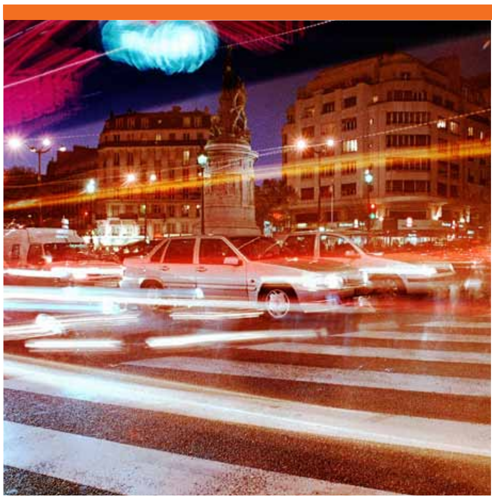
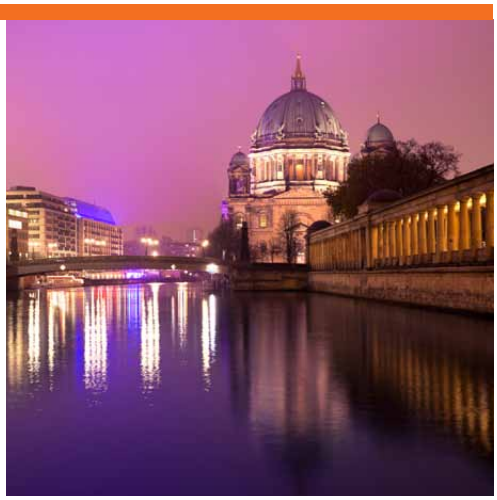
ING GROUP QUARTERLY REPORT





Fourth quarter 2012

SHARE INFORMATION

Financial calendar

- Publication results 1Q2013: Wednesday, 8 May 2013
- Publication results 2Q2013: Wednesday, 7 August 2013
- Publication results 3Q2013: Wednesday, 6 November 2013

(All dates are provisional.)

Investor relations

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Listing information

ING ordinary shares are registered shares with a par value of EUR 0.24 per share. The (depositary receipts for) ordinary shares of ING Group are listed on the exchanges of Amsterdam, Brussels and New York (NYSE).

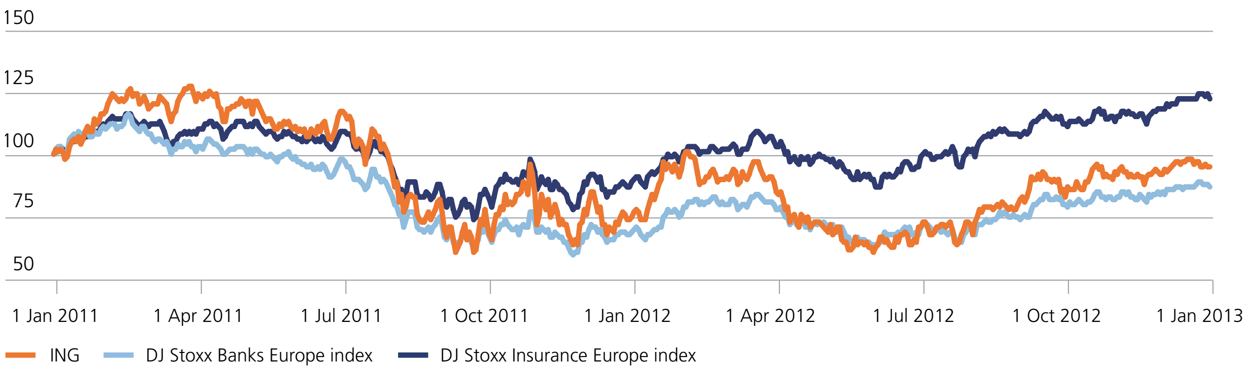
Stock exchanges	Tickers (Bloomberg, Reuters)	Security codes (ISIN, SEDOL1)
Euronext Amsterdam	INGA NA, ING.AS	NL0000303600, 7154782 NL
New York Stock Exchange	ING US, ING.N	US456837103, 2452643 US

American Depositary Receipts (ADRs)

For questions regarding your ADRs, please contact the JP Morgan Depositary Receipts Team:
JPMorgan Chase & Co.
P.O. Box 64504
St. Paul, MN 55164-0504
Free phone number for US callers: (800) 990-1135
From outside the US: +1 (651) 453-2128
Global Invest Direct: (800) 428-4237
Email: jpmorgan.adr@wellsfargo.com
Internet: www.adr.com

Comparative performance of share price

1 JANUARY 2011 TO 1 JANUARY 2013



OUR QUARTERLY PUBLICATIONS

This ING Group Quarterly Report contains our quarterly financial reporting and analysis, including comment on the progress of our businesses, sustainability developments and key strategic initiatives.

The following other quarterly financial publications are available at www.ing.com/investorrelations in the Results and Interim Accounts section.

Press release

The press release on ING's quarterly results contains the chairman's statement, financial highlights and key developments on the balance sheet and capital management.

Analyst presentation

The analyst presentation of ING's quarterly results contains a detailed review of the drivers of results and addresses key issues raised by analysts and investors.

ING Group Statistical Supplement

The Group Statistical Supplement contains quarterly financial data and should be read in conjunction with the ING Group Quarterly Report. The supplement is available in both PDF and Excel format.

ING Group Historical Trend Data

In addition to the Group Statistical Supplement, the Historical Trend Data document includes historical trend data and details of restatements. It is available in PDF and Excel format

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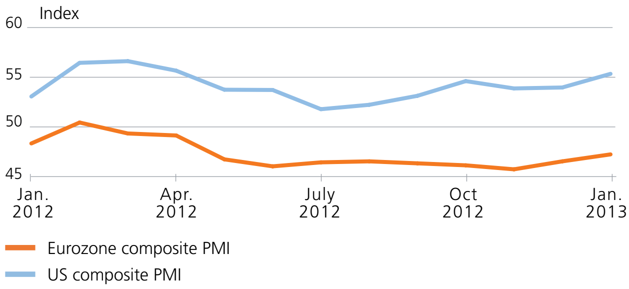
ECONOMIC ENVIRONMENT

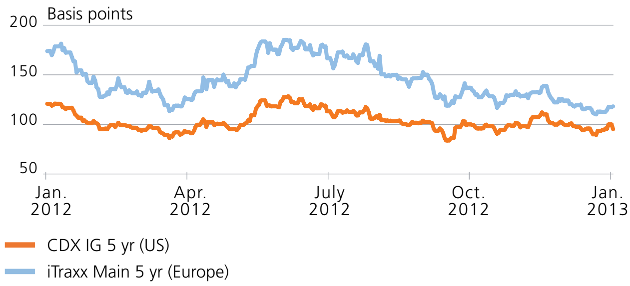
ECONOMIC ACTIVITY

- In the fourth quarter of 2012, the eurozone purchasing managers' index (PMI) rose somewhat, but remained in contraction territory. In the US, this indicator of economic activity remained above 50 (the divide between economic expansion and contraction) and even improved somewhat.
- The PMIs are regarded as timely indicators of underlying trends in economic activity.



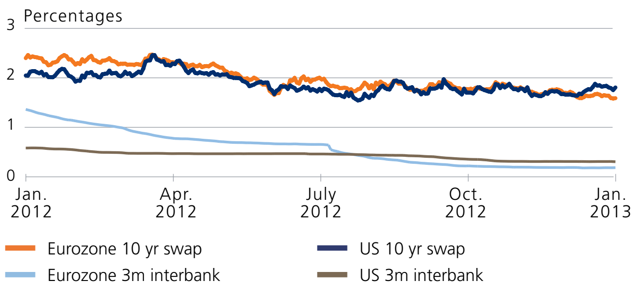
CREDIT MARKETS

- In both the eurozone and the US, credit market sentiment improved during the fourth quarter. Eurozone credit spreads, as measured by the iTraxx index of investment-grade borrowers' credit-default swaps, decreased more strongly than spreads in the US (CDX index).



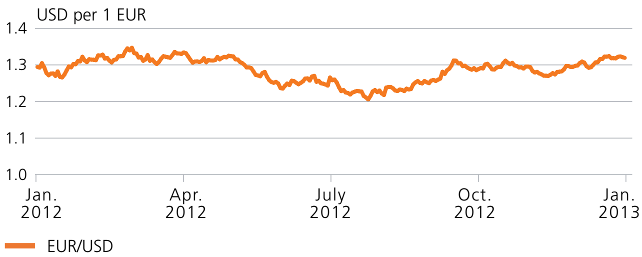
YIELD CURVE

- The slope of the yield curve in the eurozone flattened slightly, mainly due to a fall in long-term rates. In the US, the yield curve steepened a bit as short-term rates fell marginally and long-term rates increased.



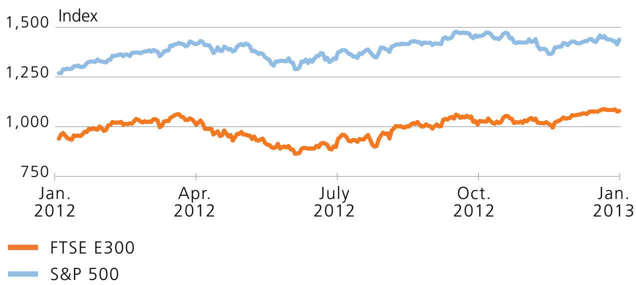
CURRENCY MARKETS

- The euro appreciated against the USD during the fourth quarter of 2012. The EUR/USD rose from 1.29 at the end of September to 1.31 at year-end.



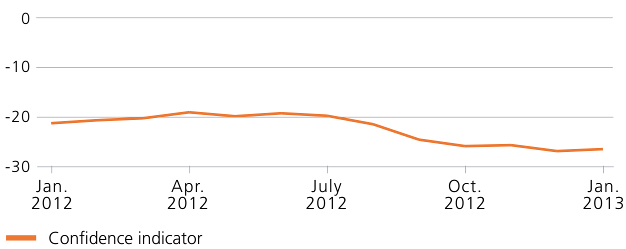
STOCK MARKETS

- Equity indices in the US and the eurozone rose in the final quarter of 2012.



CONSUMER CONFIDENCE

- In the fourth quarter of 2012, eurozone confidence stabilised at a low level.



Source: ING Economics Department

"2012 was a transformational year for ING as we worked decisively on the restructuring of the Group, preparing the Bank and Insurance companies for independent futures. In the fourth quarter we announced two major divestments of our Asian Insurance/IM businesses. We filed the IPO registration statement for our US insurance business, and we reached an agreement with the European Commission which gives us more time and greater flexibility for restructuring. The Bank made strides in optimising its balance sheet and generating capital to meet Basel III requirements while funding a payment of EUR 1.125 billion to the Dutch State and upstreaming an additional EUR 1 billion to the Group to reduce core debt."

"Results for the year held up well, despite the sovereign debt crisis in Europe and weak economic climate which persisted throughout 2012. Underlying net results for the Group were EUR 2,603 million, down just 5.2% from 2011, despite EUR 626 million of de-risking losses at the Bank, a EUR 175 million Dutch bank tax, and higher loan losses as the economy weakened. At Insurance, de-risking and low interest rates put pressure on investment returns, but underlying results recovered as market-related items diminished."

"As the environment around us changes, ING is also evolving as we work to meet our customers' rapidly changing needs and to achieve operational excellence. In the Netherlands as well as in Belgium, we have made great progress in improving service and investing in IT as customers move swiftly towards mobile banking. As our business model evolves, so must our organisation. Retail Banking Netherlands is expanding the transformation programme started in 2011, leading to approximately 1,400 additional redundancies by the end of 2015 and reducing expenses by an additional EUR 120 million per annum from 2016 onwards. At ING Bank in Belgium, employee headcount is expected to decline by 1,000 FTEs by 2015, through natural attrition, leading to EUR 150 million in annual cost savings by 2015. These initiatives come on top of measures announced in Commercial Banking and Insurance Europe last quarter. Combined, all of these programmes accounted for EUR 452 million in after-tax restructuring provisions booked in 2012, but they are essential to drive future performance, reducing annual expenses by a combined EUR 1 billion by 2015."

"Amid all of the changes we are going through, our employees have demonstrated consistent dedication and commitment to keeping our customers' needs paramount. As we embark on 2013, the economic climate remains challenging, and we must be agile to respond quickly to the dynamic environment so that we can deliver sustainable results for the long-term benefit of all stakeholders."

Jan Hommen
CEO of ING Group

KEY FIGURES

Group

	4Q2012	4Q2011	Change	3Q2012	Change	FY2012	FY2011	Change
Profit and loss data (in EUR million)								
Underlying result before tax	455	-849		1,028	-55.7%	3,530	3,803	-7.2%
Underlying net result	373	-785		692	-46.1%	2,603	2,746	-5.2%
Divestments, discontinued operations and special items[1]	1,061	1,971		-83		1,291	3,020	
Net result	1,434	1,186	20.9%	609	135.5%	3,894	5,766	-32.5%
Balance sheet data (end of period, in EUR billion)								
Total assets				1,248	-6.4%	1,169	1,279	-8.6%
Shareholders' equity				53	2.8%	54	47	16.5%
Capital ratios (end of period)								
ING Group debt/equity ratio				12.3%		11.1%	12.7%	
Bank core Tier 1 ratio				12.1%		11.9%	9.6%	
Insurance IGD Solvency I ratio				249%		245%	225%	
Share information								
Net result per share (in EUR)[2]	0.38	0.31	22.6%	0.16	137.5%	1.03	1.52	-32.2%
Shareholders' equity per share (end of period, in EUR)				13.91	2.8%	14.30	12.33	16.0%
Shares outstanding in the market (average over the period, in million)	3,802	3,783		3,801		3,796	3,784	
Other data (end of period)								
Underlying return on equity based on IFRS-EU equity[3]	2.8%	-6.9%		5.4%		5.2%	6.5%	
Employees (FTEs, end of period, adjusted for divestments)				85,871	-1.3%	84,718	87,866	-3.6%

Banking operations

	4Q2012	4Q2011	Change	3Q2012	Change	FY2012	FY2011	Change
Profit and loss data (in EUR million)								
Interest result	2,866	3,046	-5.9%	2,981	-3.9%	11,712	11,975	-2.2%
Total underlying income	3,172	3,341	-5.1%	3,736	-15.1%	14,241	14,289	-0.3%
Operating expenses	2,400	2,231	7.6%	2,199	9.1%	8,900	8,824	0.9%
Addition to loan loss provision	588	445	32.1%	554	6.1%	2,122	1,336	58.8%
Underlying result before tax	184	664	-72.3%	983	-81.3%	3,219	4,128	-22.0%
Key figures								
Underlying interest margin	1.33%	1.38%		1.34%		1.32%	1.38%	
Underlying cost/income ratio	75.7%	66.8%		58.8%		62.5%	61.8%	
Underlying risk costs in bp of average RWA	84	62		76		73	48	
Risk-weighted assets (end of period, in EUR billion, adjusted for divestm.)				283	-1.5%	279	294	-5.1%
Underlying return on equity based on IFRS-EU equity[3]	0.3%	5.7%		7.6%		5.9%	8.8%	
Underlying return on equity based on 10.0% core Tier 1[4]	0.7%	7.1%		10.0%		7.7%	10.9%	

Insurance operations

	4Q2012	4Q2011	Change	3Q2012	Change	FY2012	FY2011	Change
Margin analysis (in EUR million)								
Investment margin	447	413	8.2%	410	9.0%	1,757	1,660	5.8%
Fees and premium-based revenues	786	726	8.3%	784	0.3%	3,135	3,061	2.4%
Technical margin	118	118	0.0%	122	-3.3%	414	589	-29.7%
Income non-modelled life business	6	11	-45.5%	3	100.0%	20	45	-55.6%
Life & ING IM operating income	**1,356**	**1,269**	**6.9%**	**1,319**	**2.8%**	**5,325**	**5,354**	**-0.5%**
Administrative expenses	631	586	7.7%	628	0.5%	2,529	2,319	9.1%
DAC amortisation and trail commissions	323	288	12.2%	334	-3.3%	1,299	1,167	11.3%
Life & ING IM operating expenses	**954**	**874**	**9.2%**	**962**	**-0.8%**	**3,827**	**3,485**	**9.8%**
Life & ING IM operating result	**402**	**394**	**2.0%**	**357**	**12.6%**	**1,498**	**1,869**	**-19.9%**
Non-life operating result	39	38	2.6%	11	254.5%	89	184	-51.6%
Corporate line operating result	-146	-84		-131		-491	-394	
Operating result	**296**	**349**	**-15.2%**	**237**	**24.9%**	**1,095**	**1,658**	**-34.0%**
Non-operating items	-24	-1,863		-193		-783	-1,984	
Underlying result before tax	**272**	**-1,513**		**44**	**518.2%**	**311**	**-325**	
Key figures								
Administrative expenses / operating income (Life & ING IM)	46.5%	46.2%		47.6%		47.5%	43.3%	
Life general account invested assets (end of period, in EUR billion)				133	-0.8%	132	133	-0.8%
Investment margin / life general account invested assets[5] (in bps)	132	129		130				
ING IM Assets under Management (end of period, in EUR billion)				316	1.6%	321	294	9.2%
Underlying return on equity based on IFRS-EU equity[3]	5.1%	-22.2%		-0.2%		1.8%	-1.1%	

1 The results of Insurance/IM Asia (2012 and 2011 periods) and Insurance Latin America (2011 periods) have been transferred to "net result from discontinued operations".
2 Result per share differs from IFRS earnings per share in respect of attributions to the core Tier 1 securities.
3 Annualised underlying net result divided by average IFRS-EU equity.
4 Annualised underlying net result divided by average equity based on 10.0% core Tier-1 ratio.
5 Four-quarter rolling average.
Note: Underlying figures are non-GAAP measures and are derived from figures according to IFRS-EU by excluding impact from divestments, discontinued operations and special items.

CONSOLIDATED RESULTS

The operating environment was challenging throughout 2012, with volatile financial markets and an uncertain macroeconomic environment. Against this backdrop, ING Group's full-year 2012 underlying net profit held up well at EUR 2,603 million, down 5.2% from a year earlier.

In 2012, results at the Bank were impacted by higher risk costs due to weak economic and business fundamentals, negative credit valuation and debt valuation adjustments (CVA/DVA), and losses from proactive de-risking in the investment portfolio. However, good progress was made on balance sheet optimisation and cost containment. The 2012 operating results of Insurance reflect lower Non-life results, as well as higher administrative expenses stemming primarily from currency impacts and non-recurring expense releases in 2011. The underlying result before tax at Insurance recovered strongly in 2012, as results in 2011 were severely impacted by an update to policyholder behavior assumptions on the US Closed Block VA. Furthermore, the impact of losses from de-risking and impairments on debt securities diminished at Insurance during 2012, supporting the improvement in underlying results.

In the fourth quarter of 2012, ING Group posted an underlying net result of EUR 373 million, reflecting a solid quarter at Insurance and lower results at the Bank, which were impacted by the Dutch bank tax and various market-related items. The quarterly net profit was EUR 1,434 million, supported by gains on the divestment of ING Direct Canada and Insurance Malaysia.

ING Bank recorded a fourth-quarter underlying result before tax of EUR 184 million, including EUR 175 million for the Dutch bank tax for the full year 2012, EUR 188 million of negative CVA/DVA adjustments, and EUR 126 million in losses from de-risking of mainly southern European debt securities. Excluding these impacts and other market-related items, results declined 20.0% from the fourth quarter of 2011, due to higher risk costs, and were 36.2% lower than the third quarter of 2012. The decline on a sequential basis was mainly due to higher liquidity costs following the lengthening of the Bank's funding profile, seasonally lower results at Financial Markets, and lower results at Retail Banking. The Bank's underlying interest margin was 1.33%, down just one basis point from the third quarter. Strong cost control remains a priority at the Bank; excluding the Dutch bank tax, expenses were stable year-on-year and increased only slightly from the previous quarter. Risk costs remained elevated and increased both year-on-year and sequentially, consistent with the weak economic environment.

ING Bank progressed further with its Ambition 2015 balance sheet optimisation priorities during the fourth quarter. The total Bank balance sheet declined following the sale of ING Direct Canada, and through the reduction of short-term professional funding and seasonally lower activity in Financial Markets. The funding profile improved as both customer deposits and long-term debt increased. The Bank attracted a net inflow of EUR 8.2 billion of funds entrusted. Total net lending declined by EUR 2.5 billion due to moderate demand for credit and pricing discipline.

The fourth-quarter operating result of Insurance increased 24.9% to EUR 296 million compared with EUR 237 million in the third quarter of 2012, supported by a higher investment margin as a release from the provision for profit sharing in the Netherlands offset the impact of de-risking and the low interest rate environment. Insurance operating results declined 15.2% year-on-year, as the fourth quarter of 2011 benefited from a non-recurring expense reduction in the US. The fourth-quarter underlying result before tax of Insurance improved significantly to EUR 272 million, reflecting a lower net impact from market-related items relative to both comparable quarters.

