Amendment to Program Information

ING Bank N.V.

AMENDMENT TO PROGRAM INFORMATION

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Maximum Outstanding Issuance Amount:	JPY 400,000,000,000

This amendment is filed to update the information included in the Program Information dated on 29 March 2014. This constitutes an integral part of the Program Information dated on 29 March 2014 and shall be read together with it.

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<u>PART I. SECURITIES INFORMATION</u>

<u>I-4 Other</u>

(1) Taxation

EU Savings Directive

The corresponding section in the Program Information dated 29 March 2014 shall be replaced with the following.

The EU has adopted a directive regarding the taxation of savings income (the "EU Savings Directive"). The EU Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons in another Member State, except that Austria and Luxembourg instead impose a 35% withholding tax (under the responsibility of the relevant paying agent) for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015. The indications are that the Austrian government will also elect out of the withholding system in favour of an automatic exchange of information but no effective date has been announced.

A number of third countries and territories, including Switzerland, have adopted similar measures to the EU Directive.

On 24 March 2014, the Council of the European Union adopted a Directive amending the EU Savings Directive (the "Amending Directive"), which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the Amending Directive will broaden the circumstances in which information must be provided or tax withheld pursuant to the EU Savings Directive, and will require additional steps to be taken in certain circumstances to identify the beneficial owner of interest (and other income) payments. EU Member States have until 1 January 2016 to adopt national legislation necessary to comply with this Amending Directive, which legislation must apply from 1 January 2017. Investors should inform themselves of, and where appropriate take advice on, the impact of the Directives referred to above on their investment.

Japanese taxation

The corresponding section in the Program Information dated 29 March 2014 shall be replaced with the following.

Interest on the Bonds and a difference arising from an amount received due to redemption of the Bonds exceeding the issue price thereof (the "**Premium**") received by individual residents of Japan and Japanese corporations will be generally subject to Japanese taxation in accordance with the existing Japanese tax laws and regulations.

Gains derived from the sale of the Bonds will be added to gross revenue if the seller is a Japanese corporation, while if the seller is an individual resident in Japan, such gains will not be subject to Japanese taxation except for certain exceptional cases. Notwithstanding the foregoing, if the sale is made by individual residents of Japan on or after 1 January 2016, gains derived from the sale of the Bonds will generally be subject to Japanese taxation.

Interest and the Premium on the Bonds received by individual nonresidents of Japan or foreign corporations are not generally subject to Japanese taxation. If the sale of the Bonds is made by individual nonresidents of Japan or foreign corporations within Japan, any gains derived from such sale are not generally subject to Japanese taxation, except if such seller is a foreign corporation which has a permanent establishment in Japan, provided, however, that the tax obligation of such foreign corporation may be limited or exempted under applicable tax convention. Notwithstanding the foregoing, if the sale is made by individual nonresidents of Japan who has a permanent establishment within Japan on or after 1 January 2016, gains derived from the sale of the Bonds will generally be subject to Japanese taxation.

(2) Risk factors

The corresponding section in the Program Information dated 29 March 2014 shall be replaced with the following..

General Risk Factors

Introduction

This document identifies in a general way the information that a prospective investor should consider prior to making an investment in the Bonds. However, a prospective investor should conduct its own thorough analysis (including its own accounting, legal and tax analysis) prior to deciding whether to invest in the Bonds as any evaluation of the suitability for an investor of an investment in the Bonds depends upon a prospective investor's particular financial and other circumstances, as well as on specific terms of the Bonds. This document is not, and does not purport to be, investment advice or an investment recommendation to purchase the Bonds. Each Issuer, including its branches and any group company, is acting solely in the capacity of an arm's length contractual counterparty and not as a purchaser's financial adviser or fiduciary in any transaction unless such Issuer has agreed to do so in writing. If a prospective investor does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, the investor should consult with its financial adviser prior to deciding to make an investment on the suitability of the Bonds. Investors risk losing their entire investment or part of it.

Each prospective investor of Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds (i) is fully consistent with its (or if it is acquiring the Bonds in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with any investment policies, guidelines and restrictions applicable to it (whether acquiring the Bonds as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the Bonds in a fiduciary capacity, for the beneficiary). In particular, investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as underlying securities for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Each prospective investor in Bonds should also refer to the section headed "Risk Factors" in Part II of this document for a description of those factors which could affect the financial performance of the Issuer and thereby affect the Issuer's ability to fulfil their obligations in respect of Bonds issued under this program.

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this document or any applicable Specified Securities Information (including any amendment or attachment thereto);

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Limited liquidity of the Bonds

Even if application is made to list the Bonds on TOKYO PRO-BOND Market, there can be no assurance that a secondary market for any of the Bonds will develop, or, if a secondary market does develop, that it will provide the holders of the Bonds with liquidity or that it will continue for the life of the Bonds. A decrease in the liquidity of an issue of Bonds may cause, in turn, an increase in the volatility associated with the price of such issue of Bonds. Any investor in the Bonds must be prepared to hold such Bonds for an indefinite period of time or until redemption of the Bonds. If any person begins making a market for the Bonds, it is under no obligation to continue to do so and may stop making a market at any time. Illiquidity may have a severely adverse effect on the market value of Bonds.

Counterparty risk exposure

The ability of the Issuer to make payments under the Bonds is subject to general credit risks, including credit risks of borrowers. Third parties that owe the Issuer money, securities or other assets may fail to pay or perform under their obligations. These parties include borrowers under loans granted, trading counterparties, counterparties under swaps and credit and other derivative contracts, agents and other financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

Credit ratings may not reflect all risks

Each Issuer has a senior debt rating from Standard & Poor's, Moody's and Fitch, details of which are contained elsewhere in this document.

Tranches of Bonds issued under this program may be rated or unrated and one or more independent credit rating agencies may assign additional credit ratings to the Bonds or the Issuer. Where a Tranche of Bonds is rated, such rating will not necessarily be the same as the ratings assigned to the Issuer, this program or any Bonds already issued.

The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds and the ability of an Issuer to make payments under the Bonds (including, but not limited to market conditions and funding-related and operational risks inherent to the business of each Issuer). A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating will remain for any given period of time or that a rating will not be suspended, lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant.

In the event that a rating assigned to the Bonds or an Issuer is subsequently suspended, lowered or withdrawn for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Bonds, the market value of the Bonds is likely to be adversely affected and the ability of the Issuer to make payments under the Bonds may be adversely affected.

In addition, ING Bank's assets are risk weighted. Downgrades of these assets could result in a higher risk weighting which may result in higher capital requirements and thus a need to deleverage. This may impact net earnings and the return on capital, and may have an adverse impact on the Issuer's financial position and ability to make payments under the Bonds.

Certain considerations regarding hedging

Prospective purchasers intending to purchase Bonds to hedge against the market risk associated with investing in a currency or other basis of reference which may be specified in the applicable Specified Securities Information, should recognise the complexities of utilising Bonds in this manner. For example, the value of the Bonds may not exactly correlate with the value of the currency or other basis which may be specified in the applicable Specified Securities Information. Due to fluctuating supply and demand for the Bonds, there is no assurance that their value will correlate with movements of the currency or other basis which may be specified in the applicable Specified Securities Information.

Over-issuance

As part of its issuing, market-making and/or trading arrangements, the Issuer may issue more Bonds than those which are to be subscribed or purchased by third party investors. The Issuer (or any of its affiliates) may hold such Bonds for the purpose of meeting any investor interest in the future. Prospective investors in the Bonds should therefore not regard the issue size of any Series as indicative of the depth or liquidity of the market for such Series, or of the demand for such Series.

The return on an investment in Bonds will be affected by charges incurred by investors

An investor's total return on an investment in Bonds will be affected by the level of fees charged to the investor, including fees charged to the investor as a result of the Bonds being held in a clearing system. Such fees may include charges for opening accounts, transfers of securities, custody services and fees for payment of principal, interest or other sums due under the terms of the Bonds. Investors should carefully investigate these fees before making their investment decision.

Tax risk

This document includes general summaries of certain Dutch and Japanese tax considerations relating to an investment in the Bonds issued by the Issuer (see "Taxation"). Such summaries may not apply to a particular holder of Bonds or to a particular issue and do not cover all possible tax considerations. In addition, the tax treatment may change before the maturity, exercise or termination date of Bonds. Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, owning and disposing of Bonds in its particular circumstances.

Risk relating to FATCA

In certain circumstances the Issuer and certain other non-U.S. financial institutions through which payments on the Bonds are made may be required to withhold U.S. tax at a rate of 30% pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code and the regulations and other guidance promulgated thereunder ("FATCA") on all, or a portion of, payments made after 31 December 2016 in respect of (i) Bonds that are treated as debt for U.S. federal tax purposes and are issued, or materially modified, on or after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed and (ii) Bonds that are treated as equity for U.S. federal tax purposes and issued at any time.

Under FATCA, in order for non-U.S. financial institutions to be able to receive payments from U.S. sources without withholding, the non-U.S. financial institutions may be required to enter into agreements with the U.S. Internal Revenue Service (the "IRS") to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership (an “IRS Agreement”). If a non-U.S. financial institution that has entered into an IRS Agreement makes a relevant payment to an accountholder that has not provided information requested to establish the accountholder is exempt from reporting under these rules, or if the recipient of the payment is a non-U.S. financial institution that has not entered into an IRS Agreement (and that is not otherwise exempt), the payor may be required to withhold 30%.

If any Issuer or one of their respective agents (or any financial intermediaries through which an investor may hold Bonds) were required to withhold any amount from any payment on the Bonds in respect of FATCA, there will be no "gross up" (or any other additional amount) payable by way of compensation to the investor for the withheld amount. An investor that is able to claim the benefits of an income tax treaty between its own jurisdiction and the United States may be entitled to a refund of amounts withheld pursuant to the FATCA rules, though the investor would have to file a U.S. tax return to claim this refund and would not be entitled to interest from the IRS for the period prior to the refund.

Some countries have entered into, and other countries are expected to enter into, intergovernmental agreements with the United States to facilitate the implementation of FATCA ("IGAs"). In particular, The Netherlands has entered into an IGA with the United States to help implement FATCA for certain Dutch entities. While the existence of IGAs will not eliminate the risk of the withholding described above in all cases, these agreements are expected to reduce that risk for financial institutions in countries that have entered into IGAs. The impact of an IGA on the Issuer and the Issuer's reporting and withholding responsibilities under FATCA with respect to the Bonds is unclear. In particular, it is not yet certain how the United States and the jurisdictions which enter into IGAs will address withholding on "foreign passthru payments" (which may include payments on the Bonds) or if such withholding will be required at all.

FATCA is particularly complex and its application to the Issuer or the Bonds issued by it is uncertain at this time. Each holder of Bonds should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its specific circumstance, in particular if it may be, or hold its interest through an entity that is, classified as a financial institution under FATCA.

Financial Transaction Tax

In February 2013, the EU Commission adopted a proposal setting out the details of the financial transaction tax ("FTT"), which mirrors the scope of its original proposal of September 2011, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the FTT zone ("FTT-zone"), currently limited to 11 participating Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain; the "Participating Member States" and each a "Participating Member State").

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside the Participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States and is the object of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate. Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

Risk of difference in insolvency law

In the event that an Issuer becomes insolvent, insolvency proceedings will be generally governed by the insolvency laws of that Issuer's place of incorporation. The insolvency laws of the Issuer's place of incorporation may be different from the insolvency laws of an investor's home jurisdiction and the treatment and ranking of holders of Bonds issued by that Issuer and that Issuer's other creditors and shareholders under the insolvency laws of that Issuer's place of incorporation may be different from the treatment and ranking of holders of those Bonds and that Issuer's other creditors and shareholders if that Issuer was subject to the insolvency laws of the investor's home jurisdiction.

Changes in law

The conditions of the Bonds and the ratings which may be assigned to them are based on the law of The Netherlands in effect as at the date of this document. No assurance can be given as to the impact of any possible judicial decision or change to Netherlands law or administrative practice after the date of this document. Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss-absorption tools which may affect the rights of holders of securities issued by the Issuer, including the Bonds. Such tools may include the ability to write off sums otherwise payable on such securities at a time when the Issuer is no longer considered viable by its regulator or upon the occurrence of another trigger.

In addition to the risks identified in "Risk Factors — General Risk Factors" above and the relevant Registration Document, potential investors in Bonds should consider the following:

Fixed Rate Bonds

The Issuer may issue Fixed Rate Bonds. Such Bonds will bear interest at a fixed Rate of Interest, which remains constant during the life of the Bonds. Any investors holding these Bonds will be subject to the risk that any subsequent increases in market interest rates may adversely affect the real return on the Bonds (and the value of the Bonds).

Floating Rate Bonds

The Issuer may issue Floating Rate Bonds. Such Bonds will bear interest at a floating Rate of Interest, which will be subject to market fluctuations in interest rates. In addition, the floating Rate of Interest at any time may be lower than the rates on other Bonds.

No currency indemnity

Pursuant to the terms of the Bonds the Issuer will pay principal and interest on the Bonds in Japanese Yen. However, in the event of a judgment or order being rendered by any court for the payment of the principal of or interest on the Bonds, and such judgment or order being expressed in a currency other than Japanese Yen, any amount received or recovered in such currency by any holders of Bonds in respect of such judgment or order shall constitute a full discharge to the Issuer and the Issuer will not undertake to pay to such holders of Bonds the amount necessary to make up any deficiency arising or resulting from any variation in rates of exchange between (a) the date as of which any amount expressed in Japanese Yen is (or is to be treated as) converted into such currency for the purposes of any such judgment or order, and (b) the date or dates of discharge of such judgment or order (or part thereof).

Exchange rates and exchange controls

The Issuer will pay principal and interest on the Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate and/or restrict the convertibility or transferability of currencies within and/or outside of a particular jurisdiction which in turn could adversely affect the ability of an Issuer to make payments in respect of the Bonds. As a result, investors may receive less interest or principal than expected, or receive it later than expected or not at all.

No gross-up

All payments made by the Issuer in respect of the Bonds shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. Holders of Bonds will not be entitled to receive grossed-up amounts to compensate for any such tax, duty, withholding or other payment and no event of default shall occur as a result of any such withholding or deduction. As a result, investors may receive less interest than expected and the return on their Bonds could be significantly adversely affected. In addition, the Issuer shall have the right to redeem Bonds issued by it if, on the occasion of the next payment due in respect of such Bonds, the Issuer would be required to withhold or account for tax in respect of such Bonds.

Interest rate risks

An investment in fixed rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate Bonds.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Bonds are legal investments for it, (2) Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Modification

The conditions of the Bonds contain provisions for calling meetings of the Bondholders to consider matters affecting their interests generally and to obtain resolutions in writing on matters relating to the Bonds from the Bondholders without calling a meeting. These provisions permit defined majorities to bind all Holders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority or, as the case may be, who did sign a resolution in writing.

Enforceability of Japanese Judgments in The Netherlands

The Netherlands and Japan do not currently have a treaty providing for enforcement of judgments rendered in connection with civil and commercial matters. As a result, a judgment rendered by a Japanese court against the Issuer in an action instituted in the manner contemplated by the relevant instrument based on the Bonds will not be recognised and enforced by the courts of The Netherlands. In order to obtain a judgment that is enforceable against the Issuer, it will be necessary to relitigate the matter before the competent court of The Netherlands and to submit the judgment rendered by the foreign court in the course of such proceedings, in which case the Netherlands courts may give such effect to the foreign judgment as it deems appropriate.

(3) Selling Restrictions

The following paragraph shall be inserted immideately before the paragraof "The Netherlands" in the Program Information dated 29 March 2014 shall be replaced with the following..

European Economic Area

In relation to each Relevant Member State, each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer;

(c) at any time if the denomination per Note being offered amounts to at least €100,000 (or equivalent); or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

The Netherlands

The corresponding section in the Program Information dated 29 March 2014 shall be replaced with the following.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it will not make an offer of Notes, that are not to be admitted to trading on a regulated market within the EEA, to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive, unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Dutch Financial Supervision Act or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Dutch Financial Supervision Act, provided that no such offer of Notes shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Zero coupon Notes in definitive form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the “SCA”) may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Notes if they are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter.

III. OTHER MATTERS

Credit Ratings for the Program

The first paragraph of this section in the Program Information dated 29 March 2014 shall be replaced with the following.

In respect of the program under which the Bonds are to be issued by the Issuer, a rating of (P)A2 from Moody’s, a rating of A from Standard & Poor’s and a rating of A+ from Fitch, have been assigned, which (including Moody’s France SAS) are firms that have not been registered under Article 66-27 of the FIEL.

PART II. CORPORATE INFORMATION

The corresponding section in the Program Information dated 29 March 2014 shall be replaced with the following.

I OUTLINE OF COMPANY

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Registration Document and have been approved by the AFM or filed with it, shall be deemed to be incorporated in, and to form part of, this Registration Document; this Registration Document should be read and construed in conjunction with such documents:

(a) the Articles of Association (*statuten*) of the Issuer;

(b) the publicly available annual reports of the Issuer in respect of the years ended 31 December 2011, 2012 and 2013, including the audited financial statements and auditors' reports in respect of such years; and

(c) pages 12 and 15 to 30 (inclusive) of the unaudited ING Group 2014 quarterly report for the first quarter of 2014, as published by ING Group on 7 May 2014 (the "Q1 Report"). The Q1 Report contains, among other things, the consolidated unaudited interim results of ING Group as at, and for the three-month period ended, 31 March 2014, as well as information about recent developments during this period in the banking business of ING Group, which is conducted substantially through the Issuer and its consolidated group.

Any statement contained in a document which is deemed to be incorporated by reference into this Registration Document shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

With respect to the Q1 Report, prospective investors should note that the Issuer's consolidated operations, while materially the same, are not identical with the reported financial and statistical information on a segment basis for the banking business of ING Group as described in the Q1 Report. ING Group is not responsible for the preparation of this Registration Document.

Any information or other documents themselves incorporated by reference, either expressly or implicitly, in the documents incorporated by reference in this Registration Document shall not form part of this Registration Document, except where such information or other documents are specifically incorporated by reference into this Registration Document.

The Issuer will provide, without charge, to each person to whom a copy of this Registration Document has been delivered in accordance with applicable law, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Requests for such documents should be directed to the Issuer at Foppingadreef 7, 1102 BD Amsterdam, The Netherlands. In addition, this Registration Document and any document which is incorporated herein by reference will be made available on the website of ING (www.ing.com/Investor-relations/Fixed-income-information.htm).

RISK FACTORS

Set out below are risk factors which could affect the future financial performance of ING Bank and thereby potentially affect the Issuer's ability to fulfil its obligations in respect of securities issued or guaranteed by it. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties ING Bank's businesses face. The Issuer has described only those risks relating to its operations of which it is aware and that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware and any of these risks could have the effects set forth above. Investors should note that they bear the Issuer's solvency risk.

RISKS RELATED TO FINANCIAL CONDITIONS, MARKET ENVIRONMENT AND GENERAL ECONOMIC TRENDS

Because ING Bank is part of a financial services company conducting business on a global basis, its revenues and earnings are affected by the volatility and strength of the economic, business and capital markets environments specific to the geographic regions in which it conducts business. The ongoing turbulence and volatility of such factors have adversely affected, and may continue to adversely affect, the profitability and solvency of ING Bank.

Factors such as interest rates, securities prices, credit spreads, liquidity spreads, exchange rates, consumer spending, changes in client behaviour, business investment, real estate values, private equity valuations, government spending, inflation, the volatility and strength of the capital markets, political events and trends, and terrorism all impact the business and economic environment and, ultimately, its solvency, liquidity and the amount and profitability of business ING Bank conducts in a specific geographic region. In an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investments and lower consumer spending, the demand for banking products is usually adversely affected and ING Bank's reserves and provisions typically would increase, resulting in overall lower earnings. Securities prices, real estate values and private equity valuations may also be adversely impacted, and any such losses would be realised through profit and loss and shareholders' equity. In particular, a downturn in the equity markets causes a reduction in the commission income ING Bank earns from managing portfolios for third parties, income generated from its own proprietary portfolios and its capital base. ING Bank also offers a number of financial products that expose it to risks associated with fluctuations in interest rates, securities prices, corporate and private default rates, the value of real estate assets, exchange rates and credit spreads. See also "Interest rate volatility and other interest rate changes may adversely affect ING Bank's profitability", "Continued risk of resurgence of turbulence and ongoing volatility in the financial markets and the economy generally have adversely affected, and may continue to adversely affect, ING Bank and its business, financial condition and results of operations", and "Market conditions observed over the past few years may increase the risk of loans being impaired. ING Bank is exposed to declining property values on the collateral supporting residential and commercial real estate lending" below.

In case one or more of the factors mentioned above adversely affects the profitability of ING Bank's business, this might also result, among other things, in the following:

- reserve inadequacies which could ultimately be realised through profit and loss and shareholders' equity;
- the write-down of tax assets impacting net result and/or equity;
- impairment expenses related to goodwill and other intangible assets, impacting net result;
- movements in risk-weighted assets for the determination of required capital;
- changes in credit valuation adjustments and debt valuation adjustments; and/or

- additional costs related to maintenance of higher liquidity buffers.

Shareholders' equity and ING Bank's net result may be significantly impacted by turmoil and volatility in the worldwide financial markets. Negative developments in financial markets and/or economies may have a material adverse impact on shareholders' equity and net result in future periods, including as a result of the potential consequences listed above. See "Continued risk of resurgence of turbulence and ongoing volatility in the financial markets and the economy generally have adversely affected, and may continue to adversely affect, ING Bank and its business, financial condition and results of operations" below.

Adverse capital and credit market conditions may impact ING Bank's ability to access liquidity and capital, as well as the cost of liquidity, credit and capital.

The capital and credit markets have continued to experience substantial volatility and disruption over the past few years, after having reached unprecedented levels in the second half of 2008 through most of 2010. Adverse capital and credit market conditions may affect the availability and cost of borrowed funds, thereby impacting ING Bank's ability to support and/or grow its businesses.

ING Bank needs liquidity to pay its operating expenses, interest on its debt and dividends on its capital stock, maintain its securities lending activities, and replace certain maturing liabilities. Without sufficient liquidity, ING Bank will be forced to curtail its operations and its business will suffer. The principal sources of its funding are deposit funds and cash flow from its investment portfolio and assets, consisting mainly of cash or assets that are readily convertible into cash. Sources of funding in normal markets may also include a variety of short- and long-term instruments, including repurchase agreements, commercial paper, medium- and long-term debt, subordinated debt securities, capital securities and shareholders' equity.

In the event that ING Bank's current resources do not satisfy its needs, ING Bank may need to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, ING Bank's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of its long- or short-term financial prospects. Similarly, ING Bank's access to funds may be limited if regulatory authorities or rating agencies take negative actions against it. If ING Bank's internal sources of liquidity prove to be insufficient, there is a risk that it may not be able to successfully obtain additional financing on favourable terms, or at all. Any actions ING Bank might take to access financing may, in turn, cause rating agencies to re-evaluate its ratings.

Disruptions, uncertainty or volatility in the capital and credit markets, including in relation to any recurrence of the European sovereign debt crisis, may also limit ING Bank's access to capital. Such market conditions may limit ING Bank's ability to raise additional capital to support business growth, or to counter-balance the consequences of losses or increased regulatory capital and rating agency capital requirements, which in turn could force ING Bank to (i) delay raising capital, (ii) reduce, cancel or postpone interest payments on its securities, (iii) issue capital of different types or under different terms than ING Bank would otherwise, or (iv) incur a higher cost of capital than in a more stable market environment. Any of the foregoing would have the potential to decrease both ING Bank's profitability and its financial flexibility. ING Bank's results of operations, financial condition, cash flows, regulatory capital and rating agency capital position could be materially adversely affected by disruptions in the financial markets.

Since 2008, governments around the world, including the Dutch government, have implemented unprecedented measures to provide assistance to financial institutions, in certain cases requiring (indirect) influence on or changes to governance and remuneration practices. In certain cases, governments nationalised companies or parts thereof. The measures adopted in The Netherlands included both emergency funding and capital reinforcement, and a Dutch Credit Guarantee Scheme. The liquidity and capital reinforcement measures expired on 10 October 2009, and the Credit Guarantee Scheme of The Netherlands expired on 31 December 2010. ING's participation in certain of these measures has resulted in certain material restrictions on it, including those required by the European Commission ("EC") as part of ING's Restructuring Plan (see "Risks Related to the Restructuring Plan – The implementation of the Restructuring Plan and the divestments anticipated in connection with the Restructuring Plan have and will significantly alter the size and structure of ING and involve significant costs and uncertainties that could materially impact ING Bank"). The Restructuring Plan, as well as any potential future transactions with the Dutch State or any other government, if any, or actions by such government regarding ING could adversely impact the position or rights of ING Bank's shareholder, bondholders, customers or creditors and ING Bank's results, operations, solvency, liquidity and governance.

ING Bank is subject to the jurisdiction of a variety of banking regulatory bodies, most of whom have proposed regulatory changes in recent years that would hinder its ability to manage its liquidity in a centralised manner. Furthermore, regulatory liquidity requirements in certain jurisdictions in which ING Bank operates are generally becoming more stringent, including those forming part of the "Basel III" requirements discussed further below under "ING Bank operates in highly regulated industries. Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations governing its business may reduce its profitability", undermining ING Bank's efforts to maintain centralised management of its liquidity. These developments may cause trapped pools of liquidity, resulting in inefficiencies in the cost of managing ING Bank's liquidity, and hinder its efforts to integrate its balance sheet, which is an essential element of ING's Restructuring Plan.

The default of a major market participant could disrupt the markets.

Within the financial services industry, the severe distress or default of any one institution (including sovereigns) could lead to defaults by, or the severe distress of, other market participants. Such distress of, or defaults by, an influential institution could disrupt securities markets or clearance and settlement systems and lead to a chain of defaults by other financial institutions because the commercial and financial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of a sovereign or financial institution (or a default by any such entity) may lead to market-wide liquidity problems and losses or defaults by ING Bank or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom ING Bank interacts on a daily basis and financial instruments of sovereigns in which ING Bank invests. Systemic risk could have a material adverse effect on ING Bank's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects. In addition, such distress or failure could impact future product sales as a potential result of reduced confidence in the financial services industry.

ING Bank operates in highly regulated industries. Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations governing its business may reduce its profitability.

ING Bank is subject to detailed banking, asset management and other financial services laws and government regulation in the jurisdictions in which it conducts business. Regulatory agencies have broad administrative power over many aspects of its business, which may include liquidity, capital adequacy, permitted investments, ethical issues, money laundering, anti-terrorism measures, privacy, record keeping, product and sale suitability, marketing and sales practices, remuneration policies and ING Bank's own internal governance practices. Also, bank regulators and other supervisory authorities in the European Union ("EU"), the U.S. and elsewhere continue to scrutinise payment processing and other transactions and activities of the financial services industry through laws and regulations governing such matters as money laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures.

In light of conditions in the global financial markets and the global economy, regulators around the world have for some time increased their focus on the regulation of the financial services industry. Most of the principal markets where ING Bank conducts its business have adopted, or are currently in the implementation phase of, major legislative and/or regulatory initiatives in response to the financial crisis. Governmental and regulatory authorities in The Netherlands, the United Kingdom, the U.S. and elsewhere have implemented, or are in the process of implementing, measures to increase regulatory control in their respective financial markets and financial services sectors, including, among others, in the areas of prudential rules, liquidity and capital requirements, executive compensation, crisis and contingency management, bank levies and financial reporting. Additionally, governmental and regulatory authorities in The Netherlands as well as in a multitude of jurisdictions where ING Bank conducts its business continue to consider new mechanisms to limit the occurrence and/or severity of future economic crises (including proposals to restrict the size of financial institutions operating in their jurisdictions and/or the scope of operations of such institutions).

Furthermore, ING Bank is subject to different tax regulations in each of the jurisdictions where it conducts business. Changes in tax laws could increase ING Bank's taxes and its effective tax rates. Legislative changes could materially impact ING Bank's tax receivables and liabilities as well as deferred tax assets and deferred tax liabilities, which could have a material adverse effect on ING Bank's business, results of operations and financial condition. Changes in tax laws could also make certain ING Bank products less attractive, which could have adverse consequences for its business and results.

In addition, the International Accounting Standards Board has issued and proposed certain amendments to several International Financial Reporting Standards ("IFRS") standards during the course of 2012 and 2013, which changes include a package of amendments to the accounting requirements for financial instruments announced in November 2013. These amendments introduced a new hedge accounting model addressing the so-called "own credit" issue that was already included in IFRS 9 Financial Instruments. IFRS 9 would then replace IAS 39, the accounting standard heavily criticised in the wake of the financial crisis. Such changes could also have a material impact on ING Bank's reported results and financial condition, as well as on how ING Bank manages its business, internal controls and disclosure.

Compliance with applicable laws and regulations is time-consuming and personnel-intensive, and changes in laws and regulations may materially increase the cost of compliance and other expenses of doing business. ING Bank expects the scope and extent of regulation in the jurisdictions in which it conducts its business, as well as regulatory oversight and supervision, to generally continue to increase. However, ING Bank cannot predict whether or when future legislative or regulatory actions may be taken, or what impact, if any, actions taken to date or in the future could have on its business, results of operations and financial condition. Regulation is becoming increasingly more extensive and complex and ING Bank's operations are increasingly coming under the scrutiny of regulators, and affected companies, including ING Bank, are required to meet the demands, which often necessitate additional resources. These regulations can limit the activities of ING Bank, among others, through stricter net capital, customer protection and market conduct requirements and restrictions on businesses in which it can operate or invest.

Despite ING Bank's efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, there are a number of risks in areas where applicable regulations may be unclear, subject to multiple interpretations or are under development, or where regulations may conflict with one another, or where regulators revise their previous guidance or courts overturn previous rulings, which could result in ING Bank's failure to meet applicable standards. Regulators and other authorities have the power to bring administrative or judicial proceedings against ING Bank, which could result, among other things, in suspension or revocation of its licences, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action, which could materially harm ING Bank's results of operations and financial condition. If ING Bank fails to address, or appears to fail to address, any of these matters appropriately, its reputation could be harmed and it could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages brought against it or subject it to enforcement actions, fines and penalties. See "Description of ING Bank N.V. – Regulation and Supervision".

Basel III and CRD IV

In December 2010, the Basel Committee on Banking Supervision ("Basel Committee") announced higher global minimum capital standards for banks and introduced a new global liquidity standard and a new leverage ratio. The Basel Committee's package of reforms, collectively referred to as the "Basel III" rules, have, among other requirements, increased the amount of common equity required to be held by subject banking institutions, will prescribe the amount of liquid assets and the long-term funding a subject banking institution must hold at any given moment, and will limit leverage. Banks will be required to hold a "capital conservation buffer" to withstand future periods of stress such that the total Tier 1 common equity ratio, when fully phased in on 1 January 2019, will rise to 7%. Basel III also introduced a "countercyclical buffer" as an extension of the capital conservation buffer, which would allow national regulators to require banks to hold more capital during periods of high credit growth (to strengthen capital reserves and moderate the debt markets). Further, Basel III has strengthened the definition of capital such that it will have the effect of disqualifying many hybrid securities, including those issued by ING Bank, from inclusion in regulatory capital, as well as the higher capital requirements for trading, derivative and securitisation activities as part of a number of reforms to the Basel II framework. In addition, the Basel Committee and the Financial Stability Board ("FSB") published measures in October 2011 that will have the effect of requiring higher loss-absorbency capacity, liquidity surcharges, exposure limits and special resolution regimes for, and instituting more intensive and effective supervision of, "systemically important financial institutions" ("SIFIs") and so-called "Global" SIFIs ("G-SIFIs"), in addition to the Basel III requirements otherwise applicable to most financial institutions. The implementation of these measures began in 2012, and full implementation is targeted for 2019. ING Bank was designated by the Basel Committee and the FSB as one of the global systemically important banks ("G-SIBs"), forming part of the G-SIFIs, in 2011, 2012 and 2013, and by the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "DNB") and the Dutch Ministry of Finance as a domestic SIFI in November 2011. The Basel III proposals and their potential impact are monitored via semi-annual monitoring exercises in which ING Bank participates. As a result of such monitoring exercises and ongoing discussions within the regulatory environment, revisions have been made to the original Basel III proposals such as the revised Liquidity Coverage Ratio in January 2013 and the revised Net Stable Funding Ratio and Leverage Ratio in January 2014. It remains to be seen whether further amendments to the 2010 framework and standards will be made by the Basel Committee in the coming years.

For European banks, the Basel III requirements are being implemented through the so-called Capital Requirements Regulation ("CRD IV Regulation") and Capital Requirements Directive IV ("CRD IV Directive" and together with the CRD IV Regulation, "CRD IV"), which were adopted by the EC in June 2013 following approval by the European Parliament in April 2013. The CRD IV Regulation entered into force on 28 June 2013 and the CRD IV Directive on 17 July 2013, and all banks and investment firms in the EU (as opposed to the scope of the Basel III requirements, which apply to "internationally active banks") are required to apply the new rules from 1 January 2014 in phases, with full implementation by 1 January 2019. While the full impact of these rules, and any additional requirements for SIFIs or G-SIFIs, if and as applicable to ING Bank, will depend on how the CRD IV Directive will be transposed into national laws in each Member State, including the extent to which national regulators and supervisors can set more stringent limits and additional capital requirements or surcharges, as well as on the economic and financial environment at the time of implementation and beyond, ING Bank expects these rules to have a material impact on its operations and financial condition and they will require ING Bank to hold additional capital which may require ING Bank to seek additional capital.

Single Supervisory Mechanism

In October 2013, the European Council adopted a single supervisory mechanism ("SSM"), to be composed of national competent authorities and the European Central Bank ("ECB"), as part of the prospective EU banking union. In the SSM, a significant part of the prudential regulatory powers will be transferred from national authorities of the participating Member States to the ECB and the ECB will assume direct responsibility for a significant part of the prudential supervision of ING Bank. On 23 October 2013, the ECB announced details of a comprehensive assessment of large banks to be conducted in co-operation with national supervisory authorities of Member States participating in the SSM. The assessment, which consists of a risk assessment, an asset quality review and a stress test, started in November 2013 and is expected to be conducted over a 12-month period in preparation for the ECB assuming full responsibility for supervision as part of the SSM in November 2014. ING Bank is among the seven Dutch institutions to be covered by the assessment (out of more than 120 institutions overall). The SSM will create a new system of financial supervision for countries within the Eurozone, with the possibility of non-Eurozone Member States participating by means of close co-operation. While it is at this stage difficult to identify what exact impact the SSM will have on ING Bank, it is expected that the SSM will have a significant impact on the way ING Bank's operations are supervised in Europe.

Dodd-Frank Act

On 21 July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank" or the "Dodd-Frank Act") was signed into law in the U.S. The Dodd-Frank Act effects comprehensive changes to the regulation of financial services in the U.S. and has implications for non-U.S. financial institutions with a U.S. presence, such as ING Bank. Dodd-Frank directs existing and newly-created government agencies and bodies to perform studies and promulgate a multitude of regulations implementing the law, a process that remains underway and is expected to continue over the next few years. While some studies have been completed and the rulemaking process is well underway, there continues to be significant uncertainty regarding the results of ongoing studies and the ultimate requirements of regulations that have not yet been adopted. ING Bank cannot predict with certainty how Dodd-Frank and such regulations will affect the financial markets generally and impact ING Bank's business, credit ratings, results of operations, cash flows or financial condition or liquidity. Key aspects of Dodd-Frank that ING Bank has identified to date as possibly having an impact on ING Bank include the aspects set out below.

