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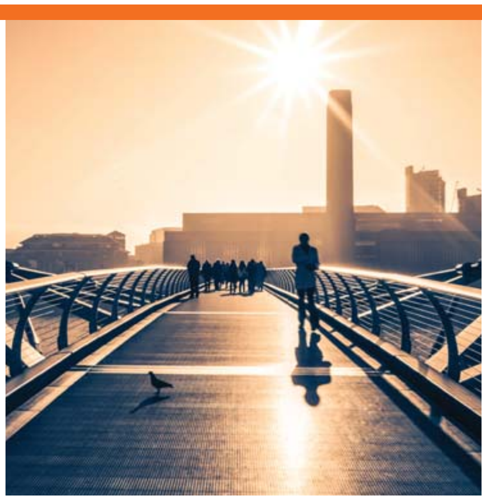
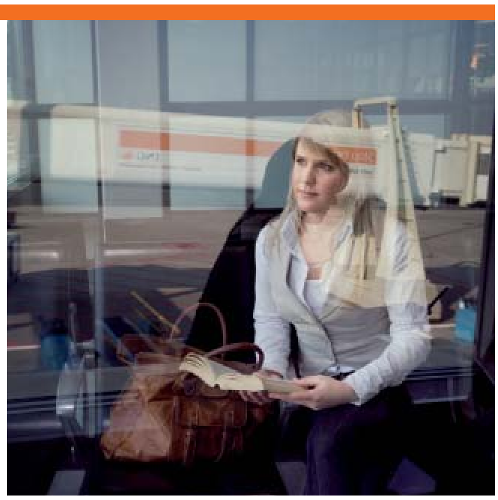
ING GROUP QUARTERLY REPORT





# First quarter 2014

# SHARE INFORMATION

### Financial calendar
- 2014 AGM (Amsterdam, The Netherlands): Monday, 12 May 2014
- Publication results 2Q2014: Wednesday, 6 August 2014
- Publication results 3Q2014: Wednesday, 5 November 2014

(All dates are provisional.)

### Investor relations
ING Group Investor Relations
P.O. Box 1800
1000 BV Amsterdam, The Netherlands
Tel: +31 20 576 6396
Fax: +31 20 576 6637
Email: investor.relations@ing.com
Internet: www.ing.com/investorrelations

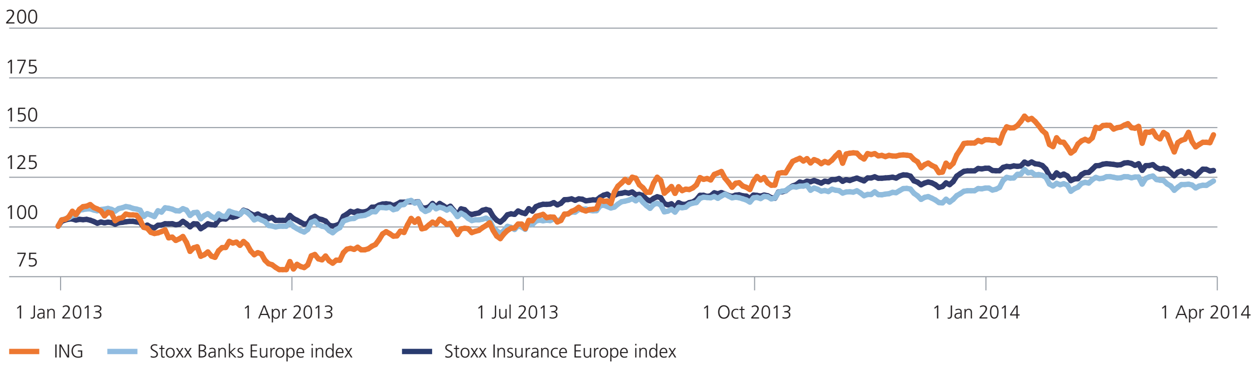
### ING Group investor relations and media app
Available for download in the Apple App Store and for Android on Google Play.

### Listing information
ING ordinary shares are registered shares with a par value of EUR 0.24 per share. The (depositary receipts for) ordinary shares of ING Group are listed on the exchanges of Amsterdam, Brussels and New York (NYSE).

| Stock exchanges | Tickers (Bloomberg, Reuters) | Security codes (ISIN, SEDOL1) |
|---|---|---|
| Euronext Amsterdam | INGA NA, ING.AS | NL0000303600, 7154182 NL |
| New York Stock Exchange | Voya Financial, Inc., ING.N | US456837103, 2452643 US |

### American Depositary Receipts (ADRs)
For questions regarding your ADRs, please contact the JP Morgan Depositary Receipts Team:
JPMorgan Chase & Co.
P.O. Box 64504
St. Paul, MN 55164-0504
Free phone number for US callers: (800) 990-1135
From outside the US: +1 (651) 453-2128
Global Invest Direct: (800) 428-4237
Email: jpmorgan.adr@wellsfargo.com
Internet: www.adr.com

### Comparative performance of share price
1 JANUARY 2013 TO 1 APRIL 2014




# OUR QUARTERLY PUBLICATIONS

This ING Group Quarterly Report contains our quarterly financial reporting and analysis, including commentary on the progress of our businesses, sustainability developments and key strategic initiatives.

The following other quarterly financial publications are available at www.ing.com/investorrelations in the Results and Interim Accounts section.

### Press release
The press release on ING's quarterly results contains the chairman's statement, financial highlights and key developments concerning the balance sheet and capital management.

### Analyst presentation
The analyst presentation of ING's quarterly results contains a detailed review of the drivers of results and addresses key issues raised by analysts and investors.

### ING Group historical trend data
The Historical Trend Data (HTD) document is the combined former ING Group Statistical Supplement and ING Group Historical Trend Data. The HTD includes quarterly financial trend data and details of restatements. It is available in PDF and Excel format.

### ING Group interim accounts
These condensed consolidated interim accounts have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". ING publishes interim accounts under IAS 34 on a quarterly basis, including a review report by EY.

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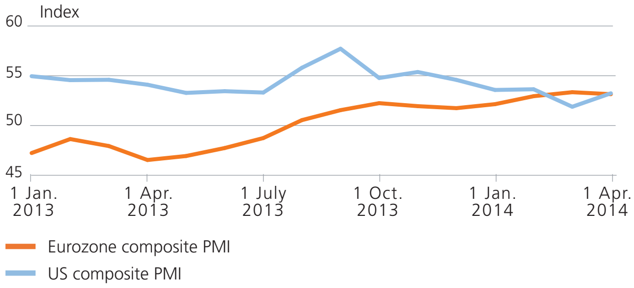
# ECONOMIC ENVIRONMENT

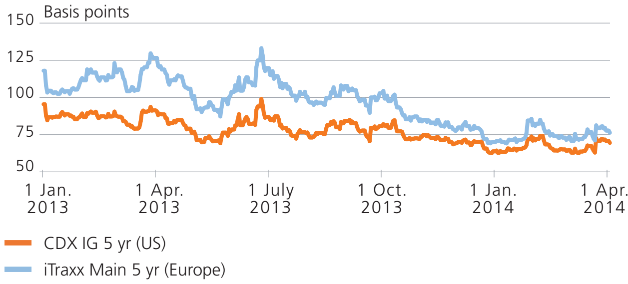
## ECONOMIC ACTIVITY

- The further rise in the purchasing managers' index indicates that economic recovery in the eurozone gathered momentum in the first quarter of this year. In the US, the composite PMI eased somewhat, in part due to exceptionally cold weather, yet it remained in economic growth territory.
- The PMIs are regarded as timely indicators of underlying trends in economic activity.



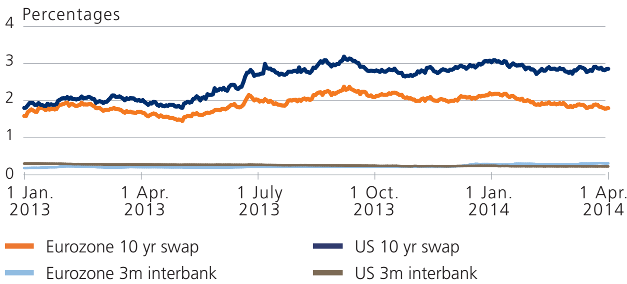

## CREDIT MARKETS

- In the eurozone and the US, credit market sentiment changed little during the first quarter. On balance, credit spreads in the eurozone, as measured by the iTraxx index of investment-grade borrowers' credit-default swaps, edged up somewhat. In the US, the CDX index also rose slightly.




## YIELD CURVE

- In both the eurozone and the US, the slope of the yield curve flattened in 1Q14 as the slowdown in some emerging markets (EM) economies and, more recently, the crisis in Ukraine supported investor demand for longer-term government bonds in advanced economies.

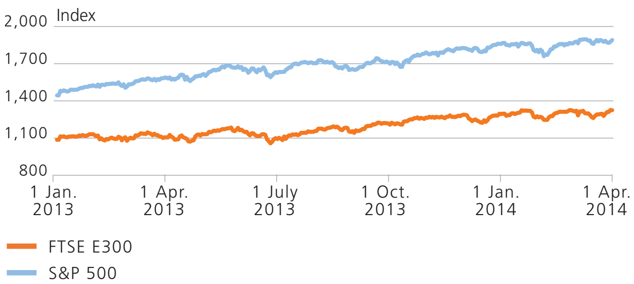



## CURRENCY MARKETS

- Volatility in the EUR/USD remained relatively low in the first quarter of 2014. EUR/USD ended the quarter at about the same level as the end of last year (1.377).
- However, with some emerging market currencies showing signs of weakness, the euro's broad trade-weighted value appreciated over the quarter.

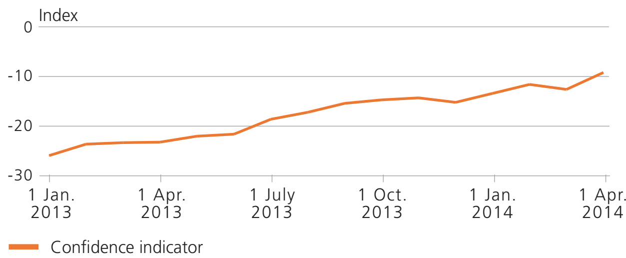

## STOCK MARKETS

- Equity indices in the eurozone and the US remained on an upward trend in the first quarter of 2014, despite increased volatility in the wake of the turmoil in some EM economies and the crisis in Ukraine.




## CONSUMER CONFIDENCE

- Notwithstanding the high level of unemployment and increased geopolitical tensions, the mood of consumers in the eurozone improved in 1Q2014.




Source: ING Economics Department

# CHAIRMAN'S STATEMENT

ING Group made a strong start to 2014, posting a first-quarter underlying net result of EUR 988 million while demonstrating good commercial growth. At the same time, we reached significant milestones in our restructuring plan and sharpened the strategic priorities of our businesses to ensure they remain sustainable and competitive.

In March, we presented our 'Think Forward' strategy for ING Bank, which outlines the actions we are taking to secure our future as a European banking leader, along with a focused set of financial targets for 2017. The core of our strategy is to create a differentiating customer experience. Our dedication to achieving high levels of customer satisfaction is evident in our most recent net promoter scores, which indicate that ING Bank is number one relative to its competitors in the Netherlands, Germany, Italy, Poland, Spain and Australia, and is number two in all other core markets. We are proud of this recognition from our customers and will continue to serve them as best as we can. Our new Chief Operations Officer will certainly help to advance our efforts.

ING Bank posted a solid first-quarter underlying pre-tax result of EUR 1,176 million, reflecting an increase in the net interest margin and lower risk costs as economic conditions improved. Our consistent customer focus has enabled us to attract EUR 8.3 billion of funds entrusted across our franchise and to extend EUR 5.1 billion of net lending during the quarter. We are committed to supporting our customers' financial needs and will continue to grow lending through the economic recovery.

Continued capital generation at ING Bank enabled us to make a penultimate EUR 1.225 billion payment to the Dutch State in March, bringing the total paid to the State since 2008 to EUR 12.5 billion. The capital position of ING Bank remained strong, with a fully-loaded CET1 ratio of 10.1% at the end of the quarter. The first-quarter underlying return on IFRS-EU equity rose to 10.2%, within the range of our Ambition 2017 target.

At NN Group, the first-quarter operating result for the ongoing business was EUR 274 million, a significant improvement compared with both a year ago and the previous quarter, driven by solid results in the core Dutch businesses and lower expenses across the organisation. Commercial momentum was strong, with sales rising 20.6% year-on-year and 53.0% sequentially, at constant currencies. ING Group made significant progress in finalising its preparations for the intended IPO of NN Group, announcing last week transactions to secure important investments from three firms. Today, we announce measures to strengthen the company's standalone capital structure with a further EUR 850 million and confirm that the intended IPO will comprise only secondary shares.

In April, ING U.S. started operating under the name Voya Financial, Inc. representing a new era for the company. We have reduced our stake in Voya to approximately 43%, fulfilling the requirement to divest more than 50% of this business by year-end. Although deconsolidating Voya brought us a step further in our strategic transformation, it also triggered a EUR 2,005 million after-tax loss. This impact, together with a EUR -1,059 million charge for successfully completing the Dutch closed defined benefit pension plan agreement and a EUR 202 million gain following the deconsolidation of ING Vysya Bank, led to the Group's quarterly net loss.

As we look forward to the rest of this year, we remain committed to achieving our strategic priorities and advancing further towards the completion of our restructuring. I am confident that the work we are doing will strengthen our company for the long-term and that we are well positioned to achieve our purpose of empowering people to stay a step ahead in life and in business.

Ralph Hamers

**Ralph Hamers**
CEO of ING Group

## KEY FIGURES

| Group | 1Q2014 | 1Q2013[1] | Change | 4Q2013[1] | Change |
|---|---|---|---|---|---|
| **Profit and loss data (in EUR million)** | | | | | |
| Underlying result before tax | 1,384 | 1,611 | -14.1% | 582 | 137.8% |
| Taxation / minority interest | 396 | 443 | -10.6% | 90 | 340.0% |
| **Underlying net result** | **988** | **1,170** | **-15.6%** | **493** | **100.4%** |
| Net gains/losses on divestments | -1,764 | 939 | | -38 | |
| Net result from divested units | | -38 | | | |
| Net result from discontinued operations Insurance/IM Asia | 5 | 66 | | 33 | |
| Net result from discontinued operations Voya Financial | 53 | -195 | | 179 | |
| Special items after tax | -1,200 | -47 | | -40 | |
| **Net result** | **-1,917** | **1,897** | **-201.0%** | **626** | **-406.2%** |
| Net result per share (in EUR)[2] | -0.50 | 0.50 | -200.0% | 0.16 | -412.5% |
| **Capital ratios (end of period)** | | | | | |
| Shareholders' equity (in EUR billion) | 45 | 54 | -16.1% | 46 | -0.9% |
| ING Group debt/equity ratio | 7.3% | 10.8% | | 8.5% | |
| **Other data (end of period)** | | | | | |
| Underlying return on equity based on IFRS-EU equity[3] | 8.7% | 8.9% | | 4.1% | |
| Employees (FTEs, end of period, adjusted for divestments) | 75,606 | 76,868 | -1.6% | 76,050 | -0.6% |

| Banking | 1Q2014 | 1Q2013 | Change | 4Q2013 | Change |
|---|---|---|---|---|---|
| **Profit and loss data (in EUR million)** | | | | | |
| Interest result | 3,027 | 2,916 | 3.8% | 2,946 | 2.7% |
| Total underlying income | 3,818 | 3,863 | -1.2% | 3,815 | 0.1% |
| Operating expenses | 2,174 | 2,133 | 1.9% | 2,351 | -7.5% |
| Addition to loan loss provision | 468 | 561 | -16.6% | 560 | -16.4% |
| **Underlying result before tax** | **1,176** | **1,169** | **0.6%** | **904** | **30.1%** |
| **Key figures** | | | | | |
| Common equity Tier 1 ratio phased in | 10.0% | n.a. | | 10.8% | |
| Common equity Tier 1 ratio fully-loaded | 10.1% | n.a. | | 10.0% | |
| Underlying interest margin | 1.50% | 1.38% | | 1.45% | |
| Underlying cost/income ratio | 56.9% | 55.2% | | 61.6% | |
| Underlying risk costs in bp of average RWA | 65 | 81 | | 81 | |
| RWA (end of period, in EUR billion, adjusted for divestments) | 291 | 278 | 4.5% | 283 | 2.9% |
| Underlying return on equity based on IFRS-EU equity[3] | 10.2% | 9.0% | | 8.1% | |

| NN Group | 1Q2014 | 1Q2013 | Change | 4Q2013 | Change |
|---|---|---|---|---|---|
| **Profit and loss data (in EUR million)** | | | | | |
| Operating result Netherlands Life | 147 | 132 | 11.4% | 186 | -21.0% |
| Operating result Netherlands Non-life | 22 | -3 | | 12 | 83.3% |
| Operating result Insurance Europe | 45 | 42 | 7.1% | 48 | -6.3% |
| Operating result Japan Life | 66 | 83 | -20.5% | 15 | 340.0% |
| Operating result Investment Management | 39 | 31 | 25.8% | 28 | 39.3% |
| Operating result Other | -46 | -115 | | -73 | |
| **Operating result ongoing business** | **274** | **170** | **61.2%** | **214** | **28.0%** |
| Non-operating items ongoing business | -28 | 15 | | -117 | |
| Japan Closed Block VA | -36 | 162 | -122.2% | -423 | n.a. |
| **Underlying result before tax** | **210** | **347** | **-39.5%** | **-326** | |
| Special items before tax | -572 | -29 | | -29 | |
| Result on divestments and discontinued operations | -11 | 1,029 | | 42 | |
| **Result before tax** | **-372** | **1,346** | **-127.6%** | **-312** | |
| **Key figures** | | | | | |
| New sales life insurance (APE) | 439 | 398 | 10.3% | 292 | 50.3% |
| Total administrative expenses ongoing business | 437 | 460 | -5.0% | 462 | -5.4% |
| Cost/income ratio (adm. exp./operating income) ongoing business | 35.2% | 37.5% | | 38.3% | |
| Combined ratio (Netherlands Non-life)[4] | 100.2% | 106.5% | | 103.6% | |
| IM Assets under Management (end of period, in EUR billion) | 168 | 184 | -8.7% | 174 | -3.4% |
| Net operating ROE ongoing business[5] | 9.2% | 8.8% | | 7.2% | |
| NN Group IGD Solvency I ratio | 249% | 254% | | 254% | |
| NN Life Solvency I ratio | 235% | 204% | | 223% | |

The footnotes relating to 1-5 can be found on page 7.

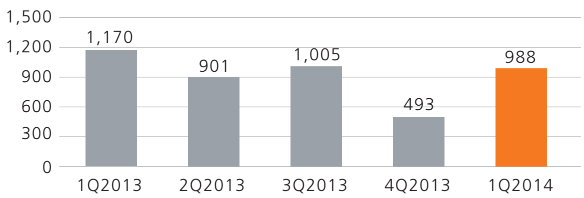
Note: Underlying figures and Operating results are non-GAAP measures. These are derived from figures according to IFRS-EU by excluding impact from divestments, discontinued operations and special items and, for Operating results only, gains/losses and impairments, revaluations and market & other impacts.

## CONSOLIDATED RESULTS

ING Group recorded an underlying net result of EUR 988 million in the first quarter of 2014, compared with EUR 1,170 million one year ago and EUR 493 million in the fourth quarter of 2013.

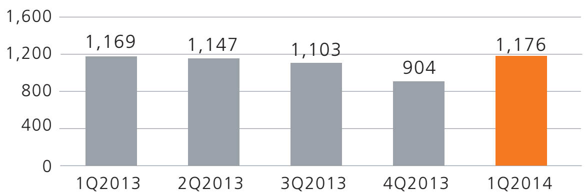
ING Group's first-quarter results were driven by the strong performance of ING Bank and a substantial improvement in the results of NN Group's ongoing businesses, particularly in the Netherlands. Commercial momentum was also robust across the Group. ING Bank recorded a significant increase in net lending, funded entirely with net deposit inflows that were attracted during the quarter. At NN Group, new sales (on a constant currency basis) rose by double digits both year-on-year and sequentially.

UNDERLYING NET RESULT - GROUP (in EUR million)



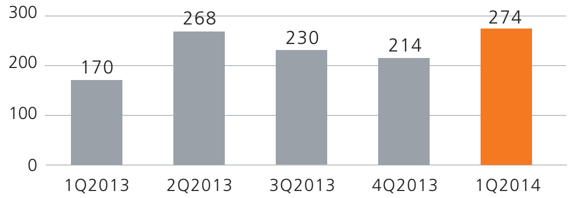

ING Bank posted a strong first-quarter underlying result before tax of EUR 1,176 million, reflecting lower risk costs and relatively stable income. Results were flat year-on-year, but they jumped 30.1% from the fourth quarter of 2013, which included the annual Dutch bank tax and additional restructuring charges. The net interest margin was 1.50%, up five basis points from the previous quarter, driven by higher interest results in Financial Markets, although overall Financial Markets results were down year-on-year. Risk costs declined as economic activity improved, and were 65 basis points of average risk-weighted assets. Operating expenses were 7.5% lower than in the previous quarter, but rose 1.9% from a year ago as the annual Belgian bank taxes were recognised in full in the first quarter of 2014.

UNDERLYING RESULT BEFORE TAX - BANK (in EUR million)




ING Bank demonstrated strong commercial performance during the first quarter, extending a total of EUR 5.1 billion of net lending to both retail and corporate clients. The increase in lending was funded by a EUR 8.3 billion net inflow of funds entrusted, generated primarily by Retail Banking.

OPERATING RESULT ONGOING BUSINESS - NN GROUP (in EUR mln)




The operating result for the ongoing business of NN Group improved substantially to EUR 274 million, up 61.2% year-on-year and 28.0% higher than the fourth quarter of 2013. The improvement compared with the first quarter of 2013 was mainly driven by improved results in both Netherlands Life and Netherlands Non-life, as well as lower administrative expenses throughout the organisation. On a sequential basis, the improvement in operating result was mainly attributable to higher results in Japan Life, Netherlands Non-life and the segment 'Other'. The first-quarter 2014 result before tax for NN Group was EUR -372 million, reflecting the EUR -541 million impact of making ING's closed defined benefit pension plan in the Netherlands financially independent.

Total new sales (APE) at NN Group were robust at EUR 439 million, rising 20.6% year-on-year at constant currencies. Sales at Japan Life grew 20.0%, driven by increased demand for financial planning products. At Insurance Europe, APE rose 14.8% due to higher life sales across the region. Sales in Netherlands Life were up 28.4%, reflecting higher pension renewals. On a sequential basis, total new sales at NN Group jumped 53.0% at constant currencies, fuelled by seasonally higher pension contract renewals in the Netherlands and seasonally higher sales in Japan Life.

ING Group's first-quarter net result was EUR -1,917 million, primarily due to the financial impact of various strategic actions which more than offset the EUR 988 million underlying net profit. During the quarter, ING Group recorded an after-tax loss of EUR 2,005 million related to the deconsolidation of Voya Financial, Inc. ("Voya", formerly Insurance ING U.S.) and a EUR -1,059 million special item due to the successful finalisation of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. Another significant special item was a first payment of EUR -101 million related to the nationalisation of SNS. Net gains/losses on divestments totalled EUR -1,764 million and were mainly attributable to the aforementioned loss due to the deconsolidation of Voya and a

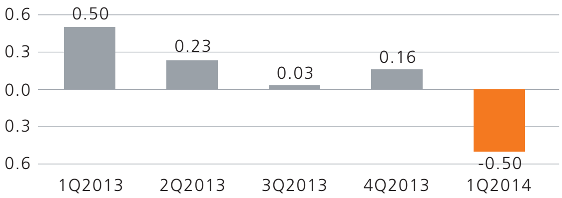
1) The figures of this period have been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Death Benefits reserves of the Japan Closed Block VA segment as of 1 January 2014.
2) Result per share differs from IFRS earnings per share in respect of attributions to the core Tier 1 securities.
3) Annualised underlying net result divided by average IFRS-EU shareholders' equity.
4) Quarter-to-date, excluding Mandema and Zicht broker business.
5) Net operating ROE is calculated as the (annualised) net operating result of the ongoing business divided by the average allocated equity of the ongoing business adjusted for revaluation reserves.

EUR 202 million gain following the deconsolidation of ING Vysya Bank (triggered by changes to the governance structure ).

The net result from the discontinued operations of Insurance and Investment Management Asia decreased to EUR 5 million from EUR 66 million one year ago as businesses were divested. The first-quarter 2014 result mainly reflects the net results of ING BoB Life and Investment Management Taiwan (divested in April 2014).

