

ING GROEP NV
Form 20-F
March 17, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 20-F**

(Mark One)

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE
SECURITIES EXCHANGE ACT OF 1934
OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2010
OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
OR**

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

**Commission file number 1-14642
ING GROEP N.V.**

(Exact name of registrant as specified in its charter)

The Netherlands

(Jurisdiction of incorporation or organization)

ING Groep N.V.

Amstelveenseweg 500

1081 KL Amsterdam

P.O. Box 810, 1000 AV Amsterdam

The Netherlands

(Address of principal executive offices)

Hans van Barneveld

Telephone: +31 20 541 8510

E-mail: Hans.van.Barneveld@ing.com

Amstelveenseweg 500

1081KL Amsterdam

The Netherlands

(Name; Telephone, Email and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class

American Depositary Shares, each representing one Ordinary share
Ordinary shares, nominal value EUR 0.24 per Ordinary share and
Bearer Depositary receipts in respect of Ordinary shares*
7.05% ING Perpetual Debt Securities

**Name of each exchange on
which registered**

New York Stock Exchange
New York Stock Exchange
New York Stock Exchange

7.20% ING Perpetual Debt Securities	New York Stock Exchange
6.20% ING Perpetual Debt Securities	New York Stock Exchange
6.125% ING Perpetual Debt Securities	New York Stock Exchange
5.775% ING Perpetual Debt Securities	New York Stock Exchange
6.375% ING Perpetual Debt Securities	New York Stock Exchange
7.375% ING Perpetual Debt Securities	New York Stock Exchange
8.50% ING Perpetual Debt Securities	New York Stock Exchange

* Listed, not for trading or quotation purposes, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary shares, nominal value EUR 0.24 per Ordinary share	3,831,560,513
Bearer Depository receipts in respect of Ordinary shares	3,830,227,027

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).*

Yes No

* This requirement does not currently apply to the registrant.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes or No

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PRESENTATION OF INFORMATION

In this Annual Report, and unless otherwise stated or the context otherwise dictates, references to ING Groep N.V. , ING Groep and ING Group refer to ING Groep N.V. and references to ING , the Company , the Group , we and us refer to ING Groep N.V. and its consolidated subsidiaries. ING Groep N.V.'s primary insurance and banking subsidiaries are ING Verzekeringen N.V. (together with its consolidated subsidiaries, ING Insurance) and ING Bank N.V. (together with its consolidated subsidiaries, ING Bank), respectively. References to Executive Board or Supervisory Board refer to the Executive Board or Supervisory Board of ING Groep N.V.

ING presents its consolidated financial statements in Euros, the currency of the European Economic and Monetary Union. Unless otherwise specified or the context otherwise requires, references to US\$ and Dollars are to the United States dollars and references to EUR are to euros.

Solely for the convenience of the reader, this Annual Report contains translations of certain euro amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the translated amounts actually represent such dollar or euro amounts, as the case may be, or could be converted into U.S. dollars or euros, as the case may be, at the rates indicated or at any other rate. Therefore, unless otherwise stated, the translations of euros into U.S. dollars have been made at the rate of euro 1.00 = \$1.3813, the noon buying rate in New York City for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York (the Noon Buying Rate) on March 1, 2011.

ING prepares financial information in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS-IASB) for purposes of reporting with the U.S. Securities and Exchange Commission (SEC), including financial information contained in this Annual Report on Form 20-F. ING Group's accounting policies and its use of various options under IFRS-IASB are described under Principles of valuation and determination of results in the consolidated financial statements. In this document the term IFRS-IASB is used to refer to IFRS-IASB as applied by ING Group.

The published 2010 Annual Accounts of ING Group, however, are prepared in accordance with IFRS-EU. IFRS-EU refers to International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), including the decisions ING Group made with regard to the options available under IFRS as adopted by the EU. IFRS-EU differs from IFRS-IASB, in respect of certain paragraphs in IAS 39 Financial Instruments: Recognition and Measurement regarding hedge accounting for portfolio hedges of interest rate risk. Furthermore, IFRS 9 Financial Instruments (issued in 2009) is not yet endorsed by the EU and, therefore, is not yet part of IFRS-EU. However, IFRS 9 is only effective as of 2013 and ING has not early adopted IFRS 9 under IFRS-IASB.