Insurance sales (APE) rose 12.7% from the fourth quarter of 2011, on a constant currency basis. Sales at Insurance US grew 18.9%, fuelled by the Retirement business. Central and Rest of Europe recorded a 13.3% increase in APE, driven by higher Pension sales in Turkey and the Czech Republic. APE in the Benelux declined 18.6% due to lower sales of Individual Life products in the Netherlands and lower sales in Belgium following a reduction in guaranteed rates. Compared with the previous quarter, total Insurance APE jumped 23.6% at constant currencies, mainly attributable to higher sales at Insurance US and in Central and Rest of Europe.

ING Group's quarterly net profit was EUR 1,434 million compared with EUR 1,186 million in the fourth quarter of 2011 and EUR 609 million in the third quarter.

Fourth-quarter net results included EUR 1,613 million of gains on divestments, of which EUR 1,135 million was attributable to ING Direct Canada, EUR 745 million to the sale of Insurance Malaysia and EUR -244 million to the announced sale of ING Direct UK. The net results from divested units was EUR 13 million and the net result from Insurance and Investment Management Asia, recorded under discontinued operations, totalled EUR 78 million. Special items after tax amounted to EUR -643 million and predominantly reflect costs for various restructuring programmes. After-tax separation and IPO preparation costs were EUR 61 million in the quarter and EUR 169 million for the full year 2012.

ING Group's net profit per share was EUR 0.38 for the fourth quarter and EUR 1.03 for the full year 2012. The Group's underlying net return on IFRS-EU equity was 5.2% for the full year 2012.

Subsequent Events

On 1 February 2013, the nationalisation of SNS Reaal, a Dutch financial institution, was announced. As a consequence of the arrangements made by the Dutch government, ING Bank and 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. ING will carefully assess further details on form, amount and timing of the levy as they become available. Furthermore, the Dutch Ministry of Finance has decided to postpone the introduction of the new Deposit Guarantee Scheme from 2013 to 2015.

CONSOLIDATED BALANCE SHEET

ING Group: Consolidated balance sheet

in EUR million	31 Dec. 12	30 Sep. 12	31 Dec. 11 pro forma[1)]		31 Dec. 12	30 Sep. 12	31 Dec. 11 pro forma[1)]
Assets				**Equity**			
Cash and balances with central banks	17,657	28,367	29,869	Shareholders' equity	54,357	52,877	46,663
Amounts due from banks	39,053	44,788	43,795	Minority interests	1,081	1,020	777
Financial assets at fair value through P&L	232,371	251,432	238,645	Non-voting equity securities	2,250	3,000	3,000
Investments	200,129	199,335	189,449	**Total equity**	**57,688**	**56,897**	**50,440**
Loans and advances to customers	563,404	572,873	570,346	**Liabilities**			
Reinsurance contracts	5,291	5,461	5,803	Subordinated loans	8,786	8,938	8,615
Investments in associates	2,203	2,235	2,033	Debt securities in issue	143,436	159,961	139,862
Real estate investments	1,288	1,339	1,586	Other borrowed funds	16,723	18,060	19,318
Property and equipment	2,674	2,689	2,794	Insurance and investment contracts	229,950	233,747	225,075
Intangible assets	2,639	2,707	2,903	Amounts due to banks	38,704	51,367	72,190
Deferred acquisition costs	4,549	4,634	4,635	Customer deposits	455,003	444,955	425,824
Other assets	28,903	28,523	29,215	Financial liabilities at fair value through P&L	115,803	136,291	142,375
				Other liabilities	32,644	31,408	31,391
Total assets excl. assets held for sale	**1,100,160**	**1,144,381**	**1,121,073**	**Total liabilities excl. liabilities held for sale**	**1,041,049**	**1,084,726**	**1,064,650**
Assets held for sale	68,472	103,714	158,157	Liabilities held for sale	69,895	106,473	164,139
				Total liabilities	**1,110,944**	**1,191,199**	**1,228,789**
Total assets	**1,168,632**	**1,248,096**	**1,279,228**	**Total equity and liabilities**	**1,168,632**	**1,248,096**	**1,279,228**

1) Adjusted for transfer of ING Direct Canada, ING Direct UK and Insurance/IM Asia to assets/liabilities held for sale

ING Group's balance sheet decreased by EUR 79 billion to EUR 1,169 billion in the fourth quarter, or by EUR 68 billion excluding currency effects. Assets held for sale decreased by EUR 35 billion, reflecting the sale of ING Direct Canada and of the insurance operations in Malaysia. The remainder of the decrease was due to a reduction of short-term professional funding and seasonally lower activities at Financial Markets as the Bank continues to focus on balance sheet integration to optimise returns. Shareholders' equity rose to EUR 54.4 billion, mainly due to the quarterly net profit of EUR 1.4 billion.

Cash and balances with central banks

Cash and balances with central banks decreased by EUR 11 billion to EUR 18 billion at the end of the fourth quarter, as excess cash at the Bank was used to redeem short-term professional funding.

Amounts due from/and to banks

Amounts due from banks declined by EUR 6 billion to EUR 39 billion. Amounts due to banks declined by EUR 13 billion to EUR 39 billion reflecting a further reduction in short-term professional funding.

Loans

Loans and advances to customers decreased by EUR 7 billion, mainly at ING Bank, to EUR 563 billion, excluding EUR 2 billion of negative currency impacts. Securities at amortised cost declined following bond sales to facilitate the sale of ING Direct UK as well as due to continued de-risking. Customer lending decreased by EUR 5 billion, mainly at Commercial Banking and Retail Netherlands, as demand for credit remained low. This was only partly offset by growth in residential mortgages.

Financial assets/liabilities at fair value

Financial assets at fair value through P&L decreased by EUR 15 billion (excluding EUR 4 billion of negative currency effects) to EUR 232 billion. Financial assets at fair value through P&L at ING Bank declined by EUR 16 billion to EUR 126 billion, mainly due to seasonally lower repo activities at Financial Markets. Financial liabilities at fair value through P&L mirrored the development on the asset side. Financial assets and liabilities include derivatives, securities and repo's which are mainly used to facilitate the servicing of our clients (banks and non-banks).

At Insurance, Financial assets at fair value through P&L rose by EUR 1 billion, at comparable exchange rates. This was mainly driven by positive revaluations of investments for risk of policyholders, which are reflected in the provision for risk of policyholders on the liability side.

Investments

Investments increased slightly by EUR 3 billion, at comparable exchange rates, to EUR 200 billion. The growth was mainly at Insurance, driven by additional investments in debt securities, as well as positive revaluations as a result of lower interest rates and lower credit spreads.

Assets/Liabilities held for sale

Assets/Liabilities held for sale decreased from 30 September 2012 due to the sale of ING Direct Canada to Scotiabank and the sale of the insurance operations in Malaysia to AIA Group. Both transactions were completed in the fourth quarter of 2012.

Debt securities in issue

Debt securities in issue decreased by EUR 17 billion to EUR 143 billion, fully explained by lower short-term debt (CD/CPs). ING Bank issued EUR 7 billion of long-term debt as part of its aim to lengthen its funding profile.

ING Group: Change in shareholders' equity

in EUR million	ING Group 4Q2012	ING Group 3Q2012	ING Bank N.V. 4Q2012	ING Bank N.V. 3Q2012	ING Verzekeringen N.V. 4Q2012	ING Verzekeringen N.V. 3Q2012	Holdings/Eliminations 4Q2012	Holdings/Eliminations 3Q2012
Shareholders' equity beginning of period	**52,877**	**50,514**	**37,602**	**36,629**	**26,570**	**25,165**	**-11,295**	**-11,280**
Net result for the period	1,434	609	633	664	850	-54	-49	-1
Unrealised revaluations of equity securities	150	33	225	-148	-75	181		
Unrealised revaluations of debt securities	927	3,334	365	749	562	2,592		-7
Deferred interest crediting to life policyholders	-208	-1,005			-208	-1,005		
Realised gains/losses equity securities released to P&L	-62	-432	1	-336	-63	-96		
Realised gains/losses debt securities transferred to P&L	18	-74	-1	-26	19	-48		
Change in cashflow hedge reserve	224	90	87	73	133	21	4	-4
Other revaluations	-45	66	-47	11	2	55		
Exchange rate differences	-612	-289	-100	-37	-510	-223	-2	-29
Changes in treasury shares	1	18					1	18
Employee stock options and share plans	27	48	27	28	15	17	-15	3
Dividend and Repurchase premium non-voting equity securities	-375						-375	
Dividend upstream			-2,125				2,125	
Other	1	-36	2	-5	5	-36	-6	5
Total changes	**1,480**	**2,363**	**-933**	**973**	**730**	**1,404**	**1,683**	**-15**
Shareholders' equity end of period	**54,357**	**52,877**	**36,669**	**37,602**	**27,299**	**26,570**	**-9,612**	**-11,295**

ING Group: Shareholders' equity

in EUR million	ING Group 31 Dec. 12	ING Group 30 Sep. 12	ING Bank N.V. 31 Dec. 12	ING Bank N.V. 30 Sep. 12	ING Verzekeringen N.V. 31 Dec. 12	ING Verzekeringen N.V. 30 Sep. 12	Holdings/Eliminations 31 Dec. 12	Holdings/Eliminations 30 Sep. 12
Share premium/capital	16,953	16,953	17,067	17,067	12,048	12,048	-12,162	-12,162
Revaluation reserve equity securities	2,337	2,249	1,385	1,159	892	1,030	60	60
Revaluation reserve debt securities	10,516	9,571	1,265	901	9,282	8,701	-31	-31
Revaluation reserve crediting to life policyholders	-5,673	-5,465			-5,673	-5,465		
Revaluation reserve cashflow hedge	2,689	2,465	-761	-848	3,548	3,415	-98	-102
Other revaluation reserves	607	609	327	330	285	284	-5	-5
Currency translation reserve	-763	-131	-264	-120	-253	233	-246	-244
Treasury shares	-410	-411					-410	-411
Retained earnings and other reserves	28,101	27,037	17,650	19,113	7,170	6,323	3,281	1,601
Total	**54,357**	**52,877**	**36,669**	**37,602**	**27,299**	**26,570**	**-9,612**	**-11,295**

Insurance and investment contracts
Insurance and investment contracts decreased by EUR 4 billion to EUR 230 billion. Excluding negative currency effects, Insurance and investment contracts increased by EUR 2 billion. This increase mainly reflects an increase in the provision for risk of policyholders, mirroring the movement in the investments for risk of policyholders.

Customer deposits
Customer deposits grew by EUR 10 billion to EUR 455 billion, including EUR 4 billion of higher savings accounts, following net inflows in the Netherlands and Germany. Corporate deposits were up by EUR 6 billion, and primarily consisted of deposits from asset managers and corporate treasuries at Commercial Banking.

Shareholders' equity
Shareholders' equity rose by EUR 1.5 billion to EUR 54.4 billion, mainly due to the quarterly net profit of EUR 1.4 billion. Positive revaluations on the investment portfolio were offset by negative exchange rate differences and the premium paid on the repayment of the core Tier 1 securities to the Dutch State. Shareholders' equity per share increased from EUR 13.91 at the end of September 2012 to EUR 14.30 on 31 December 2012.

Revaluation reserves
The Revaluation reserve debt securities increased from EUR 9.6 billion at the end of September to EUR 10.5 billion at the end of December 2012, mainly as a consequence of lower interest rates and lower credit spreads. The Currency translation reserve decreased by EUR 0.6 billion to EUR -0.8 billion, primarily due to the strengthening of the euro against the US dollar and the Japanese yen.

The Revaluation reserve on debt securities includes EUR 8.0 billion (pre-tax and before crediting to policyholders) related to government bonds. This amount comprises EUR 0.2 billion of negative revaluation reserves for government bonds from Greece, Italy, Ireland, Portugal, Spain and Cyprus, which was more than offset by EUR 8.2 billion of positive revaluation reserves for government bonds from other countries.

Annual development balance sheet total
Compared with year-end 2011, ING Group's balance sheet decreased by EUR 111 billion, mainly due to the divestments of ING Direct USA, ING Direct Canada and Insurance Malaysia. Excluding divestments and currency effects, ING Group's balance sheet shrank by EUR 17 billion compared with 31 December 2011. The decline at ING Bank, which is fully in line with the Ambition 2015 objectives, was partly offset by positive revaluations on debt securities and investments for risk of policyholders at Insurance due to lower interest rates and lower credit spreads.

CAPITAL MANAGEMENT

Capital base: ING Group			
In EUR million unless stated otherwise		31 Dec. 12	30 Sep. 12
(a)	Shareholders' equity	54,357	52,877
(b)	Core Tier 1 securities	2,250	3,000
(c)	Group hybrid capital	9,223	9,357
(d)	Group leverage (core debt)	7,100	8,037
	Total capitalisation (Bank + Insurance)	**72,929**	**73,270**
(f)	Required regulatory adjustments	-8,963	-8,086
	Group leverage (core debt)	-7,100	-8,037
(e)	**Adjusted equity (= a + b + c + f)**	**56,866**	**57,147**
	Debt/equity ratio (d/(d+e))	11.1%	12.3%
(g)	Total required capital (j+m)	38,320	39,528
	FiCo ratio (= (h+k-d)/g)	165%	166%

Capital ratios: ING Bank			
In EUR million unless stated otherwise		31 Dec. 12	30 Sep. 12
	Shareholders' equity	36,669	37,602
	Required regulatory adjustments	-3,469	-2,960
	Core Tier 1	33,200	34,641
	Hybrid Tier 1	6,774	6,871
	Total Tier 1 capital	**39,975**	**41,512**
	Other capital	7,142	7,373
(h)	**BIS Capital**	**47,116**	**48,885**
	Risk-weighted assets	278,656	286,480
(j)	Required capital Basel II *	22,292	22,918
(j)	Required capital based on Basel I floor *	28,774	29,617
	Basel II core Tier 1 ratio	**11.9%**	**12.1%**
	Basel II Tier 1 ratio	**14.3%**	**14.5%**
	Basel II BIS ratio**	**16.9%**	**17.1%**

*) required capital is the highest of the two
**) pre-floor

Capital ratios: ING Insurance			
In EUR million unless stated otherwise		31 Dec. 12	30 Sep. 12
	Shareholders' equity	27,299	26,570
	Hybrids issued by ING Group	2,438	2,476
	Hybrids issued by ING Insurance	476	1,726
	Required regulatory adjustments	-6,891	-6,044
(k)	**Total capital base**	**23,322**	**24,727**
(m)	EU required capital	9,523	9,911
	IGD Solvency I ratio (k/m)	**245%**	**249%**

Note that the actual required regulatory adjustments for IGD capital and the EU required capital may be different from the estimate since the statutory results are not final until filed with the regulators.

Main credit ratings of ING at 12 February 2013						
	Standard & Poor's		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
ING Groep N.V.	A	Negative	A3	Negative	A	Negative
ING Bank N.V.	A+	Negative	A2	Negative	A+	Negative
ING Verzekeringen N.V.	A-	Negative	Baa2	Developing	A-	Negative

Equity market sensitivities have been reduced compared to the previous quarter as a result of updated hedge targets and changes to models and assumptions in the US and also reflect lower impairment risk in the Benelux, resulting from a reduced direct equity portfolio in combination with higher stock prices.

ING Group
Core debt in the Group holding company was reduced to EUR 7 billion following a EUR 1 billion equity upstream from the Bank in November 2012. The Group debt/equity ratio improved to 11.1% from 12.3%. The Financial Conglomerate Directive (FiCo) ratio for the Group declined marginally from 166% at the end of September to 165% because a reduction in required capital was offset by a lower capital base following the payment of EUR 1.125 billion to the Dutch State, which included a premium of EUR 375 million to repay part of the core Tier 1 securities issued in 2008.

ING Bank
ING Bank's core Tier 1 ratio remained strong at 11.9%, supported by the gain on the sale of ING Direct Canada, which helped to partially fund a dividend upstream of EUR 2.125 billion to repay part of the core Tier 1 securities and reduce the Group leverage. Risk-weighted assets were reduced by EUR 8 billion, including EUR 2 billion of negative currency impacts which primarily related to the sale of ING Direct Canada as well as lower lending volumes and de-risking of the investment portfolio.

The implementation of Basel III in the EU has been delayed, however ING Bank is already meeting most Basel III requirements. The core Tier 1 ratio on a fully loaded basis stands at 10.4%, exceeding the Bank's target of at least 10%. The impact is calculated on an immediate implementation without future management actions.

ING Bank funding
In the fourth quarter of 2012, ING Bank issued EUR 6.7 billion of long-term debt by taking advantage of continued positive momentum in the capital markets. ING Bank completed three public benchmark sized issuances in three different jurisdictions in the fourth quarter. It is worth noting that following its debut issuance in the Japanese Probond market in April 2012, the Bank successfully tapped the market again in December by adding JPY 175.9 billion (EUR 1.7 billion) of new funding to its balance sheet.

In 2012, ING Bank issued EUR 33.1 billion of debt with a tenor of more than one year compared with EUR 18 billion of long-term debt maturing in the whole of 2012, successfully covering its 2012 funding needs and pre-funding its 2013 requirements. ING Bank has EUR 20.7 billion of debt with a tenor of more than one year maturing in 2013.

ING Insurance

The Insurance Group Directive ratio (IGD) declined from 249% to 245% following the redemption of a EUR 1.25 billion hybrid security by ING Verzekeringen N.V. in December 2012. This security had a change of control clause that would be triggered by the divestment of Insurance Asia. The IGD was also impacted by a deterioration of the solvency position at NN Life resulting from new updated mortality assumptions and the impact of market developments. These factors were offset by an improvement in the IGD ratio due to the sale of the insurance business in Malaysia, which had a positive impact on equity of EUR 0.7 billion and generated a release of the required solvency capital.

The sale of the insurance business units in Hong Kong, Macau and Thailand, announced in October, as well as the sale of the investment management business in Malaysia, announced in December 2012, are expected to close in the first quarter of 2013. The sale of the stake in China Merchants Fund and the investment management business in Thailand both announced in the fourth quarter, as well as the sale of ING's interest in ING Vysya Life Insurance, announced in January 2013, are expected to close in the first half of 2013.

The US Risk Based Capital Ratio increased from 516% to an estimated 531%. The improvement was driven by portfolio restructuring actions taken during the quarter to reduce earnings volatility, release capital and increase liquidity. The December ratio is still an estimate and will become final at February 28th.

Dividend policy

ING's policy is to pay dividends in relation to the long-term underlying development of cash earnings. Dividends will only be paid when the Executive Board considers such a dividend appropriate. Given the uncertain financial environment, increasing regulatory requirements and ING's priority to repay the remaining outstanding core Tier 1 securities, the Executive Board will not propose to pay a dividend over 2012 at the Annual General Meeting in May 2013. ING intends to resume dividend payments on common shares when all remaining core Tier 1 securities have been repaid to the Dutch State and regulatory capital requirements have been met.

Ratings

In November 2012, Standard & Poor's revised the economic risk score for the Netherlands to reflect a more protracted downturn in the Netherlands and in the wider Eurozone. As a result, the long-term ratings outlook for ING Group and ING Bank were revised from stable to negative. There were no further rating changes for ING Group, ING Bank and ING Insurance.

Fitch Ratings has affirmed ING Group and ING Bank ratings on 6 February 2013 and revised the outlook to negative from stable. The rating actions follow the revision of the outlook on the AAA of the Netherlands to negative from stable on 5 February 2013.

Number of shares

The total number of shares outstanding in the market was 3,801 million at the end of December 2012 versus 3,802 million at the end of September 2012. The total number of shares equals the 3,801 million outstanding in the market plus treasury shares, which increased slightly from 29.7 million at the end of September 2012 to 30.1 million at the end of December 2012.

New pension accounting requirements under IFRS (revised IAS19)

On 1 January 2013, the revised IAS 19 on pensions will come into effect, requiring immediate recognition of 'unrecognised actuarial gains and losses' through equity. The impact on ING Group's capital would be approximately EUR -2.6 billion, of which EUR -1.7 billion at Bank and EUR -0.9 billion at Insurance. The pro-forma Group debt/equity ratio would increase from 11.1% to 11.6%. The Bank's core Tier 1 ratio would be reduced from 11.9% to 11.3%; however, this 60 basis point impact was already reflected in ING's expected Basel III impact, which will phase out net pension assets from capital calculations over time. The IGD ratio for Insurance would decline from 245% to 236%. However, it is still uncertain whether this full effect will be reflected immediately in capital ratios as discussions with regulatory authorities on transitioning are ongoing. The recognition of 'unrecognised actuarial gains and losses' through equity will create volatility in equity and capital going forward.

BUSINESS & SUSTAINABILITY HIGHLIGHTS

Customer preferences and habits are changing, and the demands on the financial industry from regulators, customers, shareholders and society at large are increasing. ING recognises the importance of these trends and has initiatives focused on customer centricity, operational excellence and sustainability at the core of its strategy.

