax purposes;
- (iii) it is not an entity that, although in principle subject to Dutch corporation tax, is, in whole or in part, specifically exempt from that tax; and
- (iv) it is not an investment institution (*beleggingsinstelling*) as defined in the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

If a holder of Securities is not an individual and if it does not satisfy any one or more of these tests, with the exception of the second test, its Dutch tax position is not discussed in this Offering Circular.

#### *Dutch Individuals deriving profits or deemed to be deriving profits from an enterprise*

Any benefits derived or deemed to be derived from Securities, including any gain realised on the disposal thereof, by a Dutch Individual that are attributable to an enterprise from which such Dutch Individual derives profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of an enterprise (other than as an entrepreneur or a shareholder), are generally subject to Dutch income tax at progressive rates.

#### *Dutch Individuals deriving benefits from miscellaneous activities*

Any benefits derived or deemed to be derived from Securities, including any gain realised on the disposal thereof, by a Dutch Individual that constitute benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) are generally subject to Dutch income tax at progressive rates.

Benefits derived from Securities by a Dutch Individual are taxable as benefits from miscellaneous activities if he, or an individual who is a connected person in relation to him within the meaning of article 3.91, paragraph 2, letter b, or letter c, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), has a substantial interest (*aanmerkelijk belang*) in the Issuer.

A person has a substantial interest in the Issuer if such person – either alone or, in the case of an individual, together with his partner (*partner*), if any – has, directly or indirectly, either the ownership of shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer, or rights to acquire, directly or indirectly, shares, whether or not already issued, that represent five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer, or the ownership of profit participating certificates (*winstbewijzen*) that relate to five per cent. or more of the annual profits of the Issuer or to five per cent. or more of the liquidation proceeds of the Issuer.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person's entitlement to such benefits is considered a share or a profit participating certificate, as the case may be.

Furthermore, a Dutch Individual may, *inter alia*, derive benefits from Securities that are taxable as benefits from miscellaneous activities in the following circumstances:

if his investment activities go beyond the activities of an active portfolio investor, for instance in the case of the use of insider knowledge (*voorkennis*) or comparable forms of special knowledge; or

if he makes Securities available or is deemed to make Securities available, legally or in fact, directly or indirectly, to certain parties as meant in the articles 3.91 and 3.92 of the Dutch Income Tax Act 2001 under circumstances described there.

#### *Other Dutch Individuals*

If a holder of Securities is a Dutch Individual whose situation has not been discussed before in this section “Dutch taxation – Taxes on income and capital gains – Resident holders of Securities”, benefits from his Securities are taxed as a benefit from savings and investments (*voordeel uit sparen en beleggen*). Such benefit is deemed to be 4 per cent. per annum of the average of his “yield basis” (*rendementsgrondslag*) at the beginning and at the end of the year, insofar as that average exceeds the “exempt net asset amount” (*heffingvrij vermogen*). The benefit is taxed at the rate of 30 per cent. The value of his Securities forms part of his yield basis. Actual benefits derived from his Securities, including any gain realised on the disposal thereof, are not as such subject to Dutch income tax.

#### *Dutch Corporate Entities*

Any benefits derived or deemed to be derived from Securities, including any gain realised on the disposal thereof, that are held by a Dutch Corporate Entity are generally subject to Dutch corporation tax.

#### **Non-resident holders of Securities**

The summary set out in this section “Dutch Taxation – Taxes on income and capital gains – Non-resident holders of Securities” only applies to a holder of Securities who is a Non-Resident holder of Securities.

A holder of Securities will be considered a “Non-Resident holder of Securities” if he is neither resident, nor deemed to be resident, in the Netherlands for purposes of Dutch income tax or corporation tax, as the case may be, and, in the case of an individual, has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes.

#### *Individuals*

A Non-Resident holder of Securities who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefit derived or deemed to be derived from Securities,

including any payment under Securities and any gain realised on the disposal of Securities, provided that both of the following conditions are satisfied.

If he derives profits from an enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise, other than as an entrepreneur or a shareholder, which enterprise is either managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, as the case may be, his Securities are not attributable to such enterprise.

He does not derive benefits from Securities that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*).

See the section “Dutch Taxation – Taxes on income and capital gains – Resident holders of Securities – Dutch Individuals deriving benefits from miscellaneous activities” for a description of the circumstances under which the benefits derived from Securities may be taxable as benefits from miscellaneous activities, on the understanding that such benefits will be taxable in the Netherlands only if such activities are performed or deemed to be performed in the Netherlands.