Under IFRS-EU, ING Group applies fair value hedge accounting for portfolio hedges of interest rate risk (fair value macro hedges) in accordance with the EU carve out version of IAS 39. Under the EU IAS 39 carve-out , hedge accounting may be applied, in respect of fair value macro hedges, to core deposits and hedge ineffectiveness is only recognized when the revised estimate of the amount of cash flows in scheduled time buckets falls below the original designated amount of that bucket and is not recognized when the revised amount of cash flows in scheduled time buckets is more than the original designated amount. Under IFRS-IASB, hedge accounting for fair value macro hedges can not be applied to core deposits and ineffectiveness arises whenever the revised estimate of the amount of cash flows in scheduled time buckets is either more or less than the original designated amount of that bucket.

This information is prepared by reversing the hedge accounting impacts that are applied under the EU carve out version of IAS 39. Financial information under IFRS-IASB accordingly does not take account of the possibility that had ING Group applied IFRS-IASB as its primary accounting framework it might have applied alternative hedge strategies where those alternative hedge strategies could have qualified for IFRS-IASB compliant hedge accounting. These decisions could have resulted in different shareholders' equity and net result amounts compared to those indicated in this Annual Report on Form 20-F.

Other than for SEC reporting, ING Group intends to continue to prepare its Annual Accounts under IFRS-EU.

A reconciliation between IFRS-EU and IFRS-IASB is included in Note 2.1 to the consolidated financial statements entitled Basis of preparation.

Effective March 4, 2008, amendments to Form 20-F permit Foreign Private Issuers to include financial statements prepared in accordance with IFRS-IASB without reconciliation to US GAAP.

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Certain amounts set forth herein may not sum due to rounding.

Although certain references are made to information available on ING's website, no materials from ING's website or any other source are incorporated by reference into this Annual Report, except as specifically stated herein.

Subsequent events

ING changed its accounting policy for insurance provisions for Guaranteed Minimum Withdrawal Benefits for Life (GMWBL) in the Insurance US Closed Block VA book as of January 1, 2011. Furthermore, in March 2011, ING announced that it has informed the Dutch State of its intention to early repurchase EUR 2 billion of the non-voting equity securities (core Tier 1 securities) on May 13, 2011. On March 11, 2011 a severe earthquake and tsunami struck Japan. As of the date of this Annual Report, the full impact of these catastrophic events was not yet known and, therefore, it is too early to determine the impact of these events on ING. For details, see Subsequent Events on page F-193 to the consolidated financial statements,

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this Annual Report that are not historical facts, including, without limitation, certain statements made in the sections hereof entitled Information on the Company, Dividends, Operating and Financial Review and Prospects, Selected Statistical Information on Banking Operations and Quantitative and Qualitative Disclosure of Market Risk are statements 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 expressed or implied in such statements due to, without limitation,

changes in general economic conditions, in particular economic conditions in ING's core markets,

changes in performance of financial markets, including developing markets,

the implementation of ING's restructuring plan to separate banking and insurance operations,

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,

the frequency and severity of insured loss events,

changes affecting mortality and morbidity levels and trends,

changes affecting persistency levels,

changes affecting interest rate levels,

changes affecting currency exchange rates,

changes in general competitive factors,

changes in laws and regulations,

changes in the policies of governments and/or regulatory authorities,

conclusions with regard to purchase accounting assumptions and methodologies,

changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards,

ING's ability to achieve projected operational synergies and

the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for the Insurance US Closed Block VA business line.

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. See Item 3. Key Information-Risk Factors and Item 5. Operating and Financial Review and Prospects Factors Affecting Results of Operations.

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PART I

Item 1. Identity Of Directors, Senior Management And Advisors

Not Applicable.

Item 2. Offer Statistics And Expected Timetable

Not Applicable.

Item 3. Key Information

The selected consolidated financial information data is derived from the IFRS-IASB consolidated financial statements of ING Group.

The following information should be read in conjunction with, and is qualified by reference to the Group's consolidated financial statements and other financial information included elsewhere herein.

