



ING 2008 Results

Koos Timmermans
Chief Risk Officer
Acting Chief Financial Officer



In 2008, ING posts full-year loss; banking remains profitable

- ING's 2008 results were adversely impacted by the global financial crisis
- Turmoil in financial markets caused a sharp decline in results for ING's insurance operations
- Banking reported positive net results despite the challenging circumstances
- Steps taken to strengthen ING:
 - Several de-risking actions
 - Capital support facility of EUR 10 billion
 - Illiquid Assets Back-up Facility for Alt-A portfolio

Key figures over the past five years

	2008	2007	2006	2005	2004
ING GROUP					
Income (in EUR million)	66,291	76,587	73,621	71,120	68,171
Underlying net result (in EUR million)	-729	9,241	7,750	6,234	4,959
Earnings per share	-0.36	4.32	3.57	3.32	2.71
Total assets (in EUR billion)	1,332	1,312	1,226	1,159	964
ING Group debt/equity ratio	13.8%	9.5%	9.0%	9.4%	10.2%
Bank Tier-1 ratio	9.32%	7.39%	7.63%	7.32%	6.92%
Assets under management (in EUR billion)	551	643	600	547	492



ING's capital and solvency ratios are within target



Market deterioration led to significant impairments and negative revaluations across almost all asset classes

(in EUR million)	FY08			FY07
	Bank	Insurance	Group	Group
Commercial result before risk costs	5,263	2,057	7,319	7,605
Impairments, etc on pressurised assets	-2,039	-560	-2,599	-255
Impairments on equity securities	-331	-1,376	-1,707	-52
Impairments on other debt securities	-255	-520	-775	-43
Impairments and losses	-2,625	-2,455	-5,081	-350
Revaluations on real estate	-732	-452	-1,184	481
Revaluations on private equity		-399	-399	359
Revaluations	-732	-851	-1,583	840
Equity capital gains/ equity hedge	30	1,181	1,211	3,197
Equity related DAC unlocking		-567	-567	-5
FX hedge/Other*	-206	-600	-806	-83
Other market impacts	-176	14	-162	3,109
Risk costs Bank	-1,280		-1,280	-125
Underlying result before tax	449	-1,235	-787	11,080
Tax and third-party interests	273	343	615	1,872
Underlying net result	722	-893	-171	9,208
Divestments and special items	-267	-291	-558	33
Total net result	454	-1,183	-729	9,241

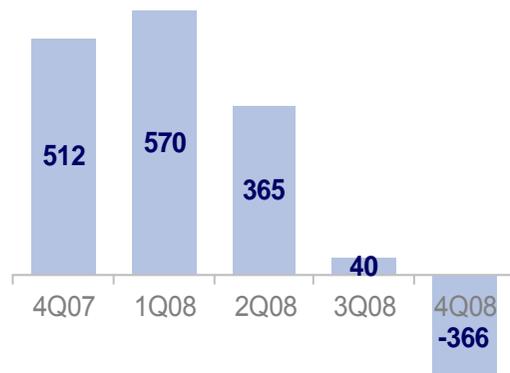
* Other includes FX hedges and other market-to-market valuations
Numbers may not add up due to rounding



Banking: Lower result driven by impairments, negative revaluations and risk costs

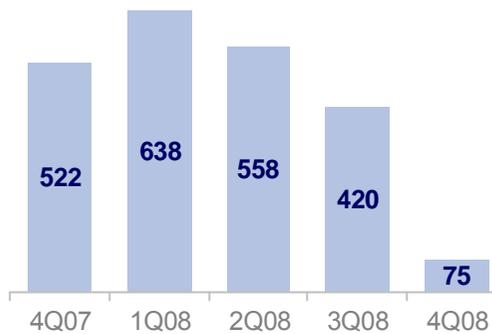
Underlying result before tax (in EUR million)