Improving the customer experience

Seeking direct input and feedback from customers in an open dialogue is vital in order to keep up with today's consumer trends and preferences. Social media is an increasingly important channel for engaging with customers. Our activities on social media were recognised in the fourth quarter of 2012 when ING Netherlands was named the number one social media brand in the Netherlands by Social Embassy. ING was cited by the jury as being one of the few banks that knows how to foster constructive interaction on social media about financial products and services.

In January 2013, ING Bank Slaski in Poland introduced ING BusinessMobile, a mobile app to help corporate clients manage their funds in a secure and convenient environment, including signing and sending orders via ING´s internet banking system. A similar app is already in use at ING Netherlands and ING Belgium.

Another way ING is improving the customer experience is by encouraging customers to improve their financial knowledge. ING Insurance Europe launched an online 'financial personality' test in seven European countries, that is helping consumers become more aware of their financial behavior. This tool is available free of charge to the general public.

Tailored insurance offerings

ING Insurance Czech Republic launched a new product designed especially for women. 'For You' offers women not only financial support in case of a cancer diagnosis, but also a community platform where women can learn about prevention and treatment, share their experiences and discuss their concerns with medical professionals. 'For You' is a key project for Insurance Central and Rest of Europe. If this pilot is successful in the Czech Republic, it will be introduced in other European countries.

Customer and quality awards

In the Netherlands, Nationale-Nederlanden won first place for Pensions and second place for Insurance in a well-known annual survey by Management Team, a Dutch business magazine, which gauges companies' level of satisfaction with their financial service providers. In Slovakia, ING Insurance was awarded first place in the Golden Coin Competition 2012 for its unit-linked life insurance product 'ING Smart' (in the category 'public poll'). In the same competition, 'ING Smart Senior', a product designed for people aged 55 and over, was named 'Newcomer of the Year'.

ING in society

ING's sustainability approach focuses on achieving long-term business success for both ING and its clients while contributing towards economic development, a healthy environment and a stable society. During the fourth quarter, ING made further progress in embedding sustainability into its business activities.

ING Sustainable Procurement Programme

In 2012, ING initiated its Sustainable Procurement Programme in order to fully integrate sustainability into the procurement process. This is an important step in translating our ambitions into tangible guidelines. As a signatory to the UN Global Compact (UNGC), ING has asked its suppliers to comply with the UNGC principles, which promote human rights, fair labour practices, environmental protection and anti-corruption.

Celebrating 12½ years of sustainable investments

The ING Sustainable Investment team, part of ING Private Banking in the Netherlands, recently celebrated its 12½-year anniversary. The ING Sustainable Investments strategy focuses on the economic implications of sustainable development from the perspectives of risk reduction and emerging opportunities. It also tries to identify investment opportunities that relate to important sustainability issues such as scarcity of raw materials and water, talent retention and renewable energy.

Unlocking potential value by identifying opportunities and/or risks through the use of environmental, social and governance indicators is also a strength of ING Investment Management (ING IM). In 2012, the assets under management of ING IM's Sustainable Equity Strategy tripled compared with year-end 2011 to EUR 837 million, driven by its consistent investment approach and solid performance record.

ING Global Challenge 2012

In 2012, ING held its Global Challenge for the fifth straight year. This annual flagship event, which takes place around the United Nations' Universal Children's Day on 20 November, encourages ING employees all over the globe to rise to the challenge of supporting disadvantaged children and families. During the 2012 Global Challenge, ING employees raised over EUR 500,000 for projects aimed at children's education and welfare as well as other good causes. Money and awareness were raised through a variety of volunteer and fundraising activities that are as diverse as ING's employee base. Activities included a fitness challenge in Australia, a book donation programme in Poland, and a thank-a-thon in the Netherlands through which 4,500 UNICEF pledge donors received a personal telephone call to thank them for their support.

In partnership with UNICEF, ING's overall aim is to have positively impacted the lives of at least one million children in need by 2015, by providing access to schools, better quality education and safer and healthier living conditions.

Banking

CONSOLIDATED RESULTS

Banking: Consolidated profit and loss account

In EUR million	4Q2012	4Q2011	Change	3Q2012	Change	FY2012	FY2011	Change
Profit & loss								
Interest result	2,866	3,046	-5.9%	2,981	-3.9%	11,712	11,975	-2.2%
Commission income	509	490	3.9%	529	-3.8%	2,162	2,230	-3.0%
Investment income	18	-152		393	-95.4%	584	-507	
Other income	-222	-43		-168		-216	591	-136.5%
Total underlying income	**3,172**	**3,341**	**-5.1%**	**3,736**	**-15.1%**	**14,241**	**14,289**	**-0.3%**
Staff expenses	1,257	1,224	2.7%	1,264	-0.6%	5,069	5,101	-0.6%
Other expenses	1,108	885	25.2%	884	25.3%	3,621	3,417	6.0%
Intangibles amortisation and impairments	35	122	-71.3%	51	-31.4%	211	307	-31.3%
Operating expenses	2,400	2,231	7.6%	2,199	9.1%	8,900	8,824	0.9%
Gross result	**772**	**1,109**	**-30.4%**	**1,537**	**-49.8%**	**5,341**	**5,465**	**-2.3%**
Addition to loan loss provision	588	445	32.1%	554	6.1%	2,122	1,336	58.8%
Underlying result before tax	**184**	**664**	**-72.3%**	**983**	**-81.3%**	**3,219**	**4,128**	**-22.0%**
Taxation	133	153	-13.1%	254	-49.6%	981	1,073	-8.6%
Minority interests	20	22	-9.1%	24	-16.7%	91	79	15.2%
Underlying net result	**31**	**489**	**-93.7%**	**705**	**-95.6%**	**2,147**	**2,977**	**-27.9%**
Net gains/losses on divestments	891	265		-16		1,365	821	
Net result from divested units	8	71		27		84	474	
Special items after tax	-348	428		-46		-628	281	
Net result from Banking	**583**	**1,253**	**-53.5%**	**670**	**-13.0%**	**2,967**	**4,553**	**-34.8%**
Client balances (in EUR billion)[1]								
Residential Mortgages	292.6	283.2	3.3%	291.8	0.3%	292.6	283.2	3.3%
Other Lending	220.2	229.0	-3.8%	225.8	-2.5%	220.2	229.0	-3.8%
Funds Entrusted	462.7	435.3	6.3%	455.9	1.5%	462.7	435.3	6.3%
AUM/Mutual Funds	56.5	53.9	4.8%	55.6	1.6%	56.5	53.9	4.8%
Profitability and efficiency[1]								
Interest margin	1.33%	1.38%		1.34%		1.32%	1.38%	
Cost/income ratio	75.7%	66.8%		58.8%		62.5%	61.8%	
Return on equity based on IFRS-EU equity	0.3%	5.7%		7.6%		5.9%	8.8%	
Return on equity based on 10.0% core Tier 1[2]	0.7%	7.1%		10.0%		7.7%	10.9%	
Staff (FTEs end of period)	65,827	67,205	-2.1%	66,785	-1.4%	65,827	67,205	-2.1%
Risk[1]								
Non-performing loans/total loans	2.5%	2.0%		2.3%		2.5%	2.0%	
Stock of provisions/provisioned loans	36.9%	41.2%		37.6%		36.9%	41.2%	
Risk costs in bp of average RWA	84	62		76		73	48	
Risk-weighted assets (end of period)	278,656	293,761	-5.1%	282,984	-1.5%	278,656	293,761	-5.1%
RAROC after tax	2.6%	8.7%		13.3%		10.3%	11.7%	
Economic Capital (average over period)	21,933	24,085	-8.9%	23,763	-7.7%	23,704	23,609	0.4%

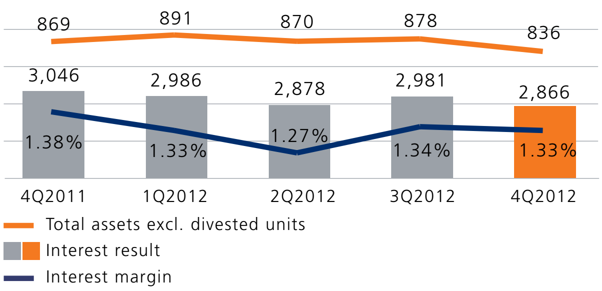
1) Key figures based on underlying figures except loans figures
2) Underlying after-tax return divided by average equity based on 10.0% core Tier 1 ratio (annualised)

Challenging economic conditions and incidental items weighed on the Bank's fourth-quarter results. ING Bank posted an underlying result before tax of EUR 184 million, including EUR 188 million of negative CVA/DVA adjustments and a EUR 175 million charge for the Dutch bank tax. Excluding all market-related items, results declined 20.0% on a year ago, mainly due to higher risk costs, and were down 36.2% sequentially primarily due to seasonally lower activity in Financial Markets, higher liquidity costs, and lower results at Retail Banking. The underlying interest margin was largely unchanged at 1.33%. Excluding the Dutch bank tax, expenses were stable year-on-year and up 1.2% sequentially, reflecting strong cost control. Risk costs remained elevated amid the weak economic environment.

Total underlying income

Total underlying income decreased 5.1% year-on-year to EUR 3,172 million, primarily due to de-risking and the impact of CVA/DVA adjustments. ING sold EUR 0.9 billion of mainly southern European debt securities, which led to EUR 126 million of de-

TOTAL ASSETS (in EUR billion), INTEREST RESULT (in EUR million) AND INTEREST MARGIN (in %)



risking losses, but released EUR 1 billion of risk-weighted assets. CVA/DVA adjustments amounted to EUR -188 million compared with positive CVA/DVA adjustments of EUR 120 million one year ago. The year-ago quarter also included EUR 165 million of impairments (mainly on Greek government bonds) and EUR 109 million of de-risking losses. Excluding CVA/DVA and all market-related items, income was up 1.0%. On a sequential basis, total underlying income declined 15.1%, due in part to the third-quarter EUR 323 million gain on the sale of ING's stake in Capital One. Excluding that impact, CVA/DVA adjustments and other market-related items, income decreased 8.2% quarter-on-quarter. This was primarily due to higher liquidity costs as the Bank lengthened its funding profile (recorded within Bank Treasury), seasonality at Financial Markets, and lower margins on savings as interest rates declined. Furthermore, the third quarter of 2012 included the positive impact on the revaluation of derivatives used for hedging purposes at Bank Treasury.

The underlying interest margin declined modestly to 1.33% from 1.34% in the third quarter of 2012, as a decrease in interest results was largely offset by the impact of a lower average balance sheet as a result of balance sheet optimisation. The interest result declined 5.9% from a year ago and 3.9% sequentially, primarily due to lower Financial Markets results, higher liquidity costs as ING Bank lengthened its funding profile, and lower returns on the bond portfolio due to de-risking and declining interest rates. The interest result for lending activities improved versus both comparable quarters, supported by re-pricing and moderate volume growth in mortgages, which more than offset the impact of lower volumes in other lending. The interest result on savings declined, reflecting lower returns from the investment portfolio, while client savings rates were kept largely unchanged in the quarter. ING continued to attract strong retail deposit inflows in the fourth quarter, and rates were subsequently reduced in the Netherlands in early 2013.

The Bank continued to make progress on its Ambition 2015 priorities to optimise the balance sheet by growing customer deposits and focusing on loan growth with strong pricing discipline. The Bank generated EUR 8.2 billion of net funds entrusted inflow during the quarter, including EUR 6.2 billion in Retail Banking and EUR 1.9 billion in Commercial Banking, mainly from higher corporate deposits. Despite a EUR 1.8 billion net production in mortgages, total net lending declined by EUR 2.5 billion, reflecting moderate demand.

Commission income rose 3.9% to EUR 509 million from EUR 490 million in the fourth quarter of 2011. Compared with the previous quarter, commission income fell 3.8%, mainly in the Commercial Banking product groups Industry Lending and Bank Treasury.

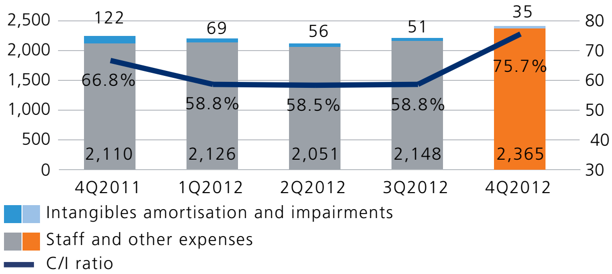
Investment income improved to EUR 18 million from a loss of EUR 152 million in the fourth quarter of 2011. The improvement was caused by lower impairments, which dropped to EUR 7 million this quarter compared with EUR 165 million in the fourth quarter of 2011 (which included EUR 133 million of impairments on Greek government bonds). The result on the sale of bonds and equities was EUR 16 million (including EUR 11 million of de-risking losses; rest in Other income), down from EUR 19 million a year ago. Compared with the third quarter of 2012, which included the EUR 323 million gain on Capital One and a dividend from Bank of Beijing, investment income dropped by EUR 375 million.

Other income declined to a loss of EUR 222 million compared with a loss of EUR 43 million in the fourth quarter of 2011. The decline from a year ago was mainly caused by the EUR -188 million of CVA/DVA adjustments (mainly reflecting a further tightening of ING Bank's credit spread), of which EUR -131 million was in Commercial Banking and EUR -56 million in the Corporate Line, compared with EUR 120 million of positive CVA/DVA adjustments in the fourth quarter of 2011. De-risking losses from the selective sale of bonds in the loans and receivables portfolio and from the sale of a real estate development project as ING runs off that portfolio amounted to EUR 140 million versus EUR 86 million of losses in the fourth quarter of 2011. Compared with the third quarter of 2012, Other income dropped by EUR 54 million.

Operating expenses

Stringent expense management remained a high priority at ING Bank. Nonetheless, operating expenses rose 7.6% from a year ago due to the EUR 175 million annual charge for the Dutch bank tax, which was introduced in 2012. Excluding this charge, operating expenses were stable, as lower impairments and strong cost control offset the impact of annual salary increases, higher costs related to other regulatory measures, and negative currency effects. On a sequential basis, expenses rose 1.2%, excluding the Dutch bank tax, mainly due to higher marketing costs in Retail Banking for year-end campaigns. The underlying cost/income ratio was 75.7%, or 63.4% excluding market impacts, the Dutch bank tax and CVA/DVA adjustments.

OPERATING EXPENSES (in EUR million) AND COST/INCOME RATIO (in %)



In the fourth quarter of 2012, the number of internal staff decreased by 958 to 65,827 FTEs. The decline was mainly in Retail Netherlands due to the previously announced cost-containment initiatives and to a lesser extent in Commercial Banking. The number of external staff declined by some 350 FTEs to around 5,300 FTEs.

In November 2011, Retail Netherlands announced a strategic transformation programme to maintain its competitive position. Retail Netherlands is now entering a second phase of initiatives which will increase operational excellence primarily through the additional streamlining of IT systems, as well as further development and integration of our mobile banking offerings to adapt to changing customer preferences. These measures, combined with steps to respond to lower volumes and a leaner business environment in certain product areas, are expected to result in a further reduction of the workforce by around 1,400 FTEs (of which 400 external FTEs) over the next three years. Apart from these redundancies, about 250 new front-office jobs will be created within Personal and Private Banking to maintain high-quality customer service and attract liabilities. Approximately EUR 100 million of investments will be made over the next three years to support this second phase. An after-tax provision of EUR 111 million was recorded as a special item in the fourth quarter. Structural cost savings are expected to reach an annual run-rate of EUR 120 million from 2016 onwards. The first phase of this programme, which is nearing completion, will lead to EUR 330 million of structural cost savings as of 2014. Combined, the two phases are already expected to generate EUR 430 million of annual cost savings in 2015.

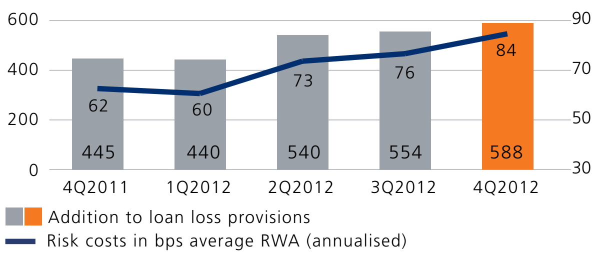
ING Bank Belgium is also accelerating strategic projects aimed at further aligning its products and services with the new mobile banking environment. Customers in Belgium have been embracing new technologies faster than anticipated, leading to greater use of digital services and prompting further process automation. The shift to the digital banking channel is expected to reduce employment by approximately 1,000 FTEs by the end of 2015, through natural attrition, leading to EUR 150 million in annual cost savings by 2015.

Loan loss provisions

Underlying risk costs remained elevated in the fourth quarter, consistent with the ongoing weak macroeconomic environment. ING Bank added EUR 588 million to the provision for loan losses, up from EUR 554 million in the previous quarter and EUR 445 million in the fourth quarter of 2011. The increase compared with the third quarter was fully attributable to Commercial Banking due to higher risk costs in Structured Finance, while risk costs at Real Estate Finance were relatively stable. Net additions to the loan loss provisions declined slightly at Retail International and remained elevated in Retail Benelux. Total non-performing loans at ING Bank rose in the fourth quarter by EUR 0.4 billion to EUR 14.9 billion.

Total underlying fourth-quarter risk costs at ING Bank were 84 basis points of average risk-weighted assets. ING expects risk costs to remain elevated, in line with the weak economic climate.

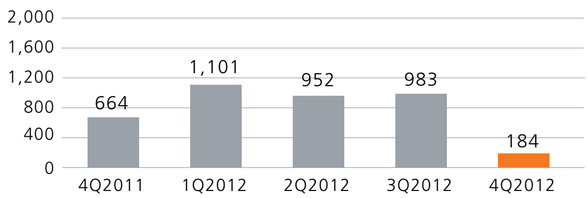
ADDITIONS TO LOAN LOSS PROVISIONS (in EUR million)



Underlying result before tax

The underlying result before tax fell 72.3% to EUR 184 million from EUR 664 million in the fourth quarter of 2011, partly caused by the strong increase in risk costs. The gross result, before risk costs, declined 30.4% mainly due to the negative swing in CVA/DVA adjustments and the Dutch bank tax. Compared with the third quarter, which included the EUR 323 million gain on the sale of ING's stake in Capital One, result before tax dropped 81.3%.

UNDERLYING RESULT BEFORE TAX (in EUR million)



Net result

The underlying net result declined to EUR 31 million from EUR 489 million in the fourth quarter of 2011. The underlying effective tax rate rose to 72.3% (versus 23.0% a year ago). This was, next to a relative low result, mainly due to the fact that no tax benefits could be recorded for some losses.

ING Bank's quarterly net result was EUR 583 million, including the impact of divestments and special items. The sale of ING Direct Canada closed on 15 November 2012, resulting in a net transaction gain of EUR 1,135 million. ING Bank's underlying results for all prior quarters have been restated to reflect this sale. A loss of EUR 244 million was booked in the fourth quarter for the announced sale of ING Direct UK, bringing the total expected after-tax loss for this transaction to EUR 260 million. Special items after tax amounted to EUR -348 million and mainly related to further restructuring in Retail Netherlands, the impact of the earlier-announced strategic review at Commercial Banking, and costs related to the separation of Bank and Insurance.

Key metrics

Underlying risk-weighted assets (RWA) decreased 1.5% to EUR 279 billion from EUR 283 billion at the end of September, of which EUR -2 billion was due to currency effects. Excluding currency impacts, the decrease was caused by the sale of European debt securities and lower lending volumes. The impact of risk migration remained limited, despite the continuing challenging economic conditions in the fourth quarter.

ING Bank's core Tier 1 ratio decreased to 11.9% from 12.1% at the end of September 2012, as the EUR 2,125 million dividend payment to ING Group was largely offset by a decline in RWA and the retained profit.

The full-year underlying return on IFRS-EU equity decreased to 5.9% from 8.8% in 2011. The decline was caused by lower results, primarily reflecting higher risk costs, as well as a higher equity base. The Ambition 2015 target for return on IFRS-EU equity is 10-13%. The underlying return on equity based on a 10% core Tier 1 ratio was 7.7% compared with 10.9% in 2011.