Title VII of Dodd-Frank creates a new framework for regulation of the over-the-counter derivatives markets and certain market participants which could affect various activities of ING Bank. New margin and capital requirements for market participants that will be contained in final regulations to be adopted by the SEC and U.S. Commodity Futures Trading Commission ("CFTC") could substantially increase the cost of hedging and related operations, affect the profitability of ING Bank's products or their attractiveness to its customers, or cause ING Bank to alter its hedging strategy or change the composition of risks that it does not hedge. In addition, new position limits requirements for market participants that may be contained in final regulations to be adopted by the CFTC could limit the scope of hedging activity that is permitted for commercial end users, limiting their ability to utilise certain of ING Bank's products, and could also limit the scope of its ability to provide derivatives products for its non-end user customers.

Pursuant to requirements of the Dodd-Frank Act, the SEC and CFTC are currently considering whether "stable value" contracts should be regulated as "swap" derivative contracts. In the event that stable value contracts become subject to such regulation, certain aspects of ING Bank's business could be adversely impacted, including issuance of stable value contracts and management of assets pursuant to stable value mandates.

Dodd-Frank also established the Consumer Financial Protection Bureau ("CFPB") as an independent agency within the Board of Governors of the Federal Reserve System ("Federal Reserve") to regulate consumer financial products and services offered primarily for personal, family or household purposes. The CFPB will have significant authority to implement and enforce federal consumer financial laws, including the new protections established under Dodd-Frank, as well as the authority to identify and prohibit unfair and deceptive acts and practices. In addition, the CFPB will have broad supervisory, examination and enforcement authority over certain consumer products, such as mortgage lending. Broker-dealers and investment advisers are not subject to the CFPB's jurisdiction when acting in their registered capacity.

On 10 December 2013, various federal agencies approved a final rule implementing Section 619 of Dodd-Frank, commonly referred to as the "Volcker Rule" and which places limitations and restrictions on the ability of U.S. FDIC insured depository institutions and non-U.S. banks with branches or agencies in the U.S. that become subject to the U.S. Bank Holding Company Act, as well as their affiliates, to engage in certain proprietary trading or sponsor and invest in private equity and hedge funds. Such organisations will have until 21 July 2015 to comply fully with most requirements of the Volcker Rule, with an important exception for organisations with significant trading activities, which will be required to report information on their trading activities beginning in July 2014. In the event that ING Bank or one of its affiliates becomes subject to the Volcker Rule, ING Bank's investment activities could be so restricted. It is expected that ING Bank will experience significant additional compliance and operational costs and may be prohibited from engaging in certain activities it currently conducts if the Volcker Rule becomes applicable to it and its affiliates.

For instance, ING Bank may from time to time consider whether to establish a branch office in the U.S. If ING Bank were to establish a U.S. branch, it would be subject to supervision and regulation by the Federal Reserve under various laws and various restrictions on its activities under those laws, including the Bank Holding Company Act of 1956, as amended, and the International Banking Act of 1978, and, as a consequence, such supervision and regulation, including such restrictions on activities, could materially impact ING Bank's operations. These would include, among others, the Volcker Rule and heightened supervisory requirements and prudential standards.

Dodd-Frank also includes various securities law reforms that may affect ING Bank's business practices and the liabilities and/or exposures associated therewith, including a provision intended to authorise the SEC to impose on broker-dealers fiduciary duties to their customers, as applies to investment advisers under existing law, which new standard could potentially expose certain of ING Bank's U.S. broker-dealers to increased risk of SEC enforcement actions and liability. In 2011, the SEC staff released a study on this issue and members of the SEC's Investor Advisory Committee voted in November 2013 to recommend the proposal implementing a uniform fiduciary standard for most brokers and registered investment advisers to the SEC.

Although the full impact of Dodd-Frank cannot be determined until the various studies mandated by the law are conducted and regulations are adopted and implemented, many of the legislation's requirements could have profound and/or adverse consequences for the financial services industry, including for ING Bank. Dodd-Frank could make it more expensive for ING Bank to conduct business, require ING Bank to make changes to its business model or satisfy increased capital requirements, subject ING Bank to greater regulatory scrutiny or to potential increases in whistle-blower claims in light of the increased awards available to whistle-blowers under Dodd-Frank and have a material effect on ING Bank's results of operations or financial condition.

Foreign Account Tax Compliance Act

Under the Foreign Account Tax Compliance Act ("FATCA"), U.S. federal tax legislation passed in 2010, a 30% withholding tax will be imposed on "withholdable payments" made to non-U.S. financial institutions (including non-U.S. investment funds and certain other non-U.S. financial entities) that fail (or, in some cases, that have 50% affiliates which are also non-U.S. financial institutions that fail) to provide certain information regarding their U.S. accountholders and/or certain U.S. investors (such U.S. accountholders and U.S. investors, "U.S. accountholders") to the U.S. Internal Revenue Service (the "IRS"). For non-U.S. financial institutions that fail to comply, this withholding will generally apply without regard to whether the beneficial owner of a withholdable payment is a U.S. person or would otherwise be entitled to an exemption from U.S. federal withholding tax. Withholdable payments generally include, among other items, payments of U.S.-source interest and dividends and the gross proceeds from the sale or other disposition of property that may produce U.S.-source interest and dividends. Furthermore, FATCA may also impose withholding on non-U.S.-source payments by non-U.S. financial institutions that comply with FATCA to non-U.S. financial institutions that fail to comply with FATCA. This withholding will take effect on a "phased" schedule, starting in July 2014, with withholding on non-U.S. source payments by non-U.S. financial institutions to start no earlier than January 2017. In general, non-publicly traded debt and equity interests in investment vehicles will be treated as "accounts" and subject to these reporting requirements.

Some countries, including The Netherlands, have entered into, and other countries are expected to enter into, intergovernmental agreements ("IGAs") with the U.S. to facilitate the type of information reporting required under FATCA. While the existence of IGAs will not eliminate the risk of the withholding described above, these agreements are expected to reduce that risk for financial institutions and investors in countries that have entered into IGAs. IGAs will often require financial institutions in those countries to report some information on their U.S. accountholders to the taxing authorities of those countries, who will then pass the information to the IRS.

ING Bank closely monitors all present and new legislation that is or will be applicable for its organisation, and is currently investigating all implications of FATCA and legislation of countries that have entered into IGAs. While investigating these implications, ING Bank is and will be in close contact with all of its stakeholders, including its peers and financial industry representative organisations.

ING Bank intends to take all necessary steps to comply with FATCA (including entering into agreements with the U.S. tax authorities as may be required), in accordance with the time frame set by the U.S. tax authorities. However, if ING Bank cannot enter into such agreements or satisfy the requirements thereunder (including as a result of local laws prohibiting information sharing with the IRS, as a result of contracts or local laws in non-IGA countries prohibiting withholding on certain payments to accountholders or other investors, or as a result of the failure of accountholders or other investors to provide requested information), certain payments to ING Bank may be subject to withholding under FATCA. The possibility of such withholding and the need for accountholders and investors to provide certain information may adversely affect the sales of certain of ING Bank's products. In addition, (i) entering into agreements with the IRS and compliance with the terms of such agreements and (ii) compliance with FATCA, any regulations or other guidance promulgated thereunder or any legislation promulgated under an IGA may substantially increase ING Bank's compliance costs. Because legislation and regulations implementing FATCA and the IGAs remain under development, the future impact of this law on ING Bank is uncertain.

Bank Recovery and Resolution Regimes

In June 2012, the "Intervention Act" (*Wet bijzondere maatregelen financiële ondernemingen*) came into force in The Netherlands, with retroactive effect from 20 January 2012. The Intervention Act mainly amends the Dutch Financial Supervision Act and the Dutch Insolvency Act and allows Dutch authorities to take certain actions when banks and insurers fail and cannot be wound up under ordinary insolvency rules due to concerns regarding the stability of the overall financial system. It is composed of two categories of measures. The first category of measures can be applied if a bank or insurer experiences serious financial problems and includes measures related to the timely and efficient liquidation of failing banks and insurers. This set of measures gives the DNB the power to transfer customer deposits, assets and/or liabilities other than deposits and issued shares of an entity to third parties or to a bridge bank if the DNB deems that, in respect of the relevant bank, there are signs of an adverse development with respect to its funds, solvency, liquidity or technical provisions and it can be reasonably foreseen that such development will not be sufficiently or timely reversed. The DNB was also granted the power to influence the internal decision-making of failing institutions through the appointment of an "undisclosed administrator". The second category of measures can be applied if the stability of the financial system is in serious and immediate danger as a result of the situation of a Dutch financial institution and includes measures intended to safeguard the stability of the financial system as a whole. This set of measures grants the authority to the Minister of Finance to take immediate measures or proceed to expropriation of assets of or securities issued by failing financial institutions. For example, on 1 February 2013, the Dutch State nationalised the SNS Reaal bank and insurance group ("SNS Reaal") by expropriating shares, core tier 1 securities and other subordinated debts issued by SNS Reaal. The Dutch Ministry of Finance has stated that it will impose in 2014 an aggregate EUR 1 billion one-time levy on Dutch banks, including ING Bank, to share the costs of the SNS Reaal nationalisation. This resulted in a charge of EUR 304 million for ING Bank, to be paid in the first three quarters of 2014.

The Intervention Act also includes measures that limit the ability of counterparties to exercise their rights after any of the measures mentioned above have been put into place, with certain exceptions. Within the context of the resolution tools provided in the Intervention Act, holders of debt securities of a bank subject to resolution could also be affected by issuer substitution or replacement, transfer of debt, expropriation, modification of terms and/or suspension or termination of listings.

The Intervention Act will need to be amended following the implementation of the "Bank Recovery and Resolution Directive". The Bank Recovery and Resolution Directive is legislation aimed at harmonising national rules on bank recovery and resolution and on which the European Council and the European Parliament reached a political agreement in December 2013. The Bank Recovery and Resolution Directive was adopted by the European Parliament in April 2014 and is expected to be adopted by the European Council by June 2014.

The Bank Recovery and Resolution Directive includes, among other things, the obligation for institutions to draw up a recovery plan and the obligation for resolution authorities in the Member States to draw up a resolution plan, the resolution authorities' power to take early intervention measures and the establishment of a European system of financing arrangements. The Bank Recovery and Resolution Directive confers extensive resolution powers to the resolution authorities, including the power to require the sale of (part of a) business, to establish a bridge institution, to separate assets and to take bail-in measures. The Bank Recovery and Resolution Directive is expected to enter into force on 1 January 2015. The stated aim of the Bank Recovery and Resolution Directive is to provide supervisory authorities, including the relevant Dutch resolution authority, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers proposed to be granted to supervisory authorities under the Bank Recovery and Resolution Directive include, among others, the introduction of a statutory "write-down and conversion" power and a "bail-in" power, which would give the relevant Dutch resolution authority the power to (i) cancel existing shares and/or dilute existing shareholders by converting relevant capital instruments or eligible liabilities into shares of the surviving entity and (ii) cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include certain securities that have been or will be issued by ING Bank) of a failing financial institution and/or to convert certain debt claims (which could include certain securities that have been or will be issued by ING Bank) into another security, including ordinary shares of the surviving group entity, if any. None of these actions would be expected to constitute an event of default under those securities entitling holders to seek repayment. It is currently contemplated that the measures (including the write-down and conversion powers relating to Tier 1 capital instruments and Tier 2 capital instruments) set out in the Bank Recovery and Resolution Directive will be implemented with effect from 1 January 2015, with the bail-in power for other eligible liabilities (which could include any securities that have been issued or will be issued by ING Bank, that are not Tier 1 or Tier 2 capital instruments) expected to be introduced by 1 January 2016.

In addition to a "write-down and conversion" power and a "bail-in" power, the powers to be granted to the relevant Dutch resolution authority under the Bank Recovery and Resolution Directive include the two categories of measures introduced by the Intervention Act, as described above. In addition, the Bank Recovery and Resolution Directive will, among the broader powers to be granted to the relevant resolution authority, provide powers to the relevant resolution authority to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments. None of these actions would be expected to constitute an event of default under those debt instruments or other eligible liabilities entitling holders to seek repayment.

There remains uncertainty regarding the ultimate nature and scope of these powers and, when implemented, how they would affect ING Bank and the securities that have been issued or will be issued by it. Accordingly, it is not yet possible to assess the full impact of the Bank Recovery and Resolution Directive on ING Bank and on holders of any securities issued or to be issued by it, and there can be no assurance that, once it is implemented, the manner in which it is implemented or the taking of any actions by the relevant Dutch resolution authority currently contemplated in the Bank Recovery and Resolution Directive would not adversely affect the rights of holders of the securities issued or to be issued by ING Bank, the price or value of an investment in such securities and/or ING Bank's ability to satisfy its obligations under such securities.

Finally, as part of the road towards a full banking union, on 10 July 2013, the EC published a draft Regulation for a Single Resolution Mechanism ("SRM") with the aim of having a Single Resolution Board that will be responsible for key decisions on how a bank, subject to SSM supervision, is to be resolved if a bank has irreversible financial difficulties and cannot be wound up under normal insolvency proceedings without destabilising the financial system. The SRM was adopted by the European Parliament in April 2014 and is expected to be adopted by the European Council by Summer 2014. The SRM is expected to enter into force in 2015.

There are certain differences between the provisions of the Intervention Act, the Bank Recovery and Resolution Directive and the SRM Regulation, which may further bring future changes to the law. ING Bank is unable to predict what specific effects the Intervention Act and the adoption of the Bank Recovery and Resolution Directive and the SRM Regulation may have on the financial system generally, its counterparties, holders of securities issued by, or to be issued by, ING Bank, or on ING Bank, its operations or its financial position.

ING Bank has set up an all-encompassing recovery planning process to enhance its readiness and decisiveness to tackle financial crises on its own strength. ING Bank's recovery plan was submitted to and approved by the DNB in November 2012 and is updated at least annually. Furthermore, during 2013, ING Bank submitted information on the basis of which the Dutch resolution authorities will be able to develop a resolution plan.

The Financial Stability Board (FSB)

In addition to the adoption of the foregoing measures, regulators and lawmakers around the world are actively reviewing the causes of the financial crisis and exploring steps to avoid similar problems in the future. In many respects, this work is being led by the FSB, consisting of representatives of national financial authorities of the G20 nations. The G20 and the FSB have issued a series of papers and recommendations intended to produce significant changes in how financial companies, particularly companies that are members of large and complex financial groups, should be regulated. These proposals address such issues as financial group supervision, capital and solvency standards, systemic economic risk, corporate governance including executive compensation, and a host of related issues associated with responses to the financial crisis. The lawmakers and regulatory authorities in a number of jurisdictions in which ING Bank conducts business have already begun introducing legislative and regulatory changes consistent with G20 and FSB recommendations, and the potential impact of such changes on ING Bank's business, results of operations and financial condition remains unclear.

Additional Governmental Measures

Governments in The Netherlands and abroad have also intervened over the past few years on an unprecedented scale, responding to stresses experienced in the global financial markets. Some of the measures adopted subject ING Bank and other institutions for which they were designed to additional restrictions, oversight or costs. Restrictions related to the Core Tier 1 Securities (the "Core Tier 1 Securities") and the Illiquid Asset Back-Up Facility ("IABF") (together, the "Dutch State Transactions") and the Restructuring Plan are further described in "Risks Related to the Restructuring Plan".

Sections 382 and 383 of the U.S. Internal Revenue Code, as amended, operate as anti-abuse rules, the general purpose of which is to prevent trafficking in tax losses and credits, but which can apply without regard to whether a "loss trafficking" transaction occurs or is intended. These rules are triggered when an "ownership change" – generally defined as when the ownership of a company, or its parent, changes by more than 50% (measured by value) on a cumulative basis in any three-year period – occurs. If triggered, the amount of the taxable income for any post-change year which may be offset by a pre-change loss is subject to an annual limitation. As of 31 December 2013, ING Bank believes that its U.S. subsidiaries have not had an "ownership change" for the purposes of Sections 382 and 383. However, this determination is subject to uncertainties and is based on various assumptions. Future increases of capital or other changes in ownership may adversely affect ING Bank's cumulative ownership, and could trigger an "ownership change", which could limit the ability of its U.S. subsidiaries to use tax attributes, and could correspondingly decrease the value of these attributes.

In February 2013, the EC adopted a proposal setting out the details of a financial transaction tax, which mirrors the scope of its original proposal of September 2011, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the financial transaction tax ("FTT") zone ("FTT-zone"), currently limited to 11 participating Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain). Depending on its final form, the introduction of an FTT in The Netherlands or outside The Netherlands could have a substantial adverse effect on ING Bank's business and results.

As of 1 October 2012, banks that are active in The Netherlands are subject to a bank tax pursuant to a tax regulation that also includes measures to moderate bonuses awarded to executives at such banks. This tax results in increased taxes on ING Bank's operations, which could negatively impact its operations, financial condition and liquidity.

Continued risk of resurgence of turbulence and ongoing volatility in the financial markets and the economy generally have adversely affected, and may continue to adversely affect, ING Bank and its business, financial condition and results of operations.

General

ING Bank's business and results of operations are materially affected by conditions in the global capital markets and the economy generally. Concerns over the slow economic recovery, any recurrence of the European sovereign debt crisis, the ability of certain countries to remain in the Eurozone, unemployment, the availability and cost of credit, credit spreads, the recent shutdown of the U.S. government and its plan to phase out monetary asset purchases ("tapering"), the level of U.S. national debt and the U.S. housing market, inflation levels, energy costs and geopolitical issues all have contributed to increased volatility and diminished expectations for the economy and the markets in recent years.

While certain of such conditions improved during the period between 2011 and 2013, these conditions have generally resulted in greater volatility, widening of credit spreads and overall shortage of liquidity and tightening of financial markets throughout the world. In addition, prices for many types of asset-backed securities and other structured products significantly deteriorated following the financial crisis in 2008 and have not fully recovered. Concerns over pricing have included a broad range of fixed income securities, including those rated investment grade and especially the sovereign debt of some EEA countries and the U.S., the international credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes, such as public and private equity, and real estate sectors. As a result of these and other factors, sovereign governments across the globe, including in regions where ING Bank operates, have also experienced budgetary and other financial difficulties, which have resulted in austerity measures, downgrades in credit rating by credit agencies, planned or implemented bail-out measures and, on occasion, civil unrest (for further details regarding sovereign debt concerns, see "U.S. Sovereign Credit Rating" and "European Sovereign Debt Crisis" below). As a result, the market for fixed income instruments has experienced from time to time decreased liquidity, increased price volatility, credit downgrade events and increased probability of default. In addition, the confluence of these and other factors has resulted in volatile foreign exchange markets. Securities that are less liquid are more difficult to value and may be hard to dispose of. International equity markets have also continued to experience from time to time heightened volatility and turmoil, with issuers that have exposure to the real estate, mortgage, private equity and credit markets particularly affected. These events and market upheavals, including high levels of volatility, have had and may continue to have an adverse effect on ING Bank's revenues and results of operations, in part because ING Bank has a large investment portfolio and extensive real estate activities around the world.

In addition, the confidence of customers in financial institutions is being tested. Consumer confidence in financial institutions may, for example, decrease due to ING Bank's or its competitors' failure to communicate to customers the terms of, and the benefits to customers of, complex or high-fee financial products. Reduced confidence could have an adverse effect on ING Bank's revenues and results of operations, including through a withdrawal of deposits. Because a significant percentage of ING Bank's customer deposit base is originated via Internet banking, a loss of customer confidence may result in a rapid withdrawal of deposits over the Internet.

The aforementioned impacts have arisen primarily as a result of valuation and impairment issues arising in connection with ING Bank's investments in real estate (both in and outside the U.S.) and private equity, exposures to European sovereign debt and to U.S. mortgage-related structured investment products, including sub-prime and Alt-A residential and commercial mortgage-backed securities, collateralised debt obligations and collateralised loan obligations, monoline insurer guarantees and other investments. In many cases, the markets for investments and instruments have been and remain highly illiquid, and issues relating to counterparty credit ratings and other factors have exacerbated pricing and valuation uncertainties. Valuation of such investments and instruments is a complex process involving the consideration of market transactions, pricing models, management judgement and other factors, and is also impacted by external factors, such as underlying mortgage default rates, interest rates, rating agency actions and property valuations. Although ING Bank continues to monitor its exposures, there can be no assurance that it will not experience further negative impacts to its shareholders' equity or profit and loss accounts in future periods.

U.S. Sovereign Credit Rating

In 2011, Standard & Poor's Ratings Services lowered its long-term sovereign credit rating on the U.S. from AAA to AA+. Although other rating agencies have not similarly lowered the long-term sovereign credit rating of the U.S., they have put that credit rating on review. Amid the lingering uncertainty over the long-term outlook for the fiscal position and future economic performance of the U.S. within the global economy, as well as potential future budgetary restrictions in the U.S., as illustrated by the recent budget negotiations and partial shutdown of the U.S. government in October 2013, there continues to be a perceived risk of a future sovereign credit ratings downgrade of the U.S. government, including the rating of U.S. Treasury securities. It is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade. Instruments of this nature are key assets on the balance sheets of financial institutions and are widely used as collateral by financial institutions to meet their day-to-day cash flows in the short-term debt market. The impact of any further downgrades to the sovereign credit rating of the U.S. government or a default by the U.S. government to satisfy its debt obligations is likely to create broader financial turmoil and uncertainty, which would weigh heavily on the global financial system and could consequently result in a significant adverse impact to ING Bank.

European Sovereign Debt Crisis

In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these EU "peripheral" Member States to continue to service their sovereign debt obligations. Significant concerns regarding the sovereign debt of these countries, as well as certain other countries, of the "core" EU Member States are ongoing and, in some cases, have required countries to obtain emergency financing. These concerns impacted financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations. If these or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. Despite the creation of a European Financial Stability Facility as a temporary rescue mechanism in May 2010, assistance packages to Greece, Ireland, Portugal and Cyprus, the approval of a further bailout of Greece by the relevant government and monetary bodies of the Eurozone and the International Monetary Fund in March 2012, and the establishment of the European Stability Mechanism in October 2012 (which provided its first financial assistance in February 2013 for the recapitalisation of Spain's banking sector and which approved a financial assistance agreement in May 2013 for Cyprus after the Eurozone finance ministers (Eurogroup) backed a bailout of Cyprus), uncertainty over the outcome of the EU governments' financial support programmes and concerns regarding sovereign finances persisted during the course of 2013. Market concerns over the direct and indirect exposure of European banks to the EU sovereign debt further resulted in a widening of credit spreads and increased costs of funding for some European financial institutions. In December 2011, European leaders agreed to implement steps (and continue to meet regularly to review, amend and supplement such steps) to encourage greater long-term fiscal responsibility on the part of the individual Member States and bolster market confidence in the Euro and European sovereign debt; to this end, the Treaty on Stability, Coordination and Governance ("Fiscal Treaty") was signed by 25 EU Member States in March 2012 and entered into force on 1 January 2013. However, the Fiscal Treaty needs to be incorporated into the existing EU treaties, which is expected to take many years, and, even if such steps are implemented, there is no guarantee that they will ultimately and finally resolve uncertainties regarding the ability of Eurozone states to continue to service their sovereign debt obligations. Further, despite such long-term structural adjustments and improvements being proposed and implemented, the future of the Euro in its current form, and with its current membership, remains uncertain. The financial turmoil in Europe continues to be a threat to global capital markets and remains a challenge to global financial stability.

Risks and ongoing concerns about the debt crisis in Europe, as well as the possible default by, or exit from, the Eurozone of one or more Member States and/or the replacement of the Euro by one or more successor currencies, could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in these European countries and the financial condition of European and other financial institutions, including ING Bank.

Additionally, the possibility of capital market volatility spreading through a highly integrated and interdependent banking system remains elevated. In the event of any default or similar event with respect to a sovereign issuer, some financial institutions may suffer significant losses, following which they would require additional capital, and such capital may not be available. Market and economic disruptions stemming from the crisis in Europe have affected, and may continue to affect, consumer confidence levels and spending as well as bankruptcy rates and levels of incurrence of, and default on, consumer debt and home prices, among other factors. There can be no assurance that the market disruptions in Europe, including the increased cost of funding for certain government and financial institutions, will not spread, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilise the affected countries and markets in Europe or elsewhere. To the extent uncertainty regarding the economic recovery continues to negatively impact consumer confidence and consumer credit factors, ING Bank's business and results of operations could be significantly and adversely impacted. In addition, the possible exit from the Eurozone of one or more Member States and/or the replacement of the Euro by one or more successor currencies could create significant uncertainties regarding the enforceability and valuation of Euro-denominated contracts to which ING Bank (or its counterparties) is a party and thereby materially and adversely affect ING Bank and/or its counterparties' liquidity, financial condition and operations. Such uncertainties may include the risk that (i) an obligation that was expected to be paid in Euros is redenominated into a new currency (which may not be easily converted into other currencies without incurring significant cost), (ii) currencies in some Member States may depreciate relative to others, (iii) former Eurozone Member States may impose capital controls that would make it complicated or illegal to move capital out of such countries, and/or (iv) some courts (in particular, courts in countries that have left the Eurozone) may not recognise and/or enforce claims denominated in Euros (and/or in any replacement currency). The possible exit from the Eurozone of one or more Member States and/or the replacement of the Euro by one or more successor currencies could also cause other significant market dislocations and lead to other adverse economic and operational impacts that are inherently difficult to predict or evaluate, and otherwise have potentially materially adverse impacts on ING Bank and its counterparties, including its depositors, lenders, borrowers and other customers. These factors, combined with volatile oil prices, reduced business and consumer confidence and continued high unemployment, have negatively affected the economy of main geographic regions where ING Bank conducts its business. ING Bank's results of operations, liquidity position, capital position, investment portfolio and AUM are exposed to these risks and may be adversely affected as a result. In addition, in the event of extreme prolonged market events, such as the recent global credit crisis, it could incur significant losses.

On 13 January 2012, Standard & Poor's Ratings Group, Inc. proceeded to downgrade the credit ratings of France, Austria, Italy, Spain, Portugal and a handful of other EEA states (while reaffirming the credit ratings of Germany, The Netherlands, Ireland and other EEA states and changing the outlook to "negative" for 15 Eurozone countries). Further related downgrades of European sovereign ratings and of corporate ratings have occurred since that date, including the downgrade of The Netherlands' sovereign debt rating from AAA to AA+ by Standard & Poor's Ratings Group, Inc. on 29 November 2013. These announcements, as well as any future changes, are of high importance to ING Bank, because they affect its financing costs and, as a result, its profitability

Because ING Bank operates in highly competitive markets, including its home market, it may not be able to increase or maintain its market share, which may have an adverse effect on its results of operations.

There is substantial competition in The Netherlands and the other countries in which ING Bank does business for the types of commercial banking, investment banking, asset management and other products and services it provides. Customer loyalty and retention can be influenced by a number of factors, including brand recognition, reputation, relative service levels, investment performance of ING Bank's products, the prices and attributes of products and services, scope of distribution, perceived financial strength, credit ratings and actions taken by competitors. A decline in ING Bank's competitive position as to one or more of these factors could adversely impact its ability to maintain or further increase its market share, which would adversely affect its results of operations. Such competition is most pronounced in ING Bank's more mature markets of The Netherlands, Belgium, the rest of Western Europe, the U.S. and Australia. In recent years, however, competition in emerging markets, such as Latin America, Asia and Central and Eastern Europe, has also increased as large financial services companies from more developed countries have sought to establish themselves in markets which are perceived to offer higher growth potential, and as local institutions have become more sophisticated and competitive and proceeded to form alliances, mergers or strategic relationships with ING Bank's competitors. The Netherlands is its largest market. ING Bank's main competitors in The Netherlands are ABN AMRO Bank and Rabobank. Competition could also increase due to new entrants in the markets that may have new operating models that are not burdened by potentially costly legacy operations. Increasing competition in these or any of its other markets may significantly impact its results if ING Bank is unable to match the products and services offered by its competitors. Future economic turmoil may accelerate additional consolidation activity. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms or have declared bankruptcy. These developments could result in ING Bank's competitors gaining greater access to capital and liquidity, expanding their ranges of products and services, or gaining geographic diversity.

ING Bank may experience pricing pressures as a result of these factors in the event that some of its competitors seek to increase market share by reducing prices. In addition, under the Restructuring Plan, ING has been required to agree to certain restrictions imposed by the EC, including with respect to its price leadership in EU banking markets and its ability to make acquisitions of financial institutions and other businesses. See "Risks Related to the Restructuring Plan – The limitations required by the EC on ING's ability to compete and to make acquisitions or redeem certain debt instruments could materially impact ING Bank". Failure to effectively compete within the industry may thus have a material adverse impact on its business, results of operations and financial condition.

The inability of counterparties to meet their financial obligations could have a material adverse effect on ING Bank's results of operations.

General

Third parties that owe ING Bank money, securities or other assets may not pay or perform under their obligations. These parties include the issuers and guarantors (including sovereigns) of securities ING Bank holds, borrowers under loans originated, reinsurers, customers, trading counterparties, securities lending and repurchase counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Defaults by one or more of these parties on their obligations to ING Bank due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other factors, or even rumours about potential defaults by one or more of these parties or regarding a severe distress of the financial services industry generally, could have a material adverse effect on ING Bank's results of operations, financial condition and liquidity. In light of experiences with significant constraints on liquidity and the high cost of funds in the interbank lending market, and given the high level of interdependence between financial institutions, ING Bank is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of sovereigns and other financial services institutions. This is particularly relevant to ING Bank's franchise as an important and large counterparty in equity, fixed income and foreign exchange markets, including related derivatives, which would then be exposed to concentration risk.

ING Bank routinely executes a high volume of transactions, such as those involving unsecured debt instruments, derivative transactions and equity investments, with counterparties and customers in the financial services industry, including brokers and dealers, commercial and investment banks, mutual and hedge funds, insurance companies, institutional clients, futures clearing merchants, swap dealers and other institutions, resulting in large periodic settlement amounts, which may result in ING Bank having significant credit exposure to one or more of such counterparties or customers. As a result, ING Bank faces concentration risk with respect to liabilities or amounts it expects to collect from specific counterparties and customers. ING Bank is exposed to increased counterparty risk as a result of recent financial institution failures and weakness and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. A default by, or even concerns about the creditworthiness of, one or more of these counterparties or customers or other financial services institutions could therefore have an adverse effect on ING Bank's results of operations or liquidity.

With respect to secured transactions, ING Bank's credit risk may be exacerbated when the collateral held by it cannot be realised, or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it. ING Bank also has exposure to a number of financial institutions in the form of unsecured debt instruments, derivative transactions and equity investments. For example, ING Bank holds certain hybrid regulatory capital instruments issued by financial institutions which permit the issuer to defer coupon payments on the occurrence of certain events or at their option. The EC has indicated that, in certain circumstances, it may require these financial institutions to defer payment. If this were to happen, ING Bank expects that such instruments may experience ratings downgrades and/or a drop in value and it may need to treat them as impaired, which could result in significant losses. There is no assurance that losses on, or impairments to the carrying value of, these assets would not materially and adversely affect ING Bank's business, results of operations or financial condition.

In addition, ING Bank is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations ING Bank holds could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of ING Bank's counterparties could also have a negative impact on its income and risk weighting, leading to increased capital requirements. While in many cases ING Bank is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. ING Bank's credit risk may also be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to ING Bank, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced during the recent financial crisis. The termination of contracts and the foreclosure on collateral may subject ING Bank to claims for the improper exercise of its rights under such contracts. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity.

Any of these developments or losses could materially and adversely affect ING Bank's business, financial condition, results of operations, liquidity and/or prospects.

Market conditions observed over the past few years may increase the risk of loans being impaired. ING Bank is exposed to declining property values on the collateral supporting residential and commercial real estate lending.

ING Bank is exposed to the risk that its borrowers (including sovereigns) may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. ING Bank may continue to see adverse changes in the credit quality of its borrowers and counterparties, for example, as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors. This may lead to impairment charges on loans and other assets, higher costs and additions to loan loss provisions. A significant increase in the size of ING Bank's provision for loan losses could have a material adverse effect on its financial position and results of operations.

Economic and other factors could lead to further contraction in the residential mortgage and commercial lending market and to further decreases in residential and commercial property prices, which could generate substantial increases in impairment losses.

Interest rate volatility and other interest rate changes may adversely affect ING Bank's profitability.

Changes in prevailing interest rates may negatively affect ING Bank's business, including the level of net interest revenue ING Bank earns, and, for its banking business, the levels of deposits and the demand for loans. In a period of changing interest rates, interest expense may increase and interest credited to accountholders may change at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest revenue. Changes in interest rates may negatively affect the value of ING Bank's assets and its ability to realise gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings and capital.

Declining interest rates or a prolonged period of low interest rates may result in:

- lower investment earnings over time on existing investments, as premiums and reinvestments will earn lower rates;
- higher redemption of mortgages and fixed maturity securities in ING Bank's investment portfolios as borrowers seek to borrow at lower interest rates. Consequently, ING Bank may be required to reinvest the proceeds in securities bearing lower interest rates;
- higher costs for certain derivative instruments that may be used to hedge certain of ING Bank's product risks; and/or
- lower profitability since ING Bank may not be able to fully track the decline in interest rates in its savings rate.

Certain statutory capital and reserve requirements are based on formulae and models that consider interest rates, and an extended period of low interest rates may increase the statutory capital ING Bank is required to hold and the amount of assets ING Bank must maintain to support statutory reserves.

Increasing interest rates may result in:

- a decrease in the demand for loans;
- higher interest rates to be paid on debt securities that ING Bank has issued or may issue on the financial markets from time to time to finance its operations and on savings/other liabilities, which would increase its interest expenses and reduce its results of operations;
- a material adverse effect on the value of ING Bank's investment portfolio by, for example, decreasing the estimated fair values of the fixed income securities within ING Bank's investment portfolio; and/or
- (depending on the position) a significant collateral posting requirement associated with ING Bank's interest rate hedge programmes, which could materially and adversely affect liquidity.

ING Bank may incur losses due to failures of banks falling under the scope of state compensation schemes.

In The Netherlands and other jurisdictions, deposit guarantee schemes and similar funds ("Compensation Schemes") have been implemented from which compensation may become payable to customers of financial services firms in the event the financial service firm is unable to pay, or unlikely to pay, claims against it. In many jurisdictions in which ING Bank operates, these Compensation Schemes are funded, directly or indirectly, by financial services firms which operate and/or are licenced in the relevant jurisdiction. ING Bank is a participant in the Dutch Deposit Guarantee Scheme (the "Deposit Guarantee Scheme"), which guarantees an amount of EUR 100,000 per person per bank (regardless of the number of accounts held). The costs involved with making compensation payments under the Deposit Guarantee Scheme are allocated among the participating banks by the DNB, based on an allocation key related to their market shares with respect to the deposits protected by the Deposit Guarantee Scheme. Given its size, ING Bank may incur significant compensation payments to be made under the Deposit Guarantee Scheme, which it may be unable to recover from the bankrupt estate. Such costs and the associated costs to be borne by ING Bank may have a material adverse effect on its results of operations and financial condition. As of 1 July 2015, the Deposit Guarantee Scheme is to change from an ex-post scheme, where ING Bank would have contributed after the failure of a firm, to an ex-ante scheme where ING Bank will pay quarterly risk-weighted contributions into a fund for the Deposit Guarantee Scheme. The fund is to grow to a target size of 1% of all deposits guaranteed under the Deposit Guarantee Scheme, approximately EUR 4 billion at present. The target size would have to be reached in 15 years. However, in December 2013, EU Member States and the European Parliament agreed on reforms to the EU Directive on the Deposit Guarantee Scheme. Main characteristics include an ex-ante funding of up to 0.8% of the banking sector's insured deposits for payouts, to be built up in 10 years, but ultimate contributions will be risk-based. It is as yet unclear what this proposal will mean for the proposed Dutch changes.

