



2013 Full Year Results

ING posts underlying net profit of EUR 3,255 million in 2013

Ralph Hamers
CEO

Amsterdam – 12 February 2014
www.ing.com

BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES



Key points

- ING Group net underlying result EUR 3,255 million, up 22% from 2012
- ING advanced further into end phase of restructuring
 - State support further reduced with CT1 repayment and unwinding of IABF
 - Further progress on divestment of Insurance and Investment Management
 - ING Insurance on track in preparations for intended IPO in 2014
- 4Q13 underlying net result for ING Group of EUR 405 mln
 - Another solid quarter for ING Bank: pre-tax result of EUR 904 mln compared with EUR 283 mln in 4Q12, supported by increase of net interest margin to 145 bps
 - Operating result of ongoing business of ING Insurance EUR 215 mln, primarily reflecting improved performance in Netherlands Life and lower funding costs

Progress in serving our clients

Client Initiatives

- ING DiBa welcomed its 8th million customer
- ING Spain opened its millionth payment account
- Almost 2 million connections in 12 countries via various social media platforms. The feedback allows us to engage more effectively and improve our products and services
- Initiatives in Commercial Banking rolled out to ensure integrated, uniform service across countries, helping clients identify challenges with pro-active analyses and offering integrated solutions.



Sustainability

- Sustainable Assets Allocated increased, by 11% to around EUR 6.4 bn in 2013*
- Dedicated team created to promote sustainable business opportunities and to partner with our clients in financing their sustainability agenda
- Included in Dow Jones Sustainability World Index and FTSE4Good index
- Sustainalytics ranked ING 6th among 195 global peers by environmental social, and governance policies and practices



* preliminary, unaudited figure

ING advanced further into end phase of restructuring

ING made further progress on divestment Insurance/IIM

- Divestment ING Insurance/IIM Asia resolved
 - Sale of China Merchant Funds, IIM Korea and ING Life Korea closed in 4Q13.
 - The announced sales of ING-BoB Life and IIM Taiwan are expected to close in 1H14
- Second tranche ING U.S. sold in October, reducing ING's remaining stake to 57%
- Stakes SulAmerica sold: 7.3% in 4Q13 and 11.3% in 1Q14. Remaining stake 10%
- Double leverage covered by (market) value of ING US, SulAmerica and ING Insurance

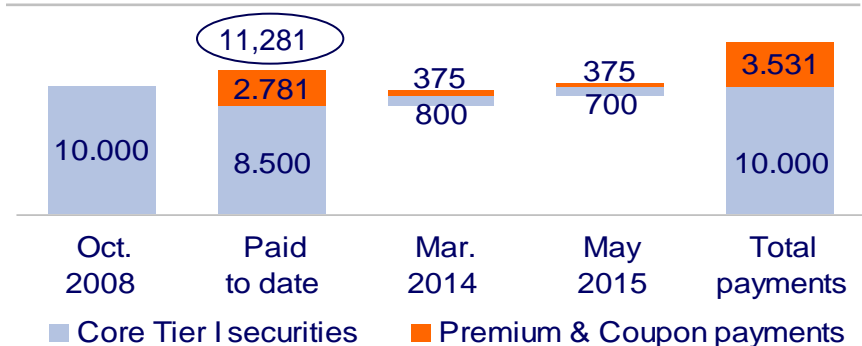
ING Insurance on track in preparations for IPO in 2014

- Implementation of new reporting segmentation that better aligns the businesses of ING Insurance with their governance and internal management
- Capital position strengthened in advance of intended ING Insurance IPO
- ING Insurance will be appropriately capitalised at IPO
 - All operating entities adequately capitalized
 - Final capital levels subject to DNB approval

State support further reduced and IABF unwound

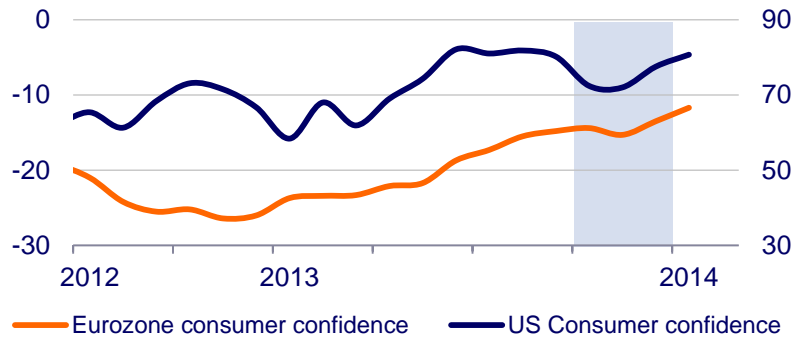
- ING paid EUR 1.125 bln core Tier 1 securities and premium to the Dutch State on 6 November 2013
- The next tranche is scheduled to be paid in March 2014; Final tranche due in May 2015
- In 4Q13, the IABF facility has been unwound, resulting in a EUR 99 mln result and EUR 2 bln RWA relief

More than EUR 11 bln paid to the Dutch State (in EUR mln)

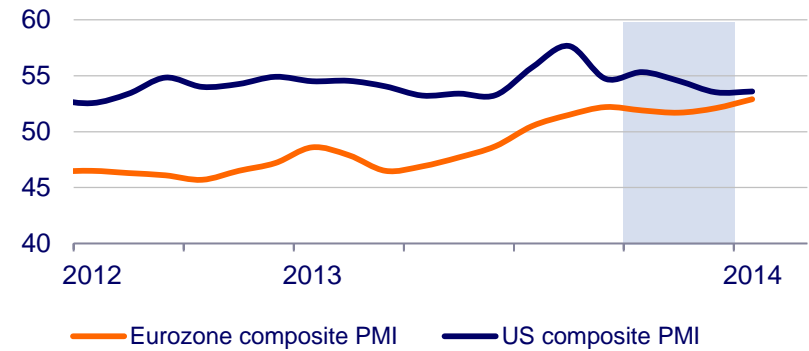


Recovery gathers momentum but is still fragile

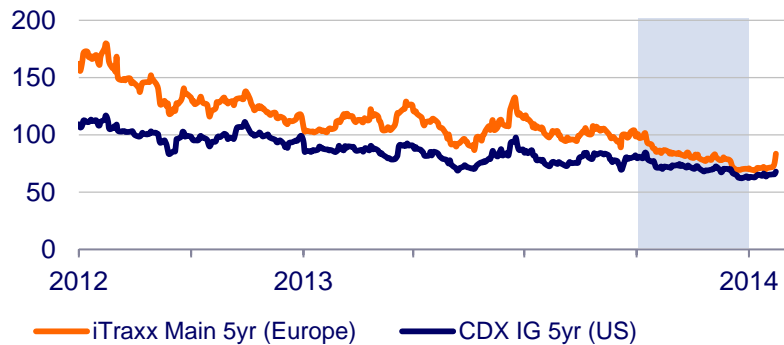
Consumer confidence



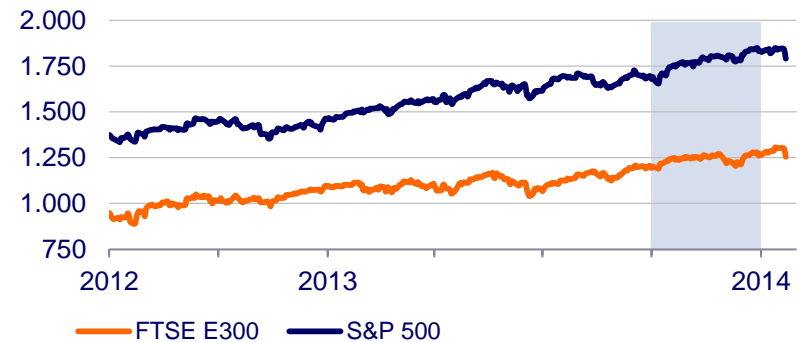
Economic activity



Credit markets (in bps)



