



Pillar III - Remuneration disclosure 2013

1. Introduction

ING's purpose is: "empowering people to stay a step ahead in life and in business." We do this by offering various financial services through our operating companies ING Bank and NN Group. We draw on our experience and expertise, our commitment to excellent service and our global scale to meet the needs of a broad customer base. The strength of the company is, among other things, based on its relatively high customer satisfaction levels, solid financial position, multi-channel distribution strategy and international network. Moreover, ING is a sustainability leader in its sector. The strength of a company is also determined by the quality of its workforce. ING is a great place to work, as surveys have shown. Among other factors, remuneration needs to be well-balanced to retain and recruit highly qualified staff. Therefore, ING ensures that its remuneration policy in general, but especially for senior management and the Executive Board, maintains a balance between short-term and long-term value creation. ING also makes sure that the remuneration policy is properly correlated with our risk profile and the interests of all stakeholders.

2. Scope

The remuneration disclosure 2013 provides detailed information on our remuneration practice, to explain how our performance management is linked to the remuneration we offer. In addition, it confirms our compliance with the applicable regulations on remuneration in the financial services sector.

The information in the disclosure pertains to our Identified Staff, i.e. our executive management, our senior management responsible for day-to-day management, our staff holding independent control functions as well as other risk takers.

The data presented are based on policies and processes applicable throughout 2013 and relate to performance year 2013. Where reporting is done for Pillar III disclosure, remuneration paid during 2013 is included. This report should be read in conjunction with our remuneration report, pages 81-87 of the ING Group annual report 2013.

3. Performance Management

Performance management is a core management process at ING Group. It aligns individual performance objectives to the ING Group strategy and its annual priorities, to build a sustainable and successful business for all our stakeholders. Performance management is linked to remuneration and focuses via the risk appetite framework on preventing remunerating for failure.

For each Identified Staff member a set of role expectations is defined, which detail **what** the individual is expected to contribute to our business success and **how** this contribution is to be achieved. The latter refers to our business principles, our leadership competencies and our values. In addition, a number of 3 to 5 individual performance targets are identified which

cover the most important change priorities for that year. These are directly derived from the strategic priorities for the particular part of our business. With the input from the control functions, a set of risk adjustments is agreed for all Identified Staff holding risk taking roles. Risk requirements indicate the risk adjustments to be applied in the pursuit of business and individual performance objectives.

The performance assessment of Identified Staff and the consequent awarding of variable remuneration, is done as part of a multiple-year framework. With this longer-term performance management horizon we ensure that variable remuneration continues to be “at risk” throughout the entire deferral period. Variable remuneration is linked to risk and non-financial performance and takes into account the company performance at group level, business line performance and individual performance. Any undesired risk taking or compliance issues that were not apparent at the time the variable remuneration was awarded, will be taken into account at every (deferred) vesting of variable remuneration. Following some examples of our performance targets for ING Group, ING Bank and ING NN Group:

Example performance targets ING Group and ING Bank:

	Executive Board ING Group	Management Board Banking	Other Identified Staff
Financial: underlying net result, C/I ratio, regulatory capital added, loan-to deposit ratio, etc.	25% - 50%*	60%	50%
Non-Financial: Customer & Society, Operations & Processes, Organization & People	50% - 75%*	40%	50%
Leadership Behaviours	included in non-financial targets and count for appr. 10-15% of all targets.		

* depending on whether the person is in a front office or a control function role

Example of performance targets ING NN Group:

	Management Board Insurance	Other Identified Staff
Financial: Operating result, Sales (APE), Expenses, Net pension & Asset management inflow, Capital Upstream to Group, etc.	Non-Control Function: 50-55% Control Function: 20%	Non-Control Function: 60% Control Function: max 25%
Non-Financial: Customer & Society, Operations & Processes, Organization & People	Non-Control Function: 45-50% Control Function: 80%	Non-Control Function: 40% Control Function: min 75%
Leadership Behaviours	assessed as part of mid-year and year-end review and count towards individual performance rating; Variable Remuneration awards may be adjusted downwards if this assessment falls significantly below a satisfactory level	

4. Remuneration policy, framework and governance

Remuneration policy

The remuneration policy is an integral part of ING's corporate strategy and risk profile and maintains a sustainable balance between short-term and long-term value creation, building on our long-term responsibility towards our clients, society and all other stakeholders. The primary objective of the remuneration policy of ING Group is to enable the company to retain and recruit qualified and expert leaders, senior staff and other highly qualified employees.

Remuneration Framework

The Group Remuneration Framework sets standards to which ING as a whole must adhere and supports transparency in ING's approach to remuneration and performance management. It contains policies for all staff, including Identified Staff. Remuneration includes all forms of awards, payments and benefits in exchange for professional services rendered by ING staff.

For Identified Staff a number of ING policies are applicable. The policies cover a wide range of parameters to ensure that the ratio of fixed remuneration to variable remuneration is appropriately balanced. Variable remuneration is performance-based and risk-adjusted and is partly paid upfront and partly deferred. Deferred variable remuneration is subject to the assessment of undesired risk-taking, as well as non-compliant behaviour in the context of past performance. If necessary, deferred compensation is adjusted downward via hold back or claw back.

As much as possible for a global financial institution of its size ING aims to take account of all differences and standards applied within similar financial institutions in the various countries it operates.

Remuneration governance

The Remuneration Committee advises the Supervisory Board on remuneration decisions within its discretionary powers. To ensure that the Remuneration Committee receives adequate and accurate information, compensation committees at lower levels are in place. These committees include the representation of the company's control functions Finance, Risk, Compliance, HR and Legal. In addition, remuneration is a key topic of review for our internal audit services (Corporate Audit Services).

On 31 December 2013 the members of the Remuneration Committee were: Peter Elverding (chairman), Henk Breukink, Yvonne van Rooy and Jeroen van der Veer.

In 2013, the Remuneration Committee met seven times. Topics related to Identified Staff discussed in 2013 included:

- regulatory developments including CRDIV and the proposed 20% bonus capping rule in the Netherlands;
- the annual review of the remuneration framework;
- the Identified Staff selection criteria and the selection of Identified Staff members;
- the annual compensation review for Identified Staff members, including the Group and business thresholds and the potential cases for holdback of deferred compensation by way of malus;
- the annual risk analysis for the purpose of the remuneration framework; and
- the remuneration policy for ING U.S. was discussed in light of the post IPO situation.

The roles and responsibilities of the Remuneration Committee are outlined in the Charter of the Remuneration Committee, which is available on ING Group's website (www.ing.com).

5. Remuneration in detail

Elements of Remuneration

Remuneration in form of total rewards has been structured in accordance with the applicable laws and regulations. Total rewards consists of various elements: fixed remuneration, variable remuneration, risk requirements and benefits:

Fixed remuneration

The fixed remuneration of Identified Staff represents a sufficiently high proportion of an individual's total reward to compensate for the respective level of expertise, skills and responsibility range required for fulfilling a specific job in a business unit and region.

Benefits

All employees including Identified Staff are eligible for receiving various employee benefits, such as employer pension contributions, employee discounts on financial services, disability insurance coverage. Benefits are locally regulated and need to follow local market practice and therefore differ on a country-by-country basis.

Risk requirements

For ING Bank a multiple is applied to the Variable Remuneration award (between 0 and 1) which expresses the extent to which the individual has successfully managed the risk in the activities of his / her responsibility. For NN Group and ING U.S. prudent risk management is reflected in the target setting.

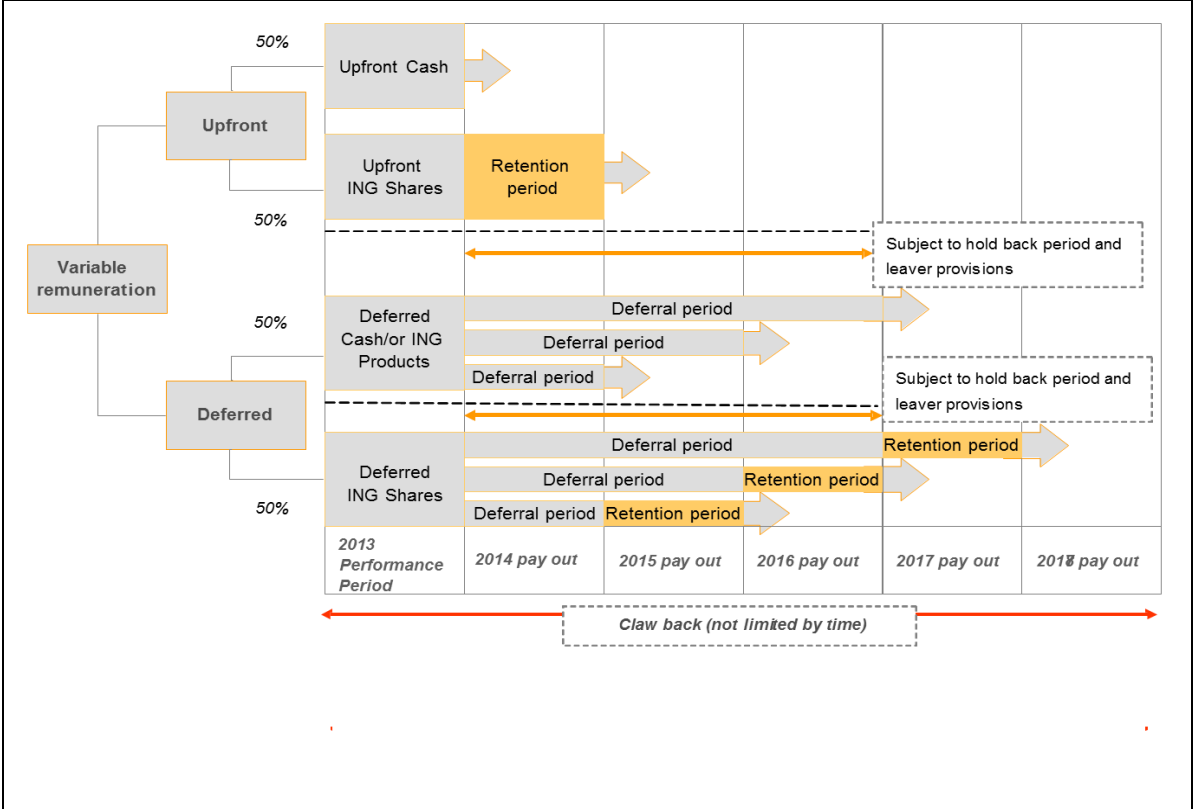
Variable remuneration

In line with CRDIII requirements, any variable remuneration for Identified Staff is governed by the schedule below:

	ING Bank	NN Group	ING U.S.
Ability to award variable remuneration depends on:	(a) The relevant business and individual performance and		
	(b) Meeting the qualifiers: - return on equity and - core Tier 1 ratio.	(b) Meeting the qualifiers: - Available Financial Resources/ Economic Capital and - underlying operating result before tax.	(b) Meeting the qualifiers: - RBC ratio and - ING U.S. operating result before tax.
Fixed /variable pay ratios	Maximum ratios between fixed and variable. The ratio differs for each IS category and depends on the individual risk profile. For the Dutch operations pay does not exceed 50% of fixed (for CLA staff variable pay has been abolished)	Maximum ratios between fixed and variable. The ratio differs for each IS category and depends on the individual risk profile.	
Delivery of variable pay	A minimum of 40% is deferred. Both the upfront and the deferred part are equally split in 50% cash and 50% equity. The minimum deferral period is three years, applying a tiered vesting schedule. Deferred variable remuneration vests annually in equal tranches. The first deferred portion of the variable remuneration vests 1 year after the date of grant. Any vested portion of deferred equity-linked		At least 50% and for Investment Management 30% of the variable remuneration is deferred with a four year tiered vesting period with no subsequent holding period. Any upfront variable

	instruments is subject to an additional retention period of at least one year.	remuneration is delivered in cash, whereas the deferred variable remuneration is delivered in equity.
Ex post performance assessment	<p>The performance assessment extends beyond the date of variable remuneration award and continues as part of a multi-year framework of at least three to five years. ING has the option of applying a hold back, i.e., not to pay out variable remuneration, in the following circumstances:</p> <ul style="list-style-type: none"> - In the event of evidence of misconduct or serious error by the Identified Staff member, including breach of a code of conduct or other internal rules, especially those concerning risk; - in the event ING or the business line in which the relevant Identified Staff member is engaged, suffers a significant failure of risk; - in the event of significant changes in the economic and regulatory capital base; - in the event of engagement in conduct or performance of acts which are considered malfeasance or fraud; - in the event of specific conduct which has led to the material re-statement of ING Group's annual accounts and/or significant harm, reputational or otherwise, to ING or any of its subsidiaries or affiliates; - if any other material new information comes to light that would have changed the original determination of the variable remuneration award to that individual had it been known at the time of the award; such reassessment is also based on the criteria for the original award. <p>A claw back of paid/vested variable remuneration from any current (or former) Identified Staff can be applied in the following circumstances:</p> <ul style="list-style-type: none"> - in the event of engagement in conduct or performance of acts which are considered malfeasance or fraud; - in the event of specific conduct which has led to the material re-statement of ING's annual accounts and/or significant harm, reputational or otherwise, to ING or any of its subsidiaries or affiliates. 	

Figure 1: Pay-out schedule ING Bank and ING NN Group



6. Quantitative information

The following tables show the remuneration awards made by ING for the performance year 2013.

Table 1 – Details of remuneration over 2013

	Fixed and variable remuneration awarded to Identified Staff in relation to performance year 2013, split by instrument ¹						
amounts in thousands of euros	Senior Management				Other Identified Staff		
	Executive Board	Board NN Group	Named Executive Officers ING US	Board ING Bank	non-senior management NN Group ³	non-senior management ING U.S. ⁴	non-senior management ING Bank
Number of employees	4	5	5	4	99	36	258
Fixed remuneration	3,309	3,351	2,569	3,195	25,391	8,755	67,761
Variable remuneration	0	1,976	12,667	2,366	10,967	18,991	43,379
Of which Upfront cash	0	395	3,469	473	2,834	8,037	12,664
Of which Upfront shares	0	395	0	473	2,834	0	11,679
Of which Deferred cash	0	593	0	710	1,852	0	9,400
Of which Deferred shares or share-based instruments	0	593	9,198	710	2,650	10,954	9,636
Of which Other instruments	0	0	0	0	797	0	0
Variable compared to Fixed	NA	59%	493%	74%	43%	217%	64%
Sign-on payments paid in 2013:							
- Number of beneficiaries	0	0	0	0	2	7	1
- Sign-on payments	0	0	0	0	1,026	1,256	90
Severance payments paid in 2013 ⁵:							
- Number of beneficiaries	0	1	0	0	15	0	11
- Severance payments	0	765	0	0	4,713	0	6,958

¹ No discretionary pension benefits were paid in 2013.

² For purposes of this reporting document, senior management is defined as the members of the Executive Board of ING Groep N.V., Management Boards of ING Bank N.V., ING Verzekeringen N.V. and the Named Executive Officers of ING U.S., Inc. in 2013.

³ For the Investment Management business, 50% of deferred awards are made in a deferred investment in funds managed by the business instead of awarding deferred cash. In this way, alignment of interests is achieved between staff working in the Investment Management business and the clients who invest in funds managed by that business.

⁴ For Investment Management business, at least 30% of variable remuneration are paid in equity or equity-linked instruments / funds managed by the IM US business.

⁵ The highest severance payment paid to one single employee is € 1,570,000.