The first-quarter 2014 net result from the discontinued operations of Voya was EUR 53 million compared with EUR -195 million one year ago. The improvement was primarily driven by an increase in the underlying result before tax for the US Closed Block VA, which was partially offset by an increase in minority interest due to the reduction of ING Group's stake in Voya since the first quarter of 2013. After Voya was deconsolidated from ING Group's accounts, the decrease in Voya's share price resulted in a EUR -19 million impact for ING, which was also reflected in the net result from discontinued operations of Voya in the first quarter of 2014.

NET RESULT PER SHARE (in EUR)




ING Group's first-quarter 2014 net result per share was EUR -0.50. The Group's underlying net return on IFRS-EU equity was 8.7%.

## Other Events

### Capital Injection NN Group

In line with ING Group's announced intention to ensure that NN Group is adequately capitalised ahead of the intended IPO, ING Group will inject EUR 850 million of capital into NN Group prior to its IPO. NN Group will use these funds to reduce debt owed to ING Group by EUR 0.2 billion, further strengthen the capitalisation of NN Life by approximately EUR 0.5 billion, and increase the cash capital position in the holding company by approximately EUR 0.2 billion. The capital injection from ING Group and the April 2014 issuance of subordinated debt will increase the IGD ratio of NN Group to a pro-forma 277% from 249% at the end of the first quarter of 2014. The capital injection will increase ING Group core debt by EUR 850 million. As a consequence of this pre-IPO capital injection, ING Group confirms that the intended IPO will comprise only secondary NN Group shares being sold by ING Group.

### NN Group pre-IPO investments

On 30 April 2014, ING announced that it has secured important investments into NN Group totalling EUR 1.275 billion ahead of NN Group's intended Initial Public Offering (IPO). In this context, ING Group has agreed to sell NN Group shares at the IPO to three Asian-based investment firms (RRJ Capital, Temasek and SeaTown Holdings International) and also to issue to these three investors subordinated notes that ING Group will over time exchange into NN Group shares.

The anchor investment in NN Group shares at the time of the intended IPO will total EUR 150 million. There will be no lock-up on these NN Group shares which will be acquired at the IPO transaction price.

In May 2014, ING Group will issue to each of the investors in this transaction mandatory exchangeable subordinated notes for a total amount of EUR 1.125 billion. These notes will accrue a 4% coupon, and will be mandatorily exchangeable into NN Group shares in three tranches according to a schedule specified in the ING Group press release of 30 April 2014.

The transactions are subject to the base case IPO of NN Group taking place in 2014. If the IPO does not take place in 2014, the transactions with these three investors will be unwound, and the subordinated notes will be redeemed.

### Changes in governance and reporting of ING Vysya Bank

At the end of the first quarter of 2014, changes to the governance structure of ING Vysya Bank were implemented in order to better align with prevailing regulations. The regulatory requirements necessitated some governance changes. As part of that, ING has reduced the number of directors appointed by ING in ING Vysya Bank's Board of Directors to be proportionate to its shareholding. Although ING Bank's economic interest of approximately 43% remains unchanged, as a result of these governance changes, ING Bank no longer has a majority representation in the Board of Directors, and influence on ING Vysya's operations is aligned with its shareholding interest. As a result, ING Bank has no effective control over ING Vysya and, therefore, as of 31 March 2014 ING Vysya is deconsolidated and accounted for as an associate under equity accounting.

### Deconsolidation of Voya Financial, Inc.

ING Group has previously announced its intention to divest its remaining stake in Voya over time, in line with its strategy to separate and divest its insurance and investment management businesses. In this context, ING Group sold shares of Voya through an initial public offering in May 2013 and a follow-on offering in October 2013.

In the first quarter of 2014, ING Group sold a third tranche of approximately 37.8 million shares of common stock of Voya at a price of USD 35.23 per share. The gross proceeds for ING Group amounted to EUR 950 million.

The sale of the third tranche of shares reduced ING Group's stake in Voya to approximately 43% from approximately 57% as at 31 December 2013, fulfilling the European Commission restructuring requirement to divest at least 50% of ING Group's U.S. insurance and investment management operations before year-end 2014. Following this transaction, Voya was deconsolidated and is accounted for as an associate held for sale in the first quarter of 2014. The remaining investment in Voya was recognised at its fair value of EUR 2,914 million at the transaction date.

The share sale and the deconsolidation of Voya resulted in an after-tax loss of EUR 2,005 million which is recognised in the first quarter of 2014 in the profit and loss account in the line 'net gains/losses on divestments'. This amount reflects the difference between the IFRS book value and the market value of ING Group's 57% stake in Voya at deconsolidation, and includes the release of corresponding revaluation reserves.

Any further sale of ING Group's remaining holdings of Voya shares is subject to a lock-up period of 90 days from 19 March 2014, the date of the offering pricing (subject to certain exceptions and the underwriters' ability to waive lock-up restrictions). Voya Financial, Inc. shares trade on the New York Stock Exchange under the ticker symbol 'VOYA'.

**Accounting for GMDB in Japan Closed Block VA**

As previously announced, NN Group has moved towards fair value accounting on the reserves for the Guaranteed Minimum Death Benefits (GMDB) of the Japan Closed Block VA segment as of 1 January 2014. As at the end of the fourth quarter of 2013, the difference between the current book value and the estimated fair value of the GMDB reserves was EUR 219 million before tax. Implementation of fair value accounting for GMDB represents a change in accounting policy under IFRS with a transitional impact of EUR -165 million after tax reflected in shareholders' equity as of 1 January 2014. Results for comparative periods have been restated accordingly.

## CONSOLIDATED BALANCE SHEET

**ING Group: Consolidated balance sheet**

| in EUR million | 31 Mar. 14 | 31 Dec. 13[1] | 31 Mar. 13 pro forma[1,2] |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with central banks | 21,253 | 13,316 | 12,621 |
| Amounts due from banks | 49,481 | 42,996 | 47,256 |
| Financial assets at fair value through P&L | 166,374 | 165,172 | 196,991 |
| Investments | 146,414 | 140,995 | 145,276 |
| Loans and advances to customers | 532,141 | 531,655 | 554,248 |
| Reinsurance contracts | 275 | 252 | 293 |
| Investments in associates and joint ventures | 2,813 | 2,022 | 2,513 |
| Real estate investments | 1,055 | 1,046 | 1,072 |
| Property and equipment | 2,368 | 2,446 | 2,554 |
| Intangible assets | 1,816 | 1,841 | 2,044 |
| Deferred acquisition costs | 1,411 | 1,353 | 2,624 |
| Other assets | 19,973 | 21,339 | 24,969 |
| **Total assets excl. assets held for sale** | **945,374** | **924,433** | **992,463** |
| Assets held for sale | 3,074 | 156,884 | 189,310 |
| **Total assets** | **948,448** | **1,081,317** | **1,181,773** |

| | 31 Mar. 14 | 31 Dec. 13[1] | 31 Mar. 13 pro forma[1,2] |
|---|---|---|---|
| **Equity** | | | |
| Shareholders' equity | 45,380 | 45,776 | 54,055 |
| Minority interests | 625 | 5,913 | 1,702 |
| Non-voting equity securities | 683 | 1,500 | 2,250 |
| **Total equity** | **46,688** | **53,189** | **58,007** |
| **Liabilities** | | | |
| Subordinated loans | 6,959 | 6,889 | 8,882 |
| Debt securities in issue | 131,662 | 127,727 | 144,587 |
| Other borrowed funds | 14,765 | 13,706 | 12,964 |
| Insurance and investment contracts | 113,836 | 111,769 | 121,975 |
| Amounts due to banks | 29,882 | 27,200 | 37,425 |
| Customer deposits and other funds on deposit | 482,648 | 474,312 | 467,204 |
| Financial liabilities at fair value through P&L | 100,718 | 98,501 | 126,786 |
| Other liabilities | 21,272 | 21,623 | 27,791 |
| **Total liabilities excl. liabilities held for sale** | **901,742** | **881,727** | **947,613** |
| Liabilities held for sale | 18 | 146,401 | 176,153 |
| **Total liabilities** | **901,760** | **1,028,128** | **1,123,766** |
| **Total equity and liabilities** | **948,448** | **1,081,317** | **1,181,773** |

1) The figures of this period have been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Death Benefits reserves of the Japan Closed Block VA segment as of 1 January 2014. The comparative figures have also been restated to reflect the implementation of IFRS 10, which introduced amendments to the criteria for consolidation, and IFRS 11, which replaced proportional consolidation for joint ventures by equity accounting.
2) Adjusted for the transfer of ING Life Japan from Held for sale to reflect the decision to divest ING Life Japan as part of the intended base case IPO of NN Group and classify ING U.S. as Held for sale.

ING Group's balance sheet, excluding assets held for sale, increased by EUR 21 billion during the first quarter of 2014 to EUR 945 billion. This was despite a EUR 6 billion decrease due to the deconsolidation of ING Vysya Bank. ING witnessed strong commercial momentum and increased customer lending, funded through growth in customer deposits. ING Group shareholders' equity decreased slightly by EUR 0.4 billion, mainly due to the quarterly loss of EUR 1.9 billion, which was only partly offset by positive revaluations of debt securities.

### Amounts due from/and to banks

Amounts due from banks rose by EUR 6 billion to EUR 49 billion, mainly due to higher reverse repos following a seasonal decline in the fourth quarter of 2013, while amounts due to banks increased by EUR 3 billion to EUR 30 billion.

### Loans

Loans and advances to customers were relatively stable at EUR 532 billion. This was despite EUR 4 billion of lower customer lending following the deconsolidation of ING Vysya Bank, as well as a decline of EUR 3 billion in securities at amortised cost and IABF due to the unwinding of the Illiquid Assets Back-up Facility. These impacts were offset by EUR 7 billion of lending growth, including EUR 4 billion of higher lending at Commercial Banking especially in Structured Finance and General Lending. Lending assets in Retail Banking were up by EUR 3 billion, reflecting growth in both business lending and residential mortgages. At NN Group, loans increased by EUR 1 billion, mainly reflecting new production of mortgages at NN Bank.

### Financial assets/liabilities at fair value

Financial assets/liabilities at fair value through P&L increased, respectively, by EUR 1 billion to EUR 166 billion and EUR 2 billion to EUR 101 billion. At ING Bank, the EUR 3 billion increase was due to Financial Markets. Financial assets and liabilities at fair value contain predominantly derivatives, securities and repos, which are mainly used to facilitate the servicing of ING's clients (banks and non-banks). At NN Group, investments for risk of policyholders decreased by EUR 2 billion, reflecting the transfer of separate account pension contracts to the general account in Netherlands Life.

### Investments and investments in associates

The investment portfolio rose by EUR 7 billion to EUR 146 billion, excluding the deconsolidation of ING Vysya Bank. At ING Bank, additional investments in government bonds at Bank Treasury to further improve the liquidity profile of the investment book led to a EUR 4 billion increase. At NN Group, the increase includes the transfer of the separate pension contracts to the general account. Investments in associates was EUR 1 billion higher, mainly reflecting the market value of ING Vysya Bank following the deconsolidation.

### Debt securities in issue

Debt securities in issue increased by EUR 4 billion, reflecting EUR 7 billion of higher CD/CP balances, reversing a similar decline in the fourth quarter of 2013. Long-term debt came down by EUR 3 billion as EUR 5 billion of maturing debt was only partially replaced by EUR 2 billion of new issuances.

### Insurance and investment contracts

Insurance and Investment contracts increased by EUR 2 billion, at comparable currency rates, to EUR 114 billion, reflecting an increase in deferred profit sharing to policyholders following higher revaluation reserves on debt securities.

**ING Group: Change in shareholders' equity**

| | ING Group | | ING Bank N.V. | | NN Group N.V. | | Voya Financial | | Holding/Eliminations | |
|---|---|---|---|---|---|---|---|---|---|---|
| in EUR million | 1Q2014 | 4Q2013[1] | 1Q2014 | 4Q2013 | 1Q2014 | 4Q2013[1] | 1Q2014 | 4Q2013 | 1Q2014 | 4Q2013 |
| **Shareholders' equity beginning of period** | **45,776** | **49,302** | **32,805** | **35,073** | **14,062** | **14,719** | **5,532** | **6,889** | **-6,623** | **-7,381** |
| Net result for the period | -1,917 | 626 | 294 | 589 | -215 | -157 | 72 | 178 | -2,068 | 16 |
| Unrealised revaluations of equity securities | 87 | -108 | -12 | -136 | 76 | 29 | -3 | -1 | 26 | |
| Unrealised revaluations of debt securities | 2,052 | -1,015 | 281 | 55 | 1,323 | -807 | 448 | -265 | | 2 |
| Deferred interest crediting to life policyholders | -861 | 370 | | | -620 | 234 | -241 | 136 | | |
| Realised gains/losses equity securities released to P&L | -3 | 32 | -5 | 28 | 2 | 3 | | | | 1 |
| Realised gains/losses debt securities transferred to P&L | -87 | -55 | -67 | 6 | -20 | -61 | | | | |
| Change in cashflow hedge reserve | 731 | -102 | 405 | 31 | 313 | -147 | 8 | 8 | 5 | 6 |
| Other revaluations | 88 | 84 | 45 | 105 | 44 | -50 | -1 | 1 | | 28 |
| Defined benefit remeasurement | -248 | -2,158 | -151 | -1,556 | -66 | -654 | -31 | 52 | | |
| Exchange rate differences | -8 | -747 | -32 | -289 | 36 | -157 | -13 | -103 | 1 | -198 |
| Changes in treasury shares | -32 | -7 | | | | | | | -32 | -7 |
| Employee stock options and share plans | 30 | 31 | 14 | 13 | 1 | 1 | 13 | 16 | 2 | 1 |
| Repurchase premium non-voting equity securities | -408 | -375 | | | | | | | -408 | -375 |
| Dividend | | | -1,225 | -1,125 | -315 | -107 | | | 1,540 | 1,232 |
| Impact sale of Voya | 87 | -632 | | | | | -5,765 | -1,365 | 5,852 | 733 |
| Other | 93 | 530 | -11 | 11 | 61 | 1,216 | -19 | -14 | 62 | -683 |
| **Total changes** | **-396** | **-3,526** | **-464** | **-2,268** | **620** | **-657** | **-5,532** | **-1,357** | **4,980** | **756** |
| **Shareholders' equity end of period** | **45,380** | **45,776** | **32,341** | **32,805** | **14,682** | **14,062** | **0** | **5,532** | **-1,643** | **-6,623** |

**ING Group: Shareholders' equity**

| | ING Group | | ING Bank N.V. | | NN Group N.V. | | Voya Financial | | Holding/Eliminations | |
|---|---|---|---|---|---|---|---|---|---|---|
| in EUR million | 31 Mar. 14 | 31 Dec. 13[1] | 31 Mar. 14 | 31 Dec. 13 | 31 Mar. 14 | 31 Dec. 13[1] | 31 Mar. 14 | 31 Dec. 13 | 31 Mar. 14 | 31 Dec. 13 |
| Share premium/capital | 16,966 | 16,959 | 17,067 | 17,067 | 11,605 | 11,606 | | 17,639 | -11,706 | -29,352 |
| Revaluation reserve equity securities | 2,145 | 2,067 | 1,021 | 1,038 | 1,096 | 1,018 | | 9 | 28 | 2 |
| Revaluation reserve debt securities | 5,126 | 4,227 | 1,047 | 833 | 4,108 | 2,805 | | 618 | -29 | -29 |
| Revaluation reserve crediting to life policyholders | -3,198 | -2,914 | | | -3,198 | -2,578 | | -336 | | |
| Revaluation reserve cashflow hedge | 2,607 | 1,878 | -371 | -776 | 3,039 | 2,726 | | -5 | -61 | -67 |
| Other revaluation reserves | 344 | 298 | 318 | 319 | 22 | -21 | | 5 | 4 | -5 |
| Defined benefit remeasurement reserve | -652 | -3,765 | -587 | -2,671 | -65 | -1,043 | | -52 | | 1 |
| Currency translation reserve | -1,642 | -2,161 | -975 | -989 | -215 | -252 | | | -452 | -920 |
| Treasury shares | -64 | -32 | | | | | | | -64 | -32 |
| Retained earnings and other reserves | 23,748 | 29,219 | 14,821 | 17,984 | -1,710 | -199 | | -12,346 | 10,637 | 23,780 |
| **Total** | **45,380** | **45,776** | **32,341** | **32,805** | **14,682** | **14,062** | **0** | **5,532** | **-1,643** | **-6,623** |

1) The figures of this period have been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Death Benefits reserves of the Japan Closed Block VA segment as of 1 January 2014.

## Customer deposits

Customer deposits increased by EUR 12 billion to EUR 483 billion (excluding a EUR 4 billion decrease due to the deconsolidation of ING Vysya Bank), reflecting ING Bank's strength as a deposit gatherer. Net inflows in savings were concentrated in Germany, the Netherlands and Spain, while credit balances on customer accounts increased predominantly in Belgium. Corporate deposits were EUR 1 billion higher, including a shift to overnight deposits, which rose by EUR 3 billion and are not included in the 'funds entrusted client balance' definition' Customer deposits at NN Group increased by EUR 0.4 billion to EUR 6 billion, reflecting an increase of consumer savings at NN Bank during the quarter.

## Assets/liabilities held for sale

Assets and liabilities held for sale decreased by EUR 154 billion and EUR 146 billion, respectively, in the first quarter 2014, reflecting the deconsolidation of Voya Financial, Inc. (formerly Insurance ING U.S.) as per the end of March 2014.

## Total equity

Shareholders' equity decreased slightly by EUR 0.4 billion to EUR 45.4 billion. The decrease was mainly due to the quarterly net loss, partly offset by increased revaluations of debt securities, net of deferred interest crediting to life policyholders.

The revaluation reserve for debt securities increased by EUR 2.0 billion in the quarter, excluding the EUR -1.1 billion impact of the deconsolidation of Voya, mainly due to lower interest rates.

The 'defined benefit remeasurement reserve' increased by EUR 3.1 billion to EUR -652 million, mainly due to a transfer of EUR -3.3 billion to 'other reserves' in equity. This is the result of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent, which also reduced other assets by EUR 0.8 billion reflecting the removal of the related net pension asset.

## CAPITAL MANAGEMENT

ING Group, ING Bank and NN Group remained well capitalised in the first quarter. The core debt at ING Group decreased to EUR 3.8 billion following the sale of shares in Voya and a dividend from NN Group consisting of the proceeds and remaining stake in SulAmérica. ING Bank's phased in common equity Tier 1 ratio remained strong at the end of the first quarter, but declined to 10.0%, mainly reflecting the removal of the net pension asset and the introduction of CRD IV. Continued strong capital generation at ING Bank enabled us to make a penultimate EUR 1.225 billion payment to the Dutch State in March. NN Group's IGD ratio decreased slightly to 249% in the first quarter of 2014. In April, NN Group successfully placed EUR 1 billion subordinated debt, marking an important step establishing its standalone capital structure.

**Capital base: ING Group**

| In EUR million unless stated otherwise | 31 Mar. 14 | 31 Dec. 13 |
|---|---|---|
| Shareholders' equity | 45,380 | 45,776 |
| Core Tier 1 securities | 683 | 1,500 |
| Group hybrid capital | 7,486 | 7,493 |
| Group leverage (core debt) | 3,817 | 4,910 |
| **Total capitalisation (Bank + Ins. oper.)** | **57,366** | **59,679** |
| Required regulatory adjustments | -5,081 | -1,681 |
| Group leverage (core debt) | -3,817 | -4,910 |
| **Adjusted equity** | **48,468** | **53,089** |
| Debt/equity ratio | 7.3% | 8.5% |
| Total required capital | 34,141 | 35,066 |
| FiCo ratio (Voya full deduction) | 155% | 178% |

### ING Group

The amount of core debt at ING Group decreased to EUR 3.8 billion at the end of March 2014 from EUR 4.9 billion at year-end 2013. Total proceeds of EUR 1.1 billion related to the partial sell down of our stakes in Voya Financial and SulAmérica were used to reduce core debt. Adjusted equity declined to EUR 48.5 billion from EUR 53.1 billion, which reflects the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent and the payment of another tranche to the Dutch State. ING Group's debt/equity ratio improved from 8.5% at year-end 2013 to 7.3% at the end of the first quarter.

The Financial Conglomerate Directive (FiCo) ratio for the Group decreased from 178% at the end of December 2013 to 155% at the end of March 2014. This is the result of an increase in regulatory deductions by EUR 5.5 billion, mainly representing the book value of the remaining stake in Voya Financial. Following the deconsolidation, the book value of this stake will now be deducted from available capital for calculating the FiCo ratio.

ING has, together with the Dutch State, completed the unwinding of the Illiquid Assets Back-Up Facility (IABF) in February 2014. The Dutch State has sold the remaining USD 11.5 billion of securities in the portfolio through three auctions for an average price of 77.3%. The proceeds were used to pay off the remaining loans from ING. Together with the settlement of fees, the unwinding resulted in a cash profit for the Dutch State of EUR 1.4 billion.

ING Group will inject EUR 850 million in NN Group in 2Q14 as a final step to prepare NN Group for an IPO.

### ING Bank

Following the implementation of CRD IV on 1 January 2014, ING Bank's common equity Tier 1 ratio at the end of March 2014 stood at 10.0%, down from 10.8% pro-forma reported at December 2013. The decline primarily reflects the reduction in the net pension asset and an increase in risk-weighted assets due to the implementation of CRD IV. The dividend payment to ING Group of EUR 1.225 billion on 31 March to facilitate the payment to the Dutch State was only partially offset by retained earnings and the impact from the deconsolidation of ING Vysya Bank. With a fully-loaded common equity Tier 1 ratio of 10.1%, ING Bank remains well capitalised.

ING continued to optimise its capital structure and lower funding costs, successfully issuing EUR 1.5 billion of 3.625% CRD-IV-eligible Tier 2 securities in February 2014. In the capital structure of ING Bank, this security will replace the EUR 1.5 billion 8% ING Perpetual Hybrid Capital Securities, which were partly on-lent to ING Bank NV. The hybrid has been redeemed per the call date of 18 April 2014. This transaction will reduce the cost of capital for ING and contribute to future earnings.

### NN Group

On 28 February 2014, ING Insurance Topholding N.V. entered into a legal merger with its wholly owned subsidiary ING Verzekeringen N.V. As a result of this merger, ING Verzekeringen N.V. dissolved by operation of law and ING Insurance Topholding N.V. acquired all assets and liabilities of ING Verzekeringen N.V. under universal title of succession. On 1 March 2014, the legal merger became effective and ING Insurance Topholding N.V. was renamed NN Group N.V.

The Insurance Groups Directive (IGD) ratio for NN Group has been restated from 257% to 254% at 31 December 2013 to reflect the move towards fair value accounting for the Guaranteed Minimum Death Benefits reserves of the Japan Closed Block VA segment. The IGD ratio decreased slightly in the first quarter to 249%, mainly due to a dividend payment to ING Group. This dividend included the proceeds from a sale of SulAmérica shares as well as the remaining shares held in SulAmérica. Another major factor impacting the IGD ratio was the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

In April 2014, NN Group issued a EUR 1 billion dated subordinated bond at an annual fixed coupon of 4.625% for the first 10 years.

The successful placement of this subordinated bond marks an important step to establish a standalone capital structure in preparation for the intended IPO.

The Solvency I ratio of NN Life improved from 223% to 235%, driven by a subordinated loan of EUR 600 million issued by NN Life to NN Group, partly offset by the impact of the pension fund agreement.

In line with ING Group's announced intention to ensure that NN Group is adequately capitalised ahead of the intended IPO, ING Group will inject EUR 850 million of capital into NN Group prior to its IPO. NN Group will use these funds to reduce debt owed to ING Group by EUR 0.2 billion, further strengthen the capitalisation of NN Life by approximately EUR 0.5 billion, and increase the cash capital position in the holding company by approximately EUR 0.2 billion. The capital injection from ING Group and the April 2014 issuance of subordinated debt will increase the IGD ratio of NN Group to a pro-forma 277% from 249% at the end of the first quarter of 2014. The capital injection will increase ING Group core debt by EUR 850 million. As a consequence of this pre-IPO capital injection, ING Group confirms that the intended IPO will comprise only secondary NN Group shares being sold by ING Group.

### Ratings

In March 2014, Moody's upgraded the rating of the subordinated debt issued by NN Group by one notch to Baa3 reflecting the progress made by ING Group towards the sale of its insurance operations and more generally towards the completion of the restructuring plan agreed with the EC.