RETAIL BANKING

Retail Banking: Consolidated profit and loss account

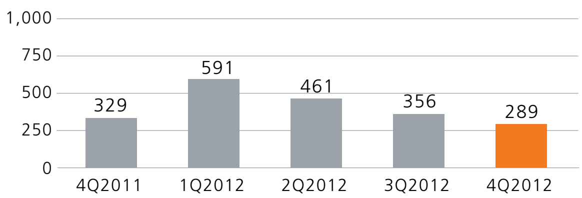
	Total Retail Banking		Retail Banking Benelux				Retail International			
			Netherlands		Belgium		Germany		Rest of World	
In EUR million	4Q2012	4Q2011	4Q2012	4Q2011	4Q2012	4Q2011	4Q2012	4Q2011	4Q2012	4Q2011
Profit & loss										
Interest result	1,996	2,061	828	896	437	412	285	292	446	460
Commission income	297	299	117	124	76	78	20	24	83	73
Investment income	3	-127	0	0	-3	-7	0	-49	5	-71
Other income	-81	-31	4	11	24	29	-19	-67	-90	-4
Total underlying income	**2,214**	**2,201**	**950**	**1,031**	**534**	**512**	**286**	**201**	**444**	**457**
Staff and other expenses	1,606	1,561	611	600	365	361	174	174	455	426
Intangibles amortisation and impairments	6	27	1	21	5	5	0	0	0	1
Operating expenses	1,612	1,588	612	621	370	366	174	174	456	427
Gross result	**602**	**614**	**338**	**411**	**164**	**145**	**112**	**27**	**-11**	**31**
Addition to loan loss provision	313	285	193	191	42	42	26	11	53	41
Underlying result before tax	**289**	**329**	**145**	**220**	**122**	**104**	**86**	**15**	**-64**	**-10**
Client balances (in EUR billion)[1]										
Residential Mortgages	292.6	283.2	143.6	141.8	30.6	28.9	59.9	56.5	58.5	55.9
Other Lending	94.5	91.7	38.5	41.5	33.2	30.7	3.9	3.3	18.9	16.2
Funds Entrusted	394.7	368.8	115.8	106.7	74.6	71.3	96.7	87.6	107.7	103.3
AUM/Mutual Funds	56.3	53.5	16.0	15.2	27.3	26.1	6.1	5.7	6.9	6.5
Profitability and efficiency[1]										
Cost/income ratio	72.8%	72.1%	64.4%	60.2%	69.3%	71.6%	60.9%	86.7%	102.6%	93.3%
Return on equity based on 10.0% core Tier 1[2]	4.4%	7.3%	8.6%	13.4%	18.0%	18.1%	9.1%	3.4%	-6.7%	-0.7%
Risk[1]										
Risk costs in bp of average RWA	86	80	153	155	82	86	46	22	40	31
Risk-weighted assets (end of period)	146,333	142,525	50,865	49,348	20,119	20,049	22,605	20,591	52,744	52,536

1) Key figures based on underlying figures

2) Underlying after-tax return divided by average equity based on 10.0% core Tier 1 ratio (annualised)

The underlying result before tax of Retail Banking declined to EUR 289 million in the fourth quarter of 2012 from EUR 329 million a year earlier. Results decreased due to lower margins on savings in the current low interest rate environment and from losses on selective de-risking of the investment portfolio to protect capital. Retail Banking continued to optimise its balance sheet: fourth-quarter net production in funds entrusted was EUR 6.2 billion, the lending portfolio grew by EUR 1.8 billion, and another EUR 0.8 billion of European debt securities were sold at a loss of EUR 115 million. Risk costs remained elevated, but were down slightly from the third quarter, while operating expenses increased mainly due to higher marketing costs.

UNDERLYING RESULT BEFORE TAX - RETAIL BANKING (in EUR million)



Underlying income rose 0.6% to EUR 2,214 million, supported by lower impairments and losses from de-risking. Retail Banking realised EUR 115 million of losses related to the selective reduction of European debt exposures in the fourth quarter, while the year-ago quarter included EUR 100 million of impairments on Greek government bonds and EUR 79 million of de-risking losses. Excluding these items, income was 2.1% lower than a year ago, mainly due to margin pressure on savings.

The interest result declined 3.2% from a year ago and 2.1% on the previous quarter, due to lower margins on savings in most countries which reflected the low interest rate environment and the impact of de-risking. Savings volumes increased strongly, with net production of funds entrusted of EUR 6.2 billion, primarily in Germany and the Netherlands. Lending growth remained modest due to low demand in many segments and strong pricing discipline. Margins on lending improved slightly versus the previous quarter, while the lending portfolio rose by EUR 1.8 billion, fully attributable to mortgages. Other lending was stable as a decline in the Netherlands was offset by the other regions.

Commission income declined 0.7% from a year ago to EUR 297 million. Investment income and other income amounted to EUR -78 million, including EUR 115 million of de-risking losses. This is an improvement of EUR 81 million on the fourth quarter of 2011, which included EUR 179 million of market impacts. Excluding these losses, investment and other income rose by EUR 17 million.

Operating expenses increased 1.5% from a year ago to EUR 1,612 million as the cost-reduction programmes largely offset the impact of annual salary increases, inflation, currency impacts and business growth. Compared with the third quarter, costs rose 5.8%, mainly due to higher marketing costs and IT expenses, the salary increase in the Netherlands and the seasonal impact of holidays on personnel expenses.

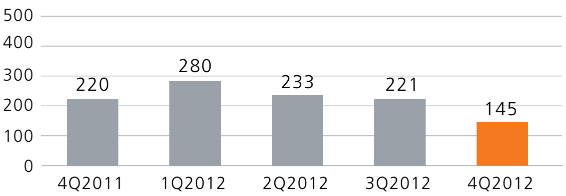
Risks costs remained elevated at EUR 313 million, reflecting the weak economic environment. The addition to the provision for loan losses was 1.9% lower than in the previous quarter. The decline was mainly related to a provision taken for a CMBS position in the third quarter of 2012 and a release in Australia, which more than offset higher risk costs in most other countries of Retail International, while risk costs in the Benelux were stable.

Risk-weighted assets increased by EUR 1.3 billion in the fourth quarter to EUR 146.3 billion. The increase reflects risk migration in the Dutch mortgage portfolio and business growth in Retail International, partly offset by negative currency impacts and the sale of debt securities.

The underlying return on equity, based on a 10% core Tier 1 ratio, dropped to 4.4% in the fourth quarter from 7.3% in the same quarter of 2011 due to the decline in results.

RETAIL NETHERLANDS

UNDERLYING RESULT BEFORE TAX - NETHERLANDS (in EUR million)



Results from Retail Netherlands declined due to the low interest rate environment and continued elevated risk costs in business banking. The underlying result before tax declined to EUR 145 million from EUR 220 million in the fourth quarter of 2011 and EUR 221 million in the third quarter.

Total underlying income fell 7.9% from a year ago to EUR 950 million, and was 2.3% lower than in the third quarter as the interest margin on savings and current accounts remained under pressure amid the low interest rate environment. The main client savings rates remained unchanged in the fourth quarter, after a 15-20 basis-point reduction in the third quarter, and they were reduced a further 20 basis points in early 2013. The interest result on lending was slightly up as higher volumes and margins on mortgages were only partly offset by lower volumes in business lending. Funds entrusted showed a net inflow of EUR 1.6 billion including a shift from fixed-term deposits to variable savings accounts. Demand for credit remained low: net mortgage production was EUR 0.3 billion, while other lending, mainly business lending, declined by EUR 1.6 billion.

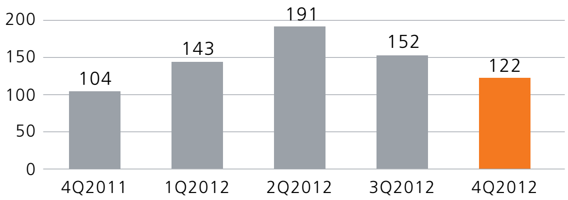
Operating expenses declined 1.4% compared with a year ago as ongoing cost control, process improvement and a shift towards mobile and internet banking helped offset the impact of salary increases and higher IT expenses. The cost-reduction programme announced in 2011 is running ahead of plan. Headcount has been reduced by 1,838 out of an expected 2,700 by year-end 2013, and EUR 162 million of cost savings have been achieved out of the EUR 330 million per year expected by 2014. Compared with the previous quarter, expenses rose 7.4%, mainly due the seasonal impact of holidays on personnel expenses, higher IT costs, year-end marketing expenses and the salary increase as of 1 October 2012. In the fourth quarter of 2012, Retail Netherlands introduced a second phase of strategic initiatives which will further increase operational excellence, primarily through the additional streamlining of IT systems and the further development and integration of the Bank's mobile banking offerings.

Risk costs remained at elevated levels, rising to EUR 193 million versus EUR 191 million a year ago and EUR 181 million in the previous quarter. Risk costs for the business banking segment climbed to EUR 148 million from EUR 121 million in the previous quarter, reflecting the worsened economic environment. Despite a slight increase of the NPL ratio to 1.4%, risk costs on mortgages remained relatively low, with a net addition of EUR 33 million versus EUR 44 million in the previous quarter.

Risk-weighted assets rose by EUR 1.1 billion to EUR 50.9 billion, mainly reflecting risk migration as house prices declined.

RETAIL BELGIUM

UNDERLYING RESULT BEFORE TAX - BELGIUM (in EUR million)



Retail Belgium had a solid quarter, reporting an underlying result before tax of EUR 122 million, up from EUR 104 million in the same quarter of 2011 but down from EUR 152 million in the third quarter. Income remained strong as higher client balances more than offset margin pressure due to the low interest rate environment. Operating expenses inched up, while risk costs declined on the previous quarter.

Underlying income rose 4.3% to EUR 534 million from EUR 512 million in the fourth quarter of 2011, mainly due to higher volumes and higher margins for most products. Compared with the previous quarter, underlying income declined 6.3% as a result of lower reinvestment returns for savings/deposits (reflecting the low interest rate environment) and lower income from financial markets-related products. The net lending growth was EUR 1.0 billion at slightly better margins. Funds entrusted decreased by EUR 0.3 billion, due to seasonal outflows in current accounts.

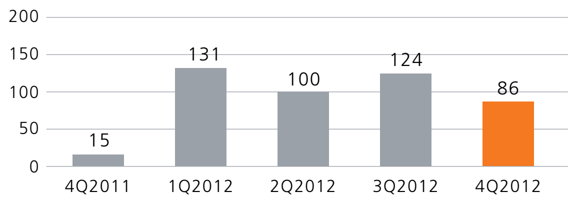
Operating expenses were up 1.1% compared with a year ago, mainly due to regular salary increases linked to inflation. Expenses were 1.9% higher than in the previous quarter; this was driven by higher marketing spending on year-end campaigns.

Risk costs remained elevated at EUR 42 million, but were flat compared with the fourth quarter of 2011. Compared with the third quarter of 2012, risk costs decreased by EUR 12 million, reflecting a lower level for business lending, while the net addition for mortgages remained low at EUR 5 million.

Risk-weighted assets were largely unchanged at EUR 20.1 billion on both comparable quarters.

RETAIL GERMANY

UNDERLYING RESULT BEFORE TAX - GERMANY (in EUR million)



Retail Germany's underlying result before tax improved to EUR 86 million from EUR 15 million in the fourth quarter of 2011, which contained EUR 82 million of impairments and de-risking losses, and a negative adjustment in the valuation of derivatives. The decline from EUR 124 million in the previous quarter was primarily related to hedge ineffectiveness, higher risk costs, and temporarily higher excess cash following a strong inflow in funds entrusted.

Underlying income rose 42.3% to EUR 286 million from EUR 201 million in the fourth quarter of 2011, which included EUR 42 million of impairments on Greek government bonds, EUR 40 million of de-risking losses and a EUR 45 million of negative adjustment in the valuation of derivatives related to the mortgage portfolio. Income in the current quarter included EUR 21 million of negative hedge ineffectiveness and no de-risking losses. Excluding these items, income decreased slightly as the impact of higher volumes only partially offset a lower interest margin as returns on the investment portfolio declined following de-risking. Compared with the previous quarter, underlying income was 7.4% lower, largely due to the hedge ineffectiveness, which was positive in the previous quarter, and the negative impact of increased cash balances. The net interest result rose slightly, driven by higher volumes and a stable net interest margin. Client rates on savings remained unchanged and funds entrusted increased by EUR 3.0 billion. The net production of retail lending, mainly mortgages, was EUR 1.0 billion.

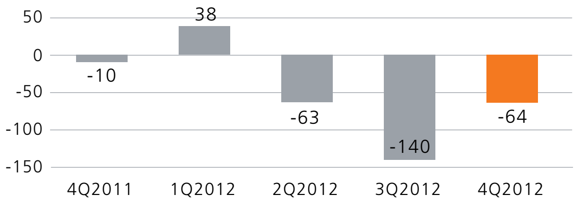
Operating expenses were stable compared with a year ago as lower marketing expenses offset higher personnel expenses, notably due to increased headcount. The 3.6% increase in operating expenses from the third quarter of 2012 is primarily due to higher marketing expenses for year-end campaigns.

Risk costs were up on both quarters, reflecting a slightly higher probability of default, while the fourth quarter of 2011 contained a release related to lower loss assumptions on consumer lending.

Risk weighted assets were EUR 22.6 billion, up EUR 0.6 billion from the previous quarter, primarily reflecting business growth.

RETAIL REST OF WORLD

UNDERLYING RESULT BEFORE TAX - REST OF WORLD (in EUR million)



Retail Rest of World's underlying loss before tax was EUR 64 million, narrowing from a loss of EUR 140 million in the third quarter as the impact of de-risking in Europe abated. The fourth-quarter result included EUR 115 million of losses from selective de-risking of the investment portfolio, compared with EUR 250 million of losses in the third quarter. The fourth quarter of 2011 included EUR 39 million of de-risking losses and EUR 54 million of impairments on Greek government bonds. Excluding these losses, the result was EUR 51 million, down on both quarters, due to the low interest rate environment and higher expenses.

Underlying income, excluding de-risking losses and impairments, was EUR 559 million, up 1.6% from a year ago, but 6.5% lower than in the previous quarter, which was supported by a dividend from Bank of Beijing. The interest result declined from the third quarter, due to lower margins on savings/deposits reflecting the impact of de-risking and higher cash balances following the sale of debt securities in the UK to facilitate the sale of that business to Barclays. Funds entrusted grew by EUR 1.9 billion, primarily driven by Poland, Australia and the UK, while France showed a net outflow. Margins on lending were up, and lending assets grew by EUR 1.0 billion, mainly in Turkey and India.

Operating expenses rose 6.8% from the fourth quarter of 2011, reflecting higher personnel expenses and higher IT spending. Compared with the third quarter, expenses were up 8.1%, mainly due to year-end marketing campaigns and higher IT spending.

The net addition to loan loss provisions increased to EUR 53 million from EUR 41 million a year ago, but it was down from EUR 67 million in the previous quarter, which included a specific provision taken for an impaired CMBS position. Excluding this specific provision, risk costs were higher than the third quarter, mainly due to a higher level of provisioning in Central Europe and India, partly offset by a release in Australia.

Risk-weighted assets at year-end were relatively stable at EUR 52.7 billion as business growth was offset by the sale of European debt securities and currency impacts.

COMMERCIAL BANKING

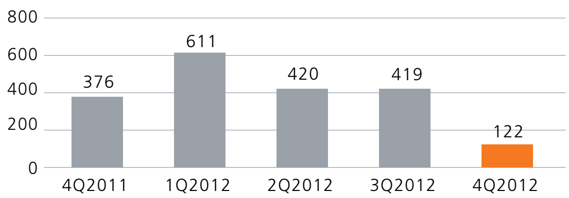
Commercial Banking: Consolidated profit and loss account

	Total Commercial Banking		Industry Lending		General Lending & Transaction Services		Financial Markets		Bank Treasury, Real Estate & Other	
In EUR million	4Q2012	4Q2011	4Q2012	4Q2011	4Q2012	4Q2011	4Q2012	4Q2011	4Q2012	4Q2011
Profit & loss										
Interest result	789	974	393	394	266	262	144	182	-14	136
Commission income	205	197	104	115	94	82	8	-7	-1	7
Investment income	10	-15	5	-12	0	0	0	0	5	-3
Other income excl. CVA/DVA	127	-106	-13	-1	6	5	74	43	61	-153
Underlying income excl. CVA/DVA	1,130	1,050	488	496	365	350	225	217	52	-13
Other income - DVA on structured notes	-50	53					-50	53		
Other income - CVA/DVA on derivatives	-81	64					-81	64		
Total underlying income	**999**	**1,166**	**488**	**496**	**365**	**350**	**94**	**333**	**52**	**-13**
Staff and other expenses	581	573	116	105	184	173	210	223	71	73
Intangibles amortisation and impairments	22	56	4	0	0	0	1	1	17	55
Operating expenses	603	629	120	105	184	173	211	224	88	128
Gross result	**397**	**537**	**368**	**392**	**181**	**177**	**-116**	**109**	**-36**	**-141**
Addition to loan loss provision	275	161	219	83	20	42	1	-1	35	36
Underlying result before tax	**122**	**376**	**150**	**308**	**160**	**136**	**-117**	**110**	**-71**	**-177**
Client balances (in EUR billion)[1]										
Residential Mortgages										
Other Lending	125.7	137.3	74.4	77.8	38.8	44.7	2.0	2.8	10.5	12.0
Funds Entrusted	68.0	66.4	1.8	1.6	34.4	33.8	3.9	3.2	27.9	27.7
AUM/Mutual Funds	0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.4
Profitability and efficiency[1]										
Cost/income ratio	60.3%	54.0%	24.5%	21.1%	50.5%	49.4%	222.9%	67.3%	170.8%	n.a.
Return on equity based on 10.0% core Tier 1[2]	2.4%	7.8%	13.0%	20.8%	13.3%	11.0%	-9.7%	13.1%	-39.5%	-48.5%
Risk[1]										
Risk costs in bp of average RWA	87	46	202	73	20	37	1	-1	108	89
Risk-weighted assets (end of period)	123,725	145,190	43,701	46,198	38,735	44,424	29,597	38,610	11,693	15,958

1) Key figures based on underlying figures
2) Underlying after-tax return divided by average equity based on 10.0% core Tier 1 ratio (annualised)

Commercial Banking's results were heavily impacted by negative credit and debt value adjustments as credit spreads contracted in the fourth quarter. The underlying result before tax fell to EUR 122 million, including EUR -131 million of CVA/DVA impacts. Excluding that impact, underlying profit before tax was EUR 253 million, down 2.7% from a year ago, due to higher risk costs. On a sequential basis, results excluding CVA/DVA fell 51.9%, reflecting seasonality in the Financial Markets business, higher liquidity costs and positive revaluations of derivatives in the third quarter. Income from the core lending businesses held up well as lower volumes were offset by higher margins. Expenses remained under control, supported by lower real estate impairments.

UNDERLYING RESULT BEFORE TAX - COMMERCIAL BANKING (in EUR million)



Total underlying income declined 14.3% from a year ago due to the EUR 131 million of negative CVA/DVA impact, while the fourth quarter of 2011 included a positive impact from CVA/DVA of EUR 116 million. Excluding both items, income rose 7.6%, mainly driven by Bank Treasury, Real Estate & Other, and in General Lending & Transaction Services. Compared with the third quarter, income fell 17.9%, excluding CVA/DVA impacts, reflecting lower income in Bank Treasury and seasonality in Financial Markets.

The interest result was 19.0% lower than a year ago and 9.7% lower than the third quarter, due to Bank Treasury and Financial Markets. The decline in Bank Treasury on both quarters is mainly due to higher funding costs, related to the lengthening of ING Bank's long-term funding profile, as well as lower interest from investments following de-risking of the investment portfolio. The interest result of the core lending businesses held up well as lower volumes were offset by higher margins.

Commission income rose 4.1% from a year ago, driven by General Lending & Transaction Services and Financial Markets, but it was 7.7% lower than the third quarter, due to a decline in Industry Lending and Financial Markets. Investment income was EUR 10 million versus EUR -15 million a year ago and EUR 34 million in the third quarter, which included a one-off gain of EUR 17 million on the sale of an equity stake.

Other income decreased to EUR -4 million from EUR 10 million in the fourth quarter of 2011, as the current quarter was impacted by the negative credit and debt valuation adjustments (CVA/DVA), whereas in the previous year the implementation of the "OIS curve" had a negative impact on Other income. Compared with the previous quarter, the decrease is due to Financial Markets and Bank Treasury, as the third quarter included the positive impact of revaluations of derivatives used for hedging purposes.

Operating expenses declined 4.1% from a year ago and were down 2.1% on the previous quarter due to lower impairments on Real Estate Development (RED) projects. Excluding these impairments, expenses increased 2.4% from a year ago and 1.6% on the previous quarter, mainly due to higher Belgian bank levies. Excluding the CVA/DVA impact and the impairments on RED, the cost/income ratio was 52.0%.
In November 2012, ING announced additional cost savings initiatives, which will lead to a reduction of the workforce of around 1,000 FTEs and to structural cost savings of approximately 260 million by 2015. As part of these initiatives, Commercial Banking took a pre-tax restructuring provision of EUR 191 million in the fourth quarter, which was booked as a special item and is therefore not included in the underlying results. A EUR 15 million release from an older provision partly offset the new provision.

Risk costs were EUR 275 million, up from EUR 161 million a year ago and EUR 235 million in the previous quarter, driven by Industry Lending. The increase versus the third quarter was led by Structured Finance, particularly Acquisition Finance, while risk costs in Real Estate Finance were in line with the previous quarter.

Risk-weighted assets (RWA) declined by EUR 5.6 billion in the fourth quarter to EUR 123.7 billion, reflecting lower lending volumes and negative currency effects.