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	2010 USD⁽¹⁾	2010 EUR	Year ended December 31,		2007⁽²⁾ EUR	2006⁽²⁾ EUR
			2009⁽²⁾ EUR	2008⁽²⁾ EUR		
			(in millions, except amounts per share and ratios)			
IFRS-IASB						
Consolidated Income Statement Data						
Income from banking operations:						
Interest income	96,260	69,688	81,146	98,201	76,859	59,262
Interest expense	77,727	56,271	68,607	87,118	67,823	49,927
Net interest result	18,532	13,416	12,539	11,082	9,036	9,335
Commission income	3,637	2,633	2,656	2,820	2,926	2,681
Investment and Other income	1,506	1,090	(3,558)	(5,950)	3,151	2,362
Total income from banking operations	23,674	17,139	11,637	7,952	15,113	14,378
Income from insurance operations:						
Gross premiums written:						
Life	36,198	26,206	28,720	38,868	40,732	40,501
Non-life	2,405	1,741	1,772	4,944	6,086	6,333
Premium income	38,603	27,947	30,492	43,812	46,818	46,834
Commission income	2,687	1,945	1,953	2,139	1,901	1,636
Investment and Other income	10,494	7,597	3,363	8,970	13,488	11,172
Total income from insurance operations	51,782	37,488	35,808	54,921	62,208	59,642
Total income ⁽³⁾	74,994	54,292	47,109	62,582	77,097	73,804
Total expenditure from banking operations						
	16,443	11,904	13,131	11,556	10,092	9,190
Total expenditure from insurance operations:						
Life	51,192	37,061	34,688	51,649	49,526	49,106
Non-life	2,459	1,780	1,807	4,864	6,149	5,601
Total	53,651	38,841	36,495	56,513	55,675	54,707
Total expenditure ⁽³⁾	69,631	50,410	49,291	67,778	65,543	63,681
(4)						

Result before tax from banking operations	7,231	5,235	(1,494)	(3,604)	5,021	5,188
Result before tax from insurance operations:						
Life	(2,323)	(1,682)	(885)	(2,103)	5,314	3,436
Non-life	454	329	198	511	1,219	1,499
Total	(1,869)	(1,353)	(687)	(1,592)	6,533	4,935
Result before tax	5,362	3,882	(2,181)	(5,196)	11,554	10,123
Taxation	1,381	1,000	(639)	(1,667)	1,665	1,961
Minority interests	145	105	(118)	(37)	267	341
Net result	3,836	2,777	(1,423)	(3,492)	9,622	7,821
Dividend on Ordinary shares				1,500	3,180	2,865
Addition to shareholders equity	3,836	2,777	(1,683)	(5,417)	6,442	4,956
Coupon payable on non-voting equity securities ⁽⁷⁾			259	425		
Net result attributable to equity holders of the Company			(935)	(729)	9,241	7,692
Basic earnings per share ⁽⁵⁾	0.86	0.62	(0.75)	(1.31)	3.45	2.79
Diluted earnings per share ⁽⁵⁾	0.86	0.62	(0.75)	(1.31)	3.43	2.76
Dividend per Ordinary share ⁽⁵⁾				0.74	1.48	1.32
Interim Dividend				0.74	0.66	0.59
Final Dividend					0.82	0.73
Number of Ordinary shares outstanding (in millions)	3,831.6	3,831.6	3,831.6	2,063.1	2,226.4	2,205.1
Dividend pay-out ratio ⁽⁶⁾				n.a.	34.3%	37.0%

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	2010 USD ⁽¹⁾	2010 EUR	Year ended December 31,				2006 ⁽²⁾ EUR
			2009 ⁽²⁾ EUR	2008 ⁽²⁾ EUR	2007 ⁽²⁾ EUR		
	(in billions, except amounts per share and ratios)						
IFRS-IASB							
Consolidated Balance Sheet Data							
Total assets	1,716.7	1,242.8	1,160.0	1,328.6	1,313.2	1,226.5	
Investments:							
Banking	153.2	110.9	105.5	148.8	160.4	171.1	
Insurance	170.3	123.3	106.6	109.5	132.3	140.5	
Total	323.5	234.2	212.1	258.3	292.6	311.6	
Loans and advances to customers	841.1	608.9	575.3	616.8	553.7	474.6	
Insurance and investment contracts:							
Life	352.4	255.1	226.0	213.0	232.4	237.9	
Non-life	5.0	3.6	3.5	6.8	9.6	10.1	
Investment contracts	16.6	12.0	11.3	21.1	23.7	20.7	
Total	373.8	270.6	240.9	240.8	265.7	268.7	
Customer deposits and other funds on deposit:							
Savings accounts of the banking operations	448.4	324.6	304.1	274.3	275.1	283.1	
Other deposits and bank funds	258.0	186.8	165.4	248.5	250.1	213.6	
Total	706.4	511.4	469.5	522.8	525.2	496.7	
Amounts due to banks	100.7	72.9	84.2	152.3	167.0	120.8	
Share capital in number of shares (in millions)	3,831.6	3,831.6	3,831.6	2,063.1	2,242.4	2,268.1	
Shareholders' equity	53.0	38.4	31.1	15.1	37.7	38.4	
Non-voting equity securities	6.9	5.0	5.0	10.0			
Shareholders' equity per Ordinary share ⁵⁾	14.02	10.15	8.22	7.44	17.98	17.84	

(1) Euro amounts have been translated into U.S. dollars at the exchange rate of \$1.3813 to EUR 1.00, the noon buying rate in New York City on March 1, 2011 for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York.