On 29 April 2014, Standard & Poor's has taken various rating actions on European banking groups to reflect the view that extraordinary government support is likely to diminish as regulators implement resolution frameworks. As a result, Standard & Poor's has changed the outlook for ING Group and ING Bank to negative from stable and the outlook for NN Group from stable to developing.

On 30 April 2014, Fitch Ratings has revised NN Group's outlook to stable from negative, reflecting reduced uncertainty associated with the divestment of NN Group.

**Main credit ratings of ING at 6 May 2014**

| | Standard & Poor's | | Moody's | | Fitch | |
|---|---|---|---|---|---|---|
| | Rating | Outlook | Rating | Outlook | Rating | Outlook |
| ING Groep N.V. | A- | Negative | A3 | Negative | A | Negative |
| ING Bank N.V. | A | Negative | A2 | Negative | A+ | Negative |
| NN Group N.V. | BBB+ | Developing | Baa2 | Negative | A- | Stable |

### Number of shares

The total number of shares was 3,844 million at the end of March 2014, versus 3,841 million at the end of December 2013. The total number of shares equals 3,840 million outstanding in the market plus treasury shares, which increased from 4.0 million at the end of December 2013 to 4.2 million at the end of March 2014.

## BUSINESS & SUSTAINABILITY HIGHLIGHTS

ING Group believes that all sustainable progress is driven by people with the imagination and determination to improve their future and the futures of those around them. At ING Bank, our strategy is centered on empowering people to stay a step ahead in life and in business. The Bank strives to achieve this purpose by creating a differentiating customer experience through innovation and by offering competitively-priced, easy-to-understand products, good accessibility and excellent services. The strategy of NN Group, which comprises ING's European and Japanese insurance and investment management businesses, is to deliver an excellent customer experience by offering transparent products and services through various distribution channels.

**Netherlands: an easier way to pay for small amounts**

After a successful pilot in 2013, ING Netherlands launched a "contactless" payments method, whereby customers can conduct a transaction for amounts up to EUR 25 by simply swiping their debit card along the payment terminal. Customers do not have to type in a PIN code, making the entire payment experience at the cashier faster and easier. ING Netherlands plans to roll out this service to all debit card customers and has already issued 4 million new bank debit cards with this functionality in 2014.

**Turkey: supporting growth of family-owned businesses**

Turkey's economy has grown strongly during the last decade and family-owned businesses play a major part, accounting for 75% of the country's GDP. ING Bank Turkey introduced an innovative training programme to further support this sector's growth, in Turkey and abroad, and prepare the next generation of leaders. The 'Generation to Generation Family Business Management Academy' is a one-year certificate program designed for small to medium-sized family enterprises. It trains participants how to enhance business competitiveness and sustainability, and strengthen their companies' financial policies and governance. This initiative follows similar programmes launched by ING Bank in Belgium and in the Netherlands.

**Global Finance magazine: ING best bank for Western Europe, Belgium and the Netherlands**

ING Bank profiles itself as a European retail and commercial bank that has a strong international network and aims to provide a consistent One Bank experience regardless of country. ING's efforts to anticipate and respond to its customers' specific requirements have been recognised by Global Finance, a leading global magazine targeted at the financial industry. It named ING 'Best Bank in Western Europe', as well as 'Best Bank in Belgium' and 'Best Bank in the Netherlands'.

**LifeMappr: personalised insights into financial planning**

Good financial habits should ideally be formed when one is young. This is one of the reasons why NN Group introduced a free financial awareness tool called LifeMappr (www.lifemappr.com) for the Romanian and Dutch markets. LifeMappr combines information about a user on social media sites such as Facebook and LinkedIn with national statistics and other general information, including average retirement age, salary and life expectancy, to visualise the user's financial future and raise awareness about where a person might need financial planning. The visualisation is in the form of a personalised timeline, short video and financial infographic. Users can change specific parameters, which changes the outcomes and the video.

**2013 Sustainability Report**

In March, ING Group published its Sustainability Report 2013. It describes ING's overall approach to sustainability and gives an account of its actions and performance over 2013. Some of the highlights are described below:

**A stronger Environmental and Social Risk (ESR) Framework**

ING's Environmental and Social Risk policies guide business conduct and limit any negative impact that our business activities or those of our customers might have on the environment and communities. In 2013, ING's ESR Framework was made publicly available through our website to provide more transparency and insight into our policies and their implementation. This followed an extensive review of the framework to reflect emerging best practices, resulting in strengthened guidance on key sectors and implementation by embedding the policies into the client onboarding and transaction approval processes. During 2013 and into 2014, nearly 900 colleagues in the front office and risk management were trained on the updated ESR Framework.

**Responsible investment at ING Investment Management**

ING Investment Management (ING IM), part of NN Group, strengthened its responsible investment approach during 2013 by, for example, expanding proxy voting activities in companies in which it invests and publishing active ownership reports. In order to broaden the level of integration of non-financial information in the investment process, ING IM expanded the Environmental, Social, and Governance (ESG) information and analysis in the standard equity research formats and developed an ESG risk analysis tool for its own portfolio managers as well as a dedicated ESG scorecard for external manager selection.

**Sustainable Assets Allocated rise 14.8% to EUR 6.5 billion**

ING is both a financier and an asset manager, funding a wide range of companies and projects around the world to stimulate the transition to a sustainable economy. We apply sustainability criteria in our lending and investment choices, which is reflected in the growth of our 'Sustainable Assets Allocated'. Sustainable Assets Allocated reflect sustainable lending activities originated at ING Commercial Banking and ING Retail Banking, as well as specialised sustainable investment funds offered and managed by ING Bank and ING IM. In 2013, total Sustainable Assets Allocated grew across our business (banking, insurance and investment management) by 14.8%, or by EUR 845 million, to more than EUR 6.5 billion.

# Banking

## CONSOLIDATED RESULTS

**Banking: Consolidated profit and loss account**

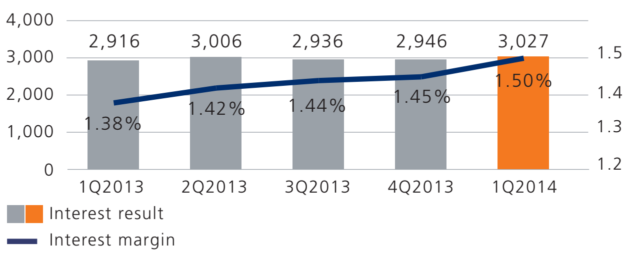
| In EUR million | 1Q2014 | 1Q2013 | Change | 4Q2013 | Change |
|---|---|---|---|---|---|
| **Profit & loss** | | | | | |
| Interest result | 3,027 | 2,916 | 3.8% | 2,946 | 2.7% |
| Commission income | 560 | 554 | 1.1% | 562 | -0.4% |
| Investment income | 105 | 124 | -15.3% | 64 | 64.1% |
| Other income | 125 | 270 | -53.7% | 242 | -48.3% |
| **Total underlying income** | **3,818** | **3,863** | **-1.2%** | **3,815** | **0.1%** |
| Staff expenses | 1,240 | 1,239 | 0.1% | 1,194 | 3.9% |
| Other expenses | 921 | 855 | 7.7% | 1,125 | -18.1% |
| Intangibles amortisation and impairments | 13 | 39 | -66.7% | 32 | -59.4% |
| **Operating expenses** | **2,174** | **2,133** | **1.9%** | **2,351** | **-7.5%** |
| **Gross result** | **1,644** | **1,730** | **-5.0%** | **1,464** | **12.3%** |
| Addition to loan loss provision | 468 | 561 | -16.6% | 560 | -16.4% |
| **Underlying result before tax** | **1,176** | **1,169** | **0.6%** | **904** | **30.1%** |
| Taxation | 318 | 331 | -3.9% | 199 | 59.8% |
| Minority interests | 28 | 30 | -6.7% | 19 | 47.4% |
| **Underlying net result** | **830** | **809** | **2.6%** | **686** | **21.0%** |
| Net gains/losses on divestments | 202 | -6 | | 0 | |
| Net result from divested units | 0 | -37 | | 0 | |
| Special items after tax | -768 | -23 | | -19 | |
| **Net result from Banking** | **264** | **744** | **-64.5%** | **666** | **-60.4%** |
| **Client balances (in EUR billion)[1]** | | | | | |
| Residential Mortgages | 273.5 | 287.0 | -4.7% | 272.7 | 0.3% |
| Other Lending | 217.2 | 223.8 | -2.9% | 216.7 | 0.2% |
| Funds Entrusted | 470.1 | 465.4 | 1.0% | 465.0 | 1.1% |
| AUM/Mutual Funds | 61.2 | 57.3 | 6.8% | 60.0 | 2.0% |
| **Profitability and efficiency[1]** | | | | | |
| Interest margin | 1.50% | 1.38% | | 1.45% | |
| Cost/income ratio | 56.9% | 55.2% | | 61.6% | |
| Return on equity based on IFRS-EU equity[2] | 10.2% | 9.0% | | 8.1% | |
| Employees (FTEs, end of period) | 63,477 | 64,359 | -1.4% | 63,805 | -0.5% |
| **Risk[1]** | | | | | |
| Non-performing loans/total loans | 2.8% | 2.6% | | 2.8% | |
| Stock of provisions/provisioned loans | 37.9% | 36.7% | | 38.6% | |
| Risk costs in bp of average RWA | 65 | 81 | | 81 | |
| Risk-weighted assets (end of period) | 290,792 | 278,225 | 4.5% | 282,503 | 2.9% |

1) Key figures based on underlying figures except loans figures.
2) Underlying net result divided by average IFRS-EU equity (annualised).

ING Bank had a strong first quarter reflecting a decline in risk costs and relatively stable income. The underlying result before tax was EUR 1,176 million, roughly flat versus a year ago, but up 30.1% from the previous quarter, which included the annual Dutch bank tax and additional restructuring charges. Total underlying income declined slightly year-on-year due to negative CVA/DVA impacts, while higher interest results in Retail Banking were offset by lower Financial Markets revenues. The interest margin rose to 1.50% from 1.45% in the previous quarter, driven by higher interest results in Financial Markets which were largely offset by lower trading results. Risk costs declined as economic activity improved. Expenses fell 7.5% on a sequential basis, but were up 1.9% from a year ago due to the fact that the annual Belgian bank taxes were paid in full in the first quarter of 2014.

ING Bank demonstrated good commercial momentum in the first quarter of 2014, with EUR 5.1 billion of net lending growth (adjusted for currency impacts, the deconsolidation of ING Vysya Bank and an additional transfer of WUB mortgages to NN Bank) which was funded by a EUR 8.3 billion net inflow of funds entrusted. The underlying net result, which still included the first-quarter consolidated results of ING Vysya Bank, increased on both comparable quarters as the net interest margin strengthened and risk costs declined. The first-quarter underlying return on IFRS-EU equity rose to 10.2% from 9.0% in the first quarter of 2013.

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



### Total underlying income

Total underlying income declined 1.2% year-on-year to EUR 3,818 million, including EUR 66 million of negative credit valuation and debt valuation adjustments (CVA/DVA) recorded in Commercial Banking and the Corporate Line, compared with EUR 48 million of positive impacts in the first quarter of 2013. Excluding CVA/DVA, underlying income rose 1.8%, notably in Retail Benelux and Retail Germany, reflecting a higher interest result; however, income declined in Financial Markets due to lower net trading income. Compared with the previous quarter, total underlying income was stable, as higher income in Retail Banking and Bank Treasury compensated for a decline in Industry Lending and the EUR 99 million one-off result realised on the unwinding of the Illiquid Assets Back-up Facility (IABF) in the fourth quarter of 2013.

The underlying interest result grew 3.8% to EUR 3,027 million from a year ago, due to higher margins and volumes on funds entrusted. The interest result on lending declined slightly as the impact of lower volumes (partly caused by the transfer and sale of assets last year) was largely compensated by higher margins, particularly on mortgages. On a sequential basis, the underlying interest result rose 2.7%, mainly due to higher interest results in Financial Markets. The interest result on funds entrusted rose slightly due to a small improvement in the interest margin. The interest result on lending activities was relatively flat, reflecting an improved margin on mortgages, which offset the impact of lower average volumes and lower margins on other lending. The first-quarter underlying interest margin of ING Bank improved to 1.50% from 1.45% in the fourth quarter of 2013, primarily reflecting higher interest results in Financial Markets.

ING Bank generated strong commercial momentum in the first quarter of 2014, recording a substantial increase in customer lending, consistent with the long-term ambition to optimise the asset side of the balance sheet. Total net lending (adjusted for currency impacts, the deconsolidation of ING Vysya Bank and the additional transfer of WUB mortgages to NN Bank) increased by EUR 5.1 billion. The net production of residential mortgages was EUR 0.9 billion and was generated entirely outside of the Netherlands. Other lending rose by EUR 4.2 billion, mainly in Retail Belgium as well as in Structured Finance and General Lending in Commercial Banking, which more than offset further declines in Real Estate Finance and the Lease run-off business. Growth was funded through customer deposits, with ING Bank reporting a EUR 8.3 billion net inflow of funds entrusted (adjusted for currency impacts and the deconsolidation of ING Vysya Bank) during the first quarter. Retail Banking generated EUR 8.0 billion of net inflows, driven by Germany and the Benelux. Funds entrusted in Commercial Banking increased by EUR 0.4 billion.

Commission income rose 1.1% from a year ago to EUR 560 million, mainly due to higher fee income in Retail International and Retail Belgium, largely offset by a decline in Industry Lending. On a sequential basis, commission income declined 0.4%.

Investment income declined to EUR 105 million from EUR 124 million in the first quarter of 2013, as that quarter included EUR 18 million of gains and dividends related to ING's equity stake in KB Financial Group which was sold in that quarter. Excluding these results, investment income was stable. Compared with the fourth quarter of 2013, investment income rose by EUR 41 million, or 64.1%, mainly due to higher net realised gains on bonds and equities.

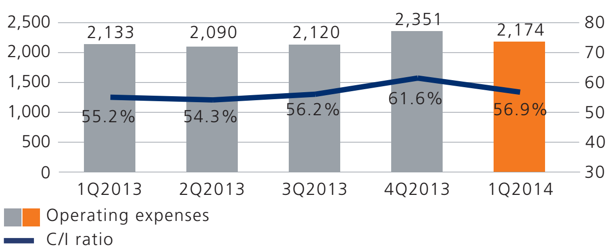
Other income fell to EUR 125 million from EUR 270 million in the first quarter of 2013, which included EUR 48 million of CVA/DVA impacts. In the first quarter of 2014, the impact from CVA/DVA was EUR -66 million. Excluding CVA/DVA, other income declined by EUR 32 million year-on-year, due to substantially lower net trading income in Financial Markets, notably in the rates and structured credit trading businesses. This was partly offset by less negative fair value changes recorded in the Corporate Line. Compared with the fourth quarter of 2013, which included a EUR 99 million one-off result on the unwinding of the IABF and EUR 17 million of negative CVA/DVA impacts, other income declined by EUR 118 million. Excluding the impact from CVA/DVA and the IABF gain, other income rose by EUR 30 million.

### Operating expenses

Cost-saving initiatives at the Bank are on track, helping to offset the impact of inflation and higher regulatory expenses. Underlying operating expenses rose 1.9% year-on-year to EUR 2,174 million, mainly due to EUR 94 million for the annual Belgian bank taxes which were recognised in full in the first quarter of 2014 (whereas they were evenly accrued during 2013). Other contributors to the increase in expenses were higher pension costs, increased IT spending, and business growth in Retail International. These increases were offset by the benefits from ongoing cost-saving initiatives, the partial transfer of WUB staff to NN Group as of mid-2013, lower impairments on real estate development projects, and favourable currency impacts. On a sequential basis, expenses declined 7.5% from the fourth quarter of 2013, which included EUR 149 million for the annual Dutch bank tax (comparatives were restated for the allocation to the relevant business lines) and EUR 76 million of additional restructuring costs in Retail Netherlands. The underlying cost/income ratio for ING Bank was 56.9% for the first quarter of 2014, up from 55.2% a year ago, but almost stable when adjusted for the impact of the annual Belgian bank taxes.

The current cost-saving initiatives that are underway are expected to reduce expenses at the Bank by EUR 880 million by 2015 and by EUR 955 million by 2017. Of these amounts, EUR 491 million has already been achieved. Total headcount reductions related to these initiatives are estimated at 6,515 FTEs until the end of 2015, of which 4,234 FTEs have already left ING Bank.

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



# BANKING

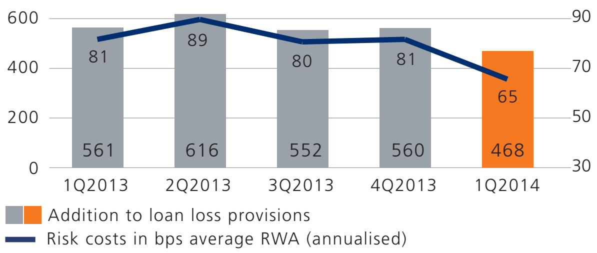
The total number of internal staff declined in the first quarter by 328 FTEs to 63,477 at the end of March 2014. This still includes 10,941 FTEs at ING Vysya Bank. The decline was mainly visible in India and Central Europe.

### Loan loss provisions

Risk costs declined in the first quarter as economic conditions improved, resulting in a lower inflow of problem loans and a small increase in non-performing loans (NPLs). ING Bank added EUR 468 million to the provision for loan losses, down from EUR 561 million a year ago and EUR 560 million in the previous quarter. The sequential decline mainly reflects lower additions in Retail Benelux, particularly in the business lending segment. Risk costs for Dutch mortgages were 9.8% lower at EUR 74 million, with NPLs increasing to 2.0% from 1.9% at year-end 2013. Risk costs in Retail International and Commercial Banking also fell slightly versus the previous quarter. In Commercial Banking, a reduction in net additions for Real Estate Finance, Structured Finance and the Lease run-off portfolio was offset by higher risk costs in General Lending, mainly related to some specific files. Total NPLs at ING Bank rose to EUR 16.2 billion from EUR 15.9 billion in the fourth quarter of 2013, but remained unchanged at 2.8% of credit outstandings.

Total risk costs were 65 basis points of average risk-weighted assets, compared with 81 basis points in both the previous quarter and the first quarter of 2013. For the coming quarters, ING expects risk costs to remain below the average level seen in the previous two years, albeit dependent on a continued recovery of the economy.

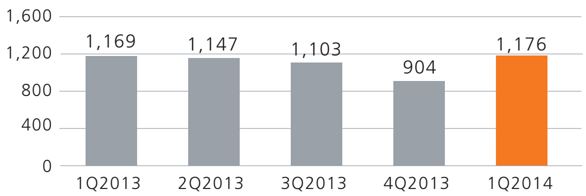
ADDITIONS TO LOAN LOSS PROVISIONS (in EUR million)




### Underlying result before tax

The first-quarter 2014 underlying result before tax was EUR 1,176 million, an increase of 0.6% compared with the first quarter of 2013. On a sequential basis, the underlying result before tax rose 30.1%, driven by lower risk costs and a reduction in expenses (as the fourth quarter of 2013 included the EUR 149 million annual Dutch bank tax and EUR 76 million of additional restructuring charges in Retail Netherlands).

UNDERLYING RESULT BEFORE TAX - BANK (in EUR million)




### Net result

The underlying net result rose to EUR 830 million from EUR 809 million in the first quarter of 2013 and EUR 686 million in the fourth quarter of 2013. The effective underlying tax rate was 27.1% compared with 28.3% in the first quarter of 2013 and 22.0% in the previous quarter.

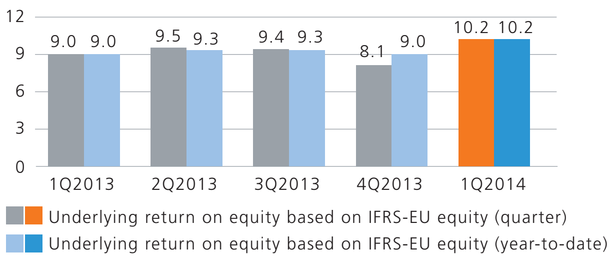
ING Bank's first-quarter net result was EUR 264 million. This included EUR -768 million of special items after tax and a EUR 202 million gain following the deconsolidation of ING Vysya Bank. Special items included EUR 653 million of after-tax charges for making the Dutch closed defined benefit pension fund financially independent, a first payment of EUR 101 million related to the nationalisation of SNS, and another EUR 13 million for the previously announced restructuring programmes in Retail Netherlands. ING's total bank levy related to the nationalisation of SNS is EUR 304 million and will be paid in three equal tranches in the first three quarters of 2014. The deconsolidation of ING Vysya Bank follows changes to the company's governance, effected at the end of March 2014, which require ING Vysya Bank to be accounted for as an investment in an associate under equity accounting. This change in accounting resulted in a net gain of EUR 202 million.

### Key metrics

Risk-weighted assets (RWA) increased by EUR 8 billion, or 2.9% during the first quarter, fully driven by the earlier announced EUR 18 billion impact from the implementation of CRD IV and EUR 4 billion due to volume growth. This was largely offset by improvements in conservative calculation methods triggered by the implementation of CRD IV (EUR -8 billion) and the deconsolidation of ING Vysya Bank (net impact EUR -5 billion).

ING Bank's common equity Tier 1 ratio (CET1 ratio) remained strong at 10.0%, but it declined from a comparable 10.8% at year-end 2013, mainly due to the separation of the Dutch pension fund and a dividend upstream to the Group for the payment to the Dutch State in March 2014. This was partly offset by a decline in comparable RWA. The CET1 ratio on a fully-loaded basis was 10.1%.

RETURN ON EQUITY (in %)




The underlying return on IFRS-EU equity rose to 10.2% from 9.0% in the first quarter of 2013. This was, next to a modest increase in underlying results, mainly caused by a decline in the average equity base as dividend payments to ING Group outweighed net earnings. The Ambition 2017 target-range for return on IFRS-EU equity is 10-13%.

## RETAIL BANKING

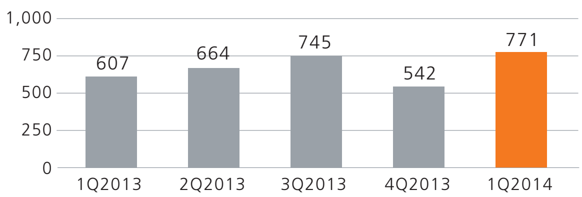
**Retail Banking: Consolidated profit and loss account**

| | Total Retail Banking | | Retail Banking Benelux | | | | Retail International | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Netherlands | | Belgium | | Germany | | Rest of World | |
| In EUR million | 1Q2014 | 1Q2013 | 1Q2014 | 1Q2013 | 1Q2014 | 1Q2013 | 1Q2014 | 1Q2013 | 1Q2014 | 1Q2013 |
| **Profit & loss** | | | | | | | | | | |
| Interest result | 2,223 | 2,028 | 936 | 845 | 480 | 436 | 356 | 287 | 451 | 460 |
| Commission income | 345 | 318 | 113 | 112 | 100 | 95 | 31 | 27 | 101 | 84 |
| Investment income | 22 | 49 | -6 | 0 | 26 | 10 | -1 | 0 | 2 | 39 |
| Other income | 67 | 80 | 5 | 13 | 38 | 51 | -10 | -17 | 35 | 33 |
| **Total underlying income** | **2,658** | **2,475** | **1,048** | **970** | **644** | **592** | **376** | **297** | **589** | **615** |
| Staff and other expenses | 1,584 | 1,518 | 567 | 569 | 433 | 351 | 187 | 176 | 397 | 422 |
| Intangibles amortisation and impairments | 6 | 6 | 6 | 6 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Operating expenses** | **1,591** | **1,525** | **574** | **575** | **433** | **351** | **187** | **176** | **397** | **422** |
| **Gross result** | **1,067** | **950** | **474** | **395** | **211** | **241** | **189** | **121** | **192** | **193** |
| Addition to loan loss provision | 296 | 343 | 192 | 215 | 31 | 39 | 27 | 21 | 46 | 68 |
| **Underlying result before tax** | **771** | **607** | **283** | **180** | **180** | **202** | **163** | **100** | **146** | **125** |
| **Client balances (in EUR billion)[1]** | | | | | | | | | | |
| Residential Mortgages | 273.5 | 287.0 | 132.1 | 143.7 | 31.3 | 30.2 | 62.5 | 60.0 | 47.6 | 53.1 |
| Other Lending | 92.3 | 97.0 | 36.0 | 38.3 | 35.2 | 35.2 | 4.5 | 4.0 | 16.6 | 19.6 |
| Funds Entrusted | 394.3 | 391.9 | 113.4 | 116.7 | 80.4 | 78.7 | 109.5 | 101.2 | 91.0 | 95.3 |
| AUM/Mutual Funds | 61.0 | 57.1 | 18.2 | 16.9 | 27.1 | 26.4 | 7.0 | 6.6 | 8.7 | 7.2 |
| **Profitability and efficiency[1]** | | | | | | | | | | |
| Cost/income ratio | 59.9% | 61.6% | 54.8% | 59.3% | 67.2% | 59.3% | 49.6% | 59.2% | 67.4% | 68.6% |
| Return on equity based on 10.0% common equity Tier 1[2] | 14.7% | 12.8% | 13.3% | 10.3% | 22.8% | 27.5% | 17.9% | 12.1% | 10.3% | 9.7% |
| **Risk[1]** | | | | | | | | | | |
| Risk costs in bp of average RWA | 78 | 97 | 121 | 164 | 54 | 79 | 44 | 38 | 45 | 58 |
| Risk-weighted assets (end of period) | 151,550 | 140,214 | 62,906 | 53,759 | 22,798 | 19,656 | 24,545 | 21,549 | 41,300 | 45,251 |

1) Key figures based on underlying figures.
2) Underlying after-tax return divided by average equity based on 10.0% common equity Tier 1 ratio (annualised).

