

ING GROEP NV  
Form 6-K  
August 04, 2011

# **SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

## **FORM 6-K**

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16**

**of the Securities Exchange Act of 1934**

**For August 4, 2011**

**Commission File Number 1-14642**

# **ING Groep N.V.**

**Amstelveenseweg 500**

**1081-KL Amsterdam**

**The Netherlands**

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Yes  No

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This Report contains a copy of the following:

- (1) The Press Release issued on August 4, 2011.

**PRESS RELEASE**

4 August 2011

**ING's 2Q underlying net profit rises 19.7% to EUR 1,528 million**

ING Group's 2Q11 net result was EUR 1,507 million, or EUR 0.40 per share, including divestments, discontinued operations and special items. The underlying return on IFRS-EU equity for the first six months of 2011 rose to 14.8%.

Bank reported an underlying result before tax of EUR 1,304 million, including EUR 187 million impairment of Greek government bonds. The net interest margin was healthy at 1.42% and client balances increased for the eighth straight quarter. Risk costs fell 20.4% versus 2Q10. Operating expenses declined for the second consecutive quarter, but increased year-on-year. The underlying cost/income ratio was 59.2%, or 54.6% excluding market impacts.

Insurance operating result rose 82.5% to EUR 690 million, fuelled by increases in the investment and technical margins. The investment spread rose to 99 basis points, primarily on reinvestments and higher dividend income. The administrative expenses/operating income ratio improved to 38.0%. The underlying result before tax was strong at EUR 673 million, despite EUR 123 million of impairments on Greek government bonds.

ING maintained strong capital ratios during the quarter following the 13 May 2011 payment of EUR 3 billion to the Dutch State. The Bank's core Tier 1 ratio remained robust at 9.4%, or 10.7% on a pro-forma basis including the impact of announced divestments. The Insurance IGD solvency ratio strengthened to 252%.

Given the uncertain financial environment, increasing regulatory requirements and ING's priority to repurchase the remaining outstanding core Tier 1 securities, no interim dividend will be paid in 2011.

ING reached important milestones in the second quarter as we work towards the separation of the Group and the establishment of strong stand-alone banking and insurance companies, said Jan Hommen, CEO of ING Group. In May we paid EUR 3 billion (including EUR 1 billion premium) to the Dutch State, while maintaining strong capital buffers to withstand potential shocks given the uncertain economic environment. We reached an agreement to sell ING Direct USA, meeting one of the principal restructuring requirements imposed by the European Commission. And last week we announced an agreement to sell our Latin American life and pension businesses for EUR 2.7 billion, marking the first major step in the divestment of the Insurance and Investment Management activities.

The US and European & Asian insurance businesses are making good progress on performance improvement initiatives as they prepare for separate IPOs. The operating profit for Insurance increased compared with a year ago, as measures to improve returns continue to gain momentum. The Bank posted another strong quarter, as margins held up well and we continued to grow volumes in savings and lending despite the challenging operating conditions in the second quarter. As the economic environment and financial markets remain uncertain, we will reinforce our vigilance on costs by focusing on structural improvements in our processes and organisation, while continuing to invest responsibly in the growth of our franchises for the long-term benefit of our customers.

**Key Figures<sup>1</sup>**

|   | 2Q2011 | 2Q2010 <sup>2</sup> | Change | 1Q2011 | Change | 1H2011 | 1H2010 <sup>2</sup> | Change |
|---|--------|---------------------|--------|--------|--------|--------|---------------------|--------|
| <b>ING Group key figures (in EUR million)</b> |        |                     |        |        |        |        |                     |        |
| Underlying result before tax Group            | 1,977  | 1,625               | 21.6%  | 2,123  | -6.9%  | 4,100  | 2,965               | 38.3%  |
| of which Bank                                 | 1,304  | 1,607               | -18.9% | 1,695  | -23.1% | 2,999  | 2,889               | 3.8%   |
| of which Insurance                            | 673    | 18                  | n.a.   | 428    | 57.2%  | 1,102  | 76                  | n.a.   |
| Underlying net result                         | 1,528  | 1,277               | 19.7%  | 1,463  | 4.4%   | 2,991  | 2,150               | 39.1%  |
| Net result                                    | 1,507  | 1,211               | 24.4%  | 1,381  | 9.1%   | 2,888  | 2,441               | 18.3%  |

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|  |       |       |       |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Net result per share (in EUR) <sup>3</sup>                       | 0.40  | 0.32  | 25.0% | 0.37  | 8.1%  | 0.76  | 0.65  | 16.9% |
| Total assets (end of period, in EUR billion)                     |       |       |       | 1,229 | 0.9%  | 1,241 | 1,273 | -2.5% |
| Shareholders' equity (end of period, in EUR billion)             |       |       |       | 40    | 0.6%  | 40    | 41    | -2.6% |
| Underlying return on equity based on IFRS-EU equity <sup>4</sup> | 15.2% | 12.9% |       | 14.5% |       | 14.8% | 11.4% |       |
| <b>Banking key figures</b>                                       |       |       |       |       |       |       |       |       |
| Interest margin  | 1.42% | 1.36% |       | 1.44% |       | 1.43% | 1.39% |       |
| Underlying cost/income ratio                                     | 59.2% | 52.7% |       | 55.0% |       | 57.0% | 55.0% |       |
| Underlying risk costs in bp of average RWA                       | 47    | 55    |       | 42    |       | 44    | 58    |       |
| Core Tier 1 ratio  |       |       |       | 10.0% |       | 9.4%  | 8.6%  |       |
| Underlying return on equity based on IFRS-EU equity <sup>4</sup> | 11.7% | 14.2% |       | 13.7% |       | 12.7% | 13.0% |       |
| <b>Insurance key figures</b>                                     |       |       |       |       |       |       |       |       |
| Operating result (in EUR million)                                | 690   | 378   | 82.5% | 511   | 35.0% | 1,201 | 747   | 60.8% |
| Investment margin / life general account assets (in bps)         | 99    | 79    |       | 92    |       |       |       |       |
| Administrative expenses / operating income (Life & ING IM)       | 38.0% | 44.8% |       | 39.9% |       | 38.9% | 44.3% |       |
| Underlying return on equity based on IFRS-EU equity <sup>4</sup> | 11.3% | 2.8%  |       | 5.6%  |       | 8.4%  | 1.3%  |       |

The footnotes relating to 1-4 can be found on page 13 of this press release.

Note: Underlying figures are non-GAAP measures and are derived from figures according to IFRS-EU by excluding impact from divestments and special items.

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## ING GROUP CONSOLIDATED RESULTS

ING Group's second-quarter underlying net profit rose 19.7% to EUR 1,528 million, reflecting solid quarterly results at ING Bank and continued momentum in performance improvement at ING Insurance.

Results have been restated to reflect the sale of the Latin American pension, life insurance and investment management operations to GrupoSura for a total consideration of EUR 2.7 billion, as announced on 25 July 2011. The results from these businesses are now reported in the net result from discontinued operations, while ING's stake in Sul America is reported in the Corporate Line.

ING Bank's underlying result before tax was EUR 1,304 million, reflecting solid interest results and lower risk costs, and including the impact of EUR 187 million of impairments on Greek government bonds. The net interest margin remained healthy at 1.42% although there was some pressure on product margins. Risk costs were higher than the previous quarter, but declined from a year ago, confirming the gradual return to more normalised levels. Compared with the second quarter of 2010, the Bank's result declined 18.9%. Excluding the Greek impairments, the decline was 7.2%, as the comparable quarter included a EUR 86 million gain on the sale of an equity stake and EUR 43 million of positive fair value changes on the Bank's own Tier 2 debt. On a sequential basis, results were 23.1% lower than the first quarter of 2011, which was supported by seasonally high results in Financial Markets.

ING Bank's net production of client balances was positive for the eighth consecutive quarter. Funds entrusted at Retail Banking grew by EUR 3.3 billion, driven by a net inflow of EUR 3.7 billion at Retail Benelux, while ING Direct and Retail Central Europe reported modest net outflows. Commercial Banking reported a EUR 0.5 billion inflow in funds entrusted. The Bank's net production of residential mortgages was EUR 5.8 billion, while other lending increased by EUR 5.5 billion, mainly in General Lending, Retail Belgium and Central Europe.