INDUSTRY LENDING

Industry Lending booked an underlying result before tax of EUR 150 million, down 51.3% from a year ago and 33.3% from the previous quarter, mainly due to higher risk costs. Income slipped 1.6% from a year ago, as higher margins in Structured Finance and Real Estate Finance (REF) could not fully offset lower volumes, particularly in REF. Compared with the third quarter, income rose 2.5%, driven by higher margins in both Structured Finance and REF and higher volumes in Structured Finance. Operating expenses were up 14.3% compared with a year ago and up 10.1% from the third quarter, mainly due to higher costs in Structured Finance on the back of higher business volumes. The cost/income ratio increased to 24.5%, but remained relatively low. Risk costs were EUR 219 million, of which EUR 118 million were for Structured Finance, notably Acquisition Finance, and EUR 103 million for Real Estate Finance, in the Netherlands and Spain in particular.

GENERAL LENDING AND TRANSACTION SERVICES

The underlying result before tax from General Lending and Transaction Services increased 17.6% from a year ago and 23.1% from the third quarter to EUR 160 million, mainly driven by lower risk costs. Total income was 4.3% higher than prior year, mainly due to General Lending on the back of higher interest margins, offsetting lower volumes outstanding. Compared with the previous quarter, income was down 1.9%, mainly in Payment and Cash Management and Trade Financial Services, where the interest margin is under pressure. Expenses were up both versus year-on-year and the third quarter, due mainly to increased IT investments to enhance the product capabilities.

FINANCIAL MARKETS

Financial Markets posted a negative underlying result before tax of EUR -117 million, down from EUR 110 million in the fourth quarter of 2011 and EUR -18 million in the third quarter, reflecting the impact of CVA/DVA. The fourth quarter of 2012 included EUR -131 million of CVA/DVA adjustments, as credit spreads on ING narrowed at a faster rate than those of ING's counterparties. The CVA/DVA adjustments were EUR 116 million positive one year ago and EUR -107 million in the third quarter. Excluding CVA/DVA, results from Financial Markets were EUR 14 million in the fourth quarter, up from EUR -7 million a year ago, but down from EUR 89 million in the previous quarter, reflecting seasonally low results in the fourth quarter. Income excluding CVA/DVA increased 3.7% year-on-year due to higher results in Debt Capital Markets and a stable contribution to revenues from the client and sales flows. Income excluding CVA/DVA fell 28.3% from the third quarter, reflecting the traditionally slow last quarter of the year. Operating expenses decreased 5.8% from a year ago and 6.2% from the previous quarter, due to lower performance-related costs and less staff, which was partly connected to the strategic review of the Equity Markets business and the closure of the Mexico branch.

BANK TREASURY, REAL ESTATE AND OTHER

Bank Treasury, Real Estate and Other booked an underlying result before tax of EUR -71 million, up from EUR -177 million in the same quarter of 2011, but down from an EUR 83 million profit in the third quarter. Income was EUR 52 million versus EUR -13 million a year ago, which included the negative impact from the implementation of the new discounting curve (OIS) for the valuation of derivatives and negative revaluations on real estate. In the fourth quarter, higher liquidity costs (as the bank lengthened its funding profile) and low interest income (following de-risking in the investment portfolio in previous quarters) put income under pressure. The fourth quarter also included a EUR 25 million loss on the sale of a real estate development project in Germany. Income was 75.9% lower than in the third quarter, which included a positive impact on the revaluation of derivatives used for hedging purposes. Expenses excluding real estate impairments were in line with the fourth quarter of 2011 and increased 12.3% from the previous quarter, mainly due to higher costs from the implementation of the One Bank Treasury organisation. Impairments on real estate development projects were EUR 15 million, down from EUR 55 million a year ago and EUR 37 million in the third quarter. Risk costs, mainly related to the Lease run-off activities, were EUR 35 million versus EUR 36 million a year ago and EUR 31 million in the third quarter.

CORPORATE LINE BANKING

Corporate Line Banking: Underlying result before tax		
In EUR million	4Q2012	4Q2011
Income on capital surplus	134	79
Solvency costs	-55	-45
Financing charges	-57	-67
Amortisation intangible assets	-7	-39
FX-results and other	-22	-8
Capital Management excl. CVA/DVA	-7	-80
CVA/DVA	-56	4
Total Capital Management	-63	-76
Other	-164	35
Underlying result before tax	**-227**	**-41**

The results of the Corporate Line Banking declined in the fourth quarter, mainly due to the EUR 175 million charge for the Dutch bank tax, which was introduced in 2012. The underlying result before tax decreased to EUR -227 million compared with EUR -41 million in the same quarter of 2011 and EUR 207 million in the third quarter of 2012. The third-quarter result was supported by the EUR 323 million gain on the sale of ING's stake in Capital One.

Capital Management-related results improved to EUR -63 million from EUR -76 million, as higher income on capital surplus offset a negative swing in fair value changes on ING Bank's own debt. 'Income on capital surplus' rose from EUR 79 million to EUR 134 million, mainly due to lower benefits paid to the business lines as a result of a decline in average economic capital and a decrease in euro interest rates.

'Solvency costs' increased by EUR 10 million, mainly as result of the extension of interest rate swaps.

'Financing charges' decreased by EUR 10 million, mainly reflecting lower interest expenses following the liability management transactions at the end of 2011.

'Amortisation of intangible assets' were EUR -7 million compared with EUR -39 million in the same quarter of last year, which included a goodwill impairment of EUR 32 million related to Real Estate Development.

'FX-results and other' decreased to EUR -22 million from EUR -8 million in the same quarter of 2011. This quarter included a EUR 16 million loss on a Spanish CDS position.

'CVA/DVA', mainly fair value changes on own issued debt, was EUR -56 million in the fourth quarter of 2012. The fair value changes on part of ING Bank's own Tier 2 debt were EUR -30 million due to the tightening of ING's credit spread versus EUR 39 million positive in the same quarter of 2011. The fair value changes on other outstanding debt were EUR -26 million. In the fourth quarter of 2011, other fair value changes were EUR -35 million.

The result of 'Other' decreased to EUR -164 million from EUR 35 million in the fourth quarter of the previous year, mainly due to the EUR 175 million Dutch bank tax.

CONSOLIDATED BALANCE SHEET

ING Bank N.V.: Consolidated balance sheet

in EUR million	31 Dec. 12	30 Sep. 12	31 Dec. 11 pro forma[1]
Assets			
Cash and balances with central banks	15,447	26,164	28,095
Amounts due from banks	39,053	44,789	43,795
Financial assets at fair value through P&L	126,163	142,560	136,010
- trading assets	114,320	129,029	123,176
- non-trading derivatives	9,075	10,603	10,045
- other	2,768	2,928	2,789
Investments	80,824	81,654	79,920
- debt securities available-for-sale	71,645	72,423	68,587
- debt securities held-to-maturity	6,545	6,887	8,868
- equity securities available-for-sale	2,634	2,343	2,466
Loans and advances to customers	541,546	549,606	547,729
- securities at amortised cost and IABF	21,846	24,781	31,449
- customer lending	519,700	524,825	516,280
Investments in associates	841	846	827
Real estate investments	207	246	435
Property and equipment	2,336	2,330	2,393
Intangible assets	1,778	1,788	1,704
Other assets	21,092	20,835	22,150
Total assets excl. assets held for sale	**829,287**	**870,818**	**863,059**
Assets held for sale	6,781	38,316	98,106
Total assets	**836,068**	**909,134**	**961,165**

	31 Dec. 12	30 Sep. 12	31 Dec. 11 pro forma[1]
Equity			
Shareholders' equity	36,669	37,602	34,367
Minority interests	843	795	693
Total equity	**37,512**	**38,396**	**35,060**
Liabilities			
Subordinated loans	16,407	16,658	18,165
Debt securities in issue	134,689	150,577	130,926
Amounts due to banks	38,704	51,367	72,190
Customer deposits and other funds on deposit	460,362	454,162	437,641
- savings accounts	277,766	274,203	257,303
- credit balances on customer accounts	121,643	120,806	111,933
- corporate deposits	59,693	58,033	61,990
- other	1,260	1,120	6,415
Financial liabilities at fair value through P&L	112,971	133,277	138,399
- trading liabilities	83,652	100,459	107,682
- non-trading derivatives	15,919	18,853	17,696
- other	13,399	13,965	13,021
Other liabilities	21,179	20,857	21,948
Total liabilities excl. liabilities held for sale	**784,312**	**826,898**	**819,269**
Liabilities held for sale	14,244	43,840	106,836
Total liabilities	**798,556**	**870,738**	**926,105**
Total equity and liabilities	**836,068**	**909,134**	**961,165**

1) adjusted for transfer of ING Direct Canada and ING Direct UK to assets/liabilities held for sale

ING Bank's balance sheet was reduced by EUR 73 billion in the fourth quarter to EUR 836 billion, reflecting the sale of ING Direct Canada (EUR 31 billion), a reduction of short-term professional funding, and seasonally lower activities at Financial Markets as the bank continues to focus on balance sheet integration to optimise returns. The funding profile improved as both customer deposits and long-term debt increased. Customer lending declined in light of the subdued demand for credit. The loan-to-deposit ratio improved to 1.13, in line with the bank's target of 1.1. The investment portfolio was further reduced and de-risked, due in part to bond sales to facilitate the transfer of ING Direct UK to Barclays. The asset leverage ratio improved to 22.8, despite lower shareholders' equity following a dividend payment to ING Group.

Cash and balances with central banks

Cash and balances with central banks decreased by EUR 11 billion to EUR 15 billion at the end of the fourth quarter, as excess cash was used to redeem short-term professional funding.

Amounts due from and to banks

Amounts due to banks declined by EUR 13 billion to EUR 39 billion, in order to further reduce short-term professional funding. Amounts due from banks declined by EUR 6 billion to EUR 39 billion.

Loans

Loans and advances to customers decreased by EUR 8 billion to EUR 542 billion, including EUR 2 billion of negative currency impacts. Securities at amortised cost declined following bond sales to facilitate the sale of ING Direct UK to Barclays combined with continued de-risking. Customer lending decreased, mainly at Commercial Banking and Retail Netherlands, as demand for credit remained low. That was only partly offset by growth in residential mortgages.

Financial assets/liabilities at fair value

Financial assets at fair value through P&L were reduced by EUR 16 billion to EUR 126 billion, mainly due to seasonally lower repo activities at Financial Markets. Financial liabilities at fair value through P&L mirrored the development on the asset side. Financial assets and liabilities at fair value contain derivatives, securities and repos, which are mostly used to facilitate the servicing of our clients (banks and non-banks).

Debt securities in issue

Debt securities in issue dropped by EUR 16 billion, fully due to lower short-term debt (CD/CPs). ING Bank issued EUR 7 billion in long-term debt as it continued to lengthen its funding profile.

Customer deposits

Customer deposits grew by EUR 6 billion to EUR 460 billion, including EUR 4 billion of higher savings accounts, with net inflows in the Netherlands and Germany. Corporate deposits rose by EUR 2 billion, primarily driven by deposits from asset managers and corporate treasuries at Commercial Banking.

Assets/liabilities held for sale

Assets and liabilities held for sale declined by EUR 32 billion and EUR 30 billion respectively, due to the sale of ING Direct Canada to Scotiabank on 15 November 2012.

Shareholders' equity

Shareholders' equity decreased by EUR 1 billion to EUR 37 billion, as retained profit and higher revaluation reserves on debt and equity securities helped partially offset the impact of a EUR 2.1 billion capital upstream from ING Bank to ING Group to repay the Dutch State and reduce leverage in the Group holding company. The asset leverage ratio decreased to 22.8 from 24.2 at the end of September as a result of the lower balance sheet.

Annual development balance sheet total

Compared with year-end 2011, ING Bank's balance sheet was reduced by EUR 125 billion, largely due to the divestments of ING Direct USA and ING Direct Canada. Excluding these divestments, the balance sheet declined by EUR 34 billion, reflecting balance sheet optimisation efforts ahead of Basel III as outlined in ING Bank's Ambition 2015 objectives. Short-term professional funding, from both bank deposits and CD/CPs, was reduced and financial liabilities at fair value were down (mirrored on the asset side). This was partly offset by higher customer deposits and higher long-term debt issuance to improve and lengthen the funding profile. Customer lending increased slightly, as growth in residential mortgages was largely offset by a decline at Commercial Banking due to the subdued demand for credit. The investment portfolio shrank as a result of de-risking efforts, which resulted in lower securities at amortised cost.

RISK MANAGEMENT

The fourth quarter continued to be characterised by a weak macroeconomic environment. Against this backdrop, loan loss provisions edged up higher in the fourth quarter and non-performing loans increased slightly to 2.5%. Compared with the third quarter, underlying risk costs increased 6.1% to EUR 588 million due to higher provisioning at Industry Lending. ING Bank completed the planned de-risking of its investment portfolio in the fourth quarter as part of its balance sheet optimisation programme. Bond sales amounted to EUR 0.9 billion, excluding the sales related to the divestment of ING Direct UK, and resulted in a loss of EUR 126 million, down from EUR 258 million in the third quarter.

Loan portfolio ING Bank

ING Bank: Loan portfolio		
in EUR million	31 Dec. 2012	30 Sep. 2012
Residential Mortgages	294,372	293,285
(Mid)-Corporates, SMEs and other	217,664	225,147
Governments	13,141	11,804
Securities at amortised cost and IABF	21,846	24,781
Provision for loan losses (loans and advances)	-5,477	-5,410
Total loans and advances to customers	**541,546**	**549,606**

Loans and advances to customers decreased by EUR 8 billion in the fourth quarter to EUR 542 billion. Securities at amortised cost and the IABF declined by EUR 3 billion, due to de-risking and the sale of bonds to facilitate the sale of ING Direct UK to Barclays. Lending to (Mid)corporates, SMEs and Other declined by EUR 7 billion, largely attributable to a decline at Commercial Banking and Retail Netherlands as demand for credit remained subdued.

Risk costs

Risk costs for ING Bank remained elevated amid the economic downturn. ING Bank added EUR 588 million to the provision for loan losses, up from EUR 554 million in the previous quarter and EUR 445 million in the fourth quarter of 2011 (both adjusted for divestments). The increase from the third quarter was mainly at Commercial Banking, particularly in Industry Lending, while General Lending showed an improvement.

Risk costs at Industry Lending rose by EUR 77 million from the third quarter, mainly at Structured Finance, where provisions were concentrated in the relatively small Acquisition Finance portfolio. The overall Structured Finance portfolio is well diversified and most businesses have a strong record in low risk costs.

Risk costs at Real Estate Finance (REF) remained stable at EUR 103 million, compared with EUR 102 million in the previous quarter. Actual losses in the REF portfolio remained low, and the non-performing loan (NPL) ratio decreased to 7.6% from 8.0% in the third quarter. The NPLs were concentrated in the Netherlands, Spain and, to a lesser extent, in the UK. The overall quality of the portfolio is holding up relatively well despite the challenging conditions of the commercial real estate market in Europe. The financing policy of REF is based on cash-flow-generating prime real estate, senior secured facilities, relatively low starting LTVs and conservative covenant setting. The average LTV of the total REF portfolio at the end of the fourth quarter increased slightly to 71%. Construction makes up only 0.9% of the total REF portfolio and projects are at least 70% pre-sold and/or pre-let. Given the deteriorating commercial real estate market in Europe, risk costs for REF are expected to remain elevated.

At Retail Banking, risk costs declined slightly to EUR 313 million from EUR 319 million in the prior quarter, due to lower provisions for business lending at Retail Belgium and a specific provision of EUR 36 million for a CMBS position at Retail International in the third quarter. Excluding the specific provision, risk costs at Retail International increased by EUR 31 million with higher net additions in Germany, Turkey, India and Romania.

In Retail Netherlands, risk costs increased by EUR 12 million to EUR 193 million. The mid-corporate and SME segment remained under pressure due to the weak economic environment. Risk costs for this segment rose to EUR 148 million from EUR 121 million in the previous quarter. The NPL ratio for the Dutch mid-corporate and SME portfolio increased to 5.4% from 4.9%. Risk costs for Dutch mortgages decreased to EUR 33 million from EUR 44 million in the prior quarter; however, the NPL ratio edged up to 1.4% from 1.3%. Due to the economic outlook and projected decline in house prices, risk costs are expected to remain elevated at Retail Netherlands.

ING Bank: Stock of provisions*		
in EUR million	4Q2012	3Q2012
Provisions, beginning of period	5,449	5,454
Total gross increases	829	746
Total releases	-241	-191
Write-offs	-476	-560
Other	-53	0
Provisions, end of period	**5,508**	**5,449**

* At the end of December, the stock of provision includes provisions for amounts due from banks (EUR 27 million) and assets held for sale (EUR 4 million)

Gross additions to the loan loss provisions rose to EUR 829 million from EUR 746 million in the third quarter of 2012. Releases were EUR 241 million, up from EUR 191 million in the previous quarter. Underlying risk costs in the fourth quarter were 84 basis points of average risk-weighted assets, up from 76 basis points in the previous quarter. ING expects risk costs to remain elevated in the coming quarters, reflecting the weak economic climate.

NPLs as a percentage of total loans and amounts due from banks rose to 2.5%. NPLs increased to EUR 14.9 billion at the end of December from EUR 14.5 billion at the end of the prior quarter. The coverage ratio, defined as the stock of loan loss provisions divided by NPLs, decreased by 1%-point to 37%. The overall coverage ratio is a combination of unsecured loans, for which the ratio is relatively high, and loans with high collateral values (such as the Dutch mortgage portfolio), for which the coverage ratio is relatively low.

Securities portfolio

ING Bank further reduced its debt securities investment portfolio by EUR 10.3 billion in the fourth quarter to EUR 102.2 billion. The sale of ING Direct Canada resulted in a EUR 4.1 billion decline of debt securities, of which EUR 2.3 billion of government bonds and EUR 1.2 billion of bonds issued by financial institutions.

Compared with the end of September, the ABS exposure declined by EUR 3.7 billion to EUR 8.7 billion following the sales of European RMBS. Covered bonds were down EUR 2.7 billion, due to sales and maturities. These developments were mainly related to de-risking and the sale of part of the portfolio of ING Direct UK to facilitate the transfer to Barclays. During the fourth quarter, government bonds and bonds issued by financial institutions declined by EUR 2.1 billion and EUR 1.7 billion respectively, largely attributable to the divestment of ING Direct Canada.

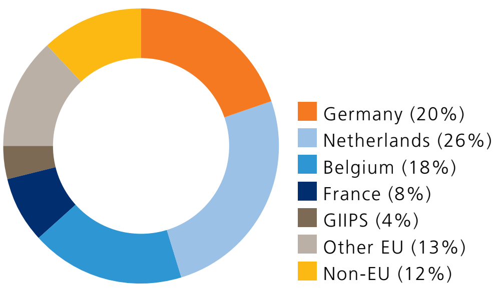
ING Bank: Debt securities*

in EUR billion	31 Dec. 2012	30 Sep. 2012
Government bonds	56.0	58.1
Covered bonds	21.6	24.3
Financial institutions	14.6	16.3
Corporate bonds	1.3	1.4
ABS	8.7	12.4
US RMBS	0.6	0.7
Non-US RMBS	5.3	8.4
CMBS	0.4	0.7
CDO/CLO	0.2	0.4
Other ABS	2.3	2.3
Subtotal debt securities	**102.2**	**112.5**

* Figures exclude trading positions but include securities classified as Loans & Receivables and assets held for sale

The debt securities revaluation reserve after tax rose to EUR 1,265 million versus EUR 901 million at the end of the previous quarter due to the yield curve and credit spread developments.

BANK - BREAKDOWN OF GOVERNMENT BONDS 4Q2012



Greece, Italy, Ireland, Portugal and Spain

Total exposure to the GIIPS countries was reduced by EUR 2.6 billion in the fourth quarter of 2012. ING Bank completed the planned de-risking of its investment portfolio in the fourth quarter as part of its balance sheet optimisation programme. Bond sales amounted to EUR 0.9 billion (excluding the sales related to the divestment of ING Direct UK), resulting in a loss of EUR 126 million, down from EUR 258 million in the third quarter. In total, ING Bank sold EUR 6 billion of debt securities in 2012 mainly from GIIPS countries, taking EUR 601 million of de-risking losses, and reducing risk-weighted assets by EUR 7 billion.

ING Bank's total exposure to Spain was reduced by EUR 0.6 billion in the fourth quarter. The lending book was reduced by EUR 0.2 billion and the debt securities portfolio by EUR 0.8 billion. The losses that resulted from the sale of Spanish bonds totalled EUR 71 million. The Spanish funding mismatch declined to EUR 9.3 billion at year-end 2012. The debt securities portfolio will decline further as EUR 2.4 billion of covered bonds mature in 2013.

The own-originated loan book in Spain continued to hold up relatively well against the backdrop of the sharp economic downturn in the country. The NPL ratio on the total Spanish loan book increased slightly to 6.3% compared with 6.0% in the third quarter, mainly due to a decline in loans outstanding.

The NPL ratios on Spanish mortgages decreased slightly to 0.7%, reflecting the high quality of the portfolio of primary residences in urban areas. The average indexed LTV increased from 64% to 66%, reflecting lower house prices.