Wholesale Banking



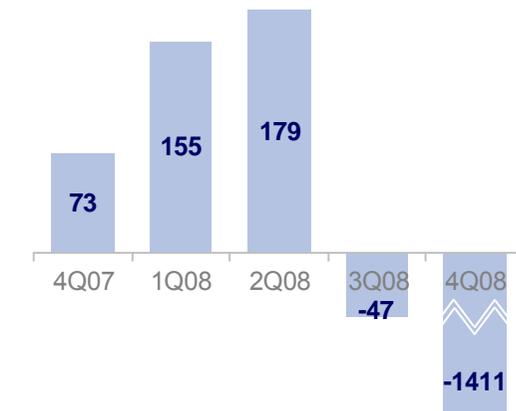
- 2008 underlying result before tax: EUR 609 million

Retail Banking



- 2008 underlying result before tax: EUR 1,691 million

ING Direct

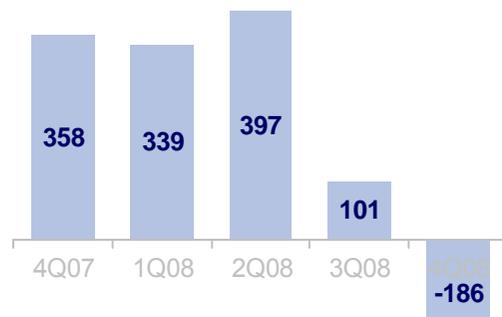


- 2008 underlying result before tax: EUR -1,125 million

Insurance: Financial markets downturn and volatility reduce earnings

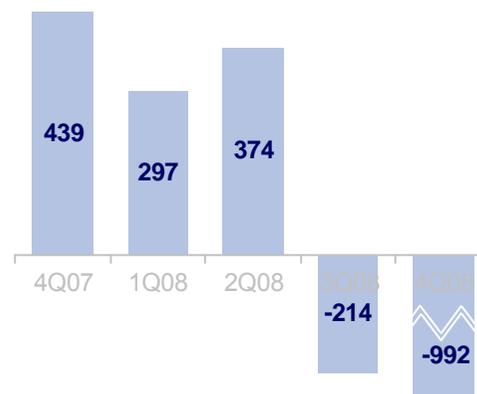
Underlying result before tax (in EUR million)

Insurance Europe



- 2008 underlying result before tax: EUR 651 million

Insurance Americas



- 2008 underlying result before tax: EUR -534 million

Insurance Asia/Pacific



- 2008 underlying result before tax: EUR 116 million

Steps taken to strengthen ING

De-risking actions

EUR 10 billion capital strengthening

Illiquid Asset-Back-up Facility

De-risking actions

Steps taken in 2008

- ING de-risked its balance sheet, reducing exposure to equities, interest rates, and asset backed securities
 - Equity hedges were put into place
 - Sale ING Life Taiwan and interest rate swaps
 - Closed several CDO positions
 - Reduced activities in Leveraged Finance and Financial Markets
- Product de-risking
 - Underwriting standards were tightened
 - Product redesign