Earnings from ING Insurance improved substantially as performance improvement measures continued to gain traction. The operating result jumped 82.5% from the second quarter of 2010 and 35.0% from the previous quarter to EUR 690 million. Results in the current quarter

benefited from higher investment and technical margins compared with both prior periods. The investment spread rose to 99 basis points, reflecting reinvestments and higher dividend income in the Netherlands and the US. The second-quarter underlying result before tax increased to EUR 673 million, despite the impact of EUR 123 million of impairments on Greek government bonds, primarily due to the strong operating profit.

Insurance sales (APE) decreased 13.4% year-on-year, or 6.3% excluding currency effects. Sales declined in most regions with the exception of Asia/Pacific, where sales grew 4.1%, excluding currency effects. Sales in the Benelux were lower as the second quarter of last year was boosted by high sales in Luxembourg in anticipation of changes to a tax directive. APE declined in the US due to lower Stable Value retirement plan sales, while in Central and Rest of Europe pension sales were affected by regulatory changes.

ING Group's quarterly net profit was EUR 1,507 million compared with EUR 1,211 million in the second quarter of 2010 and EUR 1,381 million in the previous quarter. The second-quarter underlying effective tax rate was 22.1%. Net results included EUR 51 million in gains on divestments and EUR 37 million in results from divested units/discontinued operations. Special items after tax were EUR-110 million and related primarily to various restructuring programmes. After-tax separation costs were EUR 31 million in the quarter and EUR 51 million year-to-date, out of total estimated separation costs of EUR 200 million for 2011. Insurance separation and preparation costs were EUR 10 million, out of an estimated total of EUR 50 million after tax for 2011.

The net profit per share was EUR 0.40 compared with EUR 0.32 in the second quarter of 2010 and EUR 0.37 in the first quarter of 2011. The average number of shares used to calculate earnings per share over the second quarter was 3,783.4 million. The Group's underlying net return on IFRS-EU equity was 14.8% for the first six months of 2011.

### Subsequent Event

On 21 July 2011, a Private Sector Initiative to support Greece was announced. This initiative involves a voluntary exchange of existing Greek government bonds maturing up to 2020 together with a Buyback Facility. ING is currently assessing the alternative exchange options in this initiative. Based on this Private Sector Initiative, it was concluded that bonds that are in the scope of the initiative (i.e. Greek government bonds maturing up to 2020) are impaired in the second quarter of 2011.



## BANKING

## Banking key figures

|   | 2Q2011 | 2Q2010 | Change | 1Q2011 | Change | 1H2011 | 1H2010 | Change |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Profit and loss data (in EUR million)</b>                                |        |        |        |        |        |        |        |        |
| Underlying interest result  | 3,348  | 3,258  | 2.8%   | 3,396  | -1.4%  | 6,744  | 6,521  | 3.4%   |
| Underlying income   | 4,101  | 4,377  | -6.3%  | 4,508  | -9.0%  | 8,609  | 8,554  | 0.6%   |
| Underlying operating expenses   | 2,427  | 2,305  | 5.3%   | 2,481  | -2.2%  | 4,908  | 4,704  | 4.3%   |
| Underlying addition to loan loss provision                                  | 370    | 465    | -20.4% | 332    | 11.4%  | 702    | 962    | -27.0% |
| Underlying result before tax  | 1,304  | 1,607  | -18.9% | 1,695  | -23.1% | 2,999  | 2,889  | 3.8%   |
| <b>Key figures</b>  |        |        |        |        |        |        |        |        |
| Interest margin   | 1.42%  | 1.36%  |        | 1.44%  |        | 1.43%  | 1.39%  |        |
| Underlying cost/income ratio  | 59.2%  | 52.7%  |        | 55.0%  |        | 57.0%  | 55.0%  |        |
| Underlying risk costs in bp of average RWA                                  | 47     | 55     |        | 42     |        | 44     | 58     |        |
| Risk-weighted assets (end of period, in EUR billion, adjusted for divestm.) |        |        |        | 316    | -0.5%  | 315    | 342    | -8.0%  |
| Underlying return on equity based on IFRS equity <sup>1</sup>               | 11.7%  | 14.2%  |        | 13.7%  |        | 12.7%  | 13.0%  |        |
| Underlying return on equity based on 7.5% core Tier 1 <sup>2</sup>          | 16.9%  | 18.7%  |        | 20.3%  |        | 18.6%  | 16.9%  |        |

<sup>1</sup> Annualised underlying net result divided by average IFRS-EU equity.

<sup>2</sup> Annualised underlying, after-tax return divided by average equity based on 7.5% core Tier-1 ratio.

ING Bank's second-quarter results were solid, supported by a continued healthy interest margin, higher client balances and a more normalised level of risk costs, and despite EUR 187 million of impairments on Greek government bonds. The underlying profit before tax was EUR 1,304 million, down 18.9% from the previous year and 23.1% lower than the first quarter of 2011.

Total underlying income declined 6.3% from a year ago, primarily due to the Greek bond impairments. Additionally, results in the second quarter of 2010 included a capital gain on the sale of an equity stake. Excluding these exceptional items, income was stable as interest results and commission income both grew, offsetting a decline in other income. On a sequential basis, income decreased 9.0%, mainly due to seasonally strong Financial Markets revenues recorded in the first quarter of 2011 and the negative impact of the Greek impairments.

The underlying interest result was resilient, rising 2.8% from the second quarter of 2010. The interest margin increased by six basis points to 1.42% mainly on higher interest results in Financial Markets relative to last year. Compared with the first quarter of 2011, the interest result declined 1.4% and the interest margin narrowed by two basis points. In Retail Benelux, margins for mortgages and business lending in the mid-corporate and SME segments were somewhat lower, while margins on savings and current accounts held up well. The total interest margin of

ING Direct improved slightly from the previous quarter. Corporate lending margins in General Lending trended downwards due to increased competition, while Structured Finance margins remained stable.

Underlying operating expenses rose 5.3% year-on-year on higher salaries and pension costs, and higher costs consistent with an increase in headcount driven by investments in the business. Compared with the first quarter of 2011, underlying operating expenses decreased 2.2%. This was mainly attributable to lower impairments on real estate development projects and a redundancy provision recorded in the first quarter. The second-quarter underlying cost/income ratio was 59.2%, or 54.6% excluding market impacts.

ING Bank added EUR 370 million to the loan loss





provisions, 20.4% less than in the second quarter of 2010, but 11.4% more than in the benign first quarter. The increase from the previous quarter was mainly visible in the mid-corporate and SME segments in Retail Benelux, which had a very modest level of loan losses in the first quarter of 2011, and in the Real Estate Finance portfolio in the Netherlands and Australia due to some specific files. At Commercial Banking, higher risk costs at Structured Finance, following releases in the first quarter, were offset by lower additions in General Lending. Risk costs for the US and German mortgage portfolios at ING Direct improved. Total risk costs in the second quarter were 47 basis points of average risk-weighted assets versus 55 basis points in the second quarter of 2010 and 42 basis points in the previous quarter. For the coming quarters, ING expects risk costs as a percentage of risk-weighted assets to remain below the average level seen in 2010.

Retail Banking's underlying result before tax was EUR 704 million, down 25.4% from a year ago primarily due to EUR 178 million of impairments on Greek government bonds and higher operating expenses. Compared with the second quarter of 2010, income declined 5.5% because of the Greek impairments. However, excluding the impairments, income edged up 0.8% as margins improved at ING Direct and client balances increased at Retail Banking as a whole. This mitigated the impact of lower interest results in the Netherlands due to margin pressure on business lending and the lengthening of funding for the mortgage book due to lower expected prepayments. Risk costs fell 6.0% from the second quarter of 2010 to EUR 266 million. Operating expenses rose 6.4% year-on-year due to higher salaries, pension costs, marketing expenses and investments in the business. The underlying result before tax fell 27.9% from the first quarter of 2011, primarily due to the Greek impairments, while risk costs and operating expenses were essentially flat.

The underlying result before tax of Commercial Banking excluding ING Real Estate rose 13.6% from the second quarter of 2010 to EUR 645 million. The increase was mainly driven by a marked decline in risk costs and higher income. Risk costs dropped 66.5% from a year ago as additions were significantly lower in both General Lending and Structured Finance. Income, which included EUR 9 million of Greek bond impairments, rose 1.7% primarily on

higher revenues from Structured Finance, which recorded strong fee income due to a high level of loan origination. Operating expenses increased 10.9% compared with the second quarter of 2010, largely due to higher personnel costs in Structured Finance and Financial Markets. Compared with the first quarter of 2011, which contained a redundancy provision, expenses declined 2.9%. The underlying result before tax of Commercial Banking excluding ING Real Estate was 16.6% lower than the record level achieved in the first quarter of 2011, mainly due to the seasonally higher client-related activity in Financial Markets in the first quarter.

