Dated 13 May 2013

ING GROEP N.V.

REGISTRATION DOCUMENT

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INTRODUCTION

This document constitutes a registration document ("Registration Document") for the purposes of Article 5 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant member state ("Member State") of the European Economic Area (the "EEA"), (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 of 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 13 May 2013.

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, as amended (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 CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED ("RSA") 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 PERSON, 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 or incorporates by reference "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, as amended (the "Exchange Act"). All statements other than statements of historical fact included or incorporated by reference 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 the 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 2011 and 2012, including the audited consolidated financial statements and auditors' reports in respect of such years;

(c) the press release published by ING on 19 November 2012 entitled "ING reaches agreement on amended EC Restructuring Plan";

(d) the press release published by ING on 1 May 2013 entitled "ING U.S. Prices Initial Public Offering; First Day of Trading on May 2";

(e) the press release published by ING on 2 May 2013 entitled "Debut of ING U.S. on NYSE marks milestone in restructuring of ING Group";

(f) the ING Group quarterly report for the first quarter of 2013, as published by the Issuer on 8 May 2013 (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 2013; and

(g) the ING Group Condensed Consolidated Interim Financial Information for the period ended 31 March 2013, as published by the Issuer on 8 May 2013 (the "Q1 Condensed Consolidated Interim Financial Information"). The Q1 Condensed Consolidated Interim Financial Information contains, among other things, condensed consolidated unaudited interim financial information relating to the consolidated unaudited interim results of the Issuer as at, and for the three month period ended, 31 March 2013 as contained in the Q1 Report.

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. Requests for such documents should be directed to the Issuer, c/o ING Bank N.V. at Foppingadreef 7, 1102 BD Amsterdam, The Netherlands. In addition, this Registration Document and any document which is incorporated herein by reference will be made available on the website of ING (www.ing.com/Our-Company/Investor-relations/Fixed-income-information.htm).

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.

RISK 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, liquidity 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 changes may adversely affect the Issuer's profitability", "Continued turbulence and volatility in the financial markets and the economy generally have adversely affected the Issuer, and may continue to affect its business and results of operations", and "Market conditions observed over the past few years 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 ("DAC") impacting earnings;
- reserve inadequacies which could ultimately be realised through profit and loss and shareholders' equity;
- the write down of tax assets impacting net result;
- impairment expenses related to goodwill and other intangible assets, impacting net result;
- movements in risk weighted assets for the determination of required capital;
- changes in credit valuation adjustments and debt valuation adjustments; and/or
- additional costs related to maintenance of higher liquidity buffers.

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 "Continued turbulence and volatility in the financial markets and the economy generally have adversely affected the Issuer, and may continue to affect its business and results of operations" 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. Adverse capital and credit market conditions may affect the availability and cost of borrowed funds, thereby impacting the Issuer's ability to support or grow its businesses.

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. Without sufficient liquidity, the Issuer will be forced to curtail its operations and its business will suffer. 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 funding 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 shareholders' 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 it may not be able to successfully obtain additional financing on favourable terms, or at all. Any actions the Issuer might take to access financing may cause rating agencies to re-evaluate its ratings.

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, which in turn could force the Issuer to (i) delay raising capital, (ii) reduce, cancel or postpone payment of dividends on its shares, (iii) reduce, cancel or postpone interest payments on other securities, (iv) issue capital of different types or under different terms than the Issuer would otherwise, or (v) incur a higher cost of capital than in a more stable market environment. Any of the foregoing 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.

Since 2008, 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 included 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 the Restructuring Plan have and 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, most of whom have proposed regulatory changes in recent years 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 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 decline or volatility. Such a failure could lead to a chain of defaults that could adversely affect the Issuer and its contractual 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 result 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 man-made disasters and core infrastructure failures such as acts of terrorism, military actions, power grid and telephone/internet infrastructure failures 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 result may be adversely affected. Furthermore, claims resulting from a catastrophic event could also materially harm the financial conditions of the Issuer's reinsurers, which would increase the probability of default on reinsurance recoveries. The Issuer's ability to write new business could also 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 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 remuneration policies, 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 U.S. and elsewhere continue to scrutinise payment processing and other transactions and activities of the financial services industry 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 conditions in the global financial markets and the global economy, regulators have for sometime 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). In December 2012, EU leaders agreed on setting up a Single Supervisory Mechanism ("SSM"), a mechanism composed of national competent authorities and the European Central Bank ("ECB"), as part of the prospective EU banking union. In the SSM, it is expected that the ECB will assume direct responsibility for a significant part of the prudential supervision of the Issuer. The SSM is envisaged to take effect by 1 March 2014 or one year after the relevant regulation has entered into force and is designed for countries within the Eurozone, with the possibility of non-Eurozone member states to participate by means of close co-operation. While it is at this stage difficult to identify what the exact impact will be on the Issuer, it is expected that the SSM will have a significant impact on the way the Issuer's banking operations are supervised in Europe.

Furthermore, the Issuer is subject to different tax regulations in each of the jurisdictions where it conducts business. Changes in tax laws could increase the Issuer's taxes and its effective tax rates. Furthermore, legislative changes could materially impact its tax receivables and liabilities as well as deferred tax assets and deferred tax liabilities which could have a material adverse effect on its business, results of operations and financial condition. One such change relates to the current debate in the U.S. over corporate tax reform and corporate tax rates.

In addition, the International Accounting Standards Board ("IASB") has issued and proposed certain amendments to several IFRS standards during the course of 2012, which changes could also have a material impact on the Issuer's reported results and financial condition.

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. Compliance with applicable laws and regulations is time-consuming and personnel-intensive, and changes in laws and regulations may materially increase the cost of compliance and other expenses of doing business.

The Issuer expects the scope and extent of regulation in the jurisdictions in which it conducts its business, as well as regulatory oversight and supervision, to generally continue to increase. 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, either because they are subject to multiple interpretations or are under development, or where they may conflict with one another, or where regulators revise their previous guidance or courts overturn previous rulings, resulting in the Issuer's failure to meet applicable standards. Regulators and other authorities have the power to bring administrative or judicial proceedings against us, which could result, among other things, in the 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 December 2010, the Basel Committee on Banking Supervision ("Basel Committee") announced higher global minimum capital standards for banks and introduced a new global liquidity standard and a new leverage ratio. The Basel 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 conservation 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 has strengthened the definition 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 securitisation activities as part of a number of reforms to the Basel II framework. In addition, the Basel Committee and the Financial Stability Board ("FSB") published measures in October 2011 that would have the effect of requiring higher loss absorbency capacity, liquidity surcharges, exposure limits and special resolution regimes for, and instituting more intensive and effective supervision of, "systemically important financial institutions" ("SIFIs") and so-called "Global" SIFIs ("G-SIFIs"), in addition to the Basel III requirements otherwise applicable to most financial institutions. The implementation of these measures have begun in 2012 and full implementation is targeted for 2019. The Issuer was designated by the Basel Committee and FSB as one of the global systemically important banks (“G-SIBs”), forming part of the G-SIFIs, in November 2011 and November 2012, and by the Dutch Central Bank (*De Nederlandsche Bank N.V.*, “DNB”) and the Dutch Ministry of Finance as a domestic SIFI in November 2011. The Basel III proposals and their potential impact are monitored via semi-annual monitoring exercises in which the Issuer participates. As a result of such monitoring exercises and on-going discussions within the regulatory environment revisions have been made to the original Basel III proposals such as the revised Liquidity Coverage Ratio in January 2013. It remains to be seen whether further amendments to the 2010 framework and standards will be made by the Basel Committee in the coming years.

For European banks these requirements will be implemented through the Capital Requirements Directive (“CRD”) IV, which might deviate in its final state from the original Basel III requirements. While the full impact of the 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 such 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 to have a material impact on ING’s operations and financial condition and may require the Issuer to seek additional capital.

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 25 November 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 DNB).

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. Representatives from the European Parliament, the European Commission and the Council of the European Union are currently discussing the “Omnibus II Directive” proposal, which, once approved, will amend certain aspects of the original Solvency II Directive. In addition, the European Commission is continuing to develop the detailed rules that will complement the high-level principles of the Solvency II Directive, referred to as “implementing measures”. The implementing measures are not currently expected to be finalised until the Omnibus II Directive has entered into force and the implementation date of Solvency II by member states of the EEA has been postponed from 31 October 2012 to 30 June 2013, and the application date by companies to 1 January 2014. There is significant uncertainty regarding the timeline and final outcome of this process and the Issuer is unable to predict precisely how the regulations resulting from such initiatives and proposals could affect the insurance industry generally or the Issuer's results of operations, financial condition and liquidity in particular.

Significant efforts towards establishing a more cohesive and streamlined European supervisory framework, including the establishment of the European Systemic Risk Board and the EOPIA, 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 harmonisation 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. As of 31 December 2012, no legislative proposal has been made at the EU level. However, 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

On 21 July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank" or the "Dodd-Frank Act") was signed into law in the United States. The Dodd-Frank Act has imposed comprehensive changes to the regulation of financial services in the United States and has implications for non-U.S. financial institutions with a U.S. 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 is well underway, 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 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 Financial Stability Oversight Council (the "FSOC") — may designate the Issuer as a nonbank financial 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 Board of Governors of the Federal Reserve System ("Federal Reserve"). If the Issuer becomes subject to such 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 the Issuer predict how the Federal Reserve will exercise potential general supervisory authority over the Issuer as to its business practices or these of its subsidiaries. If designated as systemically important by the FSOC, the Issuer would become subject to a comprehensive system of 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 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, such as the Issuer, may be subject to a special orderly liquidation process outside the federal bankruptcy code, administered by the Federal Deposit Insurance Corporation ("FDIC") as receiver, upon a determination that the company is in default or in danger of default and presents a systemic risk to U.S. financial stability. The Issuer cannot predict how ratings 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 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 U.S. Commodity Futures Trading Commission ("CFTC") 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.

- Under Title VII of the Dodd-Frank Act, the CFTC has promulgated requirements for recordkeeping and reporting of swap transactions to swap data repositories. The rules require swap counterparties and underlying reference entities to be identified by a legal entity identifier ("LEI"). Recognising that the rules will come into effect prior to the availability of global LEIs, the CFTC has mandated the use of interim entity identifiers called CFTC Interim Compliant Identifier ("CICI"). In the event that the Issuer is unable to obtain a CICI and implement it into its system, the Issuer may be limited in its ability to engage in hedging transactions.

- Pursuant to requirements of the Dodd-Frank Act, the SEC and CFTC are currently considering whether "stable value" contracts should be regulated as "swap" derivative contracts. In the event that stable value contracts become subject to such regulation, certain aspects of the Issuer's business could be adversely impacted, including issuance of stable value contracts and management of assets pursuant to stable value mandates.

- Dodd-Frank established the Federal Insurance Office ("FIO") within the United States Department of the Treasury ("Treasury Department") to be headed by a director appointed by the Secretary of the Treasury Department. 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 state insurance regulatory bodies.
- Dodd-Frank also established the Consumer Financial Protection Bureau ("CFPB") as an independent agency within the Federal Reserve to regulate consumer financial products and services offered primarily for personal, family or household purposes. The CFPB 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 CFPB will have broad supervisory, examination and enforcement authority over certain consumer products, such as mortgage lending. Insurance products and services are not within the CFPB's general jurisdiction, and broker-dealers and investment advisers are not subject to the CFPB'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 authorise 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 U.S. broker-dealers to increased risk of SEC enforcement actions and liability. The SEC staff released a study on this issue.
- Dodd-Frank could result in various ex-post assessments being imposed on the Issuer, the costs of which it is unable to estimate at this time.

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 the Foreign Account Tax Compliance Act ("FATCA"), U.S. federal tax legislation passed in 2010, a 30% withholding tax will be imposed on "withholdable payments" made to non-U.S. financial institutions (including non-U.S. investment funds and certain other non-U.S. financial entities) that fail (or, in some cases, that have 50% affiliates which are also non-U.S. financial institutions that fail) to provide certain information regarding their U.S. accountholders and/or certain U.S. investors (such U.S. accountholders and U.S. investors, "U.S. accountholders") to the U.S. Internal Revenue Service (the "IRS"). For non-U.S. financial institutions that fail to comply, this withholding will generally apply without regard to whether the beneficial owner of a withholdable payment is a U.S. person or would otherwise be entitled to an exemption from U.S.

federal withholding tax. Withholdable payments generally include, among other items, payments of U.S.-source interest and dividends and the gross proceeds from the sale or other disposition of property that may produce U.S.-source interest and dividends. Furthermore, FATCA may also impose withholding on non-U.S. source payments by non-U.S. financial institutions that comply with FATCA to non-U.S. financial institutions that fail to comply with FATCA. This withholding will take effect on a "phased" schedule, starting in January 2014 with withholding on non-U.S. source payments by non-U.S. financial institutions to start no earlier than January 2017. 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, certain insurance policies and annuities are considered accounts for these purposes.