Stock markets



2013 results

ING Group posts underlying net profit of EUR 3,255 mln in FY 2013

Underlying net result ING Group (in EUR mln)



Net result ING Group (in EUR mln)

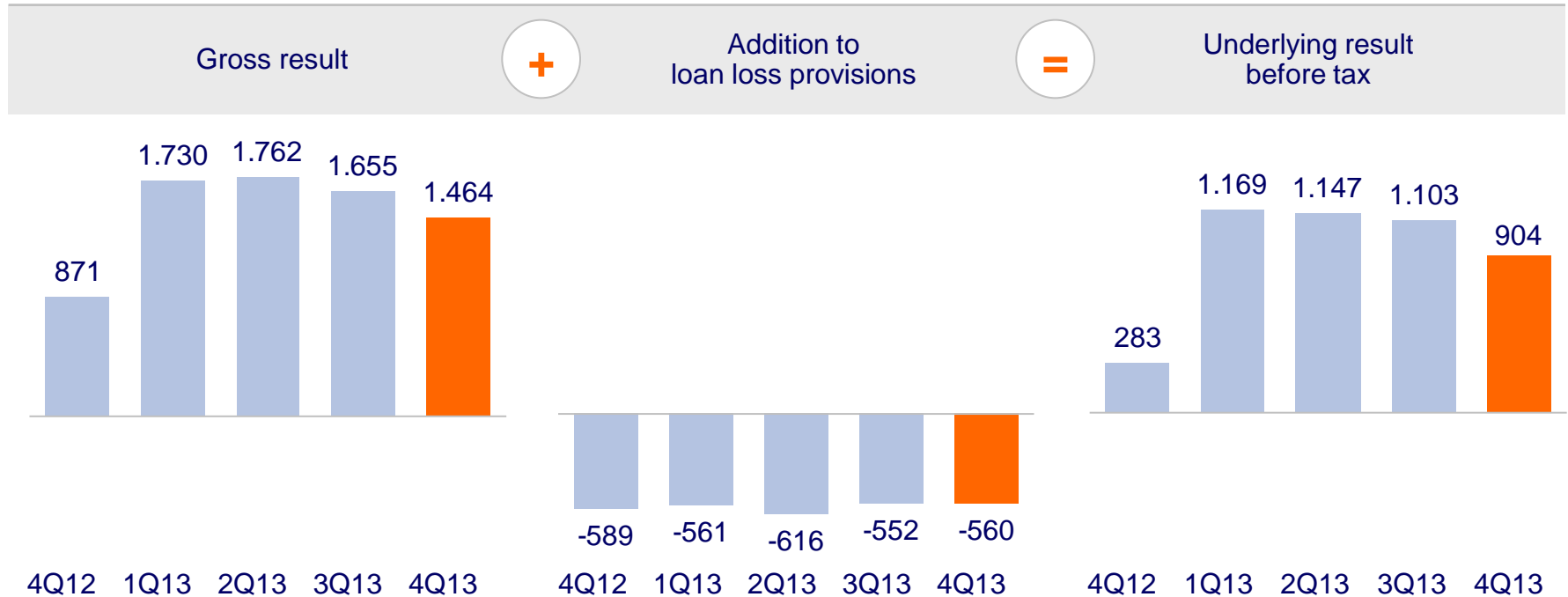


Divestments, discontinued operations and special items (in EUR mln)

	4Q13	3Q13	4Q12
Underlying net result Group	405	978	163
Gains/losses on divestments	-38	-950	1,612
Results from divested units	-	1	-50
Discontinued operations ING U.S.	179	79	301
Discontinued operations Insurance/IIM Asia	33	56	78
Special items	-40	-63	-624
Net result Group	539	101	1,482

ING Bank posted another solid quarter

Bank results (in EUR mln)

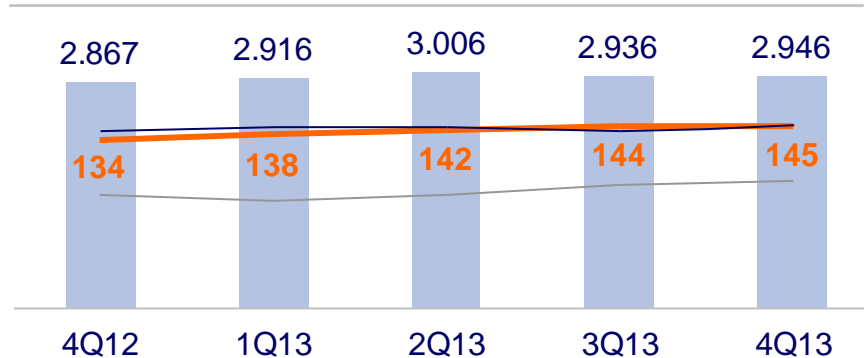


- ING Bank posted a solid fourth-quarter underlying result before tax of EUR 904 mln, reflecting an increase in the interest margin to 145 basis points, and despite seasonally lower activity in Financial markets.
- Results included a EUR 76 million restructuring charge in Retail NL to accelerate savings programmes, which was more than compensated by a EUR 99 million profit related to the unwinding of the IABF
- Risk costs remained elevated at EUR 560 mln, down from 4Q12, but slightly up from 3Q13



Net interest margin increased further to 145 bps

Underlying interest margin by quarter (in bps)

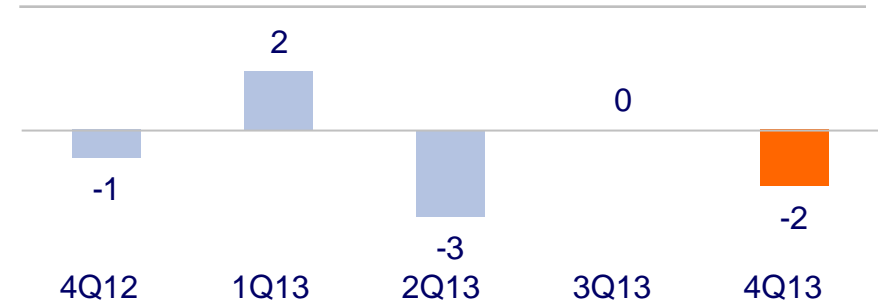


- Net interest result (in EUR mln)
- ING Bank (based on avg Balance Sheet)
- Lending (based on avg Client Balances)
- Savings & Deposits/PCM (based on avg Client Balances)