ING Real Estate recorded an underlying result before tax of EUR 13 million compared to a loss of EUR 9 million in the same quarter of last year and a profit of EUR 70 million in the first quarter of 2011. The improvement from a year ago was primarily attributable to lower negative revaluations and impairments, which were partly offset by higher risk costs for Real Estate Finance due to some specific files. The decline in results compared with the previous quarter was caused by lower income, primarily in the Investment Management and Development businesses, and higher risk costs.

The underlying result before tax of Corporate Line Banking was EUR -58 million compared to EUR 105 million in the second quarter of 2010. This decline was mainly attributable to the gain on the sale of an equity stake last year, negative fair value changes on part of ING Bank's own Tier 2 debt (compared with positive fair value changes a year ago), and increased financing charges.

The net result of the Bank was EUR 960 million, which included a net gain of EUR 25 million mainly due to the divestment of Clarion Partners (closed on 9 June 2011) and EUR -52 million of special items after tax. The special items related primarily to the merger of the Dutch retail activities, the Belgian transformation programme, and costs related to the separation of Banking and Insurance.

The underlying return on IFRS-EU equity was 12.7% for the first half of 2011. The year-to-date underlying ROE based on a 7.5% core Tier 1 ratio was 18.6%, exceeding the target of 13-15% for 2013.

## INSURANCE

Insurance key figures<sup>1</sup>

|   | 2Q2011       | 2Q2010 <sup>2</sup> | Change       | 1Q2011       | Change       | 1H2011       | 1H2010 <sup>2</sup> | Change       |
|---|--------------|---------------------|--------------|--------------|--------------|--------------|---------------------|--------------|
| <b>Margin analysis (in EUR million)</b>                               |              |                     |              |              |              |              |                     |              |
| Investment margin   | 476          | 344                 | 38.4%        | 373          | 27.6%        | 849          | 658                 | 29.0%        |
| Fees and premium-based revenues                                       | 1,147        | 1,107               | 3.6%         | 1,210        | -5.2%        | 2,357        | 2,208               | 6.7%         |
| Technical margin  | 260          | 170                 | 52.9%        | 194          | 34.0%        | 455          | 346                 | 31.5%        |
| Income non-modelled life business                                     | 24           | 30                  | -20.0%       | 26           | -7.7%        | 50           | 62                  | -19.4%       |
| <b>Life &amp; ING IM operating income</b>                             | <b>1,907</b> | <b>1,651</b>        | <b>15.5%</b> | <b>1,804</b> | <b>5.7%</b>  | <b>3,711</b> | <b>3,274</b>        | <b>13.3%</b> |
| Administrative expenses   | 724          | 739                 | -2.0%        | 720          | 0.6%         | 1,444        | 1,449               | -0.3%        |
| DAC amortisation and trail commissions                                | 458          | 408                 | 12.3%        | 482          | -5.0%        | 940          | 827                 | 13.7%        |
| <b>Life &amp; ING IM operating expenses</b>                           | <b>1,182</b> | <b>1,147</b>        | <b>3.1%</b>  | <b>1,201</b> | <b>-1.6%</b> | <b>2,383</b> | <b>2,276</b>        | <b>4.7%</b>  |
| <b>Life &amp; ING IM operating result</b>                             | <b>725</b>   | <b>504</b>          | <b>43.8%</b> | <b>603</b>   | <b>20.2%</b> | <b>1,327</b> | <b>998</b>          | <b>33.0%</b> |
| Non-life operating result   | 68           | 50                  | 36.0%        | 42           | 61.9%        | 110          | 84                  | 31.0%        |
| Corporate line operating result                                       | -103         | -176                | -41.5%       | -134         | -23.1%       | -236         | -335                | n.a.         |
| <b>Operating result</b>   | <b>690</b>   | <b>378</b>          | <b>82.5%</b> | <b>511</b>   | <b>35.0%</b> | <b>1,201</b> | <b>747</b>          | <b>60.8%</b> |
| Non-operating items   | -17          | -359                |              | -82          |              | -99          | -670                |              |
| <b>Underlying result before tax</b>                                   | <b>673</b>   | <b>18</b>           | <b>n.a.</b>  | <b>428</b>   | <b>57.2%</b> | <b>1,102</b> | <b>76</b>           | <b>n.a.</b>  |
| <b>Key figures</b>  |              |                     |              |              |              |              |                     |              |
| Administrative expenses / operating income (Life & ING IM)            | 38.0%        | 44.8%               |              | 39.9%        |              | 38.9%        | 44.3%               |              |
| Life general account assets (end of period, in EUR billion)           |              |                     |              | 157          | -0.6%        | 156          | 164                 | -4.9%        |
| Investment margin / life general account assets <sup>3</sup> (in bps) | 99           | 79                  |              | 92           |              |              |                     |              |
| ING IM Assets under Management (end of period, in EUR billion)        |              |                     |              | 327          | -0.3%        | 326          | 330                 | -1.2%        |
| Underlying return on equity based on IFRS-EU equity <sup>4</sup>      | 11.3%        | 2.8%                |              | 5.6%         |              | 8.4%         | 1.3%                |              |

<sup>1</sup> Insurance operating and underlying figures exclude the Insurance Latin American pension, life insurance and investment management operations, following the announced sale of these businesses on 25 July 2011. The result of Insurance Latin America has been transferred to net result from discontinued operations. Previous periods have been restated.

<sup>2</sup> 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.

<sup>3</sup> Four-quarter rolling average

<sup>4</sup> 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.)

The operating result of ING Insurance improved further in the second quarter, increasing substantially by 82.5% from a year ago and 35.0% from the first quarter of 2011. Results in the current quarter benefited from higher investment and technical margins relative to both prior periods. The underlying result before tax in the second quarter of 2011 rose to EUR 673 million despite EUR 123 million of impairments on

Greek government bonds.

The operating result from Life Insurance and Investment Management was EUR 725 million, 43.8% higher than the second quarter of last year and driven by a higher investment margin and an improved technical margin. Compared with the first quarter of 2011, the operating result from Life Insurance and Investment Management rose 20.2%.

The investment margin increased 38.4% from the same quarter of 2010 to EUR 476 million, primarily due to

reinvestments into fixed income securities in the Netherlands and the US, lower interest rate swap expenses in the US, as well as higher dividends on equity securities and EUR 28 million of nonrecurring items in the Netherlands. Compared with the first quarter of 2011, the investment margin rose 27.6%. This was mainly attributable to dividend income on equity securities, which is typically received in the second quarter. The investment spread continued to strengthen, increasing to 99 basis points from 92 basis points in the first quarter of 2011 and 79 basis points in the second quarter of 2010.

Fees and premium-based revenues grew 3.6% from the previous year to EUR 1,147 million. This was primarily driven by increases in US Closed Block VA and ING Investment Management. Compared with the first quarter of 2011, fees and premium-based revenues declined 5.2% as that quarter was supported by seasonality in the Benelux and Asia/Pacific.

The technical margin was EUR 260 million versus EUR 170 million in the second quarter of 2010 and EUR 194 million in the first quarter of 2011. The technical margin increased compared with both comparative quarters primarily due to the EUR 70 million positive impact from an early surrender of a contract with a large pension fund in the Netherlands.

Life Insurance and Investment Management administrative expenses were 2.0% lower than the second quarter of last year, but 4.5% higher excluding currency effects. This increase was caused by EUR 25 million of favourable nonrecurring items in the Benelux in the second quarter of 2010, higher project expenses in the current quarter in Central and Rest of Europe, and the introduction of a fixed service fee at Investment Management (for which there is an offset in income). The US had lower expenses, which was largely due to a reduction in staff. On a sequential basis, total Life Insurance and Investment Management administrative expenses increased 0.6%, or 3.4% excluding currency effects. This was mainly due to higher employee benefits expenses in the Benelux in the current quarter and a nonrecurring reduction in accruals related to incentive compensation, which lowered expenses in the US in the first quarter of 2011. The ratio of administrative expenses to operating income improved to 38.0% reflecting the increase in operating income, which was supported in part by seasonal and nonrecurring items.