Some countries have entered into, and other countries are expected to enter into, agreements ("intergovernmental agreements" or "IGAs") with the United States to facilitate the type of information reporting required under FATCA. While the existence of IGAs will not eliminate the risk of the withholding described above, these agreements are expected to reduce that risk for financial institutions and investors in countries that have entered into IGAs. IGAs will often require financial institutions in those countries to report some information on their U.S. accountholders to the taxing authorities of those countries, who will then pass the information to the IRS.

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 FATCA and legislation of countries that have entered into IGAs. 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 FATCA (including entering into agreements with the U.S. tax authorities as may be required), in accordance with the timeframe set by the U.S. 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 in non-IGA countries 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 withholding under FATCA. The possibility of such withholding 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, (i) entering into agreements with the IRS and (ii) compliance with the terms of such agreements and with FATCA, any regulations or other guidance promulgated thereunder or any legislation promulgated under an IGA may substantially increase the Issuer's compliance costs. Because legislation and regulations implementing FATCA and the IGAs remain under development, the future impact of this law on the Issuer is uncertain.

Dutch Intervention Act and EU Bank Proposals

In June 2012, the "Intervention Act" (*Wet bijzondere maatregelen financiële ondernemingen*) came into force in The Netherlands, with retroactive effect from 20 January 2012. The Intervention Act mainly amends the Dutch Financial Supervision Act and the Dutch Insolvency Act and allows Dutch authorities to take certain actions 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. It is composed of two categories of measures. The first category includes measures related to the timely and efficient liquidation of failing banks and insurers and would give DNB the power to transfer customer deposits, assets and/or liabilities other than deposits and issued shares of an entity to third parties or to a bridge bank if DNB deems that, in respect of the relevant bank, there are signs of an adverse development with respect to its funds, solvency, liquidity or technical provisions and it can be reasonably foreseen that such development will not be sufficiently or timely reversed. DNB would also be granted the power to influence the internal decision making of failing institutions through the appointment of an “undisclosed administrator”. The second category includes measures intended to safeguard the stability of the financial system as a whole and grants the authority to the Minister of Finance to take immediate measures or proceed to expropriation of assets of or securities issued by failing financial institutions. For example, on 1 February 2013, the Dutch State nationalised the SNS Reaal bank and insurance group (“SNS Reaal”) by expropriating shares, Core Tier 1 Securities and other subordinated debts issued by SNS Reaal. The Dutch Ministry of Finance has stated that it will impose in 2014 an aggregate EUR 1 billion one-time levy on Dutch banks, including the Issuer, to share the costs of the SNS Reaal nationalisation. Based on the currently available information, this is estimated to result in a charge of EUR 300-350 million for the Issuer. The Issuer will carefully assess further details on the form, amount and timing of the levy as they become available. Currently, there is a debate in The Netherlands on the effectiveness of the legal regime as described above, which may result in an implementation of more onerous legislation and/or regulations. The future form, amount and timing of the levy, and its future impact on the Issuer, its operations and its financial position, remain unclear.

The Intervention Act also includes measures that limit the ability of counterparties to exercise their rights after any of the measures mentioned above have been put into place, with certain exceptions. Also in June 2012, the EC published a proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms (the “Recovery and Resolution Directive”), which includes, among other things, the obligation for institutions to draw up a recovery plan and the obligation for resolution authorities in the member states to draw up a resolution plan, early intervention measures and a European system of financing arrangements.

A few provisions of the Intervention Act, including the provision with respect to the future financing of the deposit guarantee and the investor compensation scheme, have not yet come into force and there are certain differences between the provisions of the Intervention Act and the Recovery and Resolution Directive proposal, which may further bring out future changes in the law. The Issuer is unable to predict what specific effects the Intervention Act and the future adoption of the Recovery and Resolution Directive may have on the financial system generally, its counterparties, or on the Issuer, its operations or its financial position.

The Issuer has set up an all-encompassing recovery planning process to enhance its readiness and decisiveness to tackle financial crises on its own strength. The Issuer’s recovery plan was submitted to and approved by DNB in November 2012. Furthermore, in the course of 2012, DNB requested the Issuer to prepare and submit information on the basis of which the Dutch resolution authorities will be able to develop a resolution plan. ING is working towards providing this information and aims to meet the deadlines provided by DNB by the end of 2013.

The Financial Stability Board

In addition to the adoption of the foregoing measures, 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 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, and the potential impact of such changes on the Issuer's business, results of operation and financial condition remains unclear.

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 the Restructuring Plan have and 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 as amended, operate as anti-abuse rules, the general purpose of which is to prevent trafficking in tax losses and credits, but which can apply without regard to whether a "loss trafficking" transaction occurs or is intended. These rules are triggered when an "ownership change" – generally defined as when the ownership of a company, or its parent, changes by more than 50% (measured by value) on a cumulative basis in any three-year period – occurs. If triggered, the amount of the taxable income for any post-change year which may be offset by a pre-change loss is subject to an annual limitation. As of 31 December 2012, 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 14 February 2013, the EC adopted a proposal setting out the details of the financial transaction tax, which mirrors the scope of its original proposal of September 2011, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the "FTT-zone", currently limited to 11 participating member states (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain). The adopted proposal foresees the financial transaction tax for the 11 participating member states entering into effect on 1 January 2014, which would then require the Issuer to pay a tax on transactions in financial instruments with parties (including its affiliates) located in such FTT-zone. The actual implementation date would depend on the future approval by the European Council and consultation of other EU institutions, and the subsequent transposition into local law.

Furthermore, the Dutch Parliament passed a bill on bank tax, which went into effect as of 1 October 2012. This tax results 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.

In May 2012, the International Association of Insurance Supervisors ("IAIS"), of which DNB is a member, published a proposed assessment methodology for designating global systemically important insurers ("G-SIIs"), as part of the global initiative to identify G-SIFIs. Insurers identified as G-SIIs would be subject to additional policy measures. IAIS stated that the proposed policy measures released in October 2012, as endorsed for consultation by the FSB will be finalised at the same time as the first group of G-SIIs is identified. The initial list of G-SIIs is expected to be published by the FSB in April 2013, with annual updates thereafter. The proposed policy measures, which would need to be implemented by legislation or regulation in relevant jurisdictions, include higher capital requirements (both for non-traditional and non-insurance activities and for G-SIIs overall), enhanced supervision (including more detailed and frequent reporting, removal of barriers to orderly resolution of the G-SII and reduction of the G-SII's systemic risk over time), as well as additional measures to improve the degree of self-sufficiency of a G-SII's different business segments (including separate legal structures for traditional insurance and non-traditional or non-insurance activities, and restrictions on intercompany subsidies). If ING were identified as a G-SII, compliance costs will increase and its competitive position relative to other life insurers that were not designated as G-SIIs may be adversely affected.

Continued turbulence and volatility in the financial markets and the economy generally have adversely affected the Issuer, and may continue to affect its business and results of operations.

General

The Issuer's business and results of operations are materially affected by conditions in the global capital markets and the economy generally. Concerns over the slow economic recovery, the European sovereign debt crisis, the ability of certain countries to remain in the Eurozone, unemployment, the availability and cost of credit, the level of U.S. national debt and the U.S. housing 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 improved over 2011 and 2012, 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 significantly deteriorated following the financial crisis in 2008 and have not fully recovered. Concerns over pricing have included 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 from time to time 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 experienced from time to time 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 in past years substantial negative revaluations and impairments on its investment portfolio, which have impacted the Issuer's shareholders' equity and earnings. During 2010, 2011 and 2012, 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 developments in the global financial markets and in particular decreasing interest rates resulted in a decrease in the Issuer's overall reserves adequacy and may further continue to produce reserves inadequacies in the future, potentially leading to the need for reserve strengthening.

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 U.S.) and private equity, exposures to European sovereign debt and to U.S. mortgage-related structured investment products, including sub-prime and Alt-A Residential and Commercial Mortgage-Backed Securities, Collateralised Debt Obligations and Collateralised Loan Obligations, 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 judgement and other factors, and is also impacted by external factors such as underlying mortgage default rates, interest rates, rating agency actions and property valuations. 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, in 2011, Standard & Poor's Ratings Group, Inc. lowered its long term sovereign credit rating on the U.S. 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. Amid the lingering uncertainty over the future economic performance of the U.S. within the global economy and potential future budgetary restrictions in the U.S., 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 collateralised 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 organisations 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. Significant concerns regarding the sovereign debt of these countries, as well as certain other countries, of the "core" European Union member states are ongoing and in some cases have required countries to obtain emergency financing. These concerns impacted financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations. If these or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. Despite the creation of a joint EU-IMF European Financial Stability Facility in May 2010, assistance packages to Greece, Ireland and Portugal, the approval of further bailout of Greece by the relevant government and monetary bodies of the Eurozone and the International Monetary Fund in March 2012, and the establishment of the European Stability Mechanism on 27 September 2012 (which provided its first financial assistance in February 2013 for the recapitalisation of Spain's banking sector and which is now considering a financial assistance agreement for Cyprus after the Eurozone finance ministers (Eurogroup) backed a bailout of Cyprus), uncertainty over the outcome of the EU governments' financial support programs and worries about sovereign finances persisted during the course of 2012. 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 and the Treaty of Stability, Coordination and Governance ("Fiscal Treaty") was signed by 25 EU Member States on 2 March 2012; 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. The financial turmoil in Europe continues to be a threat to global capital markets and remains a challenge to global financial stability.

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. Additionally, the possibility of capital market volatility spreading through a highly integrated and interdependent banking system remains elevated. 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) is 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. These factors, combined with volatile oil prices, reduced business and consumer confidence and continued high unemployment, have negatively affected the economy of main geographic regions where the Issuer conducts its business. The Issuer's results of operations, investment portfolio and AUM are exposed to these risks and may be adversely affected as a result. In addition, in the event of extreme prolonged market events, such as the recent global credit crisis, it could incur significant losses.

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 and changing the outlook to "negative" for 15 Eurozone countries). Further related downgrades of European sovereign ratings and of corporate ratings have occurred since that date, including, for example, 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) and Fitch Ratings Ltd.'s downgrade of Spain's sovereign credit rating from A to BBB on 7 June 2012. Moody's also followed Standard & Poor's Ratings Group, Inc. in downgrading France's credit rating in November 2012. 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 brand recognition, reputation, relative service levels, investment performance of the Issuer's products, the prices and attributes of products and services, scope of distribution, perceived financial strength, credit ratings and actions taken by competitors. A decline in the Issuer's competitive position as to one or more of these factors 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 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. 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. Future economic turmoil may accelerate additional consolidation activity. 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". Due to the competitive nature of the financial services industry, there can be no assurance that the Issuer will continue to effectively compete within the industry or that competition will not have a material adverse impact on its business, results of operations and financial condition.

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, or other factors, 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 the 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 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 experienced during the recent financial crisis. 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. However, the Issuer remains liable to the underlying policyholders, even if the reinsurer defaults on its obligations. 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 2012, the greatest exposure after collateral to an individual external reinsurer was approximately 19%, approximately 46% 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 result and its financial results.

Market conditions observed over the past few years 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 and interest credited to policyholders may change at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest revenue. Central banks around the world, including the European Central Bank, the Bank of England, the Bank of Japan, the Bank of Australia, the Central Bank of Brazil and the Central Bank of China, followed the actions of the Federal Reserve by lowering interest rates in 2012, in response to concerns about Europe's sovereign debt crisis and slowing global economic growth. Changes in interest rates may negatively affect the value of the Issuer's assets and its ability to realise 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 than the Issuer anticipated in its pricing, potentially resulting in greater claims costs than the Issuer expected and creating asset liability cash flow mismatches;
- additional 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;
- higher costs for certain derivative instruments that may be used to hedge certain of the Issuer's product risks; and/or
- lower profitability since the Issuer may not be able to fully track the decline in interest rates in its savings rate.