- Net interest result increased versus both 4Q12 and 3Q13 despite lower volumes and lower results from FM
- Net interest margin slightly up from 3Q13 to 145 bps
- Net interest margin of 145 bps includes around -5 bps of costs in Bank Treasury for replacing short-term funding with long-term funding for existing loans that will be isolated and transferred to the Corporate Line as of 1Q14
- The NIM is expected to remain at around these levels in the coming quarters

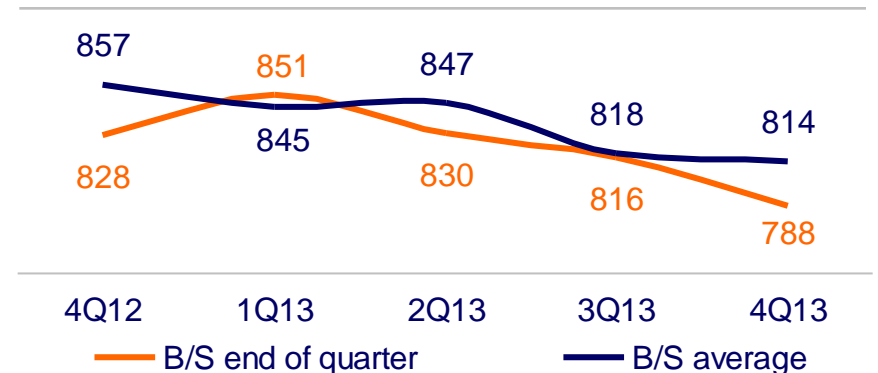
Financial Markets contribution to NIM can be volatile

Financial markets impact on NIM Q-on-Q (in bps)



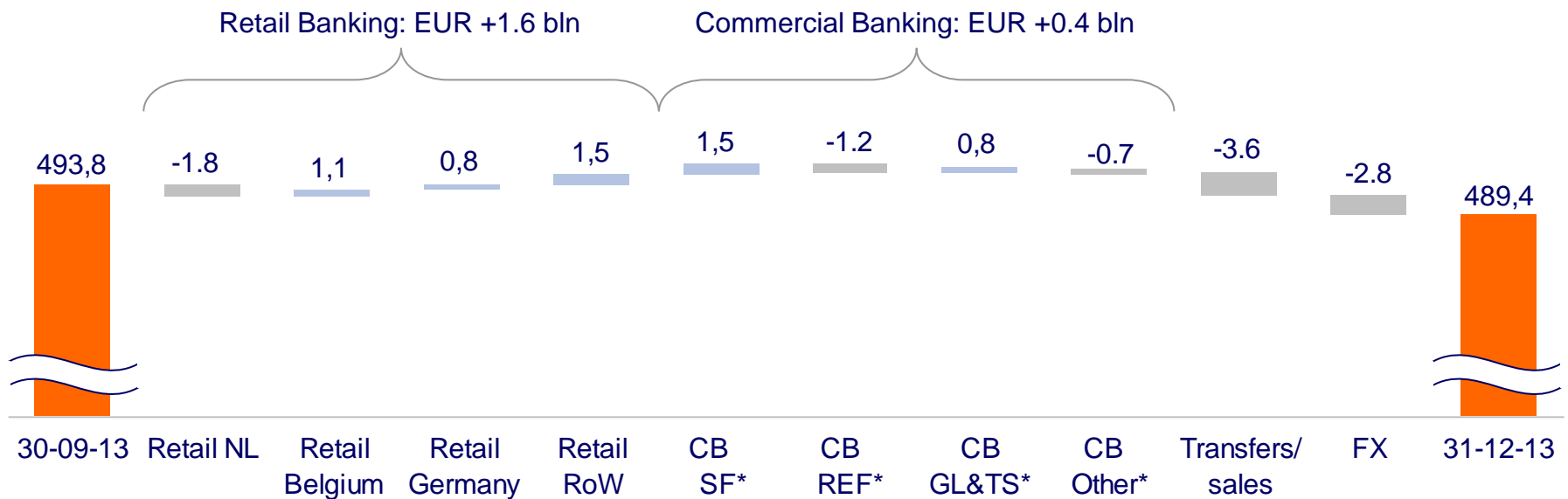
Average balance sheet remained relatively stable in 4Q13

Bank Balance Sheet (in EUR bln)



Net lending increased in both Retail and Commercial Banking

Lending Assets ING Bank (EUR bln)*



Net lending, excluding the impact of FX and asset transfers/sales, increased by EUR 2 bln

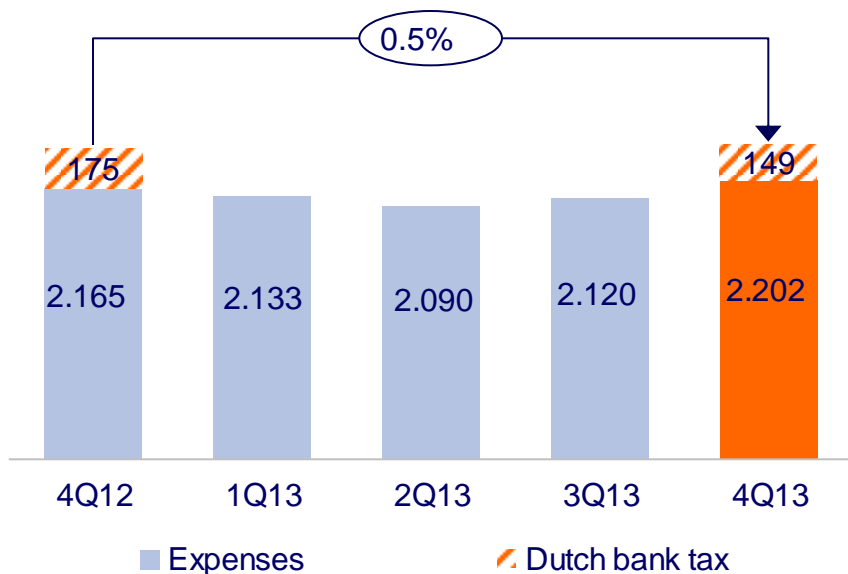
- Net lending in Retail Banking increased by EUR 1.6 bln as higher net lending in Retail Belgium, Retail Germany and Retail RoW offset lower net lending in the Netherlands
- Net lending in Commercial Banking increased by EUR 0.4 bln as higher net lending in Structured Finance and Trade Finance Services within General Lending & Transaction Services offset lower net lending in Real Estate Finance and Lease run-off.

