ING GROEP NV
Form 6-K
November 04, 2011
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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

Report of Foreign Private Issuer

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

of the Securities Exchange Act of 1934

For November 4, 2011

Commission File Number 1-14642

ING Groep N.V.

Amstelveenseweg 500

1081-KL Amsterdam

The Netherlands

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T rule 101(b)(1): ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T rule 101(b)(7): ¨

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b).

EXHIBIT 2 OF THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-155937) OF ING GROEP N.V. AND TO BE PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

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This Report contains a copy of the following:

(1) The Press Release issued on November 3, 2011; and

(2) A redacted copy of the ING Restructuring Plan submitted to the Dutch State and subsequently provided to the European Commission on October 22, 2009.

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SIGNATURE

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

ING Groep N.V.
(Registrant)

By: /s/ H. van Barneveld
H. van Barneveld
General Manager Group Finance & Control

By: /s/ C. Blokbergen
C. Blokbergen
Head Legal Department
Dated: November 4, 2011

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3 November 2011

ING 3Q11 underlying net profit increases to EUR 1,285 million

ING Group s 3Q11 net result was EUR 1,692 million, or EUR 0.45 per share, including divestments, discontinued operations and special items. The underlying return on IFRS-EU equity was 13.9% for the first nine months of 2011.

Bank underlying result before tax declined to EUR 1,063 million, including EUR 267 million of impairments on Greek government bonds. The net interest margin narrowed to 1.37%, primarily due to lower Financial Markets results. Risk costs rose to EUR 438 million, or 55 bps of average RWA. Operating expenses declined for the third straight quarter and were 2.9% lower year-on-year. The underlying cost/income ratio was 55.8%, excluding market impacts.

Insurance operating result rose 27.0% to EUR 527 million, driven by a higher investment margin and higher fees and premium-based revenues. The investment spread increased to 104 bps. Sales (APE) grew 6.5% from 3Q10 and 5.2% from 2Q11, excluding currency effects. The underlying result before tax was EUR 561 million, supported by significant hedging gains which more than offset impairments, including EUR 200 million on Greek government bonds.

ING maintained strong capital ratios in the third quarter. ING Bank s core Tier 1 ratio strengthened to 9.6%. The Insurance IGD solvency ratio was 242%.

Chairman s Statement

The third quarter saw a marked deterioration on debt and equity markets amid a slowdown in the macroeconomic environment and a deepening of the sovereign debt crisis in Europe. In this challenging environment ING s earnings remained resilient, and our strong funding position enabled us to continue to increase lending to support our customers in these uncertain times, said Jan Hommen, CEO of ING Group. We continued to take a prudent approach to risk, increasing hedging to preserve capital and selectively reducing exposures to southern Europe. Results were impacted by EUR 467 million in pre-tax impairments on Greek government bonds as all bonds were impaired to market value.

As income is coming under pressure, we must renew efforts to reduce expenses across the Group to adapt to the leaner environment and maintain our competitive position. In Retail Banking Netherlands we are taking decisive steps to reduce costs by decreasing overhead and improving efficiency through operational excellence. It is inevitable that these measures will lead to redundancies of approximately 2,000 internal FTEs and 700 external FTEs, but we will do our utmost to implement the measures with care.

Despite the volatile market environment, we continue to work towards the separation of our insurance companies so we will be ready to move ahead with the IPOs when markets recover. Regulatory approvals are underway to create a separate holding company for our European and Asian insurance and investment management activities, and today we announced the creation of a management board for these operations. As we continue to advance on these priorities and our Ambition 2013 performance plans, we will remain focused on providing our customers with the exemplary service and products they need to manage their financial futures during these uncertain times.