Steps taken to strengthen ING

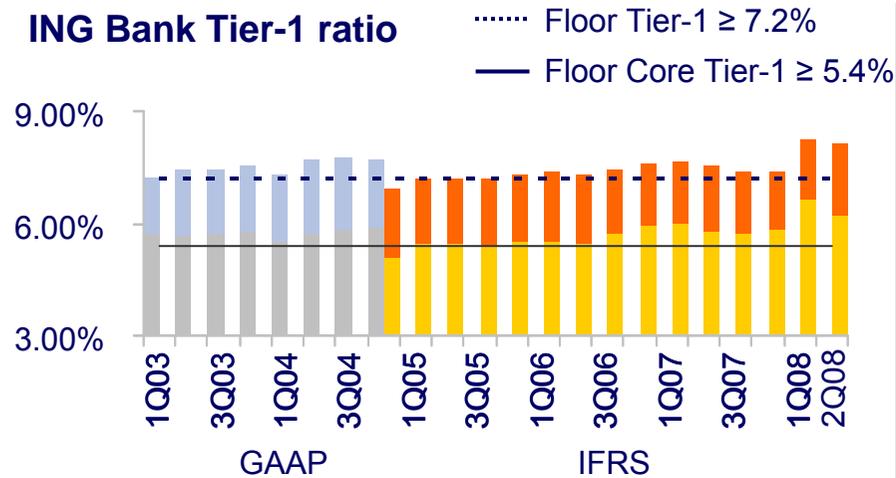
De-risking actions

EUR 10 billion capital strengthening

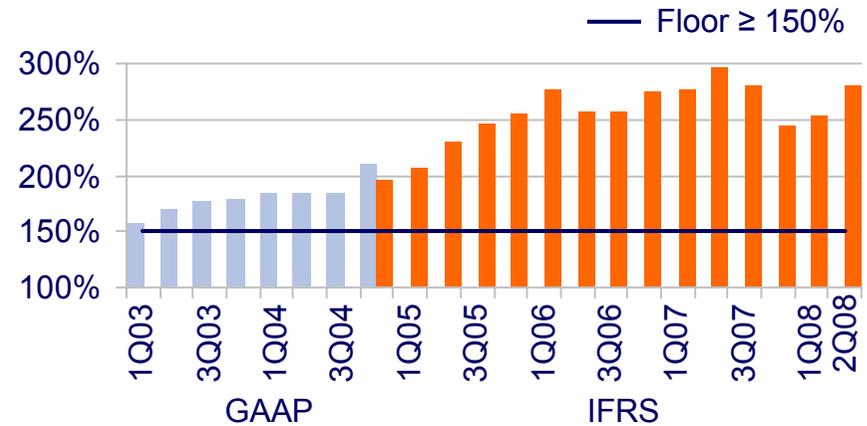
Illiquid Asset-Back-up Facility

ING's capital ratios were above their targets when the crisis deepened in September 2008