The costs associated with potential future ex-ante contributions are today unknown and will depend on the methodology used to calculate risk-weighting, but, given ING Bank's size, may be significant. See also "ING Bank operates in highly regulated industries. Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations governing its business may reduce its profitability — Bank Recovery and Resolution Regimes".

ING Bank's business may be negatively affected by a sustained increase in inflation.

A sustained increase in the inflation rate in ING Bank's principal markets would have multiple impacts on ING Bank and may negatively affect its business, solvency position and results of operations. For example, a sustained increase in the inflation rate may result in an increase in market interest rates which may:

1. decrease the estimated fair value of certain fixed income securities that ING Bank holds in its investment portfolios resulting in:
    - reduced levels of unrealised capital gains available to it, which could negatively impact its solvency position and net income; and/or
    - a decrease of collateral values; and/or
2. require ING Bank, as an issuer of securities, to pay higher interest rates on debt securities that it issues in the financial markets from time to time to finance its operations, which would increase its interest expenses and reduce its results of operations.

A significant and sustained increase in inflation has historically also been associated with decreased prices for equity securities and sluggish performance of equity markets generally. A sustained decline in equity markets may:

1. result in impairment charges to equity securities that ING Bank holds in its investment portfolios and reduced levels of unrealised capital gains available to it, which would reduce its net income and negatively impact its solvency position;
2. negatively impact performance, future sales and surrenders of certain products where underlying investments are often allocated to equity funds;
3. negatively impact the ability of ING Bank's asset management subsidiaries to retain and attract assets under management, as well as the value of assets they do manage, which may negatively impact their results of operations; and/or
4. lower the value of ING Bank's equity investments impacting its capital position.

RISKS RELATED TO ING BANK'S BUSINESS, OPERATIONS AND REGULATORY ENVIRONMENT

ING Bank may be unable to manage its risks successfully through derivatives.

ING Bank employs various economic hedging strategies with the objective of mitigating the market risks that are inherent in its business and operations. These risks include currency fluctuations, changes in the fair value of its investments, the impact of interest rates, equity markets and credit spread changes and the occurrence of credit defaults. ING Bank seeks to control these risks by, among other things, entering into a number of derivative instruments, such as swaps, options, futures and forward contracts, including, from time to time, macro hedges for parts of its business, either directly as a counterparty or as a credit support provider to affiliated counterparties.

Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate ING Bank from risks associated with those fluctuations. ING Bank's hedging strategies also rely on assumptions and projections regarding its assets, liabilities, general market factors, and the creditworthiness of its counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, ING Bank's hedging activities may not have the desired beneficial impact on its results of operations or financial condition. Poorly designed strategies or improperly executed transactions could actually increase its risks and losses. Hedging strategies involve transaction costs and other costs, and, if ING Bank terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. There have been periods in the past, and it is likely that there will be periods in the future, during which ING Bank has incurred or may incur losses on transactions, possibly significant, after taking into account its hedging strategies. Further, the nature and timing of ING Bank's hedging transactions could actually increase its risk and losses. Hedging instruments ING Bank uses to manage product and other risks might not perform as intended or expected, which could result in higher (un)realised losses, such as credit value adjustment risks or unexpected profit and loss effects, and unanticipated cash needs to collateralise or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralised. As such, ING Bank's hedging strategies and the derivatives that it uses or may use may not adequately mitigate or offset the risk of interest rate volatility, and its hedging transactions may result in losses.

ING Bank's hedging strategy additionally relies on the assumption that hedging counterparties remain able and willing to provide the hedges required by its strategy. Increased regulation, market shocks, worsening market conditions (whether due to the ongoing Euro crisis or otherwise) and/or other factors that affect or are perceived to affect the financial condition, liquidity and creditworthiness of ING Bank may reduce the ability and/or willingness of such counterparties to engage in hedging contracts with it and/or other parties, affecting ING Bank's overall ability to hedge its risks and adversely affecting its business, operations, financial condition and liquidity.

ING Bank may be unable to retain key personnel.

As a financial services enterprise with a decentralised management structure, ING Bank relies to a considerable extent on the quality of local management in the various countries in which it operates. The success of ING Bank's operations is dependent, among other things, on its ability to attract and retain highly qualified professional personnel. Competition for key personnel in most countries in which ING Bank operates is intense. ING Bank's ability to attract and retain key personnel, in particular senior officers, experienced portfolio managers, mutual fund managers and sales executives, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent.

As a part of their responses to the financial crisis of 2008, the EC and national governments throughout Europe have introduced and are expected to continue introducing various legislative initiatives that aim to ensure that financial institutions' remuneration policies and practices are consistent with and promote sound and effective risk management, and that those policies and practices impose restrictions on the remuneration of personnel, in particular, senior management, with a focus on risk alignment of performance-related remuneration. Such initiatives include, among others, measures set out in the so-called Capital Requirements Directive III and the CRD IV Directive, the Guidelines on Remuneration Policies and Practices published by (the predecessor of) the European Banking Authority ("EBA"), the Regulation of the DNB on Sound Remuneration Policies (*Regeling beheerst beloningsbeleid Wft 2011*), the Dutch law with respect to the limitation of liability of the DNB and AFM and the prohibition of the payment of variable remuneration to board members and day-to-day policy makers of financial institutions that receive state aid (*Wet aansprakelijkheidsbeperking DNB en AFM en bonusverbod staatsgesteunde ondernemingen*) and the Dutch legislative proposal submitted to the Dutch Parliament in November 2013 on remuneration for employees of financial institutions. The legislative proposal would, if adopted, introduce a variable remuneration cap at 20% on an aggregated level for all persons working in the financial sector in The Netherlands. Persons covered by a collective labour agreement in The Netherlands are subject to an individual cap of 20%. Other persons in The Netherlands are subject to the aggregated cap of 20%. For this group, as well as for persons working outside The Netherlands, (in the EU or outside the EU), exceptions are possible, in line with the CRD IV Directive, but only under strict conditions. In addition, the proposal limits exit compensation and retention compensation and prohibits guaranteed variable remuneration. It is currently expected that the proposal will result in legislation being adopted in the course of 2014 and becoming effective as of 2015. Since the financial crisis, ING has adapted its remuneration policies to the new national and international standards. No base salary increase in relation to 2014 has been proposed and, as of 31 December 2013, the remuneration level of ING's Executive Board is far below the median of its EURO Stoxx 50 benchmark, which is made up of similar European financial and non-financial institutions. These restrictions will continue to have an impact on ING Bank's existing remuneration policies and individual remuneration packages for personnel and may restrict ING Bank's ability to offer competitive compensation compared with companies that are not subject to such restrictions.

These restrictions, alone or in combination with the other factors described above, could adversely affect ING Bank's ability to retain or attract qualified employees.

ING Bank may not be able to protect its intellectual property and may be subject to infringement claims by third parties, which may have a material adverse effect on ING Bank's business and results of operations.

In the conduct of its business, ING Bank relies on a combination of contractual rights with third parties and copyright, trade mark, trade name, patent and trade secret laws to establish and protect its intellectual property. Although it endeavours to protect its rights, third parties may infringe or misappropriate its intellectual property. ING Bank may have to litigate to enforce and protect its copyrights, trade marks, trade names, patents, trade secrets and know-how or to determine their scope, validity or enforceability. In that event, ING Bank may be required to incur significant costs, and its efforts may not prove successful. The inability to secure or protect ING Bank's intellectual property assets could have a material adverse effect on its business and its ability to compete.

ING Bank may also be subject to claims made by third parties for (i) patent, trade mark or copyright infringement, (ii) breach of copyright, trade mark or licence usage rights, or (iii) misappropriation of trade secrets. Any such claims and any resulting litigation could result in significant expense and liability for damages. If ING Bank was found to have infringed or misappropriated a third-party patent or other intellectual property right, it could in some circumstances be enjoined from providing certain products or services to its customers or from utilising and benefiting from certain methods, processes, copyrights, trade marks, trade secrets or licences. Alternatively, it could be required to enter into costly licensing arrangements with third parties or to implement a costly workaround. Any of these scenarios could have a material adverse effect on ING Bank's business and results of operations.

Because ING Bank uses assumptions to model client behaviour for the purpose of its market risk calculations, the difference between the realisation and the assumptions may have an adverse impact on the risk figures and future results.

ING Bank uses assumptions in order to model client behaviour for the risk calculations in its banking books. Assumptions are used to determine the interest rate risk profile of savings and current accounts and to estimate the embedded option risk in the mortgage and investment portfolios. The realisation or use of different assumptions to determine client behaviour could have a material adverse effect on the calculated risk figures and, ultimately, future results.

ING Bank may incur further liabilities in respect of its defined benefit retirement plans if the value of plan assets is not sufficient to cover potential obligations, including as a result of differences between results and underlying actuarial assumptions and models.

ING operates various defined benefit retirement plans covering a significant number of its employees. The liability recognised in ING Bank's consolidated balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligations at the balance sheet date, less the fair value of each plan's assets, together with adjustments for unrecognised actuarial gains and losses and unrecognised past service costs. ING determines its defined benefit plan obligations based on internal and external actuarial models and calculations using the projected unit credit method. Inherent in these actuarial models are assumptions, including discount rates, rates of increase in future salary and benefit levels, mortality rates, trend rates in health care costs, consumer price index and the expected return on plan assets. These assumptions are based on available market data and the historical performance of plan assets, and are updated annually. Nevertheless, the actuarial assumptions may differ significantly from actual results due to changes in market conditions, economic and mortality trends and other assumptions. Any changes in these assumptions could have a significant impact on ING Bank's present and future liabilities to and costs associated with its defined benefit retirement plans.

ING Bank's risk management policies and guidelines may prove inadequate for the risks it faces.

ING Bank has developed risk management policies and procedures and will continue to review and develop these in the future. Nonetheless, its policies and procedures to identify, monitor and manage risks may not be fully effective, particularly during extremely turbulent times. The methods ING Bank uses to manage, estimate and measure risk are partly based on historical market behaviour. The methods may, therefore, prove to be inadequate for predicting future risk exposure, which may be significantly greater than suggested by historical experience. For instance, these methods may not predict the losses seen in the stressed conditions in recent periods, and may also not adequately allow prediction of circumstances arising due to government interventions and stimulus packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of information regarding markets, customers, catastrophic occurrence or other information that is publicly known or otherwise available to ING Bank. Such information may not always be accurate, complete, updated or properly evaluated. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record and verify large numbers of transactions and events. These policies and procedures may not be fully effective.

ING Bank is subject to a variety of regulatory risks as a result of its operations in certain countries.

In certain countries in which ING Bank operates, judiciary and dispute resolution systems may be less developed. As a result, in case of a breach of contract, ING Bank may have difficulties in making and enforcing claims against contractual counterparties and, if claims are made against ING Bank, it might encounter difficulties in mounting a defence against such allegations. If ING Bank becomes party to legal proceedings in a market with an insufficiently developed judicial system, it could have an adverse effect on its operations and net results.

In addition, as a result of ING Bank's operations in certain countries, it is subject to risks of possible nationalisation, expropriation, price controls, exchange controls and other restrictive government actions, as well as the outbreak of hostilities, in these markets. In addition, the current economic environment in certain countries in which ING Bank operates may increase the likelihood for regulatory initiatives to enhance consumer protection or to protect homeowners from foreclosures. Any such regulatory initiative could have an adverse impact on ING Bank's ability to protect its economic interests, for instance in the event of defaults on residential mortgages.

ING Bank is exposed to the risk of mis-selling claims.

Mis-selling claims are claims from customers who allege that they have received misleading advice or other information from advisers (both internal and external) as to which products were most appropriate for them, or that the terms and conditions of the products, the nature of the products or the circumstances under which the products were sold, were misrepresented to them. When new financial products are brought to the market, ING Bank engages in a product approval process in connection with the development of such products, including production of appropriate marketing and communication materials. Notwithstanding these processes, customers may make mis-selling claims against ING Bank if the products do not generate the expected profit, or result in a loss, or otherwise do not meet expectations. Customer protection regulations, as well as changes in interpretation and perception by both the public at large and governmental authorities of acceptable market practices, influence customer expectations.

Products distributed through person-to-person sales forces have a higher exposure to mis-selling as the sales forces provide face-to-face financial planning and advisory services. Complaints may also arise if customers feel that they have not been treated reasonably or fairly, or that the duty of care has not been complied with. While a considerable amount of time and money has been invested in reviewing and assessing historical sales practices and products that were sold in the past, and in the maintenance of effective risk management and legal and compliance procedures (which in themselves may prove inadequate or otherwise ineffective) to monitor current sales practices, there can be no assurance that all of the issues associated with current and historical sales practices and products have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated.

The negative publicity associated with any sales practices, and any compensation payable in respect of any such issues and regulatory changes resulting from such issues, has had and could have a material adverse effect on ING Bank's business, revenues, results of operations, financial condition and prospects.

Ratings are important to ING Bank's business for a number of reasons. A downgrade or a potential downgrade in ING Bank's credit ratings could have an adverse impact on its operations and net result.

Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. ING Bank's credit ratings are important to its ability to raise funds through the issuance of debt and to the cost of such financing. In the event of a downgrade, the cost of issuing debt will increase, having an adverse effect on its net result.

Certain institutional investors may also be obliged to withdraw their deposits from ING Bank following a downgrade, which could have an adverse effect on its liquidity. ING Bank has credit ratings from Standard & Poor's Credit Market Services Europe Limited, Moody's Investor Service Ltd. and Fitch France S.A.S. Each of the rating agencies reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time. For example, on 2 December 2013, Standard & Poor's Credit Market Services Europe Limited downgraded the long-term debt ratings of ING Bank from A+ to A with stable outlook.

Furthermore, ING Bank's assets are risk-weighted. Downgrades of these assets could result in a higher risk weighting which may result in higher capital requirements. This may impact net earnings and the return on capital, and may have an adverse impact on ING Bank's competitive position.

As rating agencies continue to evaluate the financial services industry, it is possible that rating agencies will heighten the level of scrutiny that they apply to financial institutions, increase the frequency and scope of their credit reviews, request additional information from the companies that they rate and potentially adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. It is possible that the outcome of any such review of ING Bank would have additional adverse ratings consequences, which could have a material adverse effect on ING Bank's results of operations, financial condition and liquidity. ING Bank may need to take actions in response to changing standards or capital requirements set by any of the rating agencies, which could cause its business and operations to suffer. ING Bank cannot predict what additional actions rating agencies may take, or what actions it may take in response to the actions of rating agencies.

Operational risks, such as systems disruptions or failures, breaches of security, cyber attacks, human error, changes in operational practices or inadequate controls may adversely impact ING Bank's business, results of operations and reputation.

Operational risks are inherent in ING Bank's business. ING Bank's businesses depend on the ability to process a large number of transactions efficiently and accurately. Although ING Bank endeavours to safeguard its systems and processes, losses can result from inadequately trained or skilled personnel, IT failures (including failure to anticipate or prevent cyber attacks, which are deliberate attempts to gain unauthorised access to digital systems for the purposes of misappropriating assets or sensitive information, corrupting data, or impairing operational performance, or security breaches by third parties), inadequate or failed internal control processes and systems, regulatory breaches, human error, employee misconduct (including fraud) or external events that interrupt normal business operations. ING Bank depends on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The equipment and software used in ING Bank's computer systems and networks may not always be capable of processing, storing or transmitting information as expected. Despite ING Bank's business continuity plans and procedures, certain of ING Bank's computer systems and networks may have insufficient recovery capabilities in the event of a malfunction or loss of data. In addition, whilst ING Bank has policies and processes to protect its systems and networks, they may be vulnerable to unauthorised access, computer viruses or other malicious code, cyber attacks and other external attacks or internal breaches that could have a security impact and jeopardise ING Bank's confidential information or that of its clients or its counterparties. These events can potentially result in financial loss and harm to ING Bank's reputation, and hinder its operational effectiveness. ING Bank also faces the risk that the design and operating effectiveness of its controls and procedures may prove to be inadequate. Widespread outbreaks of communicable diseases, such as the outbreak of the H1N1 influenza virus, may impact the health of ING Bank's employees, increasing absenteeism, or may cause a significant increase in the utilisation of health benefits offered to its employees, either or both of which could adversely impact its business. Unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, and ING Bank's operations may be subject to losses resulting from such disruptions. Losses can result from destruction or impairment of property, financial assets, trading positions, and the loss of key personnel. If ING Bank's business continuity plans are not able to be implemented or do not sufficiently take such events into account, losses may increase further.

ING Bank has suffered losses from operational risk in the past and there can be no assurance that it will not suffer material losses from operational risk in the future.

Adverse publicity, claims and allegations, litigation and regulatory investigations and sanctions may have a material adverse effect on ING Bank's business, revenues, results of operations, financial condition and/or prospects.

ING Bank is subject to litigation, arbitration and other claims and allegations in the ordinary course of business, including in connection with its activities as financial services provider, employer, investor and taxpayer. Adverse publicity and damage to ING Bank's reputation arising from its failure or perceived failure to comply with legal and regulatory requirements, financial reporting irregularities involving other large and well-known companies, possible findings of government authorities in various jurisdictions which are investigating several rate-setting processes, increasing regulatory and law enforcement scrutiny of "know your customer", anti-money laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures and anti-terrorist-financing procedures and their effectiveness, regulatory investigations of the mutual fund and banking industries, and litigation that arises from the failure or perceived failure by ING Bank to comply with legal, regulatory and compliance requirements, could result in adverse publicity and reputational harm, lead to increased regulatory supervision, affect ING Bank's ability to attract and retain customers and maintain access to the capital markets, result in cease and desist orders, claims, enforcement actions, fines and civil and criminal penalties or other disciplinary action, or have other material adverse effects on ING Bank in ways that are not predictable. Some claims and allegations may be brought by or on behalf of a class and plaintiffs may seek large or indeterminate amounts of damages, including compensatory, liquidated, treble and punitive damages. See also "ING Bank is exposed to the risk of mis-selling claims" above. ING Bank's reserves for litigation liabilities may prove to be inadequate. Claims and allegations, should they become public, need not be well founded, true or successful to have a negative impact on ING Bank's reputation. In addition, press reports and other public statements that assert some form of wrongdoing could result in inquiries or investigations by regulators, legislators and law enforcement officials, and responding to these inquiries and investigations, regardless of their ultimate outcome, is time-consuming and expensive. Adverse publicity, claims and allegations, litigation and regulatory investigations and sanctions may have a material adverse effect on ING Bank's business, revenues, results of operations, financial condition and/or prospects in any given period. For additional information with respect to specific proceedings, see "General Information — Litigation".

RISKS RELATED TO THE RESTRUCTURING PLAN

The implementation of the Restructuring Plan and the divestments anticipated in connection with the Restructuring Plan have and will significantly alter the size and structure of ING and involve significant costs and uncertainties that could materially impact ING Bank.

In November 2008, the Dutch State purchased the Core Tier 1 Securities and in the first quarter of 2009, ING entered into the IABF with the Dutch State, the structure of which was terminated as of 1 November 2013.

As a result of having received state aid through the Dutch State Transactions, ING was required to submit a restructuring plan to the EC in connection with obtaining final approval for the Dutch State Transactions under the EC state aid rules. On 26 October 2009, ING announced its Restructuring Plan ("Initial Restructuring Plan"), pursuant to which ING was required to divest by the end of 2013 all of ING's insurance business, including the investment management business, as well as ING Direct USA, which operated ING Bank's direct banking business in the U.S., and certain portions of its retail banking business in The Netherlands. The EC's approval of the Initial Restructuring Plan was issued on 18 November 2009. On 28 January 2010, ING lodged an appeal with the General Court of the EU (the "General Court") against specific elements of the EC's decision regarding the Initial Restructuring Plan. On 2 March 2012, the General Court partially annulled the EC's decision of 18 November 2009. Subsequently, the EC filed an appeal against the General Court's judgement before the Court of Justice of the EU. In parallel, the EC adopted a decision on 11 May 2012 that re-approved the state aid granted to ING as compatible with the internal market on the basis of the Initial Restructuring Plan. On the same date, the EC adopted an interim decision which opened an investigation concerning certain amendments and elements of the Initial Restructuring Plan. On 24 July 2012, ING Group announced that the Dutch State and ING Group were in dialogue with the EC on an amended and updated Restructuring Plan to be submitted to the EC. However, in order to safeguard its legal rights, ING Group filed an appeal with the General Court against the EC's decision of 11 May 2012, which re-approved the Initial Restructuring Plan.

On 19 November 2012, ING and the Dutch State announced that they had reached an agreement with the EC on significant amendments to the Initial Restructuring Plan (the "Amended Restructuring Plan", and together with the Initial Restructuring Plan, the "Restructuring Plan"). The Amended Restructuring Plan extended the time horizon and increased the flexibility for the completion of divestments and adjusted other commitments set forth in the Initial Restructuring Plan.

On 6 November 2013, ING and the Dutch State further announced the adoption of a revised timeline for certain required divestments. As a result of the Amended Restructuring Plan, the EC has closed its formal investigations as announced on 11 May 2012, and ING Group has withdrawn its appeal with the General Court, filed in July 2012. Although the EC's appeal against the March 2012 ruling of the General Court continues, ING, the Dutch State and the EC have agreed that any outcome of this procedure will not affect the approval of the Amended Restructuring Plan. On 3 April 2014, the Court of Justice of the EU rendered its judgement and dismissed the EC's appeal against the General Court ruling of March 2012.

Pursuant to the agreement to unwind the IABF, the IABF in its current form was terminated, regular guarantee fee payments were settled for an amount of EUR 0.4 billion, the other restrictions as part of the IABF agreement are no longer applicable and the Dutch State intends to sell the Alt-A securities in the market. A first tranche was sold in December 2013 and the remainder was sold in February 2014. Unwinding the IABF also resulted in eliminating a counter-guarantee that ING extended to the Dutch State in connection with the divestment of ING Direct USA in 2012.

The restrictions imposed by the Restructuring Plan could adversely affect ING Bank's ability to maintain or grow market share in key markets as well as its results of operations. See "Risks Related to the Restructuring Plan – The limitations required by the EC on ING's ability to compete and to make acquisitions or redeem certain debt instruments could materially impact ING Bank" below.

There can be no assurance that ING will be able to implement the Restructuring Plan successfully or complete the remaining planned divestments on favourable terms or at all. Any failure to successfully implement the Restructuring Plan may result in EC enforcement actions or EC procedures and may have a material adverse impact on the assets, profitability, capital adequacy and business operations of ING. Moreover, in connection with the implementation of the Restructuring Plan, including any proposed divestments, ING or potential buyers may need to obtain various approvals, including of shareholders, works councils and regulatory and competition authorities, and ING and potential buyers may face difficulties in obtaining these approvals in a timely manner or at all. In addition, the implementation of the Restructuring Plan may strain relations with its employees, and specific proposals in connection with the implementation may be opposed by trade unions or works councils.

Furthermore, following the announcement of the Initial Restructuring Plan, for example, several of ING Group's subsidiaries were downgraded or put on credit watch by rating agencies. See "Risks Related to ING Bank's Business, Operations and Regulatory Environment – Ratings are important to ING Bank's business for a number of reasons. A downgrade or a potential downgrade in ING Bank's credit ratings could have an adverse impact on its operations and net result".

Other factors that may impede ING's ability to implement the Restructuring Plan successfully include an inability of prospective purchasers to obtain funding due to weak credit markets, insufficient access to equity capital markets, a general unwillingness of prospective purchasers to commit capital in the current market environment, antitrust concerns, any adverse changes in market interest rates or other borrowing costs and any declines in the value of the assets to be divested. Similarly, it may also be difficult to continue to divest all or part of ING's insurance or investment management business through one or more initial public offerings. There can also be no assurance that ING could obtain favourable pricing for a sale of all or part of its insurance or investment management business in the public markets or succeed in turning the relevant subsidiaries into viable standalone businesses. A divestment may also release less regulatory capital than ING would otherwise expect.

Any failure to complete the divestments on favourable terms could have a material adverse impact on ING's assets, profitability, capital adequacy and business operations. If ING is unable to complete the announced divestments in a timely manner, it would be required to find alternative ways to reduce ING's leverage, and it could be subject to enforcement actions or proceedings by the EC. In case of material non-compliance with the Amended Restructuring Plan, in particular, if ING does not succeed in completing divestitures as described in the Amended Restructuring Plan within the timelines set out therein or subsequently agreed upon, does not repay the Core Tier 1 Securities according to the schedule as included in the Amended Restructuring Plan, and/or does not succeed in satisfying its commitments with respect to Nationale-Nederlanden Bank through a divestment of more than 50% of its interest in NN Group N.V. by year-end 2015, as described in the Amended Restructuring Plan, the Dutch State will re-notify this to the EC, which may take enforcement actions against ING or require additional restructuring measures.

The implementation of the divestments announced in connection with the Restructuring Plan, including the separation of the insurance and most of the investment management operations from the banking operations, has given, and will give, rise to additional costs related to the legal and financial assessment of potential transactions. The implementation has resulted, and may continue to result, in increased operating and administrative costs. The process of completing the steps contemplated by the Restructuring Plan may be disruptive to ING's business and the businesses ING is trying to divest and may cause an interruption or reduction of its business and the businesses to be sold or otherwise divested as a result of, among other factors, the loss of key employees or customers and the diversion of management's attention from ING's day-to-day business as a result of the need to manage the divestment process as well as any disruptions or difficulties that arise during the course of the divestment process. ING may face other difficulties in implementing the Restructuring Plan and completing the planned divestments. For instance, the divestments, individually or in the aggregate, may trigger provisions in various contractual obligations, including debt and capital instruments, which could require ING to modify, restructure or refinance those or other related obligations. ING may not be able to effect any such restructuring or refinancing on similar terms pursuant to the current contractual obligations or at all. In addition, the announced divestments could be the subject of claims or litigation, and a court or regulator could delay any of the divestment transactions or prohibit them from occurring on their proposed terms, or from occurring at all, which could adversely affect ING's ability to use the funds of the divestments to repay the remaining amount of the Core Tier 1 Securities, reduce or eliminate its double leverage and strengthen its capital ratios as anticipated and eliminate the constraints on competition imposed by the EC.

The limitations required by the EC on ING's ability to compete and to make acquisitions or redeem certain debt instruments could materially impact ING Bank.

As part of its Restructuring Plan, ING has undertaken with the EC to accept certain limitations on its ability to compete in certain retail, private and direct banking markets in the EU and on ING's ability to acquire (i) financial institutions and (ii) businesses, insofar as this would delay its repayment of the remaining Core Tier 1 Securities held by the Dutch State. These restrictions in principle apply until the earlier of (1) 18 November 2015 and (2) the date upon which more than 50% of ING's interest in its insurance and investment management business has been divested. ING was also required to agree to limitations on its ability to call Tier 2 capital and Tier 1 hybrid debt instruments, which remain subject to authorisations by the EC on a case-by-case basis until the earlier of 18 November 2014 or the repayment of the remaining Core Tier 1 Securities (including the relevant accrued interest on Core Tier 1 coupons and exit premium fees). If the EC does not approve the calling of Tier 2 capital and Tier 1 hybrid debt instruments in the future, this may have adverse consequences for ING, resulting in additional payments on these instruments and limiting ING's ability to seek refinancing on more favourable terms. ING is furthermore restricted to a maximum ratio for mortgage production at ING Retail Banking Netherlands in relation to the mortgage production of Nationale-Nederlanden Bank until ING has divested more than 50% of its interest in NN Group N.V. or until year-end 2015. The limitations described above will impose significant restrictions on its banking business operations and on its ability to take advantage of market conditions and growth opportunities. Such restrictions could adversely affect ING Bank's ability to maintain or grow market share in key markets, as well as its results of operations.

Upon the implementation of the Restructuring Plan, ING will be less diversified and ING Bank may experience competitive and other disadvantages.

Following completion of the planned divestments under the Restructuring Plan, ING expects to become a significantly smaller, regional financial institution focused on retail, direct and commercial banking in The Netherlands, Belgium and Luxembourg (the "Benelux") and certain other parts of Europe, as well as selected markets outside Europe. Although ING will remain focused on banking operations, ING Bank may become a smaller bank than that represented by its current banking operations. In the highly competitive Benelux market and the other markets in which ING Bank operates, its competitors may be larger, more diversified and better capitalised and have greater geographical reach than ING Bank, which could have a material adverse effect on ING Bank's ability to compete, as well as on its profitability. The divested businesses may also compete with the retained businesses on their own or as part of the purchasers' enlarged businesses. For example, Nationale-Nederlanden Bank is already competing before its planned divestment with ING Bank's retail banking business in The Netherlands, as Nationale-Nederlanden Bank has been ring-fenced from ING Bank's operations for this purpose. In addition, the restrictions on ING Bank's ability to be a price leader and make acquisitions and on its compensation policies could further hinder its capacity to compete with competitors not burdened with such restrictions, which could have a material adverse effect on ING Bank's results of operations. There can be no assurance that the implementation of the Restructuring Plan will not have a material adverse effect on the market share, business and growth opportunities and results of operations of ING Bank's remaining core banking businesses.

ING's Restructuring Plan may not yield intended reductions in costs, risk and leverage.

Projected cost savings and impact on ING's risk profile and capital associated with the Restructuring Plan are subject to a variety of risks, including:

- actual costs to effect these initiatives may exceed estimates;
- divestments planned in connection with the Restructuring Plan may not yield the level of net proceeds expected, as described under "Risks Related to the Restructuring Plan – The implementation of the Restructuring Plan and the divestments anticipated in connection with the Restructuring Plan have and will significantly alter the size and structure of ING and involve significant costs and uncertainties that could materially impact ING Bank" above;
- initiatives that ING is contemplating may require consultation with various regulators as well as employees and labour representatives, and such consultations may influence the timing, costs and extent of expected savings;
- the loss of skilled employees in connection with the initiatives; and

- projected savings may fall short of targets.

While ING has begun and expects to continue to implement these strategies, there can be no assurance that it will be able to do so successfully or that it will realise the projected benefits of these and other restructuring and cost-saving initiatives. If ING is unable to realise these anticipated cost reductions, its business may be adversely affected. Moreover, its continued implementation of restructuring and cost-saving initiatives may have a material adverse effect on its business, financial condition, results of operations and cash flows.

Whenever the overall return on the (remaining) Core Tier 1 Securities issued to the Dutch State is expected to be lower than 10% per annum and/or in the event that ING does not repay the remaining Core Tier 1 Securities in accordance with the repayment schedule that was submitted to the EC as part of the Amended Restructuring Plan, the EC may consider the imposition of additional behavioural constraints.

As stated in the decision of the EC of 12 November 2008 (in State Aid N 528/2008 – The Netherlands), the Core Tier 1 state aid measure must be (re)notified to the EC by the Dutch authorities if the overall return on the Core Tier 1 Securities of at least 10% per annum is not expected to be achieved. In such a case, the EC may require additional (behavioural) constraints as a condition of the compatibility of the measure.

In 2011, ING Group reported to the Dutch authorities that it had abstained from paying dividends on its shares for a period of two consecutive years (i.e. 2009 and 2010), as a result of which the EC opened an investigation into ING's restructuring process. Following the approval of the Amended Restructuring Plan, the EC closed its formal investigations. Pursuant to the Amended Restructuring Plan, ING had to repay the then outstanding amount of EUR 3 billion in four equal tranches. On 26 November 2012 and 6 November 2013, ING repaid the first two tranches of EUR 1,125 million each to the Dutch State. Each tranche consisted of EUR 750 million in repayment of Core Tier 1 Securities and EUR 375 million in premiums and interest. On 31 March 2014, ING repaid the third tranche of EUR 1,125 million plus EUR 100 million (EUR 1,225 million in total) to the Dutch State. This payment includes a EUR 817 million repayment of Core Tier 1 Securities and EUR 408 million in premiums and interest. After the EUR 1,225 million payment made by ING on 31 March 2014, the remaining tranche of EUR 1,025 million is expected to be paid in May 2015, translating into an overall internal rate of return for the Dutch State of 12.5% per annum. Any repayment of the remaining Core Tier 1 Securities is conditional on approval from the DNB. Upon reaching the agreement on the Amended Restructuring Plan, ING indicated that it aims to repay the remaining Core Tier 1 Securities as soon as possible and accelerate repayments to the extent it is deemed prudent under prevailing financial circumstances. If ING does not repay a total of EUR 4.5 billion by 15 May 2015, the Dutch State commits to re-notify the recapitalisation measure. If ING is unable to repay the remaining Core Tier 1 Securities according to the above-mentioned deadline and other terms agreed with the EC, this could result in the EC imposing additional (behavioural) constraints on it or taking any enforcement action against it.

DESCRIPTION OF ING BANK N.V.

GENERAL

ING Bank is part of ING Group. ING Group is the holding company for a broad spectrum of companies (together, “ING”). ING Group holds all shares of ING Bank N.V., which is a non-listed 100% subsidiary of ING Group.

ING is a global financial institution of Dutch origin, currently offering banking, investments, life insurance and retirement services. ING draws on its experience and expertise, its commitment to excellent service and its global scale to meet the needs of a broad customer base, comprising individuals, families, small businesses, large corporations, institutions and governments. ING currently serves more than 48 million customers in over 40 countries. ING has more than 75,000 employees.

In line with its strategic direction originally announced in 2009, ING has substantially completed the separation of its banking operations (which are conducted principally through ING Bank) and insurance operations (which are conducted principally through NN Group N.V. and its subsidiaries (“NN Group”)).

ING Bank currently offers Retail Banking services to individuals and small and medium-sized enterprises (“SMEs”) in Europe, Asia and Australia and Commercial Banking services to customers around the world, including multinational corporations, governments, financial institutions and supranational organisations. ING Bank currently serves more than 33 million customers through an extensive network in more than 40 countries. ING Bank has more than 63,000 employees.

ING Bank’s reporting structure reflects the two main business lines through which it is active: Retail Banking and Commercial Banking.

Retail Banking

Retail Banking provides banking services to individuals and SMEs in Europe, Asia and Australia. A full range of products and services is provided, albeit offerings may vary according to local demand.

ING Bank views Retail Banking as having leading positions in the Benelux, Germany, Australia and Poland. It also operates in a number of other markets – Spain, France, Austria, Italy, Romania, Turkey and India – where it challenges the established players. It has equity positions in TMB Bank (Thailand) and Bank of Beijing (China).

Retail Banking has the same strategic focus in each country where it conducts business: to provide easy and fair banking, at low cost, according to the “direct if possible, advice when needed” principle.

Commercial Banking

ING Bank views Commercial Banking as a European franchise with a market-leading position in the Benelux and a good position in the rest of Europe, in particular in Central and Eastern Europe. ING Bank further views Commercial Banking as having a global franchise and market-leading positions in selected areas in Industry Lending and in liquidity management, as well as focused and efficient global Trade Finance Services and Financial Markets businesses. ING Bank is a relationship bank for clients around the world and serves a range of organisations, including multinational corporations, governments, financial institutions and supranational organisations, through an extensive network of offices in more than 40 countries. ING Bank provides a range of products and services to support its clients’ needs. ING Bank’s lending capabilities anchor most of its client relationships. Transaction services products, such as International Payments & Cash Management, Trade Banking and Working Capital Solutions are tailored, through integrated solutions and advice, to meet ING Bank’s clients’ short- and long-term banking and liquidity requirements. Financial Markets, as ING Bank’s gateway to the professional markets of the world, services its clients’ everyday needs in treasury services through access to capital markets, risk management and structured financial products.