Key Figures[1]

	3Q2011	3Q2010[2]	Change	2Q2011	Change	9M2011	9M2010[2]	Change
ING Group key figures (in EUR million)								
Underlying result before tax Group	1,624	1,220	33.1%	1,977	-17.9%	5,725	4,185	36.8%
of which Bank	1,063	1,494	-28.8%	1,304	-18.5%	4,061	4,383	-7.3%
of which Insurance	561	-274		673	-16.6%	1,663	-198	
Underlying net result	1,285	835	53.9%	1,528	-15.9%	4,276	2,984	43.3%

Net result	1,692	239	607.9%	1,507	12.3%	4,580	2,680	70.9%
Net result per share (in EUR)[3]	0.45	0.06	650.0%	0.40	12.5%	1.21	0.71	70.4%
Total assets (end of period, in EUR billion)				1,241	3.4%	1,282	1,261	1.7%
Shareholders equity (end of period, in EUR billion)				40	10.5%	45	42	5.7%
Underlying return on equity based on IFRS-EU equity[4]	12.1%	8.0%		15.2%		13.9%	10.2%	
Banking key figures								
Interest margin	1.37%	1.41%		1.42%		1.41%	1.40%	
Underlying cost/income ratio	61.3%	56.8%		59.2%		58.3%	55.6%	
Underlying risk costs in bp of average RWA	55	44		47		48	53	
Core Tier 1 ratio				9.4%		9.6%	9.0%	
Underlying return on equity based on IFRS-EU equity[4]	8.6%	13.0%		11.7%		11.4%	13.0%	
Insurance key figures								
Operating result (in EUR million)	527	415	27.0%	690	-23.6%	1,728	1,162	48.7%
Investment margin / life general account assets (in bps)	104	84		99				
Administrative expenses / operating income (Life & ING IM)	40.7%	43.9%		38.0%		39.5%	44.1%	
Underlying return on equity based on IFRS-EU equity[4]	10.9%	-4.6%		11.3%		9.3%	-0.9%	

The footnotes relating to 1-4 can be found on page 15 of this press release.

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

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ING GROUP CONSOLIDATED RESULTS

ING Group posted an underlying net profit of EUR 1,285 million in the third quarter, up 53.9% from the third quarter of 2010, due to a significant improvement at Insurance, which reported a loss one year ago. On a sequential basis underlying net results were 15.9% lower, reflecting the impact of volatile financial markets, a weakening macroeconomic environment and further impairments on Greek sovereign debt.

Third-quarter results include EUR 467 million of pre-tax impairments on Greek sovereign debt. This reflects further market declines of securities impaired in the second quarter of 2011 as well as new impairments of bonds maturing in 2020 and beyond following the outcome of the EC meeting on 26 October 2011. As a result, all Greek government bonds are now impaired to the 30 September 2011 market value, which represents a write-down of approximately 60%.

ING Bank reported an underlying result before tax of EUR 1,063 million, down 28.8% from the third quarter of last year and 18.5% lower than the second quarter of 2011. The decline in results compared with both periods was mainly caused by EUR 267 million of impairments on Greek government bonds and a sharp decline in the Financial Markets results of Commercial Banking, reflecting sustained weakness in fixed income and equity markets. The interest margin narrowed to 1.37%, down four basis points from one year ago and five basis points lower than the previous quarter, partly due to Financial Markets. Risk costs rose compared with both periods, primarily due to further provisioning for some large, existing non-performing files. Operating expenses declined both year-on-year, and sequentially.

The net production of client balances at ING Bank was positive for the ninth straight quarter. Total funds entrusted at ING Bank increased by EUR 6.5 billion in the third quarter despite increased competition for savings. Funds entrusted at Retail Banking grew by EUR 1.0 billion, driven by net inflows at ING Direct and Retail Central Europe. Commercial Banking reported a net increase in funds entrusted of EUR 5.5 billion, consisting mainly of short-term deposits from asset managers and corporate treasuries. The net production of residential mortgages was

EUR 5.4 billion, of which EUR 3.7 billion was at ING Direct and EUR 1.6 billion in the Benelux. Nevertheless, the overall demand for credit remained subdued given the challenging market environment. Some shorter-tenor lending was reduced as short-term funding became more expensive. Consequently, total other lending across the Bank showed a net decrease of EUR 0.4 billion as a decline at Commercial Banking was not fully offset by net growth in Retail Banking.

The operating result of ING Insurance improved significantly to EUR 527 million versus EUR 415 million in the third quarter of 2010. This was driven by an increase in the investment margin and higher fees and premium-based revenues. The operating result declined 23.6% from the strong second quarter of 2011, which included seasonal and nonrecurring items. The third-quarter underlying result before tax of EUR 561 million was supported by non-operating items consisting primarily of positive hedging results in the Benelux, which more than compensated for impairments, including EUR 200 million of impairments on Greek government bonds.