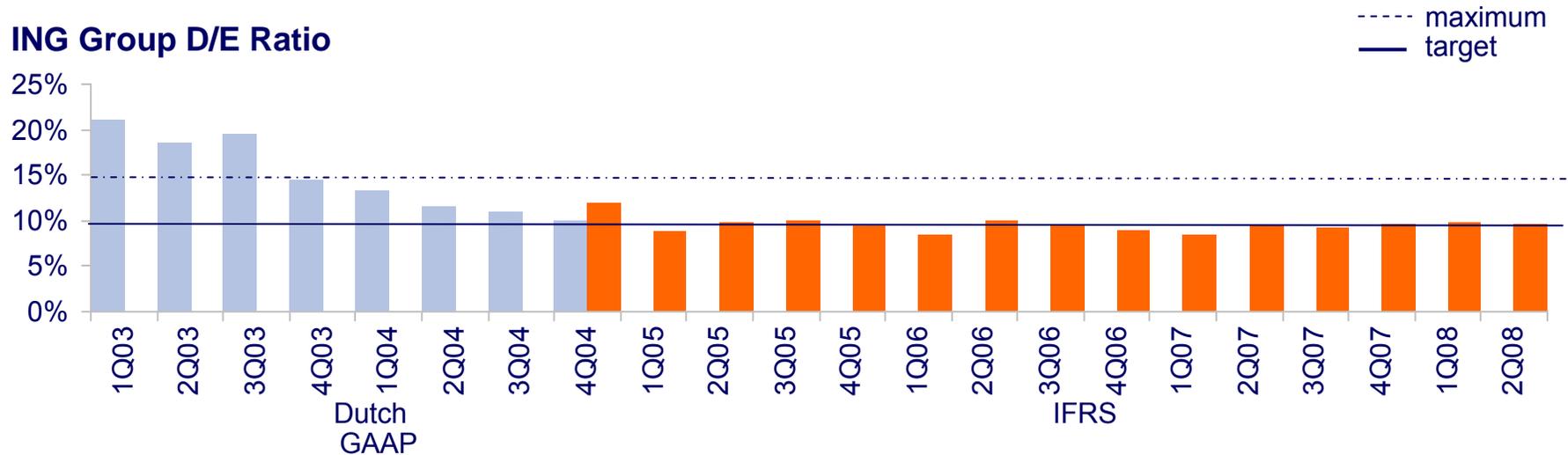
ING Bank Tier-1 ratio



ING Insurance Capital Coverage Ratio

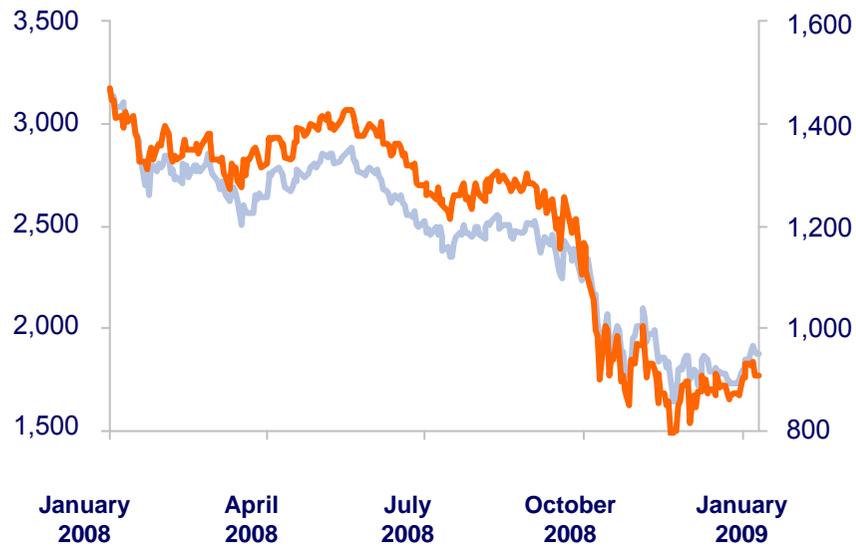


ING Group D/E Ratio



Stock markets declined, credit spreads widened

Stock Markets



● FTSE Eurotop 100 Index
● S&P 500 (right-hand side)