#### *Entities*

A Non-Resident holder of Securities other than an individual will not be subject to any Dutch taxes on income or capital gains in respect of any payment under Securities or in respect of any gain realised on the disposal of Securities, provided that (a) if such Non-Resident holder of Securities derives profits from an enterprise that is either managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise (other than as an entrepreneur or as a holder of securities), the Securities are not attributable to such enterprise, and (b) such Non-Resident holder of Securities does not have a substantial interest in the Issuer.

A person other than an individual has a substantial interest in the Issuer, (x) if it has a substantial interest in the Issuer as described in the section “Dutch taxation – Taxes on income and capital gains – Resident holders of Securities – Dutch Individuals deriving benefits from miscellaneous activities” or (y) if it has a deemed substantial interest in the Issuer. A deemed substantial interest may be present if its shares, profit participating certificates or rights to acquire shares or profit participating certificates in the Issuer have been acquired by such person or are deemed to have been acquired by such person on a non-recognition basis.

#### *General*

Subject to the above, a Non-Resident holder of Securities will not be subject to income taxation in the Netherlands by reason only of the execution (*ondertekening*), delivery (*overhandiging*) and/or enforcement of the documents relating to the issue of Securities or the performance by the Issuer of its obligations thereunder or under the Securities.

#### **Gift and inheritance taxes**

A person who acquires Securities as a gift, in form or in substance, or who acquires or is deemed to acquire Securities on the death of an individual, will not be subject to Dutch gift tax or to Dutch inheritance tax, as the case may be, unless:

- (i) the donor is, or the deceased was resident or deemed to be resident in the Netherlands for purposes of gift or inheritance tax, as the case may be; or
- (ii) the Securities are or were attributable to an enterprise or part of an enterprise that the donor or the deceased carried on through a permanent establishment or a permanent representative in the Netherlands at the time of the gift or of the death of the deceased; or
- (iii) the donor made a gift of Securities, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days after the date of the gift.

#### **Other taxes and duties**

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable by a holder of Securities in the Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to

the issue of Securities or the performance by the Issuer of its obligations thereunder or under the Securities. Dutch capital tax may be payable by the Issuer in respect of the issue of Payment Capital Securities.

## EU COUNCIL DIRECTIVE ON TAXATION OF SAVINGS INCOME

On 3 June 2003 the Economic and Financial Affairs Council of the European Union (“**ECOFIN Council**”) adopted the Directive on taxation of savings income in the form of interest payments (2003/48/EC) (the “**Savings Directive**”). Under the Savings Directive, each EU Member State, subject to certain important prerequisites being met, will be required from a date not earlier than 1 July 2005 to provide the tax authorities of another Member State with details of payments of interest and other similar income paid by a person in one Member State to an individual resident in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding tax for a transitional period unless during such period they elect otherwise.

## SUBSCRIPTION AND SALE

Under a subscription agreement entered into by the Issuer on 22 June 2005 (the “**Subscription Agreement**”), ABN AMRO Bank N.V., Lehman Brothers International (Europe), UBS Limited, Barclays Plc, JP Morgan Securities Limited and Merrill Lynch (together the “**Managers**”) have agreed to subscribe for the Securities at the issue price of 100 per cent. The Issuer has agreed to pay to the Managers a combined management, underwriting and selling commission of 0.75 per cent. The Subscription Agreement is subject to termination in certain circumstances prior to payment to the Issuer.

### United States

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

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Securities (i) as part of their distribution at any time, and (ii) otherwise until 40 days after the completion of the distribution of the Securities within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of U.S. persons. The terms used in the preceding paragraph and in this paragraph have the meaning assigned to them by Regulation S under the Securities Act.

The Securities 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 U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings assigned to them by the U.S. Internal Revenue Code of 1986, as amended and U.S. Treasury regulations issued thereunder.

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

### United Kingdom

Each Manager has represented and agreed that:

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

### Belgium

This Offering Circular and related documents are not intended to constitute a public offer in Belgium and may not be distributed to the Belgian public. The Belgian Commission for Banking, Finance and Insurance has not reviewed nor approved this (these) document(s) or commented as to its (their) accuracy or adequacy or recommended or endorsed the purchase of Securities.

Each Manager has represented and agreed that it will not:

- offer for sale, sell or market in Belgium such Securities by means of a public offer within the meaning of the law of 22 April 2003 on the public offer of securities; or

- sell Securities to any person qualifying as a consumer within the meaning of Article 1.70 of the Belgian law of 14 July 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.