Insurance sales (APE) increased both year-on-year and from the second quarter. APE rose 7.1% (5.2% excluding currency effects) on a sequential basis, primarily due to strong sales in Asia/Pacific, as well as strong Full Service Retirement Plan and Employee Benefit sales in the US.

ING Group s quarterly net profit was EUR 1,692 million compared with EUR 239 million in the third quarter of last year and EUR 1,507 million in the second quarter of 2011. The third-quarter underlying effective tax rate was 20.4%.

Net results included EUR 516 million of net gains on divestments, mainly attributable to Clarion Real Estate Securities and ING Car Lease, as well as EUR 13 million of profits from the Latin American insurance operations, which are reported under discontinued operations. Special items after tax were EUR -122 million and primarily related to various restructuring programmes and separation and IPO preparation costs. Separation and IPO preparation costs were EUR 55 million in the quarter and EUR 116 million year-to-date (after tax). It is anticipated that these costs will remain within the previously announced amount of EUR 250 million after tax.

The net profit per share was EUR 0.45 versus EUR 0.06 in the third quarter of 2010 and EUR 0.40 in the second quarter of this year. The average number of shares used to calculate earnings per share over the third quarter was 3,784 million. The Group s underlying net return on IFRS-EU equity was 13.9% for the first nine months of 2011.

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BANKING

Banking key figures

	3Q2011	3Q2010	Change	2Q2011	Change	9M2011	9M2010	Change
Profit and loss data (in EUR million)								
Underlying interest result	3,297	3,415	-3.5%	3,348	-1.5%	10,041	9,936	1.1%
Underlying income	3,880	4,319	-10.2%	4,101	-5.4%	12,489	12,873	-3.0%
Underlying operating expenses	2,379	2,451	-2.9%	2,427	-2.0%	7,287	7,155	1.8%
Underlying addition to loan loss provision	438	374	17.1%	370	18.4%	1,141	1,336	-14.6%
Underlying result before tax	1,063	1,494	-28.8%	1,304	-18.5%	4,061	4,383	-7.3%
Key figures								
Interest margin	1.37%	1.41%		1.42%		1.41%	1.40%	
Underlying cost/income ratio	61.3%	56.8%		59.2%		58.3%	55.6%	
Underlying risk costs in bp of average RWA	55	44		47		48	53	
Risk-weighted assets (end of period, in EUR billion, adjusted for divestm.)				315	1.6%	320	331	-3.3%
Underlying return on equity based on IFRS equity[1]	8.6%	13.0%		11.7%		11.4%	13.0%	
Underlying return on equity based on 7.5% core Tier 1[2]	12.4%	17.6%		16.9%		16.5%	17.1%	

1 Annualised underlying net result divided by average IFRS-EU equity.
2 Annualised underlying, after-tax return divided by average equity based on 7.5% core Tier 1 ratio.

ING Bank reported an underlying result before tax of EUR 1,063 million. Results were heavily impacted by additional impairments on Greek government bonds (as all maturities were impaired to the market value as of 30 September 2011), and a sharp decline in Financial Markets results. The net interest margin was under pressure and declined compared with both the third quarter of last year and the second quarter of 2011. Risk costs rose versus both periods due to provisioning on a few large files.

Total underlying income was 10.2% lower than the third quarter of last year. This primarily reflects EUR 267 million of impairments on Greek government bonds, including EUR 90 million of write-downs on previously impaired securities and EUR 177 million of impairments following a decision to impair the remaining bonds maturing in 2020 and beyond. Excluding these impairments, income was 4.0% lower, mainly due to lower interest results and a decline in management fees following the partial completion of the announced sale of ING s Real Estate Investment Management (REIM) business. Income was 5.4% lower than the second quarter of 2011, which included EUR 187 million of Greek government bond impairments. Additionally, commissions declined from the previous quarter, reflecting the sale of Clarion Real Estate Securities (CRES, which is part of REIM) and lower fees in Commercial Banking.

The interest result was down 3.5% from the third quarter of 2010, largely due to the narrow