The underlying result before tax from Retail Banking was strong at EUR 771 million and significantly higher than the EUR 607 million in the first quarter of 2013. The improvement was primarily driven by higher interest margins on savings and lending in most countries. Expenses increased 4.3%, mainly caused by the annual Belgian bank taxes which were recognised in full in the first quarter and more than offset the impact from existing cost-savings initiatives. Risk costs were down on both comparable quarters, particularly in the Benelux and Retail Rest of World. Compared with the fourth quarter of 2013, the result improved 42.3%, reflecting higher income, lower expenses and a decrease in risk costs.

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




Underlying income rose 7.4% year-on-year to EUR 2,658 million. The increase was driven by higher interest results following improved margins on savings and lending, mainly in the Benelux and Germany. Compared with the fourth quarter of 2013, income increased 3.9% following higher commission income and higher results from financial markets-related products. The interest result was relatively stable as the impact from lowering client savings rates was partly offset by lower investment returns. The net growth of funds entrusted was EUR 8.0 billion, of which EUR 3.6 billion was in Germany and EUR 3.4 billion in the Benelux. Net lending grew by EUR 2.6 billion, mainly in Belgium, Turkey and Poland. Residential mortgages increased by EUR 0.9 billion, while net growth in other lending was EUR 1.8 billion.

Commission income rose 8.5% from a year ago, mainly in Retail Rest of World, driven by higher fee income in Poland and Spain. Investment income and other income totalled EUR 89 million compared with EUR 128 million in the first quarter of 2013, which included higher capital gains on bonds and equities. Compared with the previous quarter, investment and other income improved by EUR 54 million.

Operating expenses increased 4.3% from the first quarter of 2013 to EUR 1,591 million and included EUR 75 million for the annual Belgian bank taxes, which were recognised in full in the first quarter versus EUR 12 million in the first quarter of 2013. (The Belgian bank taxes were accrued during 2013). Excluding this, operating expenses were flat as the impact from ongoing cost-savings initiatives in the Benelux offset the impact from inflation and higher pension costs. Expenses in Retail Rest of World were down, mainly due to favourable currency impacts. Compared with the fourth quarter of 2013, which included EUR 76 million of restructuring charges and EUR 45 million of annual Dutch bank taxes, expenses declined 2.6%.

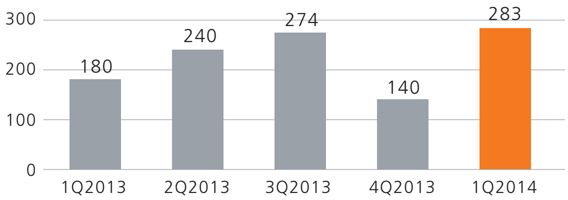
Risk costs were EUR 296 million, down on both comparable quarters, reflecting improvements in the Benelux and Retail Rest of World. The improvements were the result of lower risk costs for business lending in the Benelux and a lower addition in Retail Rest of World, mainly related to the UK legacy portfolio. Risk costs for Dutch mortgages fell marginally to EUR 74 million.

Risk-weighted assets declined by EUR 0.6 billion on the previous quarter, as volume growth and the implementation of CRD IV were more than offset by a change in treatment of SME exposure and the deconsolidation of ING Vysya Bank.

The underlying return on equity based on a 10% common equity Tier 1 ratio rose to 14.7% from 12.8% in the first quarter of 2013, reflecting higher results which more than compensated for the 8.1% increase in RWA from a year ago.

## RETAIL NETHERLANDS

UNDERLYING RESULT BEFORE TAX - NETHERLANDS (in EUR million)




The first-quarter result of Retail Netherlands was strong at EUR 283 million, up significantly on both comparable quarters. The result improved from EUR 180 million in the first quarter of 2013, driven by higher income due to better margins on savings and lending. Operating expenses were stable, while risk costs fell by EUR 23 million. The underlying result doubled from EUR 140 million in the previous quarter, which included EUR 76 million of restructuring charges, and was also due to lower risk costs.

Total underlying income rose 8.0% from a year ago to EUR 1,048 million, reflecting higher margins on lending and savings, while volumes declined, mainly due to the transfer of WUB assets and liabilities to NN Group as of mid-2013. Compared with the previous quarter, income was flat due to lower lending volumes reflecting continued subdued demand. The net production of mortgages was EUR -0.3 billion, and other lending, mainly business lending, also decreased by EUR 0.3 billion. Margins on mortgages improved, while margins on business lending declined slightly. Funds entrusted rose by EUR 1.3 billion at slightly lower margins, primarily reflecting the impact from the low interest rate environment.

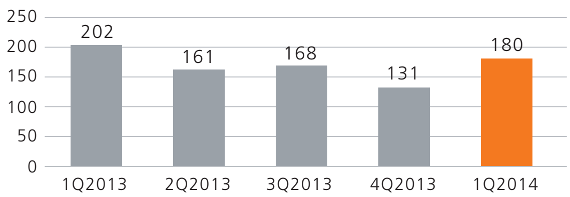
Operating expenses were EUR 574 million, which were stable on last year but down significantly from EUR 669 million in the fourth quarter of 2013, which included EUR 76 million of restructuring charges and a EUR 38 million impact from the Dutch bank tax. Excluding these items, expenses rose 3.4% on the previous quarter due to higher pension costs, increased IT spending and impairments on real estate in own use. The cost-efficiency programmes remain on track to realise EUR 480 million of cost savings by the end of 2017. Of this amount, EUR 293 million has already been realised.

Risk costs, at EUR 192 million, were down on both comparable quarters, primarily due to improvements in business lending. The net additions to loan loss provisions for business lending were EUR 103 million versus EUR 138 million in the fourth quarter of 2013 and EUR 121 million in the comparable quarter of last year. Non-performing loans for business lending increased marginally to EUR 2,307 million, or 7.7% of credit outstandings. Risk costs for Dutch mortgages softened to EUR 74 million, while the NPL ratio ticked up to 2.0% from 1.9% in the previous quarter. Loan loss provisions for Retail Netherlands are expected to remain at around the current levels in the coming quarters, despite initial signs of higher economic activity.

Risk-weighted assets declined by EUR 1.4 billion in the quarter to EUR 62.9 billion due to slightly lower volumes as well as implementation of a change in treatment of SME exposure allowed by CRD IV.

## RETAIL BELGIUM

UNDERLYING RESULT BEFORE TAX - BELGIUM (in EUR million)




The underlying result before tax of Retail Belgium was EUR 180 million, down from EUR 202 million in the first quarter of 2013. Income rose strongly, driven by improved margins and higher volumes. Expenses, including the full-year impact of the 2014 Belgian bank taxes, rose, while risk costs were lower. The result improved strongly from the previous quarter (despite the higher bank taxes), due to seasonally higher commission income, capital gains and lower risk costs.

Total underlying income rose 8.8% year-on-year to EUR 644 million, driven by higher margins and increased volumes in most products. Compared with the previous quarter, income was 9.7% higher, primarily due to seasonally higher commission income and EUR 25 million of capital gains. The interest result was flat. Lending volumes increased by EUR 1.7 billion, of which EUR 0.4 billion was in mortgages and EUR 1.2 billion in other lending. Margins on lending were marginally higher. Funds entrusted rose by EUR 2.1 billion at slightly lower margins as reductions in client savings rates were offset by the low interest rate environment.

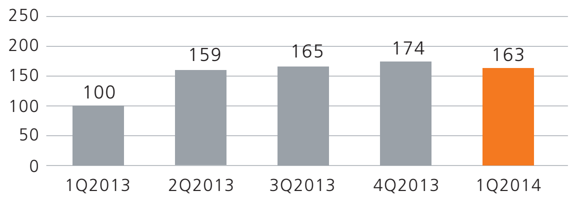
Operating expenses increased 23.4% compared with a year ago to EUR 433 million. The increase was largely attributable to the annual Belgian bank taxes of EUR 75 million, versus EUR 12 million in the first quarter of 2013 when these taxes were largely accrued during the year. Compared with the fourth quarter of last year, expenses increased by EUR 47 million as the impact from the annual tax was partly offset by lower marketing and event costs. The strategic projects announced by ING Belgium remain on track to realise EUR 160 million of cost savings by the end of 2017. Of this amount, EUR 51 million has already been realised.

Risk costs were EUR 31 million, down from EUR 39 million in the first quarter of 2013 and EUR 70 million in the previous quarter. The decline versus both quarters mainly reflects lower additions for business lending. The previous quarter contained higher additions for business lending, caused by lower expected recovery rates. Risk costs for mortgages remained low at EUR 4 million.

Risk-weighted assets declined in the first quarter by EUR 0.5 billion to EUR 22.8 billion, as the implementation of a change in treatment of SME exposure more than offset volume growth.

## RETAIL GERMANY

UNDERLYING RESULT BEFORE TAX - GERMANY (in EUR million)




Retail Germany had a solid quarter with an underlying result before tax of EUR 163 million, up from EUR 100 million in the first quarter of 2013. The increase reflects continued volume growth and higher margins on savings. The result declined 6.3% from the previous quarter, mainly due to higher expenses reflecting business growth.

Underlying income was EUR 376 million, up from EUR 297 million in the first quarter of 2013. The 26.6% increase primarily reflects higher interest results stemming from higher lending and savings balances. Margins on savings increased due to a reduction of the core savings interest rate in early 2013. In March 2014, interest rates for high savings balances were further lowered. Compared with the previous quarter, income was stable. Funds entrusted increased by EUR 3.6 billion despite lower incentives for new savings money, while the net production of retail lending was EUR 0.5 billion, primarily in residential mortgages.

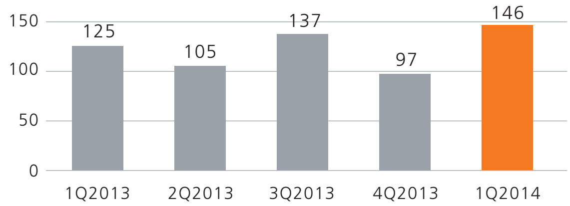
Operating expenses were EUR 187 million, up 6.3% from the first quarter of 2013 mainly due to higher personnel expenses mirroring an increase in headcount to support business growth. Expenses increased from EUR 179 million in the previous quarter, also reflecting planned business growth.

Risk costs were EUR 27 million compared to EUR 21 million in the first quarter of 2013 and EUR 25 million in the previous quarter.

Risk-weighted assets increased by EUR 0.8 billion to EUR 24.5 billion, due to volume growth and the implementation of CRD IV.

## RETAIL REST OF WORLD

UNDERLYING RESULT BEFORE TAX - REST OF WORLD (in EUR million)




The underlying result before tax of Retail Rest of World increased to EUR 146 million from EUR 125 million in the first quarter of 2013 and EUR 97 million in the previous quarter. The higher results versus the year-ago quarter mainly reflect improved commercial momentum in Italy, Poland and Spain.

Total underlying income declined to EUR 589 million from EUR 615 million a year ago, which included EUR 31 million of gains on the sale of bonds and equities, including ING's stake in KB Financial Group. Excluding these gains, income was flat as improved commercial results in Italy, Poland, Spain and India were offset by negative currency effects and lower income in Turkey stemming from margin pressure. Compared with the fourth quarter of 2013, income increased by EUR 39 million, driven by higher savings margins in Italy, Poland, Spain and India. Funds entrusted, excluding currency effects and the deconsolidation of ING Vysya Bank, increased by EUR 1.0 billion in the first quarter of 2014, mainly driven by Spain, Australia and Poland. Net lending assets grew by EUR 1.1 billion. Growth was concentrated in Turkey and Poland.

Operating expenses declined 5.9% from a year ago to EUR 397 million, primarily due to favourable currency effects and partly offset by higher staff expenses in Turkey and India. Operating expenses were down EUR 3 million on the fourth quarter of 2013.

Risk costs were EUR 46 million, down from EUR 68 million in the first quarter of 2013, which included a loss of EUR 15 million related to the UK legacy run-off portfolio. Risk costs declined by EUR 8 million versus the previous quarter.

Risk-weighted assets rose in the first quarter by EUR 0.6 billion to EUR 41.3 billion, due to volume growth and the implementation of CRD IV which especially impacted the RWA of the strategic stakes. This was largely offset by the deconsolidation of ING Vysya Bank which lowered RWA by a net amount of EUR 5 billion.

## COMMERCIAL BANKING

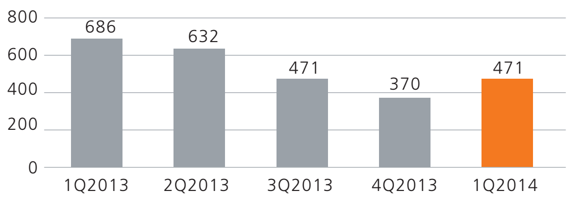
**Commercial Banking: Consolidated profit and loss account**

| | Total Commercial Banking | | Industry Lending | | General Lending & Transaction Services | | Financial Markets | | Bank Treasury, Real Estate & Other | |
|---|---|---|---|---|---|---|---|---|---|---|
| In EUR million | 1Q2014 | 1Q2013 | 1Q2014 | 1Q2013 | 1Q2014 | 1Q2013 | 1Q2014 | 1Q2013 | 1Q2014 | 1Q2013 |
| **Profit & loss** | | | | | | | | | | |
| Interest result | 829 | 895 | 372 | 396 | 231 | 245 | 172 | 190 | 53 | 65 |
| Commission income | 216 | 236 | 98 | 119 | 86 | 87 | 31 | 31 | 1 | -2 |
| Investment income | 78 | 77 | 5 | 6 | 1 | 2 | -3 | 2 | 75 | 67 |
| Other income excl. CVA/DVA | 152 | 225 | -21 | -28 | 7 | 9 | 116 | 189 | 51 | 54 |
| Underlying income excl. CVA/DVA | 1,275 | 1,433 | 454 | 493 | 324 | 343 | 316 | 412 | 180 | 184 |
| Other income - DVA on structured notes | -18 | -24 | | | | | -18 | -24 | | |
| Other income - CVA/DVA on derivatives | -37 | 98 | | | | | -37 | 98 | | |
| **Total underlying income** | **1,220** | **1,508** | **454** | **493** | **324** | **343** | **262** | **487** | **180** | **184** |
| Staff and other expenses | 577 | 578 | 122 | 109 | 186 | 179 | 214 | 229 | 54 | 61 |
| Intangibles amortisation and impairments | 1 | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 25 |
| **Operating expenses** | **578** | **604** | **122** | **109** | **186** | **179** | **214** | **229** | **55** | **87** |
| **Gross result** | **642** | **904** | **332** | **384** | **138** | **164** | **48** | **258** | **124** | **98** |
| Addition to loan loss provision | 172 | 218 | 54 | 178 | 101 | 5 | 1 | 0 | 17 | 34 |
| **Underlying result before tax** | **471** | **686** | **278** | **206** | **37** | **159** | **48** | **258** | **108** | **63** |
| **Client balances (in EUR billion)[1]** | | | | | | | | | | |
| Residential Mortgages | | | | | | | | | | |
| Other Lending | 124.8 | 126.8 | 73.5 | 77.9 | 41.1 | 37.2 | 2.3 | 1.4 | 8.0 | 10.4 |
| Funds Entrusted | 75.8 | 73.5 | 1.3 | 1.1 | 38.0 | 37.9 | 4.2 | 3.3 | 32.4 | 31.2 |
| AUM/Mutual Funds | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 |
| **Profitability and efficiency[1]** | | | | | | | | | | |
| Cost/income ratio | 47.4% | 40.1% | 27.0% | 22.1% | 57.4% | 52.3% | 81.5% | 47.0% | 30.8% | 47.1% |
| Return on equity based on 10.0% common equity Tier 1[2] | 11.9% | 16.1% | 18.1% | 13.4% | 3.6% | 13.0% | 4.2% | 27.1% | 25.7% | 10.2% |
| **Risk[1]** | | | | | | | | | | |
| Risk costs in bp of average RWA | 52 | 69 | 44 | 153 | 119 | 6 | 1 | 0 | 41 | 109 |
| Risk-weighted assets (end of period) | 135,428 | 129,824 | 47,653 | 49,460 | 33,528 | 38,410 | 37,889 | 28,408 | 16,358 | 13,546 |

1) Key figures based on underlying figures.
2) Underlying after-tax return divided by average equity based on 10.0% common equity Tier 1 ratio (annualised).

Commercial Banking delivered a solid performance in the first quarter, with risk costs continuing their downward trend and net lending assets increasing compared with the previous quarter. The underlying result before tax was EUR 471 million, 31.3% lower than in the same quarter of 2013 due to lower results in Financial Markets, partly caused by negative CVA/DVA impacts, and lower results in General Lending & Transaction Services. Compared with the previous quarter, the underlying result was up 27.3% as the negative CVA/DVA effects were offset by higher results in Financial Markets and Bank Treasury.

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




Total underlying income was 19.1% lower than in the first quarter of 2013, mainly due to Financial Markets. The credit and debt valuation adjustments (CVA/DVA), reported within Financial Markets, were EUR -54 million for the quarter, down from EUR 75 million in the first quarter of 2013 and EUR 9 million in the previous quarter. Excluding those impacts, income decreased 11.1% year-on-year, mainly due to the Rates business within Financial Markets. Income in Industry Lending decreased due to the portfolio reductions in Real Estate Finance. Compared with the previous quarter, income excluding CVA/DVA effects increased 6.9% following the seasonally low fourth quarter in Financial Markets as well as higher income in Bank Treasury, mainly as a result of capital gains on the sale of bonds.

The interest result declined 7.4% from the prior year due to lower interest results in the core lending business and in Financial Markets. The decrease in core lending was attributable to lower volumes in both General Lending and Real Estate Finance. This was partially offset by a higher interest result in Structured Finance where volumes have increased. The interest result of Bank Treasury, Real Estate & Other decreased due to portfolio reductions in General Leasing entities, which are in run-off. The total interest result was up 10.8% on the previous quarter, mainly due to Financial Markets.

Commission income decreased 8.5% from the same quarter a year ago and 11.8% from the previous quarter, mainly due to the decline in Industry Lending, especially in the Energy, Transport and Infrastructure sector of Structured Finance.

Investment income was EUR 78 million, up slightly from EUR 77 million in the first quarter of 2013, and versus EUR 54 million in the previous quarter. The increase on both comparable quarters can be explained by capital gains in Bank Treasury. In this quarter, the capital gains from the sale of bonds reported in Commercial Banking were EUR 83 million versus EUR 67 million in the same quarter a year ago and EUR 6 million in the previous quarter.

Total other income amounted to EUR 98 million, down EUR 201 million from a year ago and EUR 56 million lower than in the previous quarter, mainly due to the negative CVA/DVA effects.

Operating expenses were 4.3% lower than in the first quarter of last year, mainly due to ongoing costs reductions from the restructuring plans and lower impairments on real estate development projects, partly offset by higher IT investments to enhance product capabilities in PCM and Financial Markets. Compared with the previous quarter, which included EUR 76 million from the annual Dutch bank tax charge, expenses declined 11.6%. This quarter included the full-year booking of the Belgian bank tax (EUR 19 million versus EUR 27 million a year ago). Excluding these bank levies, expenses decreased 3.1% on the same quarter of last year and 3.3% on the previous quarter. The cost/income ratio was 47.4%, down from 54.5% in the previous quarter but up from 40.1% in the first quarter of 2013. The restructuring programmes announced by Commercial Banking are on track to realise EUR 315 million of cost savings by the end of 2017. At the end of March 2014, EUR 147 million of cost savings had already been realised.

Risk costs have continued their downward trend. They decreased from both comparable quarters, as higher risk costs in General Lending were offset by lower risk costs in Industry Lending.

Risk-weighted assets (RWA) increased by EUR 8.3 billion on the previous quarter to EUR 135.4 billion. The implementation of CRD IV resulted in a RWA increase of EUR 13 billion, mainly impacting Financial Markets. This was partly offset by lower RWA for the core lending business due to the use of internal data for certain low default portfolios which more than offset volume growth.

The underlying return on equity, based on a 10% common equity Tier 1 ratio, was 11.9%, up from 8.5% in the previous quarter, but down from 16.1% in the first quarter of last year.

## INDUSTRY LENDING

Industry Lending posted an underlying result before tax of EUR 278 million, up 35.0% from a year ago and up 4.1% from the previous quarter, reflecting lower risk costs in Structured Finance and Real Estate Finance. Income fell 7.9% year-on-year, mainly due to lower income in Real Estate Finance reflecting the downsizing of the portfolio from EUR 30 billion a year ago to EUR 24 billion in this quarter. Although loan volumes increased in Structured Finance, income was down 3.8%, mainly due to lower commissions reflecting the competitive conditions in the markets. Compared with the previous quarter, total income dropped 10.8%, primarily caused by lower commissions in Structured Finance. Expenses rose 11.9% from the same quarter of last year, mainly owing to additional hires to support the growth ambition in Structured Finance, as well as higher IT investment to enhance the product capabilities. Expenses decreased 12.2% from the previous quarter, which included EUR 16 million for the annual Dutch bank tax charge. The cost/income ratio stayed at a low level of 27.0%. Net additions to loan loss provisions amounted to EUR 54 million, down from EUR 178 million a year ago and EUR 102 million in the fourth quarter of 2013.

## GENERAL LENDING & TRANSACTION SERVICES

The underlying result before tax from General Lending & Transaction Services was EUR 37 million, down 76.7% from a year ago and 56.0% below the previous quarter. Both decreases are attributable to a material increase in risk costs in General Lending. Income dropped 5.5% year-on-year due to General Lending, following the decline in both interest result and commissions. Transaction Services income rose 7.1%, led by Trade Finance Services following the strong volume growth over the last four quarters. Compared with the previous quarter, income from General Lending & Transaction Services fell 2.4%, mainly due to lower commission income in General Lending, though volumes increased 6.7%. Total expenses were up 3.9% on the same quarter of last year, mainly owing to investments in IT to enhance the service offering in PCM. Compared with the previous quarter, costs were 7.9% lower as the fourth quarter included EUR 13 million for the annual Dutch bank tax charge.

Risk costs were EUR 101 million for the quarter, up compared with EUR 5 million in the first quarter of 2013 and EUR 47 million in the previous quarter. The increase on both quarters was linked to a few specific files. The overall quality of the portfolio remains sound.

## FINANCIAL MARKETS

Financial Markets posted an underlying result before tax of EUR 48 million, a decrease of EUR 210 million from the same quarter of 2013 but up EUR 22 million from the previous quarter. Both variances were significantly influenced by the credit and debt valuation adjustments (CVA/DVA). Results in the current quarter included EUR -54 million of CVA/DVA compared with a positive EUR 75 million a year ago and EUR 9 million in the previous quarter. Excluding the CVA/DVA impacts, results from Financial Markets were EUR 102 million in the first quarter of 2014, down from EUR 183 million a year ago but higher than EUR 17 million in the previous quarter.

Income excluding CVA/DVA decreased 23.3% year on year due to lower income in the Rates and Foreign Currency businesses, reflecting the challenging market conditions. Compared with the previous quarter, income excluding CVA/DVA impacts was seasonally higher, increasing by 26.9%.