Accordingly, during periods of declining interest rates, the Issuer's profitability may suffer as the result of a decrease in the spread between interest rates credited to insurance policyholders and annuity contract owners. An extended period of declining interest rates may also cause the Issuer to change its long-term view of the interest rates that it can earn on the Issuer's investments. 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:

- a decrease in demand for loans;
- increase in policy loans, and withdrawals from and/or 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 amortisation of deferred policy acquisition costs, which would also reduce its net income;
- prepayment losses if prepayment rates are lower than expected or if interest rates increase to rapidly to adjust the accompanying hedges;

- higher interest rates to be paid on debt securities the Issuer has issued or may issue on the financial markets from time to time to finance its operations, which would increase its interest expenses and reduce its results of operations;
- a material adverse effect on the value of the Issuer's investment portfolio by, for example, decreasing the estimated fair values of the fixed income securities within the Issuer's investment portfolio;
- a significant collateral posting requirement associated with the Issuer's interest rate hedge programmes, which could materially and adversely affect liquidity; and/or
- decreased fee income associated with a decline in the value of variable annuity account balances invested in fixed income funds.

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 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. As of 1 July 2015, 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 will pay risk-weighted contributions to the Deposit Guarantee Scheme. The fund is to grow to a target size of 1% of all deposits guaranteed under the Deposit Guarantee Scheme, approximately EUR 4 billion at present. The target size has to be reached in 15 years. The costs associated with potential future ex-ante contributions are today unknown and will depend on the methodology used to calculate risk-weighting, but given the Issuer's size may be significant. See also "The Issuer operates in highly regulated industries. There could be an adverse change or increase in the financial services laws and/or regulations governing the Issuer's business — Dutch Intervention Act and EU Bank Proposals".

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 rates, equity markets and credit spread changes, the occurrence of credit defaults 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. Hedging instruments the Issuer uses to manage product and other risks might not perform as intended or expected, which could result in higher (un)realised losses such as credit value adjustment risks or unexpected profit and loss effects, and unanticipated cash needs to collateralise or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralised. As such, 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 EC and governments throughout Europe to the financial crisis in 2008, there have been and will be various legislative initiatives, including those set out in (i) Directive 2010/76/EU (CRD III), (ii) the Guidelines on Remuneration Policies and Practices published by (the predecessor of) the European Banking Authority ("EBA"), (iii) the Regulation of

DNB on Sound Remuneration Policies (*Regeling beheerst beloningsbeleid Wft 2011*) and (iv) the Dutch law with respect to the limitation of liability of DNB and AFM and the prohibition of the payment of variable remuneration to board members and day-to-day policy makers of financial institutions that receive state aid (*Wet aansprakelijkheidsbeperking DNB en AFM en bonusverbod staatsgesteunde ondernemingen*), 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. Since the financial crisis, the Issuer has adapted its remuneration policies to the new national and international standards. In March 2011, the Issuer's Executive Board announced that it had decided not to accept the variable remuneration awarded to it until the remaining capital support from the Dutch State has been fully repaired. No base salary increase in relation to 2013 has been proposed and, as of 31 December 2012, the remuneration level of the Executive Board of the Issuer was below the median of ING's EURO Stoxx 50 benchmark, which is made up of similar European financial and non-financial institutions. These restrictions will continue to have an impact on existing the Issuer's existing 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.

The Issuer may not be able to protect its intellectual property and may be subject to infringement claims.

The Issuer relies on a combination of contractual rights with third parties and copyright, trademark, patent and trade secret laws to establish and protect its intellectual property. Although it endeavours to protect its rights, third parties may infringe or misappropriate its intellectual property. The Issuer may have to litigate to enforce and protect its copyrights, trademarks, patents, trade secrets and know-how or to determine their scope, validity or enforceability. This would represent a diversion of resources that may be significant and its efforts may not prove successful. The inability to secure or protect the Issuer's intellectual property assets could have a material adverse effect on its business and its ability to compete.

The Issuer may also be subject to claims by third parties for (i) patent, trademark or copyright infringement, (ii) breach of copyright, trademark or license usage rights, or (iii) misappropriation of trade secrets. Any such claims and any resulting litigation could result in significant expense and liability for damages. If the Issuer was found to have infringed or misappropriated a third-party patent or other intellectual property right, it could in some circumstances be enjoined from providing certain products or services to its customers or from utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses. Alternatively, it could be required to enter into costly licensing arrangements with third parties or implement a costly workaround. Any of these scenarios could have a material adverse effect on the Issuer's business and results of operations.

Because the Issuer uses assumptions about factors to calculate the amount of certain items, 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 DAC and Value of Business Acquired 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 to calculate the amount of certain items, the use of different assumptions about these factors may have an adverse impact on its results of operations.

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 Issuer has developed risk management policies and procedures and expects to continue to do so in the future. Nonetheless, its policies and procedures to identify, monitor and manage risks may not be fully effective, particularly during extremely turbulent times. 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 may 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, catastrophe occurrence or other information that is publicly known or otherwise available to the Issuer. Such information may not always be accurate, complete, updated or properly evaluated. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record and verify large numbers of transactions and events. These policies and procedures may not be fully effective.

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, the Issuer aims to present a balanced view of such products. 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 advisers (even though ING does not always have full control over the external advisers). 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, or 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. A downgrade or a potential downgrade in the Issuer's financial strength or its credit ratings could have an adverse impact on its operations and net result.

Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. The Issuer's credit ratings are important to its ability to raise funds through the issuance of debt and to the cost of such financing. In the event of a downgrade the cost of issuing debt will increase, having an adverse effect on net result. 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. The Issuer has credit ratings from Standard & Poor's Credit Market Services Europe Limited, Moody's Investor Service Ltd. ("Moody's") and Fitch France S.A.S. Each of the rating agencies reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time. For example, on 15 June 2012, Moody's downgraded the long-term debt ratings of the Issuer from A1 to A3 with negative outlook. At the same time, Moody's took negative ratings actions with respect to a number of European-based banking organisations.

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 by current customers seeking companies with higher financial strength ratings, 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. Furthermore, sales of assets to meet customer withdrawal demands could also result in losses, depending on market conditions. In addition, a downgrade in either the Issuer's financial strength or credit ratings could potentially, among other things, increase its borrowing costs and make it more difficult to access financing; adversely affect access to the commercial paper market or the availability of letters of credit and other financial guarantees; result in additional collateral requirements, or other required payments or termination rights under derivative contracts or other agreements: and/or impair, or cause the termination of, its relationships with creditors, broker-dealers, distributors of its products and services and customers, reinsurers or trading counterparties, which could potentially negatively affect its profitability, new sales, liquidity, capital and/or ING's 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 U.S. and the EU, downgrades of assets will similarly affect the capital requirements for ING Insurance in those jurisdictions.

As rating agencies continue to evaluate the financial services industry, it is possible that rating agencies will heighten the level of scrutiny that they apply to financial institutions, increase the frequency and scope of their credit reviews, request additional information from the companies that they rate and potentially adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. It is possible that the outcome of any such review of the Issuer would have additional adverse ratings consequences, which could have a material adverse effect on the Issuer's results of operations, financial condition and liquidity. The Issuer may need to take actions in response to changing standards or capital requirements set by any of the rating agencies which could cause its business and operations to suffer. The Issuer cannot predict what additional actions rating agencies may take, or what actions it may take in response to the actions of rating agencies.

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 unrealised 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. Although the Issuer endeavours to safeguard its systems, losses can result from inadequately trained or skilled personnel, IT failures, inadequate or failed internal control processes and systems, regulatory breaches, human errors, employee misconduct, including fraud, or 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 not always be capable of processing, storing or transmitting information as expected. Despite the Issuer's business continuity plans and procedures, certain of the Issuer's computer systems and networks may have insufficient recovery capabilities in the event of a malfunction or loss of data. In addition, whilst the Issuer has policies and processes to protect its systems and networks they 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. 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 utilisation 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, and the loss of key personnel. If the Issuer's business continuity plans are not able to be implemented or do not sufficiently 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, possible findings of government authorities in various jurisdictions which are investigating several rate setting processes, 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 reputational harm, lead to increased regulatory supervision, affect the Issuer’s ability to attract and retain customers and 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. Some of the legal proceedings may be brought on behalf of a class and plaintiffs may seek large or indeterminate amounts of damages, including compensatory, liquidated, treble and/or punitive damages. The Issuer’s reserves for litigation may prove to be inadequate. It is possible that its results of operations or cash flow in a particular quarterly or annual period could be materially affected by an ultimate unfavourable resolution of pending litigation depending, in part, upon the results of operations or cash flow for such period. Given the large or indeterminate amounts sometimes sought, and the inherent unpredictability of litigation, it is also possible that in certain cases an ultimate unfavourable resolution of one or more pending litigation matters could have a material adverse effect on its financial condition.

RISKS RELATED TO THE RESTRUCTURING PLAN

The implementation of the Restructuring Plan and the divestments anticipated in connection with the Restructuring Plan have and 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, the structure of which has been modified as per the Amended and Restated Illiquid Assets Back-up Facility of 13 November 2012, in connection with the sale of ING Direct U.S. in February 2012. As a result of having received state aid through the Dutch State Transactions, the Issuer was required to submit a 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 (“Initial Restructuring Plan”), pursuant to which it was 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 operated 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 Initial 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 Initial Restructuring Plan. On 2 March 2012, the General Court partially annulled the EC’s decision of 18 November 2009. Subsequently, the EC filed an appeal against the General Court’s judgment before the Court of Justice of the European Union. In parallel, the EC adopted a decision on 11 May 2012 that re-approved the state aid granted to ING as compatible with the internal market on the basis of the Initial Restructuring Plan. On the same date, the EC adopted an interim decision which opened an investigation concerning certain amendments and elements of the Initial Restructuring Plan. On 24 July 2012, the Issuer announced that the Dutch State and the Issuer were in dialogue with the EC on an amended and updated Restructuring Plan to be submitted to the EC. However, in order to safeguard its legal rights, ING filed an appeal with the General Court of the European Union against the EC’s decision of 11 May 2012, which re-approved the Initial Restructuring Plan.

On 19 November 2012, the Issuer and the Dutch State announced that they had reached an agreement with the EC on significant amendments to the Initial Restructuring Plan (the "Amended Restructuring Plan", and together with the Initial Restructuring Plan, the "Restructuring Plan"). The Amended Restructuring Plan extended the time horizon and increased the flexibility for the completion of divestments and adjusted other commitments set forth in the Initial Restructuring Plan.

As a result of the Amended Restructuring Plan, the EC has closed its formal investigations as announced on 11 May 2012, and the Issuer has withdrawn its appeal with the General Court filed in July 2012. Although the EC's appeal against the March 2012 ruling of the General Court is expected to continue, the Issuer, the Dutch State and the EC have agreed that any outcome of this procedure will not affect the approval of the Amended Restructuring Plan.

The restrictions imposed by the Restructuring Plan 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 market developments in general as well as the fact that 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 or EC procedures 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 Initial Restructuring Plan, for example, several of the Issuer's subsidiaries were 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. A downgrade or potential downgrade in the Issuer's financial strength or its credit ratings could have an adverse impact on the Issuer's operations and net result".

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 Amended Restructuring Plan within the timelines set out therein, and/or does not succeed in satisfying the commitments with respect to Nationale-Nederlanden Bank by year-end 2015 as described in the Amended Restructuring Plan, the Dutch State will re-notify this to the EC who may take any enforcement action, require additional restructuring measures and/or 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, have given, and will give, rise to additional costs related to the legal and financial assessment of potential transactions. The implementation has resulted, and may continue to 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 remaining amount of 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 2015, and (2) the date upon which more than 50% of the required divestments have been made. The Issuer was also required to agree to limitations on its ability to call Tier-2 capital and Tier 1 hybrid debt instruments, which remain subject to authorisations by the EC on a case-by-case basis until the earlier of 18 November 2014 or the repayment of the remaining Core Tier 1 Securities (including the relevant accrued interest on Core Tier 1 coupons and exit premium fees). 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, resulting in additional payments on these instruments and limiting the Issuer's ability to seek refinancing on more favourable terms. ING is furthermore restricted to a maximum ratio for mortgage production at ING Retail Banking Netherlands in relation to the mortgage production of Nationale-Nederlanden Bank until year-end 2015. 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 Plan may not yield intended reductions in costs, risk and leverage.