The corporate lending portfolio in Spain declined to EUR 5.7 billion from EUR 6.0 billion, explained by REF and Business Lending. The corporate portfolio is well diversified and relatively well provisioned, with a coverage ratio of 46%.

The risk costs on ING's EUR 2.5 billion Real Estate Finance portfolio declined to EUR 30 million in the fourth quarter from EUR 51 million in the third quarter. The level of provisioning is aligned with the Bank of Spain's requirements for local banks. The non-performing loans ratio remained stable at 19%.

Total exposure to Italy decreased by EUR 1.4 billion in the fourth quarter, due to a EUR 0.9 billion reduction in Financial Institutions lending and a EUR 0.4 billion reduction in corporate lending, particularly in REF. The NPL ratio increased to 5.0%, despite a relatively good quality of the total loan book in Italy due to a decline in loans outstanding. The NPL ratio of the mortgage portfolio remained flat at 0.6%.

ING Bank: Greece, Italy, Ireland, Portugal and Spain - Total exposures - 31 December 2012						
in EUR million	Greece	Italy	Ireland	Portugal	Spain	Total
Residential mortgages and other consumer lending	3	7,531	6	4	9,661	17,204
Corporate Lending	287	8,391	680	1,015	5,733	16,106
Financial Institutions Lending	0	227	4	76	371	679
Government Lending	0	203	0	0	35	238
Total Lending	**290**	**16,352**	**690**	**1,095**	**15,801**	**34,228**
RMBS	0	667	69	442	2,495	3,674
CMBS	0	0	12	0	0	12
Other ABS	0	149	43	49	35	276
Corporate Bonds	0	32	15	40	3	90
Covered Bonds	0	227	354	154	11,274	12,009
Financial institutions Bonds (unsecured)	0	476	38	18	2	534
Government Bonds	0	1,129	0	628	339	2,096
CDS exposures in banking book[1)]	0	0	0	0	-390	-390
Total Debt Securities	**0**	**2,679**	**531**	**1,332**	**13,758**	**18,299**
Real Estate[2)]	**0**	**106**	**0**	**0**	**268**	**373**
Trading excluding CDS exposures	0	449	28	7	454	939
Sold CDS protection	0	1	1	1	7	10
Bought CDS protection	-2	-22	-11	-1	-52	-87
Trading including CDS exposures	**-1**	**429**	**18**	**8**	**410**	**863**
Undrawn committed facilities	**166**	**1,287**	**258**	**181**	**2,780**	**4,672**
Pre-settlement exposures[3)]	**80**	**516**	**343**	**41**	**953**	**1,933**
Total Risk exposures 31 December 2012	**533**	**21,368**	**1,840**	**2,657**	**33,969**	**60,367**
Total Risk exposures 30 September 2012	**560**	**22,772**	**2,120**	**2,872**	**34,598**	**62,923**
Total change in fourth quarter 2012	**-27**	**-1,405**	**-280**	**-215**	**-629**	**-2,556**

Footnote: Total risk exposures to companies registered in Cyprus were approximately EUR 0.9 billion as per end of December, which consisted mostly of corporate lending (EUR 0.7 billion) and FM trades (EUR 0.1 billion). Majority of the corporate lending risk exposures were either deals with country of risk outside of Cyprus, LCs or Trade Commodity Finance with maturity less than 3 months. Therefore, net credit risk linked to Cyprus is not material for ING Bank.
1) In the fourth quarter of 2012 ING Bank held CDS protection on the Spanish government, FI and covered bonds
2) Real Estate includes Real Estate Development, Real Estate Investments and Property in Own Use; it does not include (indirect) exposure through Real Estate Finance, which is relfected in total lending and total debt securities
3) Pre-settlement exposure is typically exposure existing of dealing room products such as options, swaps ans securities financing transactions. This exposure is based on the replacement value (marked-to-market) of each product plus potential future volatility concept

Market risk

ING Commercial Bank: Consolidated VaR trading books				
in EUR billion	Minimum	Maximum	Average	Quarter-end
Foreign Exchange	1.1	5.7	2.6	1.3
Equities	3.0	5.4	4.1	4.5
Interest rate	5.4	12.1	7.9	8.9
Credit spread	2.2	3.5	2.8	2.9
Diversification			-8.9	-6.3
Total VaR[1)]	**5.4**	**14.7**	**8.5**	**11.3**

1) The total VaR for the columns Minimum and Maximum cannot be calculated by taking the sum of the individual components since the observations for both the individual markets as well as for total VaR may occur on different dates.

The average Value-at-Risk (VaR) declined to EUR 9 million from EUR 12 million in the third quarter, due to decreased interest rate risk in the trading books and increased diversification. The overnight VaR for ING Bank's trading portfolio ranged from EUR 5 million to EUR 15 million.

Liquidity risk

Capital markets and money markets improved in the course of the fourth quarter and ING Bank demonstrated access to all markets at competitive levels. CP/CDs were further reduced and partly replaced by long-term debt, as the bank continues to lengthen its funding profile as part of its balance sheet optimisation programme ahead of Basel III. ING Bank issued EUR 7 billion of long-term debt in the fourth quarter. Growth in funds entrusted continued to develop favourably at Retail Banking, despite maturing fixed-term deposits at Retail Netherlands. Within Commercial Banking, deposits from corporate treasuries and assets managers increased.

Throughout the credit and liquidity crisis, ING has maintained its liquidity position within conservative internal targets. ING Bank's loan-to-deposit ratio, excluding securities that are recorded at amortised costs in loans and advances and the IABF government receivable, improved to 1.13 from 1.16 at the end of the third quarter.

ING Bank's total eligible collateral position at market value declined to EUR 197 billion, compared to EUR 216 billion at the end September.

Risk-weighted assets

Underlying risk-weighted assets (RWA) decreased 1.5% to EUR 279 billion from EUR 283 billion at the end of September, of which EUR -2 billion was due to currency effects. The remaining decrease in underlying RWA is explained by lower lending volumes and the sale of European debt securities. The impact of risk migration remained limited, despite the continuing challenging economic conditions in the fourth quarter.

The composition of ING Bank's RWA at 31 December 2012 was as follows: Credit RWA: 83.8%; Operational RWA: 12.7%; and Market RWA: 3.5%.

Insurance

CONSOLIDATED RESULTS

Insurance: Consolidated profit and loss account								
In EUR million	4Q2012	4Q2011	Change	3Q2012	Change	FY2012	FY2011	Change
Gross premium income	4,661	4,750	-1.9%	4,682	-0.4%	20,277	20,279	0.0%
Commission income	369	355	3.9%	351	5.1%	1,405	1,421	-1.1%
Total investment and other income	1,444	718	101.1%	847	70.5%	5,006	7,345	-31.8%
Total underlying income	**6,475**	**5,824**	**11.2%**	**5,881**	**10.1%**	**26,688**	**29,045**	**-8.1%**
Underwriting expenditure	5,258	6,401	-17.9%	4,885	7.6%	22,574	25,747	-12.3%
Operating expenses	832	790	5.3%	825	0.8%	3,310	3,078	7.5%
Interest expenses	108	143	-24.5%	123	-12.2%	472	531	-11.1%
Other	5	3	66.7%	3	66.7%	19	15	26.7%
Total underlying expenditure	**6,203**	**7,337**	**-15.5%**	**5,837**	**6.3%**	**26,377**	**29,370**	**-10.2%**
Underlying result before tax	**272**	**-1,513**	**n.a.**	**44**	**518.2%**	**311**	**-325**	**n.a.**
of which life insurance	354	-1,481	n.a.	98	261.2%	554	-258	n.a.
of which non-life insurance	40	27	48.1%	15	166.7%	74	144	-48.6%
of which investment management	36	51	-29.4%	64	-43.8%	200	198	1.0%
of which corporate line	-158	-110	n.a.	-132	n.a.	-516	-410	n.a.
Taxation	-67	-247	n.a.	48	-239.6%	-165	-99	n.a.
Minority interests	-3	8	-137.5%	10	-130.0%	20	4	400.0%
Underlying net result	**342**	**-1,274**	**n.a.**	**-13**	**n.a.**	**456**	**-230**	**n.a.**
Net gains/losses on divestments	721	996		-184		349	991	
Net results from divested units	5	-0		0		3	-4	
Net results from discontinued operations	78	232		198		550	678	
Special items after tax	-295	-21		-63		-432	-222	
Net result	**851**	**-68**	**n.a.**	**-61**	**n.a.**	**927**	**1,212**	**-23.5%**
Insurance - Margin analysis								
Investment margin	447	413	8.2%	410	9.0%	1,757	1,660	5.8%
Fees and premium-based revenues	786	726	8.3%	784	0.3%	3,135	3,061	2.4%
Technical margin	118	118	0.0%	122	-3.3%	414	589	-29.7%
Income non-modelled life business	6	11	-45.5%	3	100.0%	20	45	-55.6%
Life & ING IM operating income	**1,356**	**1,269**	**6.9%**	**1,319**	**2.8%**	**5,325**	**5,354**	**-0.5%**
Administrative expenses	631	586	7.7%	628	0.5%	2,529	2,319	9.1%
DAC amortisation and trail commissions	323	288	12.2%	334	-3.3%	1,299	1,167	11.3%
Life & ING IM expenses	**954**	**874**	**9.2%**	**962**	**-0.8%**	**3,827**	**3,485**	**9.8%**
Life & ING IM operating result	**402**	**394**	**2.0%**	**357**	**12.6%**	**1,498**	**1,869**	**-19.9%**
Non-life operating result	39	38	2.6%	11	254.5%	89	184	-51.6%
Corporate Line operating result	-146	-84	n.a.	-131	n.a.	-491	-394	n.a.
Operating result	**296**	**349**	**-15.2%**	**237**	**24.9%**	**1,095**	**1,658**	**-34.0%**
Gains/losses and impairments	-5	-9		85		119	-609	
Revaluations	26	-280		4		-126	206	
Market & other impacts	-45	-1,574		-281		-776	-1,581	
Underlying result before tax	**272**	**-1,513**	**n.a.**	**44**	**518.2%**	**311**	**-325**	**n.a.**
Life Insurance - New business figures								
Single premiums	3,666	2,698	35.9%	2,500	46.6%	11,248	10,659	5.5%
Annual premiums	387	379	2.1%	377	2.7%	1,705	1,582	7.8%
New sales (APE)	753	649	16.0%	627	20.1%	2,830	2,648	6.9%
Life & ING IM - Key figures								
Administrative expenses / operating income	46.5%	46.2%		47.6%		47.5%	43.3%	
Life general account invested assets (end of period, in EUR billion)	132	133		133	-0.8%	132	133	-0.8%
Investment margin / Life general account invested assets (in bps)[1]	132	129		130				
Client balances (end of period, in EUR billion)	364	337		356	2.2%	364	337	8.0%
ING IM Assets under Management (end of period, in EUR billion)	321	294	9.2%	316	1.6%	321	294	9.2%
Other key figures								
Administrative expenses (total)	789	738	6.9%	778	1.4%	3,072	2,882	6.6%
Return on equity[2]	5.1%	-22.2%		-0.2%		1.8%	-1.1%	
Employees (FTEs, end of period)	18,891	20,661	-8.6%	19,086	-1.0%	18,891	20,661	-8.6%

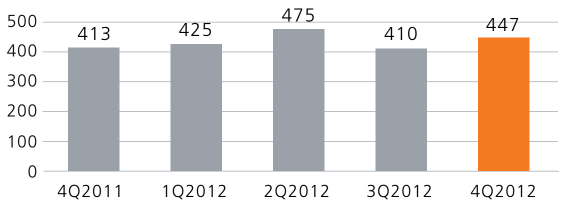
1 Four-quarter rolling average
2 Annualised underlying net result divided by average IFRS-EU equity

INSURANCE

Operating results from Insurance improved from the third quarter, supported by a higher investment margin, as a release from the provision for profit sharing in the Netherlands helped offset the impact of de-risking and low interest rates. The operating result rose 24.9% compared with the third quarter to EUR 296 million, but declined 15.2% from a year earlier, when earnings benefited from a EUR 45 million non-recurring expense reduction in the US. Underlying results improved sharply from the fourth-quarter of 2011, which included a charge for assumption changes in the US Closed Block VA and negative results on hedges to protect regulatory capital. Sales were up 12.7% year-on-year and up 23.6% sequentially (at constant currencies), mainly driven by strong Retirement sales in the US.

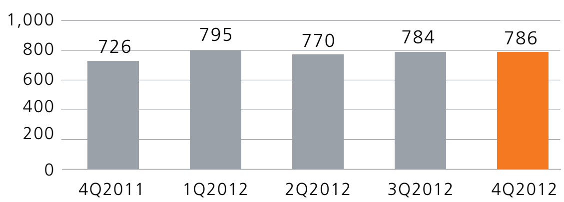
The operating result from Life Insurance and Investment Management rose 2.0% from a year earlier to EUR 402 million as higher fees and premium-based revenues and a higher investment margin more than offset an increase in expenses. Compared with the third quarter of 2012, the operating result rose 12.6%, almost fully attributable to an increase in the investment margin.

INVESTMENT MARGIN (in EUR million)



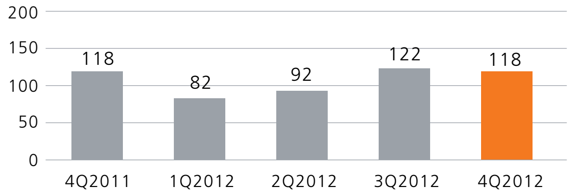
The investment margin increased 8.2% from a year ago and 9.0% from the third quarter to EUR 447 million, reflecting a release from the provision for profit sharing in the Netherlands, and growth in general account assets in the US Retirement business. These factors offset the effects of de-risking in the Benelux and the US and the impact of the low interest rate environment, which continue to put pressure on investment returns. The four-quarter rolling average investment spread strengthened to 132 basis points as the higher average investment margin outweighed the higher average Life general account invested assets.

FEES AND PREMIUM-BASED REVENUES (in EUR million)



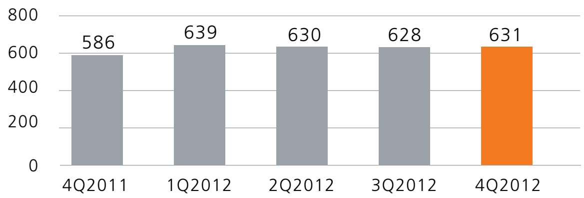
Fees and premium-based revenues totalled EUR 786 million, up 5.5% excluding currency effects compared with the fourth quarter of 2011 and up 2.3% from the third quarter. The year-on-year increase was largely due to higher fees and premium-based revenues in the US, driven by the improvement in equity markets, higher inflows in the Retirement business, and higher fees in Investment Management. On a sequential basis, the increase was mainly attributable to higher performance-related fees and higher inflows at Investment Management US.

TECHNICAL MARGIN (in EUR million)



The technical margin was EUR 118 million, on par with the fourth quarter of 2011, as a decline in the Benelux from lower mortality and morbidity results and a one-off addition to unit-linked guarantee provisions was offset by an improvement in the US due to improved Individual Life mortality results and improved stop loss ratios in the Employee Benefits business. Compared with the third quarter of 2012, the technical margin declined 3.3%, reflecting non-recurring reserve releases in the US Closed Block VA in the third quarter and lower mortality results in the Benelux in the current quarter.

ADMINISTRATIVE EXPENSES (in EUR million)



Life & Investment Management administrative expenses rose 5.5% year-on-year, excluding currency effects, primarily due to a EUR 45 million non-recurring reduction in pension plan liabilities in the US in the fourth quarter of 2011. Expenses were lower in the Benelux and Central and Rest of Europe, reflecting cost control and non-recurring expenses in the fourth quarter of 2011, offset by platform investments in ING Investment Management. Compared with the third quarter, administrative expenses were up 2.4%, driven by higher staff expenses in ING Investment Management, and restructuring costs. The ratio of administrative expenses to operating income was 46.5%.

The operating result from Non-life insurance was stable at EUR 39 million, compared with EUR 38 million in the fourth quarter of 2011, which included EUR 24 million of positive non-recurring items. Lower claims in Property & Casualty (P&C) more than offset continued high claims experience in Disability & Accident amid the economic downturn in the Netherlands. Compared with the previous quarter, the Non-life operating result increased from EUR 11 million, mainly due to the lower claims in P&C.

The Corporate Line operating result was EUR -146 million compared with EUR -84 million in the fourth quarter of 2011. The decline was mainly due to higher Solvency II expenses and lower reinsurance results.

The underlying pre-tax result for the quarter amounts to EUR 272 million with an effective underlying tax rate of -24.5% (i.e. tax benefit). The negative underlying tax rate is mainly caused by the recognition of tax benefits in US Insurance.

Gains/losses and impairments on investments in the quarter were EUR -5 million, including EUR 96 million of losses resulting from the sale of CMBS securities in Insurance US and Asset Backed Securities and real estate in the Benelux, as well as gains of EUR 97 million on the sale of equity investments, also in the Benelux. These sales reflect ongoing efforts to reduce risk and optimise the capital positions in Europe and the US as both companies prepare for stand-alone futures.

Revaluations totalled EUR 26 million as EUR 72 million of positive CMO revaluations in Insurance US were partly offset by EUR 55 million of negative real estate revaluations in the Benelux.

Market and other impacts amounted to EUR -45 million. The Benelux recorded a EUR 166 million charge related to guarantees on separate account pension contracts (net of hedging). The current quarter also reflects EUR 163 million of market and other impacts in US Closed Block VA, related to reserve changes and gains on hedges focused on protecting regulatory capital, as well as EUR -34 million in DAC amortisation in Insurance US.

The fourth-quarter net result for Insurance was EUR 851 million, including net gains on divestments of EUR 721 million as well as a EUR 78 million net result from Insurance and ING Investment Management Asia reported under discontinued operations. Net gains on divestments mainly related to a EUR 745 million realised gain on the sale of Insurance Malaysia and a EUR 15 million goodwill write-off for ING Vysya Life Insurance. Special items after tax amounted to EUR -295 million, primarily reflecting EUR 172 million of net restructuring costs, of which EUR 149 million related to the accelerated transformation programme at Insurance Europe announced in the third quarter. Special items also included EUR 37 million of separation and IPO preparations costs and a EUR 49 million goodwill write-off for Insurance Benelux triggered by the annual impairment test. As a result, there is no remaining goodwill in Insurance Benelux.

The net result from discontinued operations decreased 66.4% from the fourth quarter of 2011 to EUR 78 million. Insurance Asia realised a 7.7% lower net result due to non-recurring tax benefits recorded in the fourth quarter of 2011. The underlying result before tax for Insurance Asia rose 14.1% on a constant currency basis driven by a higher investment margin and technical margin, despite higher expenses. The net result from the internally reinsured Japanese SPVA guarantees and related hedges decreased to EUR -47 million from EUR 32 million in the fourth quarter of 2011. The net result of ING IM Asia fell to EUR -15 million, largely due to non-recurring expenses in the current quarter that were directly related to the divestment of the ING IM businesses within Asia. The fourth quarter of last year was also positively affected by the EUR 29 million net result related to the divestment of Insurance Latin America in 2011.

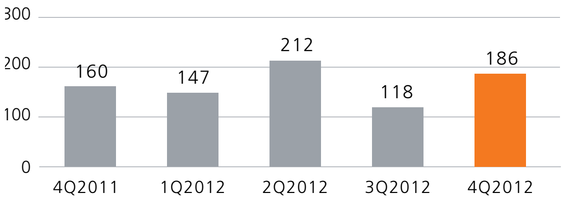
Total new sales (APE) were up 12.7% year-on-year, on a constant currency basis. APE at Insurance US grew 18.9%, fuelled by higher Retirement sales, which offset lower Individual Life sales. APE in the Benelux fell 18.6% due to lower sales of Individual Life products in the Netherlands and lower sales in Belgium following a reduction in guaranteed rates. Central and Rest of Europe recorded a 13.3% increase in APE, driven by higher Pension sales in Turkey and the Czech Republic. On a sequential basis, total Insurance sales grew 23.6% at constant currencies, mainly due to higher Retirement sales at Insurance US, and higher Pension and Life sales in Central and Rest of Europe.