* SF is Structured Finance; REF is Real Estate Finance; GL&TS is General lending & Transaction Services; Other includes lease run-off

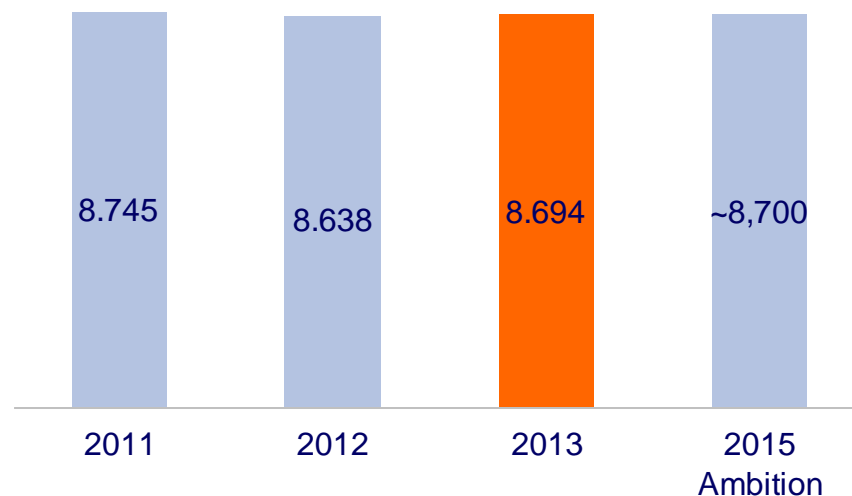


Operating expenses remain flat

Underlying operating expenses (in EUR mln)



Expenses flat over the years (in EUR mln)



- Underlying expenses rose 0.5% from 4Q12 to EUR 2,351 mln, mainly due to EUR 38 mln higher pension and additional restructuring costs in Retail Netherlands, largely offset by cost savings, transfer of WUB staff to ING Insurance, lower annual charge for the Dutch Bank tax and favourable currency effects.
- Compared with 3Q13, expenses rose 10.9%, mainly due to the EUR 149 mln annual Dutch bank tax and EUR 20 mln of higher restructuring costs versus 3Q
- The full-year cost development has remained relatively stable, despite higher pension costs and restructuring charges
- The full-year 2013 cost income ratio improved to 56.8% from 60.3% in 2012

Restructuring programmes on track to reach cost savings of EUR 880 mln by 2015

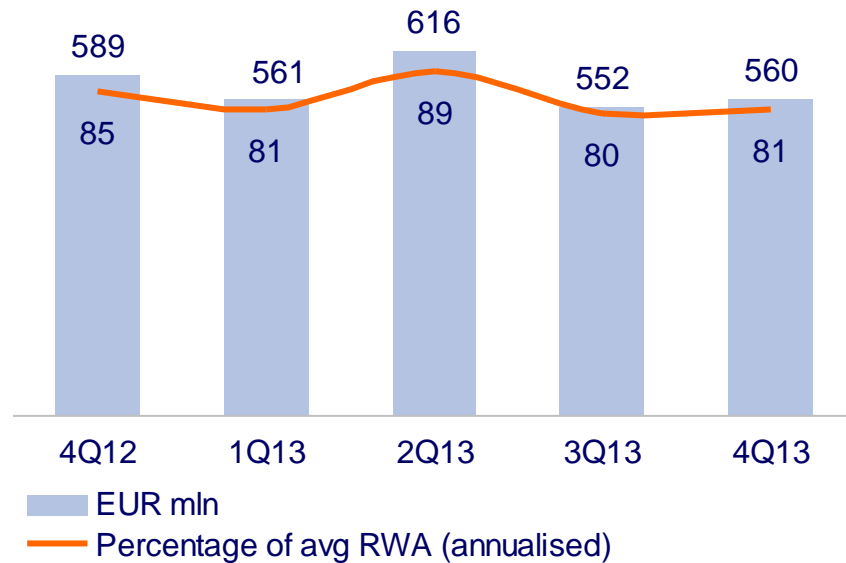
Restructuring programmes (in EUR mln)

		Announced	Cost savings achieved	Remaining cost savings by 2015	Total cost savings by 2015	Total FTE reduction by 2015
Bank	Retail Banking NL	3Q11/4Q12	279	151	430	4,100
	Retail Banking NL	4Q13		30	30	300
	ING Bank Belgium	4Q12	41	119	160	1,115
	Commercial Banking	3Q12	138	122	260	1,000
	Total Bank		458	422	880	6,515

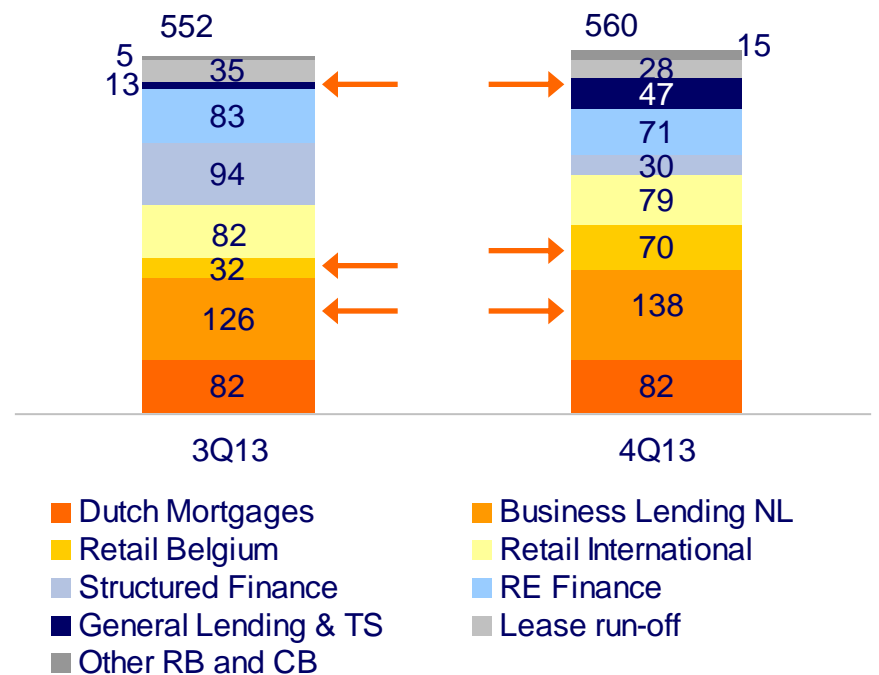
- In 3Q11 and 2H12, cost-saving initiatives were announced for Retail NL, ING Belgium and Commercial Banking to improve future performance and reduce annual expenses by a combined EUR 840 mln by 2015
- In 4Q13, ING has taken additional restructuring costs of EUR 76 mln for Retail Banking Netherlands. This is an extension of existing cost-saving initiatives and is expected to lead to additional cost savings of EUR 30 mln by 2015
- At ING Belgium, total FTE reduction increased by 115 FTE resulting in an additional cost saving of EUR 10 mln by 2015.
- Cost savings realised so far are EUR 458 mln with a further EUR 422 mln still to come.
- Headcount reductions related to the restructuring programmes are estimated at 6,515, of which 4,068 have already left ING
- ING will continue to look for further cost savings

Risk costs down versus 4Q12, slightly up from 3Q13

Underlying additions to loan loss provisions
(in EUR mln and bps of avg RWA)