Projected cost savings and impact on the Issuer's risk profile and capital associated with the Restructuring Plan 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 the Restructuring Plan have and 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 realise 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.

In connection with the transactions with the Dutch State, the Dutch State was granted the right to nominate two candidates for appointment to the Issuer's Supervisory Board ("State Nominees"). The State Nominees have veto rights over certain material transactions. 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 State Nominees. 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. See "Risks Related to the Issuer's Business, Operations, and Regulatory Environment — The Issuer may be unable to retain key personnel" above.

The Issuer's agreements with the Dutch State have also led to certain restrictions being 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, and/or in the event that ING does not repay the remaining Core Tier 1 Securities in accordance with the repayment schedule that was submitted to the European Commission as part of the Amended Restructuring Plan the European Commission may consider the imposition of additional behavioural constraints.

As stated in the decision of the EC 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 EC by the Dutch authorities if the overall return on the Core Tier 1 Securities of at least 10% per annum is not expected to be achieved. In such a case, the EC may require additional (behavioural) constraints as a condition of the compatibility of the measure.

In 2011, the Issuer reported to the Dutch authorities that it had abstained from paying dividends on its shares for a period of two consecutive years (i.e. 2009 and 2010), as a result of which the EC opened an investigation into ING's restructuring process. Following the approval of the Amended Restructuring Plan, the EC closed its formal investigations, and on 26 November 2012 ING repaid its first tranche of EUR 1,125 million to the Dutch State. This tranche consisted of EUR 750 million in repayment of Core Tier 1 Securities and EUR 375 million in premiums and interest. The remaining three tranches of EUR 1,125 million each will have a similar composition and are expected to be paid in November 2013, March 2014 and May 2015, respectively, translating into an overall internal rate of return of 12.5%. Any repayment of the remaining Core Tier 1 Securities is furthermore conditional on approval from DNB. Upon reaching the agreement on the Amended Restructuring Plan, ING indicated that it aims to repay the remaining Core Tier 1 Securities as soon as possible and accelerate repayments to the extent it is deemed prudent under prevailing financial circumstances. If the repayment of a tranche cannot be made in full or in part, ING will be required to make it up by a corresponding increase of the subsequent tranche to be repaid.

The Dutch State committed to re-notify the recapitalisation measure in the event that ING does not repay in full two consecutive tranches. Moreover, if ING does not repay a total of EUR 4.5 billion by 15 May 2015, the Dutch State commits to re-notify the recapitalisation measure.

If ING is unable to repay the remaining Core Tier 1 Securities according to the above-mentioned deadlines and other terms agreed with the EC, this could result in the EC imposing additional (behavioural) constraints on it or taking any enforcement action against it.

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 84,000 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 2012). 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.

In 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. In addition, ING announced that all insurance operations (including investment management operations) would be divested over the following 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 over 65,000 employees and an extensive global network in over 40 countries. Since 2011, ING Bank has been operating as a stand-alone business under the umbrella of ING Group.

Retail Banking

ING views Retail Banking as having solid positions in the Benelux (Belgium, The Netherlands and Luxembourg), Western Europe (Austria, France, Germany, Italy and Spain) and Australia, and remaining well placed to seize opportunities in Central Europe (Poland and Romania), Turkey and Asia (China – through a minority stake in Bank of Beijing, India and Thailand – through a minority stake in TMB Bank).

Retail Banking provides retail and/or direct banking services to individuals and small and medium-sized enterprises in the above-mentioned countries, with a multi-product, multi-channel distribution approach. In all markets, Retail Banking focuses on providing easy and fair products at low costs, with an emphasis on operational excellence, customer centricity and balance sheet optimisation. In addition, private banking services are offered to wealthy individuals in Belgium, Luxembourg, The Netherlands, Poland, Romania and Turkey.

ING Direct, which is part of Retail Banking, is focused on its transformation into a full-service bank according to ING Bank's One Bank strategy.

Commercial Banking

ING views Commercial Banking as having a market leading franchise in the Benelux and a strong position in Central and Eastern Europe. It serves its customers, ranging from mid-sized enterprises to multinationals, governments, and supranational organisations, through an extensive global network of operations in more than 40 countries.

This business line offers basic commercial banking services such as lending, payments and cash management, leasing, factoring, treasury and foreign exchange products. It also provides customers with tailored solutions, including specialised and trade finance, structured financial markets products, corporate finance, mergers and acquisitions, and debt and equity capital markets advice.

Both Retail Banking and Commercial Banking contribute to fulfilling ING's ambition to be the "preferred bank" for its customers.

ING Insurance

ING's insurance and investment management businesses include its life and non-life insurance, pension and asset management activities. ING Investment Management provides a broad range of investment strategies and advisory services in Europe, the Americas and the Middle East.

ING has worked towards a base case of two initial public offerings (each an "IPO") of its insurance/investment management business: one in Europe and the other in the US, and the divestment of its Asian insurance/investment management business.

On 1 May 2013, ING announced the pricing of approximately 65.2 million shares of common stock sold in the Initial Public Offering of ING U.S., Inc., its U.S.-based retirement, investment and insurance business, at USD 19.50 per share, which is below the previously announced estimated price range. On 2 May 2013, ING U.S., Inc. started trading today on the New York Stock Exchange (NYSE) under the ticker symbol "VOYA". See also "Significant developments in 2012 and 2013 - Other significant developments".

ING Insurance/Investment Management employs over 19,000 people in five business lines: Insurance Benelux, Insurance Central & Rest of Europe, Insurance US (excluding Closed Block VA), US Closed Block VA and ING Investment Management.

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.

ING Investment Management (ING/IM) is a global asset manager and is the principal investment manager of ING Group. It has operations in 26 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 was 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 led 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 Bijlmerplein 888, 1102 MG 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 14 June 2012. 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, Carin W. Gorter*, Jan H. Holsboer, Joost Ch.L. Kuiper, Hermann-Josef M. Lamberti*, Isabel Martín Castellá*, Robert W.P. Reibestein, Yvonne C.M.T. van Rooy and Luc A.C.P. Vandewalle.
Executive Board:	Jan H.M. Hommen (chairman), Patrick G. Flynn (CFO), Ralph Hamers, and W.F. (Wilfred) Nagel (CRO).

* Assumes appointment at the 2013 Annual General Meeting on 13 May 2013.

At the 2013 Annual General Meeting, Jan H.M. Hommen is expected to be reappointed to the Executive Board for a consecutive period ending on 1 October 2013. Ralph Hamers is expected to be appointed as a member of the Executive Board at the 2013 Annual General Meeting for a consecutive period of four years, ending after the Annual General Meeting in 2017. The Supervisory Board is expected to appoint Ralph Hamers as chairman of the Executive Board and chief executive officer as of 1 October 2013.

The business address of all members of the Supervisory Board and the Executive Board is: ING Groep N.V., Bijlmerplein 888, P.O. Box 1800, 1000 BV 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 (until the end of the Royal Dutch Shell plc Annual General Meeting in May 2013).

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 the Supervisory Council of Nederlands Openluchtmuseum, The Netherlands.

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

Chairman of the Supervisory Council of Platform Bèta Techniek, The Netherlands.

Chairman of the Advisory Council of Rotterdam Climate Initiative, The Netherlands.

Member of the Governing Board of European Institute of Innovation & Technology (EIT).

Elverding, P.A.F.W.

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.

Chairman of the Supervisory Board of Camille Oostwegel Holding B.V., The Netherlands.

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

Bahlmann, J.P.

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 Stedin Netbeheer B.V., The Netherlands.

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

Chairman of the Supervisory Board of Maasstad Ziekenhuis (hospital), The Netherlands.

Chairman of Stichting Max Havelaar, 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.

Member of the Supervisory Board of Brink Groep BV, The Netherlands.

Chairman of the Supervisory Board of Heembouw Holding B.V., The Netherlands.

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

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

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

Gorter, C.W.

Carin Gorter Advice and Supervision (advising, coaching and investigations), The Netherlands.

Member of the Supervisory Board Cooperation of VGZ, The Netherlands.

Member of the Supervisory Council of OLVG (hospital), The Netherlands.

Member of the Supervisory Council of CBR (driving licence agency), The Netherlands.

Member of the Advisory Council Seeder de Boer, The Netherlands.

Holsboer, J.H.

Non-executive (senior independent) director of PartnerRe Ltd., Bermuda.

Chairman of the Supervisory Board of TD Bank N.V., The Netherlands.

Non-executive director of YAFA S.p.A., Turin, Italy.

Member of the Supervisory Board of YAM Invest N.V., The Netherlands.

Chairman of the Supervisory Board of Vither Hyperthermia B.V., The Netherlands.

Chairman of the Executive Board of Panorama Mesdag B.V., The Netherlands.

Chairman of the Board of Foundation Imtech, The Netherlands.

Member of the Investment Committee of the Dutch Cancer Society.

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 Council 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.

Member of the Board of Aanwending Loterijgelden Nederland, The Netherlands.

Member of the Advisory Board of Boelens de Gruyter, The Netherlands.

Member of the Advisory Board of Boron, The Netherlands.

Lamberti, H-J.M.

Member of the Kuratorium Frankfurt Institute for Advanced Studies, Germany.

Non-executive member of the Board of EADS N.V.

Martín Castellá, I.

Chairman and Chief Executive Officer of España Expansión Exterior, Spain.

Member of the Board of Konecta Foundation.

Member of the Advisory Board of Madrid Network, Spain.

Reibestein, R.W.P.

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

Chairman of the Board of Royal Concertgebouw Orchestra, The Netherlands.

Member of the Board of Overseers Columbia University Business School, New York, United States.

Member of the Supervisory Board of World Wildlife Fund, The Netherlands.

Member of the European Council on Foreign Relations, London, United Kingdom.

Vice-chairman of the Supervisory Board of Leiden University, The Netherlands.

Vice-chairman of the Board of VVD (political party), The Netherlands.

Rooy, Y.C.M.T. van

Chairman of Nederlandse Vereniging van Ziekenhuizen (Dutch association of hospitals), The Netherlands.

Member of the Board of Trust Foundation Koninklijke Brill N.V., The Netherlands.

Member of the Board of Royal Concertgebouw Orchestra, The Netherlands.

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

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

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

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.

Chairman of the Supervisory Board of Alinso N.V., Zwijnaarde, 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.

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, Jan Holsboer, Yvonne van Rooy 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.*:

	2012	2011	2010	2009	2008
Income (EUR million)					
Banking operations	**16,102**	17,908	17,734	12,293	11,662
Insurance operations	**26,689**	29,133	28,035	26,644	39,142
Intercompany eliminations	**-147**	-350	-336	-336	-291
Total	**42,644**	46,691	45,433	38,601	50,513
Staff expenses and operating expenses (in EUR million)					
Banking operations	**9,632**	9,889	9,649	9,665	10,122
Insurance operations	**3,752**	3,447	3,463	3,469	4,103
Total	**13,384**	13,336	13,112	13,134	14,225
Addition to loan loss provision Banking operations (in EUR million)	**2,125**	1,670	1,751	2,973	1,280
Result (in EUR million)					
Banking result before taxation	**4,134**	6,028	5,830	-838	106
Insurance result before taxation	**-238**	-608	-2,182	-1,537	-1,282
Result before taxation from continuing operations	**3,896**	5,420	3,648	-2,375	-1,176
Taxation	**799**	1,246	1,146	-677	-662
Net result from discontinued operations (1)	**908**	1,673	405	572	-406
Minority interests	**111**	81	97	-121	-52
Net result	**3,894**	5,766	2,810	-1,006	-868

Figures per ordinary share (in EUR)					
Basic earnings	**0.86**	1.12	0.63	-0.60	-0.33
Shareholders' equity (in parent)	**14.30**	12.33	10.81	8.89	8.55
Balance sheet (in EUR billion)					
Total assets per 31 December	**1,169**	1,279	1,247	1,164	1,332
Shareholders' equity (in parent) per 31 December	**54**	47	41	34	17
Core Tier 1 Securities (in EUR million)	**2.250**	3.000	5.000	5.000	10.000

(1) The results of Insurance/IIM Asia and Insurance Latin America are shown in 'net result from discontinued operations'.