### Germany

Each Manager has represented and agreed that it shall only offer Securities in the Federal Republic of Germany in compliance with the provisions of the German Securities Sales Prospectus Act (*Wertpapier- Verkaufsprospektgesetz*) or any other laws applicable in the Federal Republic of Germany.

### Italy

The offering of the Securities in Italy has not been registered with the Commissione Nazionale per le Società e la Borsa (the Italian Securities and Exchange Commission) (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, (i) the Securities cannot be offered, sold or delivered in the Republic of Italy (“**Italy**”), nor may any copy of the Offering Circular or of any other document relating to the Securities be distributed in Italy in a solicitation to the public at large (*sollecitazione all’investimento*) within the meaning of Article 1, paragraph 1, letter (t) of Legislative Decree no. 58 of 24 February 1998 (the “**Financial Services Act**”); (ii) the Securities cannot be offered, sold and/or delivered, nor may any copy of the Offering Circular or any other document relating to the Securities be distributed, in both the primary and the secondary markets, to individuals in Italy and, subject to the foregoing, (iii) sales of the Securities in Italy shall only be

- negotiated with “Professional Investors” (*operatori qualificati*), as defined under Article 31, paragraph 2, of CONSOB Regulation no. 11522 of 1 July 1998, as amended (“**CONSOB Regulation No. 11522**”);
- effected in compliance with Article 129 of the the Legislative Decree no. 385 of 1 September 1993 (the “**Italian Banking Act**”) and the implementing instructions of the Bank of Italy, pursuant to which the issue or the offer of securities in Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in Italy and their characteristics;
- made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Italian Banking Act, the Financial Services Act, CONSOB Regulation no. 11522 and all other relevant provisions of Italian law; and
- effected in accordance with any other Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy.

### General

Each Manager has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Securities or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor any other Manager shall have any responsibility therefor.

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

## GENERAL INFORMATION

### Authorisation

The issue of the Securities was duly authorised by resolutions of the Executive Board of the Issuer dated 25 January 2005, 28 February 2005 and 7 March 2005 and a resolution of the Supervisory Board of the Issuer passed on 10 March 2005.

### Listing

Application has been made to list the Securities on Eurolist by Euronext Amsterdam.

### Clearing Systems

The Securities have been accepted for clearance through Euroclear Netherlands. The ISIN Code for this issue is NL0000117224, the Amsterdam Securities Code (*fondscode*) is 11722 and the Common Code is 022286293.

### No material adverse change

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

### Auditors

KPMG Accountants N.V., independent auditors, have audited and rendered unqualified audit reports on the Issuer's financial statements for each of the financial years ended 31 December 2003 and 2004.

KPMG Accountants N.V. have given, and have not withdrawn, their written consent to the inclusion of their report and the references to themselves herein in the form and context in which they are included.

### Use of Proceeds

The net proceeds of the issue of the Securities, amounting to approximately € 496,250,000 (excluding expenses) will be applied by the Issuer for its general corporate purposes.

### Documents available

Copies of the following documents will be available free of charge, from the registered office of the Issuer and from the specified office of the Paying Agent for the time being as long as any of the Securities remains outstanding:

- (a) the English translation of the Articles of Association (*statuten*) of the Issuer;
- (b) the annual reports and the audited annual consolidated financial statements of the Issuer (in English) in respect of the years ended 31 December 2003 and 2004;
- (c) copies of the Trust Deed and the Agency Agreement.

### Litigation

Other than as disclosed in this Offering Circular, neither the Issuer nor any of its subsidiaries are involved in any litigation or arbitration proceedings which have had during the twelve months preceding the date of this Offering Circular, or which to the best of its knowledge may have, a material effect on the Issuer's financial position nor is the Issuer aware that any such proceedings are pending or threatened.

### U.S. Tax Legend

All Securities will carry a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code". The sections referred to in such legend provide that United States persons, with certain exceptions, will not be entitled to deduct any loss, and will not be entitled to capital gains treatment with respect to any gain, realised on any sale, exchange or redemption of a Security.

**Statement of Intentions**

It is the Issuer's intention that if it redeems the Securities in whole (but not in part) in accordance with Condition 7, it or any of its subsidiaries will have raised funds in the period of six (6) months preceding such redemption through the issuance of any securities ranking *pari passu* or junior (including any class of share capital) to the Securities, in an aggregate amount at least equal to the aggregate issue size of the Securities.

## REGISTERED AND PRINCIPAL OFFICE OF THE ISSUER

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## JOINT BOOKRUNNERS

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**UBS Limited**  
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*To the Managers*

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## AMSTERDAM LISTING AGENT

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## TRUSTEE

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