ING Bank is progressing with building integrated domestic banks by combining Retail Banking's deposit-gathering capabilities with Commercial Banking's origination capabilities, resulting in a further strengthening of its business model. See also "ING Bank Strategy" below.

INCORPORATION AND HISTORY

ING Bank was incorporated under Dutch law in The Netherlands on 12 November 1927 for an indefinite duration in the form of a public limited company as Nederlandsche Middenstandsbank N.V. ("NMB Bank").

On 4 October 1989, NMB Bank merged with Postbank, the leading Dutch retail bank. The legal name of NMB Bank was changed into NMB Postbank Groep N.V. On 4 March 1991, NMB Postbank Groep N.V. merged with Nationale-Nederlanden N.V., the largest Dutch insurance group. On that date, the newly formed holding company Internationale Nederlanden Groep N.V. honoured its offer to exchange the shares of NMB Postbank Groep N.V. and of Nationale-Nederlanden N.V. NMB Postbank Groep N.V. and Nationale-Nederlanden N.V. continued as sub-holding companies of Internationale Nederlanden Groep N.V. An operational management structure ensured a close co-operation between the banking and insurance activities, strategically as well as commercially. The sub-holding companies remained legally separate. After interim changes of name, the statutory names of the above-mentioned companies were changed into ING Groep N.V., ING Bank N.V. and ING Verzekeringen N.V. on 1 December 1995.

In May 2009, ING announced that – in line with its April 2009 strategy announcement – it was taking measures to simplify its governance. These measures have been implemented. In October 2009, ING announced that it would move towards a separation of ING's banking and insurance operations, clarifying the strategic direction for the bank and the insurance company going forward. This has also led to changes in the structure and composition of the respective Management Boards. ING Bank and NN Group (the European insurance operations of ING) now each have their own Management Board, consisting of the Group CEO, CFO and CRO and positions for four other members.

On 1 March 2014, NN Group N.V., formerly called ING Insurance Topholding N.V., merged with ING Verzekeringen N.V. As a result, the legal entity ING Verzekeringen N.V. ceased to exist and NN Group N.V. became the legal successor of ING Verzekeringen N.V.

The registered office of ING Bank N.V. is at Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands (telephone number: +31 20 563 9111). ING Bank N.V. is registered at the Chamber of Commerce of Amsterdam under no. 33031431 and its corporate seat is in Amsterdam, The Netherlands. The Articles of Association of ING Bank N.V. were last amended by notarial deed executed on 13 December 2013. According to Article 2 of its Articles of Association, the objects of ING Bank N.V. are to conduct the banking business in the broadest sense of the word, including insurance brokerage, to acquire, construct and operate immovable properties, and furthermore to participate in, conduct the management of, finance and furnish personal or real security for the obligations of, and provide services to, other enterprises and institutions of whatever kind, but in particular enterprises and institutions active in the credit business, investments and/or other financial services, as well as to perform all that which is related or may be conducive to the foregoing.

As a non-listed company, ING Bank N.V. is not bound by the Dutch Corporate Governance Code (the "Code"). ING Group, as the listed holding company of ING Bank N.V., is in compliance with the Code.

SUPERVISORY BOARD AND MANAGEMENT BOARD BANKING

ING Bank has a two-tier board system, consisting of a Supervisory Board and a Management Board Banking. All members of the Supervisory Board, with the exception of Luc Vandewalle, are independent within the meaning of the Code. Luc Vandewalle is not to be regarded as independent within the meaning of the Code because of his former position at ING Belgium. The task of the Supervisory Board is to supervise the policy of the Management

Board Banking and the general course of events at ING Bank and to assist the Management Board Banking by providing advice. The Management Board Banking is responsible for the daily management of ING Bank.

The composition of the Supervisory Board and the Management Board Banking is as follows:

- Supervisory Board: Jeroen van der Veer (chairman), Peter A.F.W. Elverding* (vice-chairman), J.P. (Tineke) Bahlmann*, Henk W. Breukink, Carin W. Gorter, Jan H. Holsboer, Joost Ch. L. Kuiper, Hermann-Josef M. Lamberti, Isabel Martín Castellá, Robert W.P. Reibestein, Yvonne C.M.T. van Rooy and Luc A.C.P. Vandewalle*.

- Management Board Banking: Ralph Hamers (chairman), J.V. (Koos) Timmermans (vice-chairman), Patrick G. Flynn (CFO), Roel Louwhoff (COO), W.F. (Wilfred) Nagel (CRO), William L. Connelly, C.P.A.J. (Eli) Leenaars and Hans van der Noordaa.

* Resignation expected at the 2014 Annual General Meeting on 12 May 2014.

At the 2013 Annual General Meeting, Ralph Hamers was appointed as a member of the Management Board Banking for a period of four years, ending after the 2017 Annual General Meeting. The Supervisory Board appointed Ralph Hamers as chairman of the Management Board Banking and chief executive officer as of 1 October 2013. It will be proposed to the 2014 Annual General Meeting on 12 May 2014 to appoint Eric Boyer de la Giroday to the Supervisory Board as per the date of the Annual General Meeting.

The business address of all members of the Supervisory Board and the Management Board Banking is: ING Bank N.V., Bijlmerplein 888 (Amsterdamse Poort), P.O. Box 1800, 1000 BV Amsterdam.

In order to avoid potential conflicts of interest, ING Bank N.V. has a policy that members of its Management Board Banking do not accept corporate directorships with listed companies outside ING.

Details of relationships that members of the Management Board Banking may have with ING Group subsidiaries as ordinary, private individuals are not reported.

There are no potential conflicts of interest between any duties owed by the members of the Supervisory Board or the Management Board Banking to ING Bank N.V. and any private interests or other duties which such persons may have.

Listed below are the principal activities performed by members of the Supervisory Board outside ING.

Veer, J. van der

Chairman of the Supervisory Board of Koninklijke Philips Electronics, The Netherlands.

Member of the Supervisory Board of Het Concertgebouw N.V., The Netherlands.

Chairman of the Supervisory Council of Nederlands Openluchtmuseum, The Netherlands.

Member of the Board of Nationale Toneel (theatre), The Netherlands.

Chairman of the Supervisory Council of Platform Bèta Techniek, The Netherlands.

Chairman of the Advisory Council of Rotterdam Climate Initiative, The Netherlands.

Elverding, P.A.F.W.*

Chairman of the Supervisory Board of Koninklijke BAM Groep N.V., The Netherlands.

Vice-chairman of the Supervisory Board of SHV Holdings N.V., The Netherlands.

Chairman of the Supervisory Board of Q-Park N.V., The Netherlands.

Member of the Supervisory Board of Koninklijke FrieslandCampina N.V., The Netherlands.

Chairman of the Supervisory Board of Camille Oostwegel Holding B.V., The Netherlands.

Member of the Board of Stichting Instituut GAK, The Netherlands.

Bahlmann, J.P.*

Professor in Business Administration, University of Utrecht, The Netherlands.

Member of the Board of Stedin Netbeheer B.V., The Netherlands.

Member of the Board of Maatschappelijk Verantwoord Ondernemen Nederland (CSR), The Netherlands.

Chairman of the Supervisory Board of Maasstad Ziekenhuis (hospital), The Netherlands.

Chairman of Stichting Max Havelaar, The Netherlands.

Member of the Board of Toneelgroep Amsterdam (theatre), The Netherlands.

Breukink, H.W.

Member of the Supervisory Board of NSI N.V. (real estate fund), The Netherlands.

Member of the Supervisory Board of Brink Groep B.V., The Netherlands.

Chairman of the Supervisory Board of Heembouw Holding B.V., The Netherlands.

Chairman of the Supervisory Council of Inholland University, The Netherlands.

Gorter, C.W.

Member of the Supervisory Board of Cooperation of VGZ, The Netherlands.

Member of the Supervisory Council of OLVG (hospital), The Netherlands.

Member of the Supervisory Council of CBR (driving licence agency), The Netherlands.

Holsboer, J.H.

Non-executive (senior independent) director of PartnerRe Ltd., Bermuda.

Chairman of the Supervisory Board of TD Bank N.V., The Netherlands.

Non-executive director of YAFA S.p.A., Turin, Italy.

Member of the Supervisory Board of YAM Invest N.V., The Netherlands.

Chairman of the Supervisory Board of Vither Hyperthermia B.V., The Netherlands.

Chairman of the Board of Foundation Imtech, The Netherlands.

Kuiper, J.Ch.L.

Chairman of the Supervisory Board of IMC B.V, The Netherlands.

Member of the Supervisory Board of Hespri Holding B.V., The Netherlands.

Member of the Supervisory Council of Nexus Institute, The Netherlands.

Member of the Board of Stichting voor Ooglijders, The Netherlands.

Member of the Board of Prins Bernhard Cultuurfonds, The Netherlands.

Member of the Board of Aanwending Loterijgelden Nederland, The Netherlands.

Member of the Advisory Board of Boelens de Gruyter, The Netherlands.

Member of the Advisory Board of Boron, The Netherlands.

Member of the Supervisory Board of Stichting Bewaarbedrijf Abete.

Lamberti, H-J.M.

Non-executive member of the Board of EADS N.V., The Netherlands.

Senior Business Adviser of Advent International GmbH, Germany.

Member of the Advisory Board of Barmenia Versicherungen, Germany.

Managing Director of Frankfurt Technology Management GmbH, Germany.

Member of the Supervisory Board of Open-Xchange AG, Germany.

Martín Castellá, I.

Member of the Board of Konecta Foundation.

Member of the Advisory Board of Madrid Network, Spain.

Reibestein, R.W.P.

Member of the Supervisory Board of IMC B.V., The Netherlands.

Chairman of the Board of Royal Concertgebouw Orchestra, The Netherlands.

Member of the Board of Overseers, Columbia University Business School, New York, U.S.

Member of the Supervisory Board of World Wildlife Fund, The Netherlands.

Member of the European Council on Foreign Relations, London, United Kingdom.

Vice-chairman of the Board of VVD (political party), The Netherlands.

Rooy, Y.C.M.T. van

Chairman of Nederlandse Vereniging van Ziekenhuizen (Dutch association of hospitals), The Netherlands.

Member of the Board of Trust Foundation Koninklijke Brill N.V., The Netherlands.

Member of the Board of Royal Concertgebouw Orchestra, The Netherlands.

Member of the Advisory Board of Nexus Institute, The Netherlands.

Member of the Board of Stichting Instituut GAK, The Netherlands.

Member of the Advisory Board of Stichting Nationaal Fonds Kunstbezit, The Netherlands.

Member of Committee Social Responsibility PwC, The Netherlands.

Vandewalle, L.A.C.P.*

Chairman of the Supervisory Board of Bakker Hillegom B.V., Lisse, The Netherlands.

Chairman of the Supervisory Board of Matexi Groep, Waregem, Belgium.

Chairman of the Supervisory Board of Plu Holding, Baillarges, France.

Chairman of the Supervisory Board of Transics International, Ieper, Belgium.

Chairman of the Supervisory Board of Alinso N.V., Zwijnaarde, Belgium.

Member of the Supervisory Board of Allia Insurance Brokers, Roeselare, Belgium.

Member of the Supervisory Board of Arseus, Waregem, Belgium.

Member of the Supervisory Board of Besix Groep, Sint-Lambrechts-Woluwe, Belgium.

Member of the Supervisory Board of Galloo, Menen, Belgium.

Member of the Supervisory Board of Masureel Veredeling, Wevelgem, Belgium.

Member of the Supervisory Board of Sea-Invest, Gent, Belgium.

Member of the Supervisory Board of Sioen Industries, Ardooie, Belgium.

Member of the Supervisory Board of Vergroup, Kontich, Belgium.

Member of the Supervisory Board of Veritas, Kontich, Belgium.

Member of the Supervisory Board of Willy Naessens Industriebouw, Wortegem-Petegem, Belgium.

*Resignation expected at the 2014 Annual General Meeting on 12 May 2014.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has five standing committees: the Audit Committee, the Risk Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee.

The organisation, powers and *modus operandi* of the Supervisory Board are detailed in the Supervisory Board Charter. Separate charters have been drawn up for the Audit Committee, the Risk Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee. A short description of the duties for the five Committees follows below.

The Audit Committee assists the Supervisory Board in monitoring the integrity of the financial statements of ING Bank, in monitoring the compliance with legal and regulatory requirements, and in monitoring the independence and performance of ING Bank's internal and external auditors. The current members of the Audit Committee are Joost Kuiper (chairman), Tineke Bahlmann, Isabel Martín Castellá, Carin Gorter, Jan Holsboer, Robert Reibestein and Luc Vandewalle.

The Risk Committee assists and advises the Supervisory Board in monitoring the risk profile of the company as a whole as well as the structure and operation of the internal risk management and control systems.

The Remuneration Committee advises the Supervisory Board, among other things, on the terms and conditions of employment (including their remuneration) of the members of the Management Board Banking and on the policies and general principles on which the terms and conditions of employment of the members of the Management Board Banking and of senior managers of ING Bank N.V. and its subsidiaries are based.

The Nomination Committee advises the Supervisory Board, among other things, on the composition of the Supervisory Board and Management Board Banking.

The Corporate Governance Committee assists the Supervisory Board in monitoring and evaluating the corporate governance of ING Bank as a whole and the reporting thereon in the annual report and to the Annual General Meeting, and advises the Supervisory Board on improvements.

FIVE-YEAR KEY CONSOLIDATED FIGURES FOR ING BANK N.V. (1)

	2013	2012	2011	2010	2009
			(EUR millions)		
Balance sheet(2)...					

	2013	2012	2011	2010	2009
			(EUR millions)		
Total assets	**787,644**	**834,433**	**961,603**	933,073	882,119
Total equity	**33,760**	**35,807**	**35,498**	35,069	31,217
Deposits and funds borrowed[(3)]	**624,339**	**633,756**	**682,523**	717,222	671,194
Loans and advances	**508,338**	**541,546**	**577,569**	587,448	551,774
Results[(4)]					
Total income	**15,327**	**16,298**	**17,195**	17,901	13,665
Operating expenses	**8,805**	**9,630**	**10,239**	10,167	10,192
Additions to loan loss provisions	**2,289**	**2,125**	**1,670**	1,751	2,973
Result before tax	**4,233**	**4,543**	**5,286**	5,983	500
Taxation	**1,080**	**1,171**	**1,215**	1,408	-43
Net result (before minority interests)	**3,153**	**3,372**	**4,071**	4,575	543
Attributable to Shareholders of the parent	**3,063**	**3,281**	**3,993**	4,495	684
Ratios (in %)					
BIS ratio[(5)]	**16.46**	**16.96**	**14.26**	15.30	13.46
Tier 1 ratio[(6)]	**13.53**	**14.40**	**11.69**	12.25	10.23

Notes:

(1) These figures have been derived from the audited annual accounts of ING Bank N.V. in respect of the financial years ended 31 December 2009 to 2013, respectively, provided that certain figures in respect of the financial years ended 31 December 2009 to 2012, respectively, have been restated to reflect new pension accounting requirements under IFRS that took effect on 1 January 2013.

(2) At 31 December.

(3) Figures including Banks and Debt securities.

(4) For the year ended 31 December.

(5) BIS ratio = BIS capital as a percentage of Risk Weighted Assets. Note: These Risk Weighted Assets are based on Basel II.

(6) Tier 1 ratio = Available Tier 1 capital as a percentage of Risk Weighted Assets. Note: These Risk Weighted Assets are based on Basel II.

SHARE CAPITAL AND PREFERENCE SHARES

The authorised share capital of ING Bank N.V. amounted to EUR 1,808 million at 31 December 2013, consisting of 1,600 million ordinary shares with a nominal value of EUR 1.13 each and 50 preference shares, with a nominal value of EUR 1.13 each. The issued and paid-up capital amounted to EUR 525 million, consisting of 465 million ordinary shares and seven preference shares at 31 December 2013.

SIGNIFICANT DEVELOPMENTS IN 2013 AND 2014

Important changes in financial and regulatory environment

Overall development in 2013

In 2013, the Eurozone emerged from recession and embarked on a gradual and fragile recovery. Continuing weakness of domestic demand, combined with low inflation, prompted the ECB to lower interest rates and consider further options. The Federal Reserve, on the other hand, had been considering tapering its monetary asset purchases, given the progress of the U.S. recovery. Financial markets were resilient in 2013, although the prospect of tapering hurt emerging markets. Such tapering has since begun and is expected to continue.

During 2013, progress was made on a wide range of regulatory initiatives that had been set in motion after the financial crisis. Important legislative proposals were already underway to strengthen banks' capital and liquidity positions and to ensure the resolvability of banks. The decision in June 2012 to move towards a European banking union was followed up in 2013 by further work on the initiatives to create an SSM and an SRM for the Eurozone. The SSM was agreed upon in 2013 and is expected to become operational by November 2014. Although progress on regulatory change was substantial in 2013, several agreements and compromises that were reached on some of the key issues may hamper the realisation in the short term of a true level playing field.

Eurozone emerged from recession in 2013

After six consecutive quarters of negative growth, the Eurozone emerged from recession in 2013. From the second quarter onward, the currency bloc embarked on a slow and gradual recovery. This revival was mostly export-led, as domestic demand in many European countries remained depressed by austerity measures and deleveraging. Eurozone inflation fell from 2% at the start of 2013 to around 1% at year-end. This was partly driven by declining contributions of food and energy prices. But inflation of other goods and services also fell, as the slack in the European economy remained substantial and kept labour costs low. Low inflation also prompted talk about deflation, and the ECB reacted with a rate cut in November. With the ECB's main refinance rate now at 0.25% and the deposit facility at 0.0%, room for further conventional rate cuts was running out.

The U.S. economy performed better, despite fiscal headwinds in the form of tax increases, austerity measures and a temporary government shutdown in October 2013. Negative effects on household income were offset by low interest rates that pushed debt service payments as a percentage of household income to their lowest levels in over 20 years. The U.S. housing market also gathered steam, fuelled by record-low mortgage rates in early 2013. China recovered from the growth slowdown of late 2012, although growth seemed to be financed to a worryingly large extent by credit. Economic and financial reforms are underway, however.

Taper prospects reality check for otherwise buoyant financial markets

Financial markets in developed economies had a good year, with stock indices up by double digits. It is difficult to overestimate the importance of the ECB's Outright Monetary Transactions programme for the restoration of confidence in the Eurozone. The gradual progress towards crisis resolution and banking union in Europe also helped to cement the positive sentiment. Financial markets shrugged off the Cyprus bank restructuring and political problems in various countries during 2013; spreads between European sovereigns continued to decline. In the second half of 2013, sentiment was also supported by the fact that the Eurozone was emerging from recession.

Financial markets did react when the Federal Reserve announced it was considering tapering its monthly asset purchases in May 2013. While this did not bring forward a rate increase, emerging markets saw an outflow of capital and their equity, bond and currency markets experienced marked losses. This did not cause major problems, however, as emerging markets' shock absorbers are now far stronger than before, with more flexible exchange rate regimes, more abundant official reserves and less debt in foreign currency.

Important developments in regulation and supervision

The most prominent development in 2013 was the agreement on the SSM, which will result in a transfer of prudential regulatory powers from Eurozone national authorities to the ECB. This will become effective in November 2014 and constitutes an important first step in creating a European banking union. In general, progress was made with a wide range of other regulatory initiatives. Nevertheless, ING Bank is concerned that several agreements that were made in 2013 are compromises that hamper the realisation in the short term of a true level playing field. As a consequence, the single European banking market will remain fragmented, which will continue to limit the ability of cross-border banks to support the recovery of the European economy.

Bank-wide regulation

Capital Requirements Regulation and Directive IV (CRD IV)

In 2013, the EU adopted a legislative package to implement the Basel III agreement in the EU legal framework. This new package consists of the CRD IV Directive and the CRD IV Regulation (together, CRD IV). CRD IV has been officially agreed upon, allowing for the application of the CRD IV Regulation to become effective on 1 January 2014. The CRD IV Directive will need to be transposed into national law and, because of this, a few months' delay is envisaged, although implementation in The Netherlands is expected in July 2014. ING Bank is compliant with the requirements set out in the CRD IV Regulation and is waiting for EBA final technical standards to be approved to allow for full implementation. Other important key elements of the Basel III-package are still subject to further consideration and calibration, such as the liquidity ratios and the leverage ratio.

Banking Union: Single Supervisory Mechanism (SSM)

In 2013, the SSM was agreed upon, whereby prudential regulatory powers will be transferred from Eurozone national authorities to the ECB. As a result, approximately 130 of the Eurozone's largest banks will be directly supervised by the ECB from November 2014. In the opinion of ING Bank, the SSM constitutes an important first step in creating a European banking union. It will help to reduce the current interdependence between national governments and national banking systems, and at the same time will help restore confidence and growth in the Eurozone and the wider European single market. Moreover, it will contribute to eliminating unco-ordinated national supervisory practices, which are restricting cross-border banks such as ING Bank from transferring funds within the bank and from financing the economy in the most efficient way.

Bank Recovery and Resolution Directive

In December 2013, the Bank Recovery and Resolution Directive was agreed upon, and which needs to be transposed into national law by 1 January 2015. It requires banks to create recovery and resolution plans, and for an ex-ante ("before the event") financed resolution mechanism to be set up. Moreover, the Bank Recovery and Resolution Directive requires Member States' legislation to allow for resolution authorities to use the bail-in tool in case of a bank failure. ING Bank has had its recovery plan in place since November 2012 and work on resolution planning is in progress in co-operation with the DNB and the Dutch Ministry of Finance. The bail-in tool is an important mechanism in any future resolution scheme, as it gives resolution authorities the power to write down claims of unsecured creditors of a failing institution and to convert these claims into equity. The instrument applies to unsecured liabilities with a number of exceptions, such as guaranteed deposits and secured liabilities (including covered bonds). The precise modalities of the bail-in rules are still under discussion. ING Bank supports the bail-in rules as they are an important component of the new regulatory framework, aimed at reducing the possibility that taxpayer money will be needed to bail out institutions in future crises. It is currently contemplated that the measures (including the write-down and conversion powers relating to Tier 1 capital instruments and Tier 2 capital instruments) set out in the Bank Recovery and Resolution Directive will be implemented with effect from 1 January 2015, with the bail-in power for other eligible liabilities (which could include any securities that have been issued or will be issued by ING Bank, that are not Tier 1 or Tier 2 capital instruments) expected to be introduced by 1 January 2016.

Contributions (Deposit Guarantee Scheme) and bank levies

On 1 February 2013, the Dutch State nationalised SNS REAAL, the fourth-largest systemically important bank in The Netherlands. The nationalisation, carried out under the Intervention Act, resulted in expropriating subordinated debt issued by SNS REAAL (up to EUR 1 billion) and shareholders being bailed-in. To reduce the amount of taxpayer money needed for the nationalisation, the government imposed a one-time levy of EUR 1 billion on Dutch banks as a contribution to the SNS nationalisation. This levy, payable in 2014, resulted in a charge of EUR 304 million for ING Bank, to be paid in the first three quarters of 2014. To avoid a disproportionate financial burden for banks and in view of the ability of banks to lend to the economy, the introduction of the ex-ante Deposit Guarantee Scheme was postponed until 1 July 2015. A number of countries in which ING Bank operates have bank taxes in place. In 2013, the total amount of such taxes paid by ING amounted to approximately EUR 200 million. This included EUR 149 million of Dutch banking tax and approximately EUR 50 million of banking taxes in six other EU countries.

Remuneration

On 26 November 2013, the Dutch Ministry of Finance opened up a consultation on draft legislation on remuneration within the financial sector. The anticipated effective date of the legislation is 1 January 2015. The legislation introduces a cap for variable remuneration of 20% of fixed remuneration for staff covered by a Collective Labour Agreement ("CLA") in The Netherlands. The following exceptions are currently included:

• For staff in The Netherlands who are not exclusively covered by the CLA, the 20% cap does not apply on an individual basis, but it applies to the average across ING in The Netherlands.

• For staff that work predominantly outside of The Netherlands, but within the EU, there is an individual cap of 100% of variable remuneration for all staff.

• For staff that work predominantly outside the EU, there is an individual cap of 200% of variable remuneration for all staff, subject to shareholder approval and notification to the regulator.

The proposal also covers a number of other topics, such as strict conditions on severance pay, prohibition on guaranteed bonuses, and tightening of claw-back options.

European and local efforts to improve customer protection

In 2013, the EC continued its legislative efforts to improve consumer protection in financial services, particularly for mortgages, investment products and bank accounts. In addition to EU legislative proposals, various local initiatives to increase consumer protection took place. In The Netherlands, a general duty of care for financial services providers was introduced in the Financial Supervision Act on 1 January 2014. In addition, various regulators attempted to strengthen consumer protection by publishing regulations, guidance and best practices. The AFM continued its efforts to enhance client centricity within banks in The Netherlands. The AFM is also investigating whether some of the consumer protection instruments should be extended to small business clients of banks.

Financial markets regulation

European Market Infrastructure Regulation (EMIR)

One of the most significant regulatory developments in the financial markets in 2013 was the commencement of the phasing-in of the European Market Infrastructure Regulation ("EMIR"). The main goal of EMIR is to better protect parties to over-the-counter ("OTC") derivatives transactions, as well as the derivatives market as a whole. This EU regulation on OTC derivatives, central counterparties and trade repositories came into force in August 2012 and began to be phased in during 2013.

Delegated acts for EMIR entered into force in March 2013, requiring trade repositories to apply for recognition under EMIR and also requiring central counterparty clearing houses to apply for authorisation under EMIR. ING Bank has worked hard to comply with increased reporting requirements on outstanding derivatives contracts. In addition, ING Bank has helped clients meet EMIR's requirements.

Markets in Financial Instruments Directive (MiFID)

Markets in Financial Instruments Directive ("MiFID") is an EU law that aims at harmonising regulation for investment services across the EEA. MiFID first became effective in November 2007 and is now being revised to create MiFID II.

Among the main objectives of the revision is the aim to strengthen investor protection and provide more robust and efficient market structures. At the end of 2013, the negotiations between the EC, the European Parliament and the Council of the EU were in their final stages. In anticipation of the new rules, implementation of MiFID within ING Bank will gradually start in the course of 2014, with full implementation expected in 2016. As the Dutch government has developed national legislation that prohibits granting or receiving inducements for investment services from January 2014, the impact of MiFID II will be limited in this area. The full impact on ING Bank's financial markets business has yet to be determined, but it is expected to be meaningful.

Benchmarks

In 2013, financial benchmarks such as LIBOR were at the centre of attention due to manipulation by banks of the submissions to these benchmarks. In 2013, the International Organisation of Securities Commissions ("IOSCO") and the European Securities and Markets Authority ("ESMA") issued principles for the benchmark-setting process that ING Bank fully underwrites. ING Bank has been compliant with the IOSCO and ESMA principles in its submissions to benchmark panels such as EURIBOR and EONIA. In September 2013, the EC published a legislative proposal for a regulation on benchmarks which aims to address concerns about the integrity and accuracy of benchmarks by regulating administrators of benchmarks, contributors to benchmarks and benchmark users.

Bank structural reform

Throughout 2013, discussions on further structural reforms to the EU's banking market continued. In the summer, the EC held a consultation on the main options under consideration as a follow-up to the Liikanen report (October 2012). The focus of the consultation was on the structural separation of certain trading activities in case the size of these activities compared to a bank's total activities exceeded certain thresholds. The EC is expected to come up with a legislative proposal in 2014. Based on the Liikanen report, the separation proposal should not negatively affect ING Bank's business model. ING Bank believes in the strength of the universal banking model, combining retail and commercial banking activities. The universal banking model brings major benefits in terms of risk diversification, capital and liquidity management and consumer choice, while fulfilling the needs of long-term customer banking relationships. In June 2013, a Committee of Experts (*Commissie Wijffels*) advised the Dutch government on the future structure of the Dutch banking sector. The Committee of Experts presented recommendations on how to make it more resilient and how to improve its ability to service the economy. Taking into account the Committee of Experts' recommendations, the Dutch government released a vision document on the Dutch banking industry in August 2013. The main features of the vision set out in this document are the need for a higher leverage ratio of at least 4% in EU negotiations; a reduction in the maximum loan-to-value (i.e. mortgage loan to house value) to 100% in 2018, and 80% in the longer term; and further support, in principle, for a more co-ordinated EU approach towards regulating the industry.

Banker's Oath

In 2013, members of ING Bank's Supervisory and Executive Boards and a broad group of directors of various ING entities signed a financial institutions oath, commonly referred to as the "Banker's Oath". Since 1 January 2013, Dutch law requires that supervisory and executive board members of financial institutions in The Netherlands take this oath and thus commit to a set of behavioural principles that reconfirms the industry's commitment to ethical behaviour.

Retail bank regulation

Mortgage lending

In early 2013, the Council of the EU approved the Mortgage Credit Directive, which aims at preventing irresponsible lending and maintaining financial stability. The measure also standardises how loans are advertised to help borrowers compare them, but allows Member States to keep existing national regulation intact. The final text of the Mortgage Credit Directive was published in December 2013. The deadline for EU Member States to transpose it into national law is expected to be mid-2015. ING Bank offers mortgages in several European countries and will therefore have to comply with different regulations in each such country.

Payment accounts

In May 2013, the EC published a draft of the Basic Payment Accounts Directive. The Basic Payment Accounts Directive aims to increase the comparability of fees and services, and make it easier to switch accounts. The measure would also oblige banks to open a basic payment account for any EU resident who applies for one, irrespective of his or her financial condition.

The legislative process is expected to be finalised in May 2014, after which the Basic Payment Accounts Directive needs to be transposed into national law by mid-2015. Depending on the adoption of cross-border switching and account opening measures, the Basic Payment Accounts Directive is expected to have a limited impact on ING's payments account processes. ING already offers payment accounts at transparent low fees in several EU Member States and facilitates easy switching.

REPAYING DUTCH STATE AID

ING is grateful for the support the Dutch State extended during the financial crisis years 2008 and 2009. In 2013, two major milestones were reached:

- An agreement was reached with the Dutch State on the unwinding of the IABF. The facility was established in 2009, at the depth of the financial crisis, in order to reduce the risk and uncertainty for ING from the portfolio of Alt-A securities. Market developments allowed the unwinding of the facility, including the start of the sale of the Alt-A securities, with an expected cash profit for the Dutch State of approximately EUR 0.4 billion.

  Unwinding the IABF also freed up EUR 2 billion of ING Bank's risk-weighted assets and is expected to add approximately 10 basis points to ING Bank's core Tier 1 ratio. As a result of the unwinding, the restrictions as part of the IABF agreement will no longer be applicable, including the right of the Dutch State to nominate two members for appointment to the Supervisory Board. The Dutch State nominated member of the Supervisory Board will no longer have special approval rights regarding certain decisions and will have a position equal to the other members of the Supervisory Board. The unwinding was completed in early 2014 and resulted in a cash profit for the Dutch State of EUR 1.4 billion.

- Strong capital generation at ING Bank facilitated the payment of another tranche of Core Tier 1 Securities on 6 November 2013, reducing the principal amount of outstanding Dutch State aid at 31 December 2013 to EUR 1.5 billion. ING received EUR 10 billion in state aid from the Dutch State in November 2008. Including the latest repayment in March 2014, ING has so far repaid EUR 12.5 billion to the Dutch State, including EUR 9.3 billion in principal and EUR 3.2 billion in interest and premiums. The final tranche of EUR 1.025 billion is scheduled to be paid by May 2015. The total annualised return for the Dutch State is expected to be 12.5%.

The total contribution to the Dutch State at 31 December 2013 of EUR 4.9 billion includes premiums and interest on the repayment of Core Tier 1 Securities, the unwinding of the IABF, guarantee fees paid on the government guaranteed bonds issued in 2009 and bank levies.

ING also reduced the Dutch State guaranteed funding by EUR 3.6 billion to EUR 2.5 billion at year-end 2013. The remaining bonds matured in March 2014.

STRONG PROGRESS ON RESTRUCTURING PLAN

During 2013, ING made progress on its Restructuring Plan to fully separate its banking and insurance and investment management activities. ING reached several milestones, for example:

- A successful initial public offering (IPO) of the U.S. insurance business (ING U.S.).

- Completion of the divestment of ING Insurance/IM Asia.

- An agreement in November 2013 with the EC on revised timelines for the European and Japanese insurance divestments, which together formed ING Insurance and were renamed NN Group on 1 March 2014.

The preparations for the most likely scenario of the (i.e. the base case) IPO of NN Group are progressing well, which is expected to allow ING to go to the market in 2014.

DIVESTMENTS AND ACQUISITIONS

Acquisitions effective in 2013

There were no significant acquisitions in 2013.

Divestments effective in 2013

ING Direct UK

In October 2012, ING reached an agreement to sell ING Direct UK to Barclays. Under the terms of the agreement, the approximately EUR 13.4 billion (GBP 11.6 billion) of savings deposits and approximately EUR 6.4 billion (GBP 5.5 billion) of mortgages of ING Direct UK have been transferred to Barclays. The agreement resulted in an after tax loss of EUR 260 million which was recognised in 2012. The transaction closed on 6 March 2013 and a gain of EUR 10 million was recognised on the final settlement. In 2012, ING Direct UK was classified as held for sale. ING Direct UK was included in the segment Retail Rest of World.

WestlandUtrecht Bank

The partial transfer of WestlandUtrecht Bank's assets and liabilities, in which the commercial operations of WestlandUtrecht Bank will be combined with the retail banking activities of Nationale-Nederlanden, was announced in November 2012. On 1 July 2013, EUR 3.8 billion of WestlandUtrecht Bank's Dutch mortgage portfolio, EUR 0.1 billion of consumer lending and EUR 3.7 billion of Dutch savings portfolio were transferred to Nationale-Nederlanden Bank. To service existing WestlandUtrecht Bank labelled mortgages, insurance policies and real estate finance agreements, part of WestlandUtrecht Bank became a separate entity within ING Retail Banking Netherlands. In addition, approximately 400 of WestlandUtrecht Bank's employees were transferred to Nationale-Nederlanden Bank. All assets and liabilities were transferred at the existing carrying value as included in ING Bank's balance sheet. This transaction was completed on 1 July 2013.

In addition, during the second half of 2013, a further amount of EUR 4.2 billion of Dutch mortgages was transferred from WestlandUtrecht Bank to NN Group. The transfers were made at arm's length pricing.

ING BANK STRATEGY

ING Bank continues to focus on increasing customer satisfaction, simplifying its organisation and product offering, strengthening its financial position and solidifying the sustainability of its business model. This is taking place against the backdrop of fast-changing technology and customer expectations, subdued economic growth and an uncertain regulatory environment.

The essence of ING Bank's strategy is built around the customer. In ING Bank's view, customers basically want a solid bank they can trust. ING Bank focuses on the safety of depositors' money. ING Bank believes that it has strong deposit gathering capabilities and a good funding mix. ING Bank aims to maintain a solid capital base, smooth and low-cost deposit raising and a careful, environmentally and socially responsible investment selection.

ING Bank also believes that the customer is looking for ease of use and corporate responsibility. The Net Promoter Scores ("NPS") methodology measures whether customers recommend a company to their family and friends. ING Bank's NPS for 2013 shows that customer satisfaction with ING Bank's services is quite high in the countries in which it is active. In 11 countries in which ING Bank operates with retail banking activities, it is number 1 or 2 in a peer group comparison.

ING Bank adapts to the changing needs of its customers, who increasingly want insight into their financial situation and future. Security of data is, of course, a prerequisite. Customers want to make more use of digital banking services and especially of mobile services. Therefore, ING Bank has made mobile banking services available for retail customers in all countries where it is present. Now, millions of customers carry ING Bank in their pockets. This also contributes to a paperless delivery of ING Bank's products and services, reducing ING Bank's, and ING Bank's customer's, environmental footprint. The rapid shift to mobile is starting to move from the retail world into Commercial Banking as well.

To serve customers, ING Bank's strategy is also built around operational excellence and balance sheet optimisation. In 2013, ING Bank made progress towards operational excellence by improving its service and by streamlining its organisation and systems. In order to remain competitive and strong, cost control continues to be a priority at ING Bank. ING Bank is used to operating in lean, competitive markets, which has helped it become a leader in innovative distribution. It has a prominent position in internet banking with a "direct first, advice when needed" model and a relationship-driven commercial bank offering competitive products in terms of price, efficiency and effectiveness. Nevertheless, there is room to further improve the efficiency of its processes. The mobile and digital revolution means customers now expect fast and simple solutions tailored to their individual needs and an offering that is constantly evolving.

In 2013, ING Bank further optimised its balance sheet, for example, through balance sheet integration. This is to address the mismatch in the funding gap and surplus across all key countries within ING Bank. The focus is on generating local lending assets for local funds entrusted, while growing global Commercial Banking assets.

It is important to have motivated and engaged employees who are able to adapt quickly enough to the new demands of ING Bank's customers and who can build and foster long-term relationships with them. ING Bank made progress in 2013 in being a top employer. A few examples demonstrate this:

- ING Bank's annual engagement survey was conducted in September and October 2013, and had a high response rate of 81%. Compared with 2012, the results show an increased confidence in ING Bank's term future and the ongoing commitment to customer focus. There were also improvements in career development and retention.

- ING Bank received "Great Place to Work" awards in Luxembourg, Germany and Spain. "Great Place to Work" is the world's largest employee satisfaction study, surveying employees at about 5,500 companies and conducted by "Great Place to Work". According to this survey, ING was the only financial institution in the top 25 of best multinational workplaces in Europe.

- ING Bank also received external recognition as a top employer in France, Poland, Belgium and Italy.

Strategy update March 2014

On 31 March 2014, ING Bank presented an update of its strategy to analysts, investors, the media and employees at an Investor Day in Amsterdam, The Netherlands. ING Bank has defined three categories of markets in which it intends to compete: Market Leaders, Challengers and Growth Markets. ING Bank's aim is to become the primary bank for more customers in these markets through growing the share of payment accounts in Retail Banking and with anchor products, such as lending and transaction services, in Commercial Banking.

Market Leaders are the Benelux countries where ING Bank currently has leading market positions in Retail Banking and Commercial Banking. ING Bank plans to continue to evolve those businesses towards the "direct" first model (for Retail Banking), with a focus on costs and efficiency and capital generation. ING Bank aims to maintain its current market positions and grow in selected segments, and focus on deepening its customer relationships.

Challengers reflect units with retail activities that are mainly in the form of direct banking services, giving them a cost advantage over traditional banks. Challengers are the following countries: Germany, Spain, Italy, France, Australia and Austria. In the Challenger countries, ING Bank offers Retail Banking mainly in the form of direct banking services, which gives ING Bank an operational cost advantage over traditional banks. Here ING Bank aims to leverage its direct banking expertise and strong customer focus by expanding its lending business in areas like SMEs and consumer lending.

Growth markets are where ING Bank offers a full range of Retail Banking and Commercial Banking services in what it believes to be strongly expanding economies that offer good growth opportunities. ING Bank's Growth Markets are Poland, Romania, Turkey and its stakes in Asia.

CORPORATE ORGANISATION

ING Bank N.V. has a Supervisory Board and a Management Board Banking. The Management Board Banking is responsible for the day-to-day management of ING Bank and its business lines Retail Banking and Commercial Banking. See “Supervisory Board and Management Board Banking” above.

The Management Board Banking sets the performance targets and approves and monitors the budgets prepared by the business lines. Business lines formulate strategic, commercial and financial policy in conformity with the strategic and performance targets set by the Management Board Banking.

Retail Banking

Retail Banking provides banking services to individuals and SMEs in Europe, Asia and Australia. A full range of products and services is provided, albeit offerings may vary according to local demand.

ING Bank views Retail Banking as having leading positions in the Benelux, Germany, Australia and Poland. It also operates in a number of other markets – Spain, France, Austria, Italy, Romania, Turkey and India – where it challenges the established players. It has equity positions in TMB Bank (Thailand) and Bank of Beijing (China).

Retail banking has the same strategic focus in each country where it conducts its business: to provide easy and fair banking, at low cost, according to the “direct if possible, advice when needed” principle.

Retail Netherlands

Retail Netherlands maintained its top two market position in The Netherlands in 2013, serving almost eight million retail and private banking customers and nearly 700,000 SME and Mid-Corporate customers. Although customer demand for digital banking services continued to increase, ING Bank in The Netherlands maintained a substantial physical presence with 268 branches and 375 ING Service Points.

Retail Belgium

ING Belgium, one of the largest retail banks in the country, provides its 2,400,000 (year-end 2013) private and business customers with a full range of banking products and services. It continued to carry out its “direct if possible, advice when needed” strategy. ING Bank in Belgium continually responds to fast-changing customer behaviours and expectations and adopts new technologies to meet their needs. It improved its direct channels, both for private and business customers. Private Banking, which has a top three position in Belgium, with EUR 17.6 billion (+ 4.9% since 2012) in funds entrusted and assets under management in Belgium, was awarded “Best Private Bank in Belgium” by the magazine World Finance.

Retail Belgium includes Record Bank, the fourth-largest retail savings institution in the country, with close to 730,000 customers (up from 700,000 in 2012). Record Bank serves retail, professional and small business customers with safe, simple and transparent savings and lending products. Its strength is the personal approach taken by its network of around 1,500 independent agents, credit brokers and vendors. Its funds entrusted volumes went up by 8% compared with 2012, with a strong increase in savings and deposits of EUR 1.3 billion, as a result of its excellent position in the Belgian savings market. ING Bank in Belgium continues to invest in online facilities to support its various distribution channels.

Retail Luxembourg

ING Luxembourg is a full universal bank. ING Bank in Luxembourg has a local as well as a wide international customer base, with 114,000 customers, of which 84,000 are retail, and 16 branches.

Retail Germany

Retail Germany consists of ING-DiBa Germany, ING-DiBa Austria and Interhyp. In Germany, ING-DiBa is the fastest growing bank by total assets between 2000 and 2012 (Die Bank, August 2013). ING Bank also believes that ING-DiBa is the third largest bank in Germany by number of customers. ING-DiBa maintains a continuous focus on the customer. Its customer satisfaction ratings remain high, which is contributing to strong business growth. An easy-to-understand product range, with only 10 different products, offered with the highest service, 24 hours a day, are the ingredients for meeting all main needs of a retail banking customer. ING-DiBa Austria, which is reported under Retail Germany, had 521,000 customers at the end of 2013, up slightly from 515,000 at the end of 2012. Total retail balances at year-end 2013 amounted to EUR 7.6 billion, an increase of EUR 0.3 billion, of which total funds entrusted were EUR 7.4 billion. Interhyp, Germany's biggest mortgage broker, was awarded "Best Mortgage Financer" by Euro Magazine, for the eighth year running, for best service, advice and price. Interhyp increased its local branch and tied-agent network to almost 70 in 2013.

Retail Rest of World

Retail Rest of World comprises ING Australia, ING France, ING Italy, ING Romania, ING Bank Slaski (Poland), ING Spain, ING Turkey and ING Vysya Bank (India), as well as TMB Bank (Thailand) and Bank of Beijing (China) in which ING has equity positions. ING Direct UK was sold in March 2013 but Retail Rest of World still includes a UK legacy portfolio which is in run-off. In India, Poland, Romania and Turkey, ING Bank offers products and services to all customer segments, whereas in Australia, Italy, France and Spain ING Bank focusses on retail customers. In 2013, ING Bank launched a pilot to serve small businesses in Spain.

Commercial Banking

ING Bank views Commercial Banking as a European franchise with a market leading position in the Benelux and a good position in the rest of Europe, in particular in Central and Eastern Europe. ING Bank further views Commercial Banking as having a global franchise and market leading positions in selected areas in Industry Lending and in liquidity management, as well as focused and efficient global Trade Finance Services and Financial Markets businesses.

ING Bank is a relationship bank for clients around the world and serves a range of organisations, including multinational corporations, governments, financial institutions and supranational organisations, through an extensive network of offices in more than 40 countries. ING Bank provides a range of products and services to support its clients' needs. ING Bank's lending capabilities anchor most of its client relationships. Transaction services products, such as International Payments & Cash Management, Trade Banking and Working Capital Solutions are tailored, through integrated solutions and advice, to meet ING Bank's clients' short- and long-term banking and liquidity requirements. Financial Markets, as ING Bank's gateway to the professional markets of the world, services its clients' everyday needs in treasury services through access to capital markets, risk management and structured financial products.

Over many years, ING Bank has built a high quality Industry Lending business, operating within sectors in which it adds value. ING Bank provides specialised commercial lending, originating well-structured loans that strike the right balance between what clients want and achieving good risk adjusted returns. ING Bank is a leader in many different industries and is acknowledged for its commitment to clients and excellent quality of service.

ING Bank is simplifying its internal organisation, harmonising and streamlining the way in which it services clients across products and countries. ING Bank continues to invest in its operating platforms, upgrading its technology and strengthening its processing capabilities. This new operating model will lead to faster and better service, fewer points of contact, better tailored solutions and an enhanced experience for clients. The operating model is expected to also improve ING Bank's overall connectivity, by harmonising processes and practices throughout its business, enabling seamless service delivery and better collaboration with colleagues around the world. This integrated approach to services, better management information and a more efficient way of working is designed to create an enhanced "One Bank" client experience across ING Bank's network.

ING Bank's continued balance sheet optimisation efforts in 2013 provided additional capacity for it to support clients. ING Bank progressed with building integrated domestic banks by combining Retail Banking's deposit gathering capabilities with Commercial Banking's origination capabilities, resulting in a further strengthening of its business model.

General Lending and Transaction Services

Within ING Bank's General Lending business, the challenge is to maintain margins and volumes within its established risk appetite while competition intensifies, in particular in markets where large domestic banks protect their core franchise. General Lending has maintained its position as market leader in the Benelux and Central and Eastern Europe as bookrunner in the syndicated loan market, and continued to support its corporate clients through its international network. ING Bank offers Transaction Services through integrated advice and solution selling. These activities require a strong emphasis on technology and operational processing. Included within Transaction Services is Bank Mendes Gans ("BMG"), Trade Finance Services ("TFS") and Working Capital Solutions ("WCS"). BMG is a market leading provider of specialist liquidity management solutions, including global cash-pooling and netting, to multinational corporations. TFS finances, settles and mitigates risks of international trade for clients in all markets globally, but primarily in Asia, Central and Eastern Europe, Latin America, Africa and the Middle East. For corporate clients, ING Bank's WCS team has established ING as a recognised provider of receivables and payables solutions.

Industry Lending

ING Bank has Industry Lending teams specialising in different sectors and competing in selective markets across the world. These are grouped between Structured Finance and Real Estate Finance businesses. The Structured Finance division aims for a consistent top 10 position globally in the markets in which it competes. ING Bank has three structured commercial lending services groups. The Energy, Transport and Infrastructure Group specialises in capital-intensive industry sectors such as oil and gas, mining, offshore services, shipping, utilities and power, and infrastructure. The Specialised Financing Group comprises a number of global teams largely engaged in arranging, underwriting and lending against business cash flows in sectors such as telecommunications, media and technology. International Trade and Export Finance supports international trade in basic commodities such as oil, oil products, metals, grain, sugar and cotton. ING Bank also finances the export of capital goods and offers services to clients with long-term financing supported by export credit agencies. Real Estate Finance's primary activity is lending to investors in income-producing real estate backed by first mortgages.

Financial Markets

Financial Markets is a well-diversified business exposed to developed markets and fast-growing economies and focused on rates and currencies more than credit. In this business unit, ING Bank offers a broad range of global solutions to assist its clients in the management of their exposures to foreign exchange, interest rate, equity, commodity or credit movements.

Bank Treasury, Real Estate and Other

To adapt to new regulations and to execute ING Bank's balance sheet optimisation strategy, ING Bank has been co-ordinating treasury activities across all business lines within ING Bank. This has been made possible through significant asset transfers across countries to guarantee an optimal use of ING Bank's internal funding. The Real Estate & Other division consists of the residual assets of the legacy businesses sold or discontinued within the former Real Estate Development and Real Estate Investment Management businesses. It also includes General Lease operations outside ING Bank's home markets which have been placed in run-off.

REGULATION AND SUPERVISION

The banking and broker-dealer businesses of ING Bank are subject to detailed and comprehensive supervision in substantially all of the jurisdictions in which ING Bank conducts business. As discussed below, as a large multinational financial institution, ING Bank is subject to reputational and other risks in connection with regulatory and compliance matters involving these countries.

Dutch Regulatory Framework

The Dutch regulatory system for financial supervision consists of prudential supervision – monitoring the soundness of financial institutions and the financial sector, and conduct-of-business supervision – regulating institutions' conduct in the markets. Prudential supervision is exercised by the DNB, while conduct-of-business supervision is performed by the AFM. In November 2012, the Financial Stability Committee (*Financieel Stabiliteitscomité*; "FSC") was established to monitor macro-economic developments and, where necessary, issue recommendations to address financial stability concerns that are not directly within the scope of the DNB and AFM supervision.

Global Regulatory Environment

There are a variety of proposals that could impact ING Bank globally, in particular those made by the FSB and the Basel Committee at the transnational level, Dodd-Frank in the U.S. and an expanding series of supranational directives and national legislation in the EU. The aggregated impact and possible interaction of all of these proposals are hard to determine, and it may be difficult to reconcile them where they are not aligned. The financial industry has also taken initiatives by means of guidelines and self-regulatory initiatives. An example of these initiatives is the Dutch Banking Code as established by the Dutch Bankers' Association, which details a set of principles on corporate governance, risk management, audit and remuneration that Dutch banks have to apply on a comply-or-explain basis. Elements of these initiatives may subsequently be incorporated into legislation, as was the case with the "Banker's Oath" and remuneration principles from the Dutch Banking Code. The aforementioned "Banker's Oath" is a mandatory oath for executive and supervisory board members of financial institutions licenced in The Netherlands, which the Dutch government has introduced, effective per 1 January 2013. In this oath, the Executive and Supervisory Board members of the relevant ING Bank entities licenced in The Netherlands declare that they (i) will perform their duties with integrity and care, (ii) will carefully consider all the interests involved in the company, i.e. those of the customers, the shareholders, the employees and the society in which the company operates, (iii) in that consideration, will give paramount importance to the client's interests and inform the customer to the best of their ability, (iv) will comply with the laws, regulations and codes of conduct applicable to them, (v) will observe secrecy in respect of matters entrusted to them, (vi) will not abuse their knowledge, (vii) will act in an open and assessable manner and know their responsibility towards society and (viii) will endeavour to maintain and promote confidence in the financial sector. If they break the oath, the supervisory authority (DNB/AFM) can decide to reassess their suitability. Work has also been done on many other topics including deposit guarantee schemes and cross-border crisis and resolution management. The latter discussion could have a significant impact on business models and capital structure of financial groups.

In recent years, significant changes have been made to the supervisory structure within the EU and to various capital and liquidity standards. Also, regarding topics such as remuneration, various national and international bodies have issued guidelines that need implementation. In December 2012, EU leaders agreed on setting up the SSM, a mechanism composed of national competent authorities and the ECB, as part of the prospective EU banking union. In the SSM, it is expected that the ECB will assume direct responsibility for a significant part of the prudential supervision of ING Bank. The SSM is envisaged to take effect by November 2014 and is designed for countries within the Eurozone, with the possibility for non-Eurozone Member States to participate by means of close co-operation. While it is at this stage difficult to identify what the exact impact will be on ING Bank, it is expected that the SSM will have a significant impact on the way ING Bank's operations are supervised in Europe.

In response to the crisis, ING Bank has set up an all-encompassing Recovery Plan to enhance its readiness and decisiveness to tackle financial crises on its own strength. Furthermore, ING Bank is diligently working towards providing information on the basis of which the Dutch resolution authorities will be able to develop a resolution plan.

The ING Bank Financial Economic Crime ("FEC") Policy provides a clear statement of what is required by all ING Bank entities, in order to guard against any involvement in criminal activity, and to participate in international efforts to combat money laundering and the funding of terrorist and criminal activities. The requirements in the ING Bank FEC Policy cover minimum standards and controls related to money laundering, terrorist financing, export trade controls, proliferation financing, sanctions (economic, financial and trade) and countries designated by ING Bank as Ultra High Risk Countries (UHRC).

The ING Bank FEC Policy directly reflects relevant national and international laws, regulations and industry standards. The ING Bank FEC Policy is mandatory and applies to all ING Bank entities, majority owned ING Bank business, businesses under management control, staff departments, product lines and to all client engagements and transactions.

Management of ING Bank entities introduce appropriate local procedures that enable them to comply with local laws, regulations and the relevant ING Bank FEC Policy. Where local laws and regulations are more stringent, the local laws and regulations are applied. Likewise the FEC Policy prevails when the standards therein are stricter than local laws and regulations.

As a result of frequent evaluation of all businesses from economic, strategic and risk perspectives, ING Bank continues to believe that for business reasons doing business involving certain specified countries should be discontinued. In that respect, ING Bank has a policy not to enter into new relationships with clients from these countries and processes remain in place to discontinue existing relationships involving these countries. At present these countries are Myanmar, North Korea, Sudan, South Sudan, Syria, Iran and Cuba. Each of these countries is subject to a variety of EU, U.S. and other sanctions regimes. Cuba, Iran, Sudan and Syria are identified by the U.S. as state sponsors of terrorism and are subject to U.S. economic sanctions and export controls.

On 12 June 2012, ING Bank entered into a Settlement Agreement with the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and Deferred Prosecution Agreements with the Department of Justice, the United States Attorney's Office for the District of Columbia and the District Attorney of the County of New York in relation to the investigation by those agencies into compliance with U.S. economic sanctions and U.S. dollar payment practices until 2007.

These Agreements have expired as of 12 December 2013 and the related proceedings against ING Bank N.V. have been dismissed by the United States District Court for the District of Columbia.

Dodd-Frank Act

The U.S. Dodd-Frank Act, which became law on 21 July 2010, represents an effort to comprehensively overhaul the regulation of U.S. financial institutions, and the structure of certain U.S. financial markets, in response to the financial market crisis of 2008 and 2009. The Dodd-Frank Act includes a broad range of provisions with varying degrees of potential impact on ING Bank's U.S. and non-U.S. operations. Many key details of these provisions were left to rulemaking by U.S. financial regulators. Those rules are still in the process of being promulgated, and the final shape of the rules – and thus the ultimate impact on ING Bank's U.S. and non-U.S. operations – therefore cannot currently be predicted.

The Dodd-Frank Act created a new agency, the FSOC, an inter-agency body that is responsible for monitoring the activities of the U.S. financial system, designating systemically significant financial services firms and recommending a framework for substantially increased regulation of such firms, including systemically important non-bank financial companies that could consist of securities firms, insurance companies and other providers of financial services, including non-U.S. companies. If ING or its U.S. operations, or any part thereof, were designated as a systemically significant non-bank financial company by FSOC, then ING Bank and its subsidiaries would be supervised by the Federal Reserve Board and would be subject to heightened prudential standards, including minimum capital requirements, liquidity standards, short-term debt limits, credit exposure requirements, management interlock prohibitions, maintenance of resolution plans, stress testing and restrictions on proprietary trading. Failure to meet the requisite measures of financial condition applicable to an entity designated by FSOC as a systemically significant non-bank financial company could result in requirements for a capital restoration plan or capital raising; management changes; asset sales; and limitations and restrictions on capital distributions, acquisitions, affiliate transactions and/or product offerings. The designation by FSOC of ING or any part thereof (such as its U.S. operations) as a systemically significant non-bank financial company could materially and adversely impact ING Bank as a whole and/or the parts of ING Bank so designated. ING Bank cannot currently predict whether ING or its U.S. operations will be designated as a systemically significant non-bank financial company by FSOC.

The Dodd-Frank Act also imposes a number of other requirements, some of which may have a material impact on ING Bank's operations and results.

Basel II and EU standards as currently applied by ING Bank and the introduction of Basel III

The DNB, ING Bank's home supervisor, has given ING Bank permission to use the most sophisticated approaches for solvency reporting under the Financial Supervision Act, the Dutch legislation reflecting the Basel II Framework. The DNB has shared information with host regulators of relevant jurisdictions to come to a joint decision. In all jurisdictions where ING Bank operates through a separate legal entity, ING Bank must meet local Basel requirements as well.

ING Bank uses the Advanced IRB Approach for credit risk, an internal VaR model for its trading book exposures and the Advanced Measurement Approach for operational risk. A Basel I regulatory floor of 90% has been applicable in 2008.

As of 2009, the Basel I regulatory floor is based on 80% of Basel I RWA. A small number of portfolios are still reported under the Standardised Approach.

In December 2010, the Basel Committee announced higher global minimum capital standards for banks, and introduced a new global liquidity standard and a new leverage ratio. The Basel Committee's package of reforms, collectively referred to as the "Basel III" rules, will, among other requirements, increase the amount of common equity required to be held by subject banking institutions, prescribe the amount of liquid assets and the long-term funding a subject banking institution must hold at any given moment, and limit leverage. Banks will be required to hold a "capital conservation buffer" to withstand future periods of stress such that the total Tier 1 common equity ratio, when fully phased in on 1 January 2019, will rise to 7%. Basel III also introduces a "countercyclical buffer" as an extension of the capital conservation buffer, which permits national regulators to require banks to hold more capital during periods of high credit growth (to strengthen capital reserves and moderate the debt markets). Further, Basel III will strengthen the definition of capital that will have the effect of disqualifying many hybrid securities, such as those issued by ING Group, from inclusion in regulatory capital, as well as the higher capital requirements (for example, for credit value adjustments ("CVAs") and illiquid collateral) as part of a number of reforms to the Basel II framework. In addition, the Basel Committee and FSB published measures that would have the effect of requiring higher loss absorbency capacity, liquidity surcharges, exposure limits and special resolution regimes for, and instituting more intensive and effective supervision of, SIFIs, in addition to the Basel III requirements otherwise applicable to most financial institutions. The implementation of these measures began in 2012 and full implementation is targeted for 2019. ING Bank has been designated by the Basel Committee and FSB as a G-SIFI, in November 2011 and November 2012, and by the DNB and the Dutch Ministry of Finance as a D-SIFI in November 2011.

For European banks, these Basel III requirements are being implemented through CRD IV, which might deviate in its final state from the original Basel III requirements. While the full impact of the new Basel III rules will depend on how they are implemented by national regulators, such as the DNB, including the extent to which such regulators and supervisors can set more stringent limits and additional capital requirements or surcharges, as well as on the economic and financial environment at the time of implementation and beyond, ING Bank expects these rules will have a material impact on its operations and financial condition.

United States

ING Bank has a limited direct presence in the U.S. through the facility of the ING Bank Representative Office in New York. Although the office's activities are strictly limited to essentially that of a marketing agent of bank products and services and a facilitator (i.e. the office may not take deposits or execute any transactions), the office is subject to the regulation of the State of New York Banking Department and the Federal Reserve. ING Bank N.V. also has a subsidiary in the U.S., ING Financial Holdings Corporation, which through several operating subsidiaries offers various financial products, including lending, and financial markets products. These entities do not accept deposits in the U.S. on their own behalf or on behalf of ING Bank N.V.

Anti-Money Laundering Initiatives and countries subject to sanctions

A major focus of governmental policy on financial institutions in recent years has been aimed at combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 (the "USA PATRIOT Act") substantially broadened the scope of U.S. anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the U.S. The U.S. Treasury Department has issued a number of implementing regulations, which apply various requirements of the USA PATRIOT Act to financial institutions such as ING Bank. Those regulations impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers. In addition, the bank regulatory agencies are imposing heightened standards, and law enforcement authorities have been taking a more active role. Failure of a financial institution to maintain and implement adequate programmes to combat money laundering and terrorist financing could have serious legal and reputational consequences for the institution.

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which was signed into law on 10 August 2012, added a new subsection (r) to Section 13 of the Exchange Act, which requires ING to disclose whether ING or any of its affiliates has engaged during the calendar year in certain Iran-related activities, including any transaction or dealing with the Government of Iran that is not conducted pursuant to a specific authorisation of the U.S. government.

ING Bank maintains a limited legacy portfolio of guarantees, accounts, and loans that involve various entities owned by the Government of Iran. These positions remain on the books, but accounts related thereto are "frozen" under applicable laws and procedures. Any interest or other payments ING Bank is legally required to make in connection with said positions are made into "frozen" accounts. Funds can only be withdrawn by relevant Iranian parties from these "frozen" accounts after due regulatory consent from the relevant competent authorities. ING Bank has strict controls in place to ensure that no unauthorised account activity takes place while the account is "frozen". ING Bank may receive loan repayments, but all legacy loan repayments received by ING Bank have been duly authorised by the relevant competent authorities. For the relevant period, ING Bank had gross revenues of approximately USD 13.5 million, which was principally related to legacy loan repayment, and ING Bank estimates that it had net profit of approximately USD 449,000. ING Bank intends to terminate each of the legacy positions as the nature thereof and applicable law permits.

Australia

ING Bank's activities are undertaken in Australia by ING Bank (Australia) Limited (trading as ING Direct) and ING Bank N.V., Sydney Branch. Banking activities in Australia are subject to licensing and regulation by the Australian Prudential Regulation Authority ("APRA") and the Australian Securities and Investments Commission ("ASIC"). In addition, ING Bank entities are required to comply with the requirements under the Anti-Money Laundering and Counter-Terrorism Financing Act that is subject to regulatory compliance oversight by the Australian Transaction Reports and Analysis Centre ("AUSTRAC").

APRA is responsible for the prudential regulation of banks and other deposit taking institutions, life and general insurance companies, superannuation funds and Retirement Savings Account Providers. ASIC regulates corporate entities, markets, financial services and consumer credit activities. ASIC's aim is to protect markets and consumers from manipulation, deception and unfair practices and also promote confident participation in the financial system.

As an Australian incorporated subsidiary, ING Bank (Australia) Limited is required to comply with corporate disclosure requirements and in the event of listing of issued debt securities to comply with Australian Securities Exchange listing requirements. ING Bank (Australia) Limited must demonstrate compliance as a condition to maintaining its Australian Financial Services Licence and Australian Credit Licence. As an Australian incorporated subsidiary, ING Bank (Australia) Limited is also required to comply with corporate disclosure requirements and in the event of listing of issued debt securities to comply with Australian Securities Exchange listing requirements ING Bank N.V., Sydney Branch is not an Australian incorporated legal entity. ING Bank N.V., Sydney Branch holds its own Australian Financial Services Licence which is limited to the provision of financial services to wholesale clients.

BROKER-DEALER ACTIVITIES

United States

Certain ING entities act in the capacity of registered investment advisers with the SEC (i.e. providing investment advice to customers for a fee), and are governed in such activities by the Investment Advisers Act of 1940, as amended. Moreover, one of these ING entities acts as a sub-adviser to certain registered investment companies (such as mutual funds) and the Investment Company Act of 1940, as amended, regulates the governance and activities of those funds. Collectively, these laws impose, among other things, recordkeeping and disclosure requirements on the advisers in the context of such activities. Moreover, applicable laws impose restrictions on transactions or require disclosure of transactions involving advisory clients and the adviser or the advisers' affiliates, as well as transactions between advisory clients and require the advisers to establish policies and procedures reasonably designed to identify and address potential violations of law and conflicts of interest and to establish and adhere to certain codes of conduct. In addition, ERISA imposes certain obligations on investment advisers managing employee plan assets as defined therein.

Other U.S. laws affect ING Bank's U.S. advisory businesses in a variety of ways, including the Securities Act, the Exchange Act, federal and state privacy legislation that requires safeguarding and confidentiality of customer information, federal tax laws, and the USA PATRIOT Act requiring, among other things, the establishment of anti-money laundering monitoring programmes. Certain sales and solicitation practices are also subject to the rules of the Financial Industry Regulatory Authority, U.S. Department of Labor and state regulation and disclosure obligations as well.

The failure of ING Bank to comply with these various requirements could result in civil and criminal sanctions and administrative penalties imposed by the U.S. federal or state governments or agencies, or civil sanctions and administrative penalties imposed by the SEC, the state securities regulators, or FINRA. Moreover, employees who are found to have participated in the violations, and the managers of these employees, also may be subject to penalties by governmental and self-regulatory agencies.

SELECTED FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET OF ING BANK N.V.*

	31 December 2013	31 December 2012	31 December 2011
		(EUR millions)	
Assets			
Cash and balances with central banks	**11,920**	**15,447**	28,112
Amounts due from banks	**43,012**	**39,053**	45,323
Financial assets at fair value through profit and loss:			
– trading assets	**113,537**	**114,320**	123,176
– non-trading derivatives	**5,731**	**9,075**	10,076
– designated as at fair value through profit and loss	**2,308**	**2,768**	2,838
Investments:			
– available-for-sale	**76,883**	**74,279**	74,935
– held-to-maturity	**3,098**	**6,545**	8,868
Loans and advances to customers	**508,338**	**541,546**	577,569
Investments in associates	**707**	**841**	827
Real estate investments	**108**	**207**	435
Property and equipment	**2,282**	**2,336**	2,417
Intangible assets	**1,606**	**1,778**	1,743
Assets held for sale		**6,781**	62,483
Other assets	**18,114**	**19,457**	22,801
Total assets	**787,644**	**834,433**	961,603
Equity			
Shareholders' equity (parent)	**32,805**	**34,964**	34,805
Minority interests	**955**	**843**	693
Total equity	**33,760**	**35,807**	35,498
Liabilities			
Subordinated loans	**14,776**	**16,407**	18,408
Debt securities in issue	**122,299**	**134,689**	130,926
Amounts due to banks	**27,257**	**38,704**	72,233
Customer deposits and other funds on deposit	**474,783**	**460,363**	479,364
Financial liabilities at fair value through profit and loss:			
– trading liabilities	**73,491**	**83,652**	107,682
– non-trading derivatives	**9,676**	**15,919**	18,161
– designated as at fair value through profit and loss	**13,855**	**13,399**	13,021
Liabilities held for sale		**14,244**	64,265

	31 December 2013	31 December 2012	31 December 2011
		(EUR millions)	
Other liabilities	**17,747**	**21,249**	22,045
Total liabilities	**753,884**	**798,626**	926,105
Total liabilities and equity	**787,644**	**834,433**	961,603

*These figures have been derived from the audited annual consolidated accounts of ING Bank in respect of the financial years ended 31 December 2013, 2012 and 2011, provided that certain figures have been restated to reflect new pension accounting requirements under IFRS that took effect on 1 January 2013.

BREAKDOWN OF SHAREHOLDERS' EQUITY OF ING BANK N.V.*

	31 December 2013	31 December 2012	31 December 2011
		(EUR millions)	
Share capital	**525**	**525**	525
Share premium	**16,542**	**16,542**	16,542
Revaluation reserve	**1,414**	**2,216**	550
Currency translation reserve	**-989**	**-263**	209
Net defined benefit asset/liability remeasurement reserve	**-2,671**	**-1,860**	449
Other reserves	**17,984**	**17,804**	16,530
Shareholders' equity (parent)	**32,805**	**34,964**	34,805

*These figures have been derived from the audited annual consolidated accounts of ING Bank in respect of the financial years ended 31 December 2013, 2012 and 2011, provided that certain figures have been restated to reflect new pension accounting requirements under IFRS that took effect on 1 January 2013.

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING BANK N.V.*

		2013		2012		2011
				(EUR millions)		
Interest income	51,574		60,271		65,204	
Interest expense	-39,610		-48,023		-51,620	
Interest result		11,964		12,248		13,584
Investment income		305		595		-544
Net gains/losses on disposal of group companies		26		1,605		813
Gross commission income	3,345		3,109		3,471	
Commission expense	-1,105		-976		-976	
Commission income		2,240		2,133		2,495
Valuation results on non-trading derivatives		281		-950		156
Net trading income		485		1,101		311
Share of profit from associates		22		22		32
Other income		4		-456		348
Total income		15,327		16,298		17,195
Addition to loan loss provisions		2,289		2,125		1,670
Intangible amortisation and other impairments		136		211		321
Staff expenses		4,914		4,708		5,519
Other operating expenses		3,755		4,711		4,399
Total expenses		11,094		11,755		11,909
Result before tax		4,233		4,543		5,286
Taxation		1,080		1,171		1,215
Net result (before minority interests)		3,153		3,372		4,071
Attributable to:						
Shareholders of the parent		3,063		3,281		3,993
Minority interests		90		91		78
		3,153		3,372		4,071

*These figures have been derived from the audited annual consolidated accounts of ING Bank in respect of the financial years ended 31 December 2013, 2012 and 2011, provided that certain figures have been restated to reflect new pension accounting requirements under IFRS that took effect on 1 January 2013.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following review and prospects should be read in conjunction with the consolidated financial statements and the notes thereto of ING Bank incorporated by reference in this Registration Document. These consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU ("IFRS EU").

FACTORS AFFECTING RESULTS OF OPERATIONS

ING Bank's results of operations are affected by demographics and by a variety of market conditions, including economic cycles, banking industry cycles, fluctuations in stock markets, interest and foreign exchange rates, political developments and client behaviour changes. See the section "Risk Factors" in this Registration Document for more factors that can impact ING Bank's results of operations.

Financial environment

In 2013, the external environment continued to have an impact on ING Bank as austerity measures prevailed in the Eurozone and gross domestic product ("GDP") growth stagnated across the EU. While the economic conditions in the Eurozone improved in the second quarter of 2013 with positive GDP growth and one major risk – a catastrophic break-up of the Eurozone – greatly diminished in 2013, the threat of a prolonged low interest rate environment increased when the ECB announced in November 2013 a further interest rate cut to a record low. While economic growth is recovering slowly, global equity markets performed strongly in 2013. However, in emerging market economies, equity indices were impacted by amongst others, the reduction of expansive monetary stimulus by the Federal Reserve.

Fluctuations in equity markets

ING Bank's operations are exposed to fluctuations in equity markets. ING Bank maintains an internationally diversified and mainly client-related trading portfolio. Accordingly, market downturns are likely to lead to declines in securities trading and brokerage activities which ING Bank executes for customers and therefore to a decline in related commissions and trading results. In addition to this, ING Bank also maintains equity investments in its own non-trading books. Fluctuations in equity markets may affect the value of these investments.

Fluctuations in interest rates

ING Bank's operations are exposed to fluctuations in interest rates. ING Bank's management of interest rate sensitivity affects the results of its operations. Interest rate sensitivity refers to the relationship between changes in market interest rates on the one hand and future interest earnings and economic value of ING Bank's underlying banking portfolios on the other hand. Both the composition of ING Bank's assets and liabilities and the fact that interest rate changes may affect client behaviour in a different way than assumed in ING Bank's internal models result in a mismatch which causes the longer term banking operations' net interest income and trading results to be affected by changes in interest rates.