Insurance: Breakdown by business area	Benelux		Central & Rest of Europe		United States		US Closed Block VA		ING IM	
In EUR million	4Q2012	4Q2011	4Q2012	4Q2011	4Q2012	4Q2011	4Q2012	4Q2011	4Q2012	4Q2011
Investment margin	163	144	20	20	261	233	5	14	-1	2
Fees and premium-based revenues	139	132	106	110	297	277	29	11	215	196
Technical margin	40	56	42	36	34	17	1	10	-	-
Income non-modelled life business	0	9	6	2	-0	0	-0	-0	0	0
Life & ING IM operating income	**343**	**341**	**173**	**168**	**591**	**527**	**36**	**35**	**214**	**198**
Administrative expenses	147	169	63	83	221	174	24	20	177	140
DAC amortisation and trail commissions	46	50	56	51	181	164	39	22	0	1
Life & ING IM expenses	**194**	**218**	**119**	**134**	**402**	**339**	**63**	**42**	**177**	**141**
Life & ING IM operating result	**149**	**122**	**54**	**34**	**190**	**188**	**-27**	**-7**	**37**	**57**
Non-life operating result	38	37	2	1	-	-	-	-	-	-
Operating result	**186**	**160**	**56**	**35**	**190**	**188**	**-27**	**-7**	**37**	**57**
Gains/losses and impairments	24	173	-0	-127	-28	-50	-0	0	0	0
Revaluations	-34	-184	0	-1	72	-65	1	-2	-0	-7
Market & other impacts	-169	-247	-1	-	-39	32	163	-1,360	-0	-
Underlying result before tax	**8**	**-98**	**55**	**-93**	**195**	**105**	**136**	**-1,368**	**36**	**51**
Life Insurance - New business figures										
Single premiums	469	491	153	233	3,044	1,974	-	-	-	-
Annual premiums	33	48	103	77	251	254	-	-	-	-
New sales (APE)	79	97	119	101	555	451	-	-	-	-
Key figures										
Gross premium income	1,078	1,262	490	557	2,987	2,808	103	115	-	-
Adm. expenses / operating income (Life & ING IM)	42.9%	49.6%	36.4%	49.4%	37.4%	33.0%	66.7%	57.1%	82.7%	70.7%
Life general account invested assets (end of period, in EUR billion)	60	59	7	7	60	63	5	5	-	-
Investment margin / Life general account invested assets (in bps)[1]	101	114	83	96	177	153	15	58	-	-
Provision for life insurance & investm. contracts for risk policyholder (end of period)	23,155	22,208	3,868	3,401	40,032	36,412	31,814	32,115	-	-
Net production client balances (in EUR billion)	-0.6	-1.1	0.1	0.2	0.4	-0.3	-0.7	-0.6	6.8	-1.2
Client balances (end of period, in EUR billion)	70.9	69.6	30.1	25.0	102.1	98.0	32.8	32.9	128.4	111.2
Administrative expenses (total)	243	271	64	85	221	174	24	20	177	140

1 Four-quarter rolling average

INSURANCE BENELUX

OPERATING RESULT - BENELUX (in EUR million)



A higher investment margin and lower expenses lifted operating results from Insurance Benelux in the fourth quarter. The operating result rose 16.3% compared with a year earlier to EUR 186 million. The investment margin was supported by a release from the provision for profit sharing in the Netherlands, which more than offset the negative effect of de-risking and lower interest rates in the quarter. Compared to the previous quarter, the operating result increased 57.6%, mainly driven by a higher investment margin and a higher Non-life result.

The underlying result continued to be impacted by negative non-operating items, which reflect the volatile markets, de-risking measures and hedging to protect local regulatory capital. The fourth quarter underlying result before tax was EUR 8 million as the operating result was largely offset by negative revaluations on real estate and an increase of the provision for guarantees on separate account pension contracts.

The life investment margin increased to EUR 163 million from EUR 144 million a year ago. This increase reflects a EUR 51 million release from the provision of profit sharing to policyholders in the Netherlands in the fourth quarter in line with underlying results in 2012. That offset the impact of lower portfolio yields (from de-risking the fixed income portfolio and reducing equity exposure), lower interest rates and lower real estate dividends in the fourth quarter of 2012. The investment margin increased from EUR 117 million in the third quarter of 2012, reflecting the lower profit sharing. The investment spread, calculated as a four-quarter rolling average, declined to 101 basis points from 114 basis points a year ago, mainly reflecting the impact of de-risking and lower interest rates compared to last year. Compared to the previous quarter, the investment spread increased from 98 points, but excluding the impact of lower profit sharing in the fourth quarter, the investment spread declined to 93 points.

Fees and premium-based revenues increased to EUR 139 million from EUR 132 million a year ago. The fourth quarter of 2012 included a EUR 9 million non-recurring provision release. In addition, EUR 9 million was contributed by the inclusion of ING's pension administration company (as of the first quarter of 2012), with a corresponding reduction in non-modelled income. On a comparable basis, and excluding a non-recurring provision release, fees and premium-based revenues declined in the fourth quarter of 2012, mainly due to lower gross premium income. Compared with the third quarter of 2012, fees and premium-based revenues increased by EUR 2 million, driven by the aforementioned non-recurring provision release in the fourth quarter.

The technical margin declined to EUR 40 million from EUR 56 million in the fourth quarter of 2011, reflecting lower mortality and morbidity results and a one-off addition to unit-linked guarantee provisions due to model changes, both in the Netherlands. That was partly offset by lower additions to group life provisions. The technical margin was EUR 4 million lower than in the third quarter, largely due to lower mortality results.

Life administrative expenses declined 13.0% from a year ago to EUR 147 million, reflecting strong cost control as well as a provision for expenses related to the unit-linked compensation programme in the Netherlands in the prior year. Compared with the third quarter, life administrative expenses were up 1.4%, primarily due to a VAT increase and an additional payroll tax. The ratio of life administrative expenses to operating income improved to 42.9% from 48.8% in the third quarter due to higher income. As announced in the previous quarter, Nationale-Nederlanden (NN) is accelerating its transformation programme and sharpening its strategic focus. This programme, together with the delayering of support functions of the European insurance operations, will result in a reduction of the workforce in the Netherlands by 1,350 FTEs over the period 2013-14. A redundancy provision of EUR 149 million was recorded as an after-tax special item in the fourth quarter of 2012. Over the next two years, NN will invest EUR 75 million (after-tax) in IT. These measures are expected to generate a structural cost reduction of approximately EUR 200 million by the end of 2014.

DAC amortisation and trail commissions declined to EUR 46 million from EUR 50 million a year ago due to lower gross premium income, and were slightly higher than in the third quarter of 2012.

The Non-life operating result was stable at EUR 38 million, compared with EUR 37 million in the fourth quarter of last year, which was supported by EUR 24 million in positive non-recurring items. Lower claims in Property & Casualty (P&C) partly offset continued high claims experience in Disability & Accident (D&A) amid the economic downturn in the Netherlands. Compared with the previous quarter, the Non-life operating result was EUR 28 million higher, mainly due to lower claims in P&C and lower additional reserve strengthening for D&A in the current quarter.

The underlying result before tax was EUR 8 million compared with EUR -98 million a year earlier, and EUR 20 million in the third quarter of 2012.

Gains/losses and impairments were EUR 24 million, down from EUR 173 million in the fourth quarter of 2011 and EUR 48 million in the third quarter. The result in the current quarter included EUR 97 million of gains on sales of private and public equities, which more than offset EUR 32 million of realised losses on sales of ABS (driven by de-risking), and EUR 36 million of losses on sales of real estate.

Revaluations amounted to EUR -34 million this quarter and primarily included revaluations on real estate. This compares to EUR -184 million in the fourth quarter of 2011 and EUR -31 million in the third quarter of 2012, both of which were mainly due to mark-to-market adjustments on equity options used to hedge the equity portfolio in the Benelux. In the current quarter, the impact from equity options was relatively small as hedges matured and were not rolled-over.

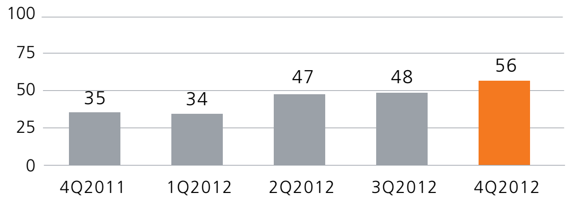
Market & other impacts totalled EUR -169 million compared with EUR -247 million a year ago and EUR -114 million in the third quarter of 2012. The result in the current quarter reflects a loss of EUR 166 million due to a change in the provision for guarantees on separate account pension contracts (net of hedging).

New sales (APE) declined to EUR 79 million from EUR 97 million in the fourth quarter of 2011, due to lower sales of individual life products in the Netherlands and lower sales in Belgium following a reduction in guaranteed rates. Compared to the previous quarter, APE was EUR 11 million higher, mainly reflecting higher sales in Luxembourg following changed legislation which boosted the sales in the current quarter.

The total funds entrusted to NN Banksparen accounts grew to EUR 413 million from EUR 308 million at the end of the third quarter. Sales of ‘banksparen’ products are not captured in APE.

INSURANCE CENTRAL AND REST OF EUROPE

OPERATING RESULT - CENTRAL AND REST OF EUROPE (in EUR million)



The operating result for Central and Rest of Europe increased to EUR 56 million, up 51.4% from the fourth quarter of 2011 and 16.7% higher than the third quarter, both excluding currency effects. The increase was primarily driven by lower administrative expenses, supported by strong cost control and favourable non-recurring items in the administrative expenses line in the current quarter.

The investment margin remained flat at EUR 20 million versus the fourth quarter of 2011, but it increased by EUR 6 million compared with the previous quarter, mainly due to higher investment income in Greece, related to an early redemption of RMBS.

Fees and premium-based revenues declined to EUR 106 million from EUR 110 million in the same quarter of 2011 and EUR 111 million in the third quarter. Both comparable quarters benefited from an annual investment performance bonus in the Polish Pension fund.

The technical margin was EUR 42 million. This is in line with the previous quarter but up 13.5%, excluding currency effects, from the fourth quarter of 2011, supported by the release of a technical provision in Romania as well as higher mortality and surrender results in Greece.

DAC amortisation and trail commissions rose to EUR 56 million, up 5.7% from the same quarter of 2011, excluding currency effects. The increase was driven by higher commissions in line with higher sales, mainly in the Czech Republic and Turkey.

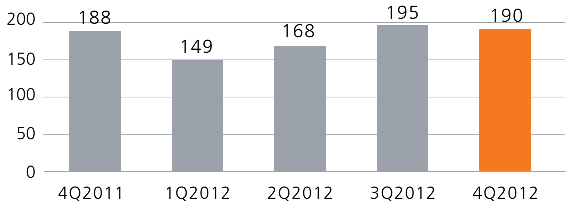
Life administrative expenses of EUR 63 million declined on both comparable quarters, reflecting EUR 8 million of provision releases as well as strict cost control. As a result, expenses excluding currency effects decreased 12.5% from the previous quarter and fell 25.9% from the fourth quarter of 2011, which included EUR 6 million of non-recurring restructuring expenses and higher project-related costs.

The underlying result before tax improved significantly to EUR 55 million from EUR -93 million in the same quarter of 2011, which included EUR 65 million of impairments on Greek government bonds and losses from de-risking other peripheral European exposure.

New sales (APE) increased to EUR 119 million from EUR 101 million a year ago, up 13.3% excluding currency effects. Pension sales jumped 33.3%, driven by growth in the broker channel in Turkey as well as exceptionally strong sales of the 3rd pillar pension fund in the Czech Republic in anticipation of a regulatory change effective from 1 January 2013. Compared with the previous quarter, sales grew 41.7%, reflecting seasonally higher life sales in the fourth quarter of the year and the 3rd pillar pension sales in the Czech Republic.

INSURANCE UNITED STATES

OPERATING RESULT - UNITED STATES (in EUR million)



Insurance US posted a solid fourth-quarter operating result of EUR 190 million, down 2.1% excluding currency effects, compared with the fourth quarter of 2011, which benefited from a EUR 34 million non-recurring reduction in pension plan liabilities. Excluding that release, the operating result rose 15.4%, driven by a higher investment margin, higher fees and premium-based revenues, and an improvement in the technical margin. Compared with the third quarter, the operating result was up 1.1%, excluding currency effects.

The investment margin improved 7.9%, excluding currency effects, to EUR 261 million compared with the fourth quarter of 2011. The improvement was driven by growth in general account assets in the Retirement business and lower average crediting rates in both the Retirement and Annuities businesses. That helped offset the impact of lower earned rates on the portfolio following the restructuring implemented in 2012 to reduce capital intensity. The decrease in the interest credited in Annuities continued to be attributable to the run-off of low-margin multiyear guaranteed annuities ('MYGAs'), mostly sold in 2002, which reached the end of their initial term in 2012. Compared with the third quarter, the investment margin was down 3.3%, excluding currency effects, primarily due to the impact of portfolio restructuring implemented in 2012.

Fees and premium-based revenues increased to EUR 297 million, up 3.1% from the fourth quarter of 2011 and 0.7% from the third quarter, both excluding currency effects. The increase was fuelled by higher fee income in the Retirement business due to positive net flows and improved equity markets, which more than offset the impact of customer transfers to fixed accounts.

The technical margin improved to EUR 34 million, up 88.9% from the fourth quarter of 2011 and up 54.5% from the third quarter of 2012, both excluding currency effects. The increase in the fourth quarter was driven by improved net mortality results in the Individual Life business, whereas both comparable quarters experienced adverse Life mortality. Improved stop loss ratios in the Employee Benefit business also contributed to the higher results over the prior year.

Administrative expenses were EUR 221 million, an increase on both prior periods, reflecting non-recurring items and severance accruals. Compared with the fourth quarter of 2011, expenses increased 22.1%, excluding currency effects, primarily due to a EUR 34 million reduction in pension plan liabilities a year ago. Compared with the third quarter, administrative expenses rose 5.2%, excluding currency effects, due to severance accruals and the timing of certain annual expenses.

DAC amortisation and trail commissions were EUR 181 million, up 5.9% from the fourth quarter of 2011 but down 4.8% from the third quarter, excluding currency effects. The change over both quarters was primarily due to changes in the operating income subject to DAC amortisation and trail commissions, and lower amortisation rates.

The underlying result before tax increased 78.0% from a year ago to EUR 195 million, excluding currency effects, driven by a strong improvement in revaluations. However, compared with the third quarter, underlying results were 49.5% lower, due to net favourable DAC unlocking of EUR 173 million in the prior quarter.

Gains/losses and impairments were EUR -28 million compared to EUR -50 million in the fourth quarter of 2011 and EUR 40 million in the third quarter of 2012. The fourth quarter of 2012 reflected

EUR 39 million in losses related to sale of certain CMBS securities and related hedges, while the third quarter of 2012 reflected EUR 48 million in gains related to the sale of certain CMO assets. The sales in both quarters reflected ongoing efforts to restructure the investment portfolio to reduce risk and improve the company's capital structure.

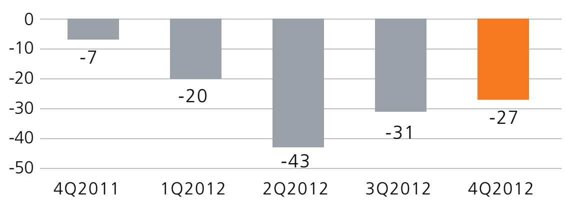
Revaluations totalled EUR 72 million compared to EUR -65 million in the fourth quarter of 2011 and EUR 13 million in the third quarter of 2012. The current quarter reflected strong CMO revaluations, while the fourth quarter of 2011 reflected negative private equity and alternative asset returns.

Market and other impacts were EUR -39 million compared to EUR 32 million in the fourth quarter of 2011 and EUR 148 million in the third quarter of 2012. The fourth quarter of 2012 included EUR -34 million in DAC amortisation related to the strong CMO revaluations in the quarter, while the third quarter of 2012 included EUR 173 million in net favourable DAC unlocking, mainly due to model refinements and assumption updates, primarily in Annuities.

New sales (APE) were EUR 555 million, 18.9% higher than the fourth quarter of 2011 and 21.5% higher than the third quarter of 2012, both excluding currency effects. Retirement sales increased 31.9% from the fourth quarter of 2011 and 34.6% from the third quarter of 2012, primarily due to one large sale, but these increases were partially offset by decreases in Individual Life sales due to management actions to focus on less capital-intensive products. Net flows in the Retirement business were strong at EUR 1.4 billion.

INSURANCE US CLOSED BLOCK VA

OPERATING RESULT - US CLOSED BLOCK VA (in EUR million)



Underlying results from the US Closed Block VA continued to reflect volatility as the hedge programme is focused on protecting regulatory capital rather than mitigating IFRS earnings volatility. The underlying result before tax was EUR 136 million in the fourth quarter, reflecting gains on equity hedges as equity markets declined in the quarter. The fourth-quarter result increased from EUR -348 million in the third quarter of 2012, which included significant hedge losses as equity markets rose. Compared with the fourth quarter of 2011, underlying results improved sharply from a loss of EUR 1,368 million, reflecting an update to policyholder behaviour assumptions in that quarter.

On an operating basis, the US Closed Block VA reported a loss of EUR 27 million compared with a loss of EUR 7 million in the fourth quarter of 2011 and a loss of EUR 31 million in the third quarter of 2012.

The investment margin was EUR 5 million for the current quarter compared with EUR 14 million in the fourth quarter of 2011 and nil in the third quarter of 2012. The decrease from the prior year reflects a decline in assets (reserves decreased as equity markets rose), higher liquidity balances and the impact of low interest rates.

Fees and premium-based revenues rose to EUR 29 million from EUR 11 million in the fourth quarter of 2011 and EUR 21 million in the third quarter of 2012. The increase over the prior year reflects lower hedge and reserve costs as equity markets increased. Gross fee income was also slightly higher as the favourable impact from higher equity markets was greater than the negative impact of net outflows as the business runs off. Net flows were EUR -729 million in the fourth quarter of 2012.

The technical margin was EUR 1 million in the current quarter versus EUR 10 million in both the fourth quarter of 2011 and the third quarter of 2012. Both prior quarters reflected non-recurring reserve releases.

Administrative expenses were EUR 24 million, up from EUR 20 million in the fourth quarter of 2011 but flat compared with the third quarter of 2012. The increase over the prior year was primarily driven by a shift in cost allocations between the US Closed Block VA and Insurance US.

DAC amortisation and trail commissions were EUR 39 million compared with EUR 22 million in the fourth quarter of 2011 and EUR 38 million in the third quarter of 2012. The increase over the prior year was primarily due to the elimination of the DAC balance in the fourth quarter of 2011. The interest income on the DAC balance was greater than the DAC amortisation in the fourth quarter of 2011; hence, the elimination of the DAC balance resulted in an increase on the line DAC amortisation and trail commissions.

Gains/losses and impairments were nil, the same as in both comparable quarters. Revaluations in the current quarter were EUR 1 million compared with EUR -2 million in the fourth quarter of 2011 and nil in the third quarter of 2012.

Market and other impacts were EUR 163 million versus EUR -1,360 million in the fourth quarter of 2011 and EUR -316 million in the third quarter of 2012. The gain in the fourth quarter of 2012 reflects the difference between hedge gains and losses versus the change in reserves, as the hedge programme is focused on protecting regulatory capital rather than mitigating earnings volatility. The fourth quarter of 2011 reflected the impact related to an update to policyholder behaviour assumptions.

ING INVESTMENT MANAGEMENT

Total assets under management for the European and US Investment Management businesses rose to EUR 321 billion at the end of the fourth quarter, up EUR 5.4 billion, or 1.7%, from the previous quarter. Net inflows totalled EUR 7.3 billion, largely driven by inflows in the Proprietary segment in Europe and the

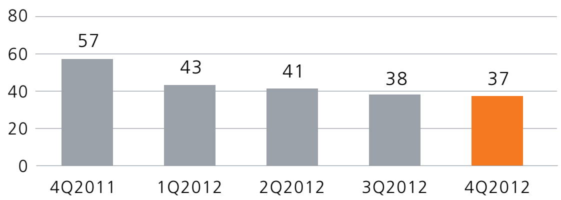
Institutional segment in the US. Market appreciation added EUR 3.8 billion to the asset base in the fourth quarter, while currency impacts reduced AuM by EUR -5.8 billion.

ING Investment Management: Key figures	4Q2012	3Q2012	4Q2011
Operating result (in EUR million)	37	38	57
of which Europe	21	24	32
of which US	16	14	25
Assets under Management (in EUR billion)	321.5	316.0	293.5
of which Proprietary	150.0	148.2	140.8
of which Retail	79.9	80.4	71.2
of which Institutional	91.6	87.4	81.5
Net inflow (in EUR billion)	7.3	1.5	-1.0
Fees and premium based revenues / average AUM (annualised in bps)	27	27	27
Administrative expenses / operating income	82.7%	81.2%	70.7%

Note: Operating result of Europe and Assets under Management include ING IM Japan and ING IM Singapore

The operating result for ING IM declined 35.1% to EUR 37 million compared with the fourth quarter of 2011 and was 2.6% lower than the previous quarter. The decrease on both quarters was caused by higher administrative expenses, due in part to non-recurring items, which were not fully compensated by higher fees and premium-based revenues.

OPERATING RESULT - ING IM (in EUR million)



Fees and premium-based revenues rose 9.7% compared with the same quarter in 2011 to EUR 215 million, mainly due to higher performance-related fees and growth in assets under management in the US. At 27 basis points, the annualised ratio of fees to average AuM remained flat compared with the previous quarter. Fees and premium-based revenues were 3.4% higher than the third quarter of 2012, mainly as a result of the higher asset base.