Credit Spreads

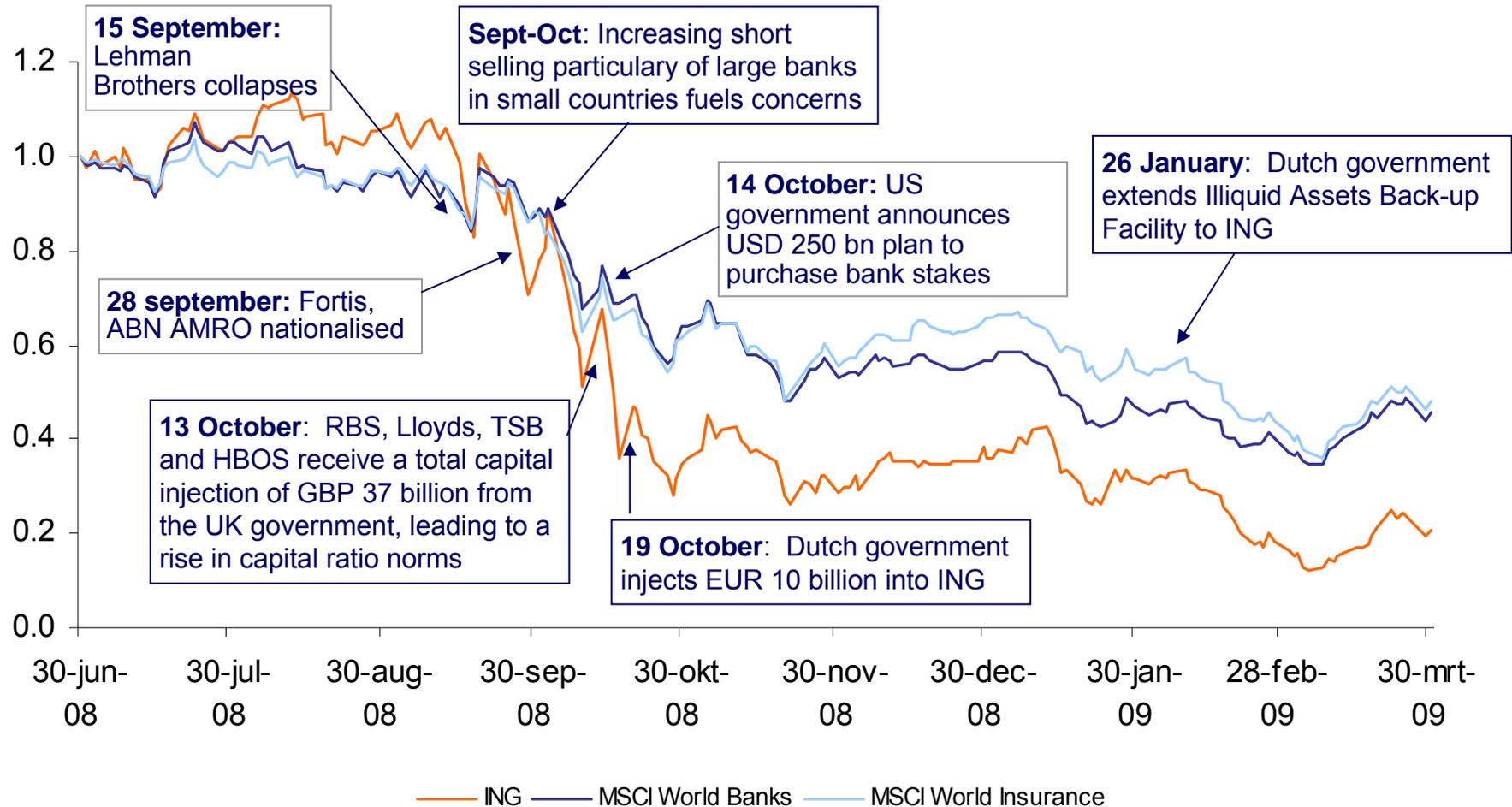


● CDIX 5 Year
● ITRAXX Europe



Unprecedented crisis affected ING's share price

Relative performance 30 June 2008 – 31 March 2009



As the crisis deepened, market expectations for capital increased

- Expectations for capital levels changed following the massive capital injections in financial institutions worldwide
- ING had maintained a target ratio of at least 7.2% (Core Tier-1 $\geq 5.4\%$) in line with AA rating requirements
- In October markets began to demand Core Tier-1 ratios of 7-8% for banks
- Investors turned to basic metrics like asset leverage

EUR 10 billion capital strengthening

Characteristics of core Tier-1 securities

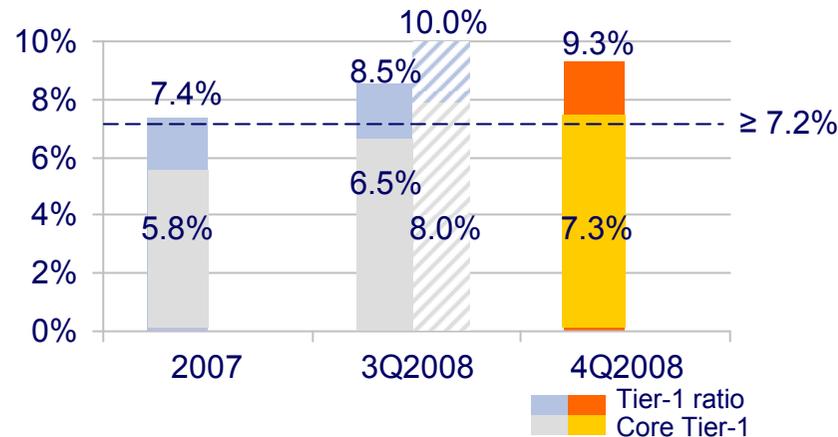
- Issue of 1 billion non-voting core Tier-1 securities at a price of EUR 10 per security to the Dutch state
- Qualifies as Core Capital for Dutch Central Bank
- Flexibility as to coupon payment and security redemption: a coupon of 8.5% is paid only if a dividend is paid to common shareholders
- EUR 10 billion remains as IFRS equity on ING's balance sheet and is mainly invested in government bonds