Operating expenses decreased 6.6% from a year ago due to lower performance-related costs and a lower annual financial stability tax charge in Belgium, partly offset by higher IT investments. Expenses declined 8.2% on the previous quarter, which included EUR 35 million for the full-year booking of the Dutch bank tax.

## BANK TREASURY, REAL ESTATE AND OTHER

The comparable results of Bank Treasury, Real Estate and Other have been restated by transferring the isolated legacy costs (mainly negative interest results) for replacing short-term funding with long-term funding to the Corporate Line of the Bank.

Bank Treasury, Real Estate and Other booked an underlying result before tax of EUR 108 million, up from EUR 63 million in the same quarter of 2013 and up from a EUR 7 million loss in the previous quarter. Income fell 2.2% compared with a year ago as a result of portfolio reductions within the General Lease run-off activities and despite higher income in Bank Treasury following higher gains on the sale of bonds and higher positive revaluations of derivatives used for hedging purposes. Compared with the previous quarter, income increased by EUR 79 million, mainly due to higher income in Bank Treasury related to higher capital gains.

Expenses declined 36.8% from a year ago as a result of lower impairments within Real Estate Development (RED). Excluding these impairments, expenses were down 11.5% due to ongoing cost reductions in the run-off business. Compared with the previous quarter, expenses declined 31.3%, mainly due to lower RED impairments and the EUR 12 million of Dutch bank tax booked in the fourth quarter.

## CORPORATE LINE BANKING

| Banking Corporate Line: Underlying result before tax | | |
|---|---|---|
| In EUR million | 1Q2014 | 1Q2013 |
| Income on capital surplus | 105 | 135 |
| Solvency costs | -46 | -50 |
| Financing charges | -38 | -41 |
| Other Capital Management | 31 | 19 |
| Capital Management excl. DVA | 52 | 63 |
| Bank Treasury excl. DVA | -113 | -144 |
| DVA | -12 | -27 |
| Other | 6 | -16 |
| **Underlying result before tax** | **-66** | **-124** |

Corporate Line Banking posted an underlying result of EUR -66 million compared to EUR -124 million in the first quarter of last year. The underlying result before tax in the fourth quarter of 2013 was EUR -8 million.

Capital Management-related results decreased to EUR 52 million from EUR 63 million in the first quarter of last year.

‘Income on capital surplus’ declined to EUR 105 million from EUR 135 million in the first quarter of 2013, due to lower returns on reinvested tranches and an increase of economic capital, which resulted in a higher allocation of income to the business units.

‘Solvency costs’ decreased to EUR 46 million from EUR 50 million in the first quarter of 2013. The improvement mainly reflects the call of hybrid securities in December 2013.

‘Financing charges’ decreased to EUR 38 million from EUR 41 million in the first quarter of last year, mainly due to lower interest expenses following a reduction in core debt.

‘Other Capital Management’ increased to a profit of EUR 31 million, up from a profit of EUR 19 million in the first quarter of last year, mainly due to a less negative fair value variation on subordinated debt.

Bank Treasury-related results include the isolated legacy costs (mainly negative interest results) for replacing short-term funding with long-term funding, which were transferred from Commercial Banking to the Corporate Line. The comparative figures have been restated. The Bank Treasury-related results improved to EUR -113 million from EUR -144 million in the same quarter of last year. The improvement of the Bank Treasury-related results is mainly attributable to lower liquidity costs as the long-term debt portfolio decreased, while the first quarter of 2013 included negative fair value changes mainly attributable to hedge ineffectiveness.

‘DVA’ on own-issued debt was EUR -12 million, compared with EUR -27 million in the first quarter of 2013, due to a further tightening of ING Bank’s credit spread on Tier 2 debt this quarter.

## CONSOLIDATED BALANCE SHEET

**ING Bank N.V.: Consolidated balance sheet**

| in EUR million | 31 Mar. 14 | 31 Dec.13[1] | 31 Mar. 13 pro forma[1,2] |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with central banks | 19,148 | 11,920 | 10,554 |
| Amounts due from banks | 49,481 | 42,996 | 47,256 |
| Financial assets at fair value through P&L | 124,132 | 121,576 | 147,012 |
| - trading assets | 117,961 | 113,537 | 134,850 |
| - non-trading derivatives | 3,290 | 5,731 | 8,262 |
| - other | 2,881 | 2,308 | 3,900 |
| Investments | 82,565 | 79,981 | 77,418 |
| - debt securities available-for-sale | 78,288 | 75,238 | 71,214 |
| - debt securities held-to-maturity | 2,676 | 3,098 | 4,108 |
| - equity securities available-for-sale | 1,601 | 1,645 | 2,096 |
| Loans and advances to customers | 507,774 | 508,329 | 541,158 |
| - securities at amortised cost and IABF | 12,632 | 15,692 | 21,215 |
| - customer lending | 495,142 | 492,637 | 519,943 |
| Investments in associates | 1,549 | 937 | 1,113 |
| Real estate investments | 55 | 55 | 97 |
| Property and equipment | 2,206 | 2,282 | 2,359 |
| Intangible assets | 1,596 | 1,606 | 1,777 |
| Other assets | 16,462 | 17,884 | 18,686 |
| **Total assets excl. assets held for sale** | **804,969** | **787,566** | **847,431** |
| Assets held for sale | - | - | 3,795 |
| **Total assets** | **804,969** | **787,566** | **851,226** |

| | 31 Mar. 14 | 31 Dec.13[1] | 31 Mar. 13 pro forma[1,2] |
|---|---|---|---|
| **Equity** | | | |
| Shareholders' equity | 32,341 | 32,805 | 36,548 |
| Minority interests | 539 | 955 | 873 |
| **Total equity** | **32,880** | **33,760** | **37,421** |
| **Liabilities** | | | |
| Subordinated loans | 16,227 | 14,776 | 15,840 |
| Debt securities in issue | 126,238 | 122,299 | 137,082 |
| Amounts due to banks | 29,882 | 27,200 | 37,425 |
| Customer deposits and other funds on deposit | 483,734 | 474,775 | 474,546 |
| - savings accounts | 288,109 | 284,069 | 282,914 |
| - credit balances on customer accounts | 133,822 | 130,067 | 128,140 |
| - corporate deposits | 61,181 | 59,767 | 61,153 |
| - other | 622 | 872 | 2,339 |
| Financial liabilities at fair value through P&L | 99,552 | 97,021 | 124,942 |
| - trading liabilities | 78,554 | 73,491 | 97,102 |
| - non-trading derivatives | 6,806 | 9,676 | 14,740 |
| - other | 14,193 | 13,855 | 13,100 |
| Other liabilities | 16,455 | 17,734 | 20,409 |
| **Total liabilities excl. liabilities held for sale** | **772,089** | **753,806** | **810,244** |
| Liabilities held for sale | - | - | 3,562 |
| **Total liabilities** | **772,089** | **753,806** | **813,806** |
| **Total equity and liabilities** | **804,969** | **787,566** | **851,226** |

1) The comparative figures have been restated to reflect the implementation of IFRS 11, which replaced proportional consolidation for joint ventures by equity accounting.
2) The figures have been adjusted pro forma to reflect the transfer of part of WUB assets and liabilities to assets/liabilities held for sale.

ING Bank's balance sheet increased by EUR 17 billion to EUR 805 billion, despite a EUR 6 billion negative impact following the deconsolidation of ING Vysya Bank. ING witnessed strong commercial momentum. Excluding the deconsolidation of ING Vysya Bank, customer lending increased by EUR 6 billion, while customer deposits rose by EUR 13 billion. The loan-to-deposit ratio decreased to 1.02 from 1.04 at year-end. Shareholders' equity decreased as retained earnings were more than offset by the dividend upstream to ING Group to repay the Dutch State. ING Bank further strengthened the total capital base by issuing CRD IV-eligible Tier 2 securities.

### Cash and balances with central banks
Cash and balances with central banks increased by EUR 7 billion to EUR 19 billion, reflecting higher balances of short-term professional funding being placed at central banks.

### Amounts due from and to banks
Amounts due from banks rose by EUR 6 billion to EUR 49 billion, mainly due to higher reverse repos following a seasonal decline in the fourth quarter of 2013, while amounts due to banks increased by EUR 3 billion to EUR 30 billion.

### Loans and advances to customers
Loans and advances to customers were relatively stable at EUR 508 billion despite EUR 4 billion lower customer lending following the deconsolidation of ING Vysya Bank, as well as a decline of EUR 3 billion in securities at amortised cost and IABF due to the unwinding of the Illiquid Assets Back-up Facility. These impacts were offset by EUR 6 billion of lending growth, including EUR 4 billion of higher lending at Commercial Banking especially in Structured Finance and General Lending. Lending assets in Retail Banking were up by EUR 3 billion, reflecting growth in both business lending and residential mortgages.

### Financial assets/liabilities at fair value
Financial assets/liabilities at fair value through P&L increased by EUR 3 billion to EUR 124 billion and EUR 100 billion, respectively, due to higher activities at Financial Markets. Financial assets and liabilities at fair value contain predominantly derivatives, securities and repos, which are mainly used to facilitate the servicing of ING's clients (banks and non-banks).

### Investments and investments in associates
Investments excluding the deconsolidation of ING Vysya Bank rose by EUR 4 billion to EUR 83 billion, reflecting additional investments in government bonds at Bank Treasury to further improve the liquidity profile of the investment book. Investments in associates rose by EUR 0.6 billion to EUR 1.5 billion, reflecting the market value of ING's equity stake in ING Vysya Bank following the deconsolidation.

### Debt securities in issue
Debt securities in issue increased by EUR 4 billion, reflecting EUR 7 billion of higher CD/CP balances, reversing a similar decline in the fourth quarter of 2013. Long-term debt came down by EUR 3 billion as EUR 5 billion of maturing debt was only partially replaced by EUR 2 billion of new issuances.

### Customer deposits and other funds on deposits
Customer deposits increased by EUR 13 billion to EUR 484 billion (excluding a EUR 4 billion decrease due to the deconsolidation of ING Vysya Bank), reflecting ING Bank's strength as a deposit gatherer. Net inflows in savings were concentrated in Germany, the Netherlands and Spain, while credit balances on customer accounts increased predominantly in Belgium. Corporate deposits were EUR 1 billion higher, including EUR 3 billion of higher overnight deposits, which are not included in the 'funds entrusted client balances' definition.

### Total equity and subordinated loans
Shareholders' equity of ING Bank decreased by EUR 0.5 billion to EUR 32.3 billion, mainly as a result of a EUR 1.2 billion dividend to ING Group to facilitate the repayment to the Dutch State in March 2014. This was only partly offset by retained earnings. The minority interest was lower, reflecting the deconsolidation of ING Vysya Bank. Subordinated loans increased due to the issuance of EUR 1.5 billion of CRD IV-eligible Tier 2 securities.

## RISK & CAPITAL MANAGEMENT

**ING Bank: Lending credit outstandings**

| | Credit outstandings[1] | | Non-performing loans | | NPL% | |
|---|---|---|---|---|---|---|
| in EUR million | 31 Mar. 14 | 31 Dec. 13 | 31 Mar. 14 | 31 Dec. 13 | 31 Mar. 14 | 31 Dec. 13 |
| Residential mortgages Netherlands | 136,877 | 137,521 | 2,793 | 2,595 | 2.0% | 1.9% |
| Other lending Netherlands | 37,162 | 37,113 | 2,903 | 2,899 | 7.8% | 7.8% |
| of which business lending Netherlands | 30,085 | 30,254 | 2,307 | 2,281 | 7.7% | 7.5% |
| Residential mortgages Belgium | 30,883 | 30,508 | 712 | 682 | 2.3% | 2.2% |
| Other lending Belgium | 37,544 | 36,416 | 1,503 | 1,462 | 4.0% | 4.0% |
| of which business lending Belgium | 31,248 | 29,945 | 1,294 | 1,255 | 4.1% | 4.2% |
| **Retail Banking Benelux** | **242,466** | **241,558** | **7,911** | **7,638** | **3.3%** | **3.2%** |
| Residential mortgages Germany | 62,261 | 61,880 | 591 | 595 | 0.9% | 1.0% |
| Other lending Germany | 12,180 | 15,684 | 141 | 138 | 1.2% | 0.9% |
| Residential mortgages Rest of World | 48,687 | 47,389 | 296 | 280 | 0.6% | 0.6% |
| Other lending Rest of World | 30,700 | 30,164 | 1,320 | 1,258 | 4.3% | 4.2% |
| **Retail Banking International** | **153,828** | **155,117** | **2,348** | **2,271** | **1.5%** | **1.5%** |
| Industry lending | 87,976 | 89,240 | 3,808 | 3,873 | 4.3% | 4.3% |
| of which: Structured Finance | 63,655 | 63,913 | 1,163 | 1,189 | 1.8% | 1.9% |
| of which: Real Estate Finance | 24,022 | 24,822 | 2,618 | 2,660 | 10.9% | 10.7% |
| General Lending & Transaction Services | 59,579 | 55,455 | 1,076 | 1,028 | 1.8% | 1.9% |
| FM, Bank Treasury, Real Estate & other | 30,372 | 24,151 | 1,101 | 1,115 | 3.6% | 4.6% |
| of which General Lease run-off | 6,595 | 7,147 | 1,099 | 1,112 | 16.7% | 15.6% |
| **Commercial Banking** | **177,927** | **168,846** | **5,985** | **6,016** | **3.4%** | **3.6%** |
| **Total lending credit outstandings** | **574,221** | **565,521** | **16,244** | **15,925** | **2.8%** | **2.8%** |

1) Lending and money market credit outstandings, including guarantees and letters of credit (off balance positions).

ING Bank's lending credit outstandings continued to hold up well given the economic environment. The NPL ratio remained stable at 2.8% with a coverage ratio of 37.9%. ING Bank's capital position remains robust with a fully loaded CRD IV common equity Tier 1 ratio of 10.1%. ING Bank's funding profile remains strong with a loan-to-deposit ratio of 1.02.

### Credit risk management

During the first quarter of 2014, non-performing loans (NPLs) ratio as a percentage of lending credit outstandings remained unchanged at 2.8%. The increase in NPLs in Retail Banking, driven mainly by higher NPLs for Dutch mortgages, was partly offset by slightly lower NPLs in Commercial Banking. The NPL ratio remained unchanged compared to the fourth quarter of 2013 as the higher NPLs were offset by increased total lending credit outstandings. At Retail Netherlands, the NPL ratio for residential mortgages rose to 2.0% compared with 1.9% in the previous quarter, reflecting higher NPLs and lower credit outstandings. The size of the portfolio decreased, reflecting redemptions and transfers to NN Bank. The NPL ratio for business lending Netherlands edged up to 7.7% compared to 7.5% in the last quarter, mainly due to a decrease in lending credit outstandings. Despite some early signs of economic improvement in the Netherlands, we expect the NPLs at Retail Banking Netherlands to remain elevated due to the relatively weak domestic economy.

The NPL ratio for Real Estate Finance rose to 10.9% from 10.7% at year-end, caused by a decrease of the portfolio to EUR 24.0 billion from 24.8 billion which was not fully accompanied by lower NPLs. The decline of the REF portfolio is mainly attributable to redemptions of performing credit outstandings in the Netherlands.

**ING Bank: Stock of provisions[1]**

| in EUR million | Retail Banking Benelux | Retail Banking International | Commercial Banking | Total ING Bank 1Q2014 | Total ING Bank 4Q2013 |
|---|---|---|---|---|---|
| **Stock of provisions at start of period** | **2,264** | **1,431** | **2,459** | **6,154** | **5,909** |
| Deconsolidation ING Vysya Bank | | -170 | | -170 | |
| Amounts written off | -131 | -22 | -156 | -309 | -325 |
| Recoveries of amounts written off | 10 | 2 | 17 | 29 | 40 |
| Increases in loan loss provisioning | 317 | 101 | 242 | 660 | 776 |
| Releases from loan loss provisioning | -94 | -28 | -70 | -192 | -215 |
| Net additions to loan loss provisions | 223 | 73 | 172 | 468 | 560 |
| Exchange or other movements | -2 | -3 | -12 | -17 | -31 |
| **Stock of provisions at end of period** | **2,364** | **1,311** | **2,480** | **6,155** | **6,154** |
| **Coverage ratio 1Q 2014** | **29.9%** | **55.8%** | **41.4%** | **37.9%** | |
| Coverage ratio 4Q 2013 | 29.6% | 62.9% | 41.0% | 38.6% | |

1) At the end of March 2014, the stock of provisions included provisions for amounts due from banks: EUR 5 million (December 2013: EUR 19 million).

ING Bank's stock of provisions remained stable at EUR 6.2 billion in the first quarter, as net additions to loan loss provisions were offset by write-offs and the deconsolidation of ING Vysya Bank. The coverage ratio decreased to 37.9% from 38.6% at year-end. The coverage ratios in Retail Banking Benelux and Commercial Banking increased mainly due to higher provisions for Retail Banking and a slight decrease in NPLs for Commercial Banking. Retail Banking International's coverage ratio decreased primarily due to the deconsolidation of ING Vysya Bank. The Bank's loan portfolio consists predominantly of asset-based and/or well-secured loans, including Structured Finance, Real Estate Finance, and mortgage loans in Retail Banking.

### Securities portfolio

In the first quarter, ING Bank's overall exposure to debt securities remained unchanged at EUR 96.8 billion. Covered bonds exposure increased by EUR 1.0 billion, which was fully offset by decreases in government bonds, financial institutions and ABS. Part of the decrease in government bonds can be explained by the unwinding of the IABF deal, which was classified as loans & receivables. The debt securities revaluation reserve rose to EUR 1.0 billion after tax, compared with EUR 0.8 billion at year-end.

**ING Bank: Debt securities[1]**

| in EUR billion | 31 Mar. 14 | 31 Dec. 13 |
|---|---|---|
| Government bonds | 55.9 | 56.3 |
| Covered bonds | 19.4 | 18.4 |
| Financial institutions | 11.7 | 12.1 |
| Corporate bonds | 2.6 | 2.4 |
| ABS | 7.2 | 7.7 |
| US RMBS | 0.4 | 0.4 |
| Non-US RMBS | 4.5 | 4.7 |
| CMBS | 0.1 | 0.1 |
| CDO/CLO | 0.0 | 0.0 |
| Other ABS | 2.2 | 2.4 |
| **Subtotal debt securities** | **96.8** | **96.8** |

1) Figures exclude positions at fair value through the P&L but include securities classified as loans & receivables.

### Funding and liquidity

In the first quarter of 2014, the macro-economic environment was characterised by the continuation of quantitative easing in the US. In the eurozone, the refinancing rate is at an all-time low. Both monetary stimulus actions confirm the intention of the Fed and ECB to keep interest rates low. In this environment, ING Bank continued to issue long-term funding. EUR 4.0 billion of debt was issued in the first quarter mainly to replace maturing debt. The issuance was executed through issuance of senior debt and CRD IV eligible Tier 2 securities.

ING Bank's loan-to-deposit ratio, excluding securities that are recorded at amortised cost and the IABF government receivable, decreased to 1.02 from 1.04 at the end of 2013, mainly due to an increase in customer deposits.

In the first three months of 2014, ING Bank's total eligible collateral position increased to EUR 192 billion at market values compared with EUR 180 billion at the end of December 2013. The improvement primarily reflects higher cash and balances held with central banks and government securities.

**ING Bank Liquidity Buffer**

| in EUR million | 31 Mar. 14 | 31 Dec. 13 |
|---|---|---|
| Cash and balances with central banks | 13,046 | 6,099 |
| Securities issued or guaranteed by sovereigns, central banks and multilateral development banks | 76,347 | 74,334 |
| Liquid assets eligible at central banks (not included in above) | 95,081 | 92,871 |
| Other liquid assets | 7,478 | 6,700 |
| **Total** | **191,952** | **180,004** |

### Market risk

The average Value-at-Risk (VaR) increased to EUR 9 million from EUR 8 million in the prior quarter, mainly due to position changes in the interest rate portfolio. The overnight VaR for ING Bank's trading portfolio ranged from EUR 7 million to EUR 11 million.

**ING Commercial Banking: Consolidated VaR trading books**

| in EUR million | Minimum | Maximum | Average | Quarter-end |
|---|---|---|---|---|
| Foreign exchange | 1 | 3 | 2 | 3 |
| Equities | 3 | 5 | 3 | 3 |
| Interest rate | 4 | 11 | 7 | 5 |
| Credit spread | 3 | 4 | 3 | 4 |
| Diversification | | | -6 | -5 |
| **Total VaR[1]** | **7** | **11** | **9** | **10** |

1) The total VaR for the columns Minimum and Maximum cannot be calculated by taking the sum of the individual components since the observations for both the individual markets as well as for total VaR may occur on different dates.

### Non-financial risk

The Cybercrime Resilience Programme continues to make progress in defining and implementing concrete measures for responding to different threats, such as DDoS (Distributed Denial of Service), e-banking fraud and APT (Advanced Persistent Threat). The measures and related workstreams raise ING Bank's defences against these threats at both the head office and at the local entities.

### Risk-weighted assets (RWA)

At the end of the first quarter of 2014, ING Bank's total RWA stood at EUR 290.8 billion, an increase of EUR 8.3 billion mainly due to CRR/CRD IV entering into force as at 1 January 2014. The RWA composition reflects the new Basel III rules as applicable at this moment as specified in the CRR/CRD IV.

Credit RWA increased by EUR 8.2 billion to EUR 246.6 billion. Excluding the EUR 18.5 billion RWA impact from CRR/CRD IV, credit RWA decreased by EUR 10 billion, despite volume growth, as result of the deconsolidation of ING Vysya Bank (EUR -4 billion) and improvements in conservative calculation methods triggered by the implementation of CRD IV (EUR -8 billion). Operational RWA decreased by EUR 0.5 billion to EUR 34.8 billion due to the deconsolidation of ING Vysya Bank, while market RWA increased by EUR 0.6 billion to EUR 9.4 billion in the first quarter of 2014.

| ING Bank: RWA composition | | | |
|---|---|---|---|
| in EUR billion | 31 Mar. 14 | 31 Dec. 13 | 31 Dec. 13 |
| | CRD IV | Basel II | CRD IV pro-forma |
| Credit RWA | 246.6 | 238.4 | 256.9 |
| Operational RWA | 34.8 | 35.3 | 35.3 |
| Market RWA | 9.4 | 8.8 | 8.8 |
| **Total RWA** | **290.8** | **282.5** | **301.0** |

## Capital ratios

As at 1 January 2014, the CRR/CRD IV capital rules entered into force. The capital position table reflects own funds according to the Basel III rules as specified in the CRR/CRD IV. As CRD IV will be phased in gradually until 2019, the table shows the CRD IV positions according to the 2019 end-state rules and the 2014 rules. This makes clear which items phase in directly, which phase in gradually and which not yet in 2014. For comparative purposes, the 2013 figures which were based on Basel II rules, have been added.

On 28 February 2014, ING Group transferred all future funding and indexation obligations under ING's closed defined benefit pension plan in the Netherlands to the ING Pension Fund. As a result, ING Bank's common equity Tier 1 ratio dropped by approximately 100 basis points, reflecting ING Bank's share in the payment to the ING Pension Fund and the write-off of the net pension asset (including the so-called corridor). However, as the pension asset and the so-called corridor will in 2018 be fully deducted from capital under CRR/CRD IV, the negative impact on the Bank's fully loaded common equity Tier 1 ratio was approximately 20 basis points.

Next to these developments, ING Bank's common equity Tier 1 ratio decreased as result of the EUR 1.225 billion dividend payment to ING Group to facilitate the payment to the Dutch State on 31 March. This ratio decrease was partly offset by the first-quarter retained earnings and the deconsolidation of ING Vysya Bank.

The deconsolidation of ING Vysya Bank improved the common equity Tier 1 (phased in) ratio by approximately 5 basis points as the decline in RWAs outweighed the reduction in CET1 capital.

Despite the transfer of the Dutch pension fund, the implementation of CRR/CRD IV and the repayment to the Dutch State, ING Bank continues to maintain a strong and high-quality capital level with a phased-in common equity Tier 1 ratio of 10.0% and a fully-loaded CRR/CRD IV common equity Tier 1 ratio of 10.1%, thereby complying with the CRR/CRD IV solvency requirements. The fully-loaded percentage is calculated on the basis of immediate and full implementation and disregarding the possible impact of future management actions. The Tier 1 ratio decreased due to regulatory adjustments on the equity, and is expected to further decrease due to the announcement of 18 March 2014 to call EUR 1.5 billion 8% Hybrid per 18 April 2014. ING Bank improved Tier 2 capital by issuing EUR 1.5 billion of CRR/CRD IV eligible Tier 2 securities.

| ING Bank: Capital position | | | | | |
|---|---|---|---|---|---|
| In EUR million | Basel II rules | 2014 rules (CRD IV phased in) | | 2019 rules (CRD IV fully loaded) | |
| | 4Q13 reported | 1Q14 | 4Q13 pro-forma | 1Q14 | 4Q13 pro-forma |
| Shareholders' equity (parent) | 32,805 | 32,341 | 32,805 | 32,341 | 32,805 |
| Regulatory adjustments | -2,492 | -4,001 | -2,811 | -2,471 | -1,889 |
| Prudential filters | 2,797 | 642 | 2,618 | -508 | -771 |
| **Available common equity Tier 1 capital** | **33,110** | **28,982** | **32,612** | **29,362** | **30,145** |
| Subordinated loans qualifying as Tier 1 capital* | 5,123 | 5,118 | 5,123 | 5,118 | 5,123 |
| Minority interests, counting as Additional Tier 1 capital | | 8 | 17 | 38 | 83 |
| **Available Tier 1 capital** | **38,233** | **34,108** | **37,751** | **34,518** | **35,351** |
| Issued Tier 2 bonds** | 8,653 | 9,964 | 8,653 | 9,964 | 8,653 |
| Regulatory adjustments Tier 2 | -390 | -1,435 | -290 | 54 | 111 |
| **Available BIS capital** | **46,496** | **42,637** | **46,115** | **44,536** | **44,116** |
| Risk-weighted assets | 282,503 | 290,792 | 300,958 | 290,792 | 300,958 |
| **Common equity Tier 1 ratio** | **11.7%** | **10.0%** | **10.8%** | **10.1%** | **10.0%** |
| Tier 1 ratio | 13.5% | 11.7% | 12.5% | 11.9% | 11.8% |
| BIS ratio | 16.5% | 14.7% | 15.3% | 15.3% | 14.7% |

*) to be replaced in the coming years in line with the CRR/CRD IV grandfathering rules.
**) of which EUR 5,383 million CRR/CRD IV-compliant and EUR 4,581 million to be replaced in the coming years in line with the CRR/CRD IV grandfathering rules.

# NN Group

## CONSOLIDATED RESULTS

The NN Group results as included in ING Group's consolidated results, differ from the results as presented in the NN Group N.V. financial statements. NN Group N.V. reports a first quarter 2014 net result of EUR -215 million versus EUR -287 million as included in the table below. The difference is caused by:

- Required eliminations of results on intercompany transactions between ING Group and NN Group; and
- The net gain on the sale of part of SulAmérica, which ING Group reports in the segment 'Insurance Other' and which NN Group in its own accounts reports in the segment 'Other'. In the first quarter of 2014 the remaining interest in SulAmérica was transferred from NN Group to ING Group.

### Consolidated profit and loss account NN Group

| In EUR million | 1Q2014 | 1Q2013[1)] | Change | 4Q2013[1)] | Change |
|---|---|---|---|---|---|
| **Operating result** | | | | | |
| Netherlands Life | 147 | 132 | 11.4% | 186 | -21.0% |
| Netherlands Non-life | 22 | -3 | n.a. | 12 | 83.3% |
| Insurance Europe | 45 | 42 | 7.1% | 48 | -6.3% |
| Japan Life | 66 | 83 | -20.5% | 15 | 340.0% |
| Investment Management | 39 | 31 | 25.8% | 28 | 39.3% |
| Other[2)] | -46 | -115 | n.a. | -73 | n.a. |
| **Operating result ongoing business** | **274** | **170** | **61.2%** | **214** | **28.0%** |
| Non-operating items ongoing business | -28 | 15 | -286.7% | -117 | n.a. |
| of which gains/losses and impairments | 10 | 61 | -83.6% | 29 | -65.5% |
| of which revaluations | 0 | -12 | n.a. | 15 | -100.0% |
| of which market & other impacts | -37 | -34 | n.a. | -161 | n.a. |
| Japan Closed Block VA | -36 | 162 | -122.2% | -423 | n.a. |
| Special items before tax | -572 | -29 | n.a. | -29 | n.a. |
| Result on divestments and discontinued operations | -11 | 1,029 | -101.1% | 42 | -126.2% |
| **Result before tax** | **-372** | **1,346** | **-127.6%** | **-312** | **n.a.** |
| Taxation | -88 | 96 | -191.7% | -126 | n.a. |
| Minority interests | 2 | 2 | 0.0% | 8 | -75.0% |
| **Net result** | **-287** | **1,249** | **-123.0%** | **-193** | **n.a.** |

### Key figures NN Group

| In EUR million | 1Q2014 | 1Q2013[1)] | Change | 4Q2013[1)] | Change |
|---|---|---|---|---|---|
| **Ongoing business** | | | | | |
| Gross premium income | 3,489 | 3,633 | -4.0% | 1,917 | 82.0% |
| New sales life insurance (APE)[3)] | 439 | 398 | 10.3% | 292 | 50.3% |
| Total administrative expenses | 437 | 460 | -5.0% | 462 | -5.4% |
| of which staff expenses | 302 | 309 | -2.3% | 285 | 6.0% |
| Cost/income ratio (Administrative expenses/Operating income) | 35.2% | 37.5% | | 38.3% | |
| Combined ratio (Netherlands Non-life)[4)] | 100.2% | 106.5% | | 103.6% | |
| Investment Management Assets under Management (end of period, in EUR billion)[5)] | 168 | 184 | -8.7% | 174 | -3.4% |
| Life general account invested assets (end of period, in EUR billion) | 77 | 76 | 1.3% | 75 | 2.7% |
| Investment margin/Life general account invested assets (bps)[6)] | 89 | 85 | 4.7% | 86 | 3.5% |
| Client balances (end of period, in EUR billion) | 201 | 197 | 2.0% | 209 | -3.8% |
| NN Life Solvency I ratio | 235% | 204% | | 223% | |
| Net operating ROE[7)] | 9.2% | 8.8% | | 7.2% | |
| **Japan Closed Block VA** | | | | | |
| Client balances (end of period) | 14 | 17 | -17.6% | 15 | -6.7% |
| **Total NN Group** | | | | | |
| Total administrative expenses | 441 | 469 | -6.0% | 465 | -5.2% |
| Cost/income ratio (Administrative expenses/Operating income) | 34.6% | 37.2% | | 37.5% | |
| Client balances (end of period, in EUR billion) | 215 | 213 | 0.9% | 224 | -4.0% |
| IGD Solvency I ratio | 249% | 254% | | 254% | |
| Employees (FTEs, end of period) | 12,129 | 12,509 | -3.0% | 12,245 | -0.9% |

### Reconciliation from Operating result ongoing business to Underlying result before tax

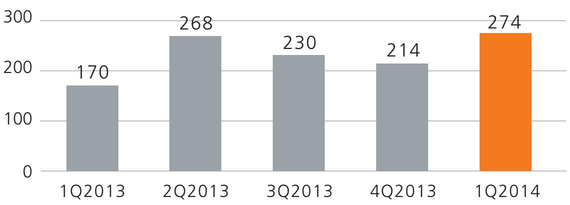
| In EUR million | 1Q2014 | 1Q2013[1)] | Change | 4Q2013[1)] | Change |
|---|---|---|---|---|---|
| **Operating result ongoing business** | **274** | **170** | **61.2%** | **214** | **28.0%** |
| Non-operating items ongoing business | -28 | 15 | -286.7% | -117 | n.a. |
| Japan Closed Block VA | -36 | 162 | -122.2% | -423 | n.a. |
| **Underlying result before tax** | **210** | **347** | **-39.5%** | **-326** | **n.a.** |

1) The figures of this period have been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Death Benefits for reserves of the Japan Closed Block VA segment as of 1 January 2014.
2) Other comprises (the operating result of) the business of NN Bank and ING Re, the result of the holding company and certain other results.
3) Sum of annual premiums and 1/10th of single premiums sold in the period.
4) Quarter-to-date, excluding Mandema and Zicht broker businesses.
5) The AuM in 1Q 2014 includes EUR 1.5 billion AuM managed by IM for the U.S. Insurance business.
6) Four-quarter rolling average.
7) Net operating ROE is calculated as the (annualised) net operating result of the ongoing business divided by the average allocated equity of the ongoing business adjusted for revaluation reserves.

# NN GROUP

The operating result for the ongoing business of NN Group improved significantly to EUR 274 million, up 61.2% from the first quarter of 2013 and up 28.0% from the previous quarter. The year-on-year improvement was mainly driven by higher Disability and Accident (D&A) results in Netherlands Non-life, a higher investment margin in Netherlands Life and lower administrative expenses throughout the organisation. The result before tax was EUR -372 million, reflecting the EUR -541 million impact of making ING's closed defined benefit pension plan in the Netherlands financially independent. On a constant currency basis, new sales increased 20.6% compared with last year.

OPERATING RESULT ONGOING BUSINESS - NN GROUP (in EUR mln)




The operating result from the ongoing business increased to EUR 274 million from EUR 170 million in the first quarter of 2013, driven by higher D&A results in Netherlands Non-life, a higher investment margin in Netherlands Life and lower administrative expenses throughout the organisation. This improvement was partially offset by lower results in Japan Life. Compared with the previous quarter, the operating result from the ongoing business increased by EUR 60 million, mainly due to higher results in Japan Life, Netherlands Non-life and 'Other', partly offset by a lower operating result in Netherlands Life and Insurance Europe.

The operating result for Netherlands Life rose 11.4% from the first quarter a year ago to EUR 147 million, driven by a higher investment margin (reflecting an increased allocation to higher-return asset classes and higher invested volumes) and lower administrative expenses. Fees and premium-based revenues declined, mainly due to lower fee income on the individual unit-linked portfolio as of 1 January 2014 and on a decreasing individual life closed book. The technical margin decreased, due to lower mortality results. The operating result was 21.0% lower than the fourth quarter of 2013 (which included non-recurring benefits in the technical margin), partly compensated by higher fees and premium-based revenues as a result of seasonally higher premiums on pension contracts.

Netherlands Non-life's operating result improved to EUR 22 million from EUR -3 million in the first quarter of 2013, reflecting a favourable claims development in D&A and management actions to restore profitability in the Disability portfolio. The results in Property and Casualty (P&C) remained stable. Compared with the previous quarter, the operating result increased by EUR 10 million, as that quarter was affected by higher claims in P&C following heavy storms and incidentally large claims in Fire.

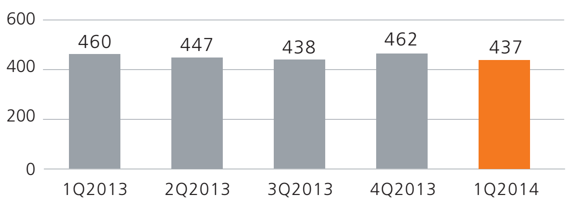
The operating result for Insurance Europe increased to EUR 45 million, up 7.1% from the first quarter of last year. The increase was largely due to higher fees and premium-based revenues reflecting a change in the amortisation of commissions and expenses in Turkey, as well as higher life sales across the region. Lower administrative expenses and higher investment income also contributed to the higher operating result, which was partially offset by a higher crisis tax in Belgium. On a sequential basis, the operating result decreased 6.3%, mainly due to an investment performance bonus in Poland in the fourth quarter of 2013.

Japan Life's operating result declined to EUR 66 million from EUR 83 million last year, down 7.0% excluding currency effects. A lower investment margin and higher DAC amortisation were only partly mitigated by higher morbidity and surrender results and higher fees and premium-based revenues, the latter reflecting continued strong sales. The operating result increased from EUR 15 million in the fourth quarter of last year, driven largely by higher fees and premium-based revenues, but partly offset by higher DAC amortisation and trail commissions, all in line with the seasonally higher sales.

The operating result for Investment Management increased to EUR 39 million, from EUR 31 million a year ago and EUR 28 million in the previous quarter. The increase was driven by a EUR 5 million one-off fee income and EUR 5 million of personnel provision releases, both in the current quarter.

The segment 'Other' realised a first-quarter operating result of EUR -46 million compared with EUR -115 million one year ago and EUR -73 million in the previous quarter. The year-on-year improvement largely reflects a higher result from the reinsurance business since the first quarter of 2013 was negatively impacted by a EUR 31 million non-recurring loss. Lower corporate expenses and lower funding costs also supported the improved results. The result of NN Bank improved by EUR 11 million compared with the same quarter of 2013 and was fully attributable to higher income following the partial transfer of assets and liabilities from WUB to NN Bank on 1 July 2013. On a sequential basis, the improved results were mainly due to lower corporate expenses.

ADMINISTRATIVE EXPENSES ONGOING BUSINESS (in EUR million)




Total first-quarter administrative expenses for the ongoing business were EUR 437 million, down 5.0% from a year ago. Expenses declined despite higher NN Bank expenses as a result of the partial transfer of WUB to NN Bank on 1 July 2013, which added 369 FTEs and EUR 15 million of expenses in the current quarter.

Excluding currency effects and the partial transfer of WUB to NN Bank, administrative expenses for the ongoing business fell 7.1%, demonstrating the impact of the transformation programme in the Netherlands and strong cost control across all business lines. Administrative expenses for the ongoing business declined 5.0% from the fourth quarter of 2013, excluding currency effects, mainly due to lower IT, project and marketing expenses.

The result before tax of NN Group was EUR -372 million, compared with EUR 1,346 million in the first quarter of 2013 and EUR -312 million in the previous quarter. The current quarter includes a EUR -541 million special item related to the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. The first quarter of last year included EUR 945 million of gains on divestments, whereas the fourth quarter of 2013 included a EUR 575 million charge taken to restore the reserve adequacy to the 50% confidence level.

Gains/losses and impairments were EUR 10 million compared with EUR 61 million in the first quarter of 2013 and EUR 29 million in the previous quarter. The current quarter mainly reflects gains on the sale of debt securities and public equity investments, partly offset by impairments on real estate.

Revaluations were nil, compared with EUR -12 million in the first quarter of 2013 and EUR 15 million in the previous quarter.

Market and other impacts amounted to EUR -37 million compared with EUR -34 million a year ago and EUR -161 million in the previous quarter, which included a EUR 177 million negative impact from the refinement of the market interest rate assumption to further align the accounting and the hedging for the separate account pension business in the Netherlands. The result in the current quarter largely reflects a movement in the provision for guarantees on separate account pension contracts (net of hedging) in Netherlands Life.

The result before tax of Japan Closed Block VA was EUR -36 million compared with EUR 162 million a year ago and EUR -423 million in the previous quarter. The loss in the current quarter mainly reflects the impact of various modelling refinements, which led to a one-off reserve increase of EUR 51 million. The hedge programme was successful in offsetting market related movements in the liabilities. Specifically, the result included a small market-related result net of hedging of EUR -6 million as the hedge assets largely offset a EUR 67 million movement in the reserves. The result in the previous quarter included a EUR 575 million charge taken to restore the reserve adequacy to the 50% confidence level.

Special items before tax amounted to EUR -572 million, of which EUR -541 million was related to the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. The Dutch pension plan is no longer recognised as a defined benefit plan and the related net pension asset has been removed from NN Group's balance sheet accordingly. The current quarter also reflects special items related to the accelerated transformation programme in the Netherlands.

The result on divestments and discontinued operations was EUR -11 million, compared with EUR 1,029 million in the first quarter of last year. The difference largely reflects the expected loss on the sale of the Investment Management business in Taiwan, which was announced in January 2014 and closed on 18 April. The first quarter of 2013 included EUR 945 million of gains on divestments following the sale of the life insurance businesses in Hong Kong, Macau and Thailand. Results from discontinued operations decreased to EUR 6 million from EUR 84 million one year ago, mainly due to the sale of the businesses in Korea, Hong Kong, Thailand and India and the closing of the regional offices.

Total new sales (APE) at NN Group were EUR 439 million, up 20.6% from a year ago on a constant currency basis. Sales grew 20.0% in Japan Life, fuelled by increased demand for financial planning products. In Insurance Europe, sales grew 14.8% year-on-year due to higher life sales across the region. APE rose 28.4% in Netherlands Life, driven by higher pension renewals. Compared with the previous quarter, new sales grew 53.0% on a constant currency basis, fuelled by seasonally higher pension contract renewals in the Netherlands and seasonally higher sales in Japan Life.

### Net operating ROE ongoing business

The net operating ROE for the ongoing business of NN Group increased to 9.2% compared with 8.8% in the first quarter of 2013, driven by the increase in net operating result, partly offset by a higher adjusted average equity base following a EUR 1 billion debt-to-equity conversion at the end of the fourth quarter of 2013.

The net operating ROE is calculated as the (annualised) net operating result of the ongoing business divided by the average allocated equity of the ongoing business adjusted for revaluation reserves. The net operating result of the ongoing business represents the operating result after tax of the ongoing business. The tax rate used to define the taxes related to the operating result is the statutory tax rate corrected for elements in the operating result that are tax exempt or that are taxed at a different rate.

NN Group has refined its calculation of net operating ROE to exclude all revaluation reserves from the equity base used in the calculation. This encompasses the revaluation reserves for debt securities, cash flow hedging, crediting to life policyholders, equity and property. This brings the equity base used in the calculation of net operating ROE more in line with the net operating result, which excludes all realised and unrealised gains and losses.

### Other events

#### Capital injection NN Group

In line with ING Group's announced intention to ensure that NN Group is adequately capitalised ahead of the intended IPO, ING Group will inject EUR 850 million of capital into NN Group prior to its IPO. NN Group will use these funds to reduce debt owed to ING Group by EUR 0.2 billion, further strengthen the capitalisation of NN Life by approximately EUR 0.5 billion, and increase the cash capital position in the holding company by approximately EUR 0.2 billion. The capital injection from ING Group and the April 2014 issuance of subordinated debt will increase the IGD ratio of NN Group to a pro-forma 277% from 249% at the end of the first quarter of 2014. As a consequence of this pre-IPO capital injection, ING Group confirms that the intended IPO will comprise only secondary NN Group shares being sold by ING Group.

**Accounting for GMDB in Japan Closed Block VA**

As previously announced, NN Group has moved towards fair value accounting on the reserves for the Guaranteed Minimum Death Benefits (GMDB) of the Japan Closed Block VA segment as of 1 January 2014. As at the end of the fourth quarter of 2013, the difference between the current book value and the estimated fair value of the GMDB reserves was EUR 219 million before tax. Implementation of fair value accounting for GMDB represents a change in accounting policy under IFRS with a transitional impact of EUR -165 million after tax reflected in shareholders' equity as of 1 January 2014. Results for comparative periods have been restated accordingly.

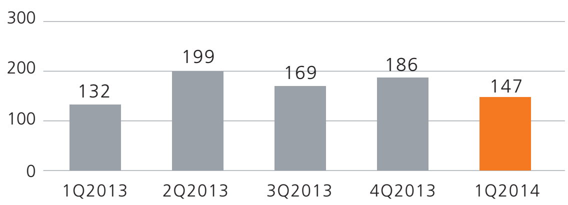
## NETHERLANDS LIFE

| Netherlands Life | | | |
|---|---|---|---|
| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
| **Margin analysis** | | | |
| Investment margin | 134 | 101 | 140 |
| Fees and premium-based revenues | 127 | 149 | 94 |
| Technical margin | 34 | 38 | 84 |
| Operating income non-modelled business | 0 | 0 | 0 |
| **Operating income** | **296** | **288** | **316** |
| Administrative expenses | 126 | 129 | 114 |
| DAC amortisation and trail commissions | 23 | 26 | 16 |
| **Expenses** | **148** | **156** | **131** |
| **Operating result** | **147** | **132** | **186** |
| Non-operating items | -46 | -3 | -158 |
| of which gains/losses and impairments | -9 | 41 | -18 |
| of which revaluations | 0 | -9 | 21 |
| of which market & other impacts | -37 | -34 | -161 |
| Special items before tax | -340 | -10 | 14 |
| Result on divestments and discontinued operations | 0 | 0 | 6 |
| **Result before tax** | **-238** | **120** | **48** |
| Taxation | -70 | 21 | 8 |
| Minority interests | -1 | 0 | 4 |
| **Net result** | **-168** | **99** | **35** |
| **New business figures** | | | |
| Single premiums | 189 | 189 | 178 |
| Annual premiums | 112 | 84 | 44 |
| New sales life insurance (APE)[1] | 131 | 102 | 61 |
| **Key figures** | | | |
| Gross premium income | 1,405 | 1,524 | 573 |
| Total administrative expenses | 126 | 129 | 114 |
| Cost/income ratio (Administrative expenses/ Operating income) | 42.6% | 44.8% | 36.1% |
| Life general account invested assets (end of period, in EUR billion) | 57 | 54 | 55 |
| Investment margin/Life general account invested assets (bps)[2] | 104 | 98 | 100 |
| Prov. for life insurance & investment contracts for risk policyholder (end of period, in EUR billion) | 16.2 | 18.6 | 17.7 |
| Client balances (end of period, in EUR billion) | 61 | 61 | 60 |
| Net operating ROE | 7.5% | 6.5% | 7.8% |
| NN Life Solvency I ratio | 235% | 204% | 223% |
| Employees (FTEs, end of period) | 2,433 | 2,693 | 2,571 |

1) Sum of annual premiums and 1/10th of single premiums sold in the period.
2) Four-quarter rolling average.

| Reconciliation from Operating result to Underlying result before tax | | | |
|---|---|---|---|
| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
| **Operating result** | **147** | **132** | **186** |
| Non-operating items | -46 | -3 | -158 |
| **Underlying result before tax** | **102** | **130** | **28** |

OPERATING RESULT - NETHERLANDS LIFE (in EUR million)




The operating result of Netherlands Life increased to EUR 147 million from EUR 132 million in the first quarter of 2013, mainly due to a higher investment margin and lower expenses. The operating result declined 21.0% from the previous quarter, which included non-recurring benefits in the technical margin. Higher expenses also contributed to the decline.

The investment margin improved to EUR 134 million from EUR 101 million a year ago, mainly reflecting an increased allocation to higher-return asset classes, as well as higher invested volumes. These higher volumes were driven by a capital injection of EUR 600 million by NN Group in the fourth quarter of 2013. Compared with the previous quarter, the investment margin decreased 4.3%, largely due to lower charges for interest rate guarantees on separate account pension contracts, partly compensated by an increased allocation to higher-return asset classes, as well as higher invested volumes. The investment spread, calculated as a four-quarter rolling average, was 104 basis points, compared with 98 basis points a year ago.

Fees and premium-based revenues decreased to EUR 127 million from EUR 149 million in the first quarter of 2013, mainly owing to lower fee income on the individual unit-linked portfolio as of 1 January 2014 and on a decreasing individual life closed book. Lower pension premiums also contributed to the decline. On a sequential basis, fees and premium-based revenues increased by EUR 33 million. This increase was driven by seasonality as annual pension premiums are typically recognised in the first quarter of the year, whereas the previous quarter included a EUR -22 million non-recurring adjustment following an alignment of reserving rates with the premium increases.

The technical margin decreased to EUR 34 million from EUR 38 million in the first quarter of 2013, mainly due to lower mortality results, and from EUR 84 million in the previous quarter, which included EUR 41 million of non-recurring benefits primarily related to a provision release.

Administrative expenses were EUR 126 million, down 2.3% year-on-year. This mainly reflects the impact of the transformation programme in the Netherlands, partially offset by higher employee benefit expenses. On a sequential basis, administrative expenses increased 10.5% mainly due to personnel provision releases in the fourth quarter of last year. The ratio of life administrative expenses to operating income improved to 42.6% from 44.8% in the first quarter of 2013, benefiting from both lower expenses and higher operating income.

DAC amortisation and trail commissions decreased to EUR 23 million from EUR 26 million a year ago, reflecting the run-off of the individual life closed book and lower pension premiums. On a sequential basis, DAC amortisation and trail commissions increased by EUR 6 million, mainly due to seasonality as annual pension premiums are typically recognised in the first quarter of the year.

The result before tax was EUR -238 million compared with EUR 120 million in the first quarter of 2013, as the current quarter includes a EUR -322 million special item related to the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

Gains/losses and impairments were EUR -9 million mainly reflecting impairments on real estate, partly compensated by capital gains on public equity investments.

Revaluations were nil as positive private equity revaluations of EUR 4 million were offset by negative revaluations on real estate.

Market & other impacts were EUR -37 million compared with EUR -34 million a year ago and EUR -161 million in the fourth quarter of 2013. The result in the current quarter reflects a movement in the provision for guarantees on separate account pension contracts (net of hedging), whereas the previous quarter included a EUR -177 million impact from the refinement of the market interest rate assumption for the separate account pension business.

New sales (APE) increased to EUR 131 million from EUR 102 million in the first quarter last year, driven by higher pension contracts renewals, partly offset by lower single premiums in individual life. On a sequential basis, APE increased by EUR 70 million, due to seasonality, as annual pension premiums are typically recognised in the first quarter of the year.

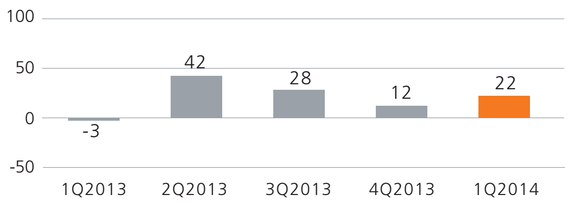
## NETHERLANDS NON-LIFE

| Netherlands Non-life | | | |
|---|---|---|---|
| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
| **Margin analysis** | | | |
| Earned premiums | 389 | 396 | 384 |
| Investment income | 24 | 24 | 29 |
| Other income | -1 | -2 | -2 |
| **Operating income** | **411** | **418** | **410** |
| Claims incurred, net of reinsurance | 273 | 293 | 279 |
| Acquisition costs | 62 | 63 | 57 |
| Administrative expenses | 56 | 66 | 61 |
| Acquisition costs and administrative expenses | 117 | 129 | 119 |
| **Expenditure** | **390** | **422** | **398** |
| **Operating result insurance businesses** | **21** | **-3** | **13** |
| Operating result broker businesses | 1 | 0 | -1 |
| **Total operating result** | **22** | **-3** | **12** |
| Non-operating items | -1 | 0 | 7 |
| of which gains/losses and impairments | -1 | 0 | 2 |
| of which revaluations | 1 | 0 | 5 |
| of which market & other impacts | 0 | 0 | 0 |
| Special items before tax | -85 | -11 | 6 |
| Result on divestments and discontinued operations | 0 | 0 | 0 |
| **Result before tax** | **-63** | **-14** | **25** |
| Taxation | -17 | -4 | 5 |
| Minority interests | 0 | 0 | 0 |
| **Net result** | **-47** | **-10** | **20** |
| **Key figures** | | | |
| Gross premium income | 760 | 766 | 240 |
| Total administrative expenses | 75 | 87 | 82 |
| Combined ratio[1] | 100.2% | 106.5% | 103.6% |
| Claims ratio[1] | 70.1% | 73.9% | 72.7% |
| Expense ratio[1] | 30.1% | 32.6% | 30.9% |
| Technical reserves | 3,665 | 3,705 | 3,323 |
| Net operating ROE | 13.7% | -3.3% | 5.8% |
| Employees (FTEs, end of period) | 1,911 | 2,073 | 1,999 |

1) Quarter-to-date, excluding Mandema and Zicht broker businesses.

| Reconciliation from Operating result to Underlying result before tax | | | |
|---|---|---|---|
| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
| **Operating result** | **22** | **-3** | **12** |
| Non-operating items | -1 | 0 | 7 |
| **Underlying result before tax** | **21** | **-3** | **19** |

OPERATING RESULT - NETHERLANDS NON-LIFE (in EUR million)




The operating result for Netherlands Non-life improved to EUR 22 million from EUR -3 million in the first quarter of 2013 and EUR 12 million in the previous quarter. The strong improvement from the first quarter a year ago reflects a favourable claims development in Disability & Accident (D&A) and management actions to restore profitability in the Disability portfolio. Operating results in Property

& Casualty (P&C) remained stable compared with the same quarter of last year. On a sequential basis, the operating result improved because P&C results were impacted by claims related to heavy storms and large claims in Fire in the previous quarter.

The first-quarter 2014 combined ratio was 100.2% compared with 106.5% in the same quarter of 2013. The improvement is fully attributable to improved underwriting performance in D&A.

Administrative expenses decreased by EUR 12 million to EUR 75 million in the first quarter of 2014, mainly caused by the transformation programme in the Netherlands. On a sequential basis, administrative expenses decreased by EUR 7 million, reflecting lower marketing expenses as well as the effects of the transformation programme.

The result before tax decreased to EUR -63 million from EUR -14 million in the first quarter of 2013. The current quarter includes a EUR -82 million special item related to the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

Gross premium income decreased slightly compared with a year ago to EUR 760 million, as P&C gross premium income was impacted by stricter underwriting and product rationalisation. On a sequential basis, gross premium income increased from EUR 240 million; this was largely due to seasonality as gross premium income is skewed towards the first and third quarter.

## INSURANCE EUROPE

**Insurance Europe**

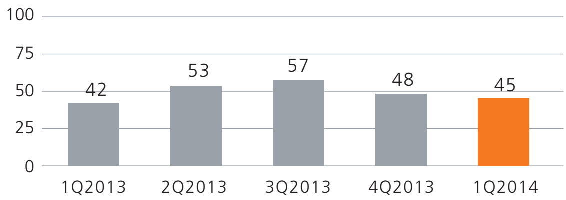
| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
|---|---|---|---|
| **Margin analysis** | | | |
| Investment margin | 27 | 25 | 25 |
| Fees and premium-based revenues | 128 | 120 | 133 |
| Technical margin | 48 | 48 | 49 |
| Operating income non-modelled business | 1 | 5 | 5 |
| **Operating income Life Insurance** | **204** | **198** | **211** |
| Administrative expenses | 74 | 81 | 77 |
| DAC amortisation and trail commissions | 86 | 76 | 89 |
| **Expenses Life Insurance** | **160** | **157** | **166** |
| **Operating result Life Insurance** | **44** | **42** | **46** |
| Non-life operating result | 2 | 0 | 2 |
| **Operating result** | **45** | **42** | **48** |
| Non-operating items | 10 | -1 | 47 |
| of which gains/losses and impairments | 10 | 0 | 48 |
| of which revaluations | 0 | -1 | -1 |
| of which market & other impacts | 0 | 0 | 0 |
| Special items before tax | -2 | -1 | -3 |
| Result on divestments and discontinued operations | 0 | 0 | 0 |
| **Result before tax** | **54** | **39** | **91** |
| Taxation | 12 | 7 | 34 |
| Minority interests | 2 | 2 | 3 |
| **Net result** | **39** | **30** | **54** |
| **New business figures** | | | |
| Single premiums | 229 | 207 | 303 |
| Annual premiums | 117 | 110 | 110 |
| New sales life insurance (APE)[1] | 140 | 131 | 140 |
| **Key figures** | | | |
| Gross premium income | 587 | 549 | 646 |
| Total administrative expenses | 77 | 84 | 80 |
| Cost/income ratio (Administrative expenses/ Operating income) | 34.8% | 39.1% | 34.8% |
| Life general account invested assets (end of period, in EUR billion) | 12 | 13 | 12 |
| Investment margin/Life general account invested assets (bps)[2] | 84 | 85 | 80 |
| Prov. for life insurance & investment contracts for risk policyholder (end of period, in EUR billion) | 7.3 | 7.1 | 7.2 |
| Client balances (end of period, in EUR billion) | 33 | 40 | 41 |
| Net operating ROE | 8.9% | 7.8% | 7.2% |
| Employees (FTEs, end of period) | 4,039 | 4,084 | 4,016 |

1) Sum of annual premiums and 1/10th of single premiums sold in the period.
2) Four-quarter rolling average.

**Reconciliation from Operating result to Underlying result before tax**

| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
|---|---|---|---|
| **Operating result** | **45** | **42** | **48** |
| Non-operating items | 10 | -1 | 47 |
| **Underlying result before tax** | **56** | **41** | **94** |

OPERATING RESULT - INSURANCE EUROPE (in EUR million)



The operating result before tax of Insurance Europe increased to EUR 45 million from EUR 42 million in the first quarter of 2013. This increase was mainly driven by higher fees and premium-based revenues as well as lower administrative expenses, partly offset by a higher crisis tax in Belgium. On a sequential basis, the operating result decreased from EUR 48 million, as the fourth quarter included a higher investment performance bonus in Poland.

The investment margin was EUR 27 million, up from EUR 25 million in both comparable quarters as a result of higher investment income in Greece in connection with an early redemption of Residential Mortgage Backed Securities (RMBS). Excluding this early redemption, the investment margin declined from both comparable quarters of 2013 due to lower invested volumes following dividend payments to NN Group in the fourth quarter of 2013.

Fees and premium-based revenues were EUR 128 million, up from EUR 120 million in the same quarter of 2013. This increase was due to the reclassification from operating income non-modelled business to fees and premium-based revenues as of the first quarter of 2014, as well as a change in the amortisation of commissions and expenses as of the second quarter of 2013, both in Turkey. This was offset by the impact of the pension reforms in Poland which took effect in February 2014. Excluding these items, fees and premium-based revenues rose 2.1% year-on-year, primarily due to higher life sales in Belgium. On a sequential basis, fees and premium-based revenues decreased 3.8% as the fourth quarter of 2013 included a higher investment performance bonus in Poland and higher single premium sales.

The technical margin was EUR 48 million, which was stable compared with the first quarter of 2013. The technical margin declined from EUR 49 million in the fourth quarter of 2013, which benefited from the reclassification of the crisis tax in Belgium from the technical margin to DAC amortisation and trail commissions. Excluding the impact of this reclassification, the technical margin increased 8.6% sequentially, driven by a higher surrender result in Poland and a higher mortality result in Spain.

Administrative expenses decreased to EUR 74 million from EUR 81 million in the first quarter of 2013 due to lower project expenses. On a sequential basis, administrative expenses decreased 3.8% as the fourth quarter included restructuring provisions in Spain and Hungary.

DAC amortisation and trail commissions increased to EUR 86 million compared with EUR 76 million in the first quarter of 2013, mainly due to the aforementioned reclassification of the crisis tax in Belgium. On a sequential basis, DAC amortisation and trail commissions decreased slightly.

The result before tax was EUR 54 million and reflects a EUR 10 million gain on the sale of corporate bonds in Belgium, Spain and Greece. The fourth quarter of 2013 included a EUR 48 million gain on the sale of Dutch and German government bonds in Belgium.

New sales (APE) were EUR 140 million compared with EUR 131 million in the first quarter of 2013. This 14.8% increase, excluding currency effects, was due to higher life sales across the region, partly offset by lower pension sales. On a sequential basis, new sales were flat.

The Polish Pension Reform Act became effective as of 1 February 2014 and, amongst others, required Pillar II pension funds, including the ING Polish Pension Fund, to transfer 51.5% of its assets to the government-owned Social Insurance Institution (ZUS). Other measures include a pay-out of future pensions by ZUS, and 10 years prior to retirement the assets of retirees stored in Pillar II pension funds will gradually be transferred to ZUS. The overall impact of these measures is expected to be a reduction of operating result before tax of approximately EUR 25 million per year.

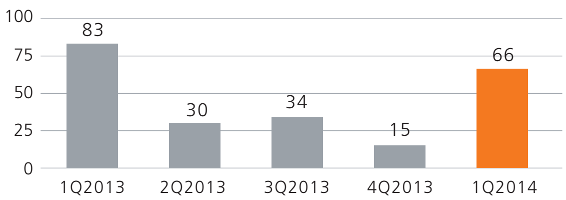
## JAPAN LIFE

| Japan Life[1] | | | |
|---|---|---|---|
| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
| **Margin analysis** | | | |
| Investment margin | -1 | 4 | 1 |
| Fees and premium-based revenues | 134 | 150 | 81 |
| Technical margin | 9 | 6 | -3 |
| Operating income non-modelled business | 0 | 0 | 0 |
| **Operating income** | **142** | **160** | **79** |
| Administrative expenses | 24 | 26 | 28 |
| DAC amortisation and trail commissions | 52 | 52 | 36 |
| **Expenses** | **76** | **77** | **64** |
| **Operating result** | **66** | **83** | **15** |
| Non-operating items | -3 | 9 | -2 |
| of which gains/losses and impairments | 0 | 11 | -1 |
| of which revaluations | -3 | -3 | -1 |
| of which market & other impacts | 0 | 0 | 0 |
| Special items before tax | 0 | 0 | 0 |
| Result on divestments and discontinued operations | 0 | 0 | 0 |
| **Result before tax** | **64** | **91** | **13** |
| Taxation | 23 | 31 | 7 |
| Minority interests | 0 | 0 | 0 |
| **Net result** | **40** | **61** | **6** |
| **New business figures** | | | |
| Single premiums | 19 | 41 | 23 |
| Annual premiums | 167 | 160 | 88 |
| New sales life insurance (APE)[2] | 169 | 164 | 90 |
| **Key figures** | | | |
| Gross premium income | 731 | 785 | 444 |
| Total administrative expenses | 24 | 26 | 28 |
| Cost/income ratio (Administrative expenses/ Operating income) | 16.9% | 16.3% | 35.4% |
| Life general account invested assets (end of period, in EUR billion) | 9 | 9 | 8 |
| Investment margin/Life general account invested assets (bps)[3] | 2 | 12 | 8 |
| Prov. for life insurance & investment contracts for risk policyholder (end of period, in EUR billion) | 0.1 | 0.0 | 0.1 |
| Client balances (end of period, in EUR billion) | 8 | 8 | 7 |
| Net operating ROE | 15.3% | 16.1% | 2.4% |
| Employees (FTEs, end of period) | 656 | 668 | 637 |

1) Exchange rates JPY/EUR (average quarterly rates): 141.57 (1Q2014), 119.65 (1Q2013) and 137.46 (4Q2013).
2) Sum of annual premiums and 1/10th of single premiums sold in the period.
3) Four-quarter rolling average.

| Reconciliation from Operating result to Underlying result before tax | | | |
|---|---|---|---|
| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
| **Operating result** | **66** | **83** | **15** |
| Non-operating items | -3 | 9 | -2 |
| **Underlying result before tax** | **64** | **91** | **13** |

OPERATING RESULT - JAPAN LIFE (in EUR million)




The operating result of Japan Life decreased to EUR 66 million compared with EUR 83 million in the first quarter of 2013 (down 7.0% excluding currency effects), mainly attributable to a lower investment margin. On a constant currency basis, fees and premium-based revenues and the technical margin increased, but this was offset by a higher DAC amortisation and higher administrative expenses. On a sequential basis, the operating result increased from EUR 15 million in the fourth quarter, driven by seasonally higher fees and premium-based revenues, partially offset by a higher DAC amortisation.

The investment margin decreased to EUR -1 million from EUR 4 million in the first quarter of 2013 due to realised gains in March and July 2013 which were reinvested at a lower yield.

Fees and premium-based revenues decreased to EUR 134 million from EUR 150 million in the first quarter of 2013, but increased 4.7% when excluding currency effects. This increase was due to higher premium income fuelled by higher sales and favourable persistency of the in-force business. On a sequential basis, fees and premium-based revenues improved 71.8%, excluding currency effects, due to seasonally higher sales in the first quarter of the year.

The technical margin increased to EUR 9 million from EUR 6 million in the first quarter of 2013, mainly due to higher morbidity and surrender margins. The technical margin increased from EUR -3 million in the fourth quarter of 2013 due to lower mortality claims and seasonally lower surrenders in the first quarter.

Administrative expenses declined to EUR 24 million from EUR 26 million in the first quarter of 2013, but they increased 9.1%, excluding currency effects, mainly owing to higher head office charges. On a sequential basis, administrative expenses fell 11.1%, excluding currency effects, as the previous quarter included non-recurring expenses.

DAC amortisation and trail commissions were EUR 52 million, up 18.2% compared with the first quarter of 2013, excluding currency effects, and up 48.6% sequentially in line with the higher sales.

The result before tax decreased to EUR 64 million from EUR 91 million in the first quarter of 2013, down 19.2% excluding currency effects and mainly due to the lower operating result and lower gains on debt securities. On a sequential basis, the result before tax rose from EUR 13 million; this increase was mainly driven by the seasonally higher operating result.

New sales (APE) were EUR 169 million in the first quarter of 2014, up 20.0% year-on-year excluding currency effects. This strong growth in sales was driven by the increased need for financial planning by small and medium-sized enterprises as a result of the economic recovery in Japan, as well as a sales campaign in the first quarter of 2014. On a sequential basis, APE increased 90.9%, excluding currency effects, due to the seasonality of sales in the Japan Life business.

## INVESTMENT MANAGEMENT

**Investment Management**

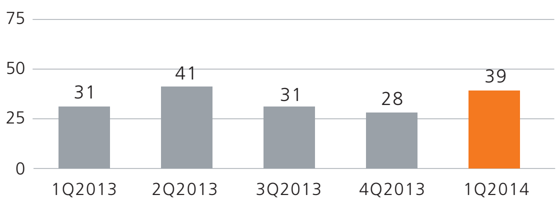
| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
|---|---|---|---|
| **Margin analysis** | | | |
| Investment margin | 0 | 1 | 0 |
| Fees | 118 | 109 | 111 |
| **Operating income** | **118** | **110** | **111** |
| **Administrative expenses** | **79** | **79** | **83** |
| **Operating result** | **39** | **31** | **28** |
| Non-operating items | 0 | 0 | 0 |
| of which gains/losses and impairments | 0 | 0 | 0 |
| of which revaluations | 0 | 0 | 0 |
| of which market & other impacts | 0 | 0 | 0 |
| Special items before tax | -122 | 0 | 0 |
| Result on divestments and discontinued operations | -12 | 3 | 27 |
| **Result before tax** | **-95** | **34** | **55** |
| Taxation | -21 | 9 | 9 |
| Minority interests | 0 | 0 | 0 |
| **Net result** | **-74** | **24** | **46** |
| **Key figures** | | | |
| Total administrative expenses | 79 | 79 | 83 |
| Cost/income ratio (Administrative expenses/ Operating income) | 66.9% | 71.8% | 74.8% |
| Net inflow Assets under Management (in EUR billion) | -12 | -3 | -3 |
| Assets under Management (end of period, in EUR billion)[1] | 168 | 184 | 174 |
| Fees/average Assets under Management (bps) | 28 | 24 | 25 |
| Client balances (end of period, in EUR billion) | 93 | 88 | 94 |
| Net operating ROE | 34.6% | 23.7% | 22.2% |
| Employees (FTEs, end of period) | 1,145 | 1,187 | 1,134 |

1) The AuM in 1Q 2014 includes EUR 1.5 billion AuM managed by IM for the US Insurance business.

**Reconciliation from Operating result to Underlying result before tax**

| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
|---|---|---|---|
| **Operating result** | **39** | **31** | **28** |
| Non-operating items | 0 | 0 | 0 |
| **Underlying result before tax** | **39** | **31** | **28** |

OPERATING RESULT - INVESTMENT MANAGEMENT (in EUR million)




Total assets under management (AuM) for Investment Management were EUR 168 billion at the end of the first quarter, down 8.7% from the first quarter of 2013 and down 3.4% from the previous quarter. The decline largely reflects the partial outflow of assets managed for the ING Pension Fund in the first quarter of 2014, as well as outflows in the Proprietary segment and of fixed income assets managed for third parties during the first half of 2013.

The operating result increased to EUR 39 million, up 25.8% from the first quarter of 2013 and 39.3% higher than the previous quarter. This increase was mainly driven by EUR 5 million one-off fee income and EUR 5 million of personnel provision releases, both in the current quarter.

Fees were EUR 118 million, up 8.3% from the first quarter of 2013 and up 6.3% from the previous quarter. The increase was mainly driven by EUR 5 million of one-off fee income and the introduction of the fixed service fee in the Netherlands, which led to a EUR 2 million increase in income with an offsetting impact in administrative expenses.

Administrative expenses were EUR 79 million in the first quarter of 2014. The current quarter benefited from EUR 5 million of personnel provision releases, partly offset by the introduction of the fixed service fee. Excluding these items, administrative expenses increased year-on-year due to higher marketing expenses and were stable compared with the previous quarter, which included higher IT project expenses.

The result before tax was EUR -95 million and includes a EUR -122 million special item, reflecting the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

## OTHER

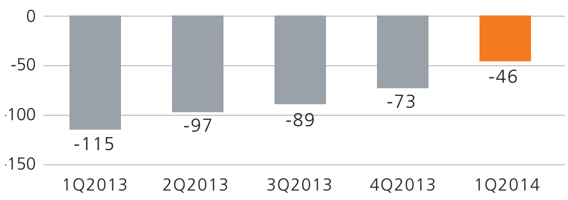
**Other**

| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
|---|---|---|---|
| **Margin analysis** | | | |
| Interest on hybrids and debt | -33 | -41 | -33 |
| Investment income & fees | 7 | 0 | 0 |
| Holding expenses | -26 | -43 | -46 |
| Amortisation of intangible assets | -2 | -2 | -2 |
| **Holding result** | **-54** | **-86** | **-81** |
| Operating result Reinsurance business | 11 | -25 | 5 |
| Operating result NN Bank | 5 | -6 | -1 |
| Other results | -8 | 2 | 3 |
| **Operating result** | **-46** | **-115** | **-73** |
| Non-operating items | 11 | 10 | -11 |
| of which gains/losses and impairments | 10 | 9 | -2 |
| of which revaluations | 1 | 1 | -9 |
| of which market & other impacts | 0 | 0 | 0 |
| Special items before tax | -23 | -8 | -45 |
| Result on divestments and discontinued operations | 0 | -1 | 7 |
| **Result before tax** | **-58** | **-114** | **-123** |
| Taxation | -4 | -28 | -43 |
| Minority interests | 0 | 0 | 0 |
| **Net result** | **-54** | **-86** | **-80** |
| **Key figures** | | | |
| Total administrative expenses | 56 | 55 | 74 |
| NN Bank core Tier 1 ratio | 16.7% | 32.6% | 16.4% |
| Employees (FTEs, end of period) | 1,868 | 1,688 | 1,777 |

**Reconciliation from Operating result to Underlying result before tax**

| In EUR million | 1Q2014 | 1Q2013 | 4Q2013 |
|---|---|---|---|
| **Operating result** | **-46** | **-115** | **-73** |
| Non-operating items | 11 | 10 | -11 |
| **Underlying result before tax** | **-35** | **-105** | **-85** |

OPERATING RESULT - OTHER (in EUR million)




The operating result of 'Other' improved significantly to EUR -46 million from EUR -115 million a year ago and EUR -73 million in the fourth quarter of 2013. The improvement reflects a better operating result from the reinsurance business and from NN Bank, as well as a higher holding result that was mainly driven by expense reductions.

The holding result improved to EUR -54 million compared with EUR -86 million in the first quarter of 2013 and EUR -81 million in the previous quarter, mainly driven by lower holding expenses reflecting the transformation programme in the Netherlands. Investment income & fees increased to EUR 7 million and reflects interest income from a subordinated loan of EUR 600 million issued by NN Life to NN Group in the first quarter of 2014. Compared with the first quarter of last year, interest costs on hybrids and debt were EUR 8 million lower; this was mainly due to the refinancing of EUR 2 billion senior debt into ING Group senior debt against lower interest rates in September 2013 and the EUR 1 billion debt-to-equity conversion in December 2013.

The operating result of the reinsurance business increased to EUR 11 million from EUR -25 million in the first quarter of last year, which included a EUR 31 million one-off loss on a specific reinsurance contract. On a sequential basis, the operating result increased by EUR 6 million driven by better underwriting results.

The operating result of NN Bank increased to EUR 5 million from EUR -6 million in the first quarter of 2013 and EUR -1 million in the fourth quarter of 2013. The partial transfer of assets and liabilities from WUB to NN Bank on 1 July 2013 led to a relatively higher increase in operating income than expenses.

The other results decreased to EUR -8 million from EUR 2 million in the first quarter of 2013 and EUR 3 million in the fourth quarter of 2013 due to a non-recurring adjustment on the amortisation of certain fixed income securities.

The result before tax improved to EUR -58 million compared with EUR -114 million in the first quarter of 2013 and EUR -123 million in the previous quarter, mainly due to the improved operating result.

Special items before tax amounted to EUR -23 million, reflecting the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent, as well as expenses related to the transformation programme in the Netherlands.

Total administrative expenses for 'Other' were stable at EUR 56 million year-on-year. The decline of holding expenses largely offset the year-on-year increase of NN Bank expenses following the partial transfer of the assets and liabilities from WUB to NN Bank on 1 July 2013. On a sequential basis, administrative expenses decreased by EUR 18 million, reflecting in large part the transformation programme in the Netherlands.