* 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 2010 to 2012, respectively.

Share capital and preference shares

The authorised share capital of ING Groep N.V. amounted to EUR 4,560 million at 31 December 2012, 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 2012. 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, 200 million non-voting equity securities in May 2011 and 75 million non-voting equity securities in November 2012, 225 million of non-voting equity securities representing EUR 2,250 million 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 2012 and 2013

Divestments occurred in 2012

ING Direct Canada

On 29 August 2012, ING announced that it had reached an agreement to sell ING Direct Canada for a total consideration of CAD 3.1 billion (approximately EUR 2.5 billion at the then current exchange rates) to Scotiabank. Under the terms of the sale agreement, Scotiabank will pay CAD 3.1 billion in cash for all of the shares in ING Bank of Canada, which is the legal name of ING Direct Canada. ING completed the sale on 15 November 2012.

China Merchants Fund

On 8 October 2012, ING announced that it reached an agreement for the sale of its 33.3% stake in China Merchants Fund, an investment management joint venture, to its joint venture partners China Merchants Bank Co., Ltd., and China Merchants Securities Co., Ltd. Under the terms agreed, ING will receive a total cash consideration of EUR 98 million. At closing, ING expects the transaction to deliver a net gain of EUR 64 million. The agreement is part of the previously announced intended divestment of ING's Asian insurance and investment management businesses. The transaction, which did not impact any of ING's other businesses in the region, is subject to regulatory approvals and is expected to close in the second quarter of 2013.

Malaysia

On 11 October 2012, ING reached an agreement with AIA Group Ltd. (AIA) on the sale of ING's insurance operations in Malaysia, which include its life insurance business, its market-leading employee benefits business and its 60% stake in ING Public Takaful Ehsan Berhad. Under the terms agreed, ING is expected to receive a total consideration of approximately EUR 1.3 billion. The agreement, which is subject to regulatory approvals, is part of the previously announced intended divestment of ING's Asian insurance and investment management businesses. Earnings until closing are to the benefit of AIA.

On 17 December 2012, ING announced that it had completed the sale of its insurance operations in Malaysia to AIA with a net transaction gain of approximately EUR 750 million after tax. The sale includes ING's life insurance business, its market-leading employee benefits business and its 60% stake in ING Public Takaful Ehsan Berhad.

On 21 December 2012, ING announced that it had reached an agreement to sell its 70%-stake in ING Funds Berhad (IFB), ING's investment management business in Malaysia, to Kenanga Investors Berhad (Kenanga Investors), a wholly owned subsidiary of K & N Kenanga Holdings Berhad (Kenanga). ING's joint venture partner Tab Inter-Asia Services Sdn Berhad had also agreed to sell its 30% stake to Kenanga Investors. The transaction announced will not have a material impact on ING's results and is subject to regulatory approvals. The transaction does not impact ING's other businesses in the region and is expected to close in the first quarter of 2013.

Hong Kong and Macau

On 19 October 2012, ING announced that it has reached an agreement to sell its life insurance, general insurance, pension and financial planning units in Hong Kong and Macau, and its life insurance operation in Thailand to Pacific Century Group (PCG) for a combined consideration of USD 2.14 billion (approximately EUR 1.64 billion at the then current exchange rates) in cash. The agreement is part of the previously announced intended divestment of ING's Asian insurance and investment management activities. Earnings until closing are to the benefit of PCG. At closing, ING expects the transaction to deliver a net gain of approximately EUR 1 billion. ING Investment Management's funds management businesses in Hong Kong and Thailand are outside the scope of this transaction. The transaction announced today does not involve ING's Asian banking activities. The transaction is subject to regulatory approvals and is expected to close in the first quarter of 2013.

Thailand

On 20 November 2012, ING announced that it had reached agreement to sell its investment management business in Thailand to UOB Asset Management Ltd (UOBAM). Under the terms agreed, ING will receive a total cash consideration of EUR 10 million for the investment management business in Thailand. On 3 may 2013, ING announced that it has completed the sale of its investment management business in Thailand to UOB Asset Management Ltd (UOBAM).

Divestments occurred in 2013

India

On 23 January 2013, ING announced that it had agreed to sell its 26% interest in ING Vysya Life Insurance Company Ltd. to its joint venture partner Exide Industries Ltd. ING's exit from the Indian life insurance joint venture is part of the previously announced intended divestment of ING's Asian Insurance and Investment Management businesses. The transaction announced is not expected to have a material impact on ING Group results. Subject to regulatory approvals, the transaction is expected to close in the first half of 2013. The agreement does not impact ING Vysya Bank, a publicly listed Indian bank in which ING has a 44% stake, nor ING's fund management business in the country. On 22 March 2013, ING announced that it had completed the sale of its 26% interest in ING Vysya Life Insurance Company Ltd. to its joint venture partner Exide Industries Ltd.

South Korea

On 14 February 2013, ING announced that it has sold its 5% stake in KB Financial Group (KBFG) to institutional investors for a total amount equal to approximately EUR 500 million. The transaction is in line with ING's strategic objectives to sharpen its focus and further strengthen its capital position. ING obtained its stake in KBFG in 1999 through an investment in Korean bank H&CB, one of the companies which later formed KBFG.

SulAmérica

On 28 February 2013, ING announced that it has agreed to reduce its 36.5% stake in Sul América S.A. (SulAmérica) through a transaction with the Larragoiti Family, which is a majority shareholder and ING's joint-venture partner in SulAmérica. Following the closing of the transaction, which also includes a share-swap, ING will hold a direct stake of just under 30% in SulAmérica, which is listed on the BM&FBovespa.

Hong Kong, Macau and Thailand

On 28 February 2013, ING announced that it has completed the sale of its life insurance units in Hong Kong, Macau and Thailand to Pacific Century Group (PCG). The sale has resulted in a net transaction gain of approximately EUR 950 million, which will be reflected in ING's first quarter results. As announced on 19 October 2012, ING received a total cash consideration of USD 2.14 billion (approximately EUR 1.64 billion at the then current exchange rates) for the life insurance, general insurance, pension and financial planning units in Hong Kong and Macau, and the life insurance operation in Thailand.

ING Direct UK

On 6 March 2013, ING announced that it had completed the sale of ING Direct UK to Barclays Bank PLC. As announced on 9 October 2012, the transaction is a result of ING's continuous evaluation of its portfolio of businesses and is in line with ING's strategic objectives of sharpening the focus of the bank and further strengthening its capital position. As part of the transaction, ING transferred GBP 11.6 billion (approximately EUR 13.4 billion at then current exchange rates) of ING Direct UK's savings and deposits and GBP 5.5 billion (approximately EUR 6.4 billion at the then current exchange rates) of mortgages to Barclays Bank PLC. Part of the UK investment portfolio has matured or has been liquidated to facilitate the transaction. The impact of these two transactions was booked in the third and the fourth quarter results of 2012.

On 19 April 2013, ING announced that it had agreed to sell its 49% stake in Korean insurance venture KB Life Insurance Company Ltd. ("KB Life") to joint venture partner KB Financial Group, one of Korea's leading financial institutions. Under the terms of the agreement, ING will receive a total cash consideration of KRW 166.5 billion (approximately EUR 115 million at then current exchange rates) for its 49% stake in KB Life. The transaction is not expected to have a material impact on the Issuer's results. Subject to regulatory approval, the transaction is expected to close in the second quarter of 2013.

On 19 April 2013, ING also announced that it had completed the sale of its 70%-stake in ING Funds Berhad, ING's investment management business in Malaysia, to Kenanga Investors Berhad, a wholly owned subsidiary of K & N Kenanga Holdings Berhad. The sale, as announced on 21 December 2012, is part of ING's earlier announced process to divest ING's insurance and investment management businesses. This transaction does not have a material impact on ING's results and does not impact ING's other businesses in the region.

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.

On 19 November 2012, ING announced that, together with the Dutch State, it had reached an agreement with the European Commission on significant amendments to the 2009 Restructuring Plan. The amendments extend the time horizon and increase the flexibility for the completion of divestments and adjust other commitments in light of the market environment, economic climate and more stringent regulatory requirements. As part of the agreement, ING had filed a schedule for repayment to the Dutch State of the remaining EUR 3 billion in core Tier 1 securities plus a 50% premium, in four equal tranches in the years 2012-2015.

On 26 November 2012, ING announced that it had paid EUR 1.125 billion to the Dutch State, including a EUR 750 million repayment of core Tier 1 securities and EUR 375 million in premiums and interest. This payment was approved by the Dutch central bank (DNB). This transaction brings the total paid to the Dutch State to EUR 10.2 billion including EUR 7.8 billion in principal and EUR 2.4 billion in interest and premiums.

It remains ING's ambition to repay the remaining support as quickly as possible and ING intends to accelerate repayments if possible and prudent under the prevailing economic circumstances. 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 in the Bank as it builds towards the implementation of Basel III. Each subsequent repayment to the Dutch State requires prior approval from DNB, at the time ING decides to propose such repayment.

Other significant developments

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 prepare for the base case of an IPO for the US Insurance/Investment Management business.

On 9 November 2012, ING announced that ING U.S. Inc., its U.S.-based retirement, investment and insurance businesses, had filed an initial registration statement on Form S-1 with the U.S. Securities and Exchange Commission (SEC) in connection with a proposed Initial Public Offering of ING U.S.'s common stock. The registration statement was amended various times and most recently updated and re-filed with the SEC on 1 May 2013.

On 19 November 2012, ING announced that, together with the Dutch State, it had reached an agreement with the European Commission on significant amendments to the 2009 Restructuring Plan. The amendments extend the time horizon and increase the flexibility for the completion of divestments and adjust other commitments in light of the market environment, economic climate and more stringent regulatory requirements. Under the amendments, the divestment of more than 50% of the Asian Insurance/IM operations has to be completed by year-end 2013, with the remaining interest divested by year-end 2016. The divestment of at least 25% of ING US has to be completed by year-end 2013, more than 50% has to be divested by year-end 2014, with the remaining interest divested by year-end 2016. The divestment of more than 50% of Insurance/IM Europe has to be completed by year-end 2015, with the remaining interest divested by year-end 2018. Under the amended terms of the Restructuring Plan, the commercial operations of WestlandUtrecht Bank will be combined with the retail banking activities of Nationale-Nederlanden, which is to be divested as part of Insurance/IM Europe. The integrated retail banking business will operate under the 'Nationale-Nederlanden' brand, resulting in a competitive retail bank in the Dutch market with its own funding capabilities and a broad distribution network.

On 22 February 2013, ING announced that Jan Hommen will step down from his position as CEO of ING Group on October 2013. He will be succeeded as CEO by Ralph Hamers (1966, Dutch) currently CEO of ING Belgium. Jan Hommen's current four-year term in the Executive Board will expire after the Annual General Meeting ("AGM") on 13 May 2013. The Supervisory Board will propose to the AGM to reappoint him for the period until 1 October to ensure a smooth leadership transition. Ralph Hamers will be nominated as a member of the Executive Board per the AGM. As of 1 October 2013 he will succeed Jan Hommen and become the CEO of ING Group.

On 13 March 2013, ING announced a number of changes in the governance of Insurance/Investment Management Europe as that business continues to push forward with its preparations for a standalone future. These governance changes follow the measures announced in November 2012 in order to increase efficiency and effectiveness through sharpening the strategic focus, improving processes and systems and reducing the number of management layers of support staff in The Netherlands. In this context, as of this summer the current regional headquarters for Insurance Benelux and Insurance Central & Rest of Europe (CRE) will be combined into one head office for the European Insurance and Investment Management businesses with support staff for all business units. There will be separate reporting lines for the Dutch Nationale-Nederlanden business units as well as for the international insurance businesses and ING Investment Management International. The CEOs of the Nationale-Nederlanden business units, Nationale-Nederlanden Life, Nationale-Nederlanden Non Life and Nationale-Nederlanden Bank will report directly to Lard Friese, in his capacity as Member of the Management Board Insurance EurAsia and responsible for the Insurance businesses in Europe. David Knibbe, currently CEO of CRE, will assume responsibility for Insurance International and will add Insurance Luxembourg and Insurance Belgium to his responsibilities. David Knibbe will continue to report to Lard Friese. Tom Kliphuis, currently CEO of Insurance Benelux and CEO of Nationale-Nederlanden has decided to step down as of 1 April 2013.