Fluctuations in exchange rates

ING Bank is exposed to fluctuations in exchange rates. ING Bank's management of exchange rate sensitivity affects the results of its operations through the trading activities for its own account and because ING Bank prepares and publishes its consolidated financial statements in Euros. Because a substantial portion of ING Bank's income and expenses is denominated in currencies other than Euros, fluctuations in the exchange rates used to translate foreign currencies into Euros will impact ING Bank's reported results of operations and cash flows from year to year. This exposure is mitigated by the fact that realised results in non-Euro currencies are hedged back to Euro on a monthly basis. Fluctuations in exchange rates will also impact the value (denominated in Euros) of ING Bank's investments in its non-Euro reporting subsidiaries. The impact of these fluctuations in exchange rates is mitigated to some extent by the fact that income and related expenses, as well as assets and liabilities, of each of ING Bank's non-euro reporting subsidiaries are generally denominated in the same currencies. This translation risk is managed by taking into account the effect of translation results on the core Tier 1 ratio.

Critical Accounting Policies

See the section “Accounting policies for the consolidated annual accounts of ING Bank” in the ING Bank consolidated financial statements for the year ended 31 December 2013.

CONSOLIDATED RESULTS OF OPERATIONS

The following information should be read in conjunction with, and is qualified by reference to, ING Bank’s consolidated financial statements and other financial information included elsewhere herein. ING Bank evaluates the results of its operations, including the business lines of the banking operations, using the financial performance measure of underlying result before tax. Underlying result before tax is defined as result before tax, excluding, as applicable for each respective segment, either all or some of the following items: results from divested units, realised gains/losses on divestitures and special items such as certain restructuring charges and other non-operating income/expense. Disclosures on comparative years also reflect the impact of the current year’s divestments.

While these excluded items are significant components in understanding and assessing ING Bank’s consolidated financial performance, ING Bank believes that the presentation of underlying result before tax enhances the understanding and comparability of its segment performance by highlighting result before tax attributable to ongoing operations and the underlying profitability of the segment businesses. For example, ING Bank believes that trends in the underlying profitability of its segments can be more clearly identified without the effects of the realised gains/losses on divestitures as the timing is largely subject to ING Bank’s discretion, influenced by market opportunities, and ING Bank does not believe that they are indicative of future results. Underlying result before tax is not a substitute for result before tax as determined in accordance with IFRS-EU. ING Bank’s definition of underlying result before tax may differ from those used by other companies and may change over time. For further information on underlying result before tax, as well as the reconciliation of ING Bank’s underlying result before tax to its result before taxation, see “Segment Reporting” below and Note 33 to the ING Bank consolidated financial statements for the year ended 31 December 2013.

The following table sets forth the consolidated results of operations of ING Bank for the years ended 31 December 2013, 2012 and 2011:

	2013	2012	2011
		(EUR millions)	
Underlying income			
Net interest result	11,980	11,944	12,268
Commission income	2,239	2,160	2,228
Total investment and other income	1,117	406	49
Total underlying income	**15,337**	**14,510**	**14,545**
Underlying expenditure			
Operating expenses	8,683	8,638	8,760
Addition to loan loss provision	2,288	2,121	1,335
Total underlying expenditure	**10,971**	**10,759**	**10,095**
Underlying result before tax	**4,365**	**3,751**	**4,450**
Taxation	1,088	1,063	1,151
Minority interests	90	91	79

	2013	2012	2011
		(EUR millions)	
Underlying net result	**3,187**	**2,597**	**3,220**
Divestments[1]	-42	1,278	1,224
Special items[2]	-82	-595	-451
Net result	**3,063**	**3,281**	**3,993**

Notes:

(1) Divestments include the net operating result of the divested units as well as the gains/losses on the divestments. Divestments: sale of ING Direct UK (EUR -42 million, 2013, EUR -430 million, 2012, EUR -72 million, 2011), sale of ING Direct Canada (EUR 1,219 million, 2012, EUR 76 million, 2011), sale of ING Direct USA (EUR 489 million, 2012, EUR 332 million, 2011), sale of REIM (EUR 453 million, 2011), sale of ING Car Lease (EUR 405 million, 2011), sale of IIM Philippines (EUR 29 million, 2011).

(2) Special items: new Dutch employee pension scheme (EUR 28 million, 2013, EUR 251 million, 2012), settlement with U.S. authorities (EUR -386 million, 2012), liability management transaction (EUR 70 million, 2011), separation and IPO preparation costs (EUR -16 million, 2013, EUR -37 million, 2012, EUR -48 million, 2011), Retail Netherlands strategy (EUR -18 million, 2013, EUR -33 million, 2012, EUR -106 million, 2011), an adjustment of the Illiquid Assets Back-up Facility based on higher prepayment behaviour in the underlying Alt-A securities (EUR -156 million, 2011), restructuring provisions and other (EUR -77 million, 2013, EUR -390 million, 2012, EUR -211 million, 2011).

Year ended 31 December 2013 compared to year ended 31 December 2012

Underlying result before tax (excluding the impact of divestments and special items) increased 16.4% to EUR 4,365 million in 2013 from EUR 3,751 million in 2012. This increase mainly reflects an improvement in the interest margin, less volatility in credit and debt valuation adjustments ("CVA/DVA") in Commercial Banking and the Corporate Line, and the absence of de-risking losses in 2013. This was partly offset by 7.9% higher risk costs, while expenses were almost flat despite higher pension costs and additional restructuring charges.

The net result decreased to EUR 3,063 million in 2013 from EUR 3,281 million in 2012 mainly due to significantly higher gains on divestments in 2012. In 2013, the net impact of the divested ING Direct UK activities was EUR -42 million, including an additional net transaction loss on the sale of EUR 6 million. In 2013, special items after tax were EUR -82 million. These items primarily reflect after-tax charges for the earlier announced restructuring programmes in Retail Netherlands and an additional provision release related to the new Dutch employee pension scheme announced in 2012. Divestments in 2012, related to the sale of ING Direct USA and ING Direct Canada, and the loss taken prior to the sale of ING Direct UK, resulted in a total net gain of EUR 1,365 million, while the operating net result from the divested units amounted to EUR -86 million. In 2012, special items after tax were EUR -595 million, mainly related to a settlement with authorities in the U.S., various restructuring programmes, including further restructuring in Retail Netherlands and Commercial Banking, and costs related to the separation of ING Bank and ING Insurance. These negative impacts were partly offset by a EUR 251 million provision release from the new Dutch employee pension scheme.

Total underlying income rose 5.7% to EUR 15,337 million in 2013, from EUR 14,510 million in 2012. The underlying interest result increased slightly by 0.3% to EUR 11,980 million driven by an improvement of the interest margin to 1.44% from 1.36% in 2012, whereas the average balance sheet declined by 5.7%. The interest margin on lending and savings products improved, supported by repricing in the loan book and lowering of client savings rates. This more than offset the impact of lower lending volumes, partly caused by the transfer and sale of WestlandUtrecht Bank assets to NN Group, and lower interest results in Bank Treasury following a lengthening of ING Bank's funding profile. Commission income rose 3.7% to EUR 2,239 million. Investment and other income strongly improved to EUR 1,117 million, from EUR 406 million in 2012. This improvement was mainly explained by the positive swing in CVA/DVA adjustments (which were EUR 74 million positive in 2013, compared with EUR 640 million of negative CVA/DVA impacts in 2012), while 2012 included EUR 478 million of selective de-risking losses in the European debt securities portfolio, against nil in 2013. Excluding both items, investment and other income was 31.6% lower, mainly due to lower gains on the sale of equity and debt securities.

Underlying operating expenses increased slightly by 0.5% to EUR 8,683 million, compared with EUR 8,638 million in 2012. The increase was mainly due to higher pension costs and additional restructuring charges taken in the second half of 2013, which were largely offset by the benefits from ongoing cost-saving initiatives, the partial transfer of WestlandUtrecht Bank staff to NN Group and lower impairments on real estate development projects. The net addition to the provision for loan losses increased to EUR 2,288 million, from EUR 2,121 million in 2012, reflecting the continued weak economic environment, particularly in The Netherlands. Risk costs were 83 basis points of average risk-weighted assets compared with 74 basis points in 2012.

Year ended 31 December 2012 compared to year ended 31 December 2011

Underlying result before tax declined by 15.7% to EUR 3,751 million in 2012, from EUR 4,450 million in 2011. This decline in result mainly reflected higher risk costs due to the weak economic and business fundamentals, negative credit and debt valuation adjustments (CVA/DVA), and the new Dutch bank levy. In 2012, the result also included EUR 478 million of losses from pro-active de-risking in the European debt securities portfolio, while the result in 2011 included EUR 139 million of de-risking losses and EUR 588 million of impairments on Greek government bonds. CVA/DVA adjustments in Commercial Banking and the Corporate Line had a negative impact of EUR 640 million in 2012, mainly reflecting a tightening of ING Bank’s credit spread, compared with EUR 275 million of positive CVA/DVA impacts in 2011. Excluding these and other market-related items, underlying result before tax was 9.7% lower, fully attributable to higher risk costs.

The net result declined to EUR 3,281 million in 2012 from EUR 3,993 million in 2011. In 2012, the sale of ING Direct Canada and ING Direct USA as well as the loss taken prior to the sale of ING Direct UK, which was completed in March 2013, resulted in a total net gain of EUR 1,365 million, while the operating net results from the divested units amounted to EUR -86 million. In 2012, special items after tax were EUR -595 million, mainly related to a settlement with authorities in the U.S., various restructuring programmes, including further restructuring in Retail Netherlands and Commercial Banking, and costs related to the separation of ING Bank and ING Insurance. These negative impacts were partly offset by a provision release following the announcement of the new Dutch employee pension scheme. In 2011, the divestment of ING Real Estate Investment Management, ING Car Lease and IIM Philippines resulted in a net gain of EUR 821 million, while the operating net results from the divested units amounted to EUR 403 million. Special items after tax were EUR -451 million in 2011, mainly related to various restructuring programmes, including the strategic measures taken in Retail Netherlands and Commercial Banking as well as additional costs for the merger of the Dutch retail banking activities, costs related to the separation of Bank and Insurance as well as a value adjustment of the IABF. This was partly offset by a EUR 70 million net gain on the liability management transaction that was completed in December 2011.

Total underlying income slightly declined by 0.2% to EUR 14,510 million in 2012, from EUR 14,545 million in 2011. The underlying net interest result decreased by 2.6% to EUR 11,944 million. The main reasons for this decrease were lower interest results on savings, reflecting the low interest rate environment, and the impact of de-risking, and higher liquidity costs as ING Bank lengthened its funding profile. The underlying interest margin declined to 1.36%, from 1.42% in 2011. Commission income fell 3.1% to EUR 2,160 million, mainly in Commercial Banking. Total investment and other income improved by EUR 357 million to EUR 406 million, from EUR 49 million in 2011. The increase is mainly explained by a EUR 323 million gain on the sale of ING Bank’s equity stake in Capital One, lower combined losses from impairments and de-risking in the European debt securities portfolio and improved performance at Bank Treasury, partly offset by the negative swing in CVA/DVA adjustments.

Underlying operating expenses decreased by 1.4% to EUR 8,638 million, compared with EUR 8,760 million in 2011. The decrease was mainly due to strong cost control and lower impairments on real estate development projects, partly offset by inflationary and regulatory pressure, including the EUR 175 million Dutch bank levy. The underlying net addition to the provision for loan losses increased to EUR 2,121 million, from EUR 1,335 million in 2011. Risk costs were 74 basis points of average risk-weighted assets compared with 48 basis points in 2011.

CONSOLIDATED ASSETS AND LIABILITIES

The following table is a summary of the consolidated assets and liabilities of ING Bank for the years ended 31 December 2013, 2012 and 2011:

	2013	2012	2011
		(EUR billions)	
Financial assets at fair value through the profit and loss account	121.6	126.2	136.1
Investments	80.0	80.8	83.8
Loans and advances to customers	508.3	541.5	577.6
Total assets	787.6	834.4	961.6
Customer deposits and other funds on deposit	474.8	460.4	479.4
Debt securities in issue/other borrowed funds	137.1	151.1	149.3
Total liabilities (including minority interests)	754.8	799.5	926.8
Shareholders' equity	32.8	35.0	34.8

Year ended 31 December 2013 compared to year ended 31 December 2012

Total assets decreased by EUR 46.8 billion, or 5.6%, to EUR 787.6 billion at 31 December 2013 compared with EUR 834.4 billion at 31 December 2012. Excluding the divestment of ING Direct UK, which was closed in March 2013, total assets declined by EUR 40.0 billion. Loans and advances to customers declined by EUR 33.2 billion to EUR 508.3 billion, of which EUR -11.0 billion was caused by currency impacts. The remaining decline was largely due to the transfer and sale of EUR 8.3 billion of loans, mainly mortgages, from WestlandUtrecht Bank to NN Group, the sale of another EUR 2.2 billion of Dutch mortgages, the sale of a EUR 0.8 billion mortgage portfolio in Australia and the sale of EUR 1.0 billion of U.S. Real Estate Finance loans as well as the partial repayment of the IABF as the Dutch State sold a first tranche of the Alt-A securities in December 2013 following the agreement on the unwinding of the IABF. The remaining tranches of the Alt-A securities were sold by the Dutch State at the beginning of 2014. Assets held for sale decreased by EUR 6.8 billion to nil at 31 December 2013 following the sale of ING Direct UK in March 2013.

Customer deposits and other funds on deposit increased by EUR 14.4 billion to EUR 474.8 billion at 31 December 2013 compared with EUR 460.4 billion at 31 December 2012, despite the transfer of EUR 3.7 billion of savings from WestlandUtrecht Bank to NN Group. The increase was mainly due to continued net inflows of retail savings and higher credit balances on customer accounts. Liabilities held for sale decreased by EUR 14.2 billion to nil at 31 December 2013 following the sale of ING Direct UK.

Shareholders' equity decreased by 6.2%, or EUR 2.2 billion, to EUR 32.8 billion at 31 December 2013 compared with EUR 35.0 billion at 31 December 2012, despite the EUR 3,063 million net result from the year 2013. The decrease was mainly caused by a EUR 3.0 billion dividend paid to ING Group, a EUR 0.8 billion decline in revaluation reserve, a EUR 0.7 billion decrease in currency translation reserve, and a EUR 0.8 billion decline in the net defined benefit asset-liability remeasurement reserve.

Year ended 31 December 2012 compared to year ended 31 December 2011

Total assets decreased by 13.2%, or EUR 127.2 billion, to EUR 834.4 billion at 31 December 2012 compared with EUR 961.6 billion at 31 December 2011, largely due to the divestments of ING Direct USA and ING Direct

Canada. Excluding these divestments, total assets declined by EUR 35.2 billion. Assets held for sale decreased by EUR 55.7 billion, loans and advances to customers decreased by EUR 36.0 billion and cash and balances with central banks decreased by EUR 12.7 billion, compared with 2011. Assets held for sale relate to businesses for which a sale is agreed upon or a sale is highly probable at the balance sheet date but for which the transaction has not yet fully closed. For 31 December 2011, assets held for sale related to ING Direct USA, which was sold in February 2012. For 31 December 2012, this relates to ING Direct UK, the sale of which was completed in March 2013. Decline in loans and advances to customers was mainly due to the sale of ING Direct Canada in 2012 and, to a lesser extent, the effect from reclassification of ING Direct UK to held for sale.

Customer deposits and other funds on deposit declined by EUR 19.0 billion to EUR 460.4 billion at 31 December 2012 from EUR 479.4 billion at 31 December 2011. Excluding the divestment of ING Direct Canada and the announced sale of ING Direct UK (classified as held for sale), customer deposits and other funds on deposits rose by EUR 22.7 billion.

Shareholders' equity increased by 0.5%, or EUR 159 million, to EUR 34,964 million at 31 December 2012 compared with EUR 34,805 million at 31 December 2011. The increase was mainly caused by the EUR 3,281 million net result from the year 2012 and a EUR 1,660 million increase in revaluation reserve, largely offset by a EUR 2,309 million decline following the remeasurement of the net defined benefit asset-liability reserve following the changes in accounting policies for defined benefit pension schemes, EUR 2,125 million cash dividend paid to ING Group as well as a EUR 472 million decline in currency translation reserve.

SEGMENT REPORTING

ING Bank's segments are based on its management structure, which is different from its legal structure. The following table sets forth the contribution of ING Bank's business lines and the corporate line ("Corporate Line") to the underlying net result for each of the years 2013, 2012 and 2011.

2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line[(1)]	Total Banking
				(EUR millions)			
Total underlying income	**4,079**	**2,321**	**1,388**	**2,374**	**4,994**	**180**	**15,337**
Total underlying expenditure	**3,207**	**1,658**	**791**	**1,903**	**3,177**	**235**	**10,971**
Underlying result before tax	**872**	**663**	**598**	**471**	**1,817**	**-55**	**4,365**
Taxation	221	196	188	111	415	-42	1,088
Minority interests	–	-4	1	66	27	–	90
Underlying net result	**651**	**470**	**409**	**294**	**1,375**	**-12**	**3,187**
Divestments	–	–	–	-42	–	–	-42
Special items	-107	–	–	–	–	25	-82
Net result	**544**	**470**	**409**	**252**	**1,375**	**13**	**3,063**

2012	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line[(1)]	Total Banking
				(EUR millions)			
Total underlying income	**3,897**	**2,194**	**1,193**	**1,807**	**4,963**	**457**	**14,510**
Total underlying expenditure	**2,914**	**1,593**	**752**	**1,868**	**3,328**	**304**	**10,759**
Underlying result before tax	**983**	**601**	**441**	**-62**	**1,635**	**153**	**3,751**
Taxation	244	168	161	33	432	25	1,063
Minority interests	–	–	1	66	23	–	91
Underlying net result	**739**	**433**	**278**	**-161**	**1,180**	**128**	**2,597**
Divestments	–	–	–	1,278	–	–	1,278
Special items	-284	-22	–	–	-129	-160	-595
Net result	**456**	**411**	**278**	**1,117**	**1,050**	**-32**	**3,281**

2011	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line[(1)]	Total Banking
				(EUR millions)			
Total underlying income	**4,145**	**2,031**	**1,134**	**1,971**	**5,023**	**239**	**14,545**
Total underlying expenditure	**2,883**	**1,580**	**740**	**1,725**	**3,000**	**167**	**10,095**
Underlying result before tax	**1,262**	**451**	**395**	**246**	**2,023**	**72**	**4,450**
Taxation	317	107	134	54	485	54	1,151
Minority interests	–	–	1	59	19	–	79
Underlying net result	**946**	**345**	**259**	**133**	**1,519**	**18**	**3,220**
Divestments	12	2	–	337	873	–	1,224
Special items	-246	-12	–	–	-80	-112	-451
Net result	**711**	**335**	**259**	**470**	**2,312**	**-94**	**3,993**

Note:

(1) Corporate Line mainly includes items not directly attributable to the business lines, including EUR 149 million Dutch Bank tax and EUR 99 million result on the unwinding of the IABF in 2013, while 2012 included EUR 175 million Dutch Bank tax and the EUR 323 million gain on the sale of ING Bank's stake in Capital One in 2012. Special items in 2013 included EUR 28 million related to the new Dutch employee pension scheme. Special items in 2012 included a settlement of EUR -386 million with U.S. authorities, EUR -25 million of restructuring and separation costs and a EUR 251 million pension curtailment following the new Dutch employee pension scheme. Special items in 2011 included an adjustment of EUR -156 million of the Illiquid Assets Back-up Facility based on higher prepayment behaviour in the underlying Alt-A securities and EUR -26 million of restructuring and separation costs, partly offset by the EUR 70 million result on the liability management transaction.

The business lines are analysed on a total basis for Underlying Income, Underlying Expenditure and Net Result. The product split within Commercial Banking is based on underlying figures.

RETAIL NETHERLANDS

	Retail Netherlands		
	2013	**2012**	**2011**
		(EUR millions)	
Underlying income			
Interest result	3,574	3,377	3,612
Commission income	463	485	481
Other underlying income	42	35	52
Total underlying income	**4,079**	**3,897**	**4,145**
Underlying expenditure			
Operating expenses	2,330	2,249	2,426
Additions to the provision for loan losses	877	665	457
Total underlying expenditure	**3,207**	**2,914**	**2,883**
Underlying result before tax	**872**	**983**	**1,262**
Taxation	221	244	317
Minority interests	–	–	–
Underlying net result	**651**	**739**	**946**
Divestments	–	–	12
Special items	-107	-284	-246
Net result	**544**	**456**	**711**

Year ended 31 December 2013 compared to year ended 31 December 2012

The underlying result before tax of Retail Netherlands decreased by 11.3% to EUR 872 million in 2013 compared with EUR 983 million in 2012, due to additional restructuring charges and an increase in risk costs. Underlying income rose 4.7% to EUR 4,079 million in 2013, reflecting higher interest results on lending and savings due to an improvement in margins, supported by a reduction in customer savings rates. These improvements were partly offset by lower volumes following the transfer and sale of EUR 8.3 billion of assets and EUR 3.7 billion of liabilities from WestlandUtrecht Bank to NN Group together with the sale of another EUR 2.2 billion of mortgages. Excluding these sales and transfers, net production of mortgages was EUR -0.4 billion in 2013, while other lending, mainly business lending, decreased by EUR 2.2 billion. Net production in funds entrusted was nil, mainly caused by new legislation for local governments to place surplus cash at the National Treasury and an acceleration of redemptions on mortgages. Operating expenses increased 3.6% to EUR 2,330 million in 2013, including EUR 97 million of additional restructuring charges taken in the second half of the year, which were part of an extension of the efficiency programmes currently running. Excluding the restructuring charges, expenses decreased 0.7% from 2012, despite higher pension costs, reflecting the benefits of the efficiency programmes and the transfer of WestlandUtrecht Bank staff to Nationale-Nederlanden Bank as from mid-2013. Net additions to loan loss provisions rose to EUR 877 million in 2013 from EUR 665 million in 2012, mainly due to higher risk costs on mortgages and to a lesser extent business lending, reflecting the continued weakness in the Dutch economy.

Underlying net result declined to EUR 651 million in 2013 compared with EUR 739 million in 2012, while the net result increased to EUR 544 million in 2013 compared with EUR 456 million in 2012. Special items after tax in 2013 were EUR -107 million, mainly related to the previously announced restructuring programmes and the transfer of WestlandUtrecht Bank activities to Nationale-Nederlanden Bank. Special items after tax in 2012 were EUR -284 million, mainly related to the cost reduction initiative Case for Change launched in 2011, which was followed by a second phase of strategic initiatives in the fourth quarter of 2012, additional costs for the combining of ING Bank and Postbank, and restructuring at WestlandUtrecht Bank.

Year ended 31 December 2012 compared to year ended 31 December 2011

Retail Netherlands underlying result before tax dropped 22.1% to EUR 983 million in 2012 compared with EUR 1,262 million in 2011, mainly due to lower income and higher additions to the provision for loan losses. The underlying income decreased by 6.0% to EUR 3,897 million in 2012 from EUR 4,145 million in 2011, particularly due to a 6.5% decline in interest result. The interest margin on savings and current accounts declined as a reduction in client savings rates could not fully offset a lower return from the investment portfolio due to lower interest rates. Funds entrusted showed a strong net inflow of EUR 9.0 billion, supported by successful marketing campaigns. The net production in residential mortgages was EUR 1.8 billion, while interest margins improved slightly. Other lending, mainly business lending, declined by EUR 3.0 billion as demand for credit remained low. Operating expenses decreased by 7.3% to EUR 2,249 million in 2012 from EUR 2,426 million in 2011, mainly reflecting the implementation of the Case for Change initiative and lower pension costs. Risk costs increased to EUR 665 million, or 133 basis points of average risk-weighted assets, mainly due to higher net additions in the mid-corporate and SME segments, and higher risk costs on mortgages reflecting lower house prices.

Underlying net result declined to EUR 739 million in 2012 compared with EUR 946 million in 2011. The net result also decreased to EUR 456 million in 2012 from EUR 711 million in 2011. Special items after tax in 2012 were EUR -284 million, mainly related to the Case for Change initiative, which was followed by a second phase of strategic initiatives in the fourth quarter of 2012, additional costs for the combining of ING Bank and Postbank, and restructuring at WestlandUtrecht Bank. Special items in 2011 were EUR -246 million, mainly related to the Case for Change initiative as well as additional costs for the combining of ING Bank and Postbank and the operational and legal separation of WestlandUtrecht Bank. Divestments in 2011 related to the operating net results of the divested ING Car Lease activities.

RETAIL BELGIUM

	Retail Belgium		
	2013	**2012**	**2011**
		(EUR millions)	
Underlying income			
Interest result	1,817	1,723	1,606
Commission income	346	335	336
Investment and other income	158	136	88
Total underlying income	**2,321**	**2,194**	**2,031**
Underlying expenditure			
Operating expenses	1,476	1,425	1,435

	Retail Belgium		
	2013	**2012**	**2011**
		(EUR millions)	
Additions to the provision for loan losses	183	168	145
Total underlying expenditure	**1,658**	**1,593**	**1,580**
Underlying result before tax	**663**	**601**	**451**
Taxation	196	168	107
Minority interests	-4	–	–
Underlying net result	**470**	**433**	**345**
Divestments	–	–	2
Special items	–	-22	-12
Net result	**470**	**411**	**335**

Year ended 31 December 2013 compared to year ended 31 December 2012

The underlying result before tax of Retail Belgium increased by 10.3% compared with 2012 to EUR 663 million, due to higher income supported by volume growth. Underlying income rose 5.8% to EUR 2,321 million, from EUR 2,194 million in 2012, mainly reflecting higher interest results driven by further growth in customer balances, while margins on current accounts declined. In 2013, net production in funds entrusted was EUR 3.7 billion. The net mortgage production was EUR 1.0 billion, while other lending grew slightly by EUR 0.1 billion. Operating expenses increased 3.6% compared with 2012 to EUR 1,476 million, mainly due to higher expenses for the Belgian deposit guarantee scheme and inflation-driven cost increases, which were partly offset by the benefits from the efficiency programmes. Risk costs were EUR 183 million, or 89 basis points of average risk-weighted assets. This is an increase of 8.9% on 2012, reflecting higher additions for business lending and mortgages, though the latter remained relatively low.

Underlying net result increased to EUR 470 million in 2013 from EUR 433 million in 2012. The net result improved to EUR 470 million in 2013 from EUR 411 million in 2012, which included EUR -22 million of special items after tax. The special items in 2012 were related to the Belgian domestic transformation programme and the separation of ING Bank and ING Insurance.

Year ended 31 December 2012 compared to year ended 31 December 2011

The underlying result before tax of Retail Belgium increased by 33.3% compared with 2011 to EUR 601 million in 2012, due to a strong increase in income supported by volume growth. Underlying income rose by 8.0% to EUR 2,194 million in 2012, from EUR 2,031 million in 2011, mainly due to higher interest results, as business growth was combined with higher margins. Income in 2011 was furthermore negatively affected by EUR 17 million of impairments on Greek government bonds. Net mortgage production was EUR 1.8 billion in 2012, while other lending grew by EUR 2.5 billion. The net production in funds entrusted was EUR 3.3 billion, mainly attributable to the successful introduction of a new retail savings product in the first half of 2012. Operating expenses declined slightly to EUR 1,425 million in 2012 from EUR 1,435 million in 2011. The lower contribution to the Belgian deposit guarantee scheme and lower personnel expenses were largely offset by inflation-driven cost increases and a new bank levy. Risk costs increased by 15.9% on 2011 to EUR 168 million, or 83 basis points of average risk-weighted assets, mainly due to higher net additions in the mid-corporate segment.

Underlying net result increased to EUR 433 million in 2012 from EUR 345 million in 2011. The net result improved to EUR 411 million in 2012 from EUR 335 million in 2011. Special items after tax in both years related to the Belgian domestic transformation programme and the separation of Bank and Insurance.

RETAIL GERMANY

	Retail Germany		
	2013	**2012**	**2011**
		(EUR millions)	
Underlying income			
Interest result	1,314	1,141	1,247
Commission income	114	87	117
Investment and other income	-40	-36	-230
Total underlying income	**1,388**	**1,193**	**1,134**
Underlying expenditure			
Operating expenses	709	669	648
Additions to the provision for loan losses	82	83	91
Total underlying expenditure	**791**	**752**	**740**
Underlying result before tax	**598**	**441**	**395**
Taxation	188	161	134
Minority interests	1	1	1
Underlying net result	**409**	**278**	**259**
Net result	**409**	**278**	**259**

Year ended 31 December 2013 compared to year ended 31 December 2012

Retail Germany's underlying result before tax rose 35.6% to EUR 598 million in 2013, compared with EUR 441 million in 2012, due to continued volume growth in most products and improved margins on savings. Underlying income increased by 16.3% to EUR 1,388 million compared with EUR 1,193 million in 2012. The increase reflects higher interest results stemming from higher lending and savings balances and increased margins on savings supported by a reduction of the core savings rate at the beginning of 2013. Commission income rose by EUR 27 million from 2012, reflecting higher income from security brokerage. Investment and other income was slightly down, as the absence of de-risking losses in 2013 was offset by increased negative hedge ineffectiveness. Funds entrusted grew by EUR 9.2 billion in 2013. Lending growth was EUR 2.7 billion, of which EUR 2.2 billion was in mortgages. Operating expenses increased 6.0% compared with 2012, due to higher personnel expenses reflecting an increase in headcount and increased expenses for the Deposit Guarantee Scheme, in line with the growth of the business. The additions to the provision for loan losses slightly declined in 2013 to EUR 82 million (or 37 basis points of average risk-weighted assets) from EUR 83 million (or 38 basis points of average risk-weighted assets) in 2012.

Both underlying net result and net result increased by EUR 131 million, or 47.1%, to EUR 409 million in 2013 compared with EUR 278 million in 2012.

Year ended 31 December 2012 compared to year ended 31 December 2011

Retail Germany's underlying result before tax rose 11.6% to EUR 441 million in 2012, compared with EUR 395 million in 2011, due to lower impairments and de-risking losses. Underlying income increased by 5.2% to EUR 1,193 million in 2012, as 2011 included EUR 136 million of impairments on Greek government bonds and EUR 48 million of losses on the selective sale of European bonds against EUR 21 million of de-risking losses in 2012. Excluding impairments and de-risking losses, underlying income decreased to EUR 1,214 million in 2012, from EUR 1,319 million in 2011. The interest result dropped 8.5% to EUR 1,141 million in 2012, from EUR 1,247 million in 2011, despite higher volumes, reflecting a lower interest margin on savings as the return on the investment portfolio declined following de-risking and higher excess cash positions. Commission income declined by EUR 30 million from 2011, mainly due to lower fees from its securities business. In 2012, the total net production in funds entrusted was EUR 9.1 billion, while the net production in mortgages amounted to EUR 3.4 billion. Operating expenses increased by 3.2% compared with 2011, reflecting higher personnel expenses due to increased staff numbers and higher IT costs to support business growth. The additions to the provision for loan losses decreased to EUR 83 million in 2012, or 38 basis points of average risk-weighted assets, from EUR 91 million in 2011 (or 46 basis points of average risk-weighted assets).

Both underlying net result and net result increased by EUR 19 million, or 7.3%, to EUR 278 million in 2012 compared with EUR 259 million in 2011.

RETAIL REST OF WORLD

	Retail Rest of World		
	2013	**2012**	**2011**
		(EUR millions)	
Underlying income			
Interest result	1,778	1,740	1,788
Commission income	361	339	330
Investment and other income	235	-273	-147
Total underlying income	**2,374**	**1,807**	**1,971**
Underlying expenditure			
Operating expenses	1,623	1,618	1,559
Additions to the provision for loan losses	280	250	166
Total underlying expenditure	**1,903**	**1,868**	**1,725**
Underlying result before tax	**471**	**-62**	**246**
Taxation	111	33	54
Minority interests	66	66	59
Underlying net result	**294**	**-161**	**133**
Divestments	-42	1,278	337
Net result	**252**	**1,117**	**470**

Year ended 31 December 2013 compared to year ended 31 December 2012

The underlying result before tax of Retail Rest of World rose to EUR 471 million, compared with a loss of EUR 62 million in 2012, when results were impacted by EUR 441 million of losses related to selective de-risking of the investment portfolio. Underlying income increased to EUR 2,374 million from EUR 1,807 million in 2012. Excluding de-risking losses, income rose 5.6%, mainly due to improved commercial results in most countries and a higher dividend received from the Bank of Beijing. The interest result increased by 2.2% due to higher margins, partly offset by currency impacts. Excluding currency effects and adjusted for divestments and the sale of a mortgage portfolio in Australia, net production in mortgages was EUR 1.4 billion, while the net growth in other lending was EUR 3.2 billion in 2013. Funds entrusted reported a net inflow of EUR 5.8 billion. Operating expenses increased slightly by 0.3% to EUR 1,623 million in 2013 from EUR 1,618 million in 2012, as higher expenses due to business growth were largely offset by favourable currency impacts. Risk costs rose to EUR 280 million, or 64 basis points of average risk-weighted assets, compared with EUR 250 million, or 50 basis points of average risk-weighted assets, in 2012. The increase in risk costs was mainly in India and Turkey, reflecting the economic turmoil in these countries, partly offset by lower additions in Romania and the UK legacy portfolio.

Underlying net result turned to a profit of EUR 294 million in 2013, from a loss of EUR 161 million in 2012. The net result fell to EUR 252 million from EUR 1,117 million in 2012. The impact of divestments in 2013 was EUR -42 million, fully related to the closing of the sale of ING Direct UK in March 2013. In 2012, divestments added EUR 1,278 million to the net result, reflecting the net gains on the sale of ING Direct Canada and ING Direct USA, and the loss taken prior to the announced sale of ING Direct UK, as well as the operating net results of the divested units.

Year ended 31 December 2012 compared to year ended 31 December 2011

Retail Rest of World reported an underlying loss before tax of EUR 62 million in 2012, compared with an underlying profit before tax of EUR 246 million in 2011. This decrease was mainly due to EUR 441 million of losses from the selective de-risking of the investment portfolio in 2012, while 2011 included EUR 90 million of de-risking losses and EUR 210 million of impairments on Greek government bonds. Underlying income decreased by 8.3% due to the above-mentioned impairments and losses. Excluding these impacts, underlying income was almost flat, decreasing by 1.0% to EUR 2,248 million in 2012, from EUR 2,271 million in 2011. The interest result declined by EUR 48 million, or 2.7%, due to pressure on margins. The interest result decreased mainly in Italy, France and the United Kingdom, in part offset by increases in Turkey, Spain and India. The total net production in mortgages was EUR 2.2 billion, while the net growth in other lending was EUR 2.4 billion. Funds entrusted reported a net inflow of EUR 6.6 billion in 2012. Operating expenses increased by 3.8% in 2012 compared with 2011, mainly as a result of business growth and inflation in the emerging markets of India, Turkey and Poland. Risk costs rose to EUR 250 million, or 50 basis points of average risk-weighted assets, compared with EUR 166 million, or 34 basis points of average risk-weighted assets, in 2011. The increase in risk costs was mainly caused by EUR 75 million of specific provisions taken for an impaired CMBS position in the UK legacy portfolio.

Underlying net result turned to a loss of EUR 161 million in 2012, from a profit of EUR 133 million in 2011. The net result improved to EUR 1,117 million in 2012, from EUR 470 million in the previous year. Divestments added EUR 1,278 million to the 2012 net result and included the net gains on the sale of ING Direct Canada and ING Direct USA, the loss taken prior to the sale of ING Direct UK (which was completed in March 2013), as well as the operating net results from ING Direct Canada and ING Direct UK during the same period. In 2011, the impact of divestments was EUR 337 million, fully related to the operating net results of ING Direct USA, ING Direct Canada and ING Direct UK.

COMMERCIAL BANKING

	Commercial Banking		
	2013	**2012**	**2011**
		(EUR millions)	
Underlying income			
Interest result	2,874	3,422	3,739
Commission income	964	907	977
Investment and other income	1,155	633	307
Total underlying income	**4,994**	**4,963**	**5,023**
Operating expenses	2,310	2,372	2,524
Additions to the provision for loan losses	867	955	477
Total underlying expenditure	**3,177**	**3,328**	**3,000**
Underlying result before tax	**1,817**	**1,635**	**2,023**
Taxation	415	432	485
Minority interests	27	23	19
Underlying net result	**1,375**	**1,180**	**1,519**
Divestments	–	–	873
Special items	–	-129	-80
Net result	**1,375**	**1,050**	**2,312**

Year ended 31 December 2013 compared to year ended 31 December 2012

Commercial Banking's underlying result before tax improved by EUR 182 million to EUR 1,817 million in 2013 from EUR 1,635 million in 2012. Credit and debt valuation adjustments (CVA/DVA), fully recorded in Financial Markets, were EUR 173 million positive in 2013 versus EUR 457 million of negative adjustments in 2012. Excluding CVA/DVA, the underlying result of Commercial Banking was 21.4% lower than in 2012, mainly caused by lower income in Bank Treasury, Real Estate & Other, partly offset by good cost control and lower risk costs.

Industry Lending posted an underlying result before tax of EUR 934 million in 2013, up from EUR 848 million in 2012, primarily due to higher income in Structured Finance and Corporate Investments combined with lower risk costs, which more than offset lower results on Real Estate Finance due to a downsizing of the portfolio in line with ING Bank's strategy. The underlying result before tax of General Lending & Transaction Services decreased to EUR 518 million from EUR 632 million in 2012. The decline was mainly attributable to lower interest results, reflecting lower volumes in General Lending and margin pressure in Payments & Cash Management, while expenses were up due to investments in IT to enhance product capabilities. This was partly offset by lower risk costs. Financial Markets' underlying result increased to EUR 618 million from EUR 20 million in 2012, reflecting the aforementioned positive swing in CVA/DVA impacts. The underlying result of Bank Treasury, Real Estate & Other dropped to EUR -253 million in 2013, from EUR 135 million in 2012, mainly due to lower income from Bank Treasury activities following the lengthening of ING Bank's funding profile and the further wind-down of the Lease run-off business. This was partly offset by lower impairments on real estate development projects.

Commercial Banking’s total underlying income rose 0.6% to EUR 4,994 million in 2013 compared with EUR 4,963 million in 2012. Excluding CVA/DVA, income declined by 11.1% on 2012, due to lower interest results, especially in Bank Treasury and Financial Markets but also in General Lending. Adjusted for currency impacts and the sale of a U.S. Real Estate Finance portfolio, net lending declined slightly by EUR 0.2 billion in 2013, as lower volumes in Real Estate Finance, General Lending and the Lease run-off portfolio was offset by growth in Structured Finance and Trade Finance Services. Net funds entrusted grew by EUR 8.5 billion. Underlying operating expenses decreased by 2.6% to EUR 2,310 million, due to good cost control and lower impairments on real estate development projects. Risk costs decreased to EUR 867 million, or 68 basis points of average risk-weighted assets, from EUR 955 million, or 72 basis points of average risk-weighted assets, in 2012. The decrease was mainly visible in Industry Lending, although risk costs in Real Estate Finance slightly increased. In General Lending risk costs were also lower.

Both the underlying net result and total net result were EUR 1,375 million in 2013. This represents an increase of EUR 195 million and EUR 325 million, respectively, compared with an underlying net result of EUR 1,180 million and a total net result of EUR 1,050 million in 2012. Special items after tax in 2012 were EUR -129 million, fully related to restructuring provisions.

Year ended 31 December 2012 compared to year ended 31 December 2011

Commercial Banking’s underlying result before tax decreased by 19.2% to EUR 1,635 million in 2012 compared with EUR 2,023 million in 2011. Credit and debt valuation adjustments (CVA/DVA), fully recorded in Financial Markets, were made up of EUR 457 million of negative adjustments in 2012 versus EUR 130 million of positive adjustments in 2011. Furthermore, 2012 included EUR 17 million of de-risking losses in the debt securities portfolio, while 2011 included EUR 225 million of impairments on Greek government bonds. Excluding these impacts, the underlying result of Commercial Banking in 2012 was 0.4% lower than in 2011, as higher risk costs were almost fully offset by increased income and lower operating expenses.

Industry Lending posted an underlying result before tax of EUR 848 million in 2012, down from EUR 1,375 million in 2011, primarily due to higher risk costs and lower commission income. Risk costs in Industry Lending almost tripled to EUR 674 million, compared with EUR 234 million in 2011, due to material increases in both Real Estate Finance and Structured Finance. General Lending & Transaction Services showed a solid underlying result before tax of EUR 632 million in 2012, up from EUR 560 million in 2011. This increase was mainly attributable to higher interest results, due to increased margins, partly offset by lower volumes, and higher commission income. Financial Markets’ underlying result dropped to EUR 20 million from EUR 364 million the previous year, reflecting the aforementioned negative impact of CVA/DVA. The decrease was partly offset by higher income in the developed markets rates and credit business. Underlying result of Bank Treasury, Real Estate & Other improved to EUR 135 million in 2012, from a loss of EUR 275 million in 2011, mainly due to the impact of the Greek impairments in 2011 and lower losses from the Real Estate run-off business in 2012.

In 2012, Commercial Banking’s total underlying income decreased by 1.2% to EUR 4,963 million from the previous year, primarily driven by Financial Markets, partly offset by increases in Bank Treasury, Real Estate & Other. Income from the core lending businesses held up well, as lower volumes were offset by higher margins. Net production in lending was a negative amount of EUR 11.3 billion, reflecting maturities and low demand for credit, while funds entrusted reported a net outflow of EUR 5.4 billion. Underlying operating expenses decreased by 6.0% to EUR 2,372 million, mainly due to lower impairments on real estate development projects, lower pension costs and lower performance-related staff costs. Risk costs doubled to EUR 955 million in 2012, or 72 basis points of average risk-weighted assets, compared with EUR 477 million, or 35 basis points of average risk-weighted assets, in 2011. The increase was mainly due to higher risk costs in Industry Lending as well as for the lease run-off business.

The underlying net result decreased to EUR 1,180 million in 2012, from EUR 1,519 million in 2011. The net result dropped to EUR 1,050 million in 2012 compared with EUR 2,312 million a year ago. In 2011, divestments contributed EUR 873 million to the net result and included the gains on the sale of ING Real Estate Investment

Management, ING Car Lease and IIM Philippines as well as the operating results from the divested units. Special items after tax, mainly restructuring provisions, were EUR -129 million in 2012 and EUR -80 million in 2011.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

The principal sources of funds for ING Bank's operations are growth in retail funding, which mainly consists of current accounts, savings and retail deposits as well as repayments of loans, disposals and redemptions of investment securities (mainly bonds), sales of trading portfolio securities, interest income and commission income. The major uses of funds are advances of loans and other credits, investments, purchases of investment securities, funding of trading portfolios, interest expense and administrative expenses.

ING Bank's Risk Management, including liquidity, is discussed in the section "Risk Management" of the ING Bank consolidated financial statements for the year ended 31 December 2013, which are incorporated by reference herein.

The following table sets forth the consolidated statement of cash flows for ING Bank for the years ended 31 December 2013, 2012 and 2011.

	2013	**2012**	**2011**
		(EUR millions)	
Result before tax	4,233	4,543	5,286
Adjusted for:			
- depreciation	624	606	1,338
- addition to loan loss provisions	2,289	2,125	1,670
- other	734	1,641	1,240
Taxation paid	-1,487	-1,091	-1,067
Changes in:			
- amounts due from banks, not available on demand	-9,400	5,272	7,188
- trading assets	783	7,448	1,662
- non-trading derivatives	-1,421	-2,191	1,407
- other financial assets at fair value through profit and loss	-225	-104	432
- loans and advances to customers	8,514	1,130	-26,392
- other assets	1,362	-1,323	-2,095
- amounts due to banks, not payable on demand	-10,266	-26,459	-6,731
- customer deposits and other funds on deposit	24,387	21,334	30,569
- trading liabilities	-10,172	-24,031	-369
- other financial liabilities at fair value through profit and loss	646	214	75
- other liabilities	-6,817	-637	-310
Net cash flow from operating activities	**3,784**	**-11,523**	**13,903**

Investment and advances:

	2013	2012	2011
		(EUR millions)	
- group companies	–	–	–
- associates	-20	-20	-35
- available-for-sale investments	-78,654	-71,323	-155,004
- held-to-maturity investments	–	–	–
- real estate investments	–	-4	-9
- property and equipment	-353	-363	-422
- assets subject to operating leases	-82	–	-1,188
- loan portfolio	-	-1,117	–
- other investments	-271	-284	-263
Disposals and redemptions:			
- group companies	-7,163	-7,868	1,384
- associates	139	29	263
- available-for-sale investments	72,221	73,441	155,826
- held-to-maturity investments	3,439	2,308	2,370
- real estate investments	36	219	83
- property and equipment	58	53	52
- assets subject to operating leases	–	–	43
- loan portfolio	8,810	7,268	927
- other investments	-1	2	
Net cash flow from investing activities	**-1,842**	**2,341**	**4,027**
Proceeds from issuance of subordinated loans	4,212	1,318	2,363
Repayments of subordinated loans	-4,936	-2,919	-5,381
Proceeds from borrowed funds and debt securities	138,883	298,557	382,664
Repayments from borrowed funds and debt securities	-144,958	-296,419	-380,424
Issuance of ordinary shares/capital injection	–	–	–
Issuance of preference shares	–	–	–
Payments to acquire treasury shares	–	–	–
Sales of treasury shares	–	–	–
Dividends paid	-2,955	-2,125	-3,000
Net cash flow from financing activities	**-9,754**	**-1,588**	**-3,788**
Net cash flow	**-7,811**	**-10,770**	**14,152**
Cash and cash equivalents at beginning of year	20,612	31,197	17,188
Effect of exchange rate changes on cash and cash equivalents	708	185	-143

	2013	2012	2011
		(EUR millions)	
Cash and cash equivalents at end of year	13,509	20,612	31,197

At 31 December 2013, cash and cash equivalents include cash and balances with central banks of EUR 11,920 million (2012: EUR 15,447 million; 2011: EUR 28,112 million). See Note 32 to the ING Bank consolidated financial statements for the year ended 31 December 2013.

Year ended 31 December 2013 compared to year ended 31 December 2012

At 31 December 2013 and 2012, ING Bank had EUR 13,509 million and EUR 20,612 million, respectively, of cash and cash equivalents. The decrease in cash and cash equivalents is mainly attributable to the cash and bank balance positions with central banks.

Specification of cash position (EUR millions):

	2013	2012
	(EUR millions)	
Cash and balances with central banks	11,920	15,447
Short dated government paper	574	518
Cash and cash equivalents classified as assets held for sale	–	14
Banks on demand	1,015	4,633
Cash balance and cash equivalents	**13,509**	**20,612**

The EUR 15,307 million increase in ING Bank's net cash flow from operating activities, consists of EUR 3,784 million cash inflow for the year ended 31 December 2013, compared to EUR 11,523 million cash outflow for the year ended 31 December 2012.

The cash inflow from operating activities was largely affected by the cash inflow from loans and advances caused by repayments of mortgages, matured corporate bonds and the repayments of the IABF.

The cash flow from operating activities was largely affected by cash inflows from customer deposits and other funds on deposit (EUR 24,387 million compared to a cash inflow in 2012 of EUR 21,334 million), cash outflows from amounts due to and from banks (EUR 19,666 million compared to a cash outflow in 2012 of EUR 21,187 million), a cash inflow of loans and advances to customers (EUR 8,514 million compared to a cash inflow in 2012 of EUR 1,130 million) and a cash outflow of trading assets and liabilities (EUR 9,389 million compared to a cash outflow in 2012 of EUR 16,583 million).

Net cash outflow from investing activities was EUR 1,841 million (2012: EUR 2,341 million cash inflow). Investments in available-for-sale securities was EUR 78,654 million and EUR 71,323 million in 2013 and 2012, respectively. Disposals and redemptions of available-for-sale securities amounted to EUR 72,221 million and EUR 73,441 million in 2013 and 2012, respectively.

Net cash flow from financing activities in 2013 amounted to a cash outflow of EUR 9,754 million compared to a cash outflow in 2012 of EUR 1,588 million. In 2013, repayments on subordinated loans and issued debt securities exceeded proceeds from new issuance of subordinated loans, borrowed funds and debt securities. In addition, the dividend payment in 2013 amounted to EUR 2,955 million compared to a dividend payment in 2012 of EUR 2,125 million.

The operating, investing and financing activities described above resulted in a negative net cash flow of EUR 7,811 million in 2013 compared to a negative net cash flow of EUR 10,770 million in 2012.

Year ended 31 December 2012 compared to year ended 31 December 2011

At 31 December 2012 and 2011, ING Bank had EUR 20,612 million and EUR 31,197 million, respectively, of cash and cash equivalents. The decrease in cash and cash equivalents is mainly attributable to the cash and bank balance positions with central banks.

Specification of cash position (EUR millions):

	2012	2011
	(EUR millions)	
Cash and balances with central banks	15,447	28,112
Short dated government paper	518	2,611
Cash and cash equivalents classified as assets held for sale	14	4,980
Banks on demand	4,633	-4,506
Cash balance and cash equivalents	**20,612**	**31,197**

The EUR 25,426 million decrease in ING Bank's operating activities consists of EUR 11,523 million cash outflow for the year ended 31 December 2012, compared to EUR 13,903 million cash inflow for the year ended 31 December 2011.

The cash flow from operating activities was largely affected by cash inflows from customer deposits and other funds on deposit (EUR 21,334 million compared to a cash inflow in 2011 of EUR 30,659 million), cash outflows from amounts due to and from banks (EUR 21,187 million compared to a cash inflow in 2011 of EUR 457 million), a cash inflow of loans and advances to customers (EUR 1,130 million compared to a cash outflow in 2011 of EUR 26,392 million) and a cash outflow of trading assets and liabilities (EUR 16,583 million compared to a cash inflow in 2011 of EUR 1,293 million).

Net cash inflow from investing activities was EUR 2,341 million (2011: EUR 4,027 million cash inflow). Investments in available-for-sale securities was EUR 71,323 million and EUR 155,004 million in 2012 and 2011, respectively. Disposals and redemptions of available-for-sale securities amounted to EUR 73,441 million and EUR 155,826 million in 2012 and 2011, respectively.

Net cash flow from financing activities in 2012 amounted to a cash outflow of EUR 1,588 million compared to a cash outflow in 2011 of EUR 3,778 million, and is mainly attributable less cash outflow from proceeds and repayments of subordinated loans and debt securities in issue and a lower dividend payment in 2012.

The operating, investing and financing activities described above resulted in a negative cash flow of EUR 10,770 million in 2012 compared to a positive net cash flow of EUR 14,152 million in 2011.

CAPITAL ADEQUACY

Capital adequacy and the use of capital are monitored by ING Bank and its subsidiaries, employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision and implemented by the EU and the DNB for supervisory purposes. Qualifying capital is based on IFRS-EU, as the primary accounting basis, which is also the basis for statutory and regulatory reporting.

The following table sets forth the capital position of ING Bank N.V. as of 31 December 2013, 2012 and 2011.

Capital position of ING Bank N.V.

	2013	2012	2011
		(EUR millions)	
Shareholders' equity (parent)	32,805	34,964	34,805
Minority interests[1]	1,065	959	817
Subordinated loans qualifying as Tier 1 capital[2]	5,123	6,774	6,850
Goodwill and intangibles deductible from Tier 1[1]	-1,057	-1,242	-1,390
Deductions Tier 1	-1,082	-991	-1,014
Defined benefits remeasurement[3]	2,671	1,860	-449
Revaluation reserve[4]	1,293	-2,195	-1,008
Available capital – Tier 1	**38,232**	**40,129**	**38,611**
Supplementary capital – Tier 2[5]	9,345	9,516	9,516
Deductions	-1,082	-991	-1,014
BIS capital	**46,496**	**47,270**	**47,124**
Risk-weighted assets[6]	282,503	278,656	330,421
Tier 1 ratio[7]	13.53%	14.40%	11.69%
BIS ratio[8]	16.46%	16.96%	14.26%
Required capital based on Basel I floor[9]	26,913	28,767	31,107
BIS ratio based on Basel I floor[9]	13.82%	13.15%	12.12%

Notes:

(1) According to the regulatory definition.

(2) Subordinated loans qualifying as Tier 1 capital have been placed by ING Groep N.V. with ING Bank N.V.

(3) As result of the revision of IAS 19, this figure is EUR 154 million higher than was presented in the 2012 Annual Report, resulting in slightly higher capital ratios.

(4) Includes revaluation debt securities, revaluation reserve cash flow hedge and the revaluation reserves excluded from Tier 1 as described in ING's capital base table.

(5) Includes eligible lower Tier 2 loans and revaluation reserves equity and real estate revaluations removed from Tier 1 capital.

(6) Assets which are weighted for credit and market risk in accordance with Basel II.

(7) Tier 1 ratio = Available Tier 1 capital as a percentage of risk weighted assets. Note: These risk weighted assets are based on Basel II.

(8) BIS ratio = BIS capital as a percentage of risk weighted assets. Note: These risk weighted assets are based on Basel II.

(9) Using 80% of Basel I Risk-Weighted Assets.

Capital measures in the table are based on IFRS-EU as the primary accounting basis for statutory and regulatory reporting.

ING Bank's management believes that working capital is sufficient to meet the current and reasonably foreseeable needs of ING Bank.

OFF-BALANCE SHEET ARRANGEMENTS

The following table sets forth contingent liabilities and commitments of the Issuer for the years ended 31 December 2013 and 31 December 2012. See Note 24 to the ING Bank N.V. consolidated financial statements for the year ended 31 December 2013.

	Total 2013	**Less than one year**	**More than one year**	**Total 2012**	**Less than one year**	**More than one year**
			(EUR millions)			
ING Bank N.V.						
Banking operations						
Contingent liabilities in respect of:						
- discounted bills	1	1	–	1	1	–
- guarantees	23,137	18,650	4,487	24,034	18,739	5,295
- irrevocable letters of credit	14,587	14,216	371	14,552	14,234	318
- other contingent liabilities	506	497	9	498	495	3
Irrevocable facilities	85,057	58,132	26,925	86,549	54,659	31,890
Total	**123,288**	**91,496**	**31,792**	**125,634**	**88,128**	**37,506**

SELECTED STATISTICAL INFORMATION

The information in this section is unaudited and sets forth selected statistical information regarding the operations of ING Bank. Information for 2013, 2012 and 2011 is prepared on the basis of IFRS-EU and is calculated based on figures included in the ING Bank consolidated financial statements for the respective financial year. Unless otherwise indicated, average balances, when used, are calculated from monthly data and the distinction between domestic and foreign is based on the location of the office where the assets and liabilities are booked, as opposed to the domicile of the customer. However, ING Bank believes that the presentation of these amounts based upon the domicile of the customer would not result in material differences in the amounts presented below.

	Year ended 31 December		
	2013	**2012**	**2011**
Return on shareholders' equity of ING Bank	9.0%	9.4%	11.5%
Return on assets of ING Bank	0.4%	0.4%	0.4%
Shareholders' equity to assets of ING Bank	4.2%	4.2%	3.6%
Net interest margin of ING Bank...	1.4%	1.3%	1.4%

AVERAGE BALANCES AND INTEREST RATES

The following tables show the banking operations, average interest-earning assets and average interest-bearing liabilities, together with average rates, for the periods indicated. The interest income, interest expense and average yield figures do not reflect interest income and expense on derivatives and other interest income and expense not considered to be directly related to interest-bearing assets and liabilities. These items are reflected in the corresponding interest income, interest expense and net interest result figures in the consolidated financial statements. A reconciliation of the interest income, interest expense and net interest result figures to the corresponding line items in the consolidated financial statements is provided hereunder.

The comparative amounts in this section for assets and liabilities include assets and liabilities of ING Direct USA, ING Direct Canada and ING Direct UK; in the IFRS balance sheet for the year ended 31 December 2012, ING Direct UK was presented as Assets and Liabilities held for sale while in the IFRS balance sheet for the year ended 31 December 2011, ING Direct USA was presented as Assets and Liabilities held for sale.

ASSETS

	Interest-earning assets								
	2013			**2012**			**2011**		
	Average balance	**Interest income**	**Average yield**	**Average balance**	**Interest income**	**Average yield**	**Average balance**	**Interest income**	**Average yield**
	(EUR millions)		*(%)*	*(EUR millions)*		*(%)*	*(EUR millions)*		*(%)*
Time deposits with banks									
domestic	11,996	48	0.4	11,885	100	0.8	11,749	230	2.0
foreign	25,859	264	1.0	22,750	352	1.6	27,186	603	2.2
Loans and advances..........									
domestic	247,627	9,241	3.7	263,392	10,117	3.9	250,865	10,160	4.1
foreign	328,497	12,087	3.7	358,548	14,240	4.0	396,057	15,410	3.9

Interest-earning assets

	2013			2012			2011		
	Average balance	**Interest income**	**Average yield**	**Average balance**	**Interest income**	**Average yield**	**Average balance**	**Interest income**	**Average yield**
	(EUR millions)		*(%)*	*(EUR millions)*		*(%)*	*(EUR millions)*		*(%)*
Interest-earning securities[1]									
domestic	26,608	659	2.5	22,320	640	2.9	28,450	920	3.2
foreign	69,588	2,185	3.1	78,141	2,821	3.6	106,296	4,052	3.8
Other interest-earning assets									
domestic	19,060	96	0.5	34,571	163	0.5	22,649	363	1.6
foreign	19,284	125	0.7	20,831	158	0.8	21,463	229	1.1
Total	**748,519**	**24,705**	**3.3**	**812,438**	**28,591**	**3.6**	**864,715**	**31,967**	**3.7**
Non-interest earning assets	37,305	–	–	38,222	–	–	44,403	–	–
Derivatives assets	**50,978**	–	–	**70,901**	–	–	**53,350**	–	–
Total assets[1]	**836,802**	–	–	**921,561**	–	–	**962,468**	–	–
Percentage of assets applicable to foreign operations	–	62.5%	–	–	60.8%	–	–	65.9%	–
Interest income on derivatives	–	26,871	–	–	31,617	–	–	33,132	–
Other	–	-2	–	–	63	–	–	104	–
Total interest income	–	**51,574**		–	**60,271**	–	–	**65,204**	–

Note:

(1) Substantially all interest-earning securities held by ING Bank are taxable securities.

LIABILITIES

	Interest-bearing liabilities								
	2013			2012			2011		
	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield
	(EUR millions)		*(%)*	*(EUR millions)*		*(%)*	*(EUR millions)*		*(%)*
Time deposits from banks									
domestic	4,450	39	0.9	18,252	166	0.9	33,135	415	1.3
foreign	10,017	356	3.6	13,144	391	3.0	16,306	399	2.5
Demand deposits[(1)]									
domestic	42,236	141	0.3	42,190	168	0.4	42,599	211	0.5
foreign	49,390	131	0.3	46,396	157	0.3	54,417	372	0.7
Time deposits[(1)]									
domestic	30,418	129	0.4	29,623	325	1.1	25,658	306	1.2
foreign	20,866	267	1.3	20,381	365	1.8	21,899	440	2.0
Savings deposits[(1)]									
domestic	87,418	1,457	1.7	79,677	1,834	2.3	74,044	1,594	2.2
foreign	233,016	4,157	1.8	248,637	5,686	2.3	283,367	5,761	2.0
Short-term debt									
domestic	19,167	73	0.4	34,470	260	0.8	29,200	285	1.0
foreign	22,055	253	1.1	29,801	465	1.6	33,600	629	1.9
Long-term debt									
domestic	78,864	2,530	3.2	73,306	2,432	3.3	59,603	2,236	3.8
foreign	18,938	740	3.9	27,840	1,150	4.1	27,093	1,174	4.3
Subordinated liabilities									
domestic	16,099	706	4.4	17,069	746	4.4	19,628	870	4.4
foreign	610	33	5.5	904	40	4.4	971	50	5.2
Other interest-bearing liabilities									
domestic	20,844	27	0.1	33,909	115	0.3	46,047	454	1.0
foreign	47,567	368	0.8	49,830	515	1.0	51,753	653	1.3
Total	701,955	11,407	1.6	765,429	14,815	1.9	819,320	15,849	1.9
Non-interest bearing liabilities	43,800	–	–	43,686	–	–	50,219	–	–
Derivatives liabilities	54,694	–	–	75,343	–	–	58,447	–	–
Total liabilities	800,449	–	–	884,458	–	–	927,986	–	–
Group capital	36,353	–	–	37,103	–	–	34,482	–	–
Total liabilities and capital	**836,802**	–	–	**921,561**	–	–	**962,468**	–	–
Percentage of liabilities applicable to foreign operations	–	60.3%	–	–	58.8%	–	–	61.5%	–
Other interest expense:									
interest expenses on derivatives	–	28,122	–	–	33,117	–	–	35,359	–

	Interest-bearing liabilities								
	2013			2012			2011		
	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield
	(EUR millions)		*(%)*	*(EUR millions)*		*(%)*	*(EUR millions)*		*(%)*
other	–	81	–	–	91	–	–	412	–
Total interest expense	–	**39,610**	–	–	**48,023**	–	–	**51,620**	–
Total net interest result...........................	–	**11,964**	–	–	**12,248**	–	–	**13,584**	–

Note:

(1) These captions do not include deposits from banks.

ANALYSIS OF CHANGES IN NET INTEREST INCOME

The following table allocates changes in ING Bank's interest income and expense and net interest result between changes in average balances and rates for the periods indicated. Changes due to a combination of volume and rate have been allocated to changes in average volume. The net changes in interest income, interest expense and net interest result, as calculated in this table, have been reconciled to the changes in interest income, interest expense and net interest result in the ING Bank consolidated financial statements. See the introduction to "Average Balances and Interest Rates" above for a discussion of the differences between interest income, interest expense and net interest result as calculated in the following table and as set forth in the ING Bank consolidated financial statements.

	2013 over 2012 Increase (decrease) due to changes in			2012 over 2011 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
	(EUR millions)			*(EUR millions)*		
Interest-earning assets						
Time deposits to banks						
domestic	1	-53	-52	3	-133	-130
foreign	48	-136	-88	-98	-153	-251
Loans and advances						
domestic	-606	-270	-876	695	-738	-43
foreign	-1,194	-959	-2,153	-1,459	289	-1,170
Interest-earning securities..........................						
domestic	123	-104	19	-198	-82	-280
foreign	-309	-327	-636	-1,073	-158	-1,231
Other interest-earning assets......................						
domestic	-73	6	-67	191	-391	-200
foreign	-12	-21	-33	-7	-64	-71
Interest income						

	2013 over 2012 Increase (decrease) due to changes in			2012 over 2011 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
		(EUR millions)			*(EUR millions)*	
domestic	-555	-421	-976	691	-1,344	-653
foreign	-1,467	-1,443	-2,910	-2,637	-86	-2,723
Total	**-2,022**	**-1,864**	**-3,886**	**-1,946**	**-1,430**	**-3,376**
Other interest income	–	–	-4,811	–	–	-1,557
Total interest income	–	–	**-8,697**	–	–	**-4,933**

The following table shows the interest spread and net interest margin for the past two years.

	2013 Average rate	2012 Average rate
	%	%
Interest spread		
domestic	1.6	1.5
foreign	1.7	1.7
Total	1.7	1.6
Net interest margin		
domestic	1.6	1.5
foreign	1.9	1.8
Total	1.8	1.7

	2013 over 2012 Increase (decrease) due to changes in			2012 over 2011 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
		(EUR millions)			*(EUR millions)*	
Interest-bearing liabilities						
Time deposits from banks						
domestic	-125	-2	-127	-186	-63	-249
foreign	-93	58	-35	-77	69	-8
Demand deposits						
domestic	–	-27	-27	-2	-41	-43
foreign	10	-36	-26	-55	-160	-215
Time deposits						
domestic	9	-205	-196	47	-28	19
foreign	9	-107	-98	-31	-44	-75
Savings deposits						

	2013 over 2012 Increase (decrease) due to changes in			2012 over 2011 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
		(EUR millions)			*(EUR millions)*	
domestic	178	-555	-377	121	119	240
foreign	-357	-1,172	-1,529	-706	631	-75
Short-term debt						
domestic	-116	-71	-187	51	-76	-25
foreign	-121	-91	-212	-71	-93	-164
Long-term debt						
domestic	184	-86	98	514	-318	196
foreign	-368	-42	-410	32	-56	-24
Subordinated liabilities						
domestic	-42	2	-40	-113	-11	-124
foreign	-13	6	-7	-3	-7	-10
Other interest-bearing liabilities						
domestic	-44	-44	-88	-120	-219	-339
foreign	-23	-124	-147	-24	-114	-138
Interest expense						
domestic	44	-988	-944	312	-637	-325
foreign	-956	-1,508	-2,464	-935	226	-709
Total	**-912**	**-2,496**	**-3,408**	**-623**	**-411**	**1,034**
Other interest expense	–	–	**-5,005**	–	–	**-2,563**
Total interest expense	–	–	-8,413	–	–	-3,597
Net interest						
domestic	-599	567	-32	379	-707	-328
foreign	-511	65	-446	-1,702	-312	-2,014
Net interest	**-1,110**	**632**	**-478**	**-1,323**	**-1,019**	**-2,342**
Other net interest result	–	–	194	–	–	1,006
Net interest result	–	–	**-284**	–	–	**-1,336**

INVESTMENTS OF ING BANK

The following table shows the balance sheet value under IFRS-EU of the investments of ING Bank.

	Year ended 31 December		
	2013	2012	2011
		(EUR millions)	
Debt securities available for sale			
Dutch government	11,465	8,285	6,552

	Year ended 31 December		
	2013	2012	2011
		(EUR millions)	
German government	11,240	10,889	10,423
Central banks	910	808	2,088
Belgian government	10,003	10,170	10,438
Other governments	19,918	18,660	19,593
Corporate debt securities	–	–	–
Banks and financial institutions	19,161	20,649	19,641
Other corporate debt securities	1,576	900	1,075
U.S. Treasury and other U.S. Government agencies	3	3	249
Other debt securities	962	1,281	2,410
Total debt securities available for sale	**75,238**	**71,645**	**72,469**
Debt securities held to maturity			
Dutch government	–	–	–
German government	–	100	531
Other governments	50	230	350
Banks and financial institutions	2,691	5,859	7,630
Other corporate debt securities	–	–	–
U.S. Treasury and other U.S. Government agencies	–	–	–
Other debt securities	356	356	357
Total debt securities held to maturity	**3,097**	**6,545**	**8,868**
Shares and convertible debentures	1,645	2,634	2,466
Land and buildings[1]	1,251	1,410	1,678
Total	**81,231**	**82,234**	**85,481**

Note:

(1) Including commuted ground rents.

Banking investment strategy

ING Bank's investment strategy for its investment portfolio related to ING Bank's activities is formulated by the Asset and Liability Committee ("ALCO"). The exposures of the investments to market rate movements are managed by modifying the asset and liability mix, either directly or through the use of derivative financial products including interest rate swaps, futures, forwards and purchased option positions such as interest rate caps, floors and collars. See "Operating and Financial Review and Prospects — Factors Affecting Results of Operations" in this Registration Document and Note 2.1 to the ING Bank consolidated financial statements for the year ended 31 December 2013.

The investment portfolio related to the banking activities primarily consists of fixed-interest securities. Approximately 85% of the land and buildings owned by ING Bank are wholly or partially in use by Group companies.

Portfolio maturity description

	1 year or less		Between 1 and 5 years		Between 5 and 10 years	
	Book value	Yield(1)	Book value	Yield(1)	Book value	Yield(1)
	(EUR millions)	*%*	*(EUR millions)*	*%*	*(EUR millions)*	*%*
Debt securities available for sale						
Dutch government	3,860	–	1,557	–	6,048	–
German government	1,691	–	4,507	–	4,519	–
Belgian government	1,568	–	4,879	–	3,286	–
Central banks	910	–		–		–
Other governments	2,905	–	9,112	–	6,007	–
Banks and financial institutions	4,363	–	10,382	–	4,108	–
Corporate debt securities	142	–	829	–	605	–
U.S. Treasury and other U.S. Government agencies	–	–	1	–	1	–
Other debt securities	104	–	95	–	77	–
Total debt securities available for sale	**15,543**	2.2	**31,362**	3.0	**24,651**	3.0

	Over 10 years		Total
	Book value	Yield(1)	Book value
	(EUR millions)	*%*	*(EUR millions)*
Debt securities available for sale			
Dutch government	–	–	11,465
German government	523	–	11,240
Belgian government	270	–	10,003
Central banks	–	–	910
Other governments	1,894	–	19,918
Banks and financial institutions	308	–	19,161
Corporate debt securities	–	–	1,576
U.S. Treasury and other U.S. Government agencies	1	–	3
Other debt securities	686	–	962
Total debt securities available for sale	**3,682**	4.4	**75,238**

Note:

(1) Since substantially all investment securities held by ING Bank are taxable securities, the yields are on a tax-equivalent basis. The average yield on available for sale investments is based on amortised cost.

	1 year or less		Between 1 and 5 years		Between 5 and 10 years	
	Book value	Yield(1)	Book value	Yield(1)	Book value	Yield(1)
	(EUR millions)	*%*	*(EUR millions)*	*%*	*(EUR millions)*	*%*
Debt securities held to maturity						
Dutch government	–	–	–	–	–	–
German government	–	–	–	–	–	–
Belgian government	–	–	–	–	–	–
Central banks	–	–	–	–	–	–
Other governments	50	–	–	–	–	–
Banks and financial institutions	953	–	1,638	–	100	–
Corporate debt securities	–	–	–	–	–	–
U.S. Treasury and other U.S. Government agencies	–	–	–	–	–	–
Other debt securities	127	–	–	–	96	–
Total debt securities held to maturity	**1,130**	2.4	**1,638**	3.0	**196**	3.0

	Over 10 years		Total
	Book value	Yield(1)	Book value
	(EUR millions)	*%*	*(EUR millions)*
Debt securities held to maturity			
Dutch government	–	–	–
German government	–	–	–
Belgian government	–	–	–
Central banks	–	–	–
Other governments	–	–	50
Banks and financial institutions	–	–	2,691
Corporate debt securities	–	–	–
U.S. Treasury and other U.S. Government agencies	–	–	–
Other debt securities	133	–	356
Total debt securities held to maturity	133	-2.0	3,097

Note:

(1) Since substantially all investment securities held by ING Bank are taxable securities, the yields are on a tax-equivalent basis.

At 31 December 2013, ING Bank also held the following securities for the banking operations that exceeded 10% of shareholders' equity:

	2013	
	Book value	**Market value**
	(EUR millions)	
Dutch government	11,465	11,465
German government	11,240	11,240
Belgian government	10,003	10,003

LOAN PORTFOLIO

Loans and advances to banks and customers

Loans and advances to banks include all receivables from credit institutions, except for cash, current accounts and deposits with other banks (including central banks). Lending facilities to corporate and private customers encompass, among others, loans, overdrafts and finance lease receivables.