Exit options

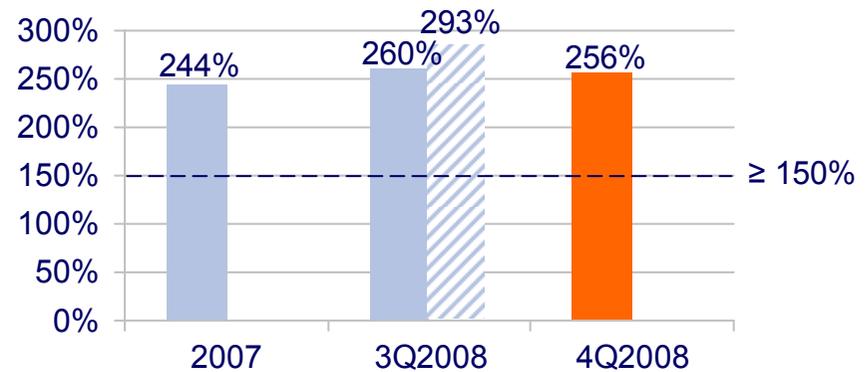
- ING has the right to buy back all or some of the securities at any time at 150% of their issue price
- ING has the option to convert at par after three years
- ING has the option to seek other sources of Tier-1 capital to replace the securities

ING's key capital and solvency ratios then moved in line with new international norms

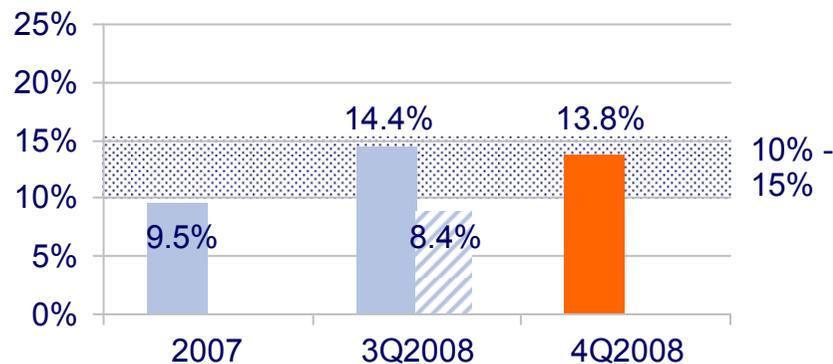
ING Bank Tier-1 ratio



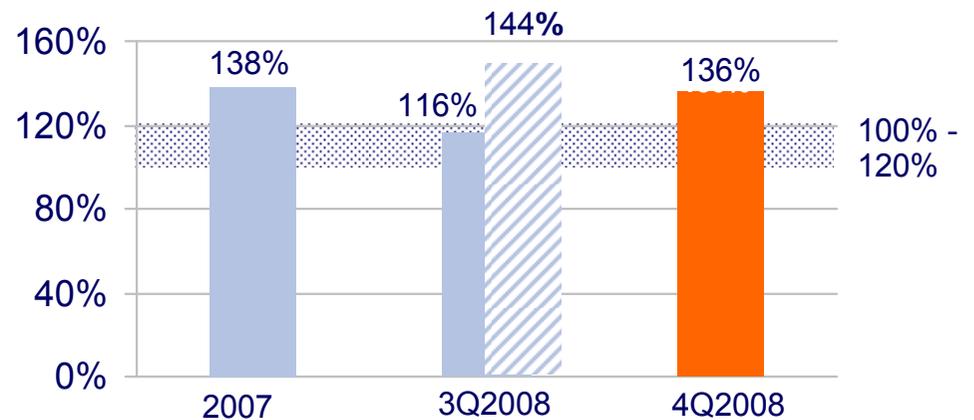
ING Insurance capital coverage ratio



ING Group D/E ratio



ING AFR/EC



--- Target ▨ pro forma including capital injection



Steps taken to strengