Dated 11 May 2012

ING GROEP N.V.

REGISTRATION DOCUMENT

Table of Contents

Page

INTRODUCTION

This document constitutes a registration document ("Registration Document") for the purposes of Article 5 of Directive 2003/71/EC, as amended (the "Prospectus Directive") and has been prepared for the purpose of giving information with respect to ING Groep N.V. (the "Issuer") which, according to the particular nature of the Issuer and the securities which it may offer to the public within a member state ("Member State") of the European Economic Area (the "EEA") or apply to have admitted to trading on a regulated market situated or operating within such a Member State, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

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

This Registration Document was approved by the Netherlands Authority for the Financial Markets (the "AFM") for the purposes of the Prospectus Directive on 11 May 2012.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

This Registration Document should not be considered as a recommendation by the Issuer that any recipient of this Registration Document should purchase any securities of the Issuer. Each investor contemplating purchasing any securities of the Issuer should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Registration Document does not constitute an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any securities of the Issuer.

The delivery of this Registration Document shall not in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. Investors should carefully review and evaluate, *inter alia*, the most recent financial disclosure of the Issuer from time to time incorporated by reference herein when deciding whether or not to purchase any securities of the Issuer.

The distribution of this Registration Document and the offer or sale of any securities of the Issuer may be restricted by law in certain jurisdictions. Persons into whose possession this Registration Document or any securities of the Issuer come must inform themselves about, and observe, any such restrictions.

Any securities to be issued by the Issuer in connection with this Registration Document have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, any such securities may not be offered, sold, pledged or otherwise transferred within the United States or to or for the account or benefit of U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act and any applicable state securities laws.

Any securities to be issued by the Issuer in connection with this Registration Document have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of any such securities or the accuracy or the adequacy of this Registration Document. Any representation to the contrary is a criminal offence in the United States.

TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER RSA 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

This Registration Document includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the United States Securities Exchange Act of 1934. All statements other than statements of historical fact included in this Registration Document, including, without limitation, those regarding the Issuer’s financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer’s present and future business strategies and the environment in which the Issuer will operate in the future. These forward-looking statements speak only as of the date of this Registration Document or as of such earlier date at which such statements are expressed to be given. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Registration Document and have been approved by AFM or filed with it, shall be deemed to be incorporated in, and to form part of, this Registration Document; this Registration Document should be read and construed in conjunction with such documents:

(a) the Articles of Association (*statuten*) of the Issuer;

(b) the publicly available annual reports of the Issuer in respect of the years ended 31 December 2010 and 2011, including the audited consolidated financial statements and auditors' reports in respect of such years; and

(c) the ING Group 2011 quarterly report for the first quarter of 2012, as published by the Issuer on 9 May 2012 (the "Q1 Report"). The Q1 Report contains, among other things, the consolidated unaudited interim results of the Issuer as at, and for the three month period ended, 31 March 2012.

Any statement contained in a document which is deemed to be incorporated by reference into this Registration Document shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any information or other documents themselves incorporated by reference, either expressly or implicitly, in the documents incorporated by reference in this Registration Document shall not form part of this Registration Document, except where such information or other documents are specifically incorporated by reference into this Registration Document.

The Issuer will provide, without charge, to each person to whom a copy of this Registration Document has been delivered in accordance with applicable law, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer, c/o ING Bank N.V. at Foppingadreef 7, Amsterdam, The Netherlands (Tel.: +31 (0)20 501 3477). In addition, this Registration Document and all of the documents which are incorporated herein by reference will be made available on the website of ING (www.ing.com).

RISK FACTORS

Set out below are certain risk factors which could affect the future financial performance of the Issuer and its subsidiaries (“ING”) and thereby potentially affect the Issuer’s ability to fulfil its obligations in respect of securities issued or guaranteed by it. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties ING’s businesses face. The Issuer has described only those risks relating to its operations of which it is aware and that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware and any of these risks could have the effects set forth above. Investors should note that they bear the Issuer’s solvency risk. The term Issuer, for purposes of this section (but not others) also refers, where the context so permits, to any group company of the Issuer.

Risks Related to Financial Conditions, Market Environment and General Economic Trends

Because the Issuer is a financial services company conducting business on a global basis, its revenues and earnings are affected by the volatility and strength of the economic, business and capital markets environments specific to the geographic regions in which it conducts business. The ongoing turbulence and volatility of such factors have adversely affected, and may continue to adversely affect, the profitability and solvency of the Issuer’s insurance, banking and asset management business.

Factors such as interest rates, securities prices, credit spreads, liquidity spreads, exchange rates, consumer spending, changes in client behaviour, business investment, real estate and private equity valuations, government spending, inflation, the volatility and strength of the capital markets, political events and trends, and terrorism all impact the business and economic environment and, ultimately, the Issuer’s solvency and the amount and profitability of business the Issuer conducts in a specific geographic region. In an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investments, and lower consumer spending, the demand for banking and insurance products is usually adversely affected and the Issuer’s reserves and provisions typically would increase, resulting in overall lower earnings. Securities prices, real estate values and private equity valuations may also be adversely impacted, and any such losses would be realised through profit and loss and shareholders’ equity. Some insurance products contain minimum return or accumulation guarantees. If returns do not meet or exceed the guarantee levels the Issuer may need to set up additional reserves to fund these future guaranteed benefits. In addition, the Issuer may experience an elevated incidence of claims and lapses or surrenders of policies. The Issuer’s policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Similarly, a downturn in the equity markets causes a reduction in commission income the Issuer earns from managing portfolios for third parties, income generated from its own proprietary portfolios, asset-based fee income on certain insurance products, and its capital base. The Issuer also offers a number of insurance and financial products that exposes it to risks associated with fluctuations in interest rates, securities prices, corporate and private default rates, the value of real estate assets, exchange rates and credit spreads. See also “Interest rate volatility and other interest rate charges may adversely affect the Issuer’s profitability”, “Turbulence and volatility in the financial markets have adversely affected the Issuer, and may continue to do so”, and “Market conditions observed over the last year may increase the risk of loans being impaired. The Issuer is exposed to declining property values on the collateral supporting residential and commercial real estate lending” below.

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

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

Shareholders' equity and the Issuer's net result may be significantly impacted by turmoil and volatility in the worldwide financial markets. Negative developments in financial markets and/or economies may have a material adverse impact on shareholders' equity and net result in future periods, including as a result of the potential consequences listed above. See "Turbulence and volatility in the financial markets have adversely affected the Issuer, and may continue to do so" below.

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

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

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

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

Disruptions, uncertainty or volatility in the capital and credit markets, such as that experienced over the past few years, including in relation to the ongoing European sovereign debt crisis, may also limit the Issuer's access to capital required to operate its business. Such market conditions may in the future limit the Issuer's ability to raise additional capital to support business growth, or to counter-balance the consequences of losses or increased regulatory capital requirements. This could force the Issuer to (1) delay raising capital, (2) reduce, cancel or postpone payment of dividends on its shares, (3) reduce, cancel or postpone interest payments on other securities, (4) issue capital of different types or under different terms than the Issuer would otherwise, or (5) incur a higher cost of capital than in a more stable market environment. This would have the potential to decrease both the Issuer's profitability and its financial flexibility. The Issuer's results of operations, financial condition, cash flows and regulatory capital position could be materially adversely affected by disruptions in the financial markets.

In the course of 2008 and 2009, governments around the world, including the Dutch government, implemented unprecedented measures to provide assistance to financial institutions, in certain cases requiring (indirect) influence on or changes to governance and remuneration practices. In certain cases governments nationalised companies or parts thereof. The measures adopted in The Netherlands include both liquidity provision and capital reinforcement, and a Dutch Credit Guarantee Scheme. The liquidity and capital reinforcement measures expired on 10 October 2009, and the Credit Guarantee Scheme of The Netherlands expired on 31 December 2010. The Issuer's participation in these measures has resulted in certain material restrictions on it, including those required by the European Commission ("EC") as part of the Issuer's Restructuring Plan. See "Risks Related to the Restructuring Plan – The Issuer's agreements with the Dutch State impose certain restrictions regarding the issuance or repurchase of its shares and the compensation of certain senior management positions", "Risks Related to the Restructuring Plan – The implementation of the Restructuring Plan and the divestments anticipated in connection with that plan will significantly alter the size and structure of the Issuer and involve significant costs and uncertainties that could materially impact the Issuer". The Restructuring Plan as well as any potential future transactions with the Dutch State or any other government, if any, or actions by such government regarding the Issuer could adversely impact the position or rights of the Issuer's shareholders, bondholders, customers or creditors and the Issuer's results, operations, solvency, liquidity and governance.

The Issuer is subject to the jurisdiction of a variety of banking and insurance regulatory bodies, some of which have proposed regulatory changes that, if implemented, would hinder its ability to manage its liquidity in a centralised manner. Furthermore, regulatory liquidity requirements in certain jurisdictions in which the Issuer operates are generally becoming more stringent, including those forming part of the "Basel III" requirements discussed further below under "The Issuer operates in highly regulated industries. There could be an adverse change or increase in the financial services laws and/or regulations governing its business", undermining the Issuer's efforts to maintain this centralised management of its liquidity. These developments may cause trapped pools of liquidity, resulting in inefficiencies in the cost of managing the Issuer's liquidity, and hinder its efforts to integrate its balance sheet, which is an essential element of ING's Restructuring Plan.

The default of a major market participant could disrupt the markets.

Within the financial services industry the severe distress or default of any one institution (including sovereigns) could lead to defaults or severe distress by other institutions. Such distress or defaults could disrupt securities markets or clearance and settlement systems in the Issuer's markets. This could cause market declines or volatility. Such a failure could lead to a chain of defaults that could adversely affect the Issuer and its contract counterparties. Concerns about the creditworthiness of a sovereign or financial institution (or a default by any such entity) could lead to significant liquidity and/or solvency problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a sovereign or a counterparty may lead to market-wide liquidity problems and losses or defaults by the Issuer or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Issuer interacts on a daily basis and financial instruments of sovereigns in which the Issuer invests. Systemic risk could have a material adverse effect on the Issuer's ability to raise new funding and on the Issuer's business, financial condition, results of operations, liquidity and/or prospects. In addition, such a failure could impact future product sales as a potential result of reduced confidence in the financial services industry.

The Issuer believes that despite increased attention recently, systemic risk to the markets in which it operates continues to exist, and dislocations caused by the interdependency of financial market participants continues to be a potential source of material adverse changes to the Issuer's business, results of operations and financial condition.

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

In its life and non-life insurance and reinsurance businesses, the Issuer is subject to losses from natural and man-made catastrophic events. Such events include, without limitation, weather and other natural catastrophes such as hurricanes, floods, earthquakes and epidemics that may be more severe or difficult to predict as a result of variable climate conditions, as well as events such as terrorist attacks and political and social unrest.

The frequency and severity of such events, and the losses associated with them, are inherently unpredictable and cannot always be adequately reserved for. Furthermore, the Issuer is subject to actuarial and underwriting risks such as, for instance, mortality, longevity, morbidity, and adverse claims development which result from the pricing and acceptance of insurance contracts. In accordance with industry practices, modelling of natural catastrophes is performed and risk mitigation measures are taken. In case claims occur, reserves are established based on estimates using actuarial projection techniques. The process of estimating is based on information available at the time the reserves are originally established and includes updates when more information becomes available. Although the Issuer continually reviews the adequacy of the established claim reserves, there can be no assurances that its actual claims experience will not exceed its estimated claim reserves. If actual claim amounts exceed the estimated claim reserves, the Issuer's earnings may be reduced and its net results may be adversely affected.

In addition, and as discussed further below under "Risks Related to the Issuer's Business, Operations, and Regulatory Environment – Operational risks are inherent in the Issuer's business", because unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, the Issuer's banking and insurance operations may be subject to losses resulting from such disruptions. Losses can relate to property, financial assets, trading positions, insurance and pension benefits to employees and also to key personnel. If the Issuer's business continuity plans are not able to be put into action or do not take such events into account, the Issuer's financial condition could be adversely affected.

The Issuer operates in highly regulated industries. There could be an adverse change or increase in the financial services laws and/or regulations governing its business.

The Issuer is subject to detailed banking, insurance, asset management and other financial services laws and government regulation in each of the jurisdictions in which it conducts business. Regulatory agencies have broad administrative power over many aspects of the financial services business, which may include liquidity, capital adequacy and permitted investments, ethical issues, anti-money laundering, anti-terrorism measures, privacy, record keeping, product and sale suitability and marketing and sales practices, and the Issuer's own internal governance practices. Banking, insurance and other financial services laws, regulations and policies currently governing the Issuer and its subsidiaries may also change at any time and in ways which have an adverse effect on the Issuer's business, and it is difficult to predict the timing or form of any future regulatory or enforcement initiatives in respect thereof. Also, bank regulators and other supervisory authorities in the EU, the US and elsewhere continue to scrutinize the financial services industry and its activities under regulations governing such matters as money-laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures. Regulation is becoming increasingly more extensive and complex and regulators are focusing increased scrutiny on the industries in which the Issuer operates, often requiring additional resources of the Issuer. These regulations can serve to limit the Issuer's activities, including through its net capital, customer protection and market conduct requirements, and restrictions on businesses in which the Issuer can operate or invest. If the Issuer fails to address, or appears to fail to address, appropriately any of these matters, the Issuer's reputation could be harmed and the Issuer could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages asserted against the Issuer or subject the Issuer to enforcement actions, fines and penalties.

In light of current conditions in the global financial markets and the global economy, regulators have increased their focus on the regulation of the financial services industry. Most of the principal markets where the Issuer conducts its business have adopted, or are currently considering, major legislative and/or regulatory initiatives in response to the financial crisis. Governmental and regulatory authorities in The Netherlands, the United Kingdom, the United States and elsewhere are implementing measures to increase regulatory control in their respective financial markets and financial services sectors, including in the areas of prudential rules, capital requirements, executive compensation, crisis and contingency management, bank levies and financial reporting, among others. Additionally, governmental and regulatory authorities in the Netherlands as well as in a multitude of jurisdictions continue to consider new mechanisms to limit the occurrence and/or severity of future economic crises (including proposals to restrict the size of financial institutions operating in their jurisdictions and/or the scope of operations of such institutions).

The Issuer cannot predict whether or when future legislative or regulatory actions may be taken, or what impact, if any, actions taken to date or in the future could have on the Issuer's business, results of operations and financial condition.

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

Basel III

In addition, the Basel Committee on Banking Supervision has announced higher global minimum capital standards for banks, and has introduced a new global liquidity standard and a new leverage ratio. The Committee's package of reforms, collectively referred to as the "Basel III" rules, will, among other requirements, increase the amount of common equity required to be held by subject banking institutions, prescribe the amount of liquid assets and the long term funding a subject banking institution must hold at any given moment, and limit leverage. Banks will be required to hold a "capital conservation buffer" to withstand future periods of stress such that the total Tier 1 common equity ratio, when fully phased in on 1 January 2019, will rise to 7%. Basel III also introduces a "countercyclical buffer" as an extension of the capital conversation buffer, which permits national regulators to require banks to hold more capital during periods of high credit growth (to strengthen capital reserves and moderate the debt markets). Further, Basel III calls for stricter definitions of capital that will have the effect of disqualifying many hybrid securities, potentially including those issued by the Issuer, from inclusion in regulatory capital, as well as the higher capital requirements for trading, derivative and securitization activities to be introduced at the end of 2011 as part of a number of reforms to the Basel II framework. In addition, the Basel Committee and Financial Stability Board (FSB) are currently considering measures that may have the effect of requiring higher loss absorbency capacity, liquidity surcharges, exposure limits and special resolution regimes for “systemically important financial institutions” (SIFIs) and so-called “Global” SIFIs (G-SIFI), in addition to the Basel III requirements otherwise applicable to most financial institutions. ING has been designated as a G-SIFI.

For European banks these requirements will be implemented through the Capital Requirement Directive (CRD) IV, which might deviate in its final state from the original Basel III requirements. While the full impact of the new Basel III rules, and any additional requirements for SIFIs or G-SIFIs if and as applicable to the Issuer, will depend on how they are implemented by national regulators, including the extent to which regulators and supervisors can set more stringent limits and additional capital requirements or surcharges, as well as on the economic and financial environment at the time of implementation and beyond, the Issuer expects these rules can have a material impact on ING’s operations and financial condition and may require the Issuer to seek additional capital. Further, the International Accounting Standards Board (“IASB”) is considering changes to several IFRS standards, which changes could also have a material impact on the Issuer’s reported results and financial condition.

Solvency II

The European Council has agreed upon a full scale revision of the solvency framework and prudential regime applicable to insurance and reinsurance companies known as “Solvency II”, which was adopted on November 25, 2009 (Directive 2009/138/EG). A key aspect of Solvency II is the closer alignment of the assessment of risks and capital requirements with economic capital methodologies. Under the Solvency II regime, insurance companies may be permitted to make use of an internal economic capital model as a basis for calculation of their capital needs and solvency position (in The Netherlands, such a model (including ING’s model) has to be approved by the Dutch Central Bank).

The final text of the Level I Framework Directive includes rules regarding, among other things, own funds, capital requirements, investments and group supervision. Following adoption of this Level I Framework Directive, the European Commission and European Insurance and Occupational Pensions Authority (“EIOPA”), formerly CEIOPS, have initiated the development of detailed rules following the Lamfalussy process. Under this process, Directives related to financial institutions are developed on the basis of a four level approach intended to complement the principles of the Directive Level 2 measures will be issued by the European Commission (delegated acts and/or implementing technical standards proposed by EIOPA) and Level 3 guidance will be issued by EIOPA.

Solvency II, if implemented, will effect a full revision of the insurance industry’s solvency framework and prudential regime and will impose group level supervision mechanisms. The Issuer is unable to predict precisely how any regulations resulting from such initiatives and proposals could affect the Issuer’s results of operations, financial condition and liquidity.

Formally, each member state of the European Economic Area (“EEA”), including The Netherlands, is currently required to begin implementing Solvency II by 31 October 2012. Discussions are ongoing to postpone the Solvency II implementation date (likely until 2014 or 2015), and a European Parliament vote on this matter is currently expected in the spring of 2012. In case such voting is further delayed and the European Parliament does not approve a postponement of the implementation of Solvency II well in advance of 31 October 2012, the current Solvency II framework may need to be applied effective as of 31 October 2012. Implementation of Solvency II by 31 October 2012 may be further complicated by the fact that Level 2 measures and Level 3 guidance is not expected to be finalized by such date and the fact that it is unlikely that all member states will have their regulatory framework in place at that time. The Issuer cannot currently predict how these uncertainties at the EU and national levels, if not resolved in a timely fashion, will impact the insurance industry generally or the Issuer's business and operations in particular.

Significant efforts towards establishing a more cohesive and streamlined European supervisory framework, including the establishment of the European Systemic Risk Board and a European Insurance and Occupational Pensions Authority, may also affect ING's operations.

EU Insurance Guarantee Scheme

In July 2010, the European Commission released a white paper detailing the need to establish minimum levels of protection for consumers of life and non-life insurance products in the event that insurance companies in the European Union with which they do business were to become insolvent. Though the mechanisms for providing any such protections remain under review by the European Commission, the European Parliament and the member states, the European Commission may currently be considering providing this protection by (i) mandating the creation of (or harmonization of existing) national level insurance guarantee schemes and/or (ii) implementing an EU-wide insurance guarantee scheme, which such scheme(s) may require significant prefunding by insurance companies. The implementation of an insurance guarantee scheme requiring significant levels of prefunding (or, in the event that prefunding is not required, the occurrence of circumstances requiring the commencement of event-driven contributions) may have a material and adverse impact on the liquidity, financial condition and operations of companies engaged in the insurance business, including ING.

Dodd-Frank Act

Furthermore, in the United States, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank" or the "Dodd-Frank Act") has imposed comprehensive changes to the regulation of financial services in the United States and has implications for non-US financial institutions with a US presence, such as ING. Dodd-Frank directs existing and newly-created government agencies and bodies to promulgate regulations implementing the law, a process that is underway and is expected to continue over the next few years. While some studies have already been completed and the rulemaking process has begun, there continues to be significant uncertainty regarding the results of ongoing studies and the ultimate requirements of regulations that have not yet been adopted. The Issuer cannot predict with any certainty how Dodd-Frank and such regulations will affect the financial markets generally, impact the Issuer's business, credit or financial strength ratings, results of operations, cash flows or financial condition or advise or require the Issuer to raise additional capital. Key aspects of Dodd-Frank that the Issuer has identified to date as possibly having an impact on the Issuer include:

- The newly established risk regulator — the Financial Stability Oversight Council (the "FSOC") — may designate the Issuer as a company whose material financial distress, or whose nature, scope, size, scale, concentration, interconnectedness or mix of activities, could pose a threat to the financial stability of the United States. In such an instance, the Issuer would become subject to the oversight of the Federal Reserve. If the Issuer becomes subject to the examination, enforcement and supervisory authority of the Federal Reserve, the Federal Reserve would have authority to impose capital requirements on the Issuer. The Issuer cannot predict what capital regulations the Federal Reserve will promulgate under these authorisations, either generally or as applicable to organisations with the Issuer's operations, nor can management predict how the Federal Reserve will exercise potential general supervisory authority over the Issuer as to its business practices. If designated as systemically important by the FSOC, the Issuer would become subject to unspecified stricter prudential standards, including stricter requirements and limitations relating to risk-based capital, leverage, liquidity and credit exposure, as well as overall risk management requirements, management interlock prohibitions and a requirement to maintain a plan for rapid and orderly dissolution in the event of severe financial distress. The Issuer may become subject to stress tests to be promulgated by the Federal Reserve in consultation with the newly created Federal Insurance Office (discussed below) to determine whether, on a consolidated basis, the Issuer has the capital necessary to absorb losses as a result of adverse economic conditions. The Issuer cannot predict how the stress tests will be designed or conducted or whether the results thereof will cause the Issuer to alter its business practices or affect the perceptions of regulators, rating agencies, customers, counterparties or investors about the Issuer's financial strength. The FSOC may also recommend that state insurance regulators or other regulators apply new or heightened standards and safeguards for activities or practices that the Issuer and other insurers or other financial services companies engage in.

- Title II of Dodd-Frank provides that a financial company may be subject to a special orderly liquidation process outside the federal bankruptcy code, administered by the Federal Deposit Insurance Corporation as receiver, upon a determination that the company is in default or in danger of default and presents a systemic risk to US financial stability. The Issuer cannot predict how rating agencies or creditors of the Issuer or its subsidiaries will evaluate this potential risk or whether it will impact its financing or hedging costs.

- Title VII of Dodd-Frank creates a new framework for regulation of the over-the-counter (OTC) derivatives markets and certain market participants which could affect various activities of the Issuer. New margin and capital requirements on market participants contained in final regulations adopted by the Commodity Futures Trading Commission ("CFTC") (and in regulations that may be adopted by the SEC) could substantially increase the cost of hedging and related operations, affect the profitability of the Issuer's products or their attractiveness to its customers, or cause the Issuer to alter its hedging strategy or change the composition of risks the Issuer does not hedge.

- Dodd-Frank establishes a Federal Insurance Office ("FIO") within the Department of the Treasury to be headed by a director appointed by the Secretary of the Treasury. While not having a general supervisory or regulatory authority over the business of insurance, the director of this office would perform various functions with respect to insurance (other than health insurance), including participating in the FSOC's decisions regarding insurers (potentially including the Issuer), to be designated for stricter regulation. The FIO may recommend enhanced regulations to the states.

- Dodd-Frank establishes the Bureau of Consumer Financial Protection ("BCFP") as an independent agency within the Federal Reserve to regulate consumer financial products and services offered primarily for personal, family or household purposes. The BCFP will have significant authority to implement and enforce federal consumer financial laws, including the new protections established under Dodd-Frank, as well as the authority to identify and prohibit unfair and deceptive acts and practices. In addition, the BCFP will have broad supervisory, examination and enforcement authority over certain consumer products, such as mortgage lending. Insurance products and services are not within the BCFP's general jurisdiction, and broker-dealers and investment advisers are not subject to the BCFP's jurisdiction when acting in their registered capacity.

- Dodd-Frank also includes various securities law reforms that may affect the Issuer's business practices and the liabilities and/or exposures associated therewith, including a provision intended to authorize the SEC to impose on broker-dealers fiduciary duties to their customers, as applies to investment advisers under existing law, which new standard could potentially expose certain of ING's US broker-dealers to increased risk of SEC enforcement actions and liability. The SEC staff released a study on this issue.

Although the full impact of Dodd-Frank cannot be determined until the various studies mandated by the law are conducted and implementing regulations are adopted, many of the legislation's requirements could have profound and/or adverse consequences for the financial services industry, including for the Issuer. Dodd-Frank could make it more expensive for the Issuer to conduct business, require it to make changes to its business model or satisfy increased capital requirements, subject it to greater regulatory scrutiny or to potential increases in whistleblower claims in light of the increased awards available to whistleblowers under Dodd-Frank and have a material effect on the Issuer's results of operations or financial condition.

Foreign Account Tax Compliance Act

Under US federal tax legislation passed in 2010, a 30% withholding tax will be imposed on "withholdable payments" made to non-US financial institutions (including non-US investment funds and certain other non-US financial entities) that fail (or that have 50% affiliates which are also non-US financial institutions that fail) to provide certain information regarding their US accountholders and/or certain US investors (such US accountholders and US investors, "US accountholders") to the US Internal Revenue Service (the "IRS"). For non-US financial institutions that fail to comply, this withholding will generally apply without regard to whether the beneficial owner of a withholdable payment is a US person or would otherwise be entitled to an exemption from US federal withholding tax. "Withholdable payments" generally include, among other items, payments of US-source interest and dividends and the gross proceeds from the sale or other disposition of property that may produce US-source interest and dividends. The IRS has issued guidance stating that this withholding tax is expected to take effect on a "phased" schedule, starting in January 2014.

In general, non-publicly traded debt and equity interests in investment vehicles will be treated as "accounts" and subject to these reporting requirements. In addition, the IRS has stated that certain insurance policies and annuities may be considered accounts for these purposes.

The Issuer closely monitors all present and new legislation that is or will be applicable for its organisation, and is currently investigating all implications of this legislation. While investigating these implications, the Issuer is and will be in close contact with all of its stakeholders, including its peers and financial industry representative organisations.

The Issuer intends to take all necessary steps to comply with this legislation (including entering into agreements with the US tax authorities as may be required), in accordance with the timeframe set by the US tax authorities. However, if the Issuer cannot enter into such agreements or satisfy the requirements thereunder (including as a result of local laws prohibiting information sharing with the IRS, as a result of contracts or local laws prohibiting withholding on certain payments to accountholders, policyholders, annuitants or other investors, or as a result of the failure of accountholders, policyholders, annuitants or other investors to provide requested information), certain payments to the Issuer may be subject to US withholding tax under this legislation. The possibility of such withholding tax and the need for accountholders, policyholders, annuitants and investors to provide certain information may adversely affect the sales of certain of the Issuer's products. In addition, entering into agreements with the IRS and compliance with the terms of such agreements and with this legislation and any regulations or other guidance promulgated thereunder may substantially increase the Issuer's compliance costs. Because regulatory guidance implementing this legislation remains under development, the future impact of this law on the Issuer is uncertain.

Dutch Intervention Act and EU Bank Proposals

In October 2011, the Ministry of Finance submitted a bill to the Dutch Parliament called the "Intervention Act". The Intervention Act would amend the Dutch Financial Supervision Act and the Dutch Insolvency Act and set out what actions can be taken by Dutch authorities when banks and insurers fail and cannot be wound up under ordinary insolvency rules due to concerns regarding the stability of the overall financial system. The proposal provides for two categories of measures. The first category includes measures related to the timely and efficient liquidation of failing banks and insurers and would give the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "DNB") the power to transfer customer deposits, assets and/or liabilities other than deposits and shares of an entity to third parties or to a bridge bank. The DNB would also be granted the power to influence the internal decision making of failing institutions. The second category includes measures intended to safeguard the stability of the financial system as a whole and grants special powers to the Minister of Finance, including the power to take ownership of failing financial institutions. The Intervention Act also includes proposals to limit the ability of counterparties to exercise their rights after any of the measures mentioned above has been put into place. On 14 February 2012, the Intervention Act was adopted by the House of Representatives (*Tweede Kamer*) of the Dutch Parliament. The Intervention Act has been introduced to the Senate (*Eerste Kamer*) of the Dutch Parliament but has not yet been approved by it as of the date hereof. If approved, the Intervention Act is expected to enter into force before the end of 2012. The European Commission also has launched a number of proposals for a comprehensive framework for dealing with failing banks (the "EU Bank Proposals"). The measures contemplated under the EU Bank Proposals are similar to the measures contemplated under the Intervention Act. In addition, the EU Bank Proposals introduce powers for regulators to write down debt of a failing bank (or to convert such debt into equity) to strengthen its financial position and allow it to continue as a going concern subject to appropriate restructuring. It is at this stage uncertain if any of the EU Bank Proposals will be adopted and if so, when and in what form. The Issuer is unable to predict what effects, if any, the Intervention Act (if passed) or the EU Bank Proposals (if adopted) may have on the financial system generally, the Issuer's counterparties, or on it, its operations or its financial position

The Financial Stability Board

In addition to the adoption of the laws, regulations and other measures described above, regulators and lawmakers around the world are actively reviewing the causes of the financial crisis and exploring steps to avoid similar problems in the future. In many respects, this work is being led by the Financial Stability Board ("FSB"), consisting of representatives of national financial authorities of the G20 nations. The G20 and the FSB have issued a series of papers and recommendations intended to produce significant changes in how financial companies, particularly companies that are members of large and complex financial groups, should be regulated. These proposals address such issues as financial group supervision, capital and solvency standards, systemic economic risk, corporate governance including executive compensation, and a host of related issues associated with responses to the financial crisis. The lawmakers and regulatory authorities in a number of jurisdictions in which the Issuer's subsidiaries conduct business have already begun introducing legislative and regulatory changes consistent with G20 and FSB recommendations, including proposals governing consolidated regulation of insurance holdings companies by the Financial Services Agency in Japan, proposals governing executive compensation by the financial regulators in The Netherlands (DNB), Germany (BaFIN) and the United Kingdom (FSA).

Additional Governmental Measures

Governments in The Netherlands and abroad have also intervened over the past few years on an unprecedented scale, responding to stresses experienced in the global financial markets. Some of the measures adopted subject the Issuer and other institutions for which they were designed to additional restrictions, oversight or costs. For restrictions related to the Core Tier 1 Securities and the IABF, (together, the "Dutch State Transactions"), see "Risks Related to the Restructuring Plan –The Issuer's agreements with the Dutch State impose certain restrictions regarding the issuance or repurchase of the Issuer's shares and the compensation of certain senior management positions". As a result of having received state aid through the Dutch State Transactions, the Issuer was required to submit its Restructuring Plan to the EC in connection with obtaining final approval for the Dutch State Transactions. See "Risks Related to the Restructuring Plan — The implementation of the Restructuring Plan and the divestments anticipated in connection with that plan will significantly alter the size and structure of the Issuer and involve significant costs and uncertainties that could materially impact the Issuer".

Sections 382 and 383 of the U.S. Internal Revenue Code contain tax attribute limitation rules, the general purpose of which is to prevent trafficking in tax losses and credits (i.e. they are anti-abuse rules), but which can apply without regard to whether a "loss trafficking" transaction occurs or is intended. These rules are triggered when an "ownership change" (as specially defined for U.S. federal income tax purposes) occurs. As of 31 December 2011, the Issuer believes that its U.S. subsidiaries have not had an "ownership change" for purposes of Sections 382 and 383. However, this determination is subject to uncertainties and is based on various assumptions. Future increases of capital or other changes in ownership may adversely affect the Issuer's cumulative ownership, and could trigger an "ownership change", which could limit the ability of its U.S. subsidiaries to use tax attributes, and could correspondingly decrease the value of these attributes.

On 28 September 2011, the European Commission published a proposal for a financial transaction tax that would be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the European Union. If not adopted by the European Union as a whole, such a tax might nonetheless be adopted by one or more European Union member states (as has recently been proposed in The Netherlands and approved in France by the French Parliament on certain financial instruments). As proposed, this tax could require us to pay a tax on transactions in financial instruments with parties (including, with respect to the EU-wide proposal, Group affiliates) located in the European Union. The Ministry of Finance in The Netherlands has put forward a proposal to introduce a banking tax in The Netherlands. That proposal, if approved by the Dutch Parliament, will likely result in increased taxes on ING's Banking operations, which could negatively impact the Issuer's operations, financial condition and liquidity. In addition, it is possible that the United States Congress may adopt a form of "financial crisis responsibility" fee and tax on banks and other financial firms to mitigate costs to taxpayers of various government programs established to address the financial crisis and to offset the costs of potential future crises. The Obama Administration's 2013 revenue proposals include such a fee. Any regulations resulting from these financial transaction tax initiatives and proposals could affect the Issuer's operational results, financial condition and liquidity, and could negatively impact the costs and scope of its transactions, including transactions with other financial institutions.

Test Achats Decision

On 1 March 2011, the European Court of Justice issued its judgment in the widely-followed Test Achats case. The Test Achats decision, in effect, provides that the use of gender as a factor in the pricing of or benefits under life and non-life insurance coverage is incompatible with the principles of equal treatment of men and women under the EU Charter. The Test Achat decision provides for a transition period, however, until 21 December 2012, after which the use of such gender-based factors will no longer be permissible. It is unclear whether this prohibition also applies to existing insurance contracts. While it is too early to assess the impacts of the Test Achats case on ING's insurance business, it is expected that the industry generally will incur potentially significant compliance-related costs as policy forms, underwriting and pricing criteria, and related systems undergo required modifications. On 22 December 2011, the European Commission issued guidelines to assist the insurance industry in implementing unisex pricing by 21 December 2012 (i.e., the end of the transition period specified in the Test Achats decision). ING is unable at this stage to quantify the extent of any such costs or other impacts on its business, and intends to follow closely the implementation of the Test Achats decision and the guidelines published by the European Commission.

Turbulence and volatility in the financial markets have adversely affected the Issuer, and may continue to do so.

General

The Issuer's results of operations are materially impacted by conditions in the global capital markets and the economy generally. Concerns over the slow economic recovery, the European sovereign debt crisis, unemployment, the availability and cost of credit, the level of U.S. national debt and the U.S. mortgage market, inflation levels, energy costs and geopolitical issues all have contributed to increased volatility and diminished expectations for the economy and the markets in recent years.

While certain of such conditions have improved since 2009, these conditions have generally resulted in greater volatility, widening of credit spreads and overall shortage of liquidity and tightening of financial markets throughout the world. In addition, prices for many types of asset-backed securities ("ABS") and other structured products have significantly deteriorated. These concerns have since expanded to include a broad range of fixed income securities, including those rated investment grade and especially the sovereign debt of some EEA countries and the United States, the international credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes, such as public and private equity, and real estate sectors. As a result of these and other factors, sovereign governments across the globe, including in regions where the Issuer operates, have also experienced budgetary and other financial difficulties, which have resulted in austerity measures, downgrades in credit rating by credit agencies, planned or implemented bail-out measures and, on occasion, civil unrest (for further details regarding sovereign debt concerns, see "U.S. Sovereign Credit Rating" and "European Sovereign Debt Crisis" below). As a result, the market for fixed income instruments has experienced decreased liquidity, increased price volatility, credit downgrade events, and increased probability of default. In addition, the confluence of these and other factors has resulted in volatile foreign exchange markets. Securities that are less liquid are more difficult to value and may be hard to dispose of. International equity markets have also been experiencing heightened volatility and turmoil, with issuers, including the Issuer, that have exposure to the real estate, mortgage, private equity and credit markets particularly affected. These events and market upheavals, including extreme levels of volatility, have had and may continue to have an adverse effect on the Issuer's revenues and results of operations, in part because the Issuer has a large investment portfolio and extensive real estate activities around the world. In addition, the confidence of customers in financial institutions is being tested. Consumer confidence in financial institutions may, for example, decrease due to the Issuer's or its competitors' failure to communicate to customers the terms of, and the benefits to customers of, complex or high-fee financial products. Reduced confidence could have an adverse effect on the Issuer's revenues and results of operations, including through an increase of lapses or surrenders of policies and withdrawal of deposits. Because a significant percentage of the Issuer's customer deposit base is originated via Internet banking, a loss of customer confidence may result in a rapid withdrawal of deposits over the Internet.

As a result of the ongoing and unprecedented volatility in the global financial markets since 2007, the Issuer has incurred substantial negative revaluations and impairments on its investment portfolio, which have impacted the Issuer's shareholders' equity and earnings. During 2009, 2010 and 2011, the revaluation reserve position improved substantially, positively impacting shareholders' equity. Although the Issuer believes that its reserves for insurance liabilities are generally adequate, inadequacies in certain product areas have developed.

The aforementioned impacts have arisen primarily as a result of valuation and impairment issues arising in connection with the Issuer's investments in real estate (both in and outside the US) and private equity, exposures to European sovereign debt and to US mortgage-related structured investment products, including sub-prime and Alt-A Residential and Commercial Mortgage-Backed Securities ("RMBS" and "CMBS", respectively), Collateralized Debt Obligations ("CDOs") and Collateralized Loan Obligations ("CLOs"), monoline insurer guarantees, private equity and other investments. In many cases, the markets for investments and instruments have been and remain highly illiquid, and issues relating to counterparty credit ratings and other factors have exacerbated pricing and valuation uncertainties. Valuation of such investments and instruments is a complex process involving the consideration of market transactions, pricing models, management judgment and other factors, and is also impacted by external factors such as underlying mortgage default rates, interest rates, rating agency actions and property valuations. The Issuer continues to monitor its exposures, however there can be no assurances that it will not experience further negative impacts to its shareholders' equity or profit and loss accounts in future periods.

U.S. Sovereign Credit Rating

After a period of uncertainty as to whether U.S. lawmakers would be able to reach the political consensus needed to raise the federal debt ceiling, and notwithstanding that U.S. lawmakers passed legislation to raise the federal debt ceiling before the U.S. actually defaulted on any of its obligations, on 5 August 2011, Standard & Poor's Ratings Group, Inc. lowered its long term sovereign credit rating on the United States of America from AAA to AA+. Although other ratings agencies have not similarly lowered the long term sovereign credit rating of the United States of America, they have put that credit rating on review. There continues to be a perceived risk of a future sovereign credit ratings downgrade of the U.S. government, including the rating of U.S. Treasury securities. It is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade. Instruments of this nature are key assets on the balance sheets of financial institutions and are widely used as collateral by financial institutions to meet their day-to-day cash flows in the short-term debt market. A downgrade of the sovereign credit ratings of the U.S. government and the perceived creditworthiness of U.S. government-related obligations could impact the Issuer's ability to obtain funding that is collateralized by affected instruments, as well as affecting the pricing of that funding when it is available. A downgrade may also adversely affect the market value of such instruments. The Issuer cannot predict if, when or how any changes to the credit ratings or perceived creditworthiness of these organizations will affect economic conditions. Such ratings actions could result in a significant adverse impact to ING.

European Sovereign Debt Crisis

In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these EU "peripheral" states to continue to service their sovereign debt obligations. These concerns impacted financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations. Despite the creation of a joint EU-IMF European Financial Stability Facility in May 2010, assistance packages to Greece, Ireland and Portugal, and announced plans in the summer of 2011 to expand financial assistance to Greece, uncertainty over the outcome of the EU governments' financial support programs and worries about sovereign finances persisted and, notwithstanding increased purchases of sovereign bonds by the European Central Bank and measures taken by other central banks to enhance global liquidity, ultimately spread from "peripheral" to "core" European Union member states in the fall of 2011. Market concerns over the direct and indirect exposure of European banks and insurers to the EU sovereign debt further resulted in a widening of credit spreads and increased costs of funding for some European financial institutions. In December 2011, European leaders agreed to implement steps (and continue to meet regularly to review, amend and supplement such steps) to encourage greater long term fiscal responsibility on the part of the individual member states and bolster market confidence in the Euro and European sovereign debt; however, such proposed steps are subject to final agreement (and in some cases, ratification and/or other approvals) by the European Union member states that are party to such arrangements and thus the implementation of such steps in their currently-contemplated form remains uncertain, and even if such steps are implemented, there is no guarantee that they will ultimately and finally resolve uncertainties regarding the ability of Eurozone states to continue to service their sovereign debt obligations. Further, even if such long term structural adjustments are ultimately implemented, the future of the Euro in its current form, and with its current membership, remains uncertain.

Risks and ongoing concerns about the debt crisis in Europe, as well as the possible default by, or exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies, could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in these European countries and the financial condition of European and other financial institutions, including the Issuer. In the event of any default or similar event with respect to a sovereign issuer, some financial institutions may suffer significant losses for which they would require additional capital, which may not be available. Market and economic disruptions stemming from the crisis in Europe have affected, and may continue to affect, consumer confidence levels and spending, bankruptcy rates, levels of incurrence of and default on consumer debt and home prices, among other factors. There can be no assurance that the market disruptions in Europe, including the increased cost of funding for certain government and financial institutions, will not spread, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilize the affected countries and markets in Europe or elsewhere. To the extent uncertainty regarding the economic recovery continues to negatively impact consumer confidence and consumer credit factors, the Issuer's business and results of operations could be significantly and adversely impacted. In addition, the possible exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies could create significant uncertainties regarding the enforceability and valuation of Euro denominated contracts to which the Issuer (or its counterparties) are a party and thereby materially and adversely affect the Issuer and/or its counterparties' liquidity, financial condition and operations. Such uncertainties may include the risk that (i) an obligation that was expected to be paid in Euros is redenominated into a new currency (which may not be easily converted into other currencies without significant cost), (ii) currencies in some European Union member states may devalue relative to others, (iii) former Eurozone member states may impose capital controls that would make it complicated or illegal to move capital out of such countries, and/or (iv) some courts (in particular, courts in countries that have left the Eurozone) may not recognize and/or enforce claims denominated in Euros (and/or in any replacement currency). The possible exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies could also cause other significant market dislocations and lead to other adverse economic and operational impacts that are inherently difficult to predict or evaluate, and otherwise have potentially materially adverse impacts on the Issuer and its counterparties, including its depositors, lenders, borrowers and other customers.

During the week of 5 December 2011, Standard & Poor's Ratings Group, Inc., citing ongoing political and economic uncertainties related to the European sovereign debt crisis, placed the credit ratings of the European Union, its member states included in the Eurozone (other than Cyprus and Greece) and several European banks on "credit watch negative", indicating that Standard & Poor's Ratings Group, Inc. might reduce the credit ratings of one or more such entities in the near term. On 13 January 2012, Standard & Poor's Ratings Group, Inc. proceeded to downgrade the credit ratings of France, Austria, Italy, Spain, Portugal and a handful of other EEA states (while reaffirming the credit ratings of Germany, The Netherlands, Ireland and other EEA states). Further related downgrades of European sovereign ratings and of corporate ratings have occurred since that date, including the downgrade of Greece's sovereign credit rating to "selective default' by Standard & Poor's Ratings Group, Inc. on 27 February 2012 as a result of a debt restructuring that is expected to impose significant losses on private creditors (including ING). These announcements, as well as any further future downgrades, could negatively affect borrowing costs of the affected entities, increase overall economic volatility, and affect the operation of the Issuer's businesses.

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

There is substantial competition in The Netherlands and the other countries in which the Issuer does business for the types of insurance, commercial banking, investment banking, asset management and other products and services it provides. Customer loyalty and retention can be influenced by a number of factors, including relative service levels, the prices and attributes of products and services, and actions taken by competitors. If the Issuer is not able to match or compete with the products and services offered by its competitors, it could adversely impact its ability to maintain or further increase its market share, which would adversely affect its results of operations. Such competition is most pronounced in the Issuer's more mature markets of The Netherlands, Belgium, the Rest of Western Europe, the United States, Canada and Australia. In recent years, however, competition in emerging markets, such as Latin America, Asia and Central and Eastern Europe, has also increased as large financial services companies from more developed countries have sought to establish themselves in markets which are perceived to offer higher growth potential, and as local institutions have become more sophisticated and competitive and have sought alliances, mergers or strategic relationships with the Issuer's competitors. The Netherlands and the United States are its largest markets for both its banking and insurance operations. The Issuer's main competitors in the banking sector in The Netherlands are ABN AMRO Bank and Rabobank. The Issuer's main competitors in the insurance sector in The Netherlands are Achmea, ASR, Delta Lloyd and Aegon. The Issuer's main competitors in the United States are insurance companies such as Lincoln National, Hartford, Aegon Americas, AXA, Met Life, Prudential, Nationwide and Principal Financial. Competition could also increase due to new entrants in the markets that may have new operating models that are not burdened by potentially costly legacy operations. Increasing competition in these or any of the Issuer's other markets may significantly impact the Issuer's results if it is unable to match the products and services offered by its competitors. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms or have declared bankruptcy. These developments could result in the Issuer's competitors gaining greater access to capital and liquidity, expanding their ranges of products and services, or gaining geographic diversity.

The Issuer may experience pricing pressures as a result of these factors in the event that some of its competitors seek to increase market share by reducing prices. In addition, under the Restructuring Plan the Issuer was required to agree to certain restrictions imposed by the EC, including with respect to its price leadership in EU banking markets and its ability to make acquisitions of financial institutions and other businesses. See "Risks Related to the Restructuring Plan – The limitations required by the EC on the Issuer's ability to compete and to make acquisitions or call certain debt instruments could materially impact the Issuer".

Because the Issuer does business with many counterparties, the inability of these counterparties to meet their financial obligations could have a material adverse effect on its results of operations.

General

Third-parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include the issuers and guarantors (including sovereigns) of securities the Issuer holds, borrowers under loans originated, customers, trading counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Severe distress or defaults by one or more of these parties on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure, etc., or even rumours about potential severe distress or defaults by one or more of these parties or regarding the financial services industry generally, could lead to losses for the Issuer, and defaults by other institutions. In light of experiences with significant constraints on liquidity and high cost of funds in the interbank lending market, and given the high level of interdependence between financial institutions, the Issuer is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of sovereigns and other financial services institutions. This is particularly relevant to the Issuer's franchise as an important and large counterparty in equity, fixed-income and foreign exchange markets, including related derivatives, which exposes it to concentration risk.

The Issuer routinely executes a high volume of transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, insurance companies and other institutional clients, resulting in large daily settlement amounts and significant credit exposure. As a result, the Issuer faces concentration risk with respect to specific counterparties and customers. The Issuer is exposed to increased counterparty risk as a result of recent financial institution failures and weakness and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. A default by, or even concerns about the creditworthiness of, one or more financial services institutions could therefore lead to further significant systemic liquidity problems, or losses or defaults by other financial institutions.

With respect to secured transactions, its credit risk may be exacerbated when the collateral held by the Issuer cannot be realised, or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it. The Issuer also has exposure to a number of financial institutions in the form of unsecured debt instruments, derivative transactions and equity investments. For example, the Issuer holds certain hybrid regulatory capital instruments issued by financial institutions which permit such issuers to defer coupon payments on the occurrence of certain events or at their option. The EC has indicated that, in certain circumstances, it may require these financial institutions to defer payment. If this were to happen, the Issuer expects that such instruments may experience ratings downgrades and/or a drop in value and it may have to treat them as impaired, which could result in significant losses. There is no assurance that losses on, or impairments to the carrying value of, these assets would not materially and adversely affect the Issuer’s business or results of operations.

In addition, the Issuer is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations the Issuer holds could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of the Issuer’s counterparties could also have a negative impact on its income and risk weighting, leading to increased capital requirements. While in many cases the Issuer is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. The Issuer’s credit risk may also be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to the Issuer, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those currently experienced. The termination of contracts and the foreclosure on collateral may subject the Issuer to claims for the improper exercise of its rights under such contracts. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity.

Any of these developments or losses could materially and adversely affect the Issuer’s business, financial condition, results of operations, liquidity and/or prospects.

Reinsurers

The Issuer’s insurance operations have bought protection for risks that exceed certain risk tolerance levels set for both the Issuer’s life and non-life businesses. This protection is bought through reinsurance arrangements in order to reduce possible losses. Because in most cases the Issuer must pay the policyholders first, and then collect from the reinsurer, it is subject to credit risk with respect to each reinsurer for all such amounts. As a percentage of the Issuer’s reinsurance exposure as of 31 December 2011, the greatest exposure after collateral to an individual external reinsurer was approximately 21%, approximately 47% related to four other external reinsurers and the remainder of the reinsurance exposure related to various other reinsurers. The inability or unwillingness of any one of these reinsurers to meet its financial obligations to the Issuer, or the insolvency of the Issuer’s reinsurers, could have a material adverse effect on the Issuer’s net results and its financial results.

Market conditions observed over the last year may increase the risk of loans being impaired. The Issuer is exposed to declining property values on the collateral supporting residential and commercial real estate lending.

The Issuer is exposed to the risk that its borrowers (including sovereigns) may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. The Issuer may continue to see adverse changes in the credit quality of its borrowers and counterparties, for example as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors. This may lead to impairment charges on loans and other assets, higher costs and additions to loan loss provisions. A significant increase in the size of the Issuer's provision for loan losses could have a material adverse effect on its financial position and results of operations.

Economic and other factors could lead to further contraction in the residential mortgage and commercial lending market and to further decreases in residential and commercial property prices which could generate substantial increases in impairment losses.

Interest rate volatility and other interest rate changes may adversely affect the Issuer's profitability.

Changes in prevailing interest rates may negatively affect the Issuer's business including the level of net interest revenue the Issuer earns, and for its banking business the levels of deposits and the demand for loans. In a period of changing interest rates, interest expense may increase at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest revenue. Changes in the interest rates may negatively affect the value of the Issuer's assets and its ability to realize gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings.

Declining interest rates may result in:

- life insurance and annuity products being relatively more attractive to consumers due to minimum guarantees with respect to such products that are frequently mandated by regulators;
- increased premium payments on products with flexible premium features;
- a higher percentage of insurance and annuity contracts remaining in force from year-to-year, potentially resulting in greater claims costs than the Issuer expected and creating asset liability duration mismatches;
- addition to provisions for guarantees included in life insurance and annuity contracts, as the guarantees become more valuable to policyholders;
- lower investment earnings because the interest earnings on the Issuer's fixed income investments will likely have declined in parallel with market interest rates on its assets recorded at fair value;
- reserve strengthening by affecting the results of the Issuer's reserve adequacy testing;
- higher prepayment or redemption of mortgages and fixed maturity securities in the Issuer's investment portfolios as borrowers seek to borrow at lower interest rates. Consequently, the Issuer may be required to reinvest the proceeds in securities bearing lower interest rates;
- lower profitability as the result of a decrease in the spread between interest rates charged to policyholders and returns on the Issuer's investment portfolios; and/or
- lower profitability since the Issuer may not be able to fully track the decline in interest rates in its savings rate.

In addition, certain statutory capital and reserve requirements are based on formulas and models that consider interest rates, and an extended period of low interest rates may increase the statutory capital the Issuer is required to hold and the amount of assets it must maintain to support statutory reserves.

Rapidly increasing interest rates may result in:

- decrease the demand for loans;
- increase in policy loans, and withdrawals and surrenders of life insurance policies and fixed annuity contracts as policyholders choose to forego insurance protection and seek higher investment returns. Obtaining cash to satisfy these obligations may require the Issuer to liquidate fixed maturity investments at a time when market prices for those assets are depressed because of increases in interest rates. This may result in realised investment losses. Regardless of whether the Issuer realises an investment loss, these cash payments would result in a decrease in total invested assets, and may decrease its net income. Premature withdrawals may also cause the Issuer to accelerate amortization of deferred policy acquisition costs, which would also reduce its net income; and/or
- prepayment losses if prepayment rates are lower than expected or if interest rates increase to rapidly to adjust the accompanying hedges.

The Issuer may incur losses due to failures of banks falling under the scope of state compensation schemes.

In The Netherlands and other jurisdictions deposit guarantee schemes and similar funds ("Compensation Schemes") have been implemented from which compensation may become payable to customers of financial services firms in the event the financial service firm is unable to pay, or unlikely to pay, claims against it. In many jurisdictions in which the Issuer operates, these Compensation Schemes are funded, directly or indirectly, by financial services firms which operate and/or are licensed in the relevant jurisdiction. As a result of the increased number of bank failures, in particular since the fall of 2008, the Issuer expects that levies in the industry will continue to rise as a result of the Compensation Schemes. In particular, the Issuer is a participant in the Dutch Deposit Guarantee Scheme (the "Deposit Guarantee Scheme"), which guarantees an amount of EUR 100,000 per person per bank (regardless of the number of accounts held). The costs involved with making compensation payments under the Deposit Guarantee Scheme are allocated among the participating banks by the Dutch Central Bank, *De Nederlandsche Bank N.V.* ("DNB"), based on an allocation key related to their market shares with respect to the deposits protected by the Deposit Guarantee Schemes. Given its size the Issuer may incur significant compensation payments to be made under the Deposit Guarantee Scheme, which it may be unable to recover from the bankrupt estate. The ultimate costs to the industry of payments which may become due under the Compensation Schemes, remains uncertain, although they may be significant and these and the associated costs to the Issuer may have a material adverse effect on its results of operations and financial condition. Going forward the Deposit Guarantee Scheme will change from an ex-post scheme, where the Issuer contributes after the failure of a firm, to an ex-ante scheme where the Issuer pays yearly contributions to ensure the scheme holds a target level of fund regardless of whether any failures occur. The costs associated with potential future yearly contributions are today unknown, but given the Issuer's size may be significant.

Risks Related to the Issuer's Business, Operations, and Regulatory Environment

The Issuer may be unable to manage its risks successfully through derivatives.

The Issuer employs various economic hedging strategies with the objective of mitigating the market risks that are inherent in its business and operations. These risks include currency fluctuations, changes in the fair value of its investments, the impact of interest rate, equity markets and credit spread changes and changes in mortality and longevity. The Issuer seeks to control these risks by, among other things, entering into a number of derivative instruments, such as swaps, options, futures and forward contracts including from time to time macro hedges for parts of its business, either directly or as a counterparty or as a credit support provider to affiliate counterparties.

Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate the Issuer from risks associated with those fluctuations. The Issuer's hedging strategies also rely on assumptions and projections regarding the Issuer's assets, liabilities, general market factors and the credit worthiness of the Issuer's counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, the Issuer's hedging activities may not have the desired beneficial impact on its results of operations or financial condition. Poorly designed strategies or improperly executed transactions could actually increase its risks and losses. Hedging strategies involve transaction costs and other costs, and if the Issuer terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. There have been periods in the past, and it is likely that there will be periods in the future, during which the Issuer has incurred or may incur losses on transactions, perhaps significant, after taking into account its hedging strategies. Further, the nature and timing of the Issuer's hedging transactions could actually increase the Issuer's risk and losses. In addition, hedging strategies involve transaction costs and other costs. The Issuer's hedging strategies and the derivatives that the Issuer uses and may use may not adequately mitigate or offset the risk of interest rate volatility, and the Issuer's hedging transactions may result in losses.

The Issuer's hedging strategy additionally relies on the assumption that hedging counterparties remain able and willing to provide the hedges required by its strategy. Increased regulation, market shocks, worsening market conditions (whether due to the ongoing Euro crisis or otherwise), and/or other factors that affect or are perceived to affect the financial condition, liquidity and creditworthiness of the Issuer may reduce the ability and/or willingness of such counterparties to engage in hedging contracts with the Issuer and/or other parties, affecting its overall ability to hedge its risks and adversely affecting its business, operations, financial condition and liquidity.

The Issuer may be unable to retain key personnel.

As a financial services enterprise with a decentralised management structure, the Issuer relies to a considerable extent on the quality of local management in the various countries in which the Issuer operates. The success of the Issuer's operations is dependent, among other things, on the Issuer's ability to attract and retain highly qualified professional personnel. Competition for key personnel in most countries in which the Issuer operates is intense. The Issuer's ability to attract and retain key personnel, in particular senior officers, experienced portfolio managers, mutual fund managers and sales executives, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent.

As a part of the responses of the European Commission and governments throughout Europe to the financial crisis in 2008, there have been various legislative initiatives, including those set out in Directive 2010/76/EU (CRD III), the Guidelines on Remuneration Policies and Practices published by (the predecessor of) the European Banking Authority (EBA) and the Regulation of the Dutch Central Bank on Sound Remuneration Policies (*Regeling beheerst beloningsbeleid Wft 2011*) and the Dutch legislative proposal to prohibit the payment of variable remuneration to board members and day-to-day policy makers of financial institutions that receive state aid in the future, to ensure that financial institutions' remuneration policies and practices are consistent with and promote sound and effective risk management, and that impose restrictions on the remuneration of personnel, in particular senior management, with a focus on risk alignment of performance-related remuneration. These restrictions have had and will have an impact on existing the Issuer's remuneration policies and individual remuneration packages of personnel.

These restrictions, alone or in combination with the other factors described above, could adversely affect the Issuer's ability to retain or attract qualified employees.

Because the Issuer uses assumptions about factors, the use of different assumptions about these factors may have an adverse impact on its results of operations.

The establishment of insurance provisions, including the impact of minimum guarantees which are contained within certain variable annuity products, the adequacy test performed on the provisions for life policies and the establishment of Deferred Acquisition Costs (DAC) and Value of Business Acquired (VOBA) are inherently uncertain processes involving assumptions about factors such as court decisions, changes in laws, social, economic and demographic trends, inflation, investment returns, policyholder behaviour (e.g., lapses, persistency, etc.) and other factors, and, in the life insurance business, assumptions concerning mortality, longevity and morbidity trends. The use of different assumptions about these factors could have a material effect on insurance provisions and underwriting expense. Changes in assumptions may lead to changes in the insurance provisions over time. Furthermore, some of these assumptions can be volatile.

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

The Issuer uses assumptions in order to model client behaviour for the risk calculations in its banking and insurance books. Assumptions are used to determine insurance liabilities, the price sensitivity of savings and current accounts and to estimate the embedded optional risk in the mortgage and investment portfolios. The realisation or use of different assumptions to determine the client behaviour could have a material adverse effect on the calculated risk figures and ultimately future results. ING Insurance has a significant exposure to the take up of policy options by policyholders. The exposure is greatest for variable annuity business with guarantees deeply in-the-money, policyholder behaviour is difficult to predict and small changes in the proportion of policyholders taking up an option can have a significant financial impact. Furthermore, assumptions about policyholder behaviour are sometimes made for new insurance business without a substantial amount of experiential data. These assumptions may prove imperfect, which can have a material impact on results. See "Because the Issuer uses assumptions about factors, the use of different assumptions about these factors may have an adverse impact on its results of operations" for a discussion of US variable annuity-related charges taken in the fourth quarter of 2011.

The Issuer may incur further liabilities in respect of its defined benefit retirement plans if the value of plan assets is not sufficient to cover potential obligations, including as a result of differences between results and underlying actuarial assumptions and models.

The Issuer's group companies operate various defined benefit retirement plans covering a significant number of their employees. The liability recognised in the Issuer's consolidated balance sheet in respect of the Issuer's defined benefit plans is the present value of the defined benefit obligations at the balance sheet date, less the fair value of each plan's assets, together with adjustments for unrecognised actuarial gains and losses and unrecognised past service costs. The Issuer determines its defined benefit plan obligations based on internal and external actuarial models and calculations using the projected unit credit method. Inherent in these actuarial models are assumptions including discount rates, rates of increase in future salary and benefit levels, mortality rates, trend rates in health care costs, consumer price index, and the expected return on plan assets. These assumptions are based on available market data and the historical performance of plan assets, and are updated annually. Nevertheless, the actuarial assumptions may differ significantly from actual results due to changes in market conditions, economic and mortality trends and other assumptions. Any changes in these assumptions could have a significant impact on the Issuer's present and future liabilities to and costs associated with the Issuer's defined benefit retirement plans.

The Issuer's risk management policies and guidelines may prove inadequate for the risks it faces.

The methods the Issuer uses to manage, estimate and measure risk are partly based on historic market behaviour. The methods may, therefore, prove to be inadequate for predicting future risk exposure, which may be significantly greater than what is suggested by historic experience. For instance, these methods did not predict the losses seen in the stressed conditions in recent periods, and may also not adequately allow prediction of circumstances arising due to the government interventions and stimulus packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of information regarding markets, customers or other information that is publicly known or otherwise available to the Issuer. Such information may not always be correct, updated or correctly evaluated.

The Issuer is subject to a variety of regulatory risks as a result of its operations in certain countries.

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

In addition, as a result of the Issuer's operations in certain countries, it is subject to risks of possible nationalisation, expropriation, price controls, exchange controls and other restrictive government actions, as well as the outbreak of hostilities, in these markets. In addition, the current economic environment in certain of these countries in which the Issuer operates may increase the likelihood for regulatory initiatives to enhance consumer protection or to protect homeowners from foreclosures. Any such regulatory initiative could have an adverse impact on the Issuer's ability to protect its economic interest in the event of defaults on residential mortgages.

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

When new financial products are brought to the market, communication and marketing aims to present a balanced view of the product (however there is a focus on potential advantages for the customers). Whilst the Issuer engages in a due diligence process when it develops products, if the products do not generate the expected profit, or result in a loss, or otherwise do not meet expectations, customers may file mis-selling claims against the Issuer. Mis-selling claims are claims from customers who allege that they have received misleading advice or other information from either ING internal or external advisors (even though ING does not always have full control over the external advisors). Complaints may also arise if customers feel that they have not been treated reasonably or fairly, or that the duty of care has not been complied with. While a considerable amount of time and money has been invested in reviewing and assessing historic sales practices, and in the maintenance of risk management, legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historic sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated. The negative publicity associated with any sales practices, any compensation payable in respect of any such issues and/or regulatory changes resulting from such issues could have a material adverse effect on the Issuer's reputation, operations and net result.

Customer protection regulations as well as changes in interpretation and perception by both the public at large and governmental authorities of acceptable market practices might influence client expectations.

Ratings are important to the Issuer's business for a number of reasons. Downgrades could have an adverse impact on its operations and net results.

The Issuer has credit ratings from Standard & Poor's, Moody's and Fitch. Each of the rating agencies reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time. In the event of a downgrade the cost of issuing debt will increase, having an adverse effect on net results. Certain institutional investors may also be obliged to withdraw their deposits from ING following a downgrade, which could have an adverse effect on its liquidity.

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

Furthermore, ING Bank N.V.'s assets are risk weighted. Downgrades of these assets could result in a higher risk weighting which may result in higher capital requirements. This may impact net earnings and the return on capital, and may have an adverse impact on the Issuer's competitive position. For ING's insurance businesses in a number of jurisdictions, such as the US and the EU, downgrades of assets will similarly affect the capital requirements for ING Insurance in those jurisdictions.

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

A sustained increase in the inflation rate in the Issuer's principal markets would have multiple impacts on the Issuer and may negatively affect its business, solvency position and results of operations. For example, a sustained increase in the inflation rate may result in an increase in market interest rates which may:

(1) decrease the estimated fair value of certain fixed income securities it holds in its investment portfolios resulting in:

- reduced levels of unrealized capital gains available to it which could negatively impact its solvency position and net income; and/or
- a decrease of collateral values,

(2) result in increased surrenders of certain life & savings products, particularly, those with fixed rates below market rates,

(3) require the Issuer, as an issuer of securities, to pay higher interest rates on debt securities it issues in the financial markets from time to time to finance its operations which would increase the Issuer's interest expenses and reduce the Issuer's results of operations, and/or

(4) result in decreased fee income associated with a decline in the variable annuity balances invested in fixed income funds.

A significant and sustained increase in inflation has historically also been associated with decreased prices for equity securities and sluggish performance of equity markets generally. A sustained decline in equity markets may:

(1) result in impairment charges to equity securities that the Issuer holds in its investment portfolios and reduced levels of unrealised capital gains available to it which would reduce its net income and negatively impact its solvency position,

(2) negatively impact performance, future sales and surrenders of certain products where underlying investments are often allocated to equity funds,

(3) negatively impact the ability of the Issuer’s asset management subsidiaries to retain and attract assets under management, as well as the value of assets they do manage, which may negatively impact their results of operations, and/or

(4) result in decreased fee income associated with a decline in the variable annuity balances invested in fixed income funds.

In addition, in the context of certain property & casualty risks underwritten by the Issuer’s insurance subsidiaries (particularly “long-tail” risks), a sustained increase in inflation with a resulting increase in market interest rates may result in (1) claims inflation (i.e., an increase in the amount ultimately paid to settle claims several years after the policy coverage period or event giving rise to the claim), coupled with (2) an underestimation of corresponding claims reserves at the time of establishment due to a failure to fully anticipate increased inflation and its effect on the amounts ultimately payable to policyholders, and, consequently, (3) actual claims payments significantly exceeding associated insurance reserves which would negatively impact the Issuer’s results of operations.

In addition, a failure to accurately anticipate higher inflation and factor it into the Issuer’s product pricing assumptions may result in a systemic mispricing of its products resulting in underwriting losses which would negatively impact its results of operations.

Operational risks are inherent in the Issuer’s business.

The Issuer’s businesses depend on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequate trained or skilled personnel, IT failures, inadequate or failed internal control processes and systems, regulatory breaches, human errors, employee misconduct including fraud, or from external events that interrupt normal business operations. The Issuer depends on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The equipment and software used in the Issuer’s computer systems and networks may be at or near the end of their useful lives or may not be capable of processing, storing or transmitting information as expected. Certain of the Issuer’s computer systems and networks may also have insufficient recovery capabilities in the event of a malfunction or loss of data. In addition, such systems and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other external attacks or internal breaches that could have a security impact and jeopardise the Issuer’s confidential information or that of its clients or its counterparts. These events can potentially result in financial loss, harm to the Issuer’s reputation and hinder its operational effectiveness. The Issuer also faces the risk that the design and operating effectiveness of its controls and procedures prove to be inadequate or are circumvented. Furthermore, widespread outbreaks of communicable diseases, such as the outbreak of the H1N1 influenza virus, may impact the health of the Issuer’s employees, increasing absenteeism, or may cause a significant increase in the utilization of health benefits offered to its employees, either or both of which could adversely impact its business. Unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, and the Issuer's operations may be subject to losses resulting from such disruptions. Losses can result from destruction or impairment of property, financial assets, trading positions, the payment of insurance and pension benefits to employees and the loss of key personnel. If the Issuer's business continuity plans are not able to be implemented or do not take such events into account, losses may increase further.

The Issuer has suffered losses from operational risk in the past and there can be no assurance that it will not suffer material losses from operational risk in the future.

Reinsurance may not be available, affordable or adequate to protect the Issuer against losses. The Issuer may also decide to reduce, eliminate or decline primary insurance or reinsurance coverage.

As part of the Issuer's overall risk and capacity management strategy it purchases reinsurance for certain risks underwritten by its various insurance business segments. Market conditions beyond the Issuer's control determine the availability and cost of the reinsurance protection it purchases. Accordingly, the Issuer may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect its ability to write future business.

In addition, the Issuer determines the appropriate level of primary insurance and reinsurance coverage based on a number of factors and from time to time decide to reduce, eliminate or decline coverage based on its assessment of the costs and benefits involved. In such cases, the uninsured risk remains with the Issuer.

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

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

Risks Related to the Restructuring Plan

The implementation of the Restructuring Plan and the divestments anticipated in connection with that plan will significantly alter the size and structure of the Issuer and involve significant costs and uncertainties that could materially impact the Issuer.

In November 2008, the Dutch State purchased the Core Tier 1 Securities (the "Core Tier 1 Securities"), and in the first quarter of 2009 the Issuer entered into the Illiquid Asset Back-up Facility (IABF) with the Dutch State. As a result of having received state aid through the Dutch State Transactions, the Issuer was required to submit a restructuring plan (the "Restructuring Plan") to the EC in connection with obtaining final approval for the Dutch State Transactions under the EC state aid rules. On 26 October 2009, the Issuer announced its Restructuring Plan, pursuant to which it is required to divest by the end of 2013 all of its insurance business, including the investment management business, as well as ING Direct US, which operates the Issuer's direct banking business in the United States, and certain portions of its retail banking business in The Netherlands. The EC's approval of the Restructuring Plan was issued on 18 November 2009. On 28 January 2010, ING lodged an appeal with the General Court of the European Union (the "General Court") against specific elements of the EC's decision regarding the Restructuring Plan. On 2 March 2012, the General Court partially annulled the Commission's decision of 18 November 2009 and as a result a new decision must be issued by the Commission. Interested parties can file an appeal against the General Court's judgment before the Court of Justice of the European Union within two months and ten days after the date of the General Court's judgment.

In connection with the Restructuring Plan, the Issuer was required to agree to not be a price leader in certain EU markets with respect to certain retail, private and direct banking products and to refrain from (i) acquisitions of financial institutions and (ii) acquisitions of other businesses if this would delay the Issuer's repayment of the remaining Core Tier 1 Securities. Those limitations may last until at least 18 November 2012 and could adversely affect the Issuer's ability to maintain or grow market share in key markets as well as the Issuer's results of operations. See "Risks Related to the Restructuring Plan — The limitations required by the EC on the Issuer's ability to compete and to make acquisitions or call certain debt instruments could materially impact the Issuer".

There can be no assurance that the Issuer will be able to implement the Restructuring Plan successfully or complete the announced divestments on favourable terms or at all, particularly in light of both the plan's 2013 deadline and expected challenging market conditions in which other financial institutions may place similar assets for sale during the same time period and may seek to dispose of assets in the same manner. Any failure to successfully implement the Restructuring Plan may result in EC enforcement actions and may have a material adverse impact on the assets, profitability, capital adequacy and business operations of the Issuer. Moreover, in connection with the implementation of the Restructuring Plan, including any proposed divestments, the Issuer or potential buyers may need to obtain various approvals, including of shareholders, works councils and regulatory and competition authorities, and the Issuer and potential buyers may face difficulties in obtaining these approvals in a timely manner or at all. In addition, the implementation of the Restructuring Plan may strain relations with the Issuer's employees, and specific proposals in connection with the implementation may be opposed by labour unions or works councils. Furthermore, following the announcement of the Restructuring Plan, several of the Issuer's subsidiaries have been downgraded or put on credit watch by rating agencies. See "Risks Related to the Issuer's Business, Operations, and Regulatory Environment – Ratings are important to the Issuer's business for a number of reasons. Downgrades could have an adverse impact on the Issuer's operations and net results".

Other factors that may impede the Issuer's ability to implement the Restructuring Plan successfully include an inability of prospective purchasers to obtain funding due to the deterioration of the credit markets, insufficient access to equity capital markets, a general unwillingness of prospective purchasers to commit capital in the current market environment, antitrust concerns, any adverse changes in market interest rates or other borrowing costs and any declines in the value of the assets to be divested. Similarly, it may also be difficult to divest all or part of the Issuer's insurance or investment management business through one or more initial public offerings. There can also be no assurance that the Issuer could obtain favourable pricing for a sale of all or part of its insurance or investment management business in the public markets or succeed in turning the relevant subsidiaries into viable stand-alone businesses. A divestment may also release less regulatory capital than the Issuer would otherwise expect.

Any failure to complete the divestments on favourable terms, could have a material adverse impact on the Issuer's assets, profitability, capital adequacy and business operations. If the Issuer is unable to complete the announced divestments in a timely manner, it would be required to find alternative ways to reduce its leverage, and it could be subject to enforcement actions or proceedings by the EC. In particular, if the Issuer does not succeed in completing divestitures as described in the Restructuring Plan within the timelines set out therein, the EC may request the Dutch State to appoint a divestiture trustee with a mandate to complete the relevant divestiture with no minimum price.

The implementation of the divestments announced in connection with the Restructuring Plan, including the separation of the insurance and most of the investment management operations from the banking operations, will also give rise to additional costs related to the legal and financial assessment of potential transactions. The implementation may also result in increased operating and administrative costs. The process of completing the steps contemplated by the Restructuring Plan may be disruptive to the Issuer’s business and the businesses it is trying to sell and may cause an interruption or reduction of the Issuer’s business and the businesses to be sold as a result of, among other factors, the loss of key employees or customers and the diversion of management’s attention from the Issuer’s day-to-day business as a result of the need to manage the divestment process as well as any disruptions or difficulties that arise during the course of the divestment process. The Issuer may face other difficulties in implementing the Restructuring Plan and completing the planned divestments. For instance, the divestments, individually or in the aggregate, may trigger provisions in various contractual obligations, including debt and capital instruments, which could require the Issuer to modify, restructure or refinance those or other related obligations. The Issuer may not be able to effect any such restructuring or refinancing on similar terms as the current contractual obligations or at all. In addition, the announced divestments could be the subject of challenges or litigation, and a court could delay any of the divestment transactions or prohibit them from occurring on their proposed terms, or from occurring at all, which could adversely affect the Issuer’s ability to use the funds of the divestments to repay the Core Tier 1 Securities, reduce or eliminate its double leverage and strengthen its capital ratios as anticipated and eliminate the constraints on competition imposed by the EC.

The limitations required by the EC on the Issuer’s ability to compete and to make acquisitions or call certain debt instruments could materially impact the Issuer.

As part of its Restructuring Plan, the Issuer has undertaken with the EC to accept certain limitations on its ability to compete in certain retail, private and direct banking markets in the European Union and on its ability to acquire (i) financial institutions and (ii) businesses insofar this would delay its repayment of the remaining Core Tier 1 Securities held by the Dutch State. These restrictions in principle apply until the earlier of (1) 18 November 2012, and (2) the date upon which the Issuer repays all remaining Core Tier 1 Securities held by the Dutch State. The Issuer was also required to agree to limitations on its ability to call Tier-2 capital and Tier 1 hybrid debt instruments. If the EC does not approve the calling of Tier-2 capital and Tier 1 hybrid debt instruments in the future, this may have adverse consequences for the Issuer, result in additional payments on these instruments and limit the Issuer’s ability to seek refinancing on more favourable terms. The limitations described above will impose significant restrictions on the Issuer’s banking business operations and on the Issuer’s ability to take advantage of market conditions and growth opportunities. Such restrictions could adversely affect the Issuer’s ability to maintain or grow market share in key markets, as well as its results of operations.

Upon the implementation of the Restructuring Plan, the Issuer will be less diversified and may experience competitive and other disadvantages.

Following completion of the planned divestments under the Restructuring Plan, the Issuer expects to become a significantly smaller, regional financial institution focused on retail, direct and commercial banking in the Benelux region and certain other parts of Europe, as well as selected markets outside Europe. Although the Issuer will remain focused on banking operations, it may become a smaller bank than that represented by its current banking operations. In the highly competitive Benelux market and the other markets in which the Issuer operates, the Issuer's competitors may be larger, more diversified and better capitalised and have greater geographical reach than the Issuer, which could have a material adverse effect on the Issuer's ability to compete, as well as on its profitability. The divested businesses may also compete with the retained businesses, on their own or as part of the purchasers' enlarged businesses. In addition, the restrictions on the Issuer's ability to be a price leader and make acquisitions and on its compensation policies could further hinder its capacity to compete with competitors not burdened with such restrictions, which could have a material adverse effect on the Issuer's results of operations. There can be no assurance that the implementation of the Restructuring Plan will not have a material adverse effect on the market share, business and growth opportunities and results of operations for the Issuer's remaining core banking businesses.

The Issuer's Restructuring Programs may not yield intended reductions in costs, risk and leverage.

On 26 October 2009, the Issuer announced that it had reached an agreement with the EC on the Restructuring Plan. Projected cost savings and impact on the Issuer's risk profile and capital associated with these initiatives are subject to a variety of risks, including:

- contemplated costs to effect these initiatives may exceed estimates;
- divestments planned in connection with the Restructuring Plan may not yield the level of net proceeds expected, as described under "Risks Related to the Restructuring Plan – The implementation of the Restructuring Plan and the divestments anticipated in connection with that plan will significantly alter the size and structure of the Issuer and involve significant costs and uncertainties that could materially impact the Issuer";
- initiatives the Issuer is contemplating may require consultation with various regulators as well as employees and labour representatives, and such consultations may influence the timing, costs and extent of expected savings;
- the loss of skilled employees in connection with the initiatives; and
- projected savings may fall short of targets.

While the Issuer has begun and expects to continue to implement these strategies, there can be no assurance that it will be able to do so successfully or that it will realise the projected benefits of these and other restructuring and cost saving initiatives. If the Issuer is unable to realize these anticipated cost reductions, its business may be adversely affected. Moreover, the Issuer's continued implementation of restructuring and cost saving initiatives may have a material adverse effect on the Issuer's business, financial condition, results of operations and cash flows.

The Issuer's agreements with the Dutch State impose certain restrictions regarding the issuance or repurchase of its shares and the compensation of certain senior management positions.

For so long as the Dutch State holds at least 25% of the Core Tier 1 Securities, for so long as the IABF is in place, or for so long as any of the government guaranteed senior unsecured bonds issued by ING Bank N.V. under the Credit Guarantee Scheme of The Netherlands (the "Government Guaranteed Bonds") are outstanding, the Issuer is prohibited from issuing or repurchasing any of its own shares (other than as part of regular hedging operations and the issuance of shares according to employment schemes) without the consent of the Dutch State's nominees on the Supervisory Board. In addition, under the terms of the Core Tier 1 Securities and

IABF, the Issuer has agreed to institute certain restrictions on the compensation of the members of the Executive Board and senior management, including incentives or performance-based compensation. These restrictions could hinder or prevent the Issuer from attracting or retaining the most qualified management with the talent and experience to manage its business effectively. In connection with these transactions, the Dutch State was granted the right to nominate two candidates for appointment to the Supervisory Board. The Dutch State's nominees have veto rights over certain material transactions. The Issuer's agreements with the Dutch State have also led to certain restrictions imposed by the EC as part of the Restructuring Plan, including with respect to the Issuer's price leadership in EU banking markets and its ability to make acquisitions of financial institutions and other businesses. See "The limitations required by the EC on the Issuer's ability to compete and to make acquisitions or call certain debt instruments could materially impact the Issuer" above.

Whenever the overall return on the (remaining) Core Tier 1 Securities issued to the Dutch State is expected to be lower than 10% per annum, the European Commission may consider the imposition of additional behavioural constraints.

As stated in the decision of the European Commission of 12 November 2008 (in State aid N 528/2008 — The Netherlands), the core Tier 1 state-aid measure must be (re)notified to the European Commission by the Dutch authorities if the overall return on the Core Tier 1 Securities of at lest 10% per annum is not expected to be achieved. Such (re)notification by the Dutch authorities is particularly required (i) if ING abstains from paying dividends on its shares for a period of two consecutive years or for three years in the five years following the date of the aforementioned decision or (ii) if after a transition period of one year following the date of the aforementioned decision, the share price over a period of two consecutive years remains on average below EUR 13. In such cases, the European Commission may require additional behavioural constraints as a condition of the compatibility of the measure.

In 2011, ING reported to the Dutch authorities that ING has abstained from paying dividends on its shares for a period of two consecutive years (i.e. 2009 and 2010). ING (publicly) indicated in 2011 that provided that the strong capital generation continues, it intends to repurchase the remaining EUR 3 billion Core Tier 1 Securities from retained earnings ultimately by May 2012 on terms that are acceptable to all stakeholders. In this context, ING also indicated that this repurchase is conditional upon there having been no material changes regarding ING's capital requirements and/or (ING's outlook on) external market circumstances. Any repayment of the remaining Core Tier 1 Securities is furthermore conditional on approval from the DNB.

In early 2012, ING indicated that it aims to repay the remaining Core Tier 1 Securities as soon as possible - ideally a portion will be repaid in 2012 -, but that given the ongoing crisis in the Eurozone and increasing regulatory capital requirements, it needs to take a cautious approach and pay special attention to liquidity, funding and capital. Against this background, ING is discussing the (terms and timing of the) repayment of the remaining EUR 3 billion Core Tier 1 Securities with the Dutch Authorities and the European Commission.

Any of the fact that ING has not paid a dividend for (at least) two consecutive years, the status and outcome of discussions with the Dutch State and the European Commission on the terms of the repayment of the Core Tier 1 Securities and/or a change in ING's repayment schedule due to market circumstances, increased capital requirements and/or other relevant factors, could result in the European Commission imposing additional (behavioural) constraints on us as a condition of the compatibility of the measure of and/or requiring a higher minimum overall return on the Core Tier 1 Securities than 10% per annum.

DESCRIPTION OF ING GROEP N.V.

Profile

ING Groep N.V., also called ING Group, is the holding company of a broad spectrum of companies (together called "ING"), offering banking, investments, life insurance and retirement services to meet the needs of a broad customer base. Originating from The Netherlands, ING has a workforce of more than 97,000 people worldwide. Based on market capitalisation, ING Groep N.V. is one of the 20 largest financial institutions in Europe (source: MSCI, Bloomberg, 31 December 2011). ING Groep N.V. is a listed company and holds all shares of ING Bank N.V. and ING Verzekeringen N.V., which are non-listed 100% subsidiaries of ING Groep N.V.

On 26 October 2009 ING announced a new strategic direction. It will separate its banking operations and insurance operations (including investment management operations) and develop towards a mid-sized international bank, anchored in The Netherlands and Belgium, and predominantly focused on the European retail market with selected growth options elsewhere. On the same date, ING announced that all insurance operations (including investment management operations) would be divested over the following four years. ING conducts its banking operations principally through ING Bank N.V. ("ING Bank") and its insurance operations (including investment management operations) principally through ING Verzekeringen N.V. and its subsidiaries ("ING Insurance").

ING Bank

ING Bank is a large international player with an extensive global network in over 40 countries. It has leading banking positions in its home markets of The Netherlands, Belgium, Luxembourg, Germany and Poland. Furthermore, ING Bank has key positions in other Western, Central and Eastern European countries and Turkey This is coupled with options outside of Europe which will give ING Bank interesting growth potential in the long term. Since January 2011, ING Bank has been operating as a stand-alone business under the umbrella of ING Group.

With more than 70,000 employees, ING Bank is active through the following business lines: Retail Banking, including ING Direct, and Commercial Banking.

Retail Banking provides retail and private banking services to individuals and small and medium-sized enterprises in The Netherlands, Belgium, Luxembourg, Poland, Romania, Turkey, India, Thailand and China (through a stake in Bank of Beijing) with a multi-product, multi-channel distribution approach. In mature markets, Retail Banking focuses on wealth accumulation, savings and mortgages, with an emphasis on operational excellence, cost leadership and customer satisfaction. In developing markets, Retail Banking aims to become a prominent local player by offering simple but high quality products. ING Direct offers direct banking services in Canada, Spain, Australia, France, the United States, Italy, Germany, the United Kingdom and Austria. ING Direct's focus is on offering five simple and transparent retail banking products at very low cost: savings, mortgages, payment accounts, investment products and consumer lending.

Commercial Banking offers core banking services such as lending, payments and cash management in more than 40 countries. It provides clients with tailored solutions in areas including structured finance, financial markets, commercial finance, leasing, corporate finance and equity markets. Clients are corporations – ranging from medium-sized and large companies to major multinationals – as well as governments and financial institutions.

ING Insurance

ING Insurance/IM is a global insurance company with operations in life insurance, retirement services and asset management. The business is represented in 26 countries for insurance and retirement services and 33 countries for investment and asset management products and services.

In 2011, ING worked towards a base case of two IPOs of its insurance/investment management business: one Europe-led (including the Asian businesses) and the other US-focused.

ING Insurance/IM employs more than 26,000 people in six business lines: Insurance Benelux, Insurance Central & Rest of Europe, Insurance US (excluding Closed Block VA), US Closed Block VA, Insurance Asia/Pacific and ING Investment Management. The sale of the business of Insurance Latin America, announced on 25 July 2011, was completed on 29 December 2011. ING remains a shareholder in Brazilian insurer SulAmérica SA.

Listed below are the main activities of the ING Insurance business lines:

- Insurance Benelux includes ING's life and non-life insurance, investment and pension businesses in the Netherlands, Belgium and Luxembourg.
- Insurance Central & Rest of Europe consists of ING's life insurance and pensions operations in nine countries which include Poland, the Czech Republic, Slovakia, Hungary, Romania, Greece and Spain as well as greenfield operations in Bulgaria and Turkey.
- Insurance US includes ING's retirement services and life insurance operations in the US. In the US, ING is the third largest provider of defined contribution retirement plans in terms of assets under management and administration.
- US Closed Block VA consists of ING's Closed Block Variable Annuity business in the US, which has been closed to new business since early 2010 and which is now being managed in run-off.
- Insurance Asia/Pacific is one of the major foreign life insurance companies in the region and is present in seven countries including Japan, Malaysia, South Korea, Thailand, China, Hong Kong and India. It offers life insurance, investment and retirement services products and services to a broad range of retail, corporate and institutional clients.

ING Investment Management (ING/IM) is a global asset manager and is the principal investment manager of ING Group. It has operations in 33 countries across the Americas, Asia-Pacific, Europe and the Middle East. ING IM provides retail and institutional clients with access to domestic, regional and global investment solutions.

Incorporation and history

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

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

On 13 May 2009, ING announced that – in line with the April 2009 strategy announcement – it is taking measures to simplify its governance. These measures have been implemented. On 26 October 2009 ING announced that it would move towards a separation of its banking and insurance operations, clarifying the strategic direction for ING Bank and ING Insurance going forward. This has also lead to changes in the structure and composition of the respective Management Boards. ING Bank and ING Insurance now each have their own Management Board, consisting of the Group CEO, CFO and CRO and positions for four other members.

The registered office is at Amstelveenseweg 500 (ING House), 1081 KL Amsterdam, The Netherlands (telephone number: +31 20 563 9111). ING Groep N.V. is registered at the Chamber of Commerce and Industry of Amsterdam under no. 33231073 and its corporate seat is in Amsterdam, the Netherlands. The Articles of Association of ING Groep N.V. were last amended by notarial deed executed on 15 June 2011. According to article 3 of the Articles of Association, the object of ING Groep N.V. is to participate in, manage, finance, furnish personal or real security for the obligations of and provide services to other enterprises and institutions of any kind, but in particular enterprises and institutions which are active in the field of insurance, lending, investment and/or other financial services, and to engage in any activity which may be related or conducive to the foregoing.

ING's implementation of the Dutch Corporate Governance Code (the 'Code') was approved at the General Meeting of Shareholders on 26 April 2005. Given this approval, ING is deemed to be in full compliance with the Code. In December 2008, the Monitoring Committee of the Dutch Corporate Governance Code (the 'Frijns Committee') published an updated version of the Code. The revised Code became effective on 1 January 2009. ING has considered the revised Code and to what extent it could be implemented. As recommended by the Frijns Committee, the implementation of the revised Code was discussed at the 2010 General Meeting as a separate agenda item. On 27 April 2010 the General Meeting approved the implementation by ING Groep N.V. of the revised Dutch Corporate Governance Code.

Supervisory Board and Executive Board

ING Group has a two-tier board system, consisting of a Supervisory Board and an Executive Board. All members of the Supervisory Board, with the exception of Luc Vandewalle, are independent within the meaning of the Dutch Corporate Governance Code. Luc Vandewalle is not to be regarded as independent within the meaning of the Dutch Corporate Governance Code because of his former position at ING Belgium. The task of the Supervisory Board is to supervise the policy of the Executive Board and the general course of events in the company and to assist the Executive Board by providing advice. The Executive Board is responsible for the daily management of the company.

The composition of the Supervisory Board and the Executive Board of ING Groep N.V. is as follows:

Supervisory Board:	Jeroen van der Veer (chairman), Peter A.F.W. Elverding (vice-chairman), J.P. (Tineke) Bahlmann, Henk W. Breukink, Sjoerd van Keulen, Piet C. Klaver, Joost Ch.L. Kuiper, Aman Mehta, Luc A.C.P. Vandewalle and Lodewijk J. de Waal.
Executive Board:	Jan H.M. Hommen (chairman) and Patrick G. Flynn (CFO).

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

In order to avoid potential conflicts of interest, ING has a policy that members of its Executive Board do not accept corporate directorships with listed companies outside ING. As a result, and given the different fields of business of each company, ING believes that there is no potential conflict of interests.

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

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

Listed below are the principal activities performed by members of the Supervisory Board outside ING.

Veer, J. van der.

Non-executive director of Royal Dutch Shell plc, The Netherlands/United Kingdom.

Chairman of the Supervisory Board of Koninklijke Philips Electronics, The Netherlands.

Member of the Supervisory Board of Het Concertgebouw N.V., The Netherlands.

Chairman of Platform Bètatechniek, The Netherlands.

Chairman of the Supervisory Council of Nederlands Openluchtmuseum, The Netherlands.

Member of the Board of Nationale Toneel (theatre), The Netherlands.

Elverding, P.A.F.W.

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

Chairman of the Supervisory Board of Koninklijke BAM Groep N.V., The Netherlands.

Vice-chairman of the Supervisory Board of SHV Holdings N.V., The Netherlands.

Chairman of the Supervisory Board of Q-Park N.V., The Netherlands.

Member of the Supervisory Board of Koninklijke FrieslandCampina N.V., The Netherlands.

Member of the Board of Stichting Instituut GAK, The Netherlands.

Bahlmann, J.P.

Chairman of the Dutch Media Authority (Commissariaat voor de Media), The Netherlands.

Professor in Business Administration, University of Utrecht, The Netherlands.

Vice-chairman of the Supervisory Board of N.V. Nederlandsche Apparatenfabriek “Nedap”, The Netherlands.

Member of the Board of Maatschappelijk Verantwoord Ondernemen Nederland (CSR), The Netherlands.

Chairman of Stichting Max Havelaar, The Netherlands.

Member of the Board of De Baak, Management Centre VNO-NCW, The Netherlands.

Member of the Board of Toneelgroep Amsterdam (theatre), The Netherlands.

Breukink, H.W.

Member of the Supervisory Board of NSI N.V. (real estate fund), The Netherlands.

Non-executive director of F&C Sapphire hedge fund, Ireland.

Non-executive director of Brink Groep BV, The Netherlands.

Non-executive chairman of Heembouw Holding B.V., The Netherlands.

Chairman of the Supervisory Board of Omring (health care institution), Hoorn, The Netherlands.

Member of the Supervisory Board of HaagWonen (housing corporation), The Netherlands.

Chairman of the Supervisory Board of Inholland University, The Netherlands.

Keulen, S. van

Chairman of Holland Financial Centre, The Netherlands.

Member of the Supervisory Board of Heijmans N.V., The Netherlands.

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

Member of the Supervisory Board of APG Groep N.V., The Netherlands.

Member of the Supervisory Board of Vado Beheer B.V., The Netherlands.

Member of the Supervisory Committee of World Wildlife Fund.

Chairman of the Board of Investment Fund for Health in Africa.

Member of the Supervisory Board of Stichting PharmAccess International, The Netherlands.

Chairman of the Supervisory Board of Access to Medicine Foundation, The Netherlands.

Member of the Board of Stichting Health Insurance Fund, The Netherlands.

Klaver, P.C.

Chairman of the Supervisory Board of Post NL N.V., The Netherlands.

Chairman of the Supervisory Board of Koninklijke Dekker B.V., The Netherlands.

Chairman of the Supervisory Board of Credit Yard Group B.V., The Netherlands.

Chairman of the Supervisory Board of Dura Vermeer Groep N.V., The Netherlands.

Chairman of the Supervisory Board of Blokker Holdings B.V., The Netherlands.

Vice-chairman of the Supervisory Board of SHV Holdings N.V., The Netherlands.

Member of the Board of the African Parks Foundation, The Netherlands.

Kuiper, J.Ch.L.

Chairman of the Supervisory Board of IMC B.V., The Netherlands.

Member of the Supervisory Board of Hespri Holding B.V., The Netherlands.

Member of the Supervisory Board of AutoBinck Holding N.V., The Netherlands.

Member of the Supervisory Board of Nexus Institute, The Netherlands.

Member of the Board of Stichting voor Ooglijders, The Netherlands.

Member of the Board of Prins Bernhard Cultuurfonds, The Netherlands.

Member of the Board of Stichting Democratie en Media, The Netherlands.

Treasurer of Mondriaan Stichting, The Netherlands.

Mehta, A.

Non-executive director of Tata Consultancy Services.

Non-executive director of Jet Airways Ltd.

Non-executive director of PCCW Ltd.

Non-executive director of Vedanta Resources Plc.

Non-executive director of Wockhardt Ltd.

Non-executive director of Godrej Consumer Products Ltd.

Non-executive director of Cairn India Ltd.

Member of the governing board of Indian School of Business.

Vandewalle, L.A.C.P.

Chairman of the Supervisory Board of Bakker Hillegom B.V., Lisse, The Netherlands.

Chairman of the Supervisory Board of Domo Real Estate, Waasmunster, Belgium.

Chairman of the Supervisory Board of Matexi Groep, Waregem, Belgium.

Chairman of the Supervisory Board of Plu Holding, Baillarges, France.

Chairman of the Supervisory Board of Transics International, Ieper, Belgium.

Member of the Supervisory Board of Allia Insurance Brokers, Roeselare, Belgium.

Member of the Supervisory Board of Arseus, Waregem, Belgium.

Member of the Supervisory Board of Besix Groep, Sint-Lambrechts-Woluwe, Belgium.

Member of the Supervisory Board of Galloo, Menen, Belgium.

Member of the Supervisory Board of Masureel Veredeling, Wevelgem, Belgium.

Member of the Supervisory Board of Sea-Invest, Gent, Belgium.

Member of the Supervisory Board of Sioen Industries, Ardooie, Belgium.

Member of the Supervisory Board of Vergroup, Kontich, Belgium.

Member of the Supervisory Board of Veritas, Kontich, Belgium.

Member of the Supervisory Board of Willy Naessens Industriebouw, Wortegem-Petegem, Belgium.

Waal, L.J. de

Member of the Supervisory Board of PGGM N.V., The Netherlands.

Member of the Advisory Board of Zorgverzekeraars Nederland, The Netherlands.

Chairman of the Advisory Board of Stichting Nationaal Fonds Kunstbezit, The Netherlands.

Member of the National Contact Point (NCP) of the OECD, The Netherlands.

Chairman of the Supervisory Council of Museum Volkenkunde, The Netherlands.

Chairman of the Platform ‘Slim Werken, Slim Reizen’, The Netherlands.

Member of the Toetsingscommissie Beloningen Woningcorporaties, The Netherlands.

Supervisory Board committees

The Supervisory Board has five standing committees: the Audit Committee, the Risk Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee. The organisation, powers and modus operandi of the Supervisory Board are detailed in the Supervisory Board Charter. Separate charters have been drawn up for the Audit Committee, the Risk Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee. These charters are available on the ING website (www.ing.com). A short description of the duties for the Committees follows below.

The Audit Committee assists the Supervisory Board in monitoring the integrity of the financial statements of ING Groep N.V., ING Bank N.V. and ING Verzekeringen N.V., in monitoring the compliance with legal and regulatory requirements, and in monitoring the independence and performance of ING’s internal and external auditors. The current members of the Audit Committee are Joost Kuiper (chairman), Tineke Bahlmann, Henk Breukink, Aman Mehta and Luc Vandewalle.

The Risk Committee assists and advises the Supervisory Board in monitoring the risk profile of the company as a whole as well as the structure and operation of the internal risk management and control systems.

The Remuneration Committee advises the Supervisory Board, among other things, on the terms and conditions of employment (including their remuneration) of the members of the Executive Board and on the policies and general principles on which the terms and conditions of employment of the members of the Executive Board and of senior managers of ING and its subsidiaries are based.

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

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

FIVE YEAR KEY CONSOLIDATED FIGURES ING GROEP N.V.*:

	2011	2010[(1)]	2009[(1)]	2008[(1)]	2007[(1)]
Income (in EUR million)					
Banking operations	**17,908**	17,734	12,293	11,662	14,602
Insurance operations	**38,236**	36,708	34,971	52,877	59,293
Intercompany eliminations	**350**	337	336	291	223
Total	**55,794**	54,105	46,928	64,248	73,672
Staff expenses and operating expenses (in EUR million)					
Banking operations	**9,889**	9,659	9,665	10,122	9,970

Insurance operations	**4,132**	4,109	4,199	5,117	5,035
Total	**14,021**	13,768	13,864	15,239	15,005
Addition to loan loss provision Banking operations (in EUR million)	**1,670**	1,751	2,973	1,280	125
Result (in EUR million)					
Banking result before taxation	**6,028**	5,830	-838	106	4,510
Insurance result before taxation	**81**	-1,902	-999	-1,855	6,366
Result before taxation from continuing operations	**6,109**	3,928	-1,837	-1,749	10,876
Taxation	**1,365**	1,228	-613	-762	1,460
Net result from discontinued operations (2)	**1,109**	216	100	82	89
Minority interests	**87**	106	-118	-37	267
Net result	**5,766**	2,810	-1,006	-868	9,238
Figures per ordinary share (in EUR)					
Basic earnings	**1.12**	0.63	-0.60	-0.33	3.31
Shareholders’ equity (in parent)	**12.33**	10.81	8.89	8.55	17.73
Balance sheet (in EUR billion)					
Total assets per 31 December	**1,279**	1,247	1,164	1,332	1,313
Shareholders’ equity (in parent) per 31 December	**47**	41	34	17	37
Core Tier 1 Securities per 31 December	**3**	5	5	10	

(1) The figures for this period have been restated to reflect the change in accounting policy, i.e., the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in US Closed Block VA as of 1 January 2011

(2) The net result of Latin America has been transferred to ‘net result from discontinued operations’. The years 2010 and 2009 have been restated.

* These figures were derived from the annual report of ING Group N.V., which include the audited annual accounts, for the years ended 31 December 2009 to 2011, respectively.

Share capital and preference shares

The authorised share capital of ING Groep N.V. amounted to EUR 4,560 million at 31 December 2011, consisting of 14,500 million ordinary shares with a nominal value of EUR 0.24 each and 4,500 million cumulative preference shares, with a nominal value of EUR 0.24 each. The issued and paid-up capital amounted to EUR 919 million, consisting of 3,832 million ordinary shares at 31 December 2011. No cumulative preference shares have been issued.

Non-voting equity securities

On 12 November 2008, ING Groep N.V. issued EUR 10 billion non-voting equity securities to the Dutch government. This was effected by issuing one billion securities with an issue price of

EUR 10 each. The nominal value of each security is EUR 0.24. Following the repurchase of 500 million non-voting equity securities in December 2009 and 200 million non-voting equity securities in May 2011, 300 million of non-voting equity securities representing EUR 3 billion remain outstanding. These securities do not have voting rights.

However as a holder of the non-voting equity securities, the Dutch government has the right to, subject to applicable law and to corporate governance practices, generally accepted under applicable stock listing regimes, recommend two candidates for appointment to the Supervisory Board. Certain Supervisory Board approval items require approval by these nominees. The Dutch State recommended Lodewijk de Waal and Tineke Bahlmann for appointment to the Supervisory Board, who were both appointed by the General Meeting on 27 April 2009. The non-voting equity securities are deeply subordinated and rank pari-passu with ordinary shares in a winding up of ING Group. For a further description of the arrangements with the Dutch State and its implications on the corporate governance of ING Groep N.V. see "Risk Factors – The Issuer's agreements with the Dutch State impose certain restrictions regarding the issuance or repurchase of its shares and the compensation of certain senior management positions.".

SIGNIFICANT DEVELOPMENTS IN 2011 and 2012

Acquisitions effective in 2011

There were no significant acquisitions in 2011.

Disposals effective in 2011

Pacific Antai Life Insurance Company Ltd.

In June 2011 ING had completed the sale of its entire stake in China's Pacific Antai Life Insurance Company Ltd. (PALIC) to China Construction Bank for a consideration of EUR 82 million, and a net profit of EUR 28 million. This is the outcome of a strategic review announced in April 2009 as part of ING's Back to Basics programme. The stake in PALIC was previously included in the segment Insurance Asia/Pacific. The deal had been announced in 2009 and was presented as held for sale since 2009 until the sale was completed.

ING REIM Europe, ING REIM Asia and Clarion Real Estate Securities (CRES)

ING announced in February 2011 that it has reached agreement with CB Richard Ellis Group, Inc., to sell ING REIM Europe, ING REIM Asia and Clarion Real Estate Securities (CRES), ING REIM's US-based manager of listed real estate securities, as well as part of ING's equity interests in funds managed by these businesses.

In July 2011, ING announced the completion of the sale of Clarion Real Estate Securities (CRES) to CB Richard Ellis. The sale resulted in a net gain on divestment of EUR 182 million. CRES was previously included in the segment ING Real Estate.

In October 2011, ING announced that it had completed the sale of REIM's Asian and European operations to US-based CBRE Group Inc., thereby completing the divestment of ING REIM. The divestment of ING REIM has resulted in an after-tax gain on disposal of approximately EUR 245 million. As a result of the agreement at closing ING continues to have certain contingent income and expenses, however no significant impact on the result on divestment is expected. REIM's Asian and European operations were previously included in the segment ING Real Estate.

Clarion Partners

In June 2011, ING announced the completion of the sale of the private market real estate investment manager of its US operations, Clarion Partners, to Clarion Partners management in partnership with Lightyear Capital LLC for USD 100 million. The sale resulted in a net gain on divestment of EUR 39 million. Clarion Partners was previously included in the segment ING Real Estate.

ING Investment Management Australia

In October 2011, ING completed the sale of ING Investment Management (ING IM) Australia to UBS AG. ING IM Australia's business provided a number of investment strategies and products directly to the Australian institutional and wholesale markets. This transaction supports ING's objective to actively manage its capital and portfolio of businesses to ensure an attractive and coherent combination for the announced divestment of its insurance and investment management activities. ING IM Australia was previously included in the segment ING Investment Management.

Latin American pensions, life insurance and investment management operations

In December 2011, ING completed the sale of its Latin American pensions, life insurance and investment management operations for a total consideration of EUR 2,637 million to Grupo de Inversiones Suramericana ('GRUPOSURA'). The sale is the first major step in the divestment of ING's insurance and investment management activities. Under the terms of the agreement, ING received EUR 2,572 million in cash and GRUPOSURA will assume EUR 65 million in debt. The sale resulted in a net profit of EUR 995 million. Included in the transaction are the mandatory pension and voluntary savings businesses in Chile, Colombia, Mexico, Uruguay and ING's 80% stake in AFP Integra S.A. in Peru; the life insurance businesses in Chile and Peru; As part of this transaction ING sold its 33.7% stake in Peruvian InVita Seguros de Vida S.A. to the Wiese Family, ING's joint venture partner in InVita. The transaction also includes the local investment management capabilities in these five countries. Not included in the transaction is ING's 36% stake in the leading Brazilian insurer Sul America SA. ING's Commercial Banking activities in Mexico, Brazil and Argentina are not affected by the announcement. ING's Mortgage and ING's Leasing businesses in Mexico are also not part of the transaction.

The Latin American pensions, life insurance and investment management operations were previously included in the segments Insurance Latin America and ING Investment Management before they were classified as discontinued operations. The segment Insurance Latin America has ceased to exist following this transaction as the majority of assets and liabilities have been sold. The net result from discontinued operations is presented separately in the consolidated profit and loss account.

ING Car Lease

In September 2011, ING completed the sale of ING Car Lease to BMW Group fleet management division Alphabet for total proceeds of EUR 696 million and a net transaction result of EUR 347 million. ING Car Lease was previously partly included in both the Commercial and Retail Banking segment.

Disposals occurred in 2012

ING Direct USA

In June 2011, ING announced that it reached an agreement to sell ING Direct USA to Capital One Financial Corporation, a leading US-based financial holding company. In February 2012 ING announced that the transaction closed. Total proceeds of the transaction are approximately USD 9.0 billion (or approximately EUR 6.9 billion), including USD 6.3 billion in cash and USD 2.7 billion in the form of 54.0 million shares in Capital One, based on the share price of USD 49.29 at closing on February 16, 2012. These shares represented a 9.7% stake in Capital One at closing. The transaction resulted in a positive result after tax of approximately EUR 0.5 billion.

In 2011, ING Direct USA is still included in the segment ING Direct. After this sale ING Direct USA will no longer be consolidated.

In connection with the divestment of ING Direct USA, ING also completed the adjustment of the agreement with the Dutch State concerning the structure of the Illiquid Assets Back-up Facility (IABF) which was also announced on 16 June 2011. The amendment serves to de-link the IABF from ING Direct USA by putting ING Bank in its place as counterparty for the Dutch State. The IABF is further amended to ensure a continued alignment between ING and the State regarding exposure to the Alt-A portfolio. Only the part of the IABF covering ING Direct USA, currently approximately 85% of the total IABF-portfolio, is adjusted in the amendment. The ING Insurance part of the IABF remains unaltered.

Repaying the Dutch State

In October 2008 and January 2009, ING entered into transactions with the Dutch State: the first time to strengthen its capital position and the second time to mitigate risk. In the fourth quarter of 2009 ING took action to start repaying this support. Through its rights issue ING successfully raised EUR 7.5 billion of new capital, which enabled it to repay EUR 5 billion of the Core Tier 1 Securities, representing half of the Core Tier 1 Securities, plus accrued coupon from 12 May 2009 to 20 December 2009 of EUR 259 million and a repayment premium of EUR 346 million. In addition, the capital raised provided ING with sufficient buffer to offset the negative capital impact of the additional payments to be made for the Illiquid Assets Back-up Facility.

ING announced on 7 March 2011 that it had informed the Dutch State of its intention to exercise its option for early repurchase of a further EUR 2 billion of the Core Tier 1 Securities at the next coupon reset date on 13 May 2011.

On 13 May 2011, ING announced that it had paid EUR 3 billion to the Dutch State, completing its planned repurchase of EUR 2 billion of the Core Tier 1 securities issued in November 2008 at a 50% premium. ING funded this transaction from retained earnings.

ING remains committed to repaying the Dutch State as quickly as possible on terms acceptable to all stakeholders. Ideally, ING would like to complete the state repayment as soon as possible, however, given the ongoing crisis in the Eurozone and increasing regulatory capital requirements, ING needs to take a cautious approach and to maintain strong capital ratios within ING Bank as it builds towards Basel III.

Other significant developments

On 10 November 2010, ING announced that it continued to make good progress towards creating strong stand-alone companies for banking and insurance. In line with this process, ING announced a number of changes in the structure and composition of the Management Boards for ING Bank and ING Insurance:

- For the separation and divestment of the insurance operations, ING has started preparing for a base case of two IPOs. One Europe-led IPO with solid cashflow combined with strong growth positions in developing markets, and one separate US-focused IPO with a leading franchise in retirement services. For that reason, ING is taking action to bring the hedging and accounting for its US business more into line with its US peers.

- With respect to ING Insurance, ING has adjusted the structure and composition of the Management Board Insurance, creating a position responsible for the operations in Europe and Asia/Pacific. As of 1 January 2011, Lard Friese was appointed to the Management Board Insurance with responsibility for the Benelux, Central and Rest of Europe and Asia/Pacific. Lard Friese (1962, Dutch) previously was CEO of ING Insurance

Benelux. Gilbert Van Hassel was appointed to the Management Board Insurance as of 1 January 2011 with responsibility for ING Investment Management. Gilbert Van Hassel (1957, Belgian) previously was CEO of ING Investment Management. In light of the developments described above, Tom McInerney stepped down from his positions as Chief Operating Officer Insurance and member of the Management Board Insurance per 1 January 2011. The appointments were approved by the Dutch Central Bank and the applicable Works Councils.

- With respect to ING Bank, ING has adjusted the structure and composition of the Management Board Banking, which have been in line with the further development of the bank. As of 1 January 2011, William Connelly has been appointed CEO of Commercial Banking and member of the Management Board Banking, succeeding Eric Boyer de la Giroday. Until 1 January 2011, William Connelly (1958, French) combined the roles of Global Head of Commercial Banking Services and CEO of ING Real Estate Investment Management. From 1 January 2011, Eric Boyer de la Giroday has solely concentrated on his role as vice-chairman of the Management Board Banking until his retirement as of 1 October 2011. The announced appointment of William Connelly was formally approved by the Dutch Central Bank and the applicable works councils.

ING announced on 6 January 2011 that Jackson Tai had resigned from the Supervisory Board of ING Group in order to avoid any conflicts of interests. This decision was taken in the context of the proposal by Bank of China to appoint Jackson Tai as one of its non-executive directors.

ING announced on 24 January 2011 that Godfried van der Lugt had resigned from the Supervisory Board of ING Group for personal reasons.

ING announced on 15 March 2011 that it would propose to the 2011 annual General Meeting (AGM) the appointment of three new members to the Supervisory Board: Sjoerd van Keulen (1946, Dutch), Joost Kuiper (1947, Dutch) and Luc Vandewalle (1944, Belgian). On 9 May 2011, the AGM confirmed the appointment of the new members effective as of that date. The proposed appointments have been approved by the Dutch Central Bank. In addition, Peter Elverding has decided to no longer act as chairman of the Supervisory Board. However, he will remain as member and vice-chairman of the Supervisory Board. As his successor, the Supervisory Board has appointed Jeroen van der Veer as the new chairman of the Supervisory Board. Claus Dieter Hoffmann has retired from the Supervisory Board.

ING announced on 28 March 2011 that it would appoint Rodney (Rod) O. Martin, Jr. as Chief Executive Officer of ING Insurance U.S. The appointment is an important step in preparation for a successful IPO of ING's U.S.-based insurance and investment management operations. Rod Martin, former chairman of the International Life and Retirement Services operations at American International Group (AIG), would be responsible for strategy and performance of ING Insurance U.S., as well as the corporate staff functions.

On 27 May 2011, ING announced that Joan E. Spero had decided to resign from the Supervisory Board of ING Group per 1 June 2011.

On 4 August 2011, ING announced that it would appoint Koos Timmermans (Dutch, 1960) as vice-chairman of the Management Board Banking as of 1 October 2011. He stepped down from his roles as member of the Executive Board and chief risk officer of ING Group as of the same date. Eric Boyer de la Giroday, vice-chairman of the Management Board Banking retired as of 1 October 2011. Koos Timmermans has been succeeded by Wilfred Nagel (Dutch 1956) who was appointed chief risk officer and member of the Management Board Banking and Management Board Insurance as of 5 October 2011. The Supervisory Board also intends proposing to the annual

General Meeting in May 2012 to appoint Wilfred Nagel as a member of the Executive Board and chief risk officer.

On 27 September 2011, ING announced that it will propose to the 2012 annual General Meeting (AGM) to appoint Jan Holsboer as a member of the Supervisory Board. Upon a decision by the AGM, which will be held in May 2012, the appointment will be effective as of that date.

ING Bank announced on 27 October 2011 that, based on information of the European Banking Authority (EBA), it meets the new capital target as announced on 26 October 2011. The EBA announced that European banks must meet a 9% threshold for their core Tier 1 ratio under the EBA definition which includes valuing sovereign bond holdings at market rates. Based on the EBA press release, ING Bank meets this 9% core Tier 1 ratio threshold.

On 3 November 2011, ING announced that Retail Banking Netherlands is taking steps to further reduce costs by decreasing expenses. The strategic programme will result in a workforce reduction of around 2,000 FTEs in 2012 and 2013, mostly in the mid- and back-offices and corporate staff. Additionally, external positions will be reduced by around 700 FTEs.

On 3 November 2011, ING announced that, as previously disclosed, ING Bank is in discussions with authorities in the US concerning transactions subject to sanctions by the US, including ING Bank's compliance with Office of Foreign Assets Control (OFAC) requirements..

On 7 December 2011, ING announced that it would take a EUR 0.9–1.1 billion 4Q charge following a US Insurance Closed Block VA assumptions review. ING had been conducting a comprehensive assumptions review for the Insurance US Closed Block Variable Annuity (VA) business. The review showed that US policyholder behaviour for Closed Block VA policies sold predominantly between 2003 and 2009 diverged from earlier assumptions made by ING, particularly given the ongoing volatility and challenging market circumstances. The assumptions for the US Closed Block VA were updated for lapses, mortality, annuitisation, and utilisation rates, with the most significant revisions coming from the adjustments of lapse assumptions.

On 8 December 2011, ING announced that ING Bank meets EBA capital exercise with a core Tier I ratio of 9.2% after taking into account the forthcoming CRD3 RWA's for market risk as well as sovereign debt at market prices based on September 2011 figures. Two divestments were not taken into account in the EBA capital exercise. The closing of the sale of ING Real Estate Investment Management in October 2011 and the announced sale of ING Direct USA which will further improve the core Tier I ratio by 100 basis points. Taking these divestments into consideration, the pro forma core Tier I in this capital exercise is 10.2%.

On 12 December 2011, ING Group announced the launch of three separate exchange offers in Europe and tender offers in the United States, on a total of seven series of subordinated securities of ING entities with a total nominal value of approximately EUR 5.8 billion at current exchange rates. The exercise was intended as a one-time opportunity to proactively address uncertainty regarding future call options on these capital securities, which were subject to approval by the European Commission. On 21 December 2011, ING announced that the US tender offers and the institutional Euro and Sterling exchange offers were successfully completed with an average participation of 66% and a result in a capital gain after-tax of approximately EUR 515 million, including related hedge results and estimated transaction costs. On 23 December 2011, ING announced that all tender and exchange offers announced on 12 December had been successfully completed with an average participation of 60%, resulting in a total capital gain after-tax of approximately EUR 745 million, including related hedge results and estimated transaction costs. This amount included approximately EUR 515 million of capital gain after tax on the US tender offers and the institutional Euro and Sterling exchange offers that were announced on 21 December 2011.

On 12 January 2012 ING announced an update on the restructuring plans of the Group. Since November 2010 ING has been preparing its Insurance and Investment Management businesses for the base case of two IPOs - one for the US business and one for the European and Asian businesses. However, due to uncertain economic outlook and turbulent financial markets, ING revised the base case for divestment of Insurance and Investment Management EurAsia. ING announced that it will explore other options for its Asian Insurance/IM businesses. ING will continue preparations for a standalone future of the European Insurance/IM, including an IPO. ING also continues to for the base case of an IPO for the US Insurance/Investment Management business.

On 13 January 2012 ING published an update of the Bank strategy announced at the Investor Day: ‘Building the bank of the future’ was the main theme for the ING Investor Day during which Jan Hommen, CEO of ING Group laid out the strategy of ING Bank for the coming years. Priorities for 2012 and 2013: ING will focus on repaying the Dutch State, completion if the EC Restructuring and fulfilment of Basel III requirements while achieving a minimum core Tier 1 ratio of 10% at the end of this period. Long term ambitions 2015: customer centricity, balance sheet optimisation and operational excellence should enable ING to achieve a return of equity under Basel III rules of 10%-13%. ING Bank: a strong European bank with potential to grow, without growing the balance sheet.

On 9 February 2012 ING announced that it will propose to the 2012 annual General Meeting of 14 May 2012 the appointment of Yvonne van Rooy and Robert Reibestein to the Supervisory Board. The appointment of Yvonne van Rooy will be effective as of 14 May 2012. Robert Reibestein’s appointment will be effective as of 1 January 2013 to comply with the independence criteria of the Dutch Corporate Governance Code. The proposed appointments have been approved by the Dutch central bank (DNB).

On 2 March 2012 ING welcomed the judgment of the General Court of the European Union of that date concerning ING's appeal against the European Commission's 2009 decision regarding ING's restructuring plan. ING will carefully assess the full judgment and its consequences. Announcements on any potential further actions will only be made if and when appropriate. On 8 May 2012 the Commission announced that it will lodge an appeal against the General Court’s decision.

On 8 March 2012 ING announced that, in preparation for the planned divestments of its insurance and investment management activities, it would launch three separate exchange offers and consent solicitations on a total of three series of senior debt securities of ING Verzekeringen N.V. with a total nominal value of EUR 2.6 billion. The transactions successfully completed on 4 April 2012.

On 20 March 2012 ING announced the release of the 2011 Annual Reports of ING Groep N.V., ING Bank N.V., ING Verzekeringen N.V. and the filing of the Annual Report on Form 20-F with the United States Securities and Exchange Commission.

On 29 March 2012 ING announced the availability of the proxy materials relating to its annual General Meeting (AGM) to be held on Monday, 14 May 2012.

On 9 May 2012 ING provided an update on regulatory measures and law enforcement agencies investigations. As previously disclosed, ING Bank is in discussions with US authorities, including the Office of Foreign Assets Control (OFAC), concerning transactions executed by Commercial Banking until 2007 which are subject to investigation. ING Bank is cooperating fully with the ongoing investigations and is engaged in discussions to resolve these matters with the US authorities. Those discussions recently have advanced to the point where it is appropriate for ING Bank to take a provision for a potential settlement. This had an impact on ING Bank’s result after tax for the first quarter of 2012 of EUR 370 million, recorded as a special item. Pending ongoing discussions with US authorities concerning these matters, ING Bank is not in a position to provide further information at this time.

RESULTS 2011

Overall development in 2011

Major changes in the external environment had an impact on ING in 2011, the most significant being the deepening of the sovereign debt crisis in the Eurozone which created an extremely challenging economic and financial market environment in the second half of 2011. Consequently international capital and money markets were not functioning as normal. This had repercussions, especially in Europe where funding for governments and financial institutions dried up in certain markets.

The financial sector was also subjected to further regulatory reform during the year. Although the Issuer supports in principle the regulatory reforms, it has concerns with both the massive volume of new regulation and the lack of coordination throughout the European Union (EU) and at the international level. ING favours a harmonised approach to new financial regulation in the EU, both with regard to drafting and transposition into national laws. This would minimise interference with the vital role banks have in supporting the real economy. One of ING's primary concerns, therefore, is the increasing number of national initiatives being taken by different member states on matters that should, for reasons of maintaining a level playing field and enhancing the Single Market, be dealt with at the European level. Examples are the introduction of national bank levies, different interpretations and timing of Basel III rules and liquidity standards. Banks based in countries moving ahead of international regulation could be placed at a competitive disadvantage.

We made good progress in 2011 with the European Commission's restructuring requirements for ING Group, and with the strengthening and streamlining of ING's banking and insurance businesses. The result is that ING is now in a relatively good position to navigate successfully through the challenges that will undoubtedly come from further changes in the financial and regulatory environment.

European sovereign debt crisis affected credit and equity markets in 2011

For the Eurozone countries in particular, 2011 was a year of two very different halves. In the first half there were still signs of continuing economic recovery; but in the second half the Eurozone's sovereign debt crisis which had slowly emerged in 2010, deepened and had a negative knock-on effect on the economy. 2011 was for a large part marked by the inability of public authorities and institutions to solve the crisis.

In the Eurozone, credit spreads only slightly increased in the first half of 2011, but moved up in the third quarter of 2011 towards levels not seen since the direct aftermath of the fall of Lehman Brothers in September 2008. In the US, credit spreads followed a similar pattern, but rose less sharply than in the Eurozone.

Equity indices in the US and the Eurozone decreased in the second and third quarter of 2011 and increased somewhat in the last quarter, but not enough to make up for the earlier downturn. In the Eurozone, the FTS Eurofirst 300 Index declined to levels last seen in the second quarter of 2009. The share prices of financial companies were particularly adversely affected.

Economies in Europe and beyond suffered a negative turnaround

As a result of the European debt crisis, macroeconomic conditions started to deteriorate in the second half of 2011. Eurozone consumer and producer confidence declined sharply, international trade stopped growing, companies' willingness to invest fell and employment perspectives started to deteriorate markedly.

Whilst Europe seemed to be sliding into recession in 2011, the US economy showed signs of resilience in the second half of the year. Jobs data and unemployment rates gave grounds for market confidence and even some of the housing data was less negative than anticipated. However, the rate of growth of the US economy was still low in 2011.

By contrast, in many emerging economies like China, India and Brazil, household spending and corporate investment stayed at elevated levels and thus fuelled job creation, but this was not enough to quell fears of a further widening of global imbalances. Major imbalances between Asia and the Western world and between North and South in Europe continue to exist and threaten economic growth, and the stability of the global financial system. Looking ahead, underlying sovereign and financial system vulnerabilities remain a significant concern. The outlook for a large part of the global economy in 2012 therefore seems to be somewhat gloomy.

The uncertain economic outlook, the turbulence on financial markets, and other factors related to developing market conditions have had implications for ING's strategy. On 12 January 2012 ING announced that the base case of two IPOs is replaced by one in which ING will explore other options for its Asian insurance and investment management businesses.

Important changes in regulation and supervision

During 2011 important steps were taken in the European and international regulatory reform programmes that had been set up in the wake of the 2008/2009 financial crisis.

Reforms in the financial sector are of particular interest to ING as a cross-border financial institution with operations all over Europe and in other parts of the world. Although ING actively supports many of the new regulatory proposals and is implementing them to a large extent already, it has strong concerns that the ultimate and aggregated consequences of all reforms are still not fully clear. ING fears that there are too many uncoordinated additions to regulation; that there is too much focus on short-term measures, and too little a focus on how the financial sector can contribute to achieving sustainable economic growth. This has a number of potential effects which should be taken into serious consideration.

First, ING is concerned that too much regulation will unnecessarily restrict banking activities needed to support the economy and will make its services more expensive. Second, because of the aggregate impact of various new rules a tendency may emerge in which risks that are normally taken by financial institutions are shifted to customers.

Third, as many new rules are still in development, ING has concerns about the actual implementation. There is a clear tendency for national authorities to have different and fragmented approaches to implementation, which is reflected both in the speed of introduction of new measures and the content of measures. This applies to the new capital and liquidity standards in Basel III/CRD IV, where regulators in some countries are implementing ahead of the timeframes set by the Basel Committee or are setting additional requirements at the national level. It also holds for crisis management regulation (insolvency laws). While an EU framework is under discussion, several countries are considering or have already announced they will adopt their own specific measures. This is leading to a lot of uncertainty, not only for financial institutions, but also for equity investors and bond investors.

EBA stress test and capital exercise

In July 2011, the European Banking Authority (EBA) published the results of the second round of stress tests. The first round was conducted in 2010 by the EBA's predecessor, the Committee of

European Banking Supervisors (CEBS). The tests assessed the resilience of European banks to adverse market developments and tested their solvency levels under hypothetical stress events. The test in July 2011 again confirmed the strong capital position of ING Bank which makes us better equipped to absorb adverse shocks.

In addition to the EU-wide stress test in summer 2011, the EBA performed an additional capital exercise in December 2011. The objective of the capital exercise was to create an exceptional and temporary capital buffer to address current market concerns over sovereign risk and other residual credit risks related to the current difficult market environment. Following the completion of the capital exercise, which the EBA conducted in close cooperation with the Dutch Central Bank (*De Nederlandsche Bank*, DNB), it was determined that ING Bank met the 9% core Tier 1 ratio.

Additional measures for systemically important financial institutions

In 2011 the Basel Committee issued a consultative document on Global Systemically Important Banks (G-SIBs) as part of a broader package of policy measures to address Systemically Important Financial Institutions (SIFIs). The Financial Stability Board (FSB) reviewed and approved the package and submitted it for approval to the G20 in November 2011. As ING has been earmarked as a Global Systemically Important Financial Institution (G-SIFI), it could be subject to an additional capital surcharge. In November 2011, the Dutch Central Bank (DNB) and the Dutch government announced additional capital buffers for domestic systemically relevant banks. Depending on the degree of systemic relevance, the additional requirement amounts to 1 to 3 percent of Risk-weighted assets, and this includes the internationally agreed (FSB) buffer. The aim is to introduce the buffer gradually from 2016 to 2019, thereby allowing banks to generate capital from retained earnings.

Another important element of internationally agreed policy measures is the obligation for banks to set up recovery and resolution plans. In the recovery plans, which are drafted in close coordination with the main supervisor, banks have to draw up plans for the restoration of their financial situation in the event of a significant deterioration. An important element of these plans is risk mitigating measures with respect to capital and liquidity. In addition, clear governance principles have to be established. ING is in the process of finalising its recovery plan, which it currently plans to update annually.

Dutch legislative measures

In anticipation of related EU regulation the Dutch authorities have announced a number of measures.

Dutch intervention law

A new draft legislative proposal on crisis management would if enacted grant new powers to the DNB and the Minister of Finance to intervene in situations where an institution faces financial difficulties or where there is a serious and immediate risk to the stability of the financial system caused by an institution in difficulty.

Bank levy

On July 1, 2011, the Dutch Ministry of Finance announced a temporary reduction of the real estate transfer tax, from 6% to 2%. In the announcement several ways of funding the reduction were identified, the introduction of a bank tax being one of them. The levy may enter into force in 2012. Dutch and non-Dutch entities with banking activities in The Netherlands will be included in its scope. The taxable base of the levy is the liability side of the (global consolidated) balance sheet with an exemption for equity, for deposits that are covered by a Deposit Guarantee Scheme and for certain liabilities that relate to insurance business. The rate of short-term funding (less than one year) will be twice the rate of long-term funding (more than one year). Currently, total yearly tax proceeds of EUR 300 million are expected. ING believes the timing and motivation for such a tax to be less opportune given the economic climate and conditions in financial markets.

Deposit Guarantee Scheme

In August 2011, the Ministry of Finance and the DNB published their proposal to establish an ex-ante funded Deposit Guarantee Scheme in the Netherlands. As was announced at an earlier stage by the minister, the target level of the fund will be 1% of total guaranteed deposits in the Netherlands. This equals about EUR 4 billion, to be built up, in principle, within 15 years. The main element of the proposal is that for each bank the individual target amount is defined as 1% of its guaranteed deposit base. To reach this individual target amount, every bank pays a base premium of 0.025% per quarter of the guaranteed deposits. Additionally a risk add-on of 0%, 25%, 50% or 100% of the base premium has to be paid by every bank, depending on its risk weighting.

Executive compensation legislation

Currently a legislative proposal is under discussion in the Dutch Parliament relating to variable remuneration at financial institutions that have received state support for reasons of financial stability, such as ING. If and when entered into force, the legislation would prevent these financial institutions from granting variable remuneration (in cash or otherwise) to their Executive Board members. In addition, the legislation contains certain restrictions with respect to the possibility of increasing the fixed salary of Executive Board members.

Solvency II

The most important regulatory issue for the insurance industry in Europe is the continued development by the European Union of the Solvency II capital adequacy framework. Solvency II is intended to be based on economic, risk-based and market-consistent principles whereby capital requirements across Europe are directly dependent on an insurer’s assets and liabilities.

Such a framework should enable insurance companies to play their fundamental role in society for consumers, corporates and the economy. Insurance companies take the risks off the shoulders of consumers by pooling their long-term risks and providing guarantees at affordable prices. Through the accumulation of premiums, insurance companies are also major institutional investors that provide long-term funding to companies and institutions via the capital markets. By spreading risks and extending long-term funding, the insurance industry thereby also plays an invaluable role for society as a whole in dampening volatility through economic cycles.

In order to achieve these goals it is very important that the Solvency II framework, as originally envisaged, will become market-based, avoids pro-cyclicality and should be able to withstand market volatility. The framework should therefore ensure that the measures to be implemented are robust enough throughout market cycles.

Moreover, there needs to be a balance between on the one hand pricing that is affordable and on the other hand meeting capital objectives with which the industry can fulfil its long-term obligations. Such a balanced market-based framework should be designed to last for a long time to come and maintain the ongoing trust from consumers, thereby positioning the European insurance industry for the future.

ING wants to work constructively with its colleagues in the insurance industry to advise EU policy makers and regulators to come up with concrete proposals to meet these objectives. It is important that the framework is built to last and will service society as a whole for a long time to come.

In March 2011, the European Insurance and Occupational Pensions Authority (EIOPA) published the results of its Fifth Quantitative Impact Study (QIS5) on Solvency II. ING participated in QIS5 independently as ING Insurance, and also as ING Group, which is in line with its internal preparations to become fully Solvency II-ready. Based on the results, EIOPA and the Dutch Central Bank confirmed that the financial positions of European and Dutch insurers remained sound. Individual results were not disclosed. The results have been fed into the European Commission's process for fine-tuning the Solvency II framework and implementation.

Alignment of remuneration policies with CRD III

Since the start of the crisis in 2008, ING has been continually reviewing and amending its remuneration policies in response to the ongoing review of the financial system and related public debate, as well as in line with applicable regulatory developments. In 2010 the European Commission issued the Capital Requirements Directive III (CRD III), which contained specific requirements in relation to the remuneration of those who have a material impact on the company's risk profile, the so-called Identified Staff. From 1 January 2011 the directive had to be implemented into national law.

In 2011, ING's remuneration policies for the Executive Board and Identified Staff were amended in line with the CRD III requirements. The amended policy for the Executive Board was adopted by the annual General Meeting of Shareholders in May 2011. ING's remuneration policies continue to have an increased focus on long-term value creation, risk and non-financial performance measures to improve sustainable business practices.

ING's appeal against the EC decision

In January 2010, ING filed an appeal with the General Court of the European Union against specific elements of the European Commission's decision of 18 November 2009 which approved the state aid received and ING's Restructuring Plan. ING requested the Court to annul the decision of the European Commission insofar:

• as it states that the agreement between ING and the Dutch State concerning a reduction of the repayment premium for the first EUR 5 billion tranche of Core Tier 1 Securities leads to additional state aid of EUR 2 billion;

• as the Commission has subjected the approval of the state aid to the acceptance of price leadership bans; and

• as the Commission has subjected the approval of the state aid to restructuring requirements that go beyond what is proportionate.

The Dutch State joined ING in 2010 in its appeal with the General Court to contest the EC decision insofar as it qualifies the core Tier 1 amendment as additional state aid. The Dutch Central Bank joined in the proceedings in support of ING's appeal. In July 2011, oral arguments of the appeal case were heard by the General Court. The ruling of the General Court was issued on 2 March 2012. ING welcomes the judgment to partially annul the EC decision. From 2 March 2012, ING has been in the process of carefully assessing the full judgment as well as its consequences. On 8 May 2012 the Commission announced that it will lodge an appeal against the General Court's decision.

Financial developments in 2011

Operating conditions were challenging in 2011. The prolonged weakness of the economic recovery and its impact on local and capital markets were especially prominent in the fourth quarter. Despite this difficult context, ING Group's full-year results improved compared with 2010. The full-year 2011 net result was EUR 5,766 million compared with a net result of EUR 2,810 million in 2010. The 2011 net result includes EUR 1,866 million gains on divestments, of which EUR 995 million was attributable to the sale of ING's Latin American insurance, pension and investment management business, EUR 347 million to the sale of ING Car Lease, and EUR 466 million to the sale of Real Estate Investment Management.

Special items were EUR 54 million in 2011 compared with EUR –1,065 million in 2010. The 2011 special items include a EUR 716 million net gain from the liability management transaction, i.e., the exchange or tender offers for seven tranches of subordinated debt securities totalling approximately EUR 5.8 billion, offset by costs for various restructuring programmes and separation costs.

Result on divestments and discontinued operations recorded in 2010 were EUR 683 million. Net gains on divestments were EUR 388 million, mainly reflecting the result on the sale of Private Banking Switzerland and Asia. The 2010 net results from divested units and discontinued operations amounted to EUR 296 million and relate mainly to Insurance Latin America, ING Car Lease and Real Estate Investment Management.

Underlying net result for 2011 was EUR 3,675 million, up 15.1% from EUR 3,192 million a year earlier. Underlying net result is derived from total net result by excluding the impact from divestments and special items.

ING's capital position remained strong, despite the EUR 3 billion repayment to the Dutch State in May 2011. ING Bank's core Tier 1 ratio was stable at 9.6% at the end of 2011, absorbing the EUR 9 billion higher risk-weighted assets (RWA) under the Capital Requirements Directive III (CRD III). The Insurance Group Directive Solvency I ratio decreased to 225% at the end of 2011 from 230% at the end of 2010. The Group debt/equity ratio decreased to 12.7% as a result of a successful liability management transaction in December 2011. This transaction generated EUR 716 million net profit for ING Group.

Shareholders' equity increased EUR 5.8 billion from EUR 40.9 billion at the end of 2010 to EUR 46.7 billion at the end of 2011. This increase was caused by the EUR 5.8 billion net profit. Positive changes in reserves were offset by the EUR 1 billion repurchase premium paid to the Dutch State in May 2011. This amount is the 50% premium paid on the repurchase of EUR 2 billion core Tier 1 securities issued in November 2008. Shareholders' equity per share was EUR 12.33 at the end of 2011 versus EUR 10.81 at the end of 2010. Underlying net return on equity, calculated as underlying net result divided by average IFRS-EU equity, improved from 8.1% in 2010 to 8.7% in 2011.

Banking recorded an underlying result before tax of EUR 4,740 million in 2011, a 17.4% decrease compared with 2010. This decrease was mainly driven by EUR 783 million more adverse market impacts in 2011, of which EUR 588 million was impairments on Greek government bonds. Insurance reported an underlying result before tax of EUR 314 million, which was up EUR 1,386 million compared with the EUR 1,072 million loss in 2010. Both years were heavily impacted by markets and other impacts, i.e., EUR –1,547 million in 2011 versus EUR –2,567 million in 2010.

FIRST QUARTER 2012 RESULTS AND FINANCIAL DEVELOPMENTS

In respect of selected historical information regarding the Issuer for the first quarter of 2012 investors are referred to the following sections in the Q1 Report: the section entitled "CHAIRMAN'S STATEMENT" on page 5; the section entitled "KEY FIGURES" on page 6; the section entitled "CONSOLIDATED RESULTS" on pages 7; the section entitled "CONSOLIDATED BALANCE SHEET" on pages 8; and the section entitled "CAPITAL MANAGEMENT" on page 10.

CONSOLIDATED BALANCE SHEET OF ING GROEP N.V. *

(amounts in millions of euros)	31 December 2011	31 December 2010
Assets		
Cash and balances with central banks	**31,194**	13,072
Amounts due from banks	**45,323**	51,828
Financial assets at fair value through profit and loss		
- trading assets	**123,688**	125,675
- investments for risk of policyholders	**116,438**	120,481
- non-trading derivatives	**17,159**	11,722
- designated as at fair value through profit and loss	**5,437**	6,016
Investments		
- available-for-sale	**208,539**	222,547
- held-to-maturity	**8,868**	11,693
Loans and advances to customers	**602,525**	613,204
Reinsurance contracts	**5,870**	5,789
Investments in associates	**2,370**	3,925
Real estate investments	**1,670**	1,900
Property and equipment	**2,886**	6,132
Intangible assets	**3,558**	5,372
Deferred acquisition costs	**10,204**	10,499
Assets held for sale	**62,483**	681
Other assets	**31,016**	36,469
Total assets	**1,279,228**	1,247,005
Equity		
Shareholders' equity (parent)	**46,663**	40,904
Non-voting equity securities	**3,000**	5,000
	49,663	45,904
Minority interests	**777**	729
Total equity	**50,440**	46,633
Liabilities		
Subordinated loans	**8,858**	10,645
Debt securities in issue	**139,861**	135,604
Other borrowed funds	**19,684**	22,291
Insurance and investment contracts	**278,833**	271,128
Amounts due to banks	**72,233**	72,852
Customer deposits and other funds on deposit	**467,547**	511,362
Financial liabilities at fair value through profit and loss		

- trading liabilities	**107,682**	108,050
- non-trading derivatives	**22,165**	17,782
- designated as at fair value through profit and loss	**13,021**	12,707
Liabilities held for sale	**64,265**	424
Other liabilities	**34,639**	37,527
Total liabilities	**1,228,788**	1,200,372
Total equity and liabilities	**1,279,228**	1,247,005

* These figures have been derived from the audited annual accounts of ING Groep N.V. in respect of the financial year ended 31 December 2011.

CONSOLIDATED PROFIT & LOSS ACCOUNT OF ING GROEP N.V. *

(amounts in millions of euros)	2011	2011	2010	2010	2009	2009
Continuing operations						
Interest income banking operations	**64,649**		68,334		79,850	
Interest expense banking operations	**-51,200**		-55,011		-67,475	
Interest result banking operations		**13,449**		13,323		12,375
Gross premium income		**27,198**		27,786		30,248
Investment income		**6,808**		7,463		3,158
Net result on disposals of group		**855**		310		287
Gross commission income	**6,003**		5,868		6,551	
Commission expense	**-1,966**		-1,720		-2,311	
Commission income		**4,037**		4,148		4,240
Valuation results on non-trading derivatives		**1,674**		-467		-4,743
Net trading income		**209**		627		1,125
Share of profit from associates		**221**		311		-463
Other income		**1,343**		604		701
Total income		**55,794**		54,105		46,928
Gross underwriting expenditure	**33,716**		45,015		50,129	
Investment result for risk of policyholders	**1,246**		-10,492		-17,736	
Reinsurance recoveries	**-1,875**		-1,721		-1,700	
Underwriting expenditure		**33,087**		32,802		30,693
Additions to loan loss provisions		**1,670**		1,751		2,973
Intangible amortisation and other impairments		**379**		1,070		524
Staff expenses		**7,556**		7,692		7,271
Other interest expenses		**528**		786		711
Other operating expenses		**6,465**		6,076		6,593
Total expenses		**49,685**		50,177		48,765
Result before tax from continuing operations		**6,109**		3,928		-1,837
Taxation		**1,365**		1,228		-613
Net result from continuing operations		**4,744**		2,700		-1,224

Discontinued operations			
Net result from discontinued operations	**114**	216	100
Net result from disposal of discontinued operations	**995**		
Total net result from discontinued operations	**1,109**	216	100
Net result from continuing and discontinued operations (before minority interests)	**5,853**	2,916	-1,124

* These figures have been derived from the audited annual accounts of ING Groep N.V. in respect of the financial year ended 31 December 2011.

GENERAL INFORMATION

Documents Available for Inspection or Collection

So long as this Registration Document is valid as described in Article 9 of the Prospectus Directive, copies of the following documents will, when published, be available free of charge from the Issuer and from the specified office of the Paying Agents. Written or oral requests for such documents should be directed to the Issuer, c/o ING Bank N.V. at Foppingadreef 7, 1102 BD Amsterdam, The Netherlands (Tel.: +31 (0)20 501 3477).

(i) the English translation of the Articles of Association of the Issuer;

(ii) the annual reports of the Issuer (in English) in respect of the financial years ended 31 December 2011 and 31 December 2010, including the auditors' reports in respect of such financial years;

(iii) the most recently available annual report of the Issuer and its consolidated subsidiaries and the most recently available published interim financial statements of the Issuer (in English and if any);

(iv) a copy of the Registration Document; and

(v) any future supplements to the Registration Document and any other documents incorporated herein or therein by reference.

Ratings

The Issuer has a senior debt rating from Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's") of A, a senior debt rating from Moody's France SAS ("Moody's") of A1 and a senior debt rating from Fitch Ratings Ltd. ("Fitch") of A. A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating will remain for any given period of time or that a rating will not be suspended, lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant. Over the course of the past year, the Issuer has from time to time been subject to its ratings being lowered.

Significant or Material Adverse Change

At the date hereof, there has been no significant change in the financial or trading position of the Issuer and its consolidated subsidiaries since 31 March 2012.

At the date hereof, there has been no material adverse change in the prospects of the Issuer since 31 December 2011, except for (i) the update on the restructuring plans of the Issuer, as announced on 12 January 2012, (ii) the completion of the sale of ING Direct USA, as completed and announced on 17 February 2012, (iii) the judgment of the General Court of the European Union concerning ING's appeal against the European Commission's 2009 decision regarding ING's restructuring plan, as published on 2 March 2012 and (iv) the provision for a potential settlement following discussions with US authorities, including the Office of Foreign Assets Control, as published on 9 May 2012.

Litigation

The Issuer and its consolidated subsidiaries are involved in litigation and arbitration proceedings in the Netherlands and in a number of foreign jurisdictions, including the United States, involving claims by and against them which arise in the ordinary course of their businesses, including in connection with their activities as insurers, lenders, employers, investors and taxpayers, certain examples of which are described immediately below. In certain of such proceedings, very large or indeterminate amounts are sought, including punitive and other damages. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, the Issuer is of the opinion that neither it nor any of its consolidated subsidiaries is aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer and/or the Issuer and its consolidated subsidiaries.

Because of the geographic spread of its business, the Issuer may be subject to tax audits in numerous jurisdictions at any point in time. Although the Issuer believes that it has adequately provided for all its tax positions, the ultimate resolution of these audits may result in liabilities which are different from the amounts recognised.

Proceedings in which the Issuer is involved, include complaints and lawsuits concerning the performance of certain interest sensitive products that were sold by a former subsidiary of the Issuer in Mexico. Proceedings also include lawsuits that have been filed by former employees of an Argentinean subsidiary, whose employment was terminated as a result the Republic of Argentina's nationalisation of the mandatory pension business. Litigation has been filed by the purchaser of certain ING Mexican subsidiaries who claims that the financial condition of the subsidiaries was not accurately depicted. Further, purported class litigation has been filed in the United States District Court for the Southern District of New York alleging violations of the federal securities laws with respect to disclosures made in connection with the 2007 and 2008 offerings of ING's Perpetual Hybrid Capital Securities. The Court has determined that the claims relating to the 2007 offerings were without merit and has dismissed them. The challenged disclosures that survived the Court's ruling relate solely to the June 2008 offering, and primarily to the Issuer's investments in certain residential mortgage-backed securities. Additional purported class litigation challenges the operation of the ING Americas Savings Plan and ESOP and the ING 401(k) Plan for ILIAC Agents. The District Court has dismissed the latter case and plaintiffs have appealed. Also an administrator of an ERISA plan has filed a lawsuit seeking to represent a class of ERISA plan administrators claiming that an ING subsidiary has breached certain of its ERISA duties. These matters are being defended vigorously; however, at this time, ING is unable to assess their final outcome. Therefore at this moment it is not practicable to provide an estimate of the (potential) financial effect.

Since the end of 2006, unit-linked products (commonly referred to in Dutch as "*beleggingsverzekeringen*") have received negative attention in the Dutch media, from the Dutch Parliament, the AFM and consumer protection organisations. Costs of unit-linked products sold in the past are perceived as too high and insurers are in general being accused of being less transparent in their offering of unit-linked products. The criticism on unit-linked products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008 ING's Dutch insurance subsidiaries reached an outline agreement with all consumer protection organisations to offer compensation to their unit-linked policyholders where individual unit-linked policies have a cost charge in excess of an agreed maximum and to offer similar compensation for certain hybrid insurance products. At 31 December 2008 a provision was recognised for the costs of the settlement. The costs were valued at EUR 365 million. A full agreement on implementation was reached in 2010 with one of the two main consumer protection organisations. In addition, ING's Dutch insurance subsidiaries announced additional (so-called "flanking") measures that comply with the "Best in Class" criteria as formulated on 24 November 2011 by the Dutch Minister of Finance. In December 2011 this resulted in an agreement on these measures with the two main consumer protection organisations. Implementation has started: ING's plan is to inform all unit-linked policyholders about compensation by the end of 2012. Neither the implementation of the compensation schemes nor these additional measures prevent individual policyholders from initiating legal proceedings against ING's Dutch insurance subsidiaries. Policyholders have initiated and may continue to initiate legal proceedings claiming further damages. Because of the continuous public and political attention for the unit-linked issue in general and the uncertain outcome of pending and future legal proceedings, it is not feasible to predict or determine the ultimate financial consequences.

In January 2010 ING lodged an appeal with the General Court of the European Union against specific elements of the European Commission's decision regarding ING's restructuring plan. In its appeal, ING contests the way the Commission has calculated the amount of state aid ING received and the disproportionality of the price leadership restrictions specifically and the disproportionality of restructuring requirements in general. In July 2011, the appeal case was heard orally by the General Court of the European Union. On 2 March 2012, the General Court partially annulled the Commission's decision of 18 November 2009 and as a result a new decision must be issued by the Commission. Interested parties can file an appeal against the General Court's judgment before the Court of Justice of the European Union within two months and ten days after the date of the General Court's judgment. On 8 May 2012 the Commission announced that it will lodge an appeal against the General Court's decision.

In January 2011 the Association of Stockholders (*Vereniging van Effectenbezitters*, "VEB") has issued a writ alleging that investors were misled by the prospectus that was issued with respect to the September 2007 rights issue of Fortis N.V. (now: Ageas N.V.) against Ageas N.V., the underwriters of such rights issue, including ING Bank N.V., and former directors of Fortis N.V. According to the VEB the prospectus shows substantive incorrect and misleading information. The VEB states that the impact and the risks of the subprime crisis for Fortis and Fortis' liquidity position have been reflected incorrectly in the prospectus. The VEB requests a declaratory decision stating that the summoned parties have acted wrongfully and are therefore responsible for the damages suffered by the investors in Fortis. The amount of damages of EUR 18 billion has not been substantiated yet. ING will defend itself against this claim; at this time ING is not able to assess the future outcome. Therefore at this moment it is not practicable to provide an estimate of the (potential) financial effect of such action.

In July 2011, the Dutch ING Pensioners' Collective Action Foundation (*Stichting Collectieve Actie Pensioengerechtigden ING Nederland*), together with two trade unions (*FNV Bondgenoten and CNV Dienstenbond*) and a number of individual pensioners, instituted legal proceedings against ING's decision not to provide funding for indexing pensions insured with Stichting Pensioenfonds ING (the Dutch ING Pension Fund) per 1 January 2011. In July 2011, the Interest Group ING General Managers' Pensions (*Belangenvereniging ING-Directiepensioenen*), together with a number of individual retired Dutch General Managers of ING, instituted legal proceedings against ING's decision not to provide funding for indexing Dutch General Managers' pensions per 1 January 2011. It is not feasible to predict the ultimate outcome of these legal proceedings although legal proceedings instituted by Stichting Pensioenfonds ING on the same issue were ruled in ING's favour. The ultimate outcome of these proceedings may result in liabilities and provisions for such liabilities which are different from the amounts recognised. At this moment it is not practicable to provide an estimate of the (potential) financial effect of such proceedings.

In addition to the foregoing procedures, ING Bank remains in discussions with authorities in the US concerning ING Bank's compliance with Office of Foreign Assets Control requirements. ING Bank has received requests for information from US Government agencies including the US Department of Justice and the New York County District Attorney's Office. ING Bank is cooperating fully with the ongoing investigations and is engaged in discussions to resolve these matters with the US authorities. On 9 May 2012 ING Bank announced that those discussions have advanced to the point where it is appropriate for ING Bank to take a provision for a potential settlement.

In addition, like many other companies in the insurance industry, several of ING's U.S. companies have received formal requests for information from various governmental and regulatory agencies regarding whether and to what extent they proactively ascertain whether customers have deceased, pay benefits even where no claim has been made, and comply with state laws pertaining to unclaimed or abandoned property. Companies may have to make additional payments to beneficiaries and escheat additional funds deemed abandoned, and regulators may seek fines, penalties and interest. It is currently not practicable to estimate the (potential) financial effect of such information requests.

Auditors

The financial statements of the Issuer for the financial years ended 31 December 2011 and 31 December 2010, respectively, have been audited by Ernst &Young Accountants LLP. The auditors of Ernst & Young Accountants LLP are members of the *Koninklijk Nederlands Instituut van Registeraccountants* (*NIVRA*), which is a member of International Federation of Accountants (IFAC). Ernst & Young Accountants LLP has issued an unqualified auditors' report on the financial statements for the financial year ended 31 December 2011 dated 12 March 2012 and an unqualified auditors' report on the financial statements for the financial year ended 31 December 2010 dated 14 March 2011.

The auditors' reports in respect of the financial years ended 31 December 2011 and 31 December 2010, respectively, incorporated by reference herein are included in the form and context in which they appear with the consent of Ernst & Young Accountants LLP, who have authorised the contents of these auditors' reports.

Market Information

This Registration Document cites market share information published by third parties, including from the following source: MSCI - Bloomberg.

The Issuer has accurately reproduced such third-party information in the Registration Document and, as far as the Issuer is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the information reproduced herein to be inaccurate or misleading. Nevertheless, investors should take into consideration that the Issuer has not verified the information published by third parties. Therefore, the Issuer does not guarantee or assume any responsibility for the accuracy of the data, estimates or other information taken from sources in the public domain. This Registration Document also contains assessments of market data and information derived therefrom which could not be obtained from any independent sources. Such information is based on the Issuer's own internal assessments and may therefore deviate from the assessments of competitors of ING or future statistics by independent sources.

THE ISSUER

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