ING GROUP QUARTERLY REPORT



Fourth quarter 2011

SHARE INFORMATION

Financial calendar

- Publication results 1Q2012: Wednesday 9 May 2012
- Annual General Meeting: Monday 14 May 2012
- Publication results 2Q2012: Wednesday 8 August 2012
- Publication results 3Q2012: Wednesday 7 November 2012

(All dates are provisional.)

Investor relations

ING Group Investor Relations
P.O. Box 810
1000 AV Amsterdam
The Netherlands
Tel: +31 20 576 6396 (as of 16 February 2012)
Fax: +31 20 576 6637 (as of 16 February 2012)
Email: investor.relations@ing.com
Internet: www.ing.com/investorrelations

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).

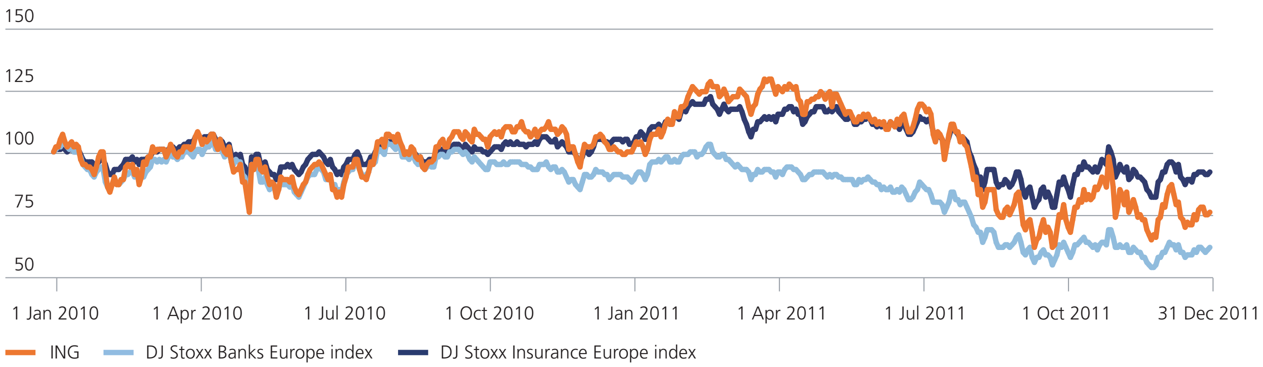
Stock exchanges	Tickers (Bloomberg, Reuters)	Security codes (ISIN, SEDOL1)
Euronext Amsterdam	INGA NA, ING.AS	NL0000303600, 7154782 NL
New York Stock Exchange	ING US, ING.N	US456837103, 2452643 US

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 2010 TO 31 DECEMBER 2011



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, this document, available in PDF and Excel format, includes historical trend data and details of restatements.

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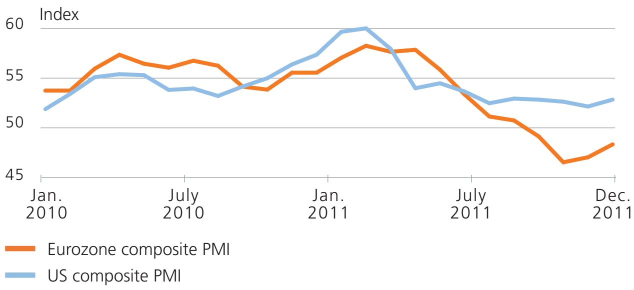
ECONOMIC ENVIRONMENT

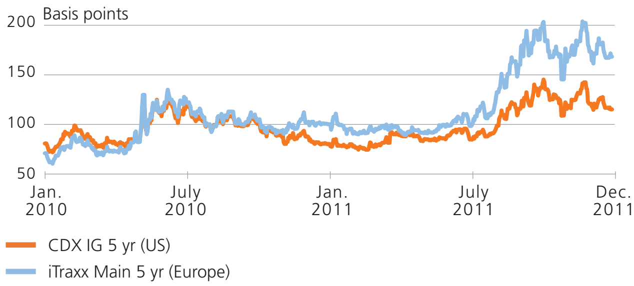
ECONOMIC ACTIVITY

- Despite the first back-to-back increase since February 2011, the purchasing managers' index (PMI) in the eurozone has remained at levels consistent with economic contraction. In the US, the PMI remained stable above 50, indicating continued economic expansion.
- The PMIs are regarded as timely indicators of underlying trends in economic activity.



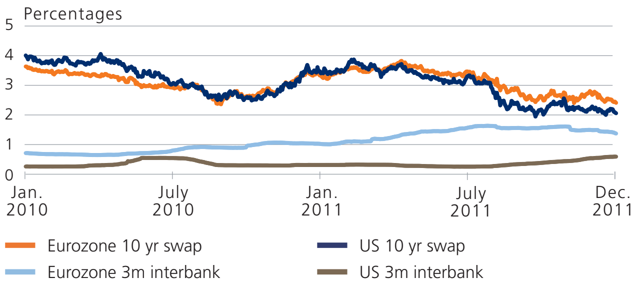
CREDIT MARKETS

- In both the eurozone and the US, credit market sentiment improved slightly during the fourth quarter, but tensions remained elevated. In the eurozone, credit spreads fell, as measured by the iTraxx index of investment-grade borrowers' credit-default swaps. But the index still remained at levels last seen in the wake of the Lehman collapse. The peripheral credit spreads continued to widen in the fourth quarter of 2011.
- In the US, the CDX index also moved lower, but it remained above levels seen in the second half of 2010 and the first half of 2011.



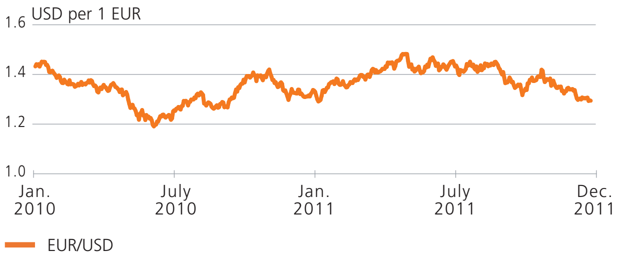
YIELD CURVE

- In the eurozone, the slope of the yield curve remained unchanged as both short-term and long-term rates fell during the fourth quarter. In the US, the yield curve flattened as a result of higher short-term rates and slightly lower long-term rates.



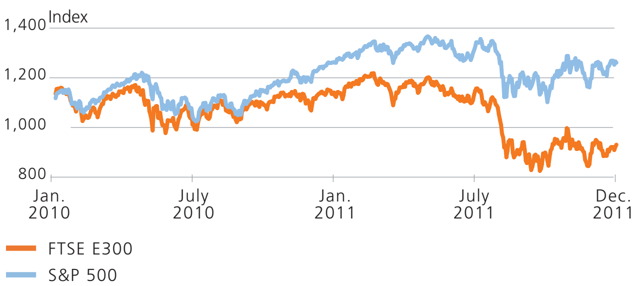
CURRENCY MARKETS

- As a result of worries over the European debt crisis and signs that the eurozone economy has fallen back into recession, the EUR/USD fell in the fourth quarter of 2011. The euro weakened from 1.34 at the start to 1.29 at the end of the quarter.



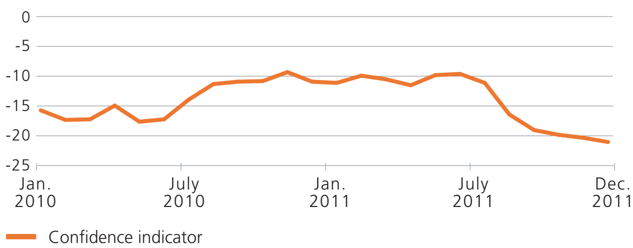
STOCK MARKETS

- Equity indices in the US and the eurozone moved higher in the fourth quarter of 2011. The US S&P 500 advanced more strongly than the FTSE E300 in Europe.



CONSUMER CONFIDENCE

- The escalating debt crisis and growing fears of a new recession have taken their toll on consumer confidence across the eurozone. In the fourth quarter of 2011, eurozone confidence declined to a two-year low.



Source: ING Economics Department

CHAIRMAN'S STATEMENT

"The economic environment became more challenging in the fourth quarter of 2011. The financial crisis spread further into the real economy, and uncertainty around the European sovereign debt crisis continued to erode confidence and amplify market volatility. Despite this challenging backdrop and its inevitable impact on results, ING posted 15.1% higher full-year underlying earnings in 2011 compared with 2010."

"During the fourth quarter, income at the Bank was affected by losses related to further de-risking of the investment portfolio, as well as re-impairments on Greek government bonds and other market impacts. However, commercial performance remained robust. Funds entrusted grew by EUR 8.1 billion, underscoring the strong deposit-gathering ability of our franchise amid continued competition for savings in our home markets. Our strong funding profile enabled ING Bank to continue to support customers' financing needs. The capital position of the Bank remained strong, with the core Tier 1 ratio stable at 9.6% after absorbing the impact of higher capital requirements under CRD III which came into effect at year-end. As the economic recovery is expected to remain weak in 2012, we will continue to take a prudent approach to risk, capital and funding while working towards our Ambition 2015 targets."

"Our Insurance results were severely impacted by the update to policyholder behaviour assumptions on the US Closed Block VA, as announced in December, as well as losses on hedges in place to protect regulatory capital given the ongoing market turmoil. These factors led to a fourth-quarter loss on an underlying basis. However, operating results were up 20.4% from a year ago, demonstrating cost discipline and strong progress on performance improvement programmes. Significant milestones in the restructuring process were achieved in 2011, including the sale of Insurance Latin America and the completion of the legal and operational separation of Insurance US, Europe and Asia. In 2012, we will continue to focus on improving returns while preparing these businesses for stand-alone futures."

Jan Hommen
CEO of ING Group

KEY FIGURES

Group	4Q2011	4Q2010[1)]	Change	3Q2011	Change	FY2011	FY2010[1)]	Change
Profit and loss data (in EUR million)								
Underlying result before tax	-555	554	-200.2%	1,593	-134.8%	5,055	4,666	8.3%
Underlying net result	-516	252	-304.9%	1,262	-140.9%	3,675	3,192	15.1%
Divestments, discontinued operations and special items [2)]	1,701	-122		430		2,090	-382	
Net result	1,186	130	811.7%	1,692	-29.9%	5,766	2,810	105.2%
Balance sheet data (end of period, in EUR billion)								
Total assets				1,282	-0.2%	1,279	1,247	2.6%
Shareholders' equity				45	4.8%	47	41	14.1%
Capital ratios (end of period)								
ING Group debt/equity ratio				13.4%		12.7%	13.4%	
Bank core Tier 1 ratio				9.6%		9.6%	9.6%	
Insurance IGD Solvency I ratio				224%		225%	230%	
Share information								
Net result per share (in EUR)[3)]	0.31	0.03	933.3%	0.45	-31.1%	1.52	0.74	105.4%
Shareholders' equity per share (end of period, in EUR)				11.76	4.8%	12.33	10.81	14.1%
Shares outstanding in the market (average over the period, in million)				3,784		3,784	3,783	0.0%
Other data (end of period)								
Underlying return on equity based on IFRS equity	-4.5%	2.4%		11.9%		8.7%	8.1%	
Employees (FTEs, end of period, adjusted for divestments)				97,377	-0.3%	97,043	97,828	-0.8%

Banking operations	4Q2011	4Q2010	Change	3Q2011	Change	FY2011	FY2010	Change
Profit and loss data (in EUR million)								
Interest result	3,449	3,539	-2.5%	3,318	3.9%	13,562	13,555	0.1%
Total underlying income	3,704	4,288	-13.6%	3,792	-2.3%	15,855	16,816	-5.7%
Operating expenses	2,381	2,450	-2.8%	2,325	2.4%	9,447	9,336	1.2%
Addition to loan loss provision	530	410	29.3%	437	21.3%	1,667	1,742	-4.3%
Underlying result before tax	793	1,428	-44.5%	1,031	-23.1%	4,740	5,738	-17.4%
Key figures								
Interest margin	1.42%	1.47%		1.37%		1.41%	1.42%	
Underlying cost/income ratio	64.3%	57.1%		61.3%		59.6%	55.5%	
Underlying risk costs in bp of average RWA	65	51		55		52	53	
Risk-weighted assets (end of period, in EUR billion, adjusted for divestm.)				320	3.4%	330	319	3.7%
Underlying return on equity based on IFRS equity	6.8%	13.1%		8.3%		10.0%	12.9%	
Underlying return on equity based on 10% core Tier 1[4)]	7.4%	14.0%		9.0%		10.9%	13.1%	

Insurance operations	4Q2011	4Q2010[1)]	Change	3Q2011	Change	FY2011	FY2010[1)]	Change
Margin analysis (in EUR million)								
Investment margin	440	381	15.5%	451	-2.4%	1,739	1,405	23.8%
Fees and premium-based revenues	1,103	1,139	-3.2%	1,141	-3.3%	4,583	4,415	3.8%
Technical margin	171	199	-14.1%	136	25.7%	762	754	1.1%
Income non-modelled life business	20	37	-45.9%	19	5.3%	89	136	-34.6%
Life & ING IM operating income	**1,734**	**1,755**	**-1.2%**	**1,747**	**-0.7%**	**7,173**	**6,709**	**6.9%**
Administrative expenses	725	762	-4.9%	707	2.5%	2,857	2,933	-2.6%
DAC amortisation and trail commissions	483	489	-1.2%	475	1.7%	1,898	1,753	8.3%
Life & ING IM operating expenses	**1,208**	**1,251**	**-3.4%**	**1,182**	**2.2%**	**4,755**	**4,686**	**1.5%**
Life & ING IM operating result	**526**	**504**	**4.4%**	**565**	**-6.9%**	**2,418**	**2,023**	**19.5%**
Non-life operating result	39	50	-22.0%	39		188	168	11.9%
Corporate line operating result	-88	-157		-77		-401	-633	
Operating result	**478**	**397**	**20.4%**	**527**	**-9.3%**	**2,205**	**1,558**	**41.5%**
Non-operating items	-1,827	-1,271		36		-1,892	-2,630	
Underlying result before tax	**-1,348**	**-873**		**563**	**-339.4%**	**314**	**-1,072**	
Key figures								
Administrative expenses / operating income (Life & ING IM)	41.8%	43.4%		40.5%		39.8%	43.7%	
Life general account assets (end of period, in EUR billion)				171	2.3%	175	162	8.0%
Investment margin / life general account assets[5)] (in bps)	106	90		103				
ING IM Assets under Management (end of period, in EUR billion)				309	4.2%	322	310	3.9%
Underlying return on equity based on IFRS equity[6)]	-19.1%	-16.7%		10.9%		1.4%	-5.1%	

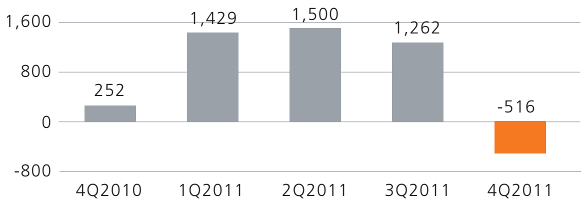
1 The figures of this period have been restated to reflect the change in accounting policy, i.e., the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011.
2 The result of Insurance Latin America has been transferred to "net result from discontinued operations". Previous periods have been restated
3 Result per share differs from IFRS earnings per share in respect of attributions to the core Tier 1 securities.
4 Underlying, after-tax return divided by average equity based on 10% core Tier 1 ratio (annualised).
5 Four-quarter rolling average.
6 Annualised underlying net result divided by average IFRS-EU equity (the 2010 quarterly results are adjusted for the after-tax allocated cost of Group core debt injected as equity into Insurance by the Group)
Note: Underlying figures are non-GAAP measures and are derived from figures according to IFRS-EU by excluding impact from divestments and special items.

CONSOLIDATED RESULTS

Operating conditions were challenging in 2011, as financial markets continued to be volatile and the macroeconomic environment deteriorated further in the second half of the year. The prolonged weakness of the economic recovery and its impact on local and capital markets were especially prominent in the fourth quarter. Despite this difficult context, ING Group's full-year results improved compared with 2010. Underlying net profit for 2011 was EUR 3,675 million, up from EUR 3,192 million a year earlier.

For the fourth quarter of 2011, ING Group posted an underlying net loss of EUR 516 million, reflecting lower results at the Bank and a loss at Insurance mainly due to the charge for the previously announced US Closed Block VA assumption changes, as well as hedge losses. ING Group's quarterly net profit was EUR 1,186 million, supported by gains from divestments and from the liability management transactions executed in December 2011.

UNDERLYING NET RESULT (in EUR million)



ING Bank recorded a fourth-quarter underlying profit before tax of EUR 793 million compared with EUR 1,428 million a year ago and EUR 1,031 million in the third quarter of 2011. Results were down substantially from both prior periods reflecting EUR 214 million of impairments on debt and equity securities (of which EUR 133 million was re-impairments on Greek government bonds), EUR 79 million of realised losses from selective de-risking at ING Direct, and higher risk costs. The net interest margin was 1.42%, up five basis points from the previous quarter—primarily due to a recovery in Financial Markets—but down five basis points relative to a year ago. Expenses declined from the fourth quarter of 2010, but rose from third-quarter levels.

Although competition for savings increased in the fourth quarter, ING Bank continued to show strong deposit growth with funds entrusted rising by EUR 8.1 billion (excluding currency impacts). The net inflow of funds entrusted at Retail Banking was EUR 5.6 billion, of which EUR 3.2 billion was at ING Direct and EUR 2.5 billion at Retail Netherlands, supported by year-end campaigns. Commercial Banking reported a EUR 2.6 billion net increase in funds entrusted.

Residential mortgage net production was EUR 3.9 billion, driven primarily by ING Direct. The moderate growth was consistent with low market demand, as well as ING's policy to selectively grow this lending class while maintaining pricing discipline. The overall demand for other lending remained subdued given the challenging macroeconomic environment. As a result, other lending showed a EUR 4.0 billion net decrease as a EUR 4.8 billion decline at Commercial Banking was only partly offset by EUR 0.8 billion of net growth in Retail Banking.

The operating result of ING Insurance improved year-on-year, rising 20.4% to EUR 478 million on a higher investment margin, lower interest expenses, and lower administrative expenses due to a non-recurring expense reduction in the US. Compared with the third quarter of 2011, the operating result was down 9.3%, primarily due to lower fees and premium-based revenues.

The fourth-quarter underlying result before tax of Insurance was EUR -1,348 million. The loss was due mainly to the EUR 1,099 million charge for the US Closed Block VA assumption changes announced in December 2011, as well as EUR 348 million of losses on hedges focused on protecting regulatory capital in the Benelux and the US.

Insurance sales (APE) rose 3.0% year-on-year, or 4.6% on a constant currency basis, driven by growth in Asia/Pacific, Central and Rest of Europe, and the Benelux. On a sequential basis, APE at ING Insurance was 0.6% lower, or down 3.1% excluding currency effects, primarily due to seasonally lower sales in Asia/Pacific.

ING Group's quarterly net profit was EUR 1,186 million compared with EUR 130 million in the fourth quarter of 2010 and EUR 1,692 million in the third quarter. The fourth-quarter underlying effective tax rate was 12.4%.

Fourth-quarter net results included EUR 1,288 million of gains on divestments, of which EUR 995 million was attributable to the Latin American Insurance businesses and EUR 265 million to the sale of Real Estate Investment Management in Europe and Asia. Net results from divested units and discontinued operations totalled EUR 10 million. Special items after tax amounted to a gain of EUR 403 million. The EUR 718 million gain from the liability management transaction executed in December 2011 was partially offset by costs for various restructuring programmes, including EUR -118 million for the Retail Netherlands change programme (announced in November 2011) and EUR -67 million for strategic repositioning initiatives at Commercial Banking. After-tax separation and IPO preparation costs were EUR 85 million in the quarter and EUR 202 million for the full-year 2011, well within the previously announced amount of EUR 250 million after tax.

The quarterly net profit per share for ING Group was EUR 0.31 compared with EUR 0.03 in the fourth quarter of 2010 and EUR 0.45 in the third quarter. The average number of shares used to calculate earnings per share over the fourth quarter was 3,784 million, unchanged from the third quarter. The Group's underlying net return on IFRS-EU equity was 8.7% for the full-year 2011.

CONSOLIDATED BALANCE SHEET

ING Group: Consolidated balance sheet

in EUR million	31 Dec. 11	30 Sep. 11	31 Dec. 10[1] pro forma		31 Dec. 11	30 Sep. 11	31 Dec. 10[1] pro forma
Assets				**Equity**			
Cash and balances with central banks	31,194	25,077	12,661	Shareholders' equity	46,663	44,528	40,904
Amounts due from banks	45,323	55,098	51,478	Minority interests	737	748	729
Financial assets at fair value through P&L	262,722	270,177	263,174	Non-voting equity securities	3,000	3,000	5,000
Investments	216,503	214,894	212,353	**Total equity**	**50,400**	**48,276**	**46,633**
Loans and advances to customers	602,525	597,083	583,135	**Liabilities**			
Reinsurance contracts	5,870	5,807	5,787	Subordinated loans	8,858	10,844	10,645
Investments in associates	3,234	3,329	3,825	Debt securities in issue	139,861	139,790	135,604
Real estate investments	1,670	1,742	1,906	Other borrowed funds	19,684	21,608	22,117
Property and equipment	2,886	2,874	2,962	Insurance and investment contracts	278,833	267,063	270,393
Intangible assets	3,558	3,728	4,370	Amounts due to banks	72,233	86,803	72,052
Deferred acquisition costs	10,204	10,138	10,489	Customer deposits and other funds on deposit	467,547	458,620	453,323
Assets held for sale	62,483	61,955	61,204	Financial liabilities at fair value through P&L	142,868	152,362	138,538
Other assets	31,016	30,394	33,660	Liabilities held for sale	64,265	62,767	61,196
				Other liabilities	34,639	34,165	36,504
				Total liabilities	**1,228,788**	**1,234,020**	**1,200,372**
Total assets	**1,279,188**	**1,282,296**	**1,247,005**	**Total equity and liabilities**	**1,279,188**	**1,282,296**	**1,247,005**

1 Adjusted for transfer of ING Direct USA , ING Car Lease and ING Latin America to assets/liabilities held for sale, and the restating to reflect the change in accounting policy i.e. the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011

ING Group’s balance sheet was reduced by EUR 3 billion to EUR 1,279 billion in the fourth quarter. Excluding currency effects, the decrease was EUR 25 billion, due to lower trading assets and lower amounts due from banks. Shareholders’ equity increased to EUR 46.7 billion (or EUR 12.33 per share), mainly due to the quarterly net profit of EUR 1.2 billion and positive exchange rate differences. ING Group’s balance sheet will be reduced further, by EUR 62 billion, following the sale of ING Direct USA.