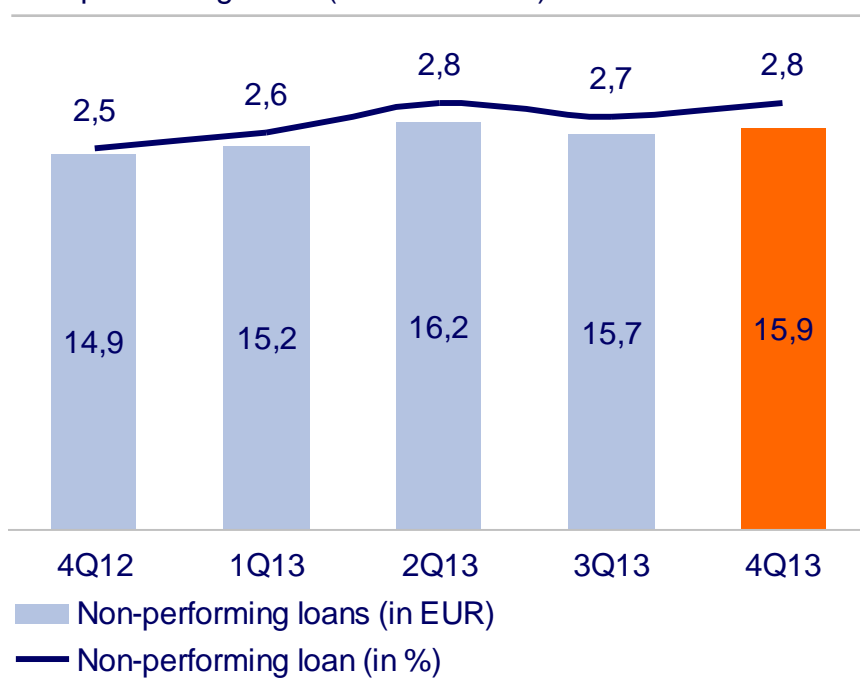
Underlying additions to loan loss provisions
(in EUR mln)



- Risk costs increased by EUR 8 mln to EUR 560 mln, driven by Retail Belgium, General Lending & TS and Business Lending NL offsetting lower additions in Structured Finance and Real Estate Finance
- Risk costs Real Estate Finance incorporate DNB's review on ING Bank's Commercial Real Estate portfolio

NPL ratio increased slightly to 2.8%

Non-performing loans (in EUR and %)



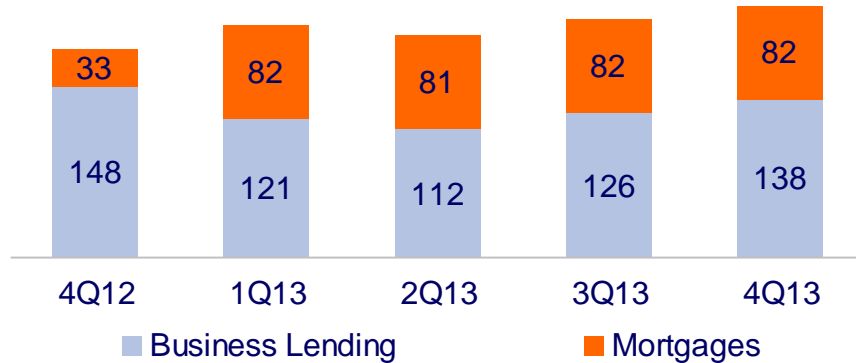
NPL ratio (in %)

	4Q13	3Q13
Retail Banking		
- Dutch Mortgages	1.9	1.8
- Business Lending NL	7.5	7.0
- Retail Belgium	3.2	3.2
- Retail International	1.5	1.6
Commercial Banking		
- Structured Finance	1.9	1.9
- RE Finance	10.7	9.9
- General Lending & TS	1.9	1.7
- Lease run-off	15.6	14.8
Other Retail and Commercial Banking		
- Other RB and CB	2.6	1.9
Total / average	2.8	2.7

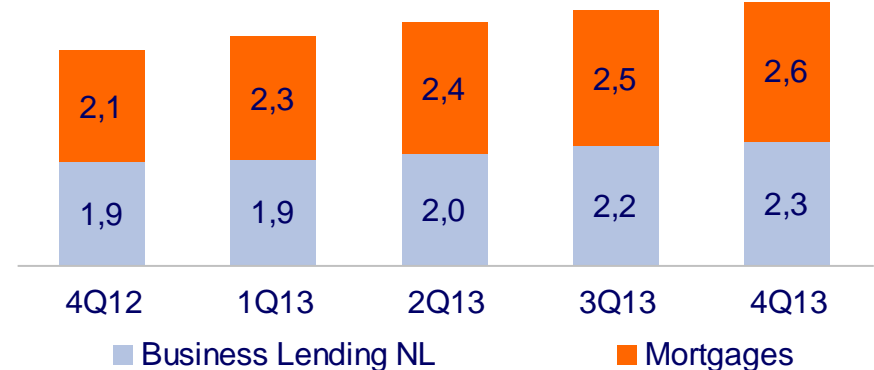
- The NPL ratio increased slightly to 2.8% in 4Q13, mainly due to a decrease in credit outstandings
- The amount of NPLs increased by EUR 0.2 bln, mainly due to higher NPLs in Business Lending NL, Dutch mortgages and General Lending offset by lower NPLs in Retail Banking International
- The NPL ratio for Business Lending NL, Real Estate Finance and Lease run-off remained relatively high in 4Q13
- The NPL ratio for Dutch mortgages rose slightly to 1.9%

Risk costs Retail Banking Netherlands remain elevated

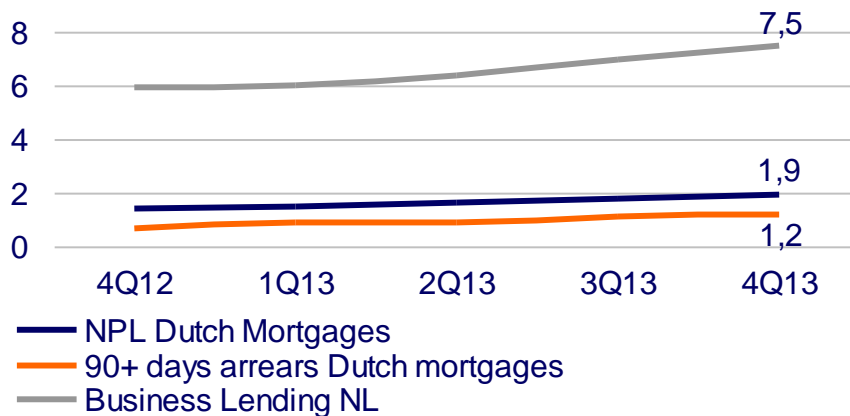
Risk costs Dutch mortgages and Business Lending NL (in EUR mln)



Non-performing loans Dutch mortgages and Business Lending NL (in EUR bln)



Non-performing loans ratio Dutch mortgages and business Lending NL (in %)