Administrative expenses rose 23.8%, from a year ago to EUR 177 million, excluding currency effects, reflecting a EUR 11 million non-recurring expense reduction in the prior year in the US in connection with a change to ING's US employee pension plan. Furthermore, expenses in Europe were higher due to investments related to rebuilding capabilities in the US, higher staff costs (in part due to an additional payroll tax in the Netherlands) and restructuring expenses. Compared with the previous quarter, administrative expenses increased 7.3%, excluding currency effects, largely due to higher staff expenses and restructuring expenses in Europe.

The underlying result before tax declined 29.4% to EUR 36 million compared with the same quarter of 2011 and was 43.8% lower than the previous quarter. The decrease compared with the fourth quarter of 2011 was caused by the aforementioned lower operating result, partly offset by the impact of EUR 6 million of negative revaluations of private equity investments in the US in the fourth quarter of 2011. The decrease on the previous quarter is fully explained by EUR 26 million of positive revaluations in the US in the third quarter, which included a non-recurring EUR 10 million favourable impact from performance fees on investment capital.

CORPORATE LINE INSURANCE

Corporate Line Insurance in EUR million	4Q2012	4Q2011
Interest on hybrids and debt	-82	-76
Amortisation intangible assets	-3	-4
Investment income & fees (ING Insurance holding)	-7	16
Capital Management	-92	-64
Results from reinsurance run-off portfolios	6	1
Other	-60	-21
Operating result	**-146**	**-84**
Gains/losses and impairments	0	-5
Revaluations	-12	-21
Market and other impacts	0	0
Underlying result before tax	**-158**	**-110**

The Corporate Line Insurance operating result declined to EUR -146 million from EUR -84 million in the fourth quarter of 2011, reflecting higher capital costs, corporate expenses and lower reinsurance results. That was partially offset by higher results from ING's stake in SulAmérica SA.

Capital results were EUR -92 million in the fourth quarter, down from EUR -64 million in the fourth quarter of 2011. The decrease reflects higher interest expenses and lower investment income. Interest expenses at ING US increased as the company replaced short-term internal and external borrowings with longer-term external funding in April and July of 2012. 'Investment income & fees' declined due to higher Letter of Credit expenses in the fourth quarter of 2012, which are related to the US Closed Block VA contingent capital arrangement with ING Bank, while the result of the fourth quarter of 2011 benefited from a EUR 19 million non-recurring item.

The 'Results from reinsurance run-off portfolios' increased to EUR 6 million from EUR 1 million in the same quarter of 2011, supported by higher reserve releases.

The 'Other' result declined to EUR -60 million from EUR -21 million in the fourth quarter of 2011, reflecting higher allocated corporate expenses, including Solvency II project expenses and lower results at ING Reinsurance. That more than offset higher results from ING's stake in the Brazilian insurer SulAmérica SA, which rose to EUR 26 million from EUR 15 million in the same quarter of 2011.

Revaluations amounted to EUR -12 million versus EUR -21 million in the fourth quarter of 2011, reflecting the changes in the market value of interest and currency-related derivative positions.

CONSOLIDATED BALANCE SHEET

ING Verzekeringen N.V.: Consolidated balance sheet

in EUR million	31 Dec. 12	30 Sep.12	31 Dec.11 pro forma[1]
Assets			
Cash and balances with central banks	5,389	10,352	10,269
Financial assets at fair value through P&L	106,458	109,103	102,875
- trading assets	586	542	503
- non-trading derivatives	5,108	5,415	5,854
- investments for risk of policyholders	98,764	100,768	93,941
- other	2,000	2,379	2,577
Investments	119,305	117,681	109,529
- debt securities available-for-sale	114,232	112,386	103,458
- equity securities available-for-sale	5,073	5,295	6,070
Loans and advances to customers	25,823	27,100	30,590
Reinsurance contracts	5,290	5,461	5,803
Investments in associates	1,352	1,363	1,189
Real estate investments	805	816	869
Property and equipment	338	358	401
Intangible assets	1,018	1,084	1,356
Deferred acquisition costs	4,549	4,634	4,635
Other assets	7,845	7,665	7,822
Total assets excl.assets held for sale	**278,172**	**285,617**	**275,336**
Assets held for sale	61,691	65,398	60,051
Total assets	**339,863**	**351,015**	**335,387**

	31 Dec. 12	30 Sep.12	31 Dec.11 pro forma[1]
Equity			
Shareholders' equity	27,299	26,570	23,475
Minority interests	217	203	62
Total equity	**27,516**	**26,772**	**23,537**
Liabilities			
Subordinated loans	2,947	4,236	4,367
Debt securities in issue	1,910	2,192	3,435
Other borrowed funds	7,442	7,734	6,940
Insurance and investment contracts	229,950	233,747	225,075
- life insurance provisions	122,989	123,950	121,274
- non-life insurance provisions	3,530	3,680	3,477
- provision for risk of policyholders	98,870	100,879	94,136
- other	4,561	5,237	6,188
Financial liabilities at fair value through P&L	3,258	3,464	4,376
- non-trading derivatives	3,258	3,464	4,376
Other liabilities	11,189	10,237	10,353
Total liabilities excl. liabilities held for sale	**256,696**	**261,610**	**254,547**
Liabilities held for sale	55,651	62,633	57,303
Total liabilities	**312,347**	**324,243**	**311,850**
Total equity and liabilities	**339,863**	**351,015**	**335,387**

1) Adjusted for transfer of Insurance/IM Asia to assets/liabilities held for sale.

ING Insurance's balance sheet decreased by EUR 11.2 billion in the fourth quarter, or EUR 4.4 billion excluding currency effects. Shareholders' equity rose by EUR 0.7 billion to EUR 27.3 billion, mainly driven by the quarterly net result of EUR 0.9 billion.

Assets
At comparable exchange rates, Cash and balances with central banks decreased by EUR 4.7 billion. The decline was mainly due to the purchase of government bonds which are presented as part of 'Assets held for sale'.

Investments for risk of policyholders increased by EUR 1.4 billion, excluding currency effects, mainly driven by positive revaluations. These revaluations are reflected in the Provision for risk of policyholders on the liability side of the balance sheet.

Debt securities available-for-sale increased by EUR 4.1 billion, excluding currency effects, mainly due to EUR 2.9 billion of additional investments and EUR 0.9 billion of positive revaluations as a result of lower interest rates and lower credit spreads.

Loans and advances to customers decreased by EUR 1.1 billion, excluding currency effects, as a result of the transfer of the Dutch State receivable by ING US to ING Bank in exchange for cash as part of the restructuring of the IABF in November 2012 .

Liabilities
Insurance and investment contracts increased by EUR 2.1 billion, excluding currency effects, to EUR 230.0 billion, mainly reflecting an increase in the Provision for risk of policyholders, which mirrored the movement in the Investments for risk of policyholders.

The decrease in Subordinated loans reflects the redemption of a EUR 1.25 billion hybrid security by ING Verzekeringen N.V. in December 2012.

Assets/Liabilities held for sale
Assets/Liabilities held for sale, which reflect the balance sheet items of Insurance/IM Asia, decreased following the closing of the sale of ING's insurance operations in Malaysia in December 2012.

Shareholders' equity
Shareholders' equity increased by EUR 0.7 billion to EUR 27.3 billion compared with the third quarter of 2012, mainly driven by the quarterly net result of EUR 0.9 billion, EUR 0.4 billion of positive revaluations on the investment portfolio, and EUR -0.5 billion of currency impacts as the result of the appreciation of the euro against the US dollar and the Japanese yen.

Annual development
ING Insurance's balance sheet increased by EUR 9.3 billion compared with 31 December 2011, excluding currency effects, to EUR 339.9 billion. This was mainly driven by positive revaluations on Debt securities available for sale and Investments for risk of policyholders as a result of lower interest rates and lower credit spreads. Shareholders' equity increased by EUR 3.8 billion to EUR 27.3 billion, mainly due to positive revaluations on the investment portfolio as well as the full-year net result of EUR 0.9 billion.

RISK MANAGEMENT

ING Insurance continued to take a prudent stance by prioritising the protection of regulatory capital over the mitigation of P&L volatility. This is mainly reflected by the hedging programmes in the US and the Benelux, de-risking measures within the fixed income portfolio, and ongoing changes to portfolio composition to optimise capital efficiency.

Credit risk

ING Insurance: General account

In EUR billion	4Q2012	3Q2012
Government bonds	49.6	47.4
Corporate bonds	43.7	42.7
Covered bonds	1.0	1.0
Financial institutions	9.2	9.1
RMBS and other ABS	14.2	15.3
- US agency RMBS	4.3	5.1
- US prime RMBS	1.0	1.1
- US Alt-A RMBS	0.3	0.3
- US subprime RMBS	0.7	0.7
- Non-US RMBS	4.0	4.2
- CDO/CLO	0.4	0.5
- Other ABS	3.5	3.4
CMBS	4.0	4.3
Public equities	1.8	1.9
Real estate equities	1.4	1.5
Other equities	2.4	2.4
Real estate	1.7	1.7
Cash[1]	5.4	5.9
Mortgages	13.7	13.9
Other loans	5.8	6.9
Other	6.0	6.7
Total	159.9	160.7

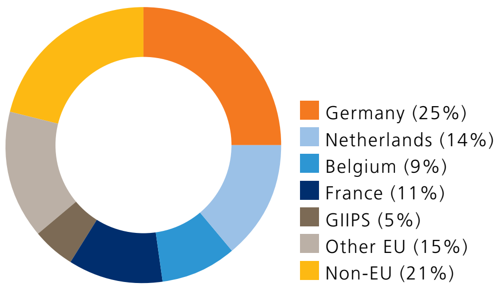
1) Comparable figure has been adjusted to exclude inter-company cash deposits associated with Asian businesses classified as held for sale

The position in 'RMBS and other ABS' was reduced by EUR 1.1 billion compared to the third quarter of 2012, mainly due to redemptions and sales of 'US Agency RMBS' and 'Non-US RMBS', and the appreciation of the euro against the US dollar. 'CMBS' decreased by EUR 0.3 billion, due to both asset sales and currency impacts.

The 'Public Equities' position was reduced by EUR 0.1 billion through net divestments at Insurance Benelux. The 'Other' category decreased by EUR 0.7 billion, mainly reflecting a EUR 0.3 billion lower market value of non-trading derivatives, as well as EUR 0.3 billion sales of private equity funds.

The funds generated this way were mainly re-invested in 'Government bonds' and 'Corporate bonds'. 'Government bonds' increased by EUR 2.2 billion, mainly reflecting net investments of EUR 0.7 billion in US treasury bonds and positive revaluations of EUR 1.4 billion on European government bonds reflecting credit spread tightening and lower interest rates. 'Corporate bonds' increased by EUR 1.0 billion, primarily due to net investments of EUR 1.7 billion, partly offset by the appreciation of the euro against the US dollar.

INSURANCE - BREAKDOWN OF GOVERNMENT BONDS 4Q2012



A decrease in 'Other loans' of EUR 1.1 billion in the quarter is explained by the restructuring of the IABF in November 2012, which effectively delinked ING US from the IABF as another step towards a planned IPO. Following this restructuring, ING US transferred its Dutch State receivable, with a carrying value of approximately EUR 1.1 billion (USD 1.5 billion), at fair value to ING Bank in exchange for cash.

Greece, Italy, Ireland, Portugal and Spain (GIIPS)

The total exposure to the GIIPS countries was reduced by EUR 309 million in the fourth quarter. ING Insurance sold Irish RMBS (EUR

ING Insurance: Greece, Italy, Ireland, Portugal and Spain - Total exposures - 31 December 2012

in EUR million	Greece	Italy	Ireland	Portugal	Spain	Total
Residential mortgages and other consumer lending	12				19	31
Corporate lending		50	25			75
Financial Institutions lending					254	254
Total Lending	**12**	**50**	**25**		**273**	**360**
RMBS	30	330	198	110	351	1,019
Other ABS		32	175		136	343
Corporate bonds		477	627	27	316	1,447
Covered bonds		18	15		507	540
Financial institutions bonds (unsecured)		52	36	38	82	208
Government bonds	36	1,345	53	5	968	2,407
Total Debt Securities	**66**	**2,254**	**1,104**	**180**	**2,360**	**5,964**
Real Estate	**21**	**275**		**217**	**342**	**855**
Total Risk exposures 31 December 2012	**99**	**2,579**	**1,129**	**396**	**2,975**	**7,179**
Total Risk exposures 30 September 2012	**125**	**2,673**	**1,163**	**403**	**3,124**	**7,488**
Total change in fourth quarter 2012	**-26**	**-94**	**-33**	**-7**	**-149**	**-309**

Footnote: ING Insurance/IM has no credit risks linked to Cyprus.

123 million) and Spanish financial institution bonds (EUR 42 million), which resulted in an underlying loss of EUR 41 million. Other changes in exposures were mainly the result of maturing assets.

Market risk

Earnings sensitivities for market risks (full-year impact)		
In EUR million	4Q2012	3Q2012
Interest Rates +30%/+100 bps*	51	51
Interest Rates -30%/-100 bps*	3	1
Equity -25%	318	576
Equity +25%	14	-289
Implied Volatility (interest rates +30%, equity 1-3yr +30%)	14	35
Real Estate -15%	-762	-736
Foreign Exchange -10%	-97	-101

* Insurance Eurasia based on a parallel shock of 30% of the 10 year interest rate; Insurance US based on a parallel shock of 100 bps.

Interest rate sensitivities in earnings are mainly related to parallel movements in the yield curve, as shown in the table, as well as to nonparallel movements due to an asymmetry between the accounting of liability and (hedge) assets for the guaranteed separate account pension business in the Netherlands.

Equity sensitivities are driven by the US Closed Block VA, with offsetting impacts from the Benelux and, to a lesser extent, Insurance US. ING's focus on protecting local regulatory capital positions rather than mitigating IFRS earnings volatility results in counterintuitive results in the US Closed Block VA and in the Benelux.

Equity market sensitivities have been reduced compared to the previous quarter as a result of updated hedge targets and changes to models and assumptions in the US. The reduced equity market sensitivities also reflect lower impairment risk in the Benelux, resulting from a reduced direct equity portfolio in combination with higher stock prices, while hedges on the direct equity portfolio matured and were not rolled over.

The real estate sensitivity is driven almost entirely by the Benelux and reflects investments in real estate funds and direct real estate assets.

Insurance and other risks

Insurance risks, such as mortality, longevity and morbidity, result from the pricing and underwriting of insurance contracts. Through scenario analysis, ING Insurance measures the sensitivity of pre-tax earnings to an adverse change of the insurance risk factors over a one-year period. Earnings sensitivities in this section are defined on a shock scenario at the 90% confidence level on pre-tax IFRS-EU earnings, projected one year forward from the calculation date.

Earnings sensitivities for Insurance risks (full-year impact)		
In EUR million	4Q2012	3Q2012
Mortality	-38	-34
Morbidity	-114	-124
P&C	-81	-75

The sensitivities presented in the table above are figures after diversification between the different insurance risks and after diversification across business units. The overall exposure to insurance risks did not change significantly during the fourth quarter of 2012 and sensitivities mainly changed because of modelling updates.

IFRS reserve adequacy test

As per 31 December 2012, the reserves for ING Insurance remained adequate above the prudent 90% confidence level, and all business lines exceeded the 90% confidence level with the exception of the US Closed Block Variable Annuities, which improved from EUR -3.2 billion at year-end 2011 to EUR -1.7 billion at year-end 2012, driven by assumption and model changes as well as market performance during the year. That improvement was offset by a decline at Insurance Benelux as a result of de-risking and low interest rates as well as new mortality tables in the Netherlands.

If the aggregate reserves for a business line falls below the 50% confidence level, the shortfall must be recognised immediately in the profit & loss account. As previously disclosed, such a charge may be triggered in Asia as ING divests its business units in the region, because a reserve inadequacy in Japan is currently compensated by a surplus in other units. The reserve inadequacy for the Japanese insurance business, including the VA guarantees reinsured to ING Re, was approximately EUR 0.4 billion at the 50% confidence level at 31 December 2012. This is comprised of an inadequacy of approximately EUR 0.9 billion for the closed block VA, offset by a sufficiency of EUR 0.5 billion for the corporate-owned life insurance business. The nature and timing of any P&L charge from such reserve inadequacy depends on the closing of other divestments in Asia as well as various options currently under investigation for ING Life Japan. Further announcements will be made if and when appropriate.

New mortality tables in the Netherlands

The Dutch Bureau of Statistics (CBS) published their bi-annual update of mortality projections in the Netherlands, which are used for the Dutch insurance business. The update had no impact on the IFRS P&L, but is reflected in the IFRS reserve adequacy test and the capital ratio (IGD ratio) for Insurance. The impact on the IGD ratio was approximately 4 percentage points. Nationale-Nederlanden established an additional provision for longevity more than 15 years ago to cover the risk related to increasing life expectancy in the group pension business. Upon renewal, group pension contracts are recalculated and, to date, any required increase in the provision for insurance contracts due to mortality has been offset against the longevity provision.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

ING Group: Consolidated profit and loss account

	Total Group[1]		Total Banking		Total Insurance	
in EUR million	4Q2012	4Q2011	4Q2012	4Q2011	4Q2012	4Q2011
Gross premium income	4,661	4,750			4,661	4,750
Interest result Banking operations	2,841	3,041	2,866	3,046		
Commission income	878	845	509	490	369	355
Total investment & other income	1,232	490	-203	-195	1,444	718
Total underlying income	**9,612**	**9,127**	**3,172**	**3,341**	**6,475**	**5,824**
Underwriting expenditure	5,258	6,401			5,258	6,401
Staff expenses	1,749	1,627	1,257	1,224	491	403
Other expenses	1,448	1,273	1,108	885	341	387
Intangibles amortisation and impairments	35	122	35	122		
Operating expenses	3,232	3,021	2,400	2,231	832	790
Interest expenses Insurance operations	74	105			108	143
Addition to loan loss provision	588	445	588	445		
Other	5	3			5	3
Total underlying expenditure	**9,157**	**9,976**	**2,988**	**2,676**	**6,203**	**7,337**
Underlying result before tax	**455**	**-849**	**184**	**664**	**272**	**-1,513**
Taxation	66	-94	133	153	-67	-247
Minority interests	17	30	20	22	-3	8
Underlying net result	**373**	**-785**	**31**	**489**	**342**	**-1,274**
Net gains/losses on divestments	1,613	1,261	891	265	721	996
Net result from divested units	13	71	8	71	5	
Net result from discontinued operations[2]	78	232			78	232
Special items after tax	-643	407	-348	428	-295	-21
Net result	**1,434**	**1,186**	**583**	**1,253**	**851**	**-68**

ING Group: Consolidated profit and loss account

	Total Group[1]		Total Banking		Total Insurance	
in EUR million	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Gross premium income	20,277	20,279			20,277	20,279
Interest result Banking operations	11,626	11,967	11,712	11,975		
Commission income	3,566	3,651	2,162	2,230	1,405	1,421
Total investment & other income	5,313	7,087	368	84	5,006	7,345
Total underlying income	**40,783**	**42,983**	**14,241**	**14,289**	**26,688**	**29,045**
Underwriting expenditure	22,574	25,747			22,574	25,747
Staff expenses	7,035	6,794	5,069	5,101	1,966	1,694
Other expenses	4,965	4,801	3,621	3,417	1,344	1,384
Intangibles amortisation and impairments	211	307	211	307		
Operating expenses	12,211	11,902	8,900	8,824	3,310	3,078
Interest expenses Insurance operations	326	181			472	531
Addition to loan loss provision	2,122	1,336	2,122	1,336		
Other	19	15			19	15
Total underlying expenditure	**37,252**	**39,180**	**11,023**	**10,161**	**26,377**	**29,370**
Underlying result before tax	**3,530**	**3,803**	**3,219**	**4,128**	**311**	**-325**
Taxation	817	974	981	1,073	-165	-99
Minority interests	111	83	91	79	20	4
Underlying net result	**2,603**	**2,746**	**2,147**	**2,977**	**456**	**-230**
Net gains/losses on divestments	1,714	1,812	1,365	821	349	991
Net result from divested units	87	470	84	474	3	-4
Net result from discontinued operations[2]	550	678			550	678
Special items after tax	-1,060	60	-628	281	-432	-222
Net result	**3,894**	**5,766**	**2,967**	**4,553**	**927**	**1,212**

1 Including intercompany eliminations
2 The results of Insurance/IM Asia (2012 and 2011 periods) and Insurance Latin America (2011 periods) have been transferred to "net result from discontinued operations".

ING Group's Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU').

In preparing the financial information in this document, the same accounting principles are applied as in the 2011 ING Group Annual Accounts. The Financial statements for 2012 are in progress and may be subject to adjustments from subsequent events. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) the implementation of ING's restructuring plan to separate banking and insurance operations, (5) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations, (14) changes in the policies of governments and/or regulatory authorities, (15) conclusions with regard to purchase accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit-ratings, (18) ING's ability to achieve projected operational synergies and (19) the other risks and uncertainties detailed in the Risk Factors section contained in the most recent annual report of ING Groep N.V. Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.

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