Loans and loan loss provisions

See Note 5 of Note 2.1 to the ING Bank consolidated financial statements for the year ended 31 December 2013.

Loans and loan loss provisions

	2013	**2012**
	(EUR millions)	
Loans past due 90 days	12,855	10,101
Other impaired loans	3,287	3,155
Total impaired loans (loans with a loan loss provision)	16,142	13,256
Potential problem loans	8,455	10,451
Total impaired loans and potential problem loans	24,597	23,707
Loans neither impaired nor potential problem loans	530,796	560,618
Total	**555,393**	**584,325**
This amount is presented in the balance sheet as:		
Amounts due from Banks	40,922	37,302
Loans and advances to customers	514,471	547,023
Total	**555,393**	**584,325**
Loan loss provisions included in:		
Amounts due from Banks	19	28
Loans and advances to customers	6,135	5,477
Total loan loss provisions	**6,154**	**5,505**

	2013	**2012**
Loans and advances by customer type:		

Loans secured by public authorities	44,251	50,774
Loans secured by mortgages	291,925	312,467
Loans guaranteed by credit institutions	4,142	43,465
Personal lending	26,761	24,598
Asset backed securities excluding MBS	6,336	7,044
Corporate loans	141,056	145,977
Total	**514,471**	**584,325**

	2013	**2012**
Loan loss provisions by customer type:		
Loans secured by public authorities	2	2
Loans secured by mortgages	1,896	1,588
Loans guaranteed by credit institutions	21	30
Personal lending	811	794
Mortgage backed securities (MBS)	–	0
Asset backed securities excluding MBS	142	76
Corporate loans	3,282	3,015
Total	**6,154**	**5,505**

	2013	**2012**
Increase in Loan loss provision by customer type:		
Loans secured by public authorities	–	-1
Loans secured by mortgages	308	373
Loans guaranteed by credit institutions	-9	21
Personal lending	17	78
Mortgage backed securities (MBS)	–	0
Asset backed securities excluding MBS	66	74
Corporate loans	267	10
Total	**649**	**555**

The net decrease in Loan loss provision includes:		
Increase in loan loss provision (P&L)	2,289	2,125
Write-offs and other	-1,640	-1,570
Total	**649**	**555**

The following table sets forth the gross loans and advances to banks and customers at 31 December 2013, 2012, 2011, 2010 and 2009 under IFRS-EU.

IFRS-EU	Year ended 31 December				
	2013	2012	2011	2010	2009
	(EUR millions)				
By domestic offices:					
Loans guaranteed by public authorities	29,132	35,857	29,281	28,671	28,149
Loans secured by mortgages	144,161	160,098	168,382	161,937	159,990
Loans to or guaranteed by credit institutions	11,687	14,641	14,131	14,704	9,569
Other private lending	4,857	5,048	5,012	5,125	4,972
Mortgage backed securities (MBS)		0	0	0	0
Asset backed securities excluding MBS		0	0	0	0
Other corporate lending	41,192	41,333	48,504	52,194	49,980
Total domestic offices	**231,029**	**256,977**	**265,310**	**262,631**	**252,660**
By foreign offices:					
Loans guaranteed by public authorities	15,119	14,917	25,867	27,282	22,933
Loans secured by mortgages	147,764	152,369	160,404	172,802	147,484
Loans to or guaranteed by credit institutions	33,378	28,824	37,816	40,120	36,869
Other private lending	21,904	19,550	19,389	16,618	14,988
Asset backed securities excluding MBS	6,336	7,044	13,328	18,605	21,831
Other corporate lending	99,864	104,644	103,706	100,620	99,104
Total foreign offices	**324,365**	**327,348**	**360,510**	**379,047**	**343,209**
Total gross loans and advances to banks and customers	**555,394**	**584,325**	**625,820**	**641,678**	**595,869**

Maturities and sensitivity of loans to changes in interest rates

The following table analyses loans and advances to banks and customers by time remaining until maturity at 31 December 2013.

	1 year or less	1 year to 5 years	After 5 years	Total
	(EUR millions)			
By domestic offices:				
Loans guaranteed by public authorities	3,386	1,177	24,569	29,132
Loans secured by mortgages	8,431	19,626	116,104	144,161
Loans guaranteed by credit institutions	8,675	2,764	248	11,687
Other private lending	2,621	669	1,567	4,857
Asset backed securities excluding MBS				
Other corporate lending	24,070	11,318	5,804	41,192
Total domestic offices	**47,183**	**35,554**	**148,292**	**231,029**
By foreign offices:				
Loans guaranteed by public authorities	7,037	4,890	3,192	15,119
Loans secured by mortgages	12,332	41,386	94,046	147,764

	1 year or less	1 year to 5 years	After 5 years	Total
		(EUR millions)		
Loans guaranteed by credit institutions	29,292	3,582	504	33,378
Other private lending	10,375	7,687	3,842	21,904
Asset backed securities excluding MBS	496	992	4,848	6,336
Other corporate lending	44,749	33,597	21,518	99,864
Total foreign offices	**104,281**	**92,134**	**127,950**	**324,365**
Total gross loans and advances to banks and customers	**151,464**	**127,688**	**276,242**	**555,394**

The following table analyses loans and advances to banks and customers by interest rate sensitivity by maturity at 31 December 2013.

	1 year or less	Over 1 year	Total
		(EUR millions)	
Non-interest earning	3,258	1,795	5,053
Fixed interest rate	82,497	130,935	213,432
Semi-fixed interest rate[1]	5,619	154,319	159,938
Variable interest rate	60,090	116,881	176,971
Total	**151,464**	**403,930**	**555,394**

Note:

(1) Loans that have an interest rate that remains fixed for more than one year and which can then be changed are classified as "semi-fixed".

Loan concentration

The following industry concentrations were in excess of 10% of total loans at 31 December 2013:

	Total outstanding
Private Individuals	41.5%

RISK ELEMENTS

Loans Past Due 90 Days and Still Accruing Interest

Loans past due 90 days and still accruing interest are loans that are contractually past due 90 days or more as to principal or interest on which ING Bank continues to recognise interest income on an accrual basis in accordance with IFRS-EU. Once a loan has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

As all loans continue to accrue interest under IFRS-EU, the non-accrual loan status is no longer used to identify ING Bank's risk elements. No loans are reported as non-accrual and there is an increase in the amount of loans reported as Loans past due 90 days and still accruing interest, compared to the prior years reported, due to the interest accrual on impaired loans. The following table sets forth the outstanding balance of the loans past due 90 days and still accruing interest and non-accrual loans for the years ended 31 December 2013, 2012, 2011, 2010 and 2009 under IFRS-EU.

IFRS-EU	**Year ended 31 December**				
	2013	**2012**	**2011**	**2010**	**2009**
			(EUR millions)		
Loans past due 90 days and still accruing interest					
Domestic	8,088	6,367	5,292	5,758	3,865
Foreign	4,767	3,734	3,531	4,705	4,793
Total loans past due 90 days and still accruing interest	**12,855**	**10,101**	**8,823**	**10,463**	**8,658**

At 31 December 2013, EUR 12,853 million of the loans past due 90 days and still accruing interest have a loan loss provision. Total loans with a loan loss provision, including those loans classified as past due 90 days and still accruing interest with a provision and troubled debt restructurings with a provision, amount to EUR 16,140 million at 31 December 2013.

Troubled Debt Restructurings

Troubled debt restructurings are loans that ING Bank has restructured due to deterioration in the borrower's financial position and in relation to which, for economic or legal reasons related to the borrower's deteriorated financial position, ING Bank has granted a concession to the borrower that we would not otherwise have granted.

The following table sets forth the outstanding balances of the troubled debt restructurings as of 31 December 2013, 2012, 2011, 2010 and 2009 under IFRS-EU.

IFRS-EU	**Year ended 31 December**				
	2013	**2012**	**2011**	**2010**	**2009**
			(EUR millions)		
Troubled debt restructurings:					
Domestic	813	781	276	366	782
Foreign	742	476	743	2,165	1,271
Total troubled debt restructurings	**1,555**	**1,257**	**1,019**	**2,531**	**2,053**

Interest Income on Troubled Debt Restructurings

The following table sets forth the gross interest income that would have been recorded during the year ended 31 December 2013 on troubled debt restructurings had such loans been current in accordance with their original contractual terms and interest income on such loans that was actually included in interest income during the year ended 31 December 2013.

	Year ended 31 December 2013		
	Domestic Offices	Foreign Offices	Total
		(EUR millions)	
Interest income that would have been recognised under the original contractual terms	1	16	17
Interest income recognised in the profit and loss account	0	23	23

Potential Problem Loans

Potential problem loans are loans that are not classified as loans past due 90 days and still accruing interest or troubled debt restructurings. Such loans amounted to EUR 8,455 million as of 31 December 2013. Of this total, EUR 4,600 million relates to domestic loans and EUR 3,855 million relates to foreign loans. These loans are considered potential problem loans as there is known information about possible credit problems causing ING Bank to have serious doubts as to the ability of the borrower to comply with the present loan repayment terms and which may result in classifying the loans as loans past due 90 days and still accruing interest or as troubled debt restructurings. Appropriate provisions, following ING's credit risk rating system, have been established for these loans.

Cross-border Outstandings

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-earning deposits with other banks, other interest-earning investments and any other monetary assets that are denominated in Euro or other non-local currency. To the extent that material local currency outstandings are not hedged or are not funded by local currency borrowings, such amounts are included in cross-border outstandings.

Commitments such as irrevocable letters of credit are not considered as cross-border outstandings. Total outstandings are in line with DNB requirements. At 31 December 2013, there were no outstandings exceeding 1% of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

The following tables analyse cross-border outstandings at 31 December 2013, 2012 and 2011, stating the name of the country and the aggregate amount of cross-border outstandings to borrowers in each foreign country where such outstandings exceed 1% of total assets, by the following categories.

	Year ended 31 December 2013					
	Government & official institutions	Banks & other financial institutions	Commercial & industrial	Other	Total	Cross-border commitments
			(EUR millions)			
United Kingdom	44	21,507	2,109	752	24,412	4,072
United States	150	5,904	5,469	4,426	15,949	9,706
France	5,104	11,778	2,615	643	20,140	6,773
Germany	5,889	1,978	1,856	3,502	13,225	7,290

Of total assets	Year ended 31 December 2012					
	Government & official institutions	Banks & other financial institutions	Commercial & industrial	Other	Total	Cross-border commitments
			(EUR millions)			
United Kingdom	6,160	9,522	15,946	715	32,343	3,817

Of total assets	Year ended 31 December 2012					
	Government & official institutions	Banks & other financial institutions	Commercial & industrial	Other	Total	Cross-border commitments
			(EUR millions)			
United States	5	3,361	5,581	4,808	13,756	10,853
France	5,197	7,842	2,933	886	16,858	2,733
Germany	7,580	2,261	2,453	3,244	15,838	6,724

	Year ended 31 December 2011					
	Government & official institutions	Banks & other financial institutions	Commercial & industrial	Other	Total	Cross-border commitments
			(EUR millions)			
United Kingdom	683	11,800	12,950	900	26,333	3,803
United States	271	4,416	6,270	4,067	15,024	11,654
France	7,327	9,152	2,697	1,223	20,399	4,457
Germany	7,642	3,028	3,668	3,164	17,502	7,017

As of 31 December 2013 Belgium had cross-border outstandings between 0.50% and 0.75% of total assets and Italy and Spain both had cross-border outstandings between 0.40% and 0.50% of total assets. In 2012 Belgium, Spain and Italy had cross-border outstandings between 0.40% and 0.75% of total assets.

Summary of Loan Loss Experience

For a further explanation on loan loss provision, see "Loan Loss Provisions" in Note 2.1 to the ING Bank consolidated financial statements for the year ended 31 December 2013.

The application of the IFRS-EU methodology has reduced the amount of the unallocated provision for loan losses that ING Bank provided in prior years to adequately capture various subjective and judgemental aspects of the credit risk assessment which were not considered on an individual basis.

The following table presents the movements in allocation of the provision for loan losses on loans accounted for as loans and advances to banks and customers for 2013, 2012, 2011, 2010 and 2009 under IFRS-EU.

IFRS-EU	Year ended 31 December				
	2013	2012	2011	2010	2009
			(EUR millions)		
Balance on 1 January	5,505	4,950	5,195	4,399	2,611
Change in the composition of the Group	-20	-13	-3	–	-3
Charge-offs:					
Domestic:					
Loans guaranteed by public authorities	–	–	–	–	–
Loans secured by mortgages	-301	-144	-129	-86	-79
Loans to or guaranteed by credit institutions	-5	-5	-14	-30	-55
Other private lending	-34	-47	-56	-65	-140
Other corporate lending	-568	-601	-343	-277	-229
Foreign:					

IFRS-EU	Year ended 31 December				
	2013	2012	2011	2010	2009
			(EUR millions)		
Loans guaranteed by public authorities		-18	-6	-8	-12
Loans secured by mortgages	-54	-64	-50	-56	-5
Loans to or guaranteed by credit institutions	-3	–	-3	-5	-1
Other private lending	-167	-133	-452	-404	-259
Other corporate lending	-477	-670	-251	-235	-437
Total charge-offs	-1,609	-1,682	-1,304	-1,166	-1,217
Recoveries:					
Domestic:					
Loans guaranteed by public authorities	–	–	–	–	–
Loans secured by mortgages	35	35	36	23	2
Loans to or guaranteed by credit institutions	–	–	–	–	–
Other private lending	7	12	11	29	101
Other corporate lending	22	37	28	9	4
Foreign:					
Loans guaranteed by public authorities	–	–	–	–	–
Loans secured by mortgages	4	1	1	1	–
Loans to or guaranteed by credit institutions	–	–	–	3	–
Other private lending	30	30	29	29	24
Other corporate lending	18	27	7	11	17
Total recoveries	116	142	112	105	148
Net charge-offs	-1,493	-1,540	-1,192	-1,061	-1,069
Additions and other adjustments (included in value Adjustments to receivables of the Banking operations)	2,162	2,108	950	1,857	2,860
Balance on 31 December	**6,154**	**5,505**	**4,950**	**5,195**	**4,399**
Ratio of net charge-offs to average loans and advances to banks and customers	0.26%	0.25%	0.19%	0.17%	0.17%

Additions to the provision for loan losses presented in the table above were influenced by developments in general economic conditions as well as certain individual exposures.

The following table shows the allocation of the provision for loan losses on loans accounted for as loans and advances to banks and customers for 2013, 2012, 2011, 2010 and 2009 under IFRS-EU.

IFRS-EU	Year ended 31 December									
	2013		2012		2011		2010		2009	
	(EUR millions)	*(%)*[1]	*(EUR millions)*	*(%)*[1]	*(EUR millions)*	*(%)*[1]	*(EUR millions)*	*(%)*[1]	*(EUR millions)*	*(%)*[1]
Domestic:										

IFRS-EU	Year ended 31 December									
	2013		2012		2011		2010		2009	
	(EUR millions)	*(%)*[1]	*(EUR millions)*	*(%)*[1]	*(EUR millions)*	*(%)*[1]	*(EUR millions)*	*(%)*[1]	*(EUR millions)*	*(%)*[1]
Loans guaranteed by public authorities..........		5.25	0	6.20	1	4.68	0	4.47		4.72
Loans secured by mortgages.....................	1,265	25.96	878	26.55	503	26.91	416	25.24	290	27.54
Loans to or guaranteed by credit institutions.....	–	2.10	0	2.94	4	2.25	17	2.29	–	1.61
Other private lending....	139	0.87	144	0.87	119	0.80	131	0.80	254	0.83
Other corporate lending	1,566	7.42	1,423	7.62	1,375	7.75	1,385	8.13	917	7.70
Total domestic..............	2,970	41.60	2,445	44.18	2,002	42.39	1,949	40.93	1,461	42.4
Foreign:										
Loans guaranteed by public authorities..........	2	2.72	2	2.57	2	4.13	3	4.25	3	3.85
Loans secured by mortgages.....................	631	26.61	710	26.28	712	25.63	1,183	26.93	1,066	23.90
Loans to or guaranteed by credit institutions.....	21	6.01	30	4.56	5	6.05	6	6.7	47	6.78
Other private lending....	672	3.94	650	3.37	596	3.10	536	2.59	436	2.52
Mortgage backed securities	142	1.14	76	1.22	2	2.13	0	2.37	15	2.99
Other corporate lending	1,716	17.98	1,592	17.82	1,631	16.57	1,518	16.23	1,371	17.56
Total foreign	3,184	58.40	3,060	55.82	2,948	57.61	3,246	59.07	2,938	57.60
Total............................	**6,154**	**100.00**	**5,505**	**100.00**	**4,950**	**100.00**	**5,195**	**100.00**	**4,399**	**100.00**

Note:

(1) The percentages represent the loans in each category as a percentage of the total loan portfolio for loans and advances to banks and customers.

DEPOSITS

The aggregate average balance of all the Group's interest-bearing deposits (from banks and customer accounts) decreased by 5.3% to EUR 499,870 million in 2013, compared to EUR 527,740 in 2012. Interest rates paid reflect market conditions. The effect on net interest income depends upon competitive pricing and the level of interest income that can be generated through the use of funds. Deposits by banks are primarily time deposits, the majority of which are raised by the Group's Amsterdam-based money market operations in the world's major financial markets. Certificates of deposit represent 21% of the category "Debt securities" (27% at the end of 2012). These instruments are issued as part of liquidity management with maturities generally of less than three months. The following table includes the average deposit balance by category of deposit and the related average rate.

	2013		2012		2011	
	Average deposit	**Average rate**	**Average deposit**	**Average rate**	**Average deposit**	**Average rate**
	(EUR millions)	*%*	*(EUR millions)*	*%*	*(EUR millions)*	*%*
Deposits by banks						

	2013		2012		2011	
	Average deposit	**Average rate**	**Average deposit**	**Average rate**	**Average deposit**	**Average rate**
	(EUR millions)	*%*	*(EUR millions)*	*%*	*(EUR millions)*	*%*
In domestic offices:						
Demand – non-interest bearing	2,064	–	1,637	–	2,502	–
– interest bearing	583	1.4	2,367	0.9	5,930	1.0
Time	4,435	0.9	18,059	0.9	33,158	1.2
Other	3,850	0.9	8,556	2.8	10,546	1.9
Total domestic offices	10,932	–	30,619	–	52,136	–
In foreign offices						
Demand – non-interest bearing	1,235	–	1,849	–	1,561	–
– interest bearing	4,951	1.4	6,034	1.2	5,851	1.6
Time	9,800	3.6	12,667	3.0	15,662	2.4
Other	7,347	1.1	11,559	1.3	9,981	1.6
Total foreign offices	23,333	–	32,109	–	33,055	–
Total deposits by banks	**34,265**	**–**	**62,728**	**–**	**85,191**	**–**
Customer accounts						
In domestic offices:						
Demand – non-interest bearing	777	–	922	–	782	–
– interest bearing	44,406	0.3	45,226	0.4	47,157	0.5
Savings	87,370	1.3	79,612	2.3	73,964	2.2
Time	30,415	1.4	29,619	1.1	25,628	1.2
Other	1,483	3.6	3,032	1.0	6,545	0.9
Total domestic offices	164,451	–	158,411	–	154,076	–
In foreign offices:						
Demand – non-interest bearing	5,976	–	6,865	–	6,422	–
– interest bearing	53,455	0.4	48,118	0.5	50,197	0.9
Savings	230,172	1.8	256,425	2.5	257,262	2.2
Time	20,407	1.5	20,102	1.8	21,716	2.0
Other	1,196	2.0	7,066	2.6	5,715	3.6
Total foreign offices	311,206	–	338,576	–	341,312	–
Total customers accounts	**475,657**	**–**	**496,987**	**–**	**495,388**	**–**
Debt securities						
In domestic offices:						
Debentures	76,418	2.7	68,554	3.1	53,963	3.1
Certificates of deposit	15,671	0.4	26,819	0.7	23,915	0.9
Other	3,239	0.4	7,676	0.8	5,320	1.4
Total domestic offices	95,328	–	103,049	–	83,198	–

	2013		2012		2011	
	Average deposit	**Average rate**	**Average deposit**	**Average rate**	**Average deposit**	**Average rate**
	(EUR millions)	*%*	*(EUR millions)*	*%*	*(EUR millions)*	*%*
In foreign offices:						
Debentures	9,119	4.5	11,758	4.9	10,676	5.4
Certificates of deposit	10,637	1.9	13,885	2.4	17,195	2.5
Other	11,709	1.7	20,575	1.4	21,248	1.2
Total foreign offices	31,465	–	46,218	–	49,119	–
Total debt securities	**126,793**	**–**	**149,267**	**–**	**132,317**	**–**

For the years ended 31 December 2013, 2012 and 2011, the aggregate amount of deposits by foreign depositors in domestic offices was EUR 42,463 million, EUR 31,728 million and EUR 46,778 million, respectively.

On 31 December 2013, the maturity of domestic time certificates of deposit and other time deposits exceeding EUR 20,000 was:

	Time certificates of deposit		Other time deposits	
	(EUR millions)	*%*	*(EUR millions)*	*%*
3 months or less	8,184	62.0	27,263	83.4
6 months or less but over 3 months	2,055	15.6	3,927	12.0
12 months or less but over 6 months	2,967	22.5	1,203	3.7
Over 12 months	0.0	0.0	290	0.9
Total	**13,206**	**100.1**	**32,683**	**100.0**

The following table shows the amount outstanding for time certificates of deposit and other time deposits exceeding EUR 20,000 issued by foreign offices at 31 December 2013.

	(EUR millions)
Time certificates of deposit	7,236
Other time deposits	42,423
Total	**49,659**

Short-term Borrowings

Short-term borrowings are borrowings with an original maturity of one year or less. Commercial paper and securities sold under repurchase agreements are the only significant categories of short-term borrowings within ING Bank's operations.

The following table sets forth certain information relating to the categories of ING Bank's short-term borrowings.

IFRS-EU	Year ended 31 December		
	2013	2012	2011
	(EUR millions, except % data)		
Commercial paper:			
Balance at the end of the year	13,405	14,323	21,967
Monthly average balance outstanding during the year	13,350	23,150	21,908
Maximum balance outstanding at any period end during the year	17,022	27,715	22,921
Weighted average interest rate during the year	0.52%	0.82%	1.25%
Weighted average interest rate on balance at the end of the year	0.52%	1.32%	1.24%
Securities sold under repurchase agreements:			
Balance at the end of the year	36,212	26,573	54,886
Monthly average balance outstanding during the year	45,600	55,365	59,865
Maximum balance outstanding at any period end during the year	56,758	72,901	79,547
Weighted average interest rate during the year	0.47%	0.72%	1.30%
Weighted average interest rate on balance at the end of the year	0.59%	1.50%	1.38%

GENERAL INFORMATION

Documents Available for Inspection or Collection

So long as this Registration Document is valid as described in Article 9 of the Prospectus Directive, copies of the following documents will, when published, be available free of charge from the Issuer and from the specified office of the Paying Agents and Certificate Agents and, if applicable, for Austrian investors from ING Bank N.V., Vienna Branch at Rennweg 33B/Top 101, A-1030 Vienna, Austria. Requests for such documents should be directed to the Issuer at Foppingadreef 7, 1102 BD Amsterdam, The Netherlands or at the address of ING Bank N.V., Vienna Branch indicated above.

(i) the Articles of Association (*statuten*) of the Issuer;

(ii) the publicly available annual reports of the Issuer in respect of the years ended 31 December 2011, 2012 and 2013, including the audited financial statements and the auditors' reports in respect of such years;

(iii) the most recently publicly available annual report of the Issuer and the most recently publicly available interim financial statements of the Issuer and its consolidated subsidiaries (if any);

(iv) a copy of this Registration Document; and

(v) any future supplements to this Registration Document and any other documents incorporated herein or therein by reference.

Ratings

The Issuer has a senior debt rating from Standard & Poor's Credit Market Services Europe Limited of A (outlook negative), a senior debt rating from Moody's Investors Service Ltd. of A2 (outlook negative) and a senior debt rating from Fitch France S.A.S. of A+ (outlook negative).

A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating will remain for any given period of time or that a rating will not be suspended, lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant. The Issuer has from time to time been subject to its ratings being lowered.

Significant or Material Adverse Change

At the date hereof, there has been no significant change in the financial position of ING Bank N.V. and its consolidated subsidiaries since 31 December 2013, except for:

(i) the transfer in the first quarter of 2014 of all future funding and indexation obligations under ING's current closed defined benefit pension plan in The Netherlands to the Dutch ING Pension Fund, as described on page 127 of the ING Bank N.V. annual report for the year ended 31 December 2013; and

(ii) a dividend of EUR 1.225 billion paid by the Issuer to ING Groep N.V., as disclosed on page 12 of the unaudited ING Group quarterly report for the first quarter of 2014.

At the date hereof, there has been no material adverse change in the prospects of ING Bank N.V. since 31 December 2013, except for:

(i) a dividend of EUR 1.225 billion paid by the Issuer to ING Groep N.V., as disclosed on page 12 of the unaudited ING Group quarterly report for the first quarter of 2014.

Litigation

The Issuer and its consolidated subsidiaries are involved in litigation and arbitration proceedings in The Netherlands and in a number of foreign jurisdictions, including the U.S., involving claims by and against them which arise in the ordinary course of their businesses, including in connection with their activities as insurers, lenders, broker-dealers, underwriters, issuers of securities and investors and their position as employers and taxpayers. In certain of such proceedings, very large or indeterminate amounts are sought, including punitive and other damages. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, ING Bank N.V. is of the opinion that some of the proceedings set out below may have, or have in the recent past had, a significant effect on the financial position, profitability or reputation of ING Bank N.V. and/or ING Bank N.V. and its consolidated subsidiaries.

Because of the geographic spread of its business, ING Bank may be subject to tax audits in numerous jurisdictions at any point in time. Although ING Bank believes that it has adequately provided for all its tax positions, the ultimate resolution of these audits may result in liabilities which are different from the amounts recognised.

Purported class litigation has been filed in the United States District Court for the Southern District of New York alleging violations of the federal securities laws with respect to disclosures made in connection with the 2007 and 2008 offerings of ING's Perpetual Hybrid Capital Securities. The District Court has dismissed all claims related to the 2007 and 2008 offerings. The plaintiffs appealed that decision relating to the 2008 offering. The appellate court affirmed the District Court's decision dismissing all claims. The plaintiffs have petitioned the appellate court for an en banc review of that decision by the entire appellate court. The request for *en banc* review has been denied. The plaintiffs could appeal to the U.S. Supreme Court. At this moment it is not practicable to provide an estimate of the (potential) financial effect.

In January 2010, ING lodged an appeal with the General Court against specific elements of the EC's decision regarding ING's Restructuring Plan. In its appeal, ING contested the way the EC has calculated the amount of state aid that ING received and the disproportionality of the price leadership restrictions specifically and the disproportionality of restructuring requirements in general. On 2 March 2012, the General Court handed down its judgement in relation to ING's appeal and annulled part of the EC's state aid decision. Subsequently, the EC filed an appeal against the General Court's judgement before the Court of Justice of the EU. In parallel, the EC adopted a decision on 11 May 2012 that re-approved the state aid granted to ING as compatible with the internal market on the basis of the Initial Restructuring Plan. On the same date, the EC adopted an interim decision which opened an investigation concerning certain amendments and elements of the Initial Restructuring Plan.

On 24 July 2012, ING announced that the Dutch State and ING were in dialogue with the EC on an amended and updated Restructuring Plan to be submitted to the EC. However, in order to safeguard its legal rights, ING filed an appeal with the General Court against the EC's decision of 11 May 2012, which re-approved ING's Initial Restructuring Plan.

On 19 November 2012, ING and the EC announced that the EC had approved amendments to the Initial Restructuring Plan. With the approval, the EC closed its investigation as announced on 11 May 2012 and ING withdrew its appeal at the General Court that it filed in July 2012. For legal principle reasons, the EC continued with its appeal against the General Court ruling of March 2012. However, as part of the agreement of 19 November 2012, ING, the Dutch State and the EC agreed that the outcome of this appeal will not affect the EC approval of the Amended Restructuring Plan. On 3 April 2014, the Court of Justice of the EU rendered its judgement and dismissed the EC's appeal against the General Court ruling of March 2012.In January 2011, the Dutch Association of Stockholders (*Vereniging van Effectenbezitters*, "VEB") issued a writ alleging that investors were misled by the prospectus that was issued with respect to the September 2007 rights issue of Fortis N.V. (now: Ageas N.V.) against Ageas N.V., the underwriters of such rights issue, including ING Bank N.V., and former directors of Fortis N.V. According to the VEB, the prospectus shows substantive incorrect and misleading information. The VEB states that the impact and the risks of the sub-prime crisis for Fortis and Fortis' liquidity position were reflected incorrectly in the prospectus. The VEB requests a declaratory decision stating that the summoned parties have acted wrongfully and are therefore responsible for the damages suffered by the investors in Fortis N.V. The amount of damages of EUR 18 billion has yet to be substantiated. ING is defending itself against this claim; at this time ING is not able to assess the outcome of the court proceeding. Therefore, at this moment it is not practicable to provide an estimate of the (potential) financial effect of such action.

In July 2011, the Dutch ING Pensioners' Collective Action Foundation (*Stichting Collectieve Actie Pensioengerechtigden ING Nederland*), together with two trade unions (*FNV Bondgenoten and CNV Dienstenbond*) and a number of individual pensioners, instituted legal proceedings against ING's decision not to provide funding for indexing pensions insured with the Dutch ING Pension Fund (*Stichting Pensioenfonds ING*) in 2009, 2010 and 2011. This claim was rejected by the District Court of Amsterdam on 9 November 2012. On 15 April 2014, the Amsterdam Court of Justice dismissed claimants' appeal against the decision of the District Court of Amsterdam. In July 2011, the Interest Group ING General Managers' Pensions (*Belangenvereniging ING-Directiepensioenen*), together with a number of individual retired Dutch General Managers of ING, also instituted legal proceedings against ING's decision not to provide funding for indexing Dutch General Managers' pensions directly insured with Nationale-Nederlanden in 2010 and 2011. This claim was rejected by the District Court of Amsterdam on 22 October 2012. An appeal was lodged against this District Court decision. It is not feasible to predict the ultimate outcome of these legal proceedings. The ultimate outcome of these proceedings may result in liabilities and provisions for such liabilities which are different from the amounts recognised. At this moment it is not practicable to provide an estimate of the (potential) financial effect of such proceedings. More information is provided in Note 60 of the audited financial statements of ING Groep N.V. for the year ended 31 December 2013.

In April 2013, the Dutch ING Pension Fund started arbitration proceedings to adjudicate a dispute with ING concerning the adjusted mortality tables used in the calculation of premiums and provisions. In 2013, ING decided to lower its contributions by 1.7% as a result of ING not accepting the adjustments made by the Dutch ING Pension Fund resulting from the mortality tables used. In February 2014, the Dutch ING Pension Fund and ING agreed that the Dutch ING Pension Fund will continue using a surcharge of 1.7% and the Dutch ING Pension Fund and ING will share the costs of the 1.7% surcharge over 2013. The payment of 50% of the 2013 surcharge by ING is included in the payment by ING of the one-time lump sum to the Dutch ING Pension Fund, which was closed for the accrual of new pension benefits as of 1 January 2014, of EUR 379 million to release ING from future financial obligations.

In July 2013, the Dutch ING Pension Fund started arbitration proceedings against ING's decision not to provide funding (for a total amount of EUR 197.5 million) for indexing pensions insured with the Dutch ING Pension Fund as of 1 January 2013. During the arbitration proceedings the Dutch ING Pension Fund added a claim in the amount of EUR 38.8 million for funding the indexation as of 1 August 2013. On 20 December 2013, the arbitrators ruled in favour of the Dutch ING Pension Fund and concluded that ING will have to provide full funding for both the indexation as of 1 January 2013 and the indexation as of 1 August 2013. The outcome of the arbitration is reflected in the audited financial statements of ING Groep N.V. for the year ended 31 December 2013.

On 12 June 2012, ING Bank entered into a Settlement Agreement with the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and Deferred Prosecution Agreements with the Department of Justice, the United States Attorney's Office for the District of Columbia and the District Attorney of the County of New York in relation to the investigation by those agencies into compliance with U.S. economic sanctions and U.S. dollar payment practices until 2007. The Agreements have expired on 12 December 2013 and the motion against ING Bank N.V. has been dismissed by the United States District Court for the District of Columbia.

In December 2005, Interadvies N.V., at the time a subsidiary of ING Bank, sold Arenda Holding B.V. and five subsidiaries (together "Arenda") to Amodo Europe N.V. ("Amodo"). In November 2006, Amodo instituted legal proceedings against ING. Amodo claimed that ING informed it incorrectly with respect to the current and future financial status of Arenda at the time of the sale. This claim was rejected by the Court on 1 September 2010 but Amodo lodged an appeal against that Court decision. On 6 November 2012, the Court of Appeal partly awarded the claim of Amodo in an interlocutory judgement. In the interlocutory judgement, the Court of Appeal also instructed both ING and Amodo to submit a calculation of the damages involved to the Court of Appeal. Based on both calculations, the Court of Appeal will make a final judgement. In January 2014, Amodo filed a new document to substantiate its claim. A final judgement will probably not be given before the end of the second quarter of 2014. ING has the possibility of appealing against the legal grounds on which the final judgement is based. At this moment it is not practicable to provide an estimate of the (potential) financial effect of this proceeding.

Auditors

The financial statements of the Issuer for the financial years ended 31 December 2013, 31 December 2012 and 31 December 2011, respectively, have been audited by Ernst & Young Accountants LLP. The auditors of Ernst & Young Accountants LLP are members of the Royal Dutch Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*), which is a member of the International Federation of Accountants (IFAC). Ernst & Young Accountants LLP has issued an unqualified auditors' report on the financial statements for the financial year ended 31 December 2013 dated 17 March 2014, an unqualified auditors' report on the financial statements for the financial year ended 31 December 2012 dated 18 March 2013 and an unqualified auditors' report on the financial statements for the financial year ended 31 December 2011 dated 12 March 2012.

The auditors' reports in respect of the financial years ended 31 December 2013, 31 December 2012 and 31 December 2011, respectively, incorporated by reference herein are included in the form and context in which they appear with the consent of Ernst & Young Accountants LLP, who have authorised the contents of these auditors' reports.

Dividend Information

ING Bank N.V. has paid the following cash dividends to ING Group in respect of each of the past five years: EUR 2,955 million in 2013, EUR 2,125 million in 2012, EUR 3,000 million in 2011, EUR 200 million in 2010 and no dividend in 2009.

Market Information

This Registration Document cites market share information published by third parties including Die Bank, Euro Magazine and World Finance. The Issuer has accurately reproduced such third-party information in this Registration Document and, as far as the Issuer is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the information reproduced herein to be inaccurate or misleading. Nevertheless, investors should take into consideration that the Issuer has not verified the information published by third parties. Therefore, the Issuer does not guarantee or assume any responsibility for the accuracy of the data, estimates or other information taken from sources in the public domain. This Registration Document also contains assessments of market data and information derived therefrom which could not be obtained from any independent sources. Such information is based on the Issuer's own internal assessments and may therefore deviate from the assessments of competitors of ING or future statistics by independent sources.