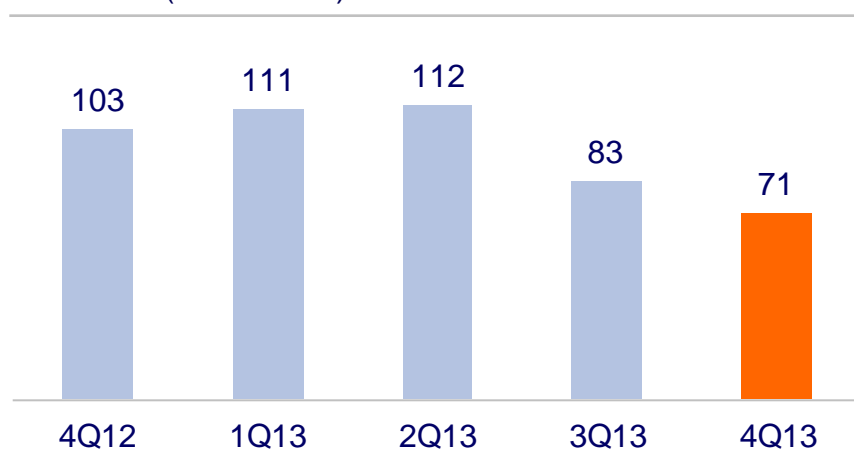
Risk costs Retail Banking NL expected to remain elevated

- Risk costs for Dutch mortgages remained stable vs 3Q13, while the NPL ratio increased slightly to 1.9%
- Average LTV Dutch mortgages was 91% at 4Q13
- Average risk weight Dutch mortgages rose to 19% at 4Q13
- Risk costs for Business Lending were EUR 138 mln, down from 4Q12 but up from 3Q13
- Given the continuing weak domestic economic environment in the Netherlands, risk costs in Retail Banking Netherlands are expected to remain elevated in the coming quarters



Risk costs Real Estate Finance further down

Risk costs (in EUR mln)

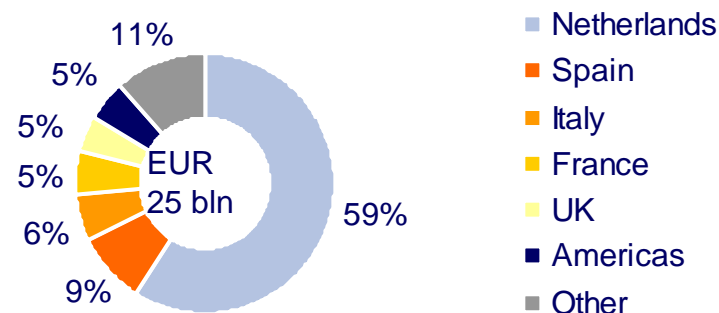


Non-performing loans



* Credit outstandings

Real Estate Finance portfolio by country of residence (31 Dec 2013)* (in EUR bln)



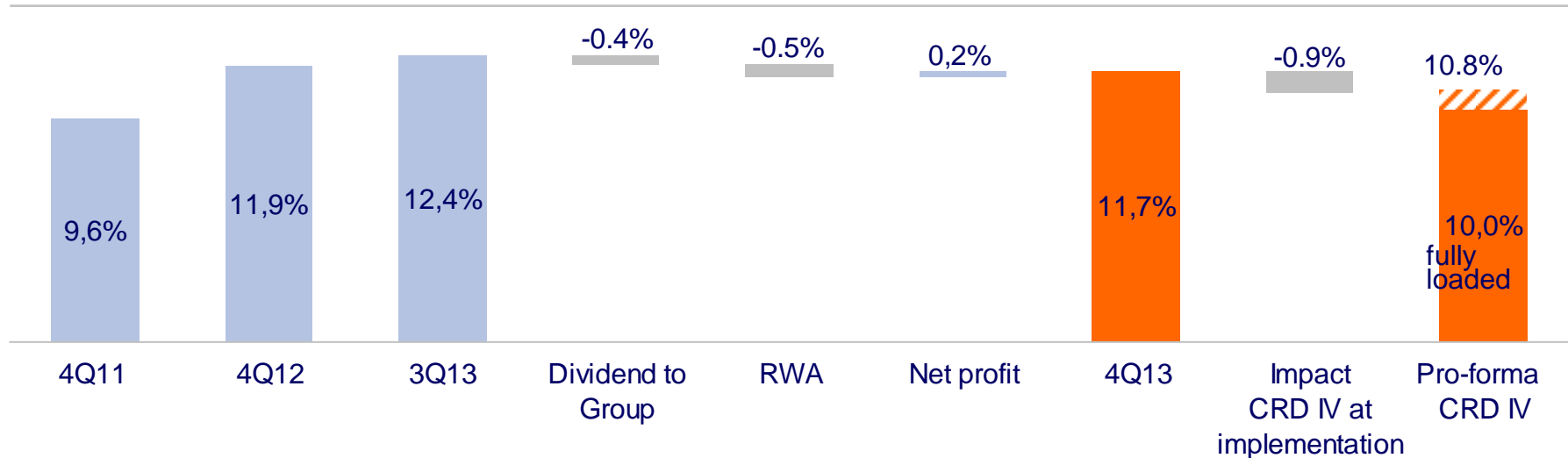
Risk costs further down, NPLs stabilising

- Risk costs for Real Estate Finance were EUR 71 mln, down from both 4Q12 and 3Q13.
- Risk costs were concentrated in Spain and the Netherlands
- Risk costs Real Estate Finance incorporate DNB's review on ING Bank's Commercial Real Estate portfolio
- Non-performing loans rose slightly by EUR 22 mln
- The NPL ratio increased to 10.7%, mainly due to a decline in credit outstanding



Capital position remains strong despite higher RWAs

ING Bank core Tier 1 ratio (in %)



- ING Bank's core Tier 1 ratio remains strong at 11.7%, despite dividend upstream to facilitate payment to the Dutch State and higher risk weighted assets, offsetting solid profitability.
- RWA increased to EUR 282.5 bln, largely resulting from lower cure and recovery rates, reflecting the economic environment, especially related to Dutch mortgages, SME clients in the Benelux and sovereign entities.
- CRD IV started on 1 January 2014, including the first tranche of the phased-in impact. Pro-forma impact at implementation is -90 bps, resulting in a pro-forma CRD IV core Tier 1 ratio of 10.8%
- The pro-forma core Tier 1 ratio on a fully-loaded basis is 10.0%
- ING Bank's organic capital generation* has been strong, with an average increase of ~30 bps per quarter in the past 2 years

* Capital increase in bps excluding the impact of divestments and dividend upstream (to facilitate State repayment or reduction double leverage)