Cash and balances with central banks

Cash and balances with central banks increased to EUR 31 billion from EUR 25 billion at the end of September 2011. This was mainly due to a further increase of overnight deposits with central banks.

Amounts due from/to banks

In the fourth quarter, the net lending from banks decreased by EUR 5 billion as amounts due from banks decreased EUR 10 billion and amounts due to banks dropped EUR 15 billion.

Loans

Loans and advances to customers decreased by EUR 2 billion, excluding EUR 8 billion of positive currency impacts, to EUR 603 billion. The decrease is caused by securities at amortised cost, due to repayments, run-off and selective de-risking.

Financial assets/liabilities at fair value

Financial assets at fair value through the P&L decreased by EUR 13 billion from the end of September 2011 to EUR 263 billion at comparable exchange rates.

At ING Bank, financial assets at fair value through P&L decreased by EUR 16 billion to EUR 136 billion at comparable exchange rates. The decrease is fully explained by a decline in trading assets, due to lower reverse repos, trading securities (de-risking) and derivatives. The EUR 12 billion decrease, at comparable exchange rates, of financial liabilities at fair value through P&L was fuelled by trading liabilities, due to lower trading derivatives and repos, mirroring the asset side.

At Insurance, financial assets at fair value through P&L increased by EUR 3 billion at comparable exchange rates. Investments for risk of policyholders increased by EUR 4 billion, excluding currency effects. This increase was on balance due to positive revaluations in the investment portfolio of EUR 5 billion, partly compensated by a net outflow of EUR 1 billion. All of these effects are mirrored in the provision for risk of policyholders, which is included in ‘Insurance and investment contracts’.

Assets/Liabilities held for sale

At comparable exchange rates, assets held for sale decreased EUR 2 billion mainly due to the completion of the sale of ING’s pension, insurance and investment management activities in Latin America. Assets/Liabilities held for sale as per 31 December 2011 relate to ING Direct USA.

Insurance and investment contracts

Insurance and investment contracts increased by EUR 5 billion to EUR 279 billion at comparable exchange rates. A EUR 4 billion increase in the provision for risk of policyholders mirrored the movement in the investments for risk of policyholders.

ING Group: Change in shareholders' equity	ING Group		ING Bank N.V.		ING Verzekeringen N.V.		Holdings/Eliminations	
in EUR million	4Q2011	3Q2011	4Q2011	3Q2011	4Q2011	3Q2011	4Q2011	3Q2011
Shareholders' equity beginning of period	**44,528**	**40,288**	**33,760**	**32,486**	**22,466**	**19,461**	**-11,698**	**-11,659**
Net result for the period	1,186	1,692	725	1,213	-67	494	528	-15
Unrealised revaluations of equity securities	156	-777	-13	-169	169	-608		
Unrealised revaluations of debt securities	-384	2,919	-610	220	226	2,699		
Deferred interest crediting to life policyholders	-232	-1,863			-232	-1,863		
Realised gains/losses equity securities transferred to P&L	-6	-87	21	16	-27	-103		
Realised gains/losses debt securities transferred to P&L	112	491	122	175	-10	316		
Change in cashflow hedge reserve	217	1,115	2	-313	221	1,457	-6	-29
Other revaluations	-122	23	-75	106	-45	-81	-2	-2
Exchange rate differences	1,115	657	408	-7	704	652	3	12
Employee stock options and share plans	63	44	39	53	15	16	9	-25
Other	30	26	-12	-20	55	26	-13	20
Total changes	**2,135**	**4,240**	**607**	**1,274**	**1,009**	**3,005**	**519**	**-39**
Shareholders' equity end of period	**46,663**	**44,528**	**34,367**	**33,760**	**23,475**	**22,466**	**-11,179**	**-11,698**

ING Group: Shareholders' equity	ING Group		ING Bank N.V.		ING Verzekeringen N.V.		Holdings/Eliminations	
in EUR million	31 Dec. 11	30 Sep. 11	31 Dec. 11	30 Sep. 11	31 Dec. 11	30 Sep. 11	31 Dec. 11	30 Sep. 11
Share premium/capital	16,953	16,953	17,067	17,067	12,048	12,048	-12,162	-12,162
Revaluation reserve equity securities	2,304	2,153	1,247	1,238	997	855	60	60
Revaluation reserve debt securities	4,143	4,416	-212	277	4,379	4,163	-24	-24
Revaluation reserve crediting to life policyholders	-3,492	-3,260			-3,492	-3,260		
Revaluation reserve cashflow hedge	1,971	1,754	-821	-823	2,883	2,662	-91	-85
Other revaluation reserves	624	631	336	341	293	295	-5	-5
Currency translation reserve	93	-895	208	-130	133	-516	-248	-249
Treasury shares	-665	-655					-665	-655
Retained earnings and other reserves	24,732	23,431	16,542	15,790	6,234	6,219	1,956	1,422
Total	**46,663**	**44,528**	**34,367**	**33,760**	**23,475**	**22,466**	**-11,179**	**-11,698**

Customer deposits

Customer deposits and other funds on deposit grew by EUR 5 billion to EUR 468 billion at comparable exchange rates. Individual savings accounts increased by EUR 4 billion, while credit balances on customer accounts decreased at comparable rates by EUR 1 billion. Corporate deposits increased by EUR 2 billion, mainly consisting of short-term deposits from asset managers and corporate treasuries.

Impact of liability management transaction on ING Group's balance sheet

In December 2011, ING successfully completed a liability management transaction with an average participation of 60%. The net impact of this transaction on ING Group's consolidated balance sheet was a EUR 2 billion debt decrease.

Annual development balance sheet total

ING Group's balance sheet grew by EUR 23 billion, excluding currency effects, compared with December 2010. This growth (versus the pro forma balance sheet) was driven by higher customer lending, which was fully funded by higher customer deposits and long-term debt. Higher cash and balances with central banks were offset by a reduction of investments and amounts due from banks.

Shareholders' equity

Shareholders' equity increased by EUR 2.1 billion to EUR 46.7 billion, mainly due to the quarterly net profit of EUR 1.2 billion and positive exchange rate differences of EUR 1.1 billion.

Shareholders' equity at 31 December 2010 has been restated to reflect the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for Life in the US Closed Block VA business as of 1 January 2011. As a result, the restated shareholders' equity figure is EUR 651 million lower than the original figure for the fourth quarter of 2010. Further details on the restatement are available in the restated fourth quarter 2010 Historical Trend Document which is available on www.ing.com.

CAPITAL MANAGEMENT

Capital base: ING Group

In EUR million unless stated otherwise		31 Dec. 11	30 Sep. 11
(a)	Shareholders' equity	46,663	44,528
(b)	Core Tier 1 securities	3,000	3,000
(c)	Group hybrid capital	9,332	11,981
(d)	Group leverage (core debt)	7,917	8,453
	Total capitalisation (Bank + Insurance)	**66,912**	**67,962**
(f)	Required regulatory adjustments	-4,626	-4,904
	Group leverage (core debt)	-7,917	-8,453
(e)	**Adjusted equity (= a + b + c + f)**	**54,369**	**54,605**
	Debt/equity ratio (d/(d+e))	12.7%	13.4%
(g)	Total required capital (j+m)	40,621	40,089
	FiCo ratio (= (h+k-d)/g)	149%	148%

Capital ratios: ING Bank

In EUR million unless stated otherwise		31 Dec. 11	30 Sep. 11
	Shareholders' equity	34,367	33,760
	Required regulatory adjustments	-2,595	-3,070
	Core Tier 1	31,772	30,689
	Hybrid Tier 1	6,850	8,398
	Total Tier 1 capital	**38,622**	**39,087**
	Other capital	8,502	8,282
(h)	**BIS Capital**	**47,124**	**47,369**
	Risk-weighted assets	330,421	319,956
(j)	Required capital Basel II *	26,434	25,596
(j)	Required capital based on Basel I floor *	31,107	30,884
	Basel II core Tier 1 ratio	**9.6%**	**9.6%**
	Basel II Tier 1 ratio	**11.7%**	**12.2%**
	Basel II BIS ratio**	**14.3%**	**14.8%**

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

Capital ratios: ING Insurance

In EUR million unless stated otherwise		31 Dec. 11	30 Sep. 11
	Shareholders' equity	23,475	22,466
	Hybrids issued by ING Group	2,604	2,081
	Hybrids issued by ING Insurance	1,726	2,250
	Required regulatory adjustments	-6,399	-6,192
(k)	**Total capital base**	**21,406**	**20,605**
(m)	EU required capital	9,515	9,206
	IGD Solvency I ratio (k/m)	**225%**	**224%**

Note: In the fourth quarter 2011, ING has reviewed the calculation of the IGD ratio to ensure consistent application throughout the Group. As a consequence, several changes have been made, mainly related to (i) certain provisions which are internally reinsured and for which required capitals were netted out in the past and (ii) changes in the allocation of policyholder liabilities to the relevant capital requirement categories. The comparative IGD and FICO numbers have been adjusted for this change.

Main credit ratings of ING at 24 January 2012

	Standard & Poor's		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
ING Groep N.V.	A	Stable	A1	Stable	A	Stable
ING Bank N.V.	A+	Stable	Aa3	Stable	A+	Stable
ING Verzekeringen N.V.	A-	Negative	Baa2	Developing	A-	Negative

In the fourth quarter, Standard & Poor's and Moody's confirmed its credit ratings for ING Group N.V. and ING Bank N.V. In December, Moody's downgraded ING Verzekeringen N.V. from Baa1 to Baa2 and changed the outlook from negative to developing. S&P and Fitch confirmed their ratings of ING Verzekeringen N.V.

ING's capital ratios continued to be strong during the quarter. ING Bank's core Tier 1 ratio was stable at 9.6%, absorbing the impact of EUR 9 billion higher RWAs under CRD III, while the Insurance Group Directive Solvency I ratio improved to 221%. The Group debt/ equity ratio decreased to 12.7% as a result of a successful liability management transaction in December.

Liability management transaction

The liability management transaction proactively addressed uncertainty regarding future call options on capital securities and generated EUR 0.7 billion net profit for ING Group.

ING Bank

ING Bank's core Tier 1 ratio was stable at 9.6% despite a EUR 10 billion increase in risk-weighted assets (RWA), which was mainly the result of the implementation of Capital Requirements Directive III (CRD III). RWAs increased from EUR 320 billion to EUR 330 billion, driven by EUR 9 billion of market RWA related to the implementation of CRD III and EUR 1 billion of credit RWAs. Core Tier 1 capital rose by EUR 1 billion, largely driven by retained earnings including the net gain from the closing part of ING Real Estate Investment Management. ING Bank has a currency hedging programme in place to offset RWA movements, excluding ING Direct USA due to foreign exchange differences in the currency translation reserve. Therefore foreign exchange movements had little impact on the core Tier 1 ratio. The Tier 1 ratio declined from 12.2% to 11.7% because of the reduction of EUR 1.5 billion in hybrid securities as a result of the liability management transaction in December 2011.

ING Insurance

The restated Insurance Groups Directive (IGD) ratio increased slightly to 225% at the end of December 2011 from 224% at the end of September 2011. Both available capital and required capital increased mainly due to currency effects resulting in a slight increase of the IGD ratio. The change in the capital base also includes a net gain of EUR 1 billion on the sale of ING's pension, insurance and investment management activities in Latin America as well as a EUR 1.1 billion charge on the US Insurance Closed Block VA after an assumption review during the quarter. The calculation of the required capital was changed in the fourth quarter and previous periods are restated.

ING Group

The Group debt/equity ratio decreased to 12.7% at the end of the year from 13.4% at the end of September. Adjusted equity of ING Group remained unchanged as the impact of higher shareholders' equity and lower regulatory adjustments were offset by the reduction of EUR 2.7 billion in hybrid securities as a result of the liability management transaction in December 2011. Group core debt decreased from EUR 8.5 billion to EUR 7.9 billion, mainly as a consequence of the liability management transaction. The Financial Conglomerate Directive (FiCo) ratio for the Group improved slightly to 149%.

Long term funding

During the quarter, ING Bank issued a total of EUR 3.0 billion in capital markets, including EUR 0.7 billion of senior unsecured debt, EUR 0.2 billion of covered bonds and EUR 2.0 billion of RMBS. The total long-term funding issued in 2011 was EUR 23 billion against EUR 10.7 billion of ING Bank's (including subsidiaries) long-term debt maturing. In 2012 ING Bank has EUR 18 billion of debt with original tenor longer than one year maturing. ING Bank issued EUR 2.9 billion in January 2012.

Dividend policy

ING's policy is to pay dividends in relation to the long-term underlying development of cash earnings. Dividends are only paid when the Executive Board considers such a dividend appropriate. Given the uncertain financial environment, increasing regulatory requirements and ING's priority to repurchase the remaining outstanding core Tier 1 securities, the Executive Board will not propose to pay a dividend over 2011 at the Annual General Meeting.

As announced on 13 January 2012, ING intends to resume dividend payments on common shares when all remaining core Tier 1 securities have been repaid to the Dutch State and Basel III requirements have been met.

Number of shares

The total number of shares outstanding in the market was 3,782 million at the end of December 2011, compared with 3,785 million at the end of September 2011. Shareholders' equity per share increased from EUR 11.76 at the end of September 2011 to EUR 12.33 at 31 December 2011. The total number of shares equals the 3,782 million outstanding in the market plus treasury shares, which increased from 46.8 million at the end of the third quarter to 49.3 million at the end of December 2011.

BUSINESS & SUSTAINABILITY HIGHLIGHTS

ING strives to build its banking and insurance businesses on sound business ethics and good corporate citizenship to ensure customer loyalty, employee engagement and satisfactory returns for shareholders. To support this commitment, ING has embedded social, ethical and environmental criteria into its financing and investment policies and business ambitions. ING aims to ensure that its strategic decision-making is always based on financial and non-financial performance objectives.

Meeting customer needs

To meet the growing demand for environmentally and socially responsible investment products, ING Investment Management launched the 'ING (L) Renta Fund – Euro Credit Sustainable' in the fourth quarter. This fund invests in euro-denominated debt securities issued by companies that pursue sustainable development policies while applying strict social and environmental principles. Sustainable development is also at the core of ING's sustainable product offering for equity strategies. In 2011, the 'ING Duurzaam Aandelen Fonds' (Sustainable Equity Fund) was the best- performing Dutch sustainable equity fund, beating its benchmark, the MSCI Developed Markets World Index.

ING's commitment to sustainability and social responsibility includes efforts to continuously improve customer service. An example of this is the reduction of the administrative workload in the Payments & Cash Management (PCM) business, one of ING Commercial Banking's core products. In 2011, ING PCM launched a project to lighten the administrative burden for both clients and ING staff who handle complex international assignments. In the fourth quarter of 2011, this resulted in significant process improvements: the number of documents required to be sent to clients for large PCM transactions was halved and the number of client signatures required for such transactions fell 50-75%.

Our efforts to provide customers with exemplary service and products gained recognition in several countries across Central Europe. In Poland, for example, our insurance operations won in 2011 for the second year in a row the 'Friendly Insurance Company' award from a leading financial publication for providing the best customer service during the term of policy, as well as for the handling and payout of claims. In the Czech Republic, ING's 'Smart' life insurance product was named 'Best Insurance Product 2011' by financial advisory service provider Fincentrum.

Contributing to communities

With around 97,000 employees in more than 40 countries, ING wants to make a positive contribution to the communities it is part of. In particular, informing the public how finance works is one of ING's high priorities. ING aims to empower people of all ages to achieve financial independence and become self-sufficient individuals, in particular by investing in education. ING Chances for Children, a partnership with UNICEF, is the main programme through which ING supports quality educational programmes for children worldwide. In November and December 2011, ING employees volunteered a record 42,757 hours, an increase of nearly 10,000 hours from 2010, to support children in their education as part of the so-called ING Global Challenge.

During the fourth quarter, German retail bank ING-DiBa used social media to engage the public in its community investment activities. Through the 'DibaDu und Dein Verein' programme, ING-DiBa sponsored 1,000 non-profit associations with EUR 1,000 each. Interested associations could register on ING-DiBa's homepage and the public voted on which associations should receive the funding. Over 17.5 million votes were cast for the 19,000 registered associations. The programme enabled ING-DiBa to sponsor a wide range of good causes related to culture, sports and children, while raising its profile beyond its base of seven million customers.

Creating an inclusive corporate culture

ING continuously strives to create the right working environment and strengthen its performance culture. ING promotes diversity and aims to build an inclusive corporate culture in which the differences of its employees are embraced. In recognition of these efforts, ING in the US received for the sixth year in a row a 100% score by the Human Rights Campaign Foundation on its 2012 Corporate Equality Index. The index assesses 850 American companies on their efforts at achieving lesbian, gay, bisexual and transgender equality in the workplace.

Participating in the dialogue on the future of finance

To earn and maintain the trust of customers and other stakeholders, it is important that ING continuously engage its stakeholders and align commercial and business decisions with its societal responsibilities. This is especially relevant in light of the ongoing global debate about the future of the financial industry. In October and November 2011, ING actively participated in a series of plenary debates organised by leading Dutch academics called the 'Sustainable Finance Lab'. During these sessions, ING executives explained that ING supported measures that will contribute to a more stable financial system, such as higher capital buffers and more sustainable remuneration structures. ING also voiced concerns about the possible compounding of new regulations. Particularly given major societal challenges—for example, those associated with 'greening' the energy supply and sustaining the Dutch healthcare system—ING argued that, in restructuring the regulatory framework, regulators need to take into account the role of large financial institutions like ING in meeting the financing and investment needs related to these challenges.

Banking

CONSOLIDATED RESULTS

Banking: Consolidated profit and loss account								
In EUR million	4Q2011	4Q2010	Change	3Q2011	Change	FY2011	FY2010	Change
Interest result	3,449	3,539	-2.5%	3,318	3.9%	13,562	13,555	0.1%
Commission income	496	563	-11.9%	559	-11.3%	2,255	2,253	0.1%
Investment income	-205	158	-229.7%	-247		-554	315	-275.9%
Other income	-38	26	-246.2%	162	-123.5%	591	693	-14.7%
Total underlying income	**3,704**	**4,288**	**-13.6%**	**3,792**	**-2.3%**	**15,855**	**16,816**	**-5.7%**
Staff expenses	1,281	1,375	-6.8%	1,312	-2.4%	5,338	5,214	2.4%
Other expenses	979	971	0.8%	940	4.1%	3,791	3,633	4.3%
Intangibles amortisation and impairments	120	103	16.5%	73	64.4%	319	488	-34.6%
Operating expenses	2,381	2,450	-2.8%	2,325	2.4%	9,447	9,336	1.2%
Gross result	**1,323**	**1,838**	**-28.0%**	**1,467**	**-9.8%**	**6,407**	**7,481**	**-14.4%**
Addition to loan loss provision	530	410	29.3%	437	21.3%	1,667	1,742	-4.3%
Underlying result before tax	**793**	**1,428**	**-44.5%**	**1,031**	**-23.1%**	**4,740**	**5,738**	**-17.4%**
Taxation	192	293	-34.5%	320	-40.0%	1,277	1,427	-10.5%
Minority interests	22	16	37.5%	20	10.0%	79	70	12.9%
Underlying net result	**579**	**1,119**	**-48.3%**	**690**	**-16.1%**	**3,385**	**4,242**	**-20.2%**
Net gains/losses on divestments	265	0		520		821	379	
Net result from divested units	-19	44		25		66	102	
Special items after tax	428	-154		-42		281	-340	
Net result from Banking	**1,253**	**1,009**	**24.2%**	**1,193**	**5.0%**	**4,553**	**4,383**	**3.9%**
Client balances (in EUR billion)								
Residential Mortgages	337.4	315.8	6.8%	328.3	2.8%	337.4	315.8	6.8%
Other Lending	229.4	227.1	1.0%	231.5	-0.9%	229.4	227.1	1.0%
Funds Entrusted	522.1	503.8	3.6%	507.9	2.8%	522.1	503.8	3.6%
AUM/Mutual Funds[3]	54.8	124.6	-56.0%	84.3	-35.0%	54.8	124.6	-56.0%
Profitability and efficiency[1]								
Interest margin	1.42%	1.47%		1.37%		1.41%	1.42%	
Cost/income ratio	64.3%	57.1%		61.3%		59.6%	55.5%	
Return on equity based on IFRS-EU equity	6.8%	13.1%		8.3%		10.0%	12.9%	
Return on equity based on 10.0% core Tier 1[2]	7.4%	14.0%		9.0%		10.9%	13.1%	
Staff (FTEs end of period)	70,580	70,073	0.7%	70,561	0.0%	70,580	70,073	0.7%
Risk[1]								
Non-performing loans/total loans	2.0%	2.2%		2.0%		2.0%	2.2%	
Stock of provisions/provisioned loans	41.2%	37.7%		39.9%		41.2%	37.7%	
Risk costs in bp of average RWA	65	51		55		52	53	
Risk-weighted assets (end of period)	330,420	318,518	3.7%	319,534	3.4%	330,420	318,518	3.7%
RAROC after tax	9.3%	16.0%		10.1%		12.2%	14.8%	
Economic Capital (average over period)	26,880	26,209	2.6%	26,190	2.6%	26,276	27,112	-3.1%

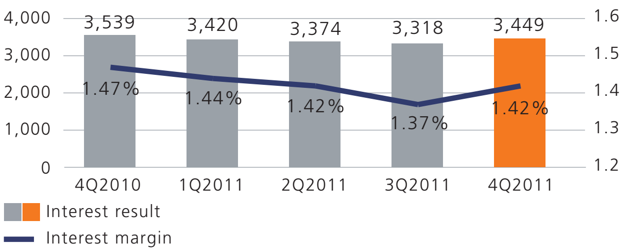
1) Key figures based on underlying figures except interest margin and loans figures
2) Underlying after-tax return divided by average equity based on 10.0% core Tier 1 ratio (annualised)
3) Strong decline AUM/Mutual Funds due to divestment Real Estate Investment Management (REIM) business

The banking environment remained uncertain due to the ongoing sovereign debt crisis, volatile financial markets and a negative short-term economic outlook. In this environment, ING Bank posted an underlying result before tax of EUR 793 million, including EUR 79 million of realised losses from selective de-risking at ING Direct and EUR 133 million of re-impairments on Greek government bonds. A recovery in Financial Markets revenues compared with the previous quarter set the interest margin higher, offsetting margin pressure in Retail Banking. Risk costs rose largely due to the mid-corporate and SME segments in the Benelux. ING's funding profile further improved; funds entrusted rose by EUR 8.1 billion while total lending volumes remained stable.