## JAPAN CLOSED BLOCK VA

**Japan Closed Block VA[1]**

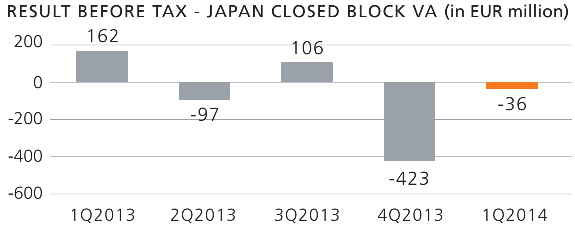
| In EUR million | 1Q2014 | 1Q2013[2] | 4Q2013[2] |
|---|---|---|---|
| **Margin analysis** | | | |
| Investment margin | 0 | 0 | 0 |
| Fees and premium-based revenues | 30 | 35 | 33 |
| Technical margin | 0 | 0 | 0 |
| Operating income non-modelled business | 0 | 0 | 0 |
| **Operating income** | **30** | **35** | **33** |
| Administrative expenses | 4 | 8 | 2 |
| DAC amortisation and trail commissions | 3 | 12 | 3 |
| **Expenses** | **7** | **20** | **6** |
| **Operating result** | **23** | **14** | **27** |
| Non-operating items | -59 | 148 | -450 |
| of which gains/losses and impairments | 0 | 0 | 0 |
| of which revaluations | 0 | 0 | 0 |
| of which market & other impacts | -59 | 148 | -450 |
| Special items before tax | 0 | 0 | 0 |
| Result on divestments and discontinued operations | 0 | 0 | 0 |
| **Result before tax** | **-36** | **162** | **-423** |
| Taxation | -11 | 42 | -157 |
| Minority interests | 0 | 0 | 0 |
| **Net result** | **-24** | **120** | **-266** |
| **Key figures** | | | |
| Prov. for life insurance & investment contracts for risk policyholder (end of period, in EUR billion)[3] | 14.2 | 0.0 | 14.7 |
| Client balances (end of period, in EUR billion) | 14 | 17 | 15 |
| Employees (FTEs, end of period) | 76 | 116 | 111 |

**Reconciliation from Operating result to Underlying result before tax**

| In EUR million | 1Q2014 | 1Q2013[2] | 4Q2013[2] |
|---|---|---|---|
| **Operating result** | **23** | **14** | **27** |
| Non-operating items | -59 | 148 | -450 |
| **Underlying result before tax** | **-36** | **162** | **-423** |

1) Exchange rates JPY/EUR (average quarterly rates): 141.57 (1Q2014), 119.65 (1Q2013) and 137.46 (4Q2013).
2) The figures of this period have been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Death Benefits for reserves of the Japan Closed Block VA segment as of 1 January 2014.
3) Japan Closed Block VA was classified as held for sale in 1Q2013.

RESULT BEFORE TAX - JAPAN CLOSED BLOCK VA (in EUR million)




The result before tax of Japan Closed Block VA was EUR -36 million and this is largely attributable to the impact of methodology changes, which led to a one-off reserve increase of EUR 51 million.

The operating result increased to EUR 23 million from EUR 14 million in the first quarter of 2013, but decreased from EUR 27 million in the previous quarter. The first quarter of 2013 included DAC amortisation, which was fully written off as of 1 October 2013, as well as one-off project expenses.

Fees and premium-based revenues declined to EUR 30 million from EUR 35 million in last year's first quarter and from EUR 33 million in the fourth quarter of 2013. Excluding currency effects, fees and premium-based revenues increased 3.4% year-on-year, driven by the strong performance of the Japanese equity markets, which boosted account values. On a sequential basis, fees and premium-based revenues fell 6.3%, excluding currency effects, due to the equity market depreciation in the first quarter as well as run-off of the portfolio.

Administrative expenses were EUR 4 million versus EUR 2 million in the fourth quarter of 2013 and EUR 8 million in the first quarter of 2013, which included one-off project expenses of EUR 5 million related to preparation for business restructuring as a part of the ING Group divestment plan.

DAC amortisation and trail commissions decreased to EUR 3 million from EUR 12 million in the first quarter of 2013 and remained stable compared with the fourth quarter of 2013. As from the fourth quarter of 2013, this line only reflects trail commissions, as all DAC was written off as of 1 October 2013.

Market and other impacts were EUR -59 million compared with EUR 148 million in the first quarter of 2013 and EUR -450 million in the fourth quarter of 2013. The loss in the current quarter reflects the impact of various modelling refinements, which led to a one-off reserve increase of EUR 51 million. The hedge programme was successful in offsetting market related movements in the liabilities. Specifically, the result includes a small market-related result net of hedging of EUR -6 million as the hedge assets largely offset a EUR 67 million movement in the reserves. The loss in the previous quarter primarily reflected a EUR 575 million charge taken in order to restore the reserve adequacy of the business line to the 50% confidence level as of 1 October 2013.

## CONSOLIDATED BALANCE SHEET

**NN Group: Consolidated balance sheet**

| in EUR million | 31 Mar. 14 | 31 Dec. 13[1)] | 31 Mar. 13 pro forma[1,2)] | | 31 Mar. 14 | 31 Dec. 13[1)] | 31 Mar. 13 pro forma[1,2)] |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | **Equity** | | | |
| Cash and cash equivalents | 8,114 | 7,154 | 7,243 | Shareholders' equity | 14,682 | 14,062 | 27,114 |
| Financial assets at fair value through P&L | 42,360 | 43,933 | 48,866 | Minority interests | 72 | 68 | 240 |
| - trading assets | 769 | 736 | 596 | **Total equity** | **14,754** | **14,130** | **27,354** |
| - non-trading derivatives | 3,423 | 3,126 | 4,338 | **Liabilities** | | | |
| - investments for risk of policyholders | 37,683 | 39,589 | 42,525 | Subordinated loans | 2,890 | 2,892 | 2,996 |
| - other | 485 | 482 | 1,408 | Debt securities in issue | | | 694 |
| Investments | 63,684 | 61,014 | 67,858 | Other borrowed funds | 4,243 | 4,817 | 4,371 |
| - debt securities available-for-sale | 57,801 | 55,394 | 62,345 | Insurance and investment contracts | 113,836 | 111,769 | 121,975 |
| - equity securities available-for-sale | 5,883 | 5,620 | 5,513 | - life insurance provisions | 71,345 | 67,700 | 74,548 |
| Loans and advances to customers | 25,905 | 25,319 | 16,813 | - non-life insurance provisions | 3,912 | 3,584 | 3,955 |
| Reinsurance contracts | 275 | 252 | 293 | - provision for risk of policyholders | 37,772 | 39,675 | 42,626 |
| Investments in associates | 1,243 | 1,071 | 1,328 | - other | 808 | 810 | 845 |
| Real estate investments | 743 | 722 | 748 | Customer deposits | 6,190 | 5,769 | 0 |
| Property and equipment | 162 | 164 | 195 | Financial liabilities at fair value through P&L | 1,396 | 1,843 | 2,205 |
| Intangible assets | 382 | 392 | 425 | - non-trading derivatives | 1,396 | 1,843 | 2,205 |
| Deferred acquisition costs | 1,411 | 1,353 | 3,030 | Other liabilities | 4,408 | 4,071 | 5,918 |
| Other assets | 3,274 | 3,754 | 6,195 | | | | |
| **Total assets excl. assets held for sale** | **147,553** | **145,128** | **152,995** | **Total liabilities excl. liabilities held for sale** | **132,962** | **131,161** | **138,160** |
| Assets held for sale | 180 | 187 | 185,108 | Liabilities held for sale | 18 | 24 | 172,589 |
| | | | | **Total liabilities** | **132,980** | **131,185** | **310,749** |
| **Total assets** | **147,734** | **145,315** | **338,103** | **Total equity and liabilities** | **147,734** | **145,315** | **338,103** |

1) The figures of this period have been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Death Benefits for reserves of the Japan Closed Block VA segment as of 1 January 2014. The comparative figures have also been restated to reflect the implementation of IFRS 11, which replaced proportional consolidation for joint ventures by equity accounting.
2) Adjusted for the transfer of ING Life Japan from Held for sale to reflect the decision to divest ING Life Japan as part of the intended base case IPO of NN Group and classify ING U.S. as Held for sale.

Total assets of NN Group increased by EUR 1.7 billion over the first quarter of 2014 to EUR 147.7 billion, on a constant currency basis, mainly driven by an increase in the market value of debt securities and derivatives. Shareholders' equity increased by EUR 0.6 billion to EUR 14.7 billion, largely due to a higher revaluation reserve debt securities.

### Cash and cash equivalents
Cash and cash equivalents increased by EUR 1.0 billion to EUR 8.1 billion, reflecting a net cash inflow from operating activities and increased collateral as result of a higher market value of derivatives.

### Investments for risk policyholders
Investments for risk of policyholders decreased by EUR 1.9 billion to EUR 37.7 billion, mainly reflecting the transfer of EUR 2.3 billion in separate account pension contracts to the general account in Netherlands Life.

### Debt securities available for sale
Debt securities available for sale increased by EUR 2.3 billion to EUR 57.8 billion on a constant currency basis, mainly due to higher market values as long interest rates declined in the quarter.

### Loans and advances to customers
Loans and advances to customers increased by EUR 0.6 billion, mainly reflecting new production of mortgages at NN Bank.

### Investments in associates
Investments in associates increased by EUR 0.2 billion to EUR 1.2 billion. This was driven by investments in real estate funds, which were previously classified as investments available for sale.

### Insurance and investment contracts
Insurance and investment contracts increased by EUR 1.8 billion on a constant currency basis to EUR 113.8 billion. Life insurance provisions increased mirroring the decrease of the provision for risk of policyholders, reflecting the transfer of separate account pension contracts to the general account in Netherlands Life. Life insurance provisions also increased, reflecting an increase in deferred profit sharing to policyholders following higher revaluation reserves on debt securities.

### Customer deposits
Customer deposits increased by EUR 0.4 billion to EUR 6.2 billion, reflecting an increase in consumer savings at NN Bank during the quarter.

### Total equity
Shareholders' equity rose by EUR 0.6 billion to EUR 14.7 billion, mainly due to an increase in the debt and cash flow hedge revaluation reserves of EUR 1.7 billion. This was offset by EUR 0.6 of billion higher deferred profit sharing to policyholders, a EUR 0.3 billion capital upstream to ING Group related to the sale and transfer of shares in SulAmérica SA, and the EUR 0.3 billion negative result for the period.

## RISK & CAPITAL MANAGEMENT

NN Group continued to improve its risk profile and capital structure in preparation for its standalone future. In April, NN Group successfully issued EUR 1 billion of subordinated debt, marking an important step in establishing its standalone capital structure. In the first quarter of 2014, the IGD ratio decreased slightly to 249%. The Solvency I capital ratio for NN Life improved to 235%, mainly caused by a subordinated loan of EUR 600 million issued by NN Life to NN Group. Prior to the IPO, ING Group will inject EUR 850 million of capital into NN Group, finalising its capitalisation ahead of the intended IPO.

### Net result sensitivities

The approach to sensitivities has been revised as of the first quarter of 2014 to incorporate a higher level of confidence in line with NN Group's risk appetite. The revised methodology for sensitivities is calibrated to a 95% level of confidence, defined as the after-tax impact on a 1-in-20-year shock event, whereas the previous basis used a before-tax impact of a 1-in-10-year shock event.

**Net result sensitivities (full year impact)**

| in EUR million | | 1Q2014 | 4Q2013 |
|---|---|---|---|
| Market and Credit Risk* | Interest Rates up | -9 | -8 |
| | Interest Rates down | -4 | 8 |
| | Equity down | -428 | -444 |
| | Equity up | 213 | 306 |
| | Real Estate down | -292 | -289 |
| | Foreign Exchange down | -51 | -54 |
| | Counterparty default | -90 | -91 |
| | Credit spread | -25 | -24 |
| | Variable annuity (Japan and Europe VA) | -259 | -258 |
| Insurance Risk | Mortality | -35 | -34 |
| | Morbidity | -128 | -125 |
| | Property & Casualty (P&C) | -120 | -119 |

* Shock levels are approximately as follows: Interest Rates 30% (shocks vary by duration and by currency, shock to 15 year euro interest rate is 30%); Equity 30%; Real Estate 8%; Foreign Exchange rates 20%. Variable annuity sensitivities include all related market risks.

### Market risk

The sensitivity of NN Group's net result to interest rates is low as the value of the IFRS technical provisions and their related assets have limited impact from interest rate changes.

The net result sensitivity to equity risk primarily relates to direct equity holdings in the Netherlands and Belgium, the hedging of the separate account pension business in the Netherlands, and fee income from NN Group's investment management business.

The real estate sensitivities reflect investments in real estate funds and direct real estate assets. Market movements in real estate are reflected in the net result; therefore, real estate sensitivities are similar from an economic, regulatory capital and net result perspective.

**Japan Variable annuity business overview**

| | 1Q2014 | 4Q2013 |
|---|---|---|
| Account Value (in EUR million) | 14,175 | 14,687 |
| Net Amount at Risk (in EUR million) | 870 | 663 |
| IFRS Reserve (in EUR million) | 1,268 | 866 |
| Number of policies | 338,197 | 346,306 |

The Net Amount at Risk increased compared to the fourth quarter of 2013 as equity markets depreciated in the first quarter of 2014. The IFRS Reserve increased primarily due to the move towards fair value accounting on the reserves for the Guaranteed Death Benefits of the Japan Closed Block VA as of 1 January 2014 and the increase in net amount at risk.

### Credit risk

Credit spread risk reflects the impact of spreads widening due to increased default expectation, illiquidity and any other risk premium reflected in the price of fixed income instruments. Credit spread is one of the largest risks from a regulatory perspective in the Netherlands, driven by the long-term nature of the fixed income portfolio that support the pension and saving products. From an economic perspective, fixed income instruments are generally held to maturity; the main exposure to credit spread risk is therefore to the default element priced into the spreads at any point in time. Accordingly, our actual economic exposure to spread risk is lower than that implied by the current Dutch regulatory capital framework, which is sensitive to short-term market movements versus the liability discounting curve. NN Group aims to maintain a low-risk, well-diversified credit portfolio while avoiding large risk concentrations. In order to reduce the credit spread risk, NN Group has increased its investments in non-listed and own-originated assets. The concentration risk on individual issuers is managed by using rating-based issuer limits on one (group of related) single name(s), thus effectively managing the default risk of the issuers.

### Insurance risks

The net result sensitivities to insurance risks primarily relate to fluctuations in actual mortality, morbidity and P&C experience.

### Other risks

Regulatory and political risks are addressed by closely monitoring regulatory developments and being actively involved in industry bodies. NN Group maintained momentum within its Solvency II programme and will continue to align to the Solvency II framework, as and when this is finalised over the coming period to the implementation date of 1 January 2016.

In 2014 the supervisory framework within the Netherlands (Solvency 1.5) includes the 'Theoretisch Solvabiliteitscriterium' (TSC), leading to a risk-based measurement of solvency. While this regulation does not change the regulatory solvency requirement for NN Life, it does formalise the requirements for dividend payments.

IT, data quality and other operational risks are addressed by performing regular risk assessments and by maintaining a constant focus on how to improve areas with significant operational risks.

In July 2013, the investment management business in South Korea was agreed to be sold to Macquarie Group. The transaction closed on 2 December 2013. NN Group received notice under the share purchase agreement relating to certain activities, conducted by the investment management business in South Korea in the period before closing of the transaction, which are currently subject to further investigation.

### Capital ratios

**Capital ratios NN Group and NN Life**

| in EUR million | 31 Mar. 14[1] | 31 Dec. 13 |
|---|---|---|
| Shareholders' equity | 14,682 | 14,062 |
| Subordinated debt, NN Group to ING Groep | 2,394 | 2,394 |
| Subordinated debt, NN Group | - | - |
| Required regulatory adjustments | -5,950 | -5,315 |
| **Total capital base (a)** | **11,126** | **11,140** |
| EU required capital (b) | 4,468 | 4,386 |
| **IGD Solvency I ratio (a/b)** | **249%** | **254%** |
| **Solvency I Capital Ratio NN Life[2]** | **235%** | **223%** |

1) The 1Q2014 capital ratios are not final until filed with the regulators.
2) The 4Q 2013 Solvency I ratio of NN Life has been updated to 223% from 222% shown in the NN Group Annual Report 2013.

The Insurance Groups Directive (IGD) ratio for NN Group has been restated from 257% to 254% at 31 December 2013 to reflect the move towards fair value accounting for the Guaranteed Minimum Death Benefits reserves of the Japan Closed Block VA segment. The IGD ratio decreased slightly in the first quarter to 249%. This was mainly due to a dividend payment to ING Group related to the proceeds and remaining shares of SulAmérica and the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. The EU required capital increased mainly due to the increased technical provisions in NN Life and at ING Life Japan.

The Solvency I ratio of NN Life improved from 223% to 235%, driven by a subordinated loan of EUR 600 million issued by NN Life to NN Group, partly offset by the impact of the pension fund agreement.

On 28 February 2014, ING Insurance Topholding N.V. entered into a legal merger with its wholly-owned subsidiary ING Verzekeringen N.V. As a result of this merger, ING Verzekeringen N.V. dissolved by operation of law and ING Insurance Topholding N.V. acquired all assets and liabilities of ING Verzekeringen N.V. under universal title of succession. On 1 March 2014, the legal merger became effective and ING Insurance Topholding N.V. was renamed NN Group N.V.

On 8 April 2014, NN Group issued a EUR 1 billion dated subordinated bond with a maturity of 30 years and which is callable after 10 years and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.625% per annum for the first 10 years and will be floating thereafter. The net proceeds were used to repay EUR 0.6 billion of subordinated debt and EUR 0.4 billion senior debt to ING Groep. The bond qualifies as Tier 2 capital under Solvency I and will be eligible for grandfathering under Solvency II. The bond is rated by Standard & Poor's (BBB-) and Moody's (Baa3) and is listed on Euronext Amsterdam.

On 11 April 2014, NN Group entered into a EUR 1 billion standby revolving credit facility with an international syndicate of banks. The facility will be available for a period of five years, maturing in April 2019. The standby credit facility will support NN Group's liquidity position in the context of its preparations for a standalone future.

In line with ING Group's announced intention to ensure that NN Group is adequately capitalised ahead of the intended IPO, ING Group will inject EUR 850 million of capital into NN Group prior to its IPO. NN Group will use these funds to reduce debt owed to ING Group by EUR 0.2 billion, further strengthen the capitalisation of NN Life by approximately EUR 0.5 billion, and increase the cash capital position in the holding company by approximately EUR 0.2 billion. The capital injection from ING Group and the April 2014 issuance of subordinated debt will increase the IGD ratio of NN Group to a pro-forma 277% from 249% at the end of the first quarter of 2014. As a consequence of this pre-IPO capital injection, ING Group confirms that the intended IPO will comprise only secondary NN Group shares being sold by ING Group.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT ING GROUP

### ING Group: Consolidated profit and loss account

| | Total Group[1] | | Total Banking | | NN Group | | Insurance Other | |
|---|---|---|---|---|---|---|---|---|
| in EUR million | 1Q2014 | 1Q2013[2] | 1Q2014 | 1Q2013 | 1Q2014 | 1Q2013[2] | 1Q2014 | 1Q2013 |
| Gross premium income | 3,491 | 3,633 | | | 3,491 | 3,634 | | -1 |
| Interest result Banking operations | 3,007 | 2,892 | 3,027 | 2,916 | | | | |
| Commission income | 724 | 701 | 560 | 554 | 164 | 147 | | |
| Total investment & other income | 1,180 | 269 | 230 | 394 | 960 | -210 | -2 | 93 |
| **Total underlying income** | **8,403** | **7,494** | **3,818** | **3,863** | **4,615** | **3,571** | **-2** | **92** |
| Underwriting expenditure | 3,839 | 2,583 | | | 3,839 | 2,584 | | -1 |
| Staff expenses | 1,542 | 1,548 | 1,240 | 1,239 | 302 | 309 | | |
| Other expenses | 1,073 | 1,030 | 921 | 855 | 152 | 175 | | |
| Intangibles amortisation and impairments | 13 | 39 | 13 | 39 | | | | |
| Operating expenses | 2,628 | 2,617 | 2,174 | 2,133 | 454 | 484 | | |
| Interest expenses Insurance operations | 82 | 120 | | | 110 | 154 | | -2 |
| Addition to loan loss provision | 468 | 561 | 468 | 561 | | | | |
| Other | 2 | 2 | | | 2 | 2 | | |
| **Total underlying expenditure** | **7,018** | **5,883** | **2,642** | **2,694** | **4,404** | **3,224** | | **-3** |
| **Underlying result before tax** | **1,384** | **1,611** | **1,176** | **1,169** | **210** | **347** | **-2** | **95** |
| Taxation | 369 | 413 | 318 | 331 | 51 | 83 | | -1 |
| Minority interests | 27 | 30 | 28 | 30 | 1 | 2 | -2 | -2 |
| **Underlying net result** | **988** | **1,170** | **830** | **809** | **158** | **262** | **0** | **99** |
| Net gains/losses on divestments | -1,764 | 939 | 202 | -6 | -17 | 945 | -1,949 | |
| Net result from divested units | | -38 | | -37 | | -1 | | |
| Net result discontinued operations Insurance/IM Asia | 5 | 66 | | | 5 | 66 | | |
| Net result discontinued operations Voya Financial | 53 | -195 | | | | | 53 | -195 |
| Special items after tax | -1,200 | -47 | -768 | -23 | -432 | -24 | | |
| **Net result** | **-1,917** | **1,897** | **264** | **744** | **-287** | **1,249** | **-1,896** | **-96** |

### ING Group: Consolidated profit and loss account

| | Total Group[1] | | Total Banking | | NN Group | | Insurance Other | |
|---|---|---|---|---|---|---|---|---|
| in EUR million | 1Q2014 | 4Q2013[2] | 1Q2014 | 4Q2013 | 1Q2014 | 4Q2013[2] | 1Q2014 | 4Q2013 |
| Gross premium income | 3,491 | 1,922 | | | 3,491 | 1,917 | | 5 |
| Interest result Banking operations | 3,007 | 2,914 | 3,027 | 2,946 | | | | |
| Commission income | 724 | 737 | 560 | 562 | 164 | 161 | | 14 |
| Total investment & other income | 1,180 | 697 | 230 | 307 | 960 | 372 | -2 | 17 |
| **Total underlying income** | **8,403** | **6,272** | **3,818** | **3,815** | **4,615** | **2,451** | **-2** | **36** |
| Underwriting expenditure | 3,839 | 2,168 | | | 3,839 | 2,163 | | 5 |
| Staff expenses | 1,542 | 1,479 | 1,240 | 1,194 | 302 | 285 | | |
| Other expenses | 1,073 | 1,342 | 921 | 1,125 | 152 | 194 | | 23 |
| Intangibles amortisation and impairments | 13 | 32 | 13 | 32 | | | | |
| Operating expenses | 2,628 | 2,853 | 2,174 | 2,351 | 454 | 479 | | 23 |
| Interest expenses Insurance operations | 82 | 106 | | | 110 | 132 | | 4 |
| Addition to loan loss provision | 468 | 560 | 468 | 560 | | | | |
| Other | 2 | 3 | | | 2 | 3 | | |
| **Total underlying expenditure** | **7,018** | **5,690** | **2,642** | **2,911** | **4,404** | **2,777** | | **32** |
| **Underlying result before tax** | **1,384** | **582** | **1,176** | **904** | **210** | **-326** | **-2** | **4** |
| Taxation | 369 | 67 | 318 | 199 | 51 | -131 | | -1 |
| Minority interests | 27 | 23 | 28 | 19 | 1 | 7 | -2 | -3 |
| **Underlying net result** | **988** | **493** | **830** | **686** | **158** | **-202** | **0** | **9** |
| Net gains/losses on divestments | -1,764 | -38 | 202 | | -17 | -3 | -1,949 | -35 |
| Net result from divested units | | | | | | | | |
| Net result discontinued operations Insurance/IM Asia | 5 | 33 | | | 5 | 33 | | |
| Net result discontinued operations Voya Financial | 53 | 179 | | | | | 53 | 179 |
| Special items after tax | -1,200 | -40 | -768 | -19 | -432 | -21 | | |
| **Net result** | **-1,917** | **626** | **264** | **666** | **-287** | **-193** | **-1,896** | **153** |

1) Including intercompany eliminations.
2) The figures of this period have been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Death Benefits reserves of the Japan Closed Block VA segment as of 1 January 2014.

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

In preparing the financial information in this document, the same accounting principles are applied as in the 1Q2014 ING Group Interim Accounts.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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

This document does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the United States or any other jurisdiction. The securities of NN Group have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

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**Design and production**
Stila Ontwerp
www.stila-ontwerp.nl

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