(2) For the impact of divestments see Item 5. Operating and Financial Review and Prospects .

(3) After elimination of certain intercompany transactions between the insurance operations and the banking operations. See Note 2.1 to the consolidated financial statements.

- (4) Includes all non-interest expenses, including additions to the provision for loan losses. See Item 5, Operating and Financial Review and Prospects Liquidity and Capital Resources .
- (5) Basic earnings per share amounts have been calculated based on the weighted average number of Ordinary shares outstanding and Shareholders equity per share amounts have been calculated based on the number of Ordinary shares outstanding at the end of the respective periods. For purposes of this calculation ING Groep N.V. shares held by Group companies are deducted from the total number of Ordinary shares in issue. The rights issue, which was finalized on December 15, 2009 has an effect on the basic earnings per share and the diluted earnings per share, as defined in IFRS IASB. All weighted average number of shares outstanding before the rights issue are restated with an adjustment factor that reflects the fact that the exercise price of the rights issue was less than the fair value of the shares, see Note 49 of Note 2.1 to the consolidated financial statements. The effect of dilutive securities is adjusted as well.
- (6) The dividend pay-out ratio is based on net result attributed to equity holders of the Company.
- (7) For details of the agreements with the Dutch State, see Note 13 of Note 2.1 to the consolidated financial statements.

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Fluctuations in the exchange rate between the euro and the U.S. dollar will affect the U.S. dollar amounts received by owners of shares or ADSs on conversion of dividends, if any, paid in euros on the shares and will affect the U.S. dollar price of the ADSs on the New York Stock Exchange.

The following table sets forth, for the periods and dates indicated, certain information concerning the exchange rate for U.S. dollars into euros based on the Noon Buying Rate.

Calendar Period	Period End⁽¹⁾	U.S. dollars per euro		
		Average Rate⁽²⁾	High	Low
2006	1.3197	1.2661	1.3327	1.1860
2007	1.4603	1.3794	1.4862	1.2904
2008	1.3919	1.4695	1.6010	1.2446
2009	1.4332	1.3955	1.5100	1.2547
2010	1.3269	1.3218	1.4536	1.1959

(1) The Noon Buying Rate at such dates differ from the rates used in the preparation of ING's consolidated financial statements as of such date. See Note 2.1 to the consolidated financial statements.

(2) The average of the Noon Buying Rates on the last business day of each full calendar month during the period. The table below shows the high and low exchange rate of the U.S. dollar per euro for the last six months.

	High	Low
September 2010	1.3638	1.2708
October 2010	1.4066	1.3688
November 2010	1.4205	1.3036
December 2010	1.3395	1.3084
January 2011	1.3715	1.2944
February 2011	1.3794	1.3474

The Noon Buying Rate for euros on December 31, 2010 was EUR 1.00 = \$1.3269 and the Noon Buying Rate for euros on March 1, 2011 was EUR 1.00 = \$1.3813.

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RISK FACTORS

Any of the risks described below could have a material adverse effect on the business activities, financial condition, results of operations and prospects of ING. The market price of ING shares could decline due to any of these risks, and investors could lose all or part of their investments. Additional risks of which the Company is not presently aware could also affect the business operations of ING and have a material adverse effect on ING's business activities, financial condition, results of operations and prospects. In addition, the business of a multinational, broad-based financial services firm such as ING is inherently exposed to risks that only become apparent with the benefit of hindsight. The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or the potential magnitude of their financial consequences.

Risks Related to Financial Conditions, Market Environment and General Economic Trends.

Because we are a financial services company conducting business on a global basis, our revenues and earnings are affected by the volatility and strength of the economic, business and capital markets environments specific to the geographic regions in which we conduct business. The ongoing turbulence and volatility of such factors have adversely affected, and may continue to adversely affect, the profitability of our insurance, banking and asset management business.

Factors such as interest rates, securities prices, credit spreads, liquidity spreads, exchange rates, consumer spending, business investment, real estate and private equity valuations, government spending, inflation, the volatility and strength of the capital markets, political events and trends, and terrorism all impact the business and economic environment and, ultimately, the amount and profitability of business we conduct in a specific geographic region. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investments, and lower consumer spending, the demand for banking and insurance products is usually adversely affected and ING's reserves and provisions typically would increase, resulting in overall lower earnings. Securities prices, real estate values and private equity valuations may also be adver