Total underlying income

Total underlying income declined 13.6% to EUR 3,704 million, including EUR 133 million of re-impairments on Greek government bonds, EUR 81 million of impairments on other debt and equity securities as well as EUR 79 million of realised losses from selective de-risking at ING Direct. The fourth quarter of 2010 included EUR

INTEREST RESULT (in EUR million) AND INTEREST MARGIN (in %)



30 million of impairments, next to a EUR 189 million capital gain on the sale of the Fubon Financial Holding equity stake. Excluding these items, underlying income was 3.2% lower. Compared with the third quarter of 2011, underlying income decreased 2.3%.

The interest result slipped 2.5% from the fourth quarter of 2010, mainly due to a decline in the interest margin by five basis points to 1.42%. This was mainly visible in Retail Netherlands and ING Direct due to lower interest margins on savings and mortgages. Compared with the third quarter, the interest result rose 3.9%, largely on higher interest results in Financial Markets, which were the main driver for a widening of the total interest margin by five basis points. In the Benelux, margins for savings remained under pressure, especially in the Netherlands. This was partly compensated by higher margins on mortgages and business lending. The total interest margin of ING Direct declined from the third quarter, reflecting margin compression in most countries due to the low interest rate environment and increased competition. Margins in the Commercial Banking lending books improved slightly on the third quarter of 2011.

Total funds entrusted (excluding currency impacts) rose by EUR 8.1 billion despite the increased competition for savings. The net inflow of funds entrusted at Retail Banking was EUR 5.6 billion. This was driven by EUR 3.2 billion at ING Direct and EUR 2.5 billion at Retail Netherlands, supported by the successful launch of a one-year fixed-term deposit. Commercial Banking reported a net increase in funds entrusted of EUR 2.6 billion. Total lending volumes remained stable as demand in Commercial Banking remained muted. Net production in residential mortgages was EUR 3.9 billion, of which EUR 3.2 billion was at ING Direct and EUR 0.8 billion in Belgium. Other lending balances declined by EUR 4.0 billion as a EUR 4.8 billion decline at Commercial Banking was only partly offset by EUR 0.8 billion net growth in Retail Banking.

Commission income declined 11.9% to EUR 496 million due to lower fees in Commercial Banking as a result of lower deal activity in Structured Finance and Financial Markets. Compared with the third quarter of 2011, commission income fell 11.3% due to lower commercial activity in Commercial Banking and lower fees in Retail Direct & International.

Investment income dropped to EUR -205 million from EUR 158 million in the fourth quarter of 2010. This was primarily due to EUR 133 million of re-impairments on Greek government bonds in this quarter, while the previous year included a capital gain of EUR 189 million on the sale of an equity stake in Fubon Financial Holding. Other impairments on debt and equity securities rose by EUR 51 million to EUR 81 million, including higher impairments on debt securities at ING Direct USA. Negative fair value changes on ING Real Estate's direct investments were limited to EUR 2 million. Compared with the third quarter, which included EUR 267 million of Greek impairments, investment income improved by EUR 42 million.

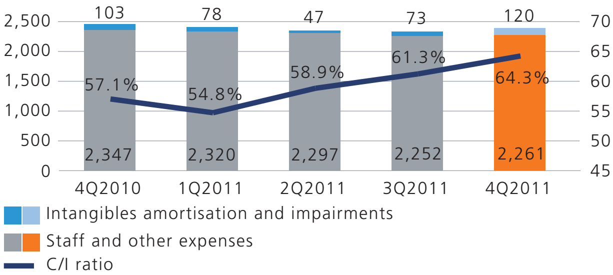
Other income declined to EUR -38 million from EUR 26 million in the fourth quarter of 2010. This change is mainly attributable to realised losses from selective de-risking of mainly unsecured and ABS exposures at ING Direct, and fair value losses in the Real Estate Investment Portfolio, partly related to the sale of investments as part of ING's strategy to reduce the portfolio. This was in part offset by a release from the deposit guarantee provision related to Icesave as well as positive fair value changes on part of the Bank's own Tier 2 debt, which were negative a year earlier (both reflected in Corporate Line Bank). Compared with the third quarter, other income dropped by EUR 200 million, notably in the Corporate Line due to EUR 125 million of lower positive fair value changes, mainly on issued own debt.

Operating expenses

Underlying operating expenses declined 2.8% compared with the same quarter in 2010, partly supported by currency effects. In addition to cost control, the decline also reflected lower deposit insurance premiums, lower IT costs and lower performance-related personnel expenses. This more than offset the year-on-year increase in staff costs as well as EUR 46 million of impairments on software in Retail Netherlands and goodwill related to ING Real Estate Development. Operating expenses declined mainly in Retail Netherlands and Commercial Banking.

Compared with the third quarter of 2011, underlying operating expenses increased 2.4%. The increase was mainly due to higher marketing costs resulting from year-end campaigns in several countries and the impairments of software and goodwill. This was partly offset by lower performance-related personnel expenses. The full-year growth in underlying operating expenses was 1.2% (or 2.9% excluding market impacts).

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



In the fourth quarter of 2011, the number of internal staff (adjusted for divestments) was flat at 70,580 as increases in India and Poland were offset by declines in the Netherlands and Turkey. The number of external staff was reduced by more than 200 FTEs in the quarter. Compared with year-end 2010, the number of internal staff (adjusted for divestments) rose by 507 FTEs, or 0.7%, due to increases in ING Direct, Retail Belgium and India.

The underlying cost/income ratio was 64.3% (or 58.2% excluding market impacts) versus 57.1% in the fourth quarter of 2010 and 61.3% in the third quarter of 2011.

Loan loss provisions

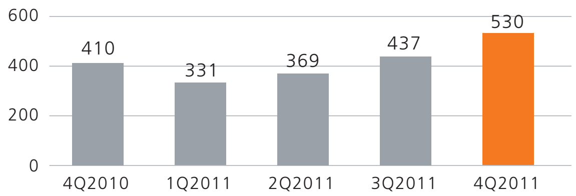
Underlying risk costs were EUR 530 million in the fourth quarter, up 21.3% on the third quarter of 2011, mainly due to higher additions for the mid-corporate and SME segments in the Benelux as well as some specific files in General Lending. Non-performing loans remained stable in the quarter at EUR 13.4 billion, while on-watch exposures increased by EUR 0.6 billion to EUR 16.3 billion.

In the fourth quarter, ING Bank added EUR 530 million to the loan loss provisions compared with EUR 437 million in the third quarter of 2011 and EUR 410 million in the fourth quarter of 2010 (adjusted for divestments). Gross additions to the loan loss provisions were EUR 743 million compared with EUR 656 million in the previous quarter and EUR 645 million in the same quarter of last year. Releases were EUR 213 million, almost stable versus EUR 219 million in the third quarter of 2011 and EUR 235 million in the fourth quarter of 2010.

Underlying risk costs in the fourth quarter rose to 65 basis points of average risk-weighted assets versus 55 basis points in the third quarter and 51 basis points in the fourth quarter of 2010. For the full year, underlying risk costs were 52 basis points of average risk-weighted assets, one basis point below the level observed in 2010.

Excluding ING Direct USA, which is pending divestment, fourth-quarter 2011 risk costs were 61 basis points of average risk-weighted assets. Given the uncertain economic environment, ING Bank expects additions to loan loss provisions to remain elevated at around similar levels for the coming quarters.

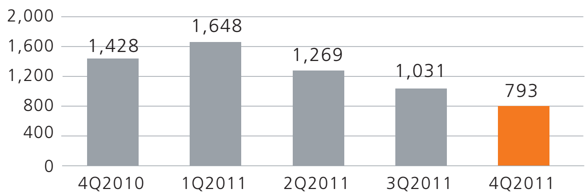
ADDITIONS TO LOAN LOSS PROVISIONS (in EUR million)



Underlying result before tax

The underlying result before tax declined 44.5% to EUR 793 million compared with EUR 1,428 million in the fourth quarter of 2010. The lower result was mainly due to the sharp decline in investment income combined with higher risk costs, while operating expenses were slightly down. Compared with the third quarter, the underlying result before tax decreased 23.1% due to higher risk costs and expenses. Income declined 2.3%.

UNDERLYING RESULT BEFORE TAX (in EUR million)



Net result

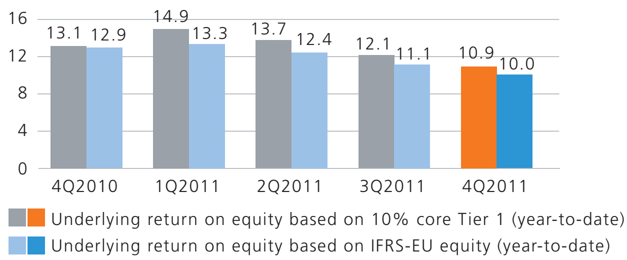
The underlying net result declined to EUR 579 million from EUR 1,119 million in the fourth quarter of 2010 and EUR 690 million in the previous quarter. The effective underlying tax rate was 24.2% against 20.5% in the fourth quarter of 2010 and 31.0% in the third quarter of 2011.

The total net result of the banking operations was EUR 1,253 million. This included EUR 265 million of net gains on the divestments of ING REIM Europe and Asia as well as an operating loss of EUR 19 million on these divested units. The special items after tax were EUR 428 million positive, driven by EUR 647 million of net gains (banking part) on the liability management transaction that was successfully completed in December 2011. The special items furthermore include EUR -218 million after tax related to the strategic measures taken in Retail Netherlands and Commercial Banking, as well as additional costs for the merger of the Dutch retail activities, the transformation programme in Belgium and costs related to the separation of Banking and Insurance.

Key metrics

Underlying risk-weighted assets (RWA) rose 3.4% to EUR 330 billion from EUR 320 billion at the end of September 2011 (adjusted for divestments). The increase was primarily due to EUR 9 billion of higher market risk-weighted assets following the implementation of the Capital Requirements Directive III (CRD III). Credit RWA increased by EUR 1 billion, including EUR 4 billion of positive currency impacts. Excluding currency impacts, credit RWA declined as a result of the net impact of model updates. Compared with year-end 2010, underlying RWA rose 3.7%, or EUR 12 billion (mainly driven by the aforementioned implementation of CRD III), whereas currency impacts were negligible.

RETURN ON EQUITY (in %)



The full-year underlying return on IFRS-EU equity decreased to 10.0% from 12.9% in 2010, of which 1.2 percentage points were attributable to the impairments on Greek government bonds taken this year. The Ambition 2015 target for return on IFRS-EU equity is 10-13%. The quarterly return on equity (calculated as the underlying after-tax return divided by average equity based on a 10% core Tier 1 ratio) dropped to 7.4% in the fourth quarter of 2011 from 14.0% in the fourth quarter of 2010. The full-year underlying ROE based on a 10% core Tier 1 ratio was 10.9%.

RETAIL BANKING

Retail Banking: Key figures

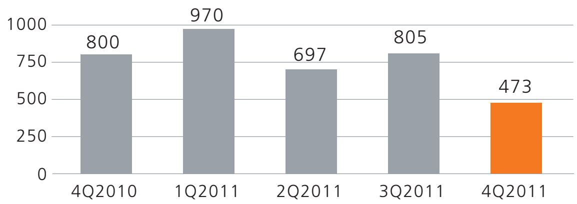
	Total Retail Banking		Retail Banking Benelux				Retail Direct & International					
			Netherlands		Belgium		ING Direct		Central Europe		Asia	
In EUR million	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010
Interest result	2,480	2,609	896	987	412	419	940	984	194	179	38	40
Commission income	305	304	124	111	78	84	33	33	54	62	16	15
Investment income	-180	-10	0	0	-7	11	-171	-22	-3	-1	0	2
Other income	-26	14	11	18	29	-12	-91	9	12	-5	14	4
Total underlying income	**2,579**	**2,917**	**1,031**	**1,116**	**512**	**501**	**711**	**1,004**	**258**	**235**	**68**	**61**
Staff and other expenses	1,712	1,737	600	633	361	370	520	499	188	189	43	47
Intangibles amortisation and impairments	25	38	21	24	5	0	-1	13	1	0	0	0
Operating expenses	1,737	1,775	621	657	366	370	519	512	189	189	43	47
Gross result	**842**	**1,142**	**411**	**459**	**145**	**131**	**192**	**492**	**69**	**46**	**26**	**14**
Addition to loan loss provision	369	342	191	161	42	41	103	129	24	7	11	4
Underlying result before tax	**473**	**800**	**220**	**298**	**104**	**90**	**89**	**363**	**45**	**39**	**15**	**10**
Client balances (in EUR billion)												
Residential Mortgages	337.4	315.8	141.8	138.2	28.9	25.9	162.2	147.4	4.0	3.6	0.5	0.7
Other Lending	92.1	86.7	41.5	42.3	30.7	27.2	4.1	3.5	11.9	10.6	3.8	3.0
Funds Entrusted	455.7	432.1	106.7	103.7	71.3	68.3	255.4	238.1	18.8	18.6	3.5	3.5
AUM/Mutual Funds	54.4	58.4	15.2	16.7	26.1	27.9	10.9	11.4	1.8	2.1	0.4	0.4
Profitability and efficiency[1]												
Cost/income ratio	67.4%	60.9%	60.2%	58.9%	71.6%	73.8%	73.0%	51.0%	73.3%	80.4%	62.4%	77.0%
Return on equity based on 10.0% core Tier 1[2]	8.0%	13.3%	13.4%	16.3%	18.1%	18.8%	3.2%	13.4%	6.2%	4.9%	4.5%	4.2%
Risk[1]												
Risk costs in bp of average RWA	82	76	155	124	86	85	52	68	42	12	47	17
Risk-weighted assets (end of period)	179,184	175,684	49,348	49,290	20,049	19,069	78,756	74,233	22,039	23,164	8,992	9,928

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)

Conditions were challenging in the fourth quarter. Retail Banking results included EUR 151 million of impairments, mainly on Greek sovereign debt and US RMBS, EUR 79 million of losses from selective de-risking at ING Direct as well as a EUR -45 million valuation adjustment of derivatives related to the German mortgage book. The underlying result before tax of EUR 473 million furthermore reflected the weakening economic outlook resulting in margin compression, mainly in the Netherlands and ING Direct, as well as higher risk costs in the Netherlands. In this environment, funds entrusted increased strongly during the quarter by EUR 5.6 billion, especially in the Netherlands and ING Direct, allowing for balanced growth in the lending portfolio by EUR 4.7 billion, largely in ING Direct and Belgium.

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



Underlying income fell 11.6% to EUR 2,579 million compared with the same quarter of 2010, due in part to EUR 151 million of impairments, EUR 79 million of losses from the selective sale of exposures in the investment portfolio of ING Direct, and a EUR -45 million valuation adjustment of derivatives related to the German mortgage book. Higher balances for most products were offset by lower margins, especially in the Netherlands and ING Direct, due to increased competition for savings.

The interest result was EUR 2,480 million, down 4.9% on the fourth quarter of 2010, reflecting margin pressure on both lending and savings, particularly in the Netherlands. Lower margins in ING Direct were partly offset by higher client balances. Funds entrusted increased strongly in the quarter by EUR 5.6 billion, driven by the launch of a successful one-year deposit in the Netherlands, as well as net inflows in most ING Direct countries. Net lending increased by EUR 4.7 billion, mainly as a result of mortgage production in ING Direct, while business lending remained low.

Commission income was flat at EUR 305 million. Investment income deteriorated to EUR -180 million from EUR -10 million in the same quarter of 2010, mainly reflecting impairments on Greek government bonds and on US RMBS at ING Direct USA. Other income decreased to EUR -26 million in the quarter from EUR 14 million the year before, for a large part due to the impact from the selective sale of exposures and from the valuation adjustment of derivatives related to the German mortgage book.

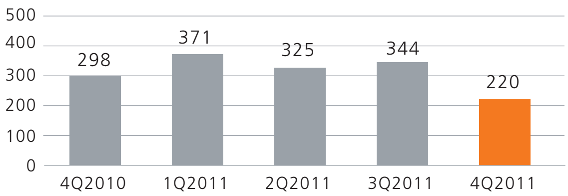
Operating expenses declined 2.1% to EUR 1,737 million as a result of cost-containment efforts, despite higher pension costs. Operating expenses in the fourth quarter of 2010 were relatively high, driven by IT costs in the Netherlands and a one-off contribution to the deposit guarantee scheme in Belgium. Compared with the previous quarter, costs increased 4.5%, mainly as a result of higher marketing expenses connected to some specific savings campaigns.

Risks costs, which were EUR 369 million, increased 7.9% compared with a year earlier, reflecting higher additions to the loan loss provision for the mid-corporate and SME markets in the Benelux, in part offset by lower additions for mortgages. Additions to the loan loss provisions increased from EUR 294 million in the third quarter, mainly due to the mid-corporate and SME segments in the Benelux.

Compared with the previous quarter, risk-weighted assets declined slightly to EUR 179.2 billion, as currency impacts and volume growth were more than offset by the net impact of model updates. The return on equity, based on a 10% core Tier 1 ratio, dropped to 8.0% from 13.3% in the fourth quarter of 2010 due to the lower underlying results.

RETAIL NETHERLANDS

UNDERLYING RESULT BEFORE TAX - NETHERLANDS (in EUR million)



Retail Netherlands' underlying result before tax decreased to EUR 220 million from EUR 298 million in the fourth quarter of 2010 as a result of lower margins for most products and higher loan losses for mid-corporate clients. Results declined EUR 124 million compared with the third quarter of 2011 due to continued competition for savings and higher expenses driven by a EUR 14 million one-off software impairment. Risk costs in all segments were up, reflecting the weakening economic environment.

Total underlying income was EUR 1,031 million, down 7.6% from the same quarter of 2010 and down 1.9% on the previous quarter. Margins on savings were under pressure this quarter as a result of increased competition, resulting in higher client rates and a shift from variable savings products to fixed-term deposits. Funds entrusted increased by EUR 2.5 billion this quarter, driven by special campaigns and the successful launch of a one-year deposit. The margin on the lending portfolio was under pressure compared with a year earlier but recovered somewhat versus the previous quarter. Demand for new credit remains low in this uncertain economic environment. As a result, new mortgage production dropped sharply compared with the same quarter of 2010. The mortgage portfolio declined by EUR 0.2 billion in the quarter, while the portfolio in business banking decreased by EUR 0.9 billion.

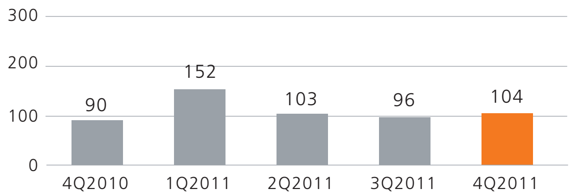
Operating expenses were down 5.5% compared with the last quarter of 2010, despite higher pension costs. The decline was mainly attributable to lower IT expenses and a decline in marketing spending. Compared with the previous quarter, expenses increased 2.0%, due entirely to an impairment on software in Westland UtrechtBank. Excluding this impairment, expenses decreased 0.3%.

The additions to loan loss provisions amounted to EUR 191 million versus EUR 161 million in the same quarter of 2010. The increase was mainly attributable to additions for specific files in the mid-corporate and SME segments. Compared with the third quarter, risk costs almost doubled, driven by higher additions for SMEs and mid-corporates and somewhat higher risk costs for mortgages as non-performing loans ticked up slightly from 1.0% to 1.1%.

Risk-weighted assets increased by EUR 0.4 billion compared with the previous quarter and remained stable compared with the same quarter in 2010.

RETAIL BELGIUM

UNDERLYING RESULT BEFORE TAX - BELGIUM (in EUR million)



Retail Belgium's underlying result before tax increased to EUR 104 million from EUR 90 million in the same quarter of 2010 and from EUR 96 million in the previous quarter. The increase versus both periods was largely driven by higher client balances, while operating expenses and risk costs remained relatively stable.