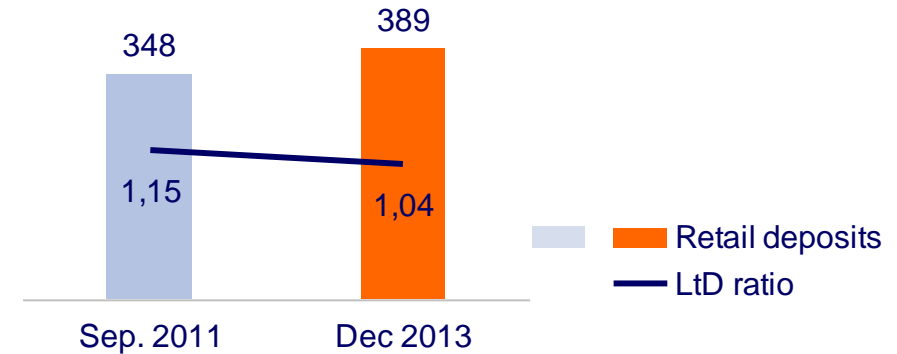


ING Bank is already meeting CRD IV requirements

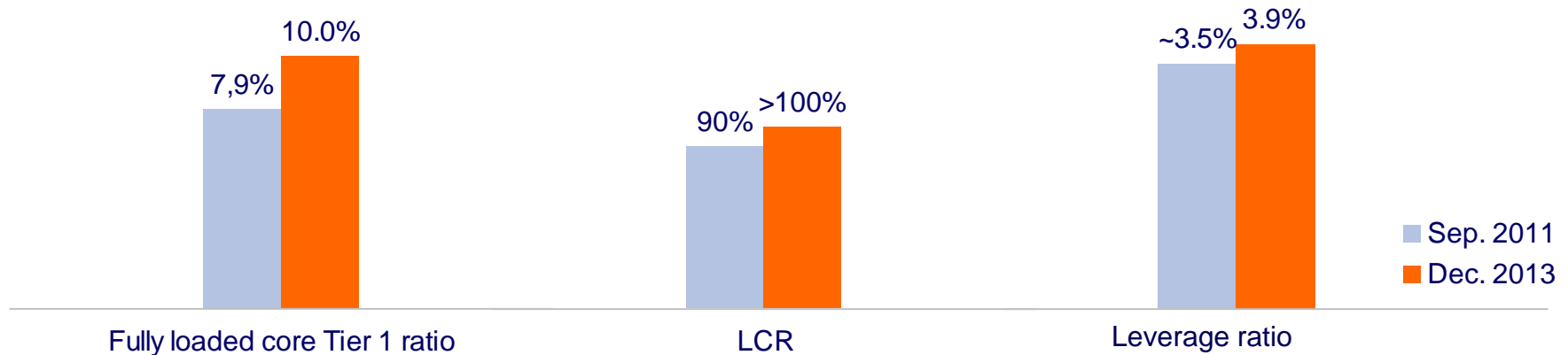
Priorities for 2012-2013 set at the IR Day in January 2012

- ✓ Accelerate transition to Basel III
- ✓ Limit balance sheet growth
- ✓ Execute balance sheet optimisation
- ✓ Further simplify the business portfolio
- ✓ Prudent approach to capital and funding

Strong retail deposit gathering ability and low Loan-to-Deposit ratio (in EUR bln)



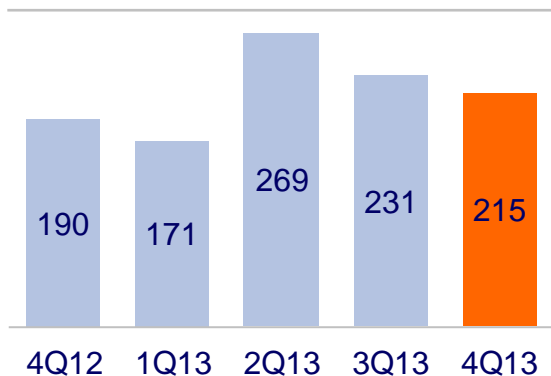
CRD IV ratios met



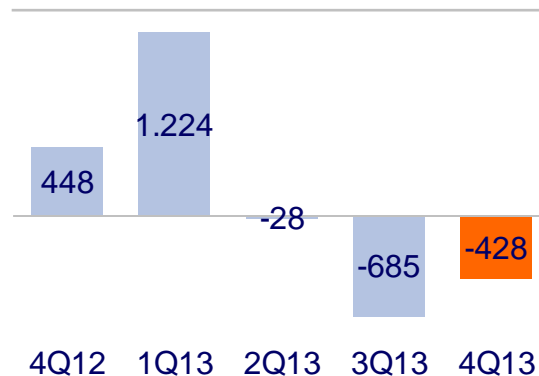
ING Insurance

ING Insurance results ongoing business up from 4Q12

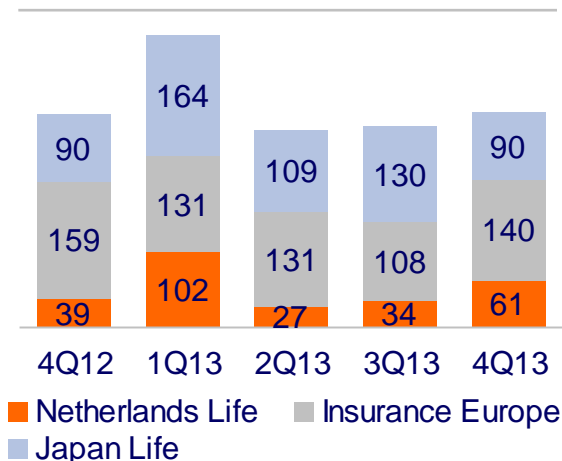
Operating result ongoing business (in EUR mln)



Result before tax (in EUR mln)



Sales (APE, in EUR mln)



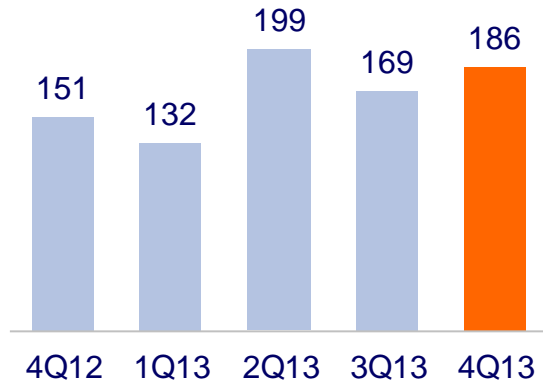
- The operating result for the ongoing business of ING Insurance improved to EUR 215 mln, up 20.0% vs 4Q12 at constant FX
- An improved performance in Netherlands Life, lower funding costs and lower corporate expenses in 'Other' were partly offset by lower P&C results in Netherlands Non-Life and a lower result for Insurance Europe

- The result before tax of EUR -428 mln reflects one-off charges to restore the reserve adequacy of the Japan Closed Block VA to the 50% confidence level and a refinement of the market interest rate assumption for the separate account pension business in Netherlands Life

- New sales (APE) rose 11.9% vs 4Q12 at constant FX
- Compared with 3Q13, APE grew 10.6% at constant FX, reflecting higher sales in both Netherlands Life and Insurance Europe, partially offset by seasonally lower sales in Japan Life