The non-life operating result of ING Insurance was EUR 68 million, up 36.0% from a year ago and up 61.9% from the first quarter of 2011, mainly due to lower claims.

The Corporate Line operating result improved to EUR -103 million compared with EUR -176 million in the second 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. The operating result also improved compared with EUR -134 million in the first quarter of 2011 driven in part by improved results at ING Reinsurance. The Corporate Line includes the result of ING's stake in Sul America, which was EUR 22 million in the current quarter and EUR 23 million in the second quarter of 2010.

ING Insurance posted an underlying result before tax of EUR 673 million in the second quarter, a significant

improvement compared with EUR 18 million in the same quarter of 2010 and up 57.2% from the first quarter. Non-operating items in the second quarter totalled EUR -17 million. Gains/losses and impairments on investments were EUR -110 million, primarily reflecting EUR 123 million of impairments on Greek government bonds which more than offset the positive impact of capital gains in the Benelux. Revaluations were positive at EUR 111 million, mainly driven by positive revaluations from alternative assets and CMO assets. Market and other impacts improved to EUR -18 million and consisted primarily of EUR -109 million related to the change of provision for guarantees on separate account pension contracts (net of hedging) in the Netherlands, EUR 61 million of positive results on Japan SPVA (reported in the Corporate Line) and EUR 49 million of hedging gains (net of reserve changes) in US Closed Block VA.

The second-quarter net result for Insurance was EUR 547 million. This included EUR -58 million of special items mainly associated with restructuring programmes and separation expenses, EUR 27 million of gains on divestments and a EUR 37 million net result from divested units/discontinued operations in Latin America. Prior quarters have been restated to reflect the divestment of ING's Latin American pension, life insurance and investment management operations, as announced on 25 July 2011. The underlying return on IFRS-EU equity for Insurance was 8.4% for the first six months of 2011.

Insurance sales (APE) decreased 6.3% year-on-year, excluding currency effects. Sales declined in the Benelux from a year ago as the second quarter of 2010 included high sales in Luxembourg in anticipation of changes to a European Savings Taxation Directive. In the US, APE declined from the second quarter of last year, which included exceptionally high sales of Stable Value retirement products. However, sales of core Retirement and Individual Life products were strong. Full Service Retirement Plan sales were up 17% from a year ago and Individual Life sales rose 32%. In Central and Rest of Europe, pension sales were lower due to regulatory changes in Hungary and Poland, while life sales were higher in most countries in the region. APE grew 4.1% in Asia/Pacific on improved agent productivity in ING Life Korea, new product introductions in Malaysia and growth in KB Life. Compared with the first quarter of 2011, total sales at ING Insurance decreased 21.0% (excluding currency effects) due to seasonality in the Benelux, the US and Asia/Pacific, all of which supported first-quarter APE.

## BALANCE SHEET AND CAPITAL MANAGEMENT

## Balance Sheet and Capital Management key figures

| End of period, in EUR million                   | ING Group        |                                      | ING Bank N.V.  |                                      | ING Verzekeringen N.V. |                                      | Holdings/Eliminations  |                                      |
|---|------------------|--------------------------------------|----------------|--------------------------------------|------------------------|--------------------------------------|------------------------|--------------------------------------|
|   | 30 June 11       | Pro forma<br>March 2011 <sup>1</sup> | 30 June 11     | Pro forma<br>March 2011 <sup>1</sup> | 30 June 1 <sup>1</sup> | Pro forma<br>March 2011 <sup>1</sup> | 30 June 1 <sup>1</sup> | Pro forma<br>March 2011 <sup>1</sup> |
| <b>Balance sheet data</b>                       |                  |                                      |                |                                      |                        |                                      |                        |                                      |
| Financial assets at fair value                  |                  |                                      |                |                                      |                        |                                      |                        |                                      |
| through P&L                                     | 255,190          | 248,631                              | 136,540        | 128,099                              | 120,125                | 122,160                              | -1,475                 | -1,628                               |
| Investments                                     | 207,807          | 208,020                              | 88,477         | 88,762                               | 119,330                | 119,259                              |                        |                                      |
| Loans and advances to customers                 |                  |                                      |                |                                      |                        |                                      |                        |                                      |
|   | 589,108          | 582,162                              | 565,869        | 557,890                              | 30,380                 | 30,025                               | -7,141                 | -5,753                               |
| Assets held for sale                            | 61,188           | 61,927                               | 58,014         | 58,668                               | 3,174                  | 3,259                                |                        |                                      |
| Other assets                                    | 127,438          | 128,495                              | 93,702         | 94,088                               | 38,074                 | 39,333                               | -4,338                 | -4,927                               |
| <b>Total assets</b>                             | <b>1,240,731</b> | <b>1,229,235</b>                     | <b>942,602</b> | <b>927,507</b>                       | <b>311,083</b>         | <b>314,036</b>                       | <b>-12,954</b>         | <b>-12,308</b>                       |
| Shareholders' equity                            |                  |                                      |                |                                      |                        |                                      |                        |                                      |
|   | 40,288           | 40,067                               | 32,486         | 34,869                               | 19,461                 | 18,955                               | -11,659                | -13,756                              |
| Minority interests                              | 832              | 742                                  | 715            | 617                                  | 94                     | 124                                  | 23                     |                                      |
| Non-voting equity securities                    | 3,000            | 5,000                                |                |                                      |                        |                                      | 3,000                  | 5,000                                |
| <b>Total equity</b>                             | <b>44,120</b>    | <b>45,809</b>                        | <b>33,201</b>  | <b>35,486</b>                        | <b>19,556</b>          | <b>19,079</b>                        | <b>-8,637</b>          | <b>-8,756</b>                        |
| Debt securities in issue                        |                  |                                      |                |                                      |                        |                                      |                        |                                      |
|   | 151,593          | 140,145                              | 142,925        | 130,739                              | 3,895                  | 3,901                                | 4,773                  | 5,505                                |
| Insurance and investment contracts              |                  |                                      |                |                                      |                        |                                      |                        |                                      |
|   | 259,599          | 262,461                              |                |                                      | 259,599                | 262,461                              |                        |                                      |
| Customer deposits/other funds on deposit        |                  |                                      |                |                                      |                        |                                      |                        |                                      |
|   | 458,262          | 455,884                              | 464,954        | 462,019                              |                        |                                      | -6,692                 | -6,135                               |
| Financial liabilities at fair value through P&L |                  |                                      |                |                                      |                        |                                      |                        |                                      |
|   | 123,174          | 122,184                              | 121,423        | 120,277                              | 3,240                  | 3,396                                | -1,489                 | -1,489                               |
| Liabilities held for sale                       | 58,991           | 60,612                               | 57,502         | 58,923                               | 1,489                  | 1,689                                |                        |                                      |
| Other liabilities                               | 144,992          | 142,140                              | 122,597        | 120,064                              | 23,304                 | 23,510                               | -910                   | -1,434                               |
| <b>Total liabilities</b>                        | <b>1,196,610</b> | <b>1,183,426</b>                     | <b>909,401</b> | <b>892,022</b>                       | <b>291,527</b>         | <b>294,957</b>                       | <b>-4,318</b>          | <b>-3,553</b>                        |
| <b>Total equity and liabilities</b>             | <b>1,240,731</b> | <b>1,229,235</b>                     | <b>942,602</b> | <b>927,507</b>                       | <b>311,083</b>         | <b>314,036</b>                       | <b>-12,954</b>         | <b>-12,308</b>                       |
| <b>Capital ratios (end of period)</b>           |                  |                                      |                |                                      |                        |                                      |                        |                                      |
| ING Group debt/equity ratio                     | 13.9%            | 13.6%                                |                |                                      |                        |                                      |                        |                                      |
| Bank core Tier 1 ratio                          |                  |                                      | 9.4%           | 10.0%                                |                        |                                      |                        |                                      |
| Insurance IGD Solvency ratio                    |                  |                                      |                |                                      | 252%                   | 241%                                 |                        |                                      |

<sup>1</sup> Adjusted for transfer of ING Direct USA, ING Car Lease and ING Latin America to assets/liabilities held for sale. IFRS balance sheet figures as of 30 March 2011 can be found in Appendix 2.

ING Group's balance sheet increased by EUR 11 billion to EUR 1,241 billion, including EUR 6 billion of negative currency impacts. Balance sheet growth was driven by EUR 7 billion of higher loans and advances to customers and EUR 7 billion of higher financial assets at fair value through P&L. In June 2011, balance sheet items of ING Direct USA (excluding the Illiquid Assets Back-up Facility), ING Car Lease and Insurance Latin America were transferred to assets and liabilities held for sale, causing large changes per balance sheet item.

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Shareholders' equity rose by EUR 0.2 billion to EUR 40.3 billion (or EUR 10.65 per share). This was mainly due to the EUR 1.5 billion quarterly profit which was offset by the EUR 1 billion premium paid on the core Tier 1 securities to the Dutch State.

ING Bank's core Tier 1 ratio remained robust at 9.4% despite the payment to the Dutch State of EUR 3 billion, which included the premium of EUR 1 billion. Including the positive impact of the announced sales of ING Direct USA, the majority of ING Real Estate Investment Management and ING Car Lease, the pro-forma core Tier 1 ratio at 30 June 2011 was 10.7%.

As announced on 15 July 2011, ING Bank comfortably passed the bank stress test conducted by the European

Banking Authority (EBA) with solvency levels that would remain well above the EBA's hurdle rates.

The Insurance Group Directive (IGD) ratio strengthened from 241% at the end of the first quarter of 2011 to 252% at the end of June 2011, of which 8%-points was driven by the decrease in goodwill (reflected in required regulatory adjustments) due to the classification of Latin American pension and life insurance assets and liabilities as held for sale. The remaining improvement was related to retained earnings, while required capital rose slightly by EUR 0.1 billion to EUR 8.4 billion. The expected net transaction result of approximately EUR 1.0 billion on the sale of the Latin American business will increase the IGD ratio by an additional 12%-points at closing.

The Group's debt/equity ratio increased to 13.9% at the end of the second quarter. Adjusted equity of ING Group decreased by EUR 1.8 billion, reflecting the EUR 3.0 billion payment to the Dutch State which was only partially offset by the EUR 1.5 billion of second-quarter earnings. Group core debt decreased by EUR 0.1 billion.

Given the uncertain financial environment, increasing regulatory requirements and ING's priority to repurchase the remaining outstanding core Tier 1 securities, no interim dividend will be paid in 2011.

**APPENDIX 1 ING GROUP: CONSOLIDATED PROFIT AND LOSS ACCOUNT****ING Group: Consolidated profit and loss account**

| in EUR million                           | Total Group <sup>1,2</sup> |                     | Total Banking |              | Total Insurance <sup>2</sup> |                     |
|--|----------------------------|---------------------|---------------|--------------|------------------------------|---------------------|
|  | 2Q2011                     | 2Q2010 <sup>3</sup> | 2Q2011        | 2Q2010       | 2Q2011                       | 2Q2010 <sup>3</sup> |
| Gross premium income                     | 6,299                      | 6,759               |               |              | 6,299                        | 6,759               |
| Interest result Banking operations       | 3,345                      | 3,229               | 3,348         | 3,258        |                              |                     |
| Commission income                        | 1,090                      | 1,023               | 682           | 658          | 408                          | 364                 |
| Total investment & other income          | 2,291                      | 4,068               | 71            | 460          | 2,334                        | 3,639               |
| <b>Total underlying income</b>           | <b>13,024</b>              | <b>15,078</b>       | <b>4,101</b>  | <b>4,377</b> | <b>9,041</b>                 | <b>10,763</b>       |
| Underwriting expenditure                 | 7,190                      | 9,578               |               |              | 7,190                        | 9,578               |
| Staff expenses                           | 1,941                      | 1,842               | 1,428         | 1,321        | 514                          | 522                 |
| Other expenses                           | 1,372                      | 1,297               | 950           | 878          | 422                          | 419                 |
| Intangibles amortisation and impairments | 48                         | 106                 | 48            | 106          |                              |                     |
| Operating expenses                       | 3,362                      | 3,246               | 2,427         | 2,305        | 936                          | 941                 |
| Interest expenses Insurance operations   | 119                        | 158                 |               |              | 236                          | 219                 |
| Addition to loan loss provisions         | 370                        | 465                 | 370           | 465          |                              |                     |
| Other                                    | 6                          | 6                   |               |              | 6                            | 6                   |
| <b>Total underlying expenditure</b>      | <b>11,047</b>              | <b>13,453</b>       | <b>2,797</b>  | <b>2,770</b> | <b>8,367</b>                 | <b>10,744</b>       |
| <b>Underlying result before tax</b>      | <b>1,977</b>               | <b>1,625</b>        | <b>1,304</b>  | <b>1,607</b> | <b>673</b>                   | <b>18</b>           |
| Taxation                                 | 436                        | 329                 | 305           | 425          | 131                          | -95                 |
| Minority interests                       | 13                         | 19                  | 11            | 17           | 1                            | 2                   |
| <b>Underlying net result</b>             | <b>1,528</b>               | <b>1,277</b>        | <b>987</b>    | <b>1,165</b> | <b>541</b>                   | <b>112</b>          |
| Net gains/losses on divestments          | 51                         |                     | 25            |              | 27                           |                     |
| Net result from divested units           | -1                         | -2                  |               | 4            | -1                           | -6                  |
| Net result from discontinued operations  | 38                         | 42                  |               |              | 38                           | 42                  |
| Special items after tax                  | -110                       | -106                | -52           | -62          | -58                          | -44                 |
| <b>Net result</b>                        | <b>1,507</b>               | <b>1,211</b>        | <b>960</b>    | <b>1,106</b> | <b>547</b>                   | <b>105</b>          |

<sup>1</sup> Including intercompany eliminations

<sup>2</sup> Underlying figures exclude the Insurance Latin American pension, life insurance and investment management operations, following the announced sale of these businesses on 25 July 2011. The result of Insurance Latin America has been transferred to net result from discontinued operations. Previous periods have been restated.

<sup>3</sup> 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.