Underlying income rose 2.2% to EUR 512 million compared with the same quarter of 2010. The increase was a result of growth in average client balances and slightly higher margins (mainly in current accounts). Commission income was lower, explained by lower income on asset management and securities due to difficult market circumstances. Impairments on Greek government bonds were EUR 4 million in the quarter. The mortgage portfolio increased by EUR 0.8 billion at somewhat lower margins due to increased competition. Demand for credit from the mid-corporate and SME segments remained healthy, which resulted in EUR 1.1 billion of higher balances. Funds entrusted declined slightly by EUR 0.2 billion in the quarter a.o. due to the successful issuance of bonds by the Belgian government. Compared with the third quarter of 2011, underlying income increased 4.3%, largely driven by higher interest results due to volume growth.

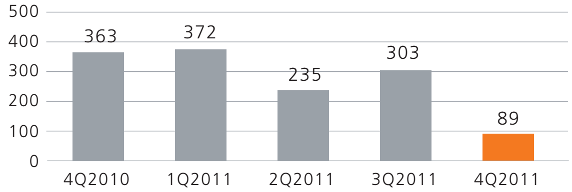
Operating expenses decreased 1.1% compared with the fourth quarter of 2010, due to a lower contribution to the deposit guarantee scheme, which was partly offset by higher personnel expenses and increased IT spending. Expenses rose 1.7% on the previous quarter, mainly as a result of higher marketing costs.

The net addition to the loan loss provisions was EUR 42 million, which was flat on the fourth quarter of 2010. Compared with the third quarter of 2011, risk costs increased by EUR 7 million, driven by additions for a few specific files in the mid-corporate segment.

Risk-weighted assets rose by EUR 1 billion compared with both the previous quarter and the fourth quarter of 2010, which was largely driven by volume growth and model updates.

ING DIRECT

UNDERLYING RESULT BEFORE TAX - ING DIRECT (in EUR million)



ING Direct's underlying result before tax of EUR 89 million dropped from EUR 363 million in the fourth quarter of 2010 and was down from EUR 303 million in the third quarter of 2011. The result in the fourth quarter of 2011 included EUR 144 million of impairments on Greek government bonds and US RMBS, and EUR 79 million of losses from the selective sale of exposures in the investment portfolio. The result was also impacted by a EUR -45 million adjustment in the valuation of derivatives related to ING-DiBa's mortgage portfolio. Excluding these impacts, the result declined, reflecting margin pressure in most countries, whereas the cost base remained stable. Compared to the previous quarter, expenses increased, driven by year-end marketing campaigns. Risk costs declined, mainly in Germany and the US.

Funds entrusted increased by EUR 3.2 billion, led primarily by net inflows in Australia, the US, Spain and France. The net production of retail lending was EUR 3.3 billion and mainly related to own-originated mortgages in Germany, the UK and Italy. Assets under management increased by EUR 0.4 billion to EUR 10.9 billion, due to an increase in equity prices. ING Direct added 297,000 clients in the quarter, bringing the total to 24.5 million worldwide.

Total underlying income decreased to EUR 711 million from EUR 1,004 million in the fourth quarter of 2010. Of this decline, EUR 247 million was due to higher impairments on debt securities, losses on the selective sale of exposures in the investment portfolio, and the negative valuation adjustment of derivatives related to the German mortgage book.

The interest result declined 4.5% on the same quarter of 2010 as higher volumes could not fully offset a lower interest margin. The interest margin declined to 1.18% from 1.30% in the fourth quarter of 2010 and was down from 1.24% in the third quarter, mainly reflecting continued margin compression due to the low interest rate environment and increased competition. The interest result in the US continued to benefit from the IFRS treatment on previously impaired bonds. This had a positive impact of EUR 39 million during the quarter versus EUR 50 million in the fourth quarter of 2010 and EUR 40 million in the third quarter.

Commission income remained flat on the fourth quarter of 2010, but declined by EUR 10 million on the previous quarter, largely due to Germany, where fees for brokerage and consumers loans declined and ATM fees paid increased due to higher usage.

Investment income decreased to EUR -171 million compared with EUR -22 million in the same quarter of 2010, mainly due to EUR 95 million of impairments on Greek government bonds and EUR 49 million of impairments on US RMBS. Other income was EUR -91 million versus EUR 9 million in the same quarter of the previous year and EUR -25 million in the previous quarter. The other income line mainly reflects fair value changes on derivatives and losses on the selective sale of mainly unsecured and ABS exposures.

Operating expenses increased 1.4% from the fourth quarter of 2010 to EUR 519 million, reflecting higher operating and marketing expenses (particularly in Germany, Italy, France and Spain), partly offset by lower contributions to national deposit guarantee schemes. Operating expenses were up 12.8% from EUR 460 million in the third quarter of 2011. This increase reflected higher marketing expenses resulting from end-of-year campaigns in Germany, Italy and France and from the higher contributions to the deposit guarantee schemes after the lower level in the US in the third quarter.

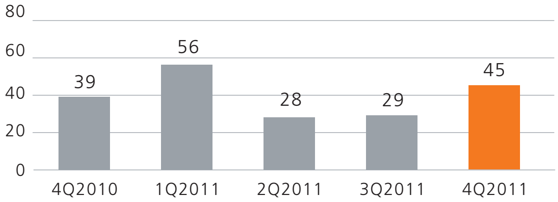
The net addition to loan loss provisions was EUR 103 million, down EUR 26 million from the same quarter of 2010 and down EUR 22 million compared with the third quarter of 2011. The decrease was largely caused by Germany, reflecting improvements in the loss rates of consumer lending.

Risk-weighted assets declined by EUR 1.0 billion in the fourth quarter as the impact of model updates (mainly at ING Direct USA reflecting the development in the US housing market) more than offset positive currency impacts. Compared with the same quarter of 2010, RWA increased by EUR 4.5 billion, due to risk migration and currency impacts, partly offset by model updates.

On 16 June 2011, ING announced that it had reached an agreement to sell ING Direct USA for a total consideration of USD 9.0 billion in cash and stock to Capital One Financial Corporation. The sale is subject to regulatory consent and is expected to close in the first quarter of 2012. After the sale is closed, ING Direct USA will no longer be consolidated and historical P&L figures will be excluded from the underlying results and reported under 'net result from divested units'. Although the results of ING Direct US are consolidated by ING, the net result since 1 April will reduce the transaction result when the transaction is closed.

RETAIL CENTRAL EUROPE

UNDERLYING RESULT BEFORE TAX - CENTRAL EUROPE (in EUR million)



The underlying result before tax of Retail Central Europe was EUR 45 million versus EUR 39 million in the same quarter of 2010. Higher results in Turkey driven by higher volumes were partially offset by lower results in Poland as a result of currency impacts. Compared with the third quarter, underlying profit before tax increased by EUR 16 million, mainly due to improved results in Turkey.

Total underlying income rose 9.8% to EUR 258 million compared with EUR 235 million in the fourth quarter of 2010. In Poland, income decreased due to a depreciation of the Polish zloty. Excluding currency impacts, income from Poland was up mainly on higher interest results fuelled by increased volumes in lending and better margins on savings. Higher income in Turkey reflected higher volumes in the mid-corporate segment and the negative fair value changes on derivatives in 2010. In Romania, income increased due to higher lending volumes. Compared with the third quarter, total underlying income grew by EUR 10 million, reflecting higher margins and volumes in most countries.

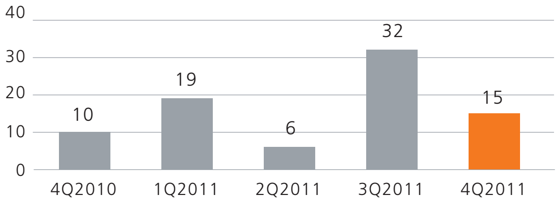
Operating expenses remained stable at EUR 189 million compared with the fourth quarter of 2010, but they rose when corrected for currency impacts. The increase in expenses was primarily due to higher marketing expenses and deposit insurance premiums. Compared with the previous quarter, expenses increased by EUR 2 million, as lower expenses in Poland were offset by higher marketing and operating costs in Romania and Turkey.

Risk costs increased by EUR 17 million to EUR 24 million compared with the same quarter of last year, mainly due to business growth coupled with model changes. Compared with the previous quarter, risk costs fell by EUR 8 million as the effects of business growth and risk migration were more than offset by a release of provisions due to model changes.

Risk-weighted assets decreased by EUR 0.8 billion in the fourth quarter due to model updates.

RETAIL ASIA

UNDERLYING RESULT BEFORE TAX - ASIA (in EUR million)



The underlying result before tax for Retail Asia was EUR 15 million versus EUR 10 million in the fourth quarter of 2010. The increase was mainly due to higher income in India. Compared with the previous quarter, the underlying result decreased by EUR 17 million as the third quarter included a dividend received from the Bank of Beijing.

Total underlying income increased 11.5% to EUR 68 million versus EUR 61 million in the fourth quarter of 2010. The increase in income was mainly attributable to positive hedge results at ING Vysya Bank, combined with a higher interest result and higher fees. Compared with the previous quarter, income decreased by EUR 13 million, mainly due to a dividend received from the Bank of Beijing in the third quarter.

Operating expenses declined by EUR 4 million compared with the same quarter of 2010, but were largely flat when adjusted for currency impacts. Compared with the previous quarter, costs decreased by EUR 2 million, principally due to lower staff expenses at ING Vysya Bank and currency impacts.

Risk costs were EUR 11 million versus EUR 4 million in the same quarter of 2010. Compared with the previous quarter, risk costs increased by EUR 7 million driven by higher non-performing loans at ING Vysya Bank.

Risk-weighted assets decreased by EUR 0.2 billion compared with the prior quarter. Compared with the previous year, the decline was EUR 0.9 billion, reflecting the lower share price of Kookmin Bank.

COMMERCIAL BANKING

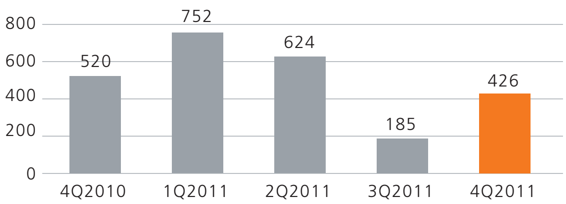
Commercial Banking excl. Real Estate: Consolidated profit and loss account

	Total Commercial Banking excl. RE		GL & PCM		Structured Finance		Leasing & Factoring		Financial Markets		Other Products	
In EUR million	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010
Interest result	856	856	238	225	278	290	69	68	293	272	-23	1
Commission income	186	258	56	56	116	137	4	4	-30	-3	40	65
Investment income	-4	4	-11	9	-1	3	0	0	22	-6	-15	-1
Other income	37	12	10	8	-8	-28	11	14	9	17	15	1
Total underlying income	**1,074**	**1,130**	**294**	**297**	**385**	**402**	**85**	**85**	**294**	**279**	**17**	**67**
Staff and other expenses	535	555	143	150	91	90	37	37	199	225	66	54
Intangibles amortisation and impairments	0	2	1	0	0	0	0	0	0	0	-1	2
Operating expenses	535	557	144	150	91	90	37	37	199	225	65	56
Gross result	**539**	**573**	**150**	**147**	**294**	**312**	**48**	**48**	**95**	**54**	**-48**	**11**
Addition to loan loss provision	113	53	47	23	33	5	34	26	-1	-1	-1	0
Underlying result before tax	**426**	**520**	**103**	**124**	**261**	**307**	**14**	**23**	**96**	**55**	**-47**	**11**
Client balances (in EUR billion)												
Residential Mortgages												
Other Lending	104.2	106.1	35.9	35.9	50.5	50.0	14.2	16.7	3.6	3.2	0.0	0.3
Funds Entrusted	66.4	71.7	33.8	38.0	1.6	3.2	0.0	0.1	30.5	29.8	0.4	0.6
AUM/Mutual Funds												
Profitability and efficiency[1]												
Underlying cost/income ratio	49.8%	49.3%	48.9%	50.4%	23.6%	22.4%	43.5%	43.2%	67.7%	80.6%	379.7%	83.6%
Return on equity based on 10.0% core Tier 1[2]	10.7%	14.1%	8.6%	9.4%	19.9%	24.7%	-7.8%	8.6%	8.8%	11.9%	-13.6%	-8.3%
Risk[1]												
Risk costs in bp of average RWA	35	18	49	22	32	5	201	157	-1	-1	-8	1
Risk-weighted assets (end of period)	134,048	125,621	38,290	41,216	41,988	41,174	7,017	6,432	42,005	31,319	4,748	5,479

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 continued to show a resilient performance in a challenging environment. Commercial Banking excluding Real Estate posted an underlying result before tax of EUR 426 million, down from the fourth quarter of 2010 as a result of higher risk costs, but up sharply from the third quarter of 2011 due to the strong recovery of the Financial Markets business. After four profitable quarters, ING Real Estate booked a loss in the fourth quarter, mainly due to negative revaluations in the Investment Portfolio, partly related to the sale of investments as part of ING's strategy to reduce the portfolio.

UNDERLYING RESULT BEFORE TAX - COMMERCIAL BANKING EXCL. REAL ESTATE (in EUR million)



COMMERCIAL BANKING EXCLUDING REAL ESTATE

Total underlying income decreased 5.0% compared with the fourth quarter of 2010, mainly due to lower income in Structured Finance and 'Other Products'. Compared with the third quarter of 2011, income increased 32.6% as Financial Markets recovered strongly, supported by lower impairments on Greek government bonds.

The interest result was flat versus the fourth quarter of 2010 as higher interest results from Financial Markets were offset by lower interest results from Structured Finance and Other Products. Compared with the third quarter of 2011, the interest result increased 11.6%, fuelled by Financial Markets.

Commission income fell 27.9% from the fourth quarter of 2010. In Structured Finance, a decrease in new transactions as a result of lower demand led to a substantial reduction in fee income. In addition, the volume of new issuances in both Debt Capital Markets (DCM) and Equity Capital Markets (ECM) globally remained at very low levels, which is reflected in lower commissions for Financial Markets (DCM) and 'Other Products' (ECM). Compared with the third quarter, commission income was down 18.8%, caused by lower fees in Structured Finance.

Investment income was EUR 4 million negative compared with EUR 4 million positive a year earlier. The fourth quarter of 2011 included EUR 60 million of impairments, of which EUR 33 million were on Greek government bonds in Financial Markets. In the third quarter, EUR 215 million of impairments were booked, including EUR 182 million on Greek government bonds. Other income increased to EUR 37 million, up from EUR 12 million a year before and EUR -23 million in the third quarter of 2011.

Commercial Banking continued to focus on strict cost discipline. Operating expenses declined 3.9% compared with the fourth quarter of 2010, reflecting lower performance-related staff costs. Costs increased 2.3% from the third quarter, which included a release from the provision for unused holidays and seasonally lower project-related costs. The cost/income ratio was 49.8% versus 49.3% in the same quarter of 2010 and 64.5% in the third quarter, when Financial Markets income was low.

Risk costs are still relatively low despite an uptick in the fourth quarter. Net additions to loan loss provisions increased to EUR 113 million, which is equivalent to an annualised 35 basis points of average risk-weighted assets. The increase versus the fourth quarter of 2010 can be explained by higher risk costs in Structured Finance, General Lending and Leasing & Factoring. Compared with the third quarter of 2011, the increase was 9.7% due to higher risk costs in General Lending and Leasing & Factoring, partly offset by lower risk costs in Structured Finance.

Risk-weighted assets (RWA) rose by EUR 11.0 billion compared with the third quarter, largely driven by the implementation of Capital Requirements Directive III, which increased market RWA within Financial Markets. Compared with the previous year, the increase was EUR 8.4 billion, because part of the increase of the aforementioned new regulation was offset by positive risk migration.

The return on equity, based on a 10% core Tier 1 ratio, declined to 10.7% from 14.1% in the fourth quarter of 2010, but it increased from 4.6% in the previous quarter.

GENERAL LENDING & PCM

General Lending and Payments & Cash Management (PCM) booked an underlying result of EUR 103 million. The decline of 16.9% compared with the fourth quarter a year earlier was due to higher net additions to the loan loss provision for some specific files. General Lending income dipped 1.0% as the fourth quarter of 2010 contained a one-off gain of EUR 9 million on the restructuring of a lending deal. Adjusted for this gain, General Lending income was flat year-on-year, with both lending volumes and the interest margin relatively stable. PCM had a strong quarter due to a slightly higher average interest margin. Operating expenses for General Lending & PCM were 4.0% lower than in the fourth quarter of 2010, reflecting lower personnel-related costs.

In comparison with the third quarter of 2011, the result declined 8.0%, but it was up 9.5% before risk costs. Income rose 7.3%, supported by strong results for PCM and lower impairments on equity positions. Lending volumes declined 2% in the quarter, particularly outside continental Europe. Expenses rose 5.1% from a seasonally low third quarter, which contained lower spend on change projects and a release from the provision for unused holidays.

STRUCTURED FINANCE

Structured Finance reported an underlying result before tax of EUR 261 million, down 15.0% from the fourth quarter of 2010. Net additions to loan loss provisions were EUR 33 million this quarter, or 32 basis points of average risk-weighted assets, compared with only EUR 5 million a year earlier thanks to a few releases. Before risk costs, the result was 5.8% lower. The strong level of refinancing seen in the first half of 2011 has diminished and new production is limited due to economic uncertainty. This led to a 4.4% decline in the lending portfolio in the fourth quarter, adjusted for currency movements, particularly in short-term businesses such as Trade Finance Services and Trade & Commodity Finance. Income from commissions fell in line with lower volumes of new business, and interest margins were somewhat lower, resulting in a 4.2% decrease of total income versus the fourth quarter of 2010. Operating expenses remained stable year-on-year.

Compared with the third quarter of 2011, the pre-tax result declined 3.0% as a result of lower income. The third quarter contained a one-off investment gain of EUR 10 million. The drop in volumes was partly offset by a slightly higher interest margin. Operating expenses declined 6.2% on the prior quarter fuelled by lower performance-related staff costs.

LEASING & FACTORING

At the end of the third quarter of 2011, ING Car Lease was sold. The underlying results for Leasing & Factoring now exclude the car lease activities, with historical figures reported under 'net result from divested units'.

The underlying result before tax for Leasing & Factoring decreased 39.1% on the last quarter of 2010 to EUR 14 million. The decline was due to higher risk costs, while both income and costs were flat. General leasing volumes were stable, but at a slightly lower average margin than in the prior year. This could be offset by an increase in income from the commercial finance activities, where volumes increased. Expenses were unchanged from the previous year, but increased by EUR 4 million on the third quarter, driven by VAT-related costs in Germany and Romania. Net additions to loan loss provisions increased to EUR 34 million, from EUR 26 million in the prior year, and were mainly related to the general lease activities in Spain and Italy.

Following the announced review and run-off of the general lease activities in several non-core markets, a provision of EUR 15 million after tax was booked in the fourth quarter. These costs were booked as a special item and excluded from the underlying results.

FINANCIAL MARKETS

Financial Markets recovered strongly from a loss in the third quarter and booked an underlying result before tax of EUR 96 million, which is 74.5% above its level a year earlier. Income rose 5.4%, supported by steady client flows, gains due to lower fair values of issued structured notes, and higher treasury results. In the fourth quarter, ING adopted a discounting curve that reflects the Overnight Indexed Swap ('OIS') instead of the Euribor rate for the valuation of derivatives. In addition, ING refined its calculation methodology for reflecting credit risk in derivatives and issued liabilities. The impact of both these changes on the Financial Markets result was not material. Impairments in the quarter totalled EUR 46 million, of which EUR 33 million was related to Greek government bonds in the available-for-sale portfolio. Financial Markets' exposure to southern European countries was reduced by another EUR 0.7 billion in the quarter, mainly due to the sale of Italian and Spanish bonds. Expenses declined 11.6% on the fourth quarter of 2010, due to lower performance-related staff costs.

Compared with the third quarter of 2011, which was characterised by EUR 182 million of Greek government bond impairments and adverse market circumstances, income surged by EUR 280 million. Operating expenses rose 8.2% reflecting a strongly improved performance.

As already announced, ING will restructure the Mexico branch and the Financial Markets platform in New York, and align the equities capabilities in a single platform. For this, a restructuring provision of EUR 52 million after tax was taken in the fourth quarter. This is reflected as a special item and excluded from the underlying results.

OTHER PRODUCTS

'Other Products' booked a pre-tax loss of EUR 47 million, down from a profit of EUR 11 million in the fourth quarter of 2010. Income dropped by EUR 50 million, or 74.6%, including lower revenues from the ING Investment Management (IIM) units in Commercial Banking following the sale of IIM Philippines earlier in the year and the run-off of the remaining IIM portfolio in the US. Commission income decreased 38.5%. Equity issuance came virtually to a halt in the fourth quarter of 2011, whereas in the same quarter of last year a substantial fee was booked for one specific ECM deal. Expenses increased by EUR 9 million from the fourth quarter of 2010. Compared with the third quarter, the pre-tax result was roughly flat as lower income was offset by lower expenses.

ING REAL ESTATE

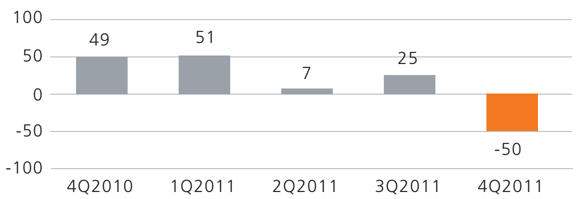
ING Real Estate		
In EUR million	4Q2011	4Q2010
Interest result	118	114
Commission income	11	4
Investment income	-11	-28
Other income	-27	71
Total underlying income	**92**	**161**
Staff and other expenses	39	42
Intangibles amortisation and impairments	56	55
Operating expenses	94	97
Gross result	**-2**	**64**
Addition to loan loss provision	48	15
Underlying result before tax	**-50**	**49**
of which Investment Portfolio	-50	22
of which Finance	73	111
of which Development	-72	-85
Profitability and efficiency[1]		
Cost/income ratio	102.1%	60.3%
Return on equity based on 10.0% core Tier 1[2]	-23.2%	6.9%
Risk[1]		
Risk costs in bp of average RWA	162	41
Risk-weighted assets (end of period)	11,143	14,616
Portfolio (in EUR billion)		
Investment Management	0.4	66.2
Development AuM	1.6	2.0
Real Estate Finance portfolio	34.2	35.4

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)

At the beginning of 2011, ING agreed to sell its Real Estate Investment Management (REIM) business. This process was completed in the fourth quarter along with the sale of ING REIM's Asian and European business. Following the sale, the results of REIM have been excluded from the underlying result and are reported under 'net result from divested units'.

After four profitable quarters, the remaining business of ING Real Estate booked an underlying loss before tax of EUR 50 million compared to a profit of EUR 49 million in the fourth quarter of 2010. The deterioration in results was mainly attributable to EUR 46 million of negative revaluations in the Investment Portfolio, of which EUR 30 million was related to the sale of investments as part of the strategy to reduce exposures, compared with EUR -1 million a year earlier, and higher loan loss provisions for Real Estate Finance.

UNDERLYING RESULT BEFORE TAX - ING REAL ESTATE (in EUR million)



Impairments on development projects, booked in expenses, were flat at EUR 55 million compared with the fourth quarter of 2010 and EUR 6 million lower than in the third quarter of 2011.

Real Estate Finance posted an underlying result before tax of EUR 73 million, down 34.2% from the same quarter in 2010, due to higher risk costs. Net additions to loan loss provisions were EUR 48 million, up from EUR 15 million the year before and EUR 40 million in the third quarter. Provisions were taken in the Netherlands and Spain, which were partially offset by a release from provisions in Germany. Income declined 3.4% in line with the decrease in the lending portfolio, while margins remained stable. Compared with the third quarter of 2011, which included EUR 10 million in investment income, income decreased 6.0%. Operating expenses were stable on the fourth quarter of 2010, but up EUR 2 million from the third quarter as a result of one-off advisory and restructuring costs.

The loss before tax for Real Estate Development in the quarter was EUR 72 million, compared with a loss of EUR 85 million in the fourth quarter of 2010 and a loss of EUR 74 million in the third quarter of 2011. Impairments were EUR 55 million, which was flat on the year-ago quarter and EUR 6 million lower than in the third quarter. The bulk of the impairments in the quarter was related to real estate development projects in Spain. Assets under management were further reduced to EUR 1.6 billion, down from EUR 1.8 billion at the end of the third quarter and from EUR 2.0 billion a year earlier.

Real Estate's Investment Portfolio booked a fourth-quarter loss of EUR 50 million, compared to a profit of EUR 22 million in the same quarter of 2010 and EUR 7 million in the third quarter. Negative revaluations took a toll of EUR 46 million, partly related to the sale of investments as part of ING's strategy to reduce the Investment Portfolio. By contrast, fair value changes were EUR 17 million positive in the last quarter of 2010, mainly driven by the US.

CORPORATE LINE BANKING

Corporate Line Banking: Underlying result before tax

In EUR million	4Q2011	4Q2010
Income on capital surplus	79	64
Solvency costs	-45	-38
Financing charges	-67	-34
Amortisation intangible assets	-39	-8
FX-results, fair value changes and other	-19	132
Total Capital Management	-91	115
Other	35	-55
Underlying result before tax	**-56**	**59**

The Corporate Line Banking posted an underlying loss before tax of EUR 56 million compared to a profit of EUR 59 million in the same quarter of 2010, which included a capital gain of EUR 189 million on the sale of an equity stake in Fubon Financial Holding in the fourth quarter of 2010.

'Income on capital surplus' rose by EUR 15 million, mainly due to lower benefits paid to the business lines as a result of a decline in average economic capital. 'Financing charges' were up EUR 33 million to EUR -67 million, as the total costs of Group core debt were allocated to Corporate Line Bank as of 2011. 'Amortisation/ impairments intangible assets' were EUR -39 million compared with EUR -8 million in the fourth quarter of 2010, mainly due to a EUR 32 million goodwill impairment related to ING Real Estate Development.

'FX-results, fair value changes and other' decreased to EUR -19 million compared to EUR 132 million in the same quarter of 2010, which included the EUR 189 million capital gain on the sale of the equity stake in Fubon Financial Holding. Positive fair value changes on part of ING Bank's own Tier 2 debt were EUR 39 million due to the increase in ING's credit spread, compared to EUR -20 million in the fourth quarter of 2010. Other fair value changes were EUR -35 million compared to EUR -55 million in the same quarter of 2010.

The result of 'Other' was EUR 35 million compared to EUR -55 million in the same quarter of the previous year. The amount in the fourth quarter of 2011 included a partial release of the deposit guarantee provision related to Icesave.

Compared with the third quarter, the underlying result before tax decreased by EUR 72 million, mainly due to fair value changes declining to EUR 4 million from EUR 129 million in the third quarter and partly offset by the release from the Icesave provision.

CONSOLIDATED BALANCE SHEET

ING Bank N.V.: Consolidated balance sheet

in EUR million	31 Dec. 11	30 Sep. 11	31 Dec. 10[1) pro forma]
Assets			
Cash and balances with central banks	28,112	22,058	9,205
Amounts due from banks	45,323	55,098	51,477
Financial assets at fair value through P&L	136,089	150,503	137,124
- trading assets	123,176	137,561	125,070
- non-trading derivatives	10,076	10,104	8,990
- other	2,838	2,838	3,064
Investments	83,802	85,984	89,754
- debt securities available-for-sale	72,469	74,568	76,048
- debt securities held-to-maturity	8,868	8,874	10,995
- equity securities available-for-sale	2,466	2,542	2,711
Loans and advances to customers	577,570	573,698	557,387
- securities at amortised cost and IABF	31,449	32,924	39,616
- customer lending	546,121	540,774	517,770
Investments in associates	827	886	1,494
Real estate investments	435	501	562
Property and equipment	2,417	2,414	2,478
Intangible assets	1,743	1,790	2,085
Assets held for sale	62,483	59,159	57,761
Other assets	22,363	21,455	23,745
Total assets	**961,165**	**973,546**	**933,073**

in EUR million	31 Dec. 11	30 Sep. 11	31 Dec. 10[1) pro forma]
Equity			
Shareholders' equity	34,367	33,760	34,451
Minority interests	693	681	617
Total equity	**35,060**	**34,441**	**35,069**
Liabilities			
Subordinated loans	18,408	19,883	21,021
Debt securities in issue	130,926	131,038	125,066
Amounts due to banks	72,233	86,803	72,053
Customer deposits and other funds on deposit	479,363	469,660	461,266
- savings accounts	291,516	284,810	277,054
- credit balances on customer accounts	114,361	114,577	118,092
- corporate deposits	61,990	60,109	55,019
- other	11,496	10,164	11,101
Financial liabilities at fair value through P&L	138,864	148,795	136,581
- trading liabilities	107,682	119,055	108,050
- non-trading derivatives	18,161	17,205	15,824
- other	13,021	12,535	12,707
Liabilities held for sale	64,265	61,471	59,407
Other liabilities	22,045	21,456	22,611
Total liabilities	**926,105**	**939,105**	**898,005**
Total equity and liabilities	**961,165**	**973,546**	**933,073**

1) Adjusted for transfer ING Direct USA and Car Lease to assets / liabilities held for sale

As part of its balance sheet optimisation, ING Bank's total assets decreased in the quarter by EUR 12 billion to EUR 961 billion. Excluding currency effects, the decrease was EUR 26 billion, reflecting the reduction in trading assets, while strengthening the funding profile by increasing customer deposits. The loan-to-deposit ratio (excl. securities and IABF receivable) improved slightly to 1.14. The asset leverage ratio declined to 28.0 at year-end 2011, or around 26 excluding ING Direct USA.

Cash and balances with central banks
Cash and balances with central banks increased to EUR 28 billion from EUR 22 billion at the end of the previous quarter, due to a further increase of overnight deposits placed with central banks.

Amounts due from and to banks
In the fourth quarter, the net position from banks decreased by EUR 5 billion as amounts due from banks declined by EUR 10 billion and amounts due to banks dropped by EUR 15 billion.

Loans
Loans and advances to customers increased by EUR 4 billion to EUR 578 billion, fully explained by EUR 7 billion positive currency effects. Customer lending decreased slightly at constant exchange rates, as mortgage growth was more than offset by lower lending at Commercial Banking. Securities at amortised cost declined, due to repayments, run-off and selective de-risking.

Financial assets/liabilities at fair value
Financial assets at fair value through P&L decreased EUR 14 billion to EUR 136 billion, fully due to a reduction of trading assets, as result of lower reverse repos, trading securities (de-risking) and derivatives. The EUR 10 billion decrease of financial liabilities at fair value through P&L mirrored the asset side.

Debt securities in issue
Capital and money markets remained challenging. Debt securities in issue remained flat during the fourth quarter. Short-term debt was further reduced by EUR 3 billion during the fourth quarter to improve the funding profile. ING Bank issued EUR 3 billion long-term debt securities in this quarter, of which EUR 2 billion were residential mortgage backed securities.

Customer deposits
Customer deposits and other funds on deposits grew by EUR 10 billion to EUR 479 billion, supported by EUR 4 billion of positive currency impacts. At comparable currency rates, individual savings accounts increased EUR 4 billion, driven by net inflows in the Netherlands and ING Direct. Corporate deposits increased by EUR 2 billion, mainly consisting of short-term deposits from asset managers and corporate treasuries.

Shareholders' equity
Shareholders' equity increased by EUR 0.6 billion to EUR 34.4 billion driven by the net profit of the fourth quarter. The asset leverage ratio, defined as total assets divided by shareholders' equity, decreased to 28.0 from 28.8 at the end of September. Excluding ING Direct USA (EUR 62 billion assets held for sale), the leverage ratio would be around 26.

Annual development balance sheet total
ING Bank's balance sheet grew by EUR 26 billion, excluding EUR 2 billion of positive currency effects. Compared to the pro-forma balance sheet, the increase was driven by EUR 28 billion higher customer lending, which was fully funded by EUR 18 billion higher customer deposits and long-term debt (EUR 23 billion issued versus EUR 11 billion matured). Higher cash and balances with central banks were offset by a reduction of investments and amounts due from banks. Short-term debt was reduced in 2011 to further improve the funding profile.

RISK MANAGEMENT

The weakening economic environment, with the crisis shifting to the real economy, is now becoming evident in higher risk costs. Net additions to provisions for loan losses were EUR 530 million, up from a year ago and from the third quarter. The non-performing loans remained stable, with Real Estate Finance showing a decline, offset by higher levels in other sectors. ING's de-risking of the balance sheet continued with a further decline of exposure to southern European government bonds, ABS securities and real estate. Underlying RWA increased by EUR 11 billion in the fourth quarter, mainly driven by higher market RWA due to the implementation of CRD III.

Loan portfolio ING Bank

ING Bank: Loan portfolio

in EUR million	31 Dec 2011	30 Sep 2011
Residential Mortgages	312,554	304,559
(Mid)-Corporates, SMEs and other	228,972	232,115
Governments	9,539	8,865
Securities at amortised cost and IABF	31,449	32,924
Provision for loan losses (loans and advances)	-4,944	-4,766
Total loans and advances to customers	**577,570**	**573,698**

Loans and advances to customers increased by EUR 4 billion to EUR 578 billion in the fourth quarter, including EUR 7 billion of positive currency impacts. At constant exchange rates, residential mortgages rose by EUR 4 billion, while lending to (mid)-corporates, SMEs and other decreased by EUR 6 billion (mainly Commercial Banking) due to weak demand. Securities at amortised cost further declined in the fourth quarter, due to repayments, run-off and selected de-risking. The Illiquid Assets Back-up Facility (IABF) remained stable at EUR 9 billion.

Risk costs

ING Bank added EUR 530 million to the loan loss provisions in the fourth quarter, compared with EUR 437 million in the third quarter of 2011 and EUR 410 million in the same quarter of 2010 (adjusted for divestments). Underlying gross additions to the loan loss provisions were EUR 743 million compared with EUR 656 million in the third quarter of 2011. Releases were EUR 213 million, almost stable on the third quarter. This translated into (annualised) 65 basis points of average risk-weighted assets (RWA) versus 55 basis points in the previous quarter and 51 basis points in the same quarter of 2010.

Excluding ING Direct USA, which is pending divestment, fourth-quarter 2011 risk costs were 61 basis points of average risk-weighted assets. Given the uncertain economic environment, ING Bank expects additions to loan loss provisions to remain elevated at around similar levels for the coming quarters.

ING Bank: Stock of provisions

in EUR million	4Q2011	3Q2011
Provisions, beginning of period	5,337	5,180
Increases	743	657
Releases	-213	-219
Write-offs	-362	-286
Other	10	5
Provisions, end of period *	**5,515**	**5,337**

* Stock of provision at the end of December includes provisions for amounts due from banks (EUR 7 million) and assets held for sale (EUR 565 million)

Underlying risk costs increased by EUR 93 million on the previous quarter, mainly driven by Retail Benelux. The mid-corporate and SME segments in the Benelux and to a lesser extent the Dutch mortgage portfolio were negatively impacted by the economic environment, resulting in higher net additions. Risk costs declined at ING Direct, mainly in Germany and the US, and remained stable at Retail International. Net additions to the loan loss provision at Commercial Banking rose in General Lending (specific files), Leasing, and Real Estate Finance, but were lower in Structured Finance.

Non-performing loans as a percentage of total loans and amounts due from banks (including ING Direct USA) were flat at 2.0%. Non-performing loans remained stable at EUR 13.4 billion, with Real Estate Finance showing a relatively strong decline, offset by higher non-performing loans for SMEs/mid-corporates, Structured Finance and General Lending. On-watch exposures in the ING Bank portfolio increased by EUR 0.6 billion to EUR 16.3 billion in the fourth quarter of 2011.

The coverage ratio, defined as the stock of loan loss provisions divided by non-performing loans, rose to 41% compared with 40% at the end of September. The overall coverage ratio is an average 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: Debt securities*

in EUR billion	31 Dec 2011	30 Sep 2011
Government bonds	49.2	50.5
Covered bonds	27.8	27.6
Financial Institutions	16.5	18.4
Corporate bonds	1.5	1.1
ABS	16.1	17.5
US agency RMBS	0.4	0.4
US prime RMBS	0.0	0.0
US Alt-A RMBS	0.2	0.2
US subprime RMBS	0.0	0.0
Non-US RMBS	10.7	11.6
CMBS	1.3	1.3
CDO/CLO	0.5	0.5
Other ABS	3.0	3.4
Total	**111.1**	**115.0**

* Figures exclude trading positions but include securities classified as Loans & Receivables

The value of the securities portfolio was EUR 113.6 billion at the end of December 2011, of which EUR 111.1 billion was in debt securities and EUR 2.5 billion in equity securities. The debt securities revaluation reserve after tax turned negative in the fourth quarter to EUR -212 million compared with EUR 277 million in the third quarter due to interest rate and credit spread developments.

Government bonds declined by EUR 1.3 billion compared with the third quarter, largely due to a reduction in Italian and Spanish exposures. Bonds issued by financial institutions declined by EUR 1.9 billion, mainly due to a reduction in Australia, Belgium and Poland. Covered bonds remained stable. ING Bank continued to manage its asset-backed securities (ABS) portfolio downwards in the fourth quarter of 2011. Compared with the end of September, the ABS exposure declined by EUR 1.4 billion to EUR 16.1 billion, mainly following selective de-risking of the European RMBS portfolio.

Greece, Italy, Ireland, Portugal and Spain

Greece, Italy, Ireland, Portugal and Spain have either applied for support from the European Financial Stability Fund ('EFSF') or receive support from the ECB via government bond purchases in the secondary market. At 31 December 2011, ING Bank's balance sheet value of government bonds and unsecured financial institutions bonds to Greece, Italy, Ireland, Portugal and Spain and the related pre-tax revaluation reserve in equity was as follows:

ING Bank: Greece, Italy, Ireland, Portugal and Spain

in EUR million	30 Sep 11	31 Dec 11	
	Balance sheet value	Balance sheet value	Pre-tax revaluation reserve
Greece			
Government bonds - available-for-sale	280	151	0
Italy			
Government bonds - available-for-sale	1,550	826	-224
Government bonds-at amortised costs	107	97	
Financial institutions - available-for-sale	685	549	-41
Financial institutions - at amortised costs	159	161	
Ireland			
Financial institutions - available-for-sale	44	44	-1
Financial institutions - at amortised costs	158	156	
Portugal			
Government bonds - available-for-sale	443	438	-211
Government bonds-at amortised costs			
Financial institutions - available-for-sale	180	78	-15
Financial institutions - at amortised costs	0		
Spain			
Government bonds - available-for-sale	625	324	-85
Government bonds-at amortised costs	171	170	
Financial institutions - available-for-sale	173	95	-5
Financial institutions - at amortised costs	85	85	-1
Total	**4,660**	**3,174**	**-583**

ING impaired all its Greek government bonds to market value at 31 December 2011. This resulted in a re-impairment of EUR 133 million in the quarter, bringing the total impairments on Greek government bonds to EUR 588 million. The total Greek government bond portfolio has now been written down by almost 80%.

Real estate exposure

ING Bank: real estate exposure

in EUR billion	31 Dec 2011	30 Sep 2011
Real Estate investments (FV through the P&L)	1.0	1.0
Real Estate investments (FV through equity)	0.4	0.7
Real Estate property in own use (FV through equity)	1.2	1.3
Development projects Real Estate	1.5	1.7
Exposure ING Bank	**4.1**	**4.6**

The real estate exposure of ING Bank declined to EUR 4.1 billion from EUR 4.6 billion at the end of the third quarter, mainly due to the sale of real estate investments in the US. The fair value changes reflected in the P&L were EUR -46 million in the fourth quarter of 2011 compared with EUR 1 million positive in the third quarter.

ING Bank had EUR 1.5 billion of real estate development projects at the end of the fourth quarter, down from EUR 1.7 billion at 30 September 2011 due to impairments and sales. Impairments were EUR 55 million, which was flat on the year-ago quarter and EUR 6 million less than in the third quarter.

Market risk

ING Commercial Bank: Consolidated VaR trading books

in EUR million	Minimum	Maximum	Average	Quarter-end
Foreign exchange	1.2	4.2	1.9	1.9
Equities	7.1	14.7	11.0	7.1
Interest rate	9.2	19.7	13.1	12.3
Credit spread	5.7	8.2	6.6	6.0
Diversification			12.4-	11.9-
Total VaR *	**13.1**	**29.4**	**20.2**	**15.3**

* 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) rose by EUR 1 million to EUR 20 million in the fourth quarter of 2011, driven by increased market volatility, which was partly compensated by a reduction of trading positions. The overnight VaR for ING Bank's trading portfolio ranged from EUR 13 million to EUR 29 million.

Liquidity risk

The capital markets and money markets continued to be challenging in the fourth quarter of 2011. ING was still able to maintain access to funding for acceptable pricing but at shorter tenors. Funds entrusted growth developed favourably in 2011, and ING Bank issued more long term professional debt than the maturing amount to improve the funding profile in anticipation of future (Basel III) liquidity regulations.

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 1.14 from 1.15 at the end of September.

Excluding ING Direct USA, ING Bank has improved its total eligible collateral position at market value to EUR 192 billion in December 2011 compared to EUR 187 billion in September 2011.

Risk-weighted assets

Underlying risk-weighted assets (RWA) rose 3.4% to EUR 330 billion from EUR 320 billion at the end of September 2011 (adjusted for divestments). The increase was primarily explained by EUR 9 billion of higher market risk-weighted assets following the implementation of the Capital Requirements Directive III (CRD III). Credit RWA increased by EUR 1 billion, including EUR 4 billion of positive currency impacts. Excluding currency impacts, credit RWA declined as a result of the net impact of model updates. Compared with year-end 2010, underlying RWA rose 3.7%, or EUR 12 billion, mainly driven by the aforementioned implementation of CRD III, while currency impacts were negligible.

The composition of ING Bank's RWA at 31 December 2011 was as follows: credit RWA: 85.0%; operational RWA: 10.7%; and market RWA: 4.3%.

Insurance

CONSOLIDATED RESULTS

Insurance: Consolidated profit and loss account								
In EUR million	4Q2011	4Q2010[1)]	Change	3Q2011	Change	FY2011	FY2010[1)]	Change
Gross premium income	6,463	6,287	2.8%	6,229	3.8%	27,198	27,786	-2.1%
Commission income	374	388	-3.6%	365	2.5%	1,515	1,472	2.9%
Total investment and other income	1,008	1,143	-11.8%	4,788	-78.9%	9,352	7,388	26.6%
Total underlying income	**7,844**	**7,818**	**0.3%**	**11,383**	**-31.1%**	**38,066**	**36,646**	**3.9%**
Underwriting expenditure	8,025	7,260	10.5%	9,668	-17.0%	33,087	32,802	0.9%
Operating expenses	961	983	-2.2%	922	4.2%	3,730	3,766	-1.0%
Interest expenses	199	438	-54.6%	223	-10.8%	910	1,122	-18.9%
Other	7	10	-30.0%	7	0.0%	24	29	-17.2%
Total underlying expenditure	**9,192**	**8,692**	**5.8%**	**10,820**	**-15.0%**	**37,752**	**37,719**	**0.1%**
Underlying result before tax	**-1,348**	**-873**	**n.a.**	**563**	**-339.4%**	**314**	**-1,072**	**n.a.**
of which life insurance	-1,325	-895	n.a.	579	-328.8%	326	-418	n.a.
of which non-life insurance	28	68	-58.8%	34	-17.6%	148	195	-24.1%
of which investment management	47	42	11.9%	48	-2.1%	204	150	36.0%
of which corporate line	-98	-88	n.a.	-99	n.a.	-364	-1,000	n.a.
Taxation	-261	-20	n.a.	5	n.a.	19	-40	n.a.
Minority interests	8	13	-38.5%	-13	n.a.	4	18	-77.8%
Underlying net result	**-1,095**	**-867**	**n.a.**	**571**	**-291.8%**	**291**	**-1,050**	**n.a.**
Net gains/losses on divestments	1,023	16		-5		1,045	9	
Net result from divested units	0	-6		-1		-4	-15	
Net result from discontinued operations[2]	29	50		13		109	209	
Special items after tax	-25	-72		-80		-228	-725	
Net result	**-68**	**-878**		**499**		**1,212**	**-1,572**	
Insurance - Margin analysis								
Investment margin	440	381	15.5%	451	-2.4%	1,739	1,405	23.8%
Fees and premium-based revenues	1,103	1,139	-3.2%	1,141	-3.3%	4,583	4,415	3.8%
Technical margin	171	199	-14.1%	136	25.7%	762	754	1.1%
Income non-modelled life business	20	37	-45.9%	19	5.3%	89	136	-34.6%
Life & ING IM operating income	**1,734**	**1,755**	**-1.2%**	**1,747**	**-0.7%**	**7,173**	**6,709**	**6.9%**
Administrative expenses	725	762	-4.9%	707	2.5%	2,857	2,933	-2.6%
DAC amortisation and trail commissions	483	489	-1.2%	475	1.7%	1,898	1,753	8.3%
Life & ING IM expenses	**1,208**	**1,251**	**-3.4%**	**1,182**	**2.2%**	**4,755**	**4,686**	**1.5%**
Life & ING IM operating result	**526**	**504**	**4.4%**	**565**	**-6.9%**	**2,418**	**2,023**	**19.5%**
Non-life operating result	39	50	-22.0%	39	0.0%	188	168	11.9%
Corporate Line operating result	-88	-157	n.a.	-77	n.a.	-401	-633	n.a.
Operating result	**478**	**397**	**20.4%**	**527**	**-9.3%**	**2,205**	**1,558**	**41.5%**
Gains/losses and impairments	16	-42	.	-330		-550	-512	
Revaluations	-282	56		292		205	449	
Market & other impacts	-1,561	-1,285		74		-1,547	-2,567	
Underlying result before tax	**-1,348**	**-873**		**563**	**-339.4%**	**314**	**-1,072**	
Life Insurance - New business figures								
Single premiums	2,827	3,254	-13.1%	2,564	10.3%	11,123	13,059	-14.8%
Annual premiums	723	650	11.2%	755	-4.2%	3,088	2,863	7.9%
New sales (APE)	1,005	976	3.0%	1,011	-0.6%	4,200	4,169	0.7%
Life & ING IM - Key figures								
Administrative expenses / operating income	41.8%	43.4%		40.5%		39.8%	43.7%	
Life general account assets (end of period, in EUR billion)	175	162	8.0%	171	2.3%	175	162	8.0%
Investment margin / Life general account assets (in bps)[3]	106	90		103				
Client balances (end of period, in EUR billion)	398	378	5.3%	363	9.6%	398	378	5.3%
ING IM Assets under Management (end of period, in EUR billion)	322	310	3.9%	309	4.2%	322	310	3.9%
Other key figures								
Administrative expenses (total)	882	891	-1.0%	848	4.0%	3,428	3,443	-0.4%
Return on equity[4]	-19.1%	-16.7%		10.9%		1.4%	-5.1%	
Employees (FTEs, end of period, adjusted for divestments)	26,463	27,755	-4.7%	26,816	-1.3%	26,463	27,755	-4.7%

1) The result of this period has been restated to reflect the change in accounting policy, i.e., the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA business as of 1 January 2011.
2) The result of Insurance Latin America has been transferred to 'net result from discontinued operations'. Previous periods have been restated.
3) Four-quarter rolling average
4) Annualised underlying net result divided by average IFRS-EU equity (the 2010 quarterly results are adjusted for the after-tax allocated cost of Group core debt injected as equity into Insurance by the Group).

The underlying result before tax for Insurance was EUR -1,348 million, reflecting the previously announced EUR 1,099 million charge for assumption changes in the US Closed Block VA business. The underlying result also reflects EUR 348 million of negative results on hedges focused on protecting regulatory capital amid volatile financial markets. The operating result increased 20.4% from the fourth quarter of 2010 to EUR 478 million, reflecting a higher investment margin, lower administrative expenses and lower interest costs.

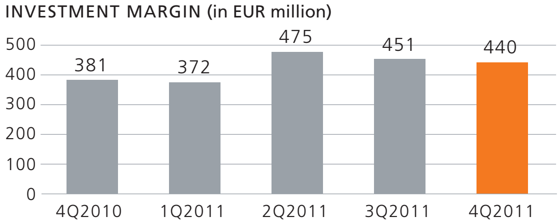
The operating result for ING Insurance increased strongly in the fourth quarter from a year earlier, driven by a higher investment margin and lower administrative expenses. The operating result increased to EUR 478 million from EUR 397 million in the fourth quarter of 2010, up 20.4%, or 21.4% excluding currency effects. Compared with the third quarter of 2011, the operating result decreased 9.3% (11.0% excluding currency effects), mainly from lower fees and premium-based revenues and modestly higher administrative expenses.

Life insurance and investment management

The operating result from Life Insurance and Investment Management was EUR 526 million, 4.4% higher than in the fourth quarter of 2010 (5.2% higher excluding currency effects). This increase was driven by an improved investment margin and lower administrative expenses, partially offset by lower fees and premium-based revenues and a lower technical margin.

Compared with the third quarter of 2011, the Life & ING IM operating result declined 8.5% excluding currency effects due to lower fees and premium-based revenues and a lower investment margin, partly compensated by a higher technical margin.

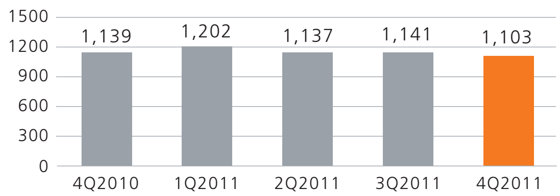
INVESTMENT MARGIN (in EUR million)



The investment margin increased 15.5% to EUR 440 million compared with the fourth quarter of 2010, but it decreased by EUR 11 million from EUR 451 million in the third quarter of 2011. The increase from the year before was largely driven by a higher real estate result, on balance negative one-off items in the fourth quarter of 2010, and lower profit sharing. The decline compared with the third quarter was mainly due to lower interest on bonds following de-risking measures taken since the third quarter of 2011 and lower dividends on private equity and real estate investments.

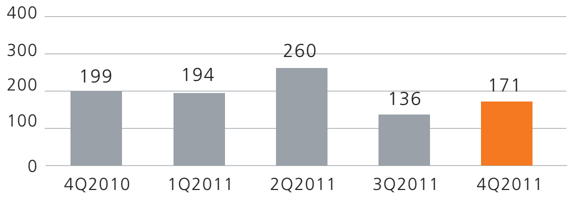
The four-quarter rolling average investment spread improved to 106 basis points from 90 basis points in the fourth quarter of 2010, and increased slightly from 103 basis points in the third quarter of 2011. The investment spread for the standalone fourth quarter of 2011 decreased to 102 basis points from 110 basis points in the previous quarter, in part due to the lower yield on bonds in the Benelux following the de-risking measures taken mainly in the second half of 2011. As a result the investment spread is expected to decline in 2012.

FEES AND PREMIUM-BASED REVENUES (in EUR million)



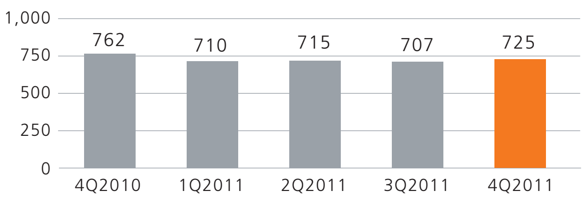
Fees and premium-based revenues declined 3.2% compared with the same quarter of 2010 (2.4% excluding currency effects) to EUR 1,103 million. This was primarily due to lower fee income and higher hedging and reserve costs in the US Closed Block VA business, lower results in Central & Rest of Europe stemming from pension fund regulatory changes in Poland and Hungary, partly offset by higher fees and premium-based revenues in Asia/Pacific on sales growth in Japan COLI business, Hong Kong and KB Life. Compared with the third quarter, fees and premium-based revenues decreased 3.3%. This was a consequence of lower fee income and higher hedging and reserve costs in the US Closed Block business as well as lower fees and premium-based revenues in the Benelux partly due to faster processing of corporate pension premiums in the third quarter.

TECHNICAL MARGIN (in EUR million)



The technical margin was EUR 171 million, or EUR 28 million lower than in the fourth quarter of 2010 but EUR 35 million higher than the third quarter of 2011. The decline from the previous year was a consequence of lower technical results in the Benelux and the US, which were partly offset by higher results in US Closed Block VA and Asia/Pacific. The increase from the previous quarter is mainly due to improved mortality and morbidity results in Japan and Korea. Furthermore, the third quarter of 2011 included an addition to guarantee provisions in the Benelux.

ADMINISTRATIVE EXPENSES (in EUR million)



Life & ING IM administrative expenses were EUR 725 million, or 4.9% lower than in the fourth quarter of 2010 (3.8% lower excluding currency effects), reflecting ongoing cost control as well as overall positive non-recurring expense items. Non-recurring items in the quarter include an expense reduction due to a change in ING's US employee pension plan of EUR 45 million (reflected in both Insurance US and ING IM), a provision for expenses for executing a unit-linked compensation programme in the Benelux and project costs in Central & Rest of Europe and Asia/Pacific. Compared with the previous quarter, expenses were up by 2.5% (0.7% excluding currency effects). The ratio of administrative expenses to operating income was 41.8%, an improvement versus the fourth quarter of 2010 (43.4%). The ratio of administrative expenses to operating income deteriorated from 40.5% in the third quarter, reflecting both lower operating income and higher administrative expenses.

Non-life result
Compared with the same quarter of 2010, the non-life operating result was EUR 11 million lower at EUR 39 million, reflecting higher claims in Disability & Accident in the Benelux. Compared with the third quarter, the non-life operating result was flat.

Corporate Line
The operating result of the Corporate Line improved to EUR -88 million from EUR -157 million in the fourth quarter of 2010. This was the result of lower interest payments on hybrids since December 2010 and the discontinuation of Group core debt expense allocation to Insurance as from 1 January 2011. Compared with the third quarter of 2011, the operating result of the Corporate Line decreased by EUR 11 million, mainly due to lower results from reinsurance run-off portfolios following reserve releases in the previous quarter.

Underlying result before tax
The underlying result before tax was EUR -1,348 million, down from EUR -873 million in the fourth quarter of 2010, and EUR 563 million in the third quarter of 2011. This quarter's loss includes the previously announced charge of EUR 1,099 million related to a change in actuarial assumptions for the US Closed Block VA business as well as EUR 348 million losses on hedges focused on protecting regulatory capital.

Gains/losses and impairments on investments were EUR 16 million compared with EUR -42 million in the fourth quarter of 2010 and EUR -330 million in the previous quarter. The result for the current quarter includes EUR 179 million of capital gains and losses on the sale of debt securities and public equity in Europe and commercial mortgage-backed securities in the US, both resulting from de-risking and other investment portfolio management actions to protect regulatory capital. Greek government bonds were re-impaired by EUR 66 million and equity impairments were EUR 65 million in the quarter.

Revaluations showed a result of EUR -282 million compared with EUR 56 million in the fourth quarter of 2010 and EUR 292 million in the third quarter of 2011. The current quarter includes a EUR 182 million loss on equity options in the Benelux, as a consequence of higher equity markets combined with a hedge strategy that is primarily focused on protecting regulatory capital. In addition, the loss includes revaluations of EUR -65 million on private equity investments and alternative assets in US Insurance.

Market and other impacts amounted to EUR -1,561 million compared with EUR -1,285 million in the same quarter of 2010 and EUR 74 million in the third quarter. This quarter's loss includes the previously announced charge of EUR 1,099 million related to a change in actuarial assumptions for the US Closed Block VA business. The US Closed Block VA business realised an additional loss of EUR 126 million on the capital hedge and a EUR 132 million loss on liability hedges, net of reserve changes. Market and other impacts also reflect the change in the provision for separate account pension contracts (net of hedging) in the Benelux for an amount of EUR -207 million and macro interest rate hedges to protect solvency (EUR -40 million).

Net result
The net result was EUR -68 million versus a net result of EUR -878 million in the fourth quarter of 2010 and EUR 499 million in the third quarter. The net result for the current quarter was positively impacted by the EUR 995 million gain on the sale of the Latin American pension, life insurance, and investment management businesses and a more favourable effective tax rate. The discontinued Latin American operations added EUR 29 million to the net result. Special items of EUR -25 million mainly reflect costs related to restructuring programmes and separation expenses, offset by the EUR 71 million profit from the liability management transactions executed in December 2011.

Sales
New sales amounted to EUR 1,005 million of annual premium equivalent (APE), up 3.0% on the fourth quarter of 2010. On a constant currency basis, APE increased 4.6% as a result of higher sales in nearly all business lines. Asia/Pacific realised 10.9% higher sales, driven by growth in Japan, Malaysia, Hong Kong and China. Insurance Benelux sales rose by EUR 12 million, or 14.1%, due to higher corporate pension sales. Central and Rest of Europe reported 14.8% higher sales, predominantly from short-term life products in Hungary. New sales of Insurance US decreased 4.6% in the fourth quarter (despite an increase in sales of both Full Service Retirement Plans and Individual Life products), reflecting lower Stable Value and Fixed Annuity sales.

Compared with the previous quarter, sales decreased 0.6% from EUR 1,011 million. On a constant currency basis, sales fell 3.1%, mainly attributable to seasonally lower sales in Asia/Pacific, offset by seasonally higher sales in Central and Rest of Europe in the fourth quarter.

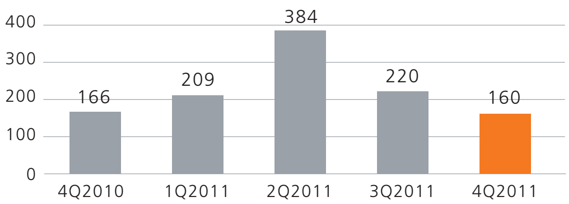
Insurance: Breakdown by business area

	Benelux		Central & Rest of Europe		United States		US Closed Block VA[1]		Asia/Pacific		ING IM	
In EUR million	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010	4Q2011	4Q2010
Investment margin	144	99	21	21	233	229	14	12	26	22	3	-3
Fees and premium-based revenues	132	141	110	130	277	272	11	43	361	327	213	225
Technical margin	56	93	36	36	16	47	10	-14	54	37	-	-
Income non-modelled life business	9	10	2	2	0	-0	-0	-0	9	25	0	0
Life & ING IM operating income	**341**	**342**	**168**	**189**	**526**	**548**	**35**	**41**	**449**	**412**	**215**	**222**
Administrative expenses	169	154	83	74	174	214	20	17	117	118	162	183
DAC amortisation and trail commissions	50	66	51	52	164	162	22	23	195	185	1	1
Life & ING IM expenses	**218**	**220**	**134**	**126**	**339**	**377**	**42**	**41**	**312**	**302**	**163**	**184**
Life & ING IM operating result	**122**	**122**	**34**	**63**	**187**	**171**	**-7**	**1**	**138**	**109**	**53**	**38**
Non-life operating result	37	44	1	4	-	-	-	-	1	1	-	-
Corporate Line operating result												
Operating result	**160**	**166**	**35**	**67**	**187**	**171**	**-7**	**1**	**139**	**110**	**53**	**38**
Gains/losses and impairments	173	65	-127	-5	-50	-102	0	4	25	11	1	1
Revaluations	-184	45	-1	-	-65	-3	-2	4	-4	-9	-6	3
Market & other impacts	-247	-150	-	-10	32	-2	-1,360	-1,202	-0	11	-	-
Underlying result before tax	**-98**	**126**	**-93**	**52**	**104**	**64**	**-1,368**	**-1,193**	**159**	**123**	**47**	**42**
Life Insurance - New business figures												
Single premiums	491	513	233	243	1,974	2,317	-	82	129	100	-	-
Annual premiums	48	34	77	70	254	240	-	-	343	306	-	-
New sales (APE)	97	85	101	94	451	472	-	8	356	316	-	-
Key figures												
Gross premium income	1,262	1,201	557	585	2,808	2,801	115	111	1,713	1,582	-	-
Adm. expenses / operating income (Life & ING IM)	49.6%	45.0%	49.4%	39.2%	33.1%	39.1%	57.1%	41.5%	26.1%	28.6%	75.3%	82.4%
Life general account assets (end of period, in EUR billion)	64	61	7	8	70	63	6	6	27	23	1	1
Investment margin / Life general account asset (in bps)[2]	108	77	101	99	140	134	53	-20	30	26	37	16
Provision for life insurance & investm. contracts for risk policyholder (end of period)	22,208	22,855	3,401	3,783	36,412	36,294	32,115	35,152	22,427	22,725	-	-
Net production client balances (in EUR billion)	-1.1	-0.9	0.2	0.5	-0.3	-1.1	-0.6	-0.7	0.6	0.2	-1.3	4.6
Client balances (end of period, in EUR billion)	69.6	69.9	25.0	28.6	99.9	97.1	32.9	35.9	46.8	44.2	123.5	102.6
Administrative expenses (total)	271	243	85	76	174	214	20	17	118	119	162	183

1 The result has been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011
2 Four-quarters rolling average

INSURANCE BENELUX

OPERATING RESULT - BENELUX (in EUR million)



Results from Insurance Benelux were strongly impacted by negative hedge results and losses related to de-risking as ING took measures to protect regulatory capital in the Netherlands in the fourth quarter to respond to rising uncertainty and volatility in financial markets. Equity hedges were kept in place and the fixed income portfolio was de-risked through the sale of Italian and French government bonds. The negative impact of these measures on the underlying result was partially offset by realised capital gains on bonds, equity investments and fixed income funds.

The operating result declined to EUR 160 million from EUR 166 million in the fourth quarter of 2010. Compared with the third quarter of 2011, the operating result declined from EUR 220 million as a result of a lower investment margin and lower fees and premium-based revenues.

The life investment margin increased to EUR 144 million from EUR 99 million in the fourth quarter of 2010, driven by higher real estate results, on balance negative one-off items in the fourth quarter of 2010, and lower profit sharing. Reinvestments in the first half of 2011 were offset by the negative impact of de-risking and other investment portfolio management actions. Compared with the previous quarter, the investment margin was EUR 43 million lower than in the third quarter of 2011, which benefited from higher dividend income on private equity and real estate funds. In addition, de-risking and other investment portfolio management actions resulted in EUR 12 million of lower interest on bonds compared with the previous quarter.

The investment spread, calculated as a four-quarter rolling average, improved to 108 basis points from 77 basis points in the fourth quarter of 2010 and 100 basis points in the previous quarter. The increase in investment spread is mainly reflecting lower interest rebates, lower profit sharing and higher non-recurring separate account pension contract results. In addition, the spread continued to benefit from the impact of reinvestments in the first half of 2011, higher dividends on public equity and higher real estate funds compared to 2010. De-risking actions taken in the third and fourth quarter of 2011 are expected to reduce the 2012 investment spread by an estimated 10-15 bps.

Fees and premium-based revenues decreased to EUR 132 million from EUR 141 million in the fourth quarter of 2010. This was due to lower premium income in the mature Dutch retail life market. In addition, a larger part of final corporate pension premiums was already processed in the third quarter of this year. These timing differences also explain the decline in fees and premium-based revenues from EUR 146 million in the previous quarter.

The technical margin decreased to EUR 56 million from EUR 93 million in the fourth quarter of 2010, but increased from EUR 36 million in the previous quarter. Both prior quarters included non-recurring items; the fourth quarter of 2010 included a EUR 33 million release of guarantee provisions and other non-recurring items, while the third quarter of 2011 included an addition to guarantee provisions as a consequence of declining interest rates and equity market values.

Life administrative expenses increased to EUR 169 million from EUR 154 million in the fourth quarter of 2010, mainly due to a provision for IT expenses related to processing the unit linked compensation programme for customers in the Netherlands and a transfer of activities from Bank to Insurance. Compared with the previous quarter, life administrative expenses increased from EUR 144 million, driven by the above-mentioned provision for IT expenses as well as marketing campaigns and a reserve release in the third quarter. The ratio of life administrative expenses to operating income increased to 49.6% from 45.0% in the fourth quarter of 2010 due to the aforementioned higher expenses and 38.1% in the previous quarter due to higher expenses and lower Life operating income.

DAC amortisation and trail commissions decreased to EUR 50 million from EUR 66 million in the fourth quarter of 2010, reflecting a settlement with brokers to compensate for the discontinuation of a pension product in the fourth quarter of 2010. DAC amortisation and trail commissions were in line with the previous quarter.

The non-life operating result was EUR 37 million compared with EUR 44 million in the fourth quarter of 2010 and EUR 36 million in the third quarter of 2011. The decrease from the same quarter last year was due to higher claims in Disability & Accident, which were partly offset by a non-recurring positive effect in the premium and expense provisions for several products, resulting from unifying provision methodologies in the Dutch non-life entities. Despite higher claims in the fourth quarter of 2011 the combined ratio over the full year 2011 improved compared to last year.

The impact of market volatility and de-risking is primarily evident in the underlying result before tax, which declined to EUR -98 million from EUR 126 million in the fourth quarter of 2010 and EUR 541 million in the third quarter.

Gains/losses and impairments were EUR 173 million, compared to EUR 65 million in the fourth quarter of 2010 and EUR -108 million in the previous quarter. The positive result in the quarter was due to EUR 61 million realised capital gains on public equity and EUR 189 million of net capital gains on debt securities resulting from de-risking and other investment portfolio management actions. These items were partly offset by EUR 65 million of impairments on equities.

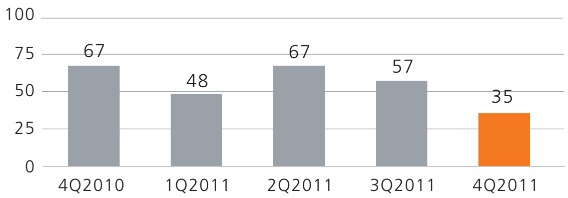
Revaluations were EUR -184 million compared with EUR 45 million in the fourth quarter of 2010 and EUR 230 million in the third quarter, which related mainly to mark-to-market adjustments on equity options used to hedge the equity portfolio in the Benelux. The hedge strategy prioritised the protection of regulatory capital in the Netherlands over IFRS earnings. The increase in equity markets in the quarter led to negative revaluations on equity options of EUR 182 million while the third quarter included positive revaluations of EUR 250 million.

Market & other impacts were EUR -247 million in the fourth quarter of 2011 and related to both the change in provision for guarantees on separate account pension contracts net of hedging (EUR -207 million) and macro interest rate hedges to protect solvency (EUR -40 million). This contrasts the EUR 199 million positive result in the third quarter which was driven by a high positive result on solvency protection hedges. In the fourth quarter, basis risk, together with an increase in the amount of hedging to protect solvency capital in the current low interest rate environment, has resulted in this account becoming increasingly volatile and sensitive to financial market movements.

New sales (APE) increased in the fourth quarter to EUR 97 million from EUR 85 million in the same quarter of 2010 and EUR 88 million in the previous quarter. Both were driven by higher corporate pension sales and renewals in the Netherlands and higher sales in Belgium, partly offset by a decrease in retail life sales in the Netherlands. In October, NN introduced three new tax-favourable bank products for pension savings ('banksparen') to meet consumers, increasing demand for simple, flexible and low-cost savings products. 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)



Results from Insurance Central & Rest of Europe continued to be under pressure due to regulatory changes in the region's major pension markets (Hungary and Poland) and higher project costs, as well as the depreciation of several currencies in the region against the euro. Against this backdrop, ING continued to focus on expanding its life insurance sales and improving operational and tied-agent efficiency in the region.

The operating result declined to EUR 35 million from EUR 67 million in the same quarter of 2010, reflecting lower fees from the pension funds due to regulatory changes in Poland and Hungary, as well as an increase in administrative expenses, mainly related to nonrecurring restructuring and project costs for Solvency II and regional IT improvements. Compared with the third quarter, the operating result declined 35.2% excluding currency effects, mainly due to the increase in administrative expenses.

The investment margin was flat at EUR 21 million compared with the fourth quarter of 2010 and increased by EUR 2 million compared with the third quarter of 2011, the latter mainly due to higher investment income in Poland and Spain.

Fees and premium-based revenues declined to EUR 110 million from EUR 130 million in the fourth quarter of 2010. This decline is partly due to regulatory changes to pension funds in Hungary and Poland, which led to a decrease of EUR 10 million. In Hungary, the government took control of the mandatory pension business at the end of 2010 and in Poland employee premium contributions have been reduced under the pension reform effective May 2011. The decline also reflects a EUR 6 million reallocation of health insurance premiums in Greece to the technical margin (as of the first quarter of 2011). Compared with the third quarter of 2011, fees and premium-based revenues increased 1.9% (or 6.8% excluding currency effects), mainly due to a performance fee in the pension business in Poland.

The technical margin was flat at EUR 36 million compared with the fourth quarter of 2010 as the reallocation of health insurance premiums in Greece from fees and premium-based revenues to the technical margin was offset by higher claims. Compared with the third quarter of 2011, the technical margin was EUR 9 million lower, partly caused by higher health insurance claims in Greece.

Life administrative expenses increased to EUR 83 million from EUR 74 million in the same quarter of 2010 and EUR 69 million in the third quarter of 2011. The increase in expenses was mainly due to EUR 6 million of nonrecurring restructuring expenses in Spain, Hungary and Greece and higher project-related costs for Solvency II and the building of a regional IT organisation. These projects are expected to continue in 2012.

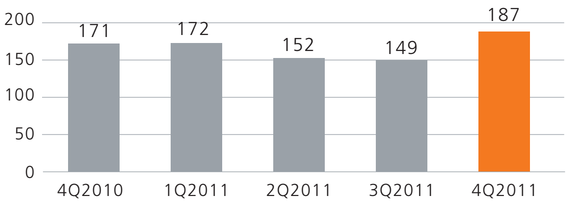
DAC amortisation and trail commissions were flat compared with the same quarter of last year and the previous quarter.

The underlying result before tax was EUR -93 million, compared with EUR 52 million in the same quarter a year earlier. The underlying result included further impairments on Greek government bonds of EUR 65 million and losses on sales of Italian government bonds and Portuguese financial bonds, reflecting de-risking measures.

New sales (APE) increased to EUR 101 million from EUR 94 million in the same quarter of 2010, driven by higher life sales in the region, which rose 18.5% excluding currency effects to EUR 77 million. Life sales were up in most markets as a result of successful new product launches, with the largest contribution from a short-term life product in Hungary. New pension sales fell slightly to EUR 24 million from EUR 26 million in the same quarter of 2010. However, excluding currency effects new pension sales were up slightly, mainly from higher sales in Turkey, offset by lower pension fund sales in Poland due to regulatory changes. New sales (APE) increased 40.3% excluding currency effects compared with the third quarter of 2011, reflecting seasonally higher life sales in the fourth quarter of the year.

INSURANCE UNITED STATES

OPERATING RESULT - UNITED STATES (in EUR million)



Insurance US delivered resilient operating results for the fourth quarter amidst difficult and volatile capital market conditions.

The operating result for Insurance US increased to EUR 187 million from EUR 171 million in the fourth quarter of 2010, up 8.7% excluding currency effects, primarily attributable to lower administrative expenses and partially offset by a lower technical margin.

Compared with the third quarter, the operating result increased 18.4%, excluding currency effects, driven largely by lower administrative expenses.

The investment margin of EUR 233 million increased by EUR 4 million from the fourth quarter of 2010, or 1.3% excluding currency effects. Investment margins remained fairly stable as a small decrease in the average investment yield, primarily from lower prepayment fee income, was more than offset by a reduction in average credited interest. Fixed account AuM levels remained stable as higher AuM levels in Retirement Plans were offset by lower AuM levels in the closed block Financial Products business. Compared with the third quarter of 2011, the investment margin declined 4.5% , excluding currency effects, due to lower prepayment fee income as well as the impact of measures taken to de-risk the balance sheet in the third and fourth quarters.

Fees and premium-based revenues increased slightly to EUR 277 million. Higher AuM levels from positive net flows in Retirement products and higher premium-based revenue from Insurance sales were mostly offset by lower AuM levels due to customer transfers to fixed options and lower average fees per AuM due to changes in product mix.

The technical margin declined to EUR 16 million from EUR 47 million in the fourth quarter of 2010 due to lower amortisation of a gain related to the transfer of the US group reinsurance business in the first quarter of 2010, as well as a non-recurring reserve reduction of EUR 18 million in the prior year and adverse Life mortality in the current quarter. Compared with the third quarter, the technical margin increased by EUR 4 million due to improved results in Employee Benefits and the closed block Group Reinsurance business.

Administrative expenses declined to EUR 174 million, down 18.1% excluding currency effects from the fourth quarter of 2010 and down 13.3% from the third quarter of 2011. The EUR 40 million decrease from the prior year includes a non-recurring reduction in expenses of EUR 26 million, with the remaining EUR 14 million reduction caused by the cost reductions initiated in late 2010, including the elimination of 283 positions in 2011. The non-recurring reduction of EUR 26 million reflects a EUR 34 million reduction in pension plan liabilities, due to changes in future pension benefits to employees. This was partially offset by a EUR 8 million increase in severance accruals. The EUR 27 million reduction from the third quarter of 2011 primarily reflects the EUR 26 million non-recurring reduction in the current quarter.

DAC amortisation and trail commissions were EUR 164 million, an increase of 1.2% from the fourth quarter of 2010 and a decrease of 3.5% from the third quarter of 2011, excluding currency effects. The change over both quarters was primarily due to changes in the operating income that drives DAC amortisation. The decrease from the third quarter of 2011 is also caused by lower amortisation rates, primarily in Fixed Annuity, due to annual assumption updates.

The underlying result before tax increased to EUR 104 million from EUR 64 million in the fourth quarter of 2010, up 62.5% excluding currency effects. The increase was driven by higher operating results, lower impairments and favourable DAC unlocking, partially offset by higher negative revaluations and a non-recurring increase in reserves related to the company's use of the US Social Security Death Master File to identify potential claims. The current quarter is EUR 18 million higher than in the third quarter of 2011, a 15.6% increase excluding currency effects, with higher operating results, lower impairments, lower trading losses, and favourable DAC unlocking offset by lower revaluations and the non-recurring reserve increase.

Gains/losses and impairments improved to EUR -50 million from EUR -102 million in the fourth quarter of 2010 and EUR -72 million in the third quarter of 2011. The current quarter reflects a EUR 33 million loss on the sale of commercial mortgage-backed securities as Insurance US continues to de-risk its balance sheet.

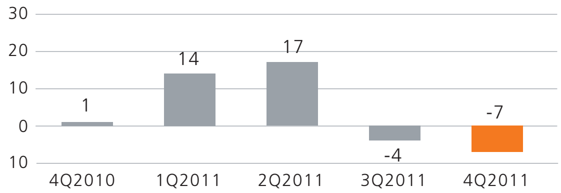
Revaluations were EUR -65 million versus EUR -3 million in the fourth quarter of 2010 and EUR 62 million in the third quarter of 2011. Results in the current quarter reflect negative revaluations on private equity and alternative assets, primarily due to the equity market decline in the third quarter of 2011 and because results for most private equity and alternative assets are reported on a one-quarter lag.

Market and other impacts were EUR 32 million compared with EUR -2 million in the fourth quarter of 2010 and EUR -54 million in the third quarter of 2011. The current quarter reflects DAC offsets related to investment losses in the current quarter of EUR 14 million and favourable DAC unlocking of EUR 70 million, partially offset by a EUR 52 million non-recurring reserve increase related to the use of the US Social Security Death Master File to identify potential claims. The EUR 70 million favourable DAC unlocking reflects favourable assumption changes in Fixed Annuities and Retirement, partially offset by unfavourable assumption changes in Individual Life.

New sales (APE) of EUR 451 million were 4.6% lower than in the fourth quarter of 2010, excluding currency effects. Sales of Full Service Retirement Plans were 14% higher and Individual Life Sales 17% higher, offset by lower Stable Value and Fixed Annuity sales. APE rose 2.3% from the third quarter of 2011, excluding currency effects, driven by a 2% increase in sales of Full Service Retirement Plans and a 7% increase in Individual Life, partially offset by a decrease in Fixed Annuity sales.

INSURANCE US CLOSED BLOCK VA

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



As previously announced, the completion of a comprehensive policyholder behaviour assumption review for the US Closed Block VA led to a EUR 1.1 billion charge in the fourth quarter of 2011, which resulted in a loss of EUR 1,368 million on an underlying basis. The assumptions were updated for lapses, mortality, annuitisation, and utilisation rates, with the most significant revision coming from the adjustments of lapse assumptions. The impact of the assumption adjustments includes a charge to restore the reserve adequacy to the 50% confidence level for the US Closed Block VA. Since the decision to terminate sales of this product in early 2009, ING has taken actions to reduce risk for this legacy book. These actions include reducing deferred acquisition costs, strengthening reserves, expanding the hedging programmes and increasing transparency by reporting the US Closed Block VA as a separate business alongside the ongoing ING Insurance US businesses.

The operating result for the US Closed Block VA was EUR -7 million versus EUR 1 million in the fourth quarter of 2010 and EUR -4 million in the third quarter of 2011.

The investment margin was EUR 14 million compared with EUR 12 million in the fourth quarter of 2010 and EUR -1 million in the third quarter of 2011. The increase over the third quarter of 2011 reflects higher asset levels backing higher reserves.

Fees and premium-based revenues declined to EUR 11 million from EUR 43 million in the fourth quarter of 2010 and EUR 39 million in the third quarter of 2011, reflecting lower fee income and higher hedging and reserve costs. The lower fee income is mainly due to a decrease in average AuM levels mainly as a result of net outflows. The higher hedging and reserving cost is driven by increases in the notional amount of hedges and higher reserve balances, both due to the equity market decline as well as the policyholder behaviour assumption update.

The technical margin was EUR 10 million versus EUR -14 million in the fourth quarter of 2010 and EUR 5 million in the third quarter of 2011. The improvement over the prior year is explained by a non-recurring reserve increase in the fourth quarter of 2010 and a non-recurring reduction in the current quarter.

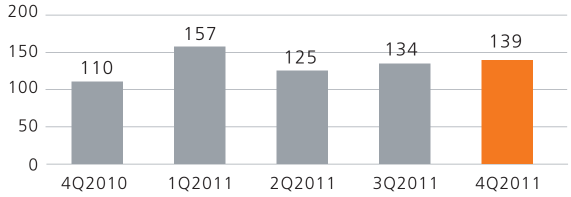
Administrative expenses in the fourth quarter were EUR 20 million, up 11.1% excluding currency effects from the fourth quarter of 2010 and down 4.8% from the third quarter of 2011. The increase in expenses over the previous year was primarily due to a realignment of staff between the US Closed Block VA and Insurance US (excluding US Closed Block VA) to reflect the ongoing requirements of both businesses.

DAC amortisation and trail commissions were EUR 22 million compared with EUR 23 million in the fourth quarter of 2010 and EUR 28 million in the third quarter of 2011. The DAC balance was brought to zero as of 31 December 2011 as part of the steps taken to restore reserve adequacy to the 50% confidence level after reflecting the impact of the policyholder behaviour refinements. Going forward, this line will only reflect trail commissions, which were EUR 33 million in the current quarter, EUR 35 million in the fourth quarter of 2010 and EUR 32 million in the third quarter of 2011.

The underlying result before tax was EUR -1,368 million compared with EUR -1,193 million in the fourth quarter of 2010 and EUR -27 million in the third quarter of 2011. The loss in the current quarter reflects the charge of EUR 1,099 million related to policyholder behaviour refinements, a loss of EUR 126 million on the capital hedge due to increasing equity markets during the quarter, and a loss of EUR 132 million on liability hedges (net of reserve changes), due to the rising equity markets and the corresponding counter-intuitive impact on net results. Unlike prior quarters, there is no DAC offset to the EUR 132 million loss on liability hedges (net of reserve changes), as the DAC balance was eliminated as part of the EUR 1.1 billion charge. The loss in the prior year was primarily due to the EUR 975 million reduction in the DAC balance in order to bring the reserve adequacy of the business to the 50% level as of 1 October 2010. Prior-year results also reflect the restatement of reserves related to the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits ('GMWB') as of 1 January 2011.

INSURANCE ASIA/PACIFIC

OPERATING RESULT - ASIA/PACIFIC (in EUR million)



Insurance Asia/Pacific posted a strong increase in operating result in the fourth quarter compared to last year, driven by higher fees and premium-based revenues and a favourable technical margin. Administrative expenses remained flat.

The operating result increased to EUR 139 million in the fourth quarter of 2011 from EUR 110 million a year earlier, an increase of 24.1% excluding currency impacts. Compared with the third quarter of 2011, the operating result increased 0.7% excluding currency effects.

The investment margin rose to EUR 26 million from EUR 22 million a year earlier, supported by an improved spread between interest earned on general account assets and interest credited to reserves, which offset lower dividend income. The investment margin was EUR 11 million higher than in the third quarter of 2011, primarily due to ING Life Korea.

Fees and premium-based revenues increased 8.4%, excluding currency effects, to EUR 361 million, driven by growth in Japan COLI business, Hong Kong and KB Life. The inclusion of the Malaysian employee benefits business (modelled as of the first quarter of 2011) contributed an additional EUR 10 million, with a corresponding reduction in non-modelled income. Compared with the third quarter of 2011, fees and premium-based revenues declined 5.2%, excluding currency effects, mainly due to the seasonality of the Japanese COLI business.

The technical margin increased to EUR 54 million from EUR 37 million a year earlier and EUR 38 million in the third quarter of 2011. The increase was mainly driven by Japan, attributable to the release of a tsunami provision (IBNR) of EUR 4 million, which was established in the first quarter of 2011, coupled with improved mortality and morbidity results. The technical margin was further supported by favourable claims results in Life Korea and Malaysia.

The income non-modelled business was EUR 9 million compared with EUR 25 million in the fourth quarter of 2010, mainly reflecting the modelling of the Malaysian employee benefits business and the exclusion of PALIC following completion of the divestment in June 2011. Compared with the third quarter of 2011, the income non-modelled business was broadly stable.

Ongoing cost control kept life administrative expenses stable at EUR 117 million compared with a year ago, and they were up a moderate 2.6%, excluding currency impacts, compared with the third quarter due to project expenses. The ratio of life administrative expenses to operating income improved to 26.1% this quarter compared with 28.6% a year earlier.

DAC amortisation and trail commissions increased 5.4% to EUR 195 million compared with EUR 185 million in the fourth quarter of 2010.

The underlying result before tax rose to EUR 159 million compared with EUR 123 million in the fourth quarter of 2010, up 27.2% excluding currency effects. Total non-operating items were EUR 21 million, mainly from capital gains on equity investments.

New sales rose 10.9% excluding currency effects to EUR 356 million, driven by growth in Japan, Malaysia, Hong Kong and China. Compared with the third quarter of 2011, new sales declined 19.6% excluding currency effects. This was primarily due to seasonality.

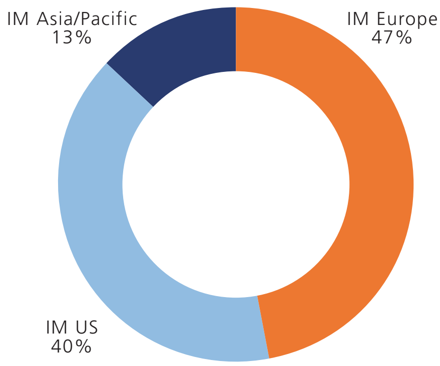
ING INVESTMENT MANAGEMENT

ING Investment Management: Key figures

	4Q2011	3Q2011	4Q2010
Operating result (in EUR million)	53	48	38
of which Europe & Asia	28	33	27
of which US	25	15	11
Assets under Management (in EUR billion)	321.7	309.3	309.9
of which Proprietary	153.0	148.8	141.4
of which Retail	78.8	76.5	84.6
of which Institutional	89.9	84.1	83.9
Net inflow (in EUR billion)	-0.8	0.2	2.5
Fees and premium-based revenues / average AuM (annualised in bps)	27	29	29
Administrative expenses / operating income	75.3%	78.1%	82.4%

In the fourth quarter of 2011, ING completed the sale of ING IM Australia to UBS. As a consequence, the fourth-quarter results exclude Assets under Management by ING IM Australia, which were EUR 21.8 billion at the end of the third quarter of 2011. Historical data have been restated for this.

ING IM: AuM BY REGION

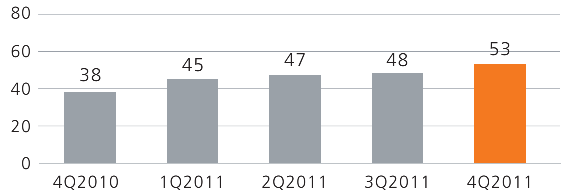


Assets under management (AuM) at ING Investment Management (ING IM) increased to EUR 321.7 billion from EUR 309.3 billion at the end of the third quarter of 2011. Inflows in the institutional segment were entirely offset by outflows in the retail segment, resulting in a net outflow of EUR 0.8 billion in the fourth quarter of 2011. The EUR 12.4 billion increase in AuM during the fourth quarter of 2011 was mainly driven by positive market performance (EUR 6.3 billion) and currency impacts (EUR 6.4 billion).

During the fourth quarter of 2011, the one-year investment performance against the benchmark decreased. However, the three- year investment performance improved, with the percentage of AuM performing above benchmark increasing to 72% compared with 68% in the previous quarter. With 73% of rated mutual funds awarded three Morningstars or more, ING IM beats the market standard of 68%.

The operating result increased to EUR 53 million versus EUR 38 million in the fourth quarter of 2010 and EUR 48 million in the previous quarter. The increase on both quarters was attributable to a strong decline in administrative expenses, which more than offset the impact of lower fee income.

OPERATING RESULT - ING IM (in EUR million)



Fees and premium-based revenues decreased to EUR 213 million, or 5.3%, from EUR 225 million in the fourth quarter of 2010. Compared with the third quarter, fees and premium-based revenues decreased 2.7%, or 4.9% excluding currency effects. The annualised ratio of fees to average AuM declined to 27 basis points from 29 basis points in the third quarter due to a slight change in the underlying asset mix from retail to institutional clients and a lower average of AuM balances. AuM increased towards the end of the quarter; however, the volatility of the flows during the period means the average AuM balances did not fully reflect these period-end increases.

Administrative expenses declined to EUR 162 million from EUR 183 million in the fourth quarter of 2010. This decrease was largely due to lower staff costs (headcount reduction), lower volume-related expenses, and a EUR 11 million non-recurring expense reduction from a change to ING's US employee pension plan. Compared with the third quarter, administrative expenses were 5.3% lower, or 6.9% excluding currency effects, due to reduced employee numbers and the aforementioned US pension plan change.

The underlying result before tax rose to EUR 47 million from EUR 42 million in the fourth quarter of 2010. The higher operating result was partly offset by EUR 6 million of negative revaluations of US private equity investments, while the fourth quarter of 2010 benefited from EUR 3 million of positive revaluations. Compared with the third quarter of 2011, the underlying result before tax decreased by EUR 1 million.

CORPORATE LINE INSURANCE

Corporate Line Insurance		
in EUR million	4Q2011	4Q2010
Interest on hybrids and debt	-76	-148
Amortisation intangible assets	-6	-6
Investment income & fees (ING Insurance holding)	16	2
Capital Management	-66	-152
Results from reinsurance run-off portfolios	1	2
Other	-23	-6
Operating result before tax	**-88**	**-157**
Gains/losses and impairments	-5	-15
Revaluations	-19	16
Market and other impacts	14	67
Underlying result before tax	**-98**	**-88**

The Corporate Line Insurance operating result of EUR -88 million improved from EUR -157 million in the fourth quarter of 2010, primarily due to lower interest on hybrids and debt.

The Corporate Line Insurance mainly consists of items related to Capital Management and other insurance results. Corporate Line Insurance also includes ING Life Japan's SPVA guaranteed benefits, which are reinsured to ING Reinsurance and the associated hedges that correspond to those benefits.

The result of Capital Management activities improved from EUR -152 million in the fourth quarter of 2010 to EUR -66 million in the fourth quarter of 2011, mainly due to lower interest on hybrids and debt. In December 2010, EUR 1.5 billion of hybrids on-lent from ING Group to ING Insurance were converted into equity capital. As from 1 January 2011, the Group also ceased to allocate part of the interest expenses on Group debt to the Corporate Line Insurance.

The 'Other' result of EUR -23 million decreased by EUR 17 million compared with the fourth quarter of 2010. This result includes the result of ING's stake in the Brazilian insurer Sul America, which was EUR 15 million in the current quarter versus EUR 22 million in the same quarter of 2010. Higher allocated overhead expenses in this quarter and the decrease in the Sul America result were partly offset by higher ING Reinsurance results.

Revaluations amounted to EUR -19 million this quarter versus EUR 16 million in the fourth quarter of 2010. This line reflects the results of the changes in the market value of interest related and currency related derivative positions.

Market and other impacts of EUR 14 million decreased from EUR 67 million in the same quarter of 2010 due to lower results from the internally reinsured Japanese SPVA guaranteed benefits. ING conducted its annual review of actuarial assumptions for the Japanese SPVA businesses in the fourth quarter of 2011, which resulted in non-material adjustments.

CONSOLIDATED BALANCE SHEET

ING Verzekeringen N.V.: Consolidated balance sheet

in EUR million	31 Dec. 11	30 Sep. 11	31 Dec. 10[1] pro forma
Assets			
Cash and balances with central banks	11,577	9,949	8,549
Financial assets at fair value through P&L	126,873	119,893	127,785
- trading assets	534	581	609
- non-trading derivatives	7,285	7,629	4,440
- investments for risk of policyholders	116,438	108,997	120,340
- other	2,616	2,686	2,398
Investments	132,700	128,910	122,599
- debt securities available-for-sale	126,765	122,856	115,592
- equity securities available-for-sale	5,935	6,053	7,007
Loans and advances to customers	32,928	32,093	31,014
Reinsurance contracts	5,870	5,807	5,787
Investments in associates	2,430	2,460	2,434
Real estate investments	954	960	963
Property and equipment	469	460	484
Intangible assets	1,972	2,095	2,433
Deferred acquisition costs	10,204	10,138	10,489
Assets held for sale		2,796	3,443
Other assets	9,410	9,595	9,678
Total assets	**335,387**	**325,155**	**325,659**

	31 Dec. 11	30 Sep. 11	31 Dec. 10[1] pro forma
Equity			
Shareholders' equity	23,475	22,466	20,159
Minority interests	62	82	112
Total equity	**23,537**	**22,548**	**20,271**
Liabilities			
Subordinated loans	4,367	4,396	4,407
Debt securities in issue	3,436	3,912	3,967
Other borrowed funds	7,307	8,858	8,414
Insurance and investment contracts	278,832	267,063	270,393
- life insurance provisions	152,505	148,240	140,041
- non-life insurance provisions	3,506	3,675	3,552
- provision for risk of policyholders	116,562	109,323	120,808
- other	6,259	5,824	5,991
Financial liabilities at fair value through P&L	4,404	4,128	3,677
- non-trading derivatives	4,404	4,128	3,677
Liabilities held for sale		1,296	1,789
Other liabilities	13,504	12,954	12,742
Total liabilities	**311,850**	**302,607**	**305,389**
Total equity and liabilities	**335,387**	**325,155**	**325,659**

1 Adjusted for transfer of ING Latin America to assets/liabilities held for sale, and the restating to reflect the change in accounting policy i.e. move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011

ING Insurance's balance sheet increased by EUR 10.2 billion in the fourth quarter to EUR 335.4 billion, primarily due to currency effects. The further weakening of the euro against the US dollar and the Japanese yen during the quarter resulted in a positive currency effect of EUR 8.4 billion. Shareholders' equity increased by EUR 1.0 billion to EUR 23.5 billion at the end of the quarter, also due to currency effects.

Assets

Cash and balances with central banks increased by EUR 1.5 billion, excluding currency effects, mainly due to a cash deposit of the proceeds of the sale of the Latin American pensions, life insurance and investment management operations to GrupoSura.

Financial assets at fair value through P&L increased by EUR 3.4 billion, excluding currency effects, mainly driven by an increase of investments for risk of policyholders of EUR 4.1 billion as a result of positive revaluations of EUR 5.0 billion in the investment portfolio, partly offset by a net outflow of EUR 0.9 billion. The increase in investments for risk of policyholders is mirrored in the provision for risk of policyholders, which is included in 'Insurance and investment contracts'.
Debt securities available-for-sale increased by EUR 0.7 billion, excluding currency effects, due to EUR 0.4 billion of additional investments and EUR 0.3 billion of positive revaluations as a result of falling interest rates.
Deferred acquisition costs decreased by EUR 0.3 billion, excluding currency effects, mainly based on a full write-off of the US Closed Block VA DAC.

Liabilities

Insurance and investment contracts increased by EUR 4.8 billion to EUR 278.8 billion, excluding currency effects, mainly reflecting a EUR 4.1 billion increase in the provision for risk of policyholders mirrored in the investments for risk of policyholders. The increase also includes a EUR 0.7 billion net increase of life insurance provisions mainly as a result of the updated policyholder behaviour assumptions for the US Closed Block VA.
Assets and Liabilities held for sale were nil at the end of 2011 due to the completion of the divestment of the Latin American pensions, life insurance and investment management operations to GrupoSura in December 2011.

Shareholders' equity

Shareholders' equity increased by EUR 1.0 billion, mainly due to currency effects.

Shareholders' equity at 31 December 2010 has been restated to reflect the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011. As a result, the restated shareholders' equity figure is EUR 651 million lower than the figure originally given for the fourth-quarter of 2010. Further details on the restatement are available in the Historical Trend Document, which is available on www.ing.com.

Annual development

ING Insurance's balance sheet increased by EUR 9.8 billion compared with 31 December 2010. At comparable currencies, the increase was EUR 3.0 billion, driven by an increase in the investment portfolio, partly offset by the reduction of Assets and Liabilities held for sale to nil at the end of 2011 due to the sale of the Latin American businesses.

RISK MANAGEMENT

A comprehensive review of actuarial assumptions in the US Closed Block VA led to a EUR 1,099 million earnings charge while bringing the assumptions more in line with US policyholder experience. Market conditions continued to be challenging in the fourth quarter as European equity markets remained volatile and sovereign credit spreads in southern European countries continued to widen. Against this backdrop, ING continued to place a priority on protecting regulatory capital, leading to additional P&L volatility.

Credit risk

ING Insurance: General account

In EUR billion	4Q2011	3Q2011
Government bonds	54.7	52.7
Corporate bonds	45.3	43.6
Covered bonds	1.1	1.2
Financial institutions	11.7	11.8
RMBS and other ABS	16.4	15.9
- US agency RMBS	5.4	5.2
- US prime RMBS	1.4	1.3
- US Alt-A RMBS	0.3	0.3
- US subprime RMBS	0.8	0.8
- Non-US RMBS	5.0	5.0
- CDO/CLO	0.7	0.7
- Other ABS	2.8	2.6
CMBS	4.6	4.3
Public equities	3.2	3.3
Other equities	2.8	2.7
Real estate	3.1	3.1
Cash	11.6	9.9
Mortgages	14.1	13.9
Other loans	12.2	11.8
Other	10.1	10.6
Total	**190.8**	**185.0**

The general account increased by EUR 5.8 billion, largely driven by the appreciation of the US dollar and the addition of the proceeds from the sale of the Latin American pension, life insurance and investment management businesses.

'Government bonds' increased by EUR 2.0 billion, mainly due to positive mark-to-market revaluations, currency effects and investments in German, Dutch, Austrian, Korean, Japanese and US sovereign bonds. In the fourth quarter, credit spreads widened further for the southern European region, causing additional negative revaluations in the portfolio. During the quarter EUR 0.5 billion of Italian and EUR 55 million of Greek government bonds were sold as part of ongoing de-risking measures.

'Corporate bonds' increased, mainly due to the appreciation of the US dollar, which more than offset reductions in the underlying US corporate bond portfolio.

'Financial institutions' exposure did not decrease materially compared with the previous quarter. Insurance US reduced its financials portfolio during the fourth quarter, which was partly offset by the appreciation of the US dollar.

'RMBS and other ABS' increased by EUR 0.5 billion, mainly due to the appreciation of the US dollar.

'CMBS' increased by EUR 0.3 billion as the appreciation of the US dollar and positive revaluations more than offset sales of EUR 0.1 billion in the US.

'Public equities' decreased by EUR 0.1 billion, reflecting sales of EUR 0.1 billion.

'Cash' increased from EUR 9.9 billion to EUR 11.6 billion, mainly reflecting the proceeds from the sale of the Latin American pension, life insurance and investment management businesses.

The 'Other' category is predominantly composed of derivatives. The EUR 0.5 billion decrease is related to embedded mark-to-market movements in equity, foreign exchange and interest rate derivatives, which are used for hedging purposes.

Greece, Italy, Ireland, Portugal and Spain

Greece, Italy, Ireland, Portugal and Spain have either applied for support from the European Financial Stability Fund ('EFSF') or received support from the ECB via government bond purchases in the secondary market.

The Greek government bond portfolio was reduced by sales of EUR 55 million in the Benelux during October, resulting in a loss of EUR 10 million in the fourth quarter. ING incurred a re-impairment of EUR 66 million on its remaining Greek government bonds (which are predominately held within the Greek life company) during the quarter, bringing the total (re-)impairments on Greek government bonds to EUR 390 million. The total Greek government bond portfolio has now been written down by almost 80%.

The Italian government bond portfolio was reduced by sales of EUR 0.5 billion.

At 31 December 2011, ING Insurance's balance sheet value of government bonds and unsecured financial institutions' bonds to Greece, Italy, Ireland, Portugal and Spain and the related pre-tax revaluation reserve in equity was as follows (see table):

ING Insurance: Greece, Italy, Ireland, Portugal and Spain

in EUR million	30-Sep-11	31-Dec-11	
	Balance sheet value	Balance sheet value	Pre-tax revaluation reserve
Greece			
Government bonds - available-for-sale	226	104	0
Italy			
Government bonds - available-for-sale	1,722	1,207	-219
Financial institutions - available-for-sale	174	135	-47
Ireland			
Government bonds - available-for-sale	46	43	-10
Portugal			
Government bonds - available-for-sale	105	95	-88
Financial institutions - available-for-sale	65	47	-17
Spain			
Government bonds - available-for-sale	868	866	-118
Financial institutions - available-for-sale	206	182	-32
Total	**3,411**	**2,679**	**-531**

US Closed Block VA assumption changes

As previously announced, ING conducted a comprehensive assumptions review for the US Closed Block VA business during the fourth quarter. The review showed that current policyholder behaviour for policies sold predominantly between 2003 and 2009 diverges from earlier assumptions made by ING, particularly given the ongoing volatility and challenging market circumstances. The assumptions were updated for lapses, mortality, annuitisation, and utilisation rates, with the most significant revision coming from the adjustments of lapse assumptions. The revisions bring the assumptions more in line with policyholder experience and reflect to a much greater degree the market volatility of recent years. In conjunction, the US Closed Block VA business adjusted its hedging to reflect the revised assumptions.

The assumption changes resulted in an earnings charge of EUR 1,099 million. The impact of the assumption adjustments includes a charge to restore the reserve adequacy to the 50% confidence level for the US Closed Block VA business in line with ING's IFRS-based accounting policy. As part of the steps to restore the reserve adequacy, the remaining DAC balance for this business was brought to zero and is expected to remain zero going forward.

Market risk

IFRS-EU earnings sensitivities for market risks (full-year impact)

In EUR million	4Q2011	3Q2011
Interest rates +30%[1), 2)]	-469	-108
Interest rates -30%[1), 2)]	182	561
Equity -25%[2)]	-407	-946
Real estate -15%	-782	-776
Foreign exchange -10%	-155	-157

1) Parallel shock based on 30% move in 10-year swap rate at year-end 2010
2) Including impact implied volatility

The fourth-quarter results for ING Insurance reflect significant negative market-driven impacts from hedges focused on protecting regulatory capital, largely offsetting positive impacts which were reflected in the third-quarter results. In the Benelux, equity hedges produced EUR 182 million of losses through the P&L during the quarter, compared to gains of EUR 250 million in the previous quarter. Changes in the market value of the associated direct equity exposure were largely reflected in shareholders' equity during both quarters. In the US Closed Block VA, the regulatory capital hedge led to losses of EUR 126 million during the fourth quarter versus a gain of EUR 50 million in the third quarter.

The increase in the sensitivity of earnings to rising interest rates during the fourth quarter was driven by the above-mentioned assumption changes for US Closed Block VA. These changes resulted in a zero buffer between the IFRS reserve and the result of the test of adequacy at the 50% confidence level (RAT 50) for the US Closed Block VA business as of 31 December 2011. Any decrease below 50% needs to be recognised in the profit and loss account immediately.

The decrease in the sensitivity of earnings to declining interest rates was led by the Benelux. The regulatory capital was protected by replacing French and Italian bonds with German, Dutch and Belgium bonds.

The decrease of the equity earnings sensitivity was mainly due to the Benelux, US Closed Block VA and Japanese SPVA guaranteed benefits (reflected in the Corporate Line). In the Benelux, the decrease was due to a lower impairment risk on direct equity exposures as market conditions improved and some investments were impaired, while a hedge position was maintained in an amount greater than the economic exposure to direct equity holdings, with the aim to protect regulatory capital. The US Closed Block VA earnings sensitivity to downward equity movements decreased somewhat during the quarter as a result of the impact of the actuarial assumption changes (including the elimination of the DAC balance) as well as model refinements. Finally, the reduction in the ING Insurance equity earnings sensitivity during the quarter reflects improvements in the modelling of the sensitivities for the Japanese SPVA guaranteed benefits.

Insurance and other risks

Insurance risks such as mortality, longevity, morbidity and P&C claims result from the pricing and acceptance of insurance contracts.

Through scenario analysis, ING Insurance measures the sensitivity of pre-tax earnings of the insurance operations 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.

IFRS-EU earnings sensitivities for Insurance risks (full-year impact)

In EUR million	4Q2011	3Q2011
Mortality	-43	-34
Morbidity	-144	-134
P&C	-76	-64

The sensitivities present figures after diversification between insurance risks and after diversification across business units. The largest earnings sensitivity to mortality risk arises in Asia/Pacific, with slightly smaller contributions in the other regions. Earnings sensitivity to morbidity risk (sickness, disability, accidental death, workers' compensation, medical insurance and long-term care insurance) is also present in all regions, with the largest contribution from the Benelux. The earnings sensitivity for P&C risk is mainly concentrated in the Benelux. The overall exposure to insurance risks did not change significantly during the fourth quarter of 2011 and sensitivities mainly changed because of modelling updates.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

ING Group: Consolidated profit and loss account

	Total Group[1]		Total Banking		Total Insurance	
in EUR million	4Q2011	4Q2010[2]	4Q2011	4Q2010	4Q2011	4Q2010[2]
Gross premium income	6,463	6,287			6,463	6,287
Interest result Banking operations	3,393	3,529	3,449	3,539		
Commission income	870	951	496	563	374	388
Total investment & other income	784	1,225	-242	185	1,008	1,143
Total underlying income	**11,510**	**11,993**	**3,704**	**4,288**	**7,844**	**7,818**
Underwriting expenditure	8,025	7,260			8,025	7,260
Staff expenses	1,767	1,876	1,281	1,375	486	500
Other expenses	1,454	1,454	979	971	476	483
Intangibles amortisation and impairments	120	103	120	103		
Operating expenses	3,342	3,433	2,381	2,450	961	983
Interest expenses Insurance operations	162	326			199	438
Addition to loan loss provision	530	410	530	410		
Other	7	10			7	10
Total underlying expenditure	**12,065**	**11,439**	**2,911**	**2,860**	**9,192**	**8,692**
Underlying result before tax	**-555**	**554**	**793**	**1,428**	**-1,348**	**-873**
Taxation	-69	273	192	293	-261	-20
Minority interests	30	30	22	16	8	13
Underlying net result	**-516**	**252**	**579**	**1,119**	**-1,095**	**-867**
Net gains/losses on divestments	1,288	16	265		1,023	16
Net result from divested units	-19	38	-19	44		-6
Net result from discontinued operations[3]	29	50			29	50
Special items after tax	403	-226	428	-154	-25	-72
Net result	**1,186**	**130**	**1,253**	**1,009**	**-68**	**-878**

ING Group: Consolidated profit and loss account

	Total Group[1]		Total Banking		Total Insurance	
in EUR million	FY2011	FY2010[2]	FY2011	FY2010	FY2011	FY2010[2]
Gross premium income	27,198	27,786			27,198	27,786
Interest result Banking operations	13,502	13,462	13,562	13,555		
Commission income	3,770	3,725	2,255	2,253	1,515	1,472
Total investment & other income	9,100	8,153	38	1,008	9,352	7,388
Total underlying income	**53,570**	**53,126**	**15,855**	**16,816**	**38,066**	**36,646**
Underwriting expenditure	33,087	32,802			33,087	32,802
Staff expenses	7,348	7,241	5,338	5,214	2,010	2,027
Other expenses	5,511	5,373	3,791	3,634	1,721	1,739
Intangibles amortisation and impairments	319	488	319	488		
Operating expenses	13,178	13,102	9,447	9,336	3,730	3,766
Interest expenses Insurance operations	560	786			910	1,122
Addition to loan loss provision	1,667	1,742	1,667	1,742		
Other	24	29			24	29
Total underlying expenditure	**48,516**	**48,460**	**11,114**	**11,078**	**37,752**	**37,719**
Underlying result before tax	**5,055**	**4,666**	**4,740**	**5,738**	**314**	**-1,072**
Taxation	1,296	1,387	1,277	1,427	19	-40
Minority interests	83	87	79	70	4	18
Underlying net result	**3,675**	**3,192**	**3,385**	**4,242**	**291**	**-1,050**
Net gains/losses on divestments	1,866	388	821	379	1,045	9
Net result from divested units	62	86	66	102	-4	-15
Net result from discontinued operations[3]	109	209			109	209
Special items after tax	54	-1,065	281	-340	-228	-725
Net result	**5,766**	**2,810**	**4,553**	**4,383**	**1,212**	**-1,572**

1 Including intercompany eliminations
2 The result of this period has been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011.
3 The result of Insurance Latin America has been transferred to "net result from discontinued operations". Previous periods have been restated

ING INVESTOR RELATIONS CONTACTS

Please note that ING Group Investor Relations is moving to a new office location within Amsterdam, the Netherlands, as of 16 February 2012.

Head of Investor Relations

			As of 16 February 2012
Dorothy Hillenius	dorothy.hillenius@ing.com	+ 31 20 541 5571	+ 31 20 576 6959

Investor Relations Officers

			As of 16 February 2012
Ewald Walraven	ewald.walraven@ing.com	+ 31 20 541 5463	+ 31 20 576 6253
Alexander Mollerus	alexander.mollerus@ing.com	+ 31 20 541 6482	+ 31 20 576 6310
Matt Keppler	matt.keppler@ing.com	+ 31 20 541 6527	+ 31 20 576 6243
Karin de Jong	karin.de.jong@ing.com	+ 31 20 541 5486	+ 31 20 576 6295
Nathalie van Toren	nathalie.van.toren@ing.com	+ 31 20 541 5462	+ 31 20 576 6285
Amy Chen	amy.chen@ing.com	+ 31 20 541 8537	+ 31 20 576 6249

Events and Roadshows

			As of 16 February 2012
Carlijn van Trigt	carlijn.van.trigt@ing.com	+ 31 20 541 6575	+ 31 20 576 6343

Text and production
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www.stila-ontwerp.nl