On 22 March 2013, ING announced the release of the 2012 Annual Reports of ING Group 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 28 March 2013, ING announced that it will propose to the AGM the appointment of Carin Gorter (1963, female, Dutch nationality), Hermann-Josef Lamberti (1956, male, German nationality) and Isabel Martín Castellá (1947, female, Spanish nationality) to the Supervisory Board.

On 11 April 2013, ING announced that it will align its Insurance reporting structure with the evolving restructuring of ING Group. ING is making preparations for standalone futures for Insurance/Investment Management Europe and ING U.S., Inc. ING published adjusted historical trend data to allow easy comparison with first quarter 2013 results that were published on 8 May 2013.

On 2 May 2013, ING announced that ING U.S., Inc., its U.S.-based retirement, investment and insurance business, started trading on the New York Stock Exchange (NYSE) under the ticker symbol “VOYA”. The market debut follows an Initial Public Offering (IPO) that, upon completion, will reduce ING Group’s stake in ING U.S. to 75%.

As to the offering of ING U.S., the underwriters have the option for 30 days to purchase up to an additional 9.8 million of ING U.S. shares from ING Group at the initial public offering price of USD 19.50 per share, corresponding to a maximum of 15% of the total number of shares offered in the IPO. Fully exercising this overallotment option would further reduce ING Group’s remaining stake in ING U.S. to approximately 71%. The sale of any remaining shares is subject to a lock-up period of 180 days from 1 May 2013.

The offering will not impact the profit and loss account of ING Group, as ING U.S. will continue to be fully consolidated by ING Group. At the price announced on 1 May 2013, the offering will have a negative impact of approximately EUR 1.7 billion on the Shareholders' equity of ING Group (excluding the exercise of the underwriter’s overallotment option). This amount reflects the difference between the net proceeds of this offering to ING Group and the estimated IFRS book value of the 25% stake divested in this IPO. This offering will not have a material impact on the regulatory capital of either ING Insurance or ING Bank.

RESULTS 2012

Overall development in 2012

Continuing challenges in the external environment had an impact on ING in 2012, the most prominent being the deepening of the Eurozone sovereign debt crisis which created an extremely challenging financial market environment in the first half of 2012, until the ECB took action to relieve the immediate financial markets stress.

The current regulatory reforms taking place in the financial sector are aimed at making it more resilient to external shocks, and they have an impact on ING. ING supports the need to make financial institutions more resilient and the system as a whole more stable. ING supports the overall majority of international, European and national measures being undertaken, such as the required strengthening of banks' core capital base.

European sovereign debt crisis affected credit and equity markets in 2012

The uncertainty about the future of the euro, combined with austerity measures taken in certain EU member states, are among the reasons why the Eurozone has been pushed back into recession. A modest recovery took place in the US in 2012, while Chinese economic growth slowed in 2012. Globally, central banks continued to provide additional support to financial institutions. Although this support did not result in an overall economic recovery, it did partly stabilise financial markets.

Both in the Eurozone and the US, credit spreads followed a similar pattern in 2012. In the first quarter, they decreased as market sentiment improved, which was fuelled by the ECB's Long Term Refinancing Operation (of which ING made no use). However, market sentiment deteriorated again at the end of the second quarter due to concerns about a possible break-up of the Eurozone. From the third quarter onwards credit market sentiment improved (and therefore credit spreads decreased) again, mainly because of the ECB expressing its commitment to the euro. The ECB president's promise of unlimited, if conditional, sovereign bond buying – the so called Outright Monetary Transactions – in August and September 2012 eased immediate stress. During 2012, equity indices followed a pattern that mirrored credit spreads, with an overall improvement over the whole year.

Europe falls behind, signs of revival in US economy

Austerity measures started to impact the Eurozone economy in 2012. As unemployment increased, consumer spending remained weak and companies postponed investment decisions. Economic growth in the Eurozone turned negative in the second quarter and remained negative for the rest of 2012. European financial markets remained under stress in the first half of 2012.

While the recession continued in the Eurozone in 2012, the US economy showed some signs of revival in the second half of 2012. The US housing market slowly recovered, with prices stabilising and construction activity recovering. Unemployment started to decrease in 2012, reinforcing ING's view of a recovery slowly taking hold in the US.

The prolonged low-growth period in the advanced economies had a negative impact on consumption, capital investment expenditures and job creation in the emerging countries. Governments in China, India, Brazil, Turkey and other emerging markets shifted their focus to reducing government deficits. Risk aversion by foreign investors around the world reduced non-debt capital flows to emerging markets, forcing them to increase domestic savings to finance new capital investments. China suffered a growth slowdown in 2012, but the economy showed signs of increased economic activity again towards the end of 2012.

The uncertain economic outlook and the turbulence on financial markets in 2012 were among the factors that made ING Bank put extra focus on funding, capital and liquidity.

IMPORTANT CHANGES IN REGULATION AND SUPERVISION

The most prominent development in 2012 was the agreement reached among the heads of European Union member states on the introduction of a European banking union. Agreement on the details and timetable is likely to take some time.

Banking union/single supervisory mechanism

ING supports the concept of a European banking union based on four main pillars: the SSM, a single rulebook for prudential regulation, a common framework for recovery and resolution, and a harmonised deposit guarantee scheme. Such a union is likely to reduce fragmentation in the interbank and wholesale markets and increase the integrity of the European single market and European single currency.

The SSM, which will give strong powers to the ECB for the supervision of all banks in the Euro area, with a mechanism for non-Eurozone countries to join voluntarily, is an important first step in achieving a banking union.

Regulations drive up capital requirements

The Capital Requirements Directives (CRD III and CRD IV) have already affected and will continue to increase the capital requirements for all banks in Europe, including ING. ING recognises the importance of mitigating systemic risk. As expected, the G20 in 2012 included ING on its list of G-SIBs. G-SIBs will be required to hold an additional buffer above the 7% core Tier 1 buffer of Basel III, to be phased in between 2016 and 2019. ING is in one of the lower categories, and therefore subject to an additional requirement of 1%. In addition, DNB indicated that the national capital requirements for systemically important banks in The Netherlands will be in the range of 1-3% including the G20 international requirement mentioned above. ING is expected to be in the highest category in The Netherlands. These requirements must be met by 2019. The Dutch Government agreed in October 2012 that the timetable for the additional buffers for SIFIs will be brought forward in a responsible way, taking the international situation into account. As for macro-prudential tools, CRD IV will introduce a Systemic Risk Buffer which will apply to the whole or parts of the banking sector and will be covered by the core Tier 1 capital ratio. The systemic risk buffer is one of the most important deviations from the Basel III rules, as Basel does not recognise systemic risk. The details and impact of this buffer can only be assessed once CRD IV has been finalised. The final compromise proposals were approved by the EC in April 2013 although remain subject to the final approval of the EU Council of Ministers. The delay in the implementation of CRD IV, which was scheduled for 1 January 2013, has created uncertainty about how the regulations will evolve and when they will be implemented, although implementation is now expected to be January 1 2014. In particular, ING is concerned about the cumulative impact of all the various capital buffers, and the timing of their implementation.

Regulatory measures that impact liquidity

The liquidity position of European banks, including ING Bank, is being shaped by CRD IV, and, in the case of ING Bank, by regulations from DNB. The observation period of the Liquidity Coverage Ratio (“LCR”) was intended to start in the EU in January 2013, but this has not happened because CRD IV was delayed. Based on input from various parties, the EBA will incorporate reporting on a broader range of assets and will decide by 2015 on the final eligibility criteria for liquid assets. In January 2013, the Basel Committee announced a number of changes – both in content and planning of implementation – for the LCR. The proposed widening of the list of eligible assets for the LCR by the Basel Committee has been included in the final revisions to CRD IV.

EU crisis management framework

The draft Crisis Management Framework Directive (also referred to as The Resolution and Recovery Directive) was published in June 2012, and is still under discussion at the European Parliament and the European Council. The most important elements are: recovery and resolution planning, bail-in requirements and the financing of resolution arrangements. Bail-in requirements are planned to enter into force by 2018, the other parts in 2014.

ING favours the use of a designated bail-in liability class where the bail-in capital consists of subordinated instruments that may be written-down or converted into equity in a resolution scenario with clear triggers attached to it. Banks should build up a sufficiently large layer of bail-inable debt that should be clearly defined, so that its position within the hierarchy of debt commitments in a bank's balance sheet is clear, and investors understand the eventual treatment in the event of resolution.

ING Bank submitted its recovery planning package to DNB in November 2012. These included detailed tasks and responsibilities for (i) recovery in case of financial crisis, (ii) monitoring of metrics, (iii) maintenance of the recovery planning package, and (iv) implementation of certain recovery planning activities. Except for responsibilities related to recovery, these tasks and responsibilities are embedded in the regular, going-concern organisation and processes. ING has defined a crisis operational framework – with several specific governance arrangements – that will be initiated in case of recovery. Similarly, ING has set-up a procedure to monitor the metrics and a decision-making process to determine whether or not the recovery plan should be activated.

Furthermore in the course of 2012, DNB has requested the largest Dutch banks to prepare and submit information on the basis of which they will be able to develop a Resolution Plan. ING is diligently working towards providing this information and meeting the deadlines provided by DNB.

Bank structural reform

The EC's High-level Expert Group on Bank Structural Reform, better known as the Liikanen Committee, published its report on reforming the EU banking sector on 2 October 2012. If the size of certain trading activities compared to a bank's total activities exceeds certain thresholds, the Liikanen Committee recommends that it may be necessary to require legal separation of these activities into a separate trading entity. The shares of this trading entity could be held by a bank holding company that also holds the shares of the deposit bank. In addition, the Liikanen Committee made a number of other recommendations regarding bail-in instruments, capital requirements and governance and control. The impact of the Liikanen recommendations on ING's business model is unclear, not in the least because it is uncertain if and to what extent the EC will follow the Liikanen Committee separation recommendation in its legislative proposal, which is expected around the summer of 2013.

ING believes in the strength of the universal banking model, combining retail and commercial banking activities. The universal banking model brings major benefits in terms of risk diversification, capital and liquidity management, consumer choice and fulfilling the needs of long-term customer banking relationships. Commercial banking activities within ING provide key support in terms of debt capital markets, hedging, cash management, trade finance and project finance, which helps serve the growing demand for integrated services, from large corporations and small and medium-sized enterprises (SMEs). The synergies achieved by combining this wide range of services within a universal bank would be lost if parts of these activities were separated or ring fenced. ING is of the opinion that moving activities not be permitted in a deposit bank into a trading bank would be detrimental to the ability of banks to serve their customers.

Trading activities account for only a small percentage of ING's overall activities. Many of the activities booked in the trading book are directly related to providing services to customers, such as hedging risks and securities underwriting. If trading activities had to be separated from the rest of ING Bank's activities, providing such customer services would no longer be possible within one bank, also due to the large exposure rules.

In The Netherlands, the Wijffels Committee, named after the Dutch representative in the Liikanen Committee, was established in October 2012. The task of the Wijffels Committee is to advise the Dutch government on a number of topics, including applying the recommendations of the Liikanen Committee to Dutch banks, or whether additional measures are needed. The Wijffels Committee has been asked to submit its report by 15 June 2013.

Solvency II

During 2012, ING Insurance/Investment Management devoted much attention to preparing to meet the Solvency II capital adequacy requirements. Both in the head office and in the business units, many measures have been taken to upgrade ING's existing risk measurement and risk reporting to the required levels.

During the course of 2012 it became increasingly likely that the Solvency II framework would not be transposed into national law by the official deadline 1 January 2014, giving the insurance industry more time. Although ING Insurance/Investment Management sees many potential advantages of Solvency II over the existing Solvency I framework, ING recognises that the Solvency II framework may have severe consequences, particularly on business models in which long-term guarantees are offered to customers. ING will therefore continue to take part in discussions with the industry and regulators to develop a more workable framework.

In parallel with these preparations, further development of Solvency II continued. Some progress was made on the Omnibus II Directive – the Directive that will amend the already-agreed level 1 Solvency II Directive – yet the legislative process was delayed when the trilogue partners (European Commission, European Parliament and the Council) failed to come to an agreement. The main area of disagreement is the treatment of long-term guarantees under Solvency II. Ultimately, the deadlock was broken with their agreement on an impact assessment, to be executed early 2013. During the trilogue discussions, ING stressed the importance of appropriate long-term guarantee measures. A failure to put in place appropriate measures would diminish insurers' ability to provide such long-term guarantees, and undermine the role of insurers as long-term investors and stabilisers of the economy. Together with other insurance companies ING proposed an appropriate balance, which will be tested in a forthcoming impact assessment.

ING recognises that the disagreements on the treatment of long-term guarantees have led to a significant delay in implementing Solvency II. ING also recognises that the delay has prompted some member states to consider implementing elements of Solvency II ahead of the official date. As this would create an uneven playing field and impede standardised supervision, it is important for everyone to agree on a realistic timeline as soon as possible. ING will continue to play a part in industry discussions on Solvency II.

Comframe

On 2 July 2012, the International Association of Insurance Supervisors released a working draft on the Comframe 'Insurance core principles'. Comframe, short for 'Common Framework for the Supervision of Internationally Active Insurance Groups (IAIGs)', has three main objectives: (i) develop methods of operating group-wide supervision of IAIGs, (ii) establish a comprehensive framework for supervisors to address group-wide activities and risks, and (iii) foster global convergence. The working draft received harsh criticism from supervisors and industry alike for being too detailed and too prescriptive. The IAIS will open Comframe up for a second round of consultation in 2013. Finalisation is not expected until 2018.

Globally systemically important insurers (G-SIIs)

In 2012, discussions on the methodology to identify globally systemically important insurers, or 'G-SIIs' in the terminology of the International Association of Insurance Supervisors (IAIS), continued. In those discussions, insurers have stressed that non-traditional, non-insurance activities should lie at the heart of G-SII identification. Regulators appear to prefer a much broader assessment also taking into account size and interconnectedness. A list of G-SIIs identified with this methodology is expected in the second quarter of 2013. In the meantime, the IAIS developed a policy on dealing with G-SIIs that was published for consultation. More discussions on this policy are expected in 2013.

EU unisex rule

In March 2011, the European Court of Justice ruled that insurers in Europe cannot differentiate in price or benefits for the same insurance products, based on gender. This gender-neutral pricing, commonly called the unisex rule, states that as of 21 December 2012 life insurers must offer products that are identical for men and women. To comply with this new regulation, all product portfolios across the insurance business units were reviewed. More than 90 products were re-priced in ING Insurance Central and Rest of Europe. In the Benelux, all products available for sale were reviewed in the past two years to ensure they were compliant with the EU unisex rule. From 21 December 2012, all ING Insurance's products available for sale throughout the European Union have been compliant with the rule.

Alternative investment fund managers directive

During 2012, ING Investment Management spent considerable time and effort familiarising the organisation with the requirements of the Alternative Investment Fund Managers Directive ("AIFMD"), which was agreed in 2011 and comes into effect in July 2013. In July 2012, further details of the AIFMD became clear through a draft text publication. Since then the EC has missed its deadline of September 2012 for the publication of the final version of that text due to discussions on some of the detailed AIFMD measures. ING is awaiting publication of the final text and will continue to prepare the organisation for timely compliance with the AIFMD.

ING Bank reached agreement with U.S. Authorities

On 12 June 2012, ING Bank entered into a Settlement Agreement with U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and Deferred Prosecution Agreements with the Department of Justice, the United States Attorney's Office for the District of Columbia and the District Attorney of the County of New York (together the "U.S. Authorities") in relation to the investigation by those agencies into compliance with U.S. economic sanctions and U.S. dollar payment practices until 2007. Under the terms of the Deferred Prosecution Agreements, no further action will be taken against ING Bank if it meets the conditions set forth in the agreements during an 18-month period. As part of the settlement, ING Bank has paid a total penalty of EUR 473 million. ING Bank recognised a provision in the first quarter of 2012 by which this issue was sufficiently covered.

Dutch regulatory developments

Dutch coalition government agreement

On 29 October 2012, the Dutch coalition government agreement was presented. It contained some far reaching policy intentions for the banking sector which have still to be translated into legislation and pass through the Dutch parliament and senate. They include:

• The implementation of the capital requirements for SIFIs (SIFIs buffer) to be brought forward in a responsible way, based on a risk assessment and taking into account the need for an international level playing field.

• Dutch government support for a possible financial transaction tax ("FTT") for the financial sector and membership of the group of EU member states exploring the possibilities of imposing an FTT in parts of the EU. However, a condition for the Dutch Government's support of any form of FTT is the exemption of Dutch pension funds.

• Legally capping variable remuneration, such as annual bonuses, in the financial sector at 20% of fixed remuneration.

• Stricter screening of bank employees to reduce risks.

• Enshrining banks' duty of care in the law.

• Introducing proposals to better protect citizens' savings against high-risk banking, to be based on the advice of the Wijffels Committee.

Moreover, the Dutch government has introduced a mandatory oath for Executive and Supervisory Board members of financial institutions licensed in The Netherlands, effective 1 January 2013. In this oath, the Executive and Supervisory Board members of the relevant ING entities licensed in The Netherlands, declare that they (i) will perform their duties with integrity and care (ii) will carefully consider all the interests involved in the company, i.e. those of the customers, the shareholders, the employees and the society in which the company operates, (iii) in that consideration, will give paramount importance to the customer's interests and inform the customer to the best of their ability, (iv) will comply with the laws, regulations and codes of conduct applicable to them, (v) will observe secrecy in respect of matters entrusted to them, (vi) will not abuse their knowledge, (vii) will act in an open and assessable manner and know their responsibility towards society and (viii) will endeavour to maintain and promote confidence in the financial sector. If they break the oath, the supervisory authority (DNB/AFM) can decide to reassess their suitability.

The coalition agreement also contains a number of measures affecting the Dutch housing market. One of these is the curtailment of mortgage interest deduction for income tax purposes: interest on new mortgages will only be tax deductible under specified repayment conditions.

The policy intentions for the insurance sector include:

• Measures to be taken in the area of second pillar pensions basically focus on reducing the tax-favoured treatment of second pillar pensions per 1 January 2015.

• The increase of the insurance premium tax from 9.7% to 21% per 1 April 2013, causing a significant increase in insurance policy premiums.

• Fees for advice on annuities and disability insurance will no longer be tax-deductible, causing the price for advice to rise.

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% (a tax on property transactions). In this announcement, several ways of funding the reduction were identified, the introduction of a bank tax being one of them. The levy entered into force in 2012. Dutch and non-Dutch entities with banking activities in The Netherlands are included in its scope. The taxable base of the levy is the liability side of the consolidated balance sheet, with exemptions for equity, for deposits that are covered by a Deposit Guarantee Scheme and for certain liabilities that relate to insurance business.

The levy on short-term funding liabilities (less than one year) is twice as high as the levy on long-term funding liabilities (more than one year). Of the total yearly tax proceeds of EUR 600 million, EUR 175 million is borne by ING. If a bank violates the 1:1 fixed remuneration-to-variable remuneration ratio for board members set out in the Dutch Banking Code, the levy percentage will be increased. For ING, the levy increase will not be triggered as long as no bonuses are paid to the Executive Board of ING Group. Moreover, banking taxes paid by ING in other countries amounted to EUR 55 million in 2012. ING believes the timing and motivation for such a bank levy to be inopportune given the economic climate and conditions in financial markets. There is also a risk that banks such as ING will face double taxation, i.e. taxation by more than one country per bank activity.

Deposit Guarantee Scheme

In August 2011, the Dutch Ministry of Finance and DNB published their proposal to establish an ex-ante funded (i.e. pre-funded) Deposit Guarantee Scheme in The Netherlands. The scheme was expected to be introduced on 1 July 2013. However, as a consequence of the arrangements made by the Dutch government related to the nationalisation of SNS REAAL, ING and the other Dutch banks will be required to pay a one-time levy of EUR 1 billion in 2014. For ING, based on current limited information, this is estimated to result in a charge of EUR 300-350 million. To avoid a disproportionate financial burden for banks and in view of the ability of banks to lend to the real economy, the ex-ante Deposit Guarantee Scheme contribution has now been postponed by two years until 1 July 2015.

The target level of the Deposit Guarantee Scheme will be 1% of total guaranteed deposits in The Netherlands. This is about EUR 4 billion now, to be built up, in principle, in 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 0.0167% per quarter of its 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. ING expects its cost to amount to EUR 100 to 150 million on a yearly basis as of the start date of the Deposit Guarantee Scheme contribution. The banking industry is in discussions with the Dutch Ministry of Finance on several aspects of the Deposit Guarantee Scheme, including banks' individual contributions and the fund's target size.

The Banking Code Monitoring Committee

A committee to monitor banks' compliance with the Dutch Banking Code was set up in 2010 and in December 2012 it presented its report. It concluded that Dutch banks had made good progress on implementing the Code, but that more could be done and that banks should put more effort into communicating their efforts to the general public.

Dutch Parliamentary Committee on the Financial System

The Dutch Parliamentary Committee on the Financial System ("De Wit Committee") held a Parliamentary Inquiry from November 2011 to January 2012. Its mandate was to analyse the acute problems that developed in the Dutch financial system between September 2008 and January 2009, to assess the measures taken to deal with those problems, and to draw lessons for the future. Key people from the Dutch financial sector were interviewed and the De Wit Committee presented its report to the Dutch Parliament in April 2012.

The De Wit Committee formulated 20 recommendations, of which nine are relevant to banks. Recommendations include those on contributions to the Deposit Guarantee Scheme, investigating the possibility of ring-fencing bank activities outside the EU, and creating a strong European banking supervisor.

Financial developments in 2012

The operating environment was challenging throughout 2012, with volatile financial markets and an uncertain macroeconomic environment. Against this backdrop, ING Group's 2012 net result declined to EUR 3,894 million, from EUR 5,766 million a year earlier. Special items after tax were EUR -1,060 million in 2012, compared with EUR 60 million in 2011. The 2012 special items predominantly reflect costs for various restructuring programmes, which are essential to reduce

ING's future annual expenses. Furthermore, special items include EUR 169 million in separation and IPO preparation costs, EUR 386 million in settlement costs with the US authorities, partly offset by the favourable impact of a EUR 305 million provision release following the announcement on 3 July 2012 of the new Dutch employee pension scheme. The 2011 special items include a EUR 718 million net gain from the liability management transaction offset by costs for various restructuring programmes and separation costs.

Net gains on divestments, including net result on disposal and classification of discontinued operations, were EUR 1,714 million in 2012, compared with EUR 1,812 million in 2011. The 2012 results on divestments include gains on the sales of ING Direct USA (EUR 489 million), ING Direct Canada (EUR 1,135 million), and Insurance Malaysia (EUR 745 million), as well as a EUR 260 million loss on the announced sale of ING Direct UK and EUR 380 million in goodwill write-offs for Insurance/IM Korea. The 2011 gains on divestments of EUR 1,812 million were attributable to the sales of the Latin America business, ING Car Lease, and Real Estate Investment management.

The result from discontinued operations was EUR 550 million in 2012 versus EUR 678 million in 2011 and relates to Insurance Asia/Pacific and Insurance Latin America. The decrease was due to the sale of Latin American pension, life insurance and investment management operations in 2011.

ING's capital position remained strong, despite the EUR 1,125 million repayment to the Dutch State in November 2012. ING Bank's core Tier 1 ratio increased from 9.6% in 2011 to 11.9% at the end of 2012, supported by the gain on the sale of ING Direct US and ING Direct Canada. These transactions helped ING Bank to fund a dividend upstream of EUR 2,125 million to ING Group, which was used to repay part of the core Tier 1 securities and reduce Group leverage. ING Bank's risk-weighted assets were reduced by EUR 52 billion in 2012, primarily reflecting the sale of ING Direct USA, ING Direct Canada, lower lending volumes and de-risking of the investment portfolio. The Insurance Group Directive Solvency I ratio increased to 245% at the end of 2012 from 225% at the end of 2011, mainly due to the sale of Insurance Malaysia, market developments and the introduction of the UFR curve for the Dutch insurance entities. The Group debt/equity ratio improved to 11.1% from 12.7% a year earlier.

Shareholders' equity increased by EUR 7.7 billion, from EUR 46.7 billion at the end of 2011 to EUR 54.4 billon at the end of 2012. This increase was caused by the addition of net profit and positive revaluations on debt securities, partly offset by exchange rate differences and repurchase premium paid to the Dutch State in November 2012. Shareholders' equity per share was EUR 14.30 at the end of 2012 versus EUR 12.33 at the end of 2011. Underlying net return on equity, calculated as underlying net result divided by average IFRS-EU equity, decreased to 5.2% from 6.5% in 2011.