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APPENDIX 2 ING GROUP: CONSOLIDATED BALANCE SHEET

ING Group: Consolidated balance sheet

| in EUR million                             | ING Group        |  |                  | ING Bank NV    |  |                | ING Verzekeringen NV |  |                | Holdings/eliminations |  |                |
|--|------------------|--|------------------|----------------|--|----------------|----------------------|--|----------------|-----------------------|--|----------------|
|  | 30 June 2011     | 31 Mar. 2011<br>pro forma <sup>1</sup> | 31 Mar. 2011     | 30 June 2011   | 31 Mar. 2011<br>pro forma <sup>1</sup> | 31 Mar. 2011   | 30 June 2011         | 31 Mar. 2011<br>pro forma <sup>1</sup> | 31 Mar. 2011   | 30 June 2011          | 31 Mar. 2011<br>pro forma <sup>1</sup> | 31 Mar. 2011   |
| <b>Assets</b>                              |                  |  |                  |                |  |                |                      |  |                |                       |  |                |
| Cash and balances with central banks       | 12,091           | 13,552                                 | 16,301           | 9,044          | 10,307                                 | 12,970         | 7,273                | 7,364                                  | 7,451          | -4,226                | -4,120                                 | -4,120         |
| Amounts due from banks                     | 56,580           | 55,164                                 | 55,435           | 56,580         | 55,163                                 | 55,435         |                      |  |                |                       |  |                |
| Financial assets at fair value through P&L | 255,190          | 248,631                                | 249,310          | 136,540        | 128,099                                | 128,101        | 120,125              | 122,160                                | 122,837        | -1,475                | -1,628                                 | -1,628         |
| Investments                                | 207,807          | 208,020                                | 229,503          | 88,477         | 88,762                                 | 109,571        | 119,330              | 119,259                                | 119,933        |                       |  |                |
| Loans and advances to customers            | 589,108          | 582,162                                | 611,138          | 565,869        | 557,890                                | 586,861        | 30,380               | 30,025                                 | 30,031         | -7,141                | -5,754                                 | -5,754         |
| Reinsurance contracts                      | 5,447            | 5,542                                  | 5,544            |                |  |                | 5,447                | 5,542                                  | 5,544          |                       |  |                |
| Investments in associates                  | 3,235            | 3,767                                  | 3,761            | 847            | 1,300                                  | 1,300          | 2,375                | 2,473                                  | 2,467          | 13                    | -6                                     | -6             |
| Real estate investments                    | 1,743            | 1,764                                  | 1,857            | 502            | 526                                    | 526            | 961                  | 960                                    | 1,053          | 280                   | 278                                    | 278            |
| Property and equipment                     | 2,920            | 2,954                                  | 6,159            | 2,465          | 2,490                                  | 5,665          | 455                  | 464                                    | 494            |                       |  |                |
| Intangible assets                          | 3,975            | 4,171                                  | 5,104            | 1,905          | 1,995                                  | 2,162          | 2,226                | 2,332                                  | 3,098          | -156                  | -156                                   | -156           |
| Deferred acquisition costs                 | 10,021           | 10,116                                 | 10,125           |                |  |                | 10,021               | 10,116                                 | 10,125         |                       |  |                |
| Assets held for sale                       | 61,188           | 61,927                                 | 680              | 58,014         | 58,668                                 | 308            | 3,174                | 3,259                                  | 372            |                       |  |                |
| Other assets                               | 31,426           | 31,467                                 | 34,319           | 22,360         | 22,307                                 | 24,610         | 9,316                | 10,084                                 | 10,633         | -250                  | -924                                   | -924           |
| <b>Total assets</b>                        | <b>1,240,731</b> | <b>1,229,235</b>                       | <b>1,229,235</b> | <b>942,602</b> | <b>927,507</b>                         | <b>927,507</b> | <b>311,083</b>       | <b>314,036</b>                         | <b>314,036</b> | <b>-12,954</b>        | <b>-12,308</b>                         | <b>-12,308</b> |
| <b>Equity</b>                              |                  |  |                  |                |  |                |                      |  |                |                       |  |                |
| Shareholders equity                        | 40,288           | 40,067                                 | 40,067           | 32,486         | 34,869                                 | 34,869         | 19,461               | 18,955                                 | 18,955         | -11,659               | -13,756                                | -13,756        |
| Minority interests                         | 832              | 742                                    | 742              | 715            | 617                                    | 617            | 94                   | 124                                    | 124            | 23                    |  |                |
| Non-voting equity securities               | 3,000            | 5,000                                  | 5,000            |                |  |                |                      |  |                | 3,000                 | 5,000                                  | 5,000          |
| <b>Total equity</b>                        | <b>44,120</b>    | <b>45,809</b>                          | <b>45,809</b>    | <b>33,201</b>  | <b>35,486</b>                          | <b>35,486</b>  | <b>19,556</b>        | <b>19,079</b>                          | <b>19,079</b>  | <b>-8,636</b>         | <b>-8,756</b>                          | <b>-8,756</b>  |
| <b>Liabilities</b>                         |                  |  |                  |                |  |                |                      |  |                |                       |  |                |
| Subordinated loans                         | 10,180           | 10,213                                 | 10,213           | 18,924         | 19,087                                 | 19,087         | 4,266                | 4,295                                  | 4,295          | -13,010               | -13,170                                | -13,170        |
| Debt securities in issue                   | 151,593          | 140,145                                | 140,145          | 142,925        | 130,739                                | 130,739        | 3,895                | 3,901                                  | 3,901          | 4,773                 | 5,505                                  | 5,505          |
| Other borrowed funds                       | 19,526           | 19,661                                 | 19,829           |                |  |                | 7,555                | 7,686                                  | 7,854          | 11,971                | 11,975                                 | 11,975         |
| Insurance and investment contracts         | 259,599          | 262,461                                | 263,154          |                |  |                | 259,599              | 262,461                                | 263,154        |                       |  |                |

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|   |                  |                  |                  |                |                |                |                |                |                |                |                |                |
|---|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Amounts due to banks                            | 81,889           | 78,528           | 79,341           | 81,889         | 78,528         | 79,341         |                |                |                |                |                |                |
| Customer deposits and other funds on deposits   | 458,262          | 455,884          | 513,274          | 464,954        | 462,019        | 519,409        |                |                |                | -6,692         | -6,135         | -6,135         |
| Financial liabilities at fair value through P&L | 123,174          | 122,184          | 122,184          | 121,423        | 120,277        | 120,277        | 3,240          | 3,396          | 3,396          | -1,489         | -1,489         | -1,489         |
| Liabilities held for sale                       | 58,991           | 60,612           | 399              | 57,502         | 58,923         | 128            | 1,489          | 1,689          | 271            |                |                |                |
| Other liabilities                               | 33,396           | 33,738           | 34,886           | 21,785         | 22,448         | 23,039         | 11,485         | 11,529         | 12,086         | 126            | -239           | -239           |
| <b>Total liabilities</b>                        | <b>1,196,610</b> | <b>1,183,426</b> | <b>1,183,426</b> | <b>909,401</b> | <b>892,022</b> | <b>892,022</b> | <b>291,527</b> | <b>294,957</b> | <b>294,957</b> | <b>-4,321</b>  | <b>-3,553</b>  | <b>-3,553</b>  |
| <b>Total equity and liabilities</b>             | <b>1,240,731</b> | <b>1,229,235</b> | <b>1,229,235</b> | <b>942,602</b> | <b>927,507</b> | <b>927,507</b> | <b>311,083</b> | <b>314,036</b> | <b>314,036</b> | <b>-12,954</b> | <b>-12,308</b> | <b>-12,308</b> |

<sup>1</sup> Adjusted for transfer of ING Direct USA, ING Car Lease and ING Insurance Latin America to assets/liabilities held for sale

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**APPENDIX 3 RETAIL BANKING: CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**Retail Banking: Consolidated profit and loss account**

| in EUR million                                  | Total Retail Banking |              | Retail Banking Benelux |              |            |            | ING Direct |            | Retail Direct & International |            | Asia      |           |
|---|----------------------|--------------|------------------------|--------------|------------|------------|------------|------------|-------------------------------|------------|-----------|-----------|
|   | 2Q2011               | 2Q2010       | Netherlands            |              | Belgium    |            | 2Q2011     | 2Q2010     | Central Europe                |            | 2Q2011    | 2Q2010    |
| Interest result                                 | 2,473                | 2,498        | 889                    | 937          | 389        | 392        | 996        | 948        | 167                           | 177        | 32        | 44        |
| Commission income                               | 315                  | 343          | 112                    | 123          | 83         | 93         | 40         | 41         | 67                            | 73         | 13        | 13        |
| Investment income                               | -163                 | -45          | 4                      | 3            | -7         | -2         | -165       | -53        | 3                             | 1          | 2         | 5         |
| Other income                                    | 31                   | 15           | 14                     | -5           | 42         | 30         | -50        | -6         | 15                            | -7         | 9         | 2         |
| <b>Total underlying income</b>                  | <b>2,655</b>         | <b>2,810</b> | <b>1,019</b>           | <b>1,058</b> | <b>507</b> | <b>513</b> | <b>822</b> | <b>931</b> | <b>252</b>                    | <b>244</b> | <b>56</b> | <b>65</b> |
| Staff and other expenses                        | 1,678                | 1,570        | 597                    | 569          | 352        | 329        | 485        | 434        | 203                           | 196        | 41        | 43        |
| Intangibles amortisation and impairments        | 7                    | 13           | 1                      | 10           | 0          | 0          | 5          | 3          | 0                             | 0          | 0         | 0         |
| Operating expenses                              | 1,685                | 1,583        | 598                    | 579          | 352        | 329        | 490        | 436        | 203                           | 196        | 41        | 43        |
| <b>Gross result</b>                             | <b>970</b>           | <b>1,228</b> | <b>420</b>             | <b>480</b>   | <b>155</b> | <b>184</b> | <b>332</b> | <b>494</b> | <b>49</b>                     | <b>48</b>  | <b>14</b> | <b>22</b> |
| Addition to loan loss provision                 | 266                  | 283          | 90                     | 124          | 50         | 44         | 97         | 88         | 21                            | 20         | 9         | 7         |
| <b>Underlying result before tax</b>             | <b>704</b>           | <b>944</b>   | <b>331</b>             | <b>356</b>   | <b>105</b> | <b>140</b> | <b>235</b> | <b>406</b> | <b>28</b>                     | <b>27</b>  | <b>6</b>  | <b>15</b> |
| <b>Client balances (in EUR billion)</b>         |                      |              |                        |              |            |            |            |            |                               |            |           |           |
| Residential Mortgages                           | 321.9                | 306.0        | 141.3                  | 134.8        | 27.2       | 24.2       | 148.7      | 143.0      | 4.0                           | 3.3        | 0.7       | 0.6       |
| Other Lending                                   | 91.0                 | 87.0         | 42.7                   | 43.8         | 29.5       | 26.9       | 3.8        | 3.4        | 11.9                          | 10.1       | 3.1       | 2.9       |
| Funds Entrusted AUM/Mutual Funds                | 440.5                | 436.2        | 105.3                  | 108.4        | 72.0       | 69.0       | 239.8      | 237.5      | 19.6                          | 18.0       | 3.8       | 3.4       |
|   | 57.5                 | 54.5         | 16.3                   | 16.1         | 27.1       | 26.0       | 11.6       | 10.2       | 2.1                           | 1.8        | 0.4       | 0.4       |
| <b>Profitability and efficiency<sup>1</sup></b> |                      |              |                        |              |            |            |            |            |                               |            |           |           |
| Cost/income ratio                               | 63.5%                | 56.3%        | 58.7%                  | 54.7%        | 69.5%      | 64.1%      | 59.6%      | 46.9%      | 80.7%                         | 80.5%      | 74.2%     | 65.7%     |
| Return on Equity <sup>2</sup>                   | 16.0%                | 20.4%        | 26.4%                  | 26.8%        | 22.5%      | 32.6%      | 12.3%      | 18.7%      | 6.1%                          | 5.2%       | 1.8%      | 7.9%      |
| <b>Risk<sup>1</sup></b>                         |                      |              |                        |              |            |            |            |            |                               |            |           |           |
| Risk costs in bp of average RWA                 | 61                   | 63           | 72                     | 95           | 109        | 92         | 52         | 46         | 35                            | 37         | 36        | 32        |
| Risk-weighted assets (end of period)            | 176,049              | 183,281      | 49,337                 | 52,837       | 18,634     | 19,781     | 74,791     | 79,253     | 23,909                        | 22,304     | 9,379     | 9,107     |

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<sup>1</sup> Key figures based on underlying figures

<sup>2</sup> Underlying after-tax return divided by average equity based on 7.5% core Tier 1 ratio (annualised)

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**APPENDIX 4 COMMERCIAL BANKING: CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**Commercial Banking: Consolidated profit and loss account**

| Total Commercial Banking |              | GL & PCM   |            | Structured Finance |            | Leasing & Factoring |            | Financial Markets |            | Other products |           | Total Commercial Banking excl. RE |              | IN E       |
|--------------------------|--------------|------------|------------|--------------------|------------|---------------------|------------|-------------------|------------|----------------|-----------|-----------------------------------|--------------|------------|
| 2Q2011                   | 2Q2010       | 2Q2011     | 2Q2010     | 2Q2011             | 2Q2010     | 2Q2011              | 2Q2010     | 2Q2011            | 2Q2010     | 2Q2011         | 2Q2010    | 2Q2011                            | 2Q2010       | 2Q2011     |
| 913                      | 830          | 215        | 231        | 281                | 277        | 50                  | 48         | 249               | 177        | -8             | -10       | 788                               | 723          | 125        |
| 370                      | 318          | 56         | 52         | 151                | 94         | 11                  | 8          | 11                | 15         | 61             | 57        | 290                               | 225          | 80         |
| -12                      | -3           | -5         | -4         | 7                  | 1          | 0                   | 0          | -9                | 12         | 8              | -1        | 1                                 | 7            | -13        |
| 193                      | 304          | -5         | 6          | -21                | -31        | 59                  | 58         | 141               | 240        | 17             | 21        | 192                               | 294          | 1          |
| <b>1,465</b>             | <b>1,449</b> | <b>260</b> | <b>284</b> | <b>419</b>         | <b>340</b> | <b>120</b>          | <b>114</b> | <b>392</b>        | <b>445</b> | <b>79</b>      | <b>66</b> | <b>1,271</b>                      | <b>1,250</b> | <b>194</b> |
| 669                      | 624          | 142        | 134        | 98                 | 84         | 55                  | 55         | 203               | 181        | 70             | 61        | 569                               | 514          | 100        |
| 34                       | 85           | 0          | 0          | 0                  | 0          | 0                   | 0          | 0                 | 0          | 1              | 0         | 1                                 | 0            | 33         |
| 703                      | 710          | 142        | 134        | 98                 | 84         | 56                  | 55         | 203               | 181        | 71             | 61        | 570                               | 514          | 133        |
| 763                      | 740          | 118        | 151        | 321                | 256        | 65                  | 59         | 189               | 264        | 9              | 5         | 701                               | 735          | 61         |
| 104                      | 181          | 14         | 77         | 23                 | 71         | 23                  | 20         | 0                 | 0          | -4             | -2        | 56                                | 167          | 48         |
| <b>658</b>               | <b>558</b>   | <b>104</b> | <b>74</b>  | <b>298</b>         | <b>185</b> | <b>42</b>           | <b>38</b>  | <b>189</b>        | <b>264</b> | <b>12</b>      | <b>7</b>  | <b>645</b>                        | <b>568</b>   | <b>13</b>  |
| 142.2                    | 140.9        | 36.9       | 36.8       | 51.4               | 49.5       | 16.8                | 16.7       | 3.6               | 2.9        | 0.0            | 0.1       | 108.7                             | 106.0        | 33.5       |
| 57.8                     | 62.0         | 35.0       | 33.1       | 2.1                | 3.9        | 0.0                 | 0.0        | 20.3              | 24.3       | 0.4            | 0.7       | 57.8                              | 62.0         |            |
| 44.5                     | 71.1         |            |            |                    |            |                     |            |                   |            |                |           |                                   |              | 44.5       |
| 48.0%                    | 49.0%        | 54.6%      | 46.9%      | 23.4%              | 24.7%      | 46.3%               | 48.4%      | 51.8%             | 40.6%      | 89.1%          | 92.3%     | 44.8%                             | 41.2%        | 68.4       |
| 20.6%                    | 14.8%        | 9.0%       | 6.2%       | 30.3%              | 19.0%      | 18.9%               | 16.1%      | 26.0%             | 30.1%      | 76.2%          | 1.1%      | 23.4%                             | 17.0%        | -5.4       |
| 31                       | 47           | 14         | 70         | 23                 | 68         | 111                 | 98         | 0                 | 0          | -33            | -14       | 18                                | 49           | 146        |

134,437 154,053 39,146 44,509 40,417 42,309 8,089 8,490 29,598 37,600 4,386 4,892 121,636 137,799 12,801

<sup>1</sup> Key figures based on underlying figures

<sup>2</sup> Underlying after-tax return divided by average equity based on 7.5% core Tier 1 ratio (annualised)

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**APPENDIX 5 INSURANCE: MARGIN ANALYSIS AND KEY FIGURES**

**Insurance: Margin analysis and Key figures<sup>1</sup>**

| Description               | ING Insurance |              | Benelux    |            | Central & Rest of Europe |            | United States |              | US Closed Block VA <sup>2</sup> |             | Asia/Pacific |            | ING IM     |            | Corp        |
|---------------------------|---------------|--------------|------------|------------|--------------------------|------------|---------------|--------------|---------------------------------|-------------|--------------|------------|------------|------------|-------------|
|                           | 2Q2011        | 2Q2010       | 2Q2011     | 2Q2010     | 2Q2011                   | 2Q2010     | 2Q2011        | 2Q2010       | 2Q2011                          | 2Q2010      | 2Q2011       | 2Q2010     | 2Q2011     | 2Q2010     | 2Q2011      |
| Insurance                 | 476           | 344          | 216        | 141        | 21                       | 18         | 213           | 185          | 7                               | -12         | 18           | 12         | 1          | 1          |             |
| Insurance based           | 1,147         | 1,107        | 141        | 140        | 123                      | 131        | 260           | 269          | 61                              | 18          | 334          | 335        | 228        | 214        |             |
| Insurance                 | 260           | 170          | 145        | 46         | 48                       | 31         | 22            | 44           | 6                               | 8           | 39           | 41         |            |            |             |
| Insurance                 | 24            | 30           | 8          | 8          | 1                        | 4          | -0            | -0           | -0                              | 0           | 15           | 18         | 0          | -0         |             |
| <b>ING IM</b>             | <b>1,907</b>  | <b>1,651</b> | <b>509</b> | <b>334</b> | <b>192</b>               | <b>184</b> | <b>495</b>    | <b>498</b>   | <b>74</b>                       | <b>13</b>   | <b>407</b>   | <b>406</b> | <b>229</b> | <b>215</b> |             |
| Insurance                 | 724           | 739          | 142        | 121        | 75                       | 61         | 193           | 238          | 20                              | 20          | 113          | 112        | 180        | 186        |             |
| Insurance                 | 458           | 408          | 49         | 50         | 52                       | 50         | 149           | 158          | 38                              | -25         | 170          | 175        | 1          | 1          |             |
| <b>ING IM</b>             | <b>1,182</b>  | <b>1,147</b> | <b>191</b> | <b>172</b> | <b>127</b>               | <b>111</b> | <b>342</b>    | <b>396</b>   | <b>58</b>                       | <b>-5</b>   | <b>284</b>   | <b>287</b> | <b>181</b> | <b>187</b> |             |
| <b>ING IM</b>             | <b>725</b>    | <b>504</b>   | <b>318</b> | <b>163</b> | <b>66</b>                | <b>74</b>  | <b>152</b>    | <b>102</b>   | <b>17</b>                       | <b>18</b>   | <b>124</b>   | <b>118</b> | <b>48</b>  | <b>28</b>  |             |
| Insurance result          | 68            | 50           | 66         | 48         | 1                        | 1          |               |              |                                 |             | 1            | 1          |            |            |             |
| Insurance line result     | -103          | -176         |            |            |                          |            |               |              |                                 |             |              |            |            |            | -103        |
| <b>Insurance</b>          | <b>690</b>    | <b>378</b>   | <b>384</b> | <b>210</b> | <b>67</b>                | <b>75</b>  | <b>152</b>    | <b>102</b>   | <b>17</b>                       | <b>18</b>   | <b>125</b>   | <b>120</b> | <b>48</b>  | <b>28</b>  | <b>-103</b> |
| Insurance                 | -110          | -143         | 0          | -59        | -109                     | -19        | -4            | -83          | -5                              | -0          | 6            | 13         | 0          | 5          | 2           |
| Insurance                 | 111           | 176          | 7          | 7          |                          |            | 119           | 207          | 0                               | -3          | -1           | -4         | 9          | 3          | -23         |
| Insurance other           | -18           | -392         | -109       | 110        |                          |            | -22           | -108         | 49                              | -419        | 4            | -12        |            |            | 61          |
| <b>Insurance</b>          | <b>673</b>    | <b>18</b>    | <b>282</b> | <b>268</b> | <b>-42</b>               | <b>56</b>  | <b>245</b>    | <b>118</b>   | <b>61</b>                       | <b>-404</b> | <b>134</b>   | <b>117</b> | <b>56</b>  | <b>37</b>  | <b>-63</b>  |
| <b>Insurance business</b> | <b>2,748</b>  | <b>4,226</b> | <b>486</b> | <b>727</b> | <b>198</b>               | <b>164</b> | <b>1,962</b>  | <b>3,103</b> |                                 | <b>126</b>  | <b>101</b>   | <b>106</b> |            |            |             |

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|  |         |                      |        |        |       |       |        |        |        |        |        |        |       |       |
|--|---------|----------------------|--------|--------|-------|-------|--------|--------|--------|--------|--------|--------|-------|-------|
|  | 669     | 667                  | 70     | 58     | 63    | 68    | 215    | 221    |        |        | 321    | 320    |       |       |
|  | 944     | 1,090                | 119    | 131    | 83    | 85    | 411    | 532    |        | 13     | 331    | 330    |       |       |
| Insurance premium                        | 6,299   | 6,759                | 1,477  | 1,600  | 527   | 522   | 2,570  | 2,862  | 110    | 158    | 1,607  | 1,609  |       | 7     |
| Insurance expenses                       |         |                      |        |        |       |       |        |        |        |        |        |        |       |       |
| Insurance fee & commission               | 38.0%   | 44.8%                | 27.9%  | 36.2%  | 39.1% | 33.2% | 39.0%  | 47.8%  | 27.0%  | 153.8% | 27.8%  | 27.6%  | 78.6% | 86.5% |
| Insurance assets (million)               | 156     | 164                  | 60     | 60     | 8     | 8     | 60     | 67     | 4      | 6      | 24     | 22     | 1     | 1     |
| Insurance fee amount (million)           | 99      | 79                   | 91     | 69     | 101   | 95    | 138    | 115    | 54     | -29    | 29     | 17     | 60    | 241   |
| Insurance expense & commission (million) |         |                      |        |        |       |       |        |        |        |        |        |        |       |       |
| Insurance premium (million)              | 113,947 | 116,983 <sup>4</sup> | 21,813 | 22,824 | 3,806 | 3,420 | 34,944 | 34,305 | 32,156 | 34,396 | 21,227 | 21,925 |       |       |
| Insurance expenses (million)             | -0.4    | -4.2                 | 0.1    | -0.3   | -1.7  | 0.4   | -0.1   | -0.8   | -0.7   | -0.6   | 0.5    | 0.5    | 1.7   | -3.4  |
| Insurance assets (million)               | 393.3   | 391.6                | 70.4   | 69.9   | 27.9  | 25.5  | 92.2   | 99.3   | 32.9   | 35.2   | 42.9   | 42.7   | 127.0 | 119.0 |
| Insurance fee amount (million)           | 863     | 864                  | 242    | 215    | 76    | 62    | 193    | 238    | 20     | 20     | 114    | 113    | 180   | 186   |
| Insurance expense & commission (million) |         |                      |        |        |       |       |        |        |        |        |        |        |       | 36.7  |

<sup>1</sup> Insurance operating and underlying figures exclude the Insurance Latin American pension, life insurance and investment management operations, following the announced sale of these businesses on 25 July 2011. The result of Insurance Latin America has been transferred to net result from discontinued operations. Previous periods have been restated.

<sup>2</sup> 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

<sup>3</sup> Four-quarters rolling average

<sup>4</sup> 2010 includes EUR 112 million for Latin America



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**Investor conference call, media conference call and webcast**

Jan Hommen, Patrick Flynn and Koos Timmermans will discuss the results in an analyst and investor conference call on 4 August 2011 at 9:00 CET. Members of the investment community can join the conference call at +31 20 794 8500 (NL), +44 207 190 1537 (UK) or +1 480 629 9031 (US) and via live audio webcast at [www.ing.com](http://www.ing.com).

A press conference will be held on 4 August 2011 at 11:00 CET. Journalists are invited to join the conference at ING House, Amstelveenseweg 500, Amsterdam. Journalists can also join in listen-only mode at +31 20 794 8500 (NL) or +44 20 7190 1537 (UK) and via live audio webcast at [www.ing.com](http://www.ing.com).

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 2Q2011 ING Group Interim Accounts. 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

**Additional information is available in the following documents published at [www.ing.com](http://www.ing.com):**

ING Group Quarterly Report

ING Group Statistical Supplement

ING Group Historical Trend Data

ING Group Analyst Presentation

ING Group Condensed consolidated interim financial information for the period ended 30 June 2011

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ING Bank Condensed consolidated interim financial information for the period ended 30 June 2011

ING Insurance Condensed consolidated interim financial information for the period ended 30 June 2011

performance of financial markets, including developing markets, (3) the implementation of ING's restructuring plan to separate banking and insurance operations, (4) 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, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in general competitive factors, (11) changes in laws and regulations, (12) changes in the policies of governments and/or regulatory authorities, (13) conclusions with regard to purchase accounting assumptions and methodologies, (14) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, and (15) ING's ability to achieve projected operational synergies. 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.

Notes from the front page table:

- <sup>1</sup> Operating and underlying figures exclude the Insurance Latin American pension, life insurance and investment management operations, following the announced sale of these businesses on 25 July 2011. The result of Insurance Latin America has been transferred to net result from discontinued operations. Previous periods have been restated.
- <sup>2</sup> 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.
- <sup>3</sup> Result per share differs from IFRS earnings per share in respect of attributions to the core Tier 1 securities.
- <sup>4</sup> Annualised underlying net result divided by average IFRS-EU equity. (For Insurance, the 2010 quarterly results are adjusted for the after-tax allocated cost of Group core debt.)

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ING Groep N.V.  
(Registrant)

By: /s/H. van Barneveld

H.van Barneveld  
General Manager Group Finance & Control

By: /s/C. Blokbergen

C. Blokbergen  
Head Legal Department

Dated: August 4, 2011