Total remuneration per bracket for total remuneration above 1 million euro:

Total compensation	Senior Management				Identified Staff members		
	Executive Board ING Group	Management Board NN Group	Named Executive Officers ING US	Management Board ING Bank	NN Group	ING U.S.	ING Bank
€ 1,000,000 - € 1,500,000	1	3		3	2	8	5
€ 1,500,000 - € 2,000,000				1			
€ 2,000,000 - € 2,500,000			2				2
€ 2,500,000 - € 3,000,000			2				
€ 5,000,000 - € 6,000,000			1				

Table 1.1 – Details of remuneration of NN Group over 2013

NN Group	Fixed and variable remuneration awarded to Identified Staff in relation to performance year 2013, split by instrument			
	Insurance	Investment management	NN Bank	Corporate Staff and Other
Number of employees	46	14	8	31
Fixed remuneration	10,698	4,600	1,622	8,471
Variable remuneration	4,040	3,619	435	2,875
Of which Upfront cash	1,070	915	126	724
Of which Upfront shares	1,070	915	126	724
Of which Deferred cash	950	97	91	714
Of which Deferred shares or share-based instruments	950	895	91	714
Of which Other instruments	0	797	0	0

Table 1.2 – Details of remuneration of ING U.S. over 2013

ING U.S.	Fixed and variable remuneration awarded to Identified Staff in relation to performance year 2013, split by instrument	
	Insurance	Investment management
Number of employees	29	7
Fixed remuneration	7,078	1,677
Variable remuneration	13,423	5,568
Of which Upfront cash	5,502	2,536
Of which Upfront shares	0	0
Of which Deferred cash	0	0
Of which Deferred shares or share-based instruments	7,921	3,033
Of which Other instruments	0	0

Table 1.3 – Details of remuneration of ING Bank over 2013

ING Bank	Fixed and variable remuneration awarded to Identified Staff in relation to performance year 2013, split by instrument				
	Commercial Banking	Retail Banking Benelux	Retail Banking International	Treasury	Corporate Staff and Other
Number of employees	71	55	67	10	55
Fixed remuneration	19,402	12,453	17,364	3,477	15,065
Variable remuneration	18,993	5,069	10,453	2,990	5,873
Of which Upfront cash	5,217	1,512	3,261	842	1,832
Of which Upfront shares	4,856	1,504	2,762	842	1,716
Of which Deferred cash	4,436	1,026	2,141	653	1,144
Of which Deferred shares or share-based instruments	4,486	1,026	2,289	653	1,182
Of which Other instruments	0	0	0	0	0

Table 2 - Analysis of deferred remuneration

This table does not include deferred remuneration granted prior to the implementation of Capital Requirements Directive III (CRD III), i.e. annual incentives granted in relation to performance years prior to 2011. For ING U.S. the Capital Requirements Directive III was implemented in 2012. This table includes deferred remuneration awarded or paid in 2013 to current and former senior management and Identified Staff members.

Analysis of deferred remuneration Identified Staff awarded or paid in 2013 ¹				
amounts in thousands of euros	Senior management	Identified Staff / non-senior management Ins NN Group	Identified Staff / non-senior management ING US	Identified Staff / non-senior management ING Bank
Outstanding, vested ²	765	1,475	47	4,265
Outstanding, unvested ³	7,948	3,566	13,096	12,160
Awarded during financial year ⁴	9,131	5,406	13,139	25,953
Paid out ⁵	1,311	2,248	79	7,261
Number of holdbacks	0	0	0	5
Reduced through performance adjustment (hold back) ⁶	0	0	0	410

¹ Equity is valued at the opening stock price of 31st of December 2013. For ING Group, ING Bank and NN Group the ING stockprice of € 10.10 is used. For ING U.S. the Voya opening stock price of \$ 35.15 is used.

² Deferred equity awarded in financial year 2012 which vested in 2013 and outstanding due to retention period.

³ Deferred equity awarded in financial year 2013, which is unvested.

⁴ Deferred cash and deferred equity awarded in financial year 2013.

⁵ Payments on deferred cash and equity.

⁶ ING applied the ex-post performance assessment during 2013 in respect of deferred cash paid and deferred equity vested relating to the 2012 award (performance year 2011). ING did not apply any claw back relating to amounts already paid in previous years.