Underlying net result held up well, at EUR 2,603 million, compared with an underlying net result of EUR 2,746 million in 2011. Underlying net result is derived from the total net result by excluding the impact of divestments, discontinued operations and special items.

Banking recorded an underlying result before tax of EUR 3,219 million in 2012, a 22.0% decrease compared with 2011. This decrease was mainly driven by higher loan losses, losses from active de-risking, negative credit and debt valuation adjustments and the Dutch bank levy. Insurance reported an underlying result before tax of EUR 311 million, which increased by EUR 636 million from the EUR 325 million loss in 2011. De-risking and low interest rates put pressure on investment returns, but underlying results recovered as the impact of market-related items declined to EUR -783 million in 2012 versus EUR -1,984 million in 2011.

FIRST QUARTER 2013 RESULTS AND FINANCIAL DEVELOPMENTS

In respect of selected historical information regarding the Issuer for the first quarter of 2013 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 and 8; the section entitled "CONSOLIDATED BALANCE SHEET" on pages 9 and 10; and the section entitled "CAPITAL MANAGEMENT" on page 11.

CONSOLIDATED BALANCE SHEET OF ING GROEP N.V. *

(amounts in millions of euros)	31 December 2012	31 December 2011
Assets		
Cash and balances with central banks	**17,657**	31,194
Amounts due from banks	**39,053**	45,323
Financial assets at fair value through profit and loss		
- trading assets	**114,895**	123,688
- investments for risk of policyholders	**98,765**	116,438
- non-trading derivatives	**13,951**	17,159
- designated as at fair value through profit and loss	**4,760**	5,437
Investments		
- available-for-sale	**193,584**	208,539
- held-to-maturity	**6,545**	8,868
Loans and advances to customers	**563,404**	602,525
Reinsurance contracts	**5,290**	5,870
Investments in associates	**2,203**	2,370
Real estate investments	**1,288**	1,670
Property and equipment	**2,674**	2,886
Intangible assets	**2,639**	3,558
Deferred acquisition costs	**4,549**	10,204
Assets held for sale	**68,472**	62,483
Other assets	**28,903**	31,016
Total assets	**1,168,632**	1,279,228
Equity		
Shareholders' equity (parent)	**54,357**	46,663
Non-voting equity securities	**2,250**	3,000
	56,607	49,663
Minority interests	**1,081**	777
Total equity	**57,688**	50,440
Liabilities		
Subordinated loans	**8,786**	8,858
Debt securities in issue	**143,436**	139,861
Other borrowed funds	**16,723**	19,684
Insurance and investment contracts	**229,950**	278,833
Amounts due to banks	**38,704**	72,233
Customer deposits and other funds on deposit	**455,003**	467,547
Financial liabilities at fair value through profit and loss		

- trading liabilities	**83,652**	107,682
- non-trading derivatives	**18,752**	22,165
- designated as at fair value through profit and loss	**13,399**	13,021
Liabilities held for sale	**69,895**	64,265
Other liabilities	**32,644**	34,639
Total liabilities	**1,110,944**	1,228,788
Total equity and liabilities	**1,168,632**	1,279,228

* These figures have been derived from the audited annual accounts of ING Groep N.V. in respect of the financial year ended 31 December 2012.

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

(amounts in millions of euros)	2012	2012	2011	2011	2010	2010
Continuing operations						
Interest income banking operations	**60,002**		**64,649**		68,334	
Interest expense banking operations	**-48,119**		**-51,200**		-55,011	
Interest result banking operations		**11,883**		**13,449**		13,323
Gross premium income		**20,277**		**20,279**		21,279
Investment income		**7,335**		**5,329**		5,887
Net result on disposals of group		**1,604**		**801**		310
Gross commission income	**5,116**		**5,830**		5,682	
Commission expense	**-1,578**		**-1,913**		-1,664	
Commission income		**3,538**		**3,917**		4,018
Valuation results on non-trading derivatives		**-2,919**		**1,000**		-1,240
Net trading income		**1,202**		**377**		955
Share of profit from associates		**54**		**221**		313
Other income		**-330**		**1,318**		588
Total income		**42,644**		**46,691**		45,433
Gross underwriting expenditure	**35,711**		**27,321**		37,419	
Investment result for risk of policyholders	**11,246**		**186**		-10,120	
Reinsurance recoveries	**-1,833**		**-1,760**		-1,620	
Underwriting expenditure		**22,632**		**25,747**		25,679
Additions to loan loss provisions		**2,125**		**1,670**		1,751
Intangible amortisation and other impairments		**281**		**369**		1,060
Staff expenses		**6,803**		**7,220**		7,355
Other interest expenses		**326**		**149**		183
Other operating expenses		**6,581**		**6,116**		5,757
Total expenses		**38,748**		**41,271**		41,785
Result before tax from continuing operations		**3,896**		**5,420**		3,648
Taxation		**799**		**1,246**		1,146
Net result from continuing operations		**3,097**		**4,174**		2,502

Discontinued operations			
Net result from discontinued operations	**548**	**684**	414
Net result from classification as discontinued operations	**-394**		
Net result from disposal of discontinued operations	**752**	**995**	
Total net result from discontinued operations	906	**1,679**	414
Net result from continuing and discontinued operations (before minority interests)	**4,003**	**5,853**	2,916

* These figures have been derived from the audited annual accounts of ING Groep N.V. in respect of the financial year ended 31 December 2012.

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. Requests for such documents should be directed to the Issuer, c/o ING Bank N.V. at Foppingadreef 7, 1102 BD Amsterdam, The Netherlands.

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

(ii) the publicly available annual reports of the Issuer in respect of the financial years ended 31 December 2012 and 31 December 2011, including the audited financial statements and the auditors' reports in respect of such financial years;

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

(iv) a copy of this 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 (outlook negative), a senior debt rating from Moody's Investor Service Ltd. ("Moody's") of A3 (outlook negative) and a senior debt rating from Fitch France S.A.S. ("Fitch") of A (outlook negative). 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. 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 2013, except for:

(i) the impact of the Initial Public Offering of ING U.S., Inc., on the shareholders' equity and regulatory capital of ING Group, as described in the Q1 Condensed Consolidated Interim Financial Information on page 47 and 48 under "ING U.S. Initial Public Offering" as published on 8 May 2013.

At the date hereof, there has been no material adverse change in the prospects of the Issuer since 31 December 2012, except for:

(i) the impact of the Initial Public Offering of ING U.S., Inc., on the shareholders' equity and regulatory capital of ING Group, as described in the Q1 Condensed Consolidated Interim Financial Information on page 47 and 48 under "ING U.S. Initial Public Offering" as published on 8 May 2013.

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 of the Republic of Argentina's nationalisation of the pension fund system. 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 District 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. The Court granted an ING motion to dismiss the remaining claims regarding the 2008 offerings. Plaintiffs filed a notice of appeal. 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. The District Court has granted the Administrator's motion for class certification. The subsidiary has requested that the Court of Appeals review and reverse the Districts Court's order. 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. An 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 dismissed the case and plaintiffs have appealed. The parties have reached an agreement on the terms of settlement of all claims in this case on a class-wide basis. The District Court must approve the settlement before it becomes effective. The current expectation is that the outcome will not have a significant impact on the net result.

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 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 while in June 2012 also the other main consumer protection organisation signed this agreement. 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. In 2012 almost all unit-linked policyholders were informed about compensation. The agreements with the consumer protection organisations are not binding for policyholders. Consequently, neither the implementation of the compensation schemes nor the 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. In early 2013 a new association named 'Vereniging Woekerpolis.nl' announced legal proceedings on behalf of policyholders against ING's Dutch life insurance subsidiaries and other Dutch life insurers. 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 EC's decision regarding ING's Restructuring Plan. In its appeal, ING contested the way the EC has calculated the amount of state aid that ING received, the disproportionality of the price leadership restrictions 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 handed down its judgment in relation to ING Group's appeal and annulled part of the EC's state aid decision. Subsequently, the EC filed an appeal against the General Court's judgment before the Court of Justice of the European Union.

In parallel, the EC adopted a decision on 11 May 2012 that re-approved the state aid granted to ING as compatible with the internal market on the basis of the Initial Restructuring Plan. On the same date, the EC adopted an interim decision which opened an investigation concerning certain amendments and elements of the Initial Restructuring Plan.

On 24 July 2012, ING announced that the Dutch State and ING were in dialogue with the EC on an amended and updated Restructuring Plan to be submitted to the EC. However, in order to safeguard its legal rights, ING filed an appeal with the EU General Court against the EC's decision of 11 May 2012, which re-approved ING's Restructuring Plan that ING submitted in 2009.

On 19 November 2012, ING and the EC announced that the EC had approved amendments to the Initial Restructuring Plan. With the approval, the EC closed its investigation as announced on 11 May 2012 and ING withdrew its appeal at the General Court of the European Union that it filed in July 2012. For legal principle reasons the EC will continue with its appeal against the General Court ruling of March 2012. However, the outcome of this Appeal will not affect the EC approval of the Amended Restructuring Plan.

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 yet to be substantiated. ING is defending itself against this claim; at this time ING is not able to assess the outcome of the court proceeding. 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. This claim was rejected by the Court on 9 November 2012. An appeal was lodged against this Court decision. 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. This claim was rejected by the Court on 22 October 2012. An appeal was lodged against this Court decision. It is not feasible to predict the ultimate outcome of these legal proceedings. 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 April 2012, the Dutch ING Pension Fund (*Stichting Pensioenfonds ING*) formally announced to institute arbitration against ING's decision not to provide funding for indexing pensions insured with the Dutch ING Pension Fund as at 1 January 2012. Arbitrators awarded 40% of this claim. As a result, ING agreed to pay EUR 68 million plus interest to the pension fund. The outcome of the arbitration is reflected in the 2012 financial statements.

On 12 June 2012, ING Bank entered into a Settlement Agreement with the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and Deferred Prosecution Agreements with the Department of Justice, the United States Attorney's Office for the District of Columbia and the District Attorney of the County of New York (together, the "U.S. Authorities") in relation to the investigation by those agencies into compliance with U.S. economic sanctions and U.S. dollar payment practices until 2007. Under the terms of the Deferred Prosecution Agreements, no further action will be taken against ING Bank if it meets the conditions set forth in the agreements during an 18-month period. As part of the settlement, ING Bank has paid a total penalty of EUR 473 million. As announced on 9 May 2012, ING Bank recognised a provision in the first quarter of 2012 by which this issue has been sufficiently covered. ING Bank has co-operated closely and constructively with regulators and other authorities throughout this process. The U.S. Authorities have recognised ING's substantial co-operation in the resolution and ING's efforts and commitment to continuously enhance compliance within the organisation.

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.

In December 2005, Interadvies N.V., at the time a subsidiary of ING Bank, sold Arenda Holding B.V. and five subsidiaries (together "Arenda") to Amodo Europe N.V. ("Amodo"). In November 2006, Amodo instituted legal proceedings against ING. Amodo claimed that ING informed them incorrectly with respect to the current and future financial status of Arenda at the time of the sale. This claim was rejected by the Court on 1 September 2010 but Amodo lodged an appeal against that Court decision. On 6 November 2012, the Court of Appeal partly awarded the claim of Amodo in an interlocutory judgement. In the interlocutory judgement, the Court of Appeal also instructed both ING and Amodo to submit a calculation of the damages involved to the Court of Appeal. Based on both calculations the Court of Appeal will make a final judgement. ING has the possibility to appeal against the legal grounds on which the final judgement is based. At this moment it is not practicable to provide an estimate of the (potential) financial effect of this proceeding.

Auditors

The financial statements of the Issuer for the financial years ended 31 December 2012 and 31 December 2011, respectively, have been audited by Ernst &Young Accountants LLP. The auditors of Ernst & Young Accountants LLP are members of the Royal Dutch Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*), which is a member of the 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 2012 dated 18 March 2013 and an unqualified auditors’ report on the financial statements for the financial year ended 31 December 2011 dated 12 March 2012.

The auditors’ reports in respect of the financial years ended 31 December 2012 and 31 December 2011, 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.

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