Netherlands Life results up on higher investment income and lower expenses

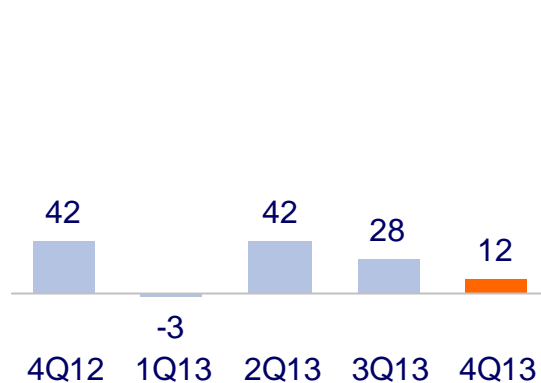
Netherlands Life - Operating result
(in EUR mln)



Japan Life - Operating result
(in EUR mln)



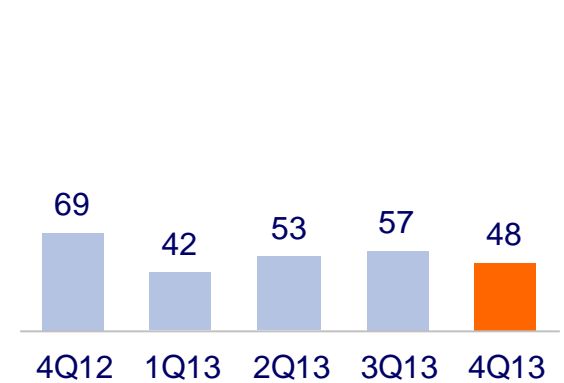
Netherlands Non-Life Operating result
(in EUR mln)



Investment Management
- Operating result (in EUR mln)



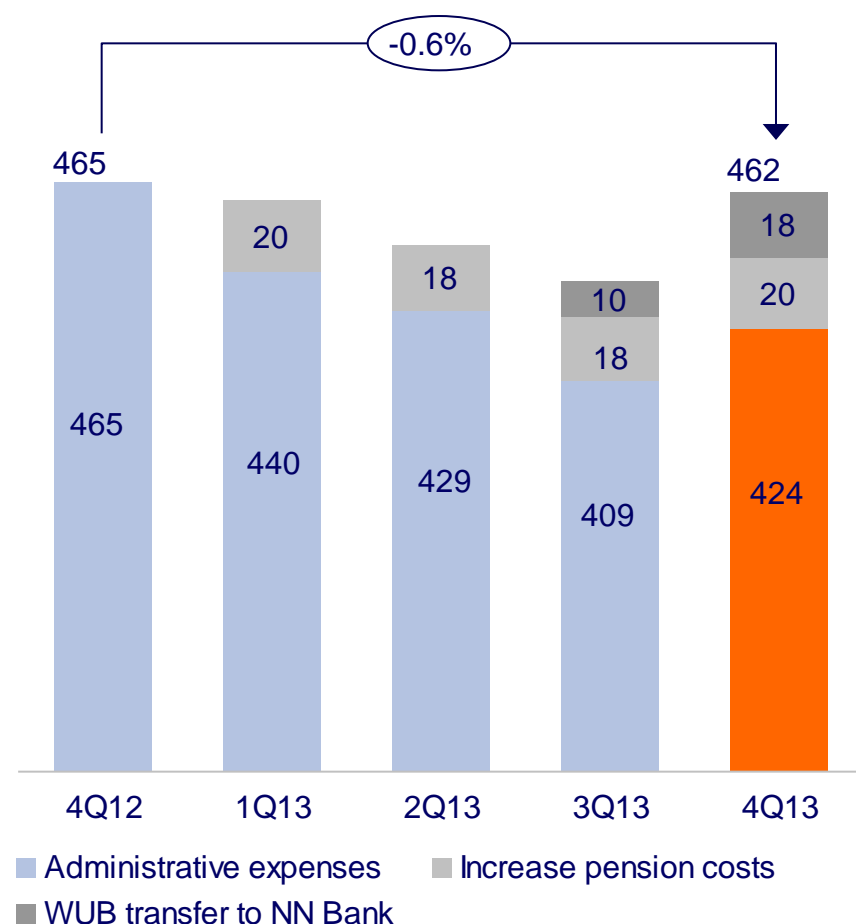
Insurance Europe - Operating result
(in EUR mln)



- Netherlands Life's operating result up 23.2% vs 4Q12 on higher investment income and lower expenses
- Other segments impacted by seasonality, heavy storms in the Netherlands and one-time items

Administrative expenses were down from 4Q12

Administrative expenses ongoing business (in EUR mln)



* Run rate annual savings

- Administrative expenses for the ongoing businesses were EUR 462 million in 4Q13, down 0.6% from a year ago, despite higher pension costs and higher expenses as a result of the partial transfer of WUB to NN Bank
- Excluding currency effects, the WUB transfers to NN Bank and the higher pension costs, administrative expenses fell 6.8%, demonstrating the impact of the transformation programme in the Netherlands and strong cost control across all business lines
- Administrative expenses rose 6.0% from 3Q13, at constant FX, as 3Q13 benefited from the impact of a release in the holidays provision and lower VAT expenses, while 4Q13 included higher project and restructuring expenses

Transformation programme as announced in November 2012 is already yielding cost savings (in EUR mln)

	Achieved by end 2013	Expected by end 2014
Cost savings*	138 mln	200 mln
FTE reduction	818 FTE	1,350 FTE



ING Insurance will continue to focus on improving capital generation and earnings

<p>Netherlands Life Netherlands Non-Life</p>	<ul style="list-style-type: none"> • Leading position in Dutch life insurance* • #3 in Dutch non-life insurance* 	<ul style="list-style-type: none"> • Continued focus on cost reductions • Gradual shift to higher return assets • Underwriting and re-pricing actions to restore Netherlands Non-Life profitability • Capital releases and de-risking of liabilities
<p>Insurance Europe</p>	<ul style="list-style-type: none"> • Focused on life insurance and voluntary pension 	<ul style="list-style-type: none"> • Good margins, self-funded with strong cash generation • Exposure to growth markets
<p>Japan Life</p>	<ul style="list-style-type: none"> • #3 position in COLI** 	<ul style="list-style-type: none"> • Earnings and capital generator
<p>Investment Management</p>	<ul style="list-style-type: none"> • EUR 174 bln AuM as of 4Q13 	<ul style="list-style-type: none"> • Focus on growing third party business • Capital generator
<p>Japan Closed Block VA</p>	<ul style="list-style-type: none"> • Portfolio projected to run-off relatively quickly (~90% expected to mature by end of 2019) • Actively managed and hedged on a market consistent basis 	<ul style="list-style-type: none"> • Releasing capital over time

* By GWP, source DNB; **By APE, source ING Insurance



Wrap up

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 - Operating result of ongoing business of ING Insurance EUR 215 mln, primarily reflecting improved performance in Netherlands Life and lower funding costs

Disclaimer

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

In preparing the financial information in this document, the same accounting principles are applied as in the 3Q2013 ING Group Interim Accounts. The Financial statements for 2013 are in progress and may be subject to adjustments from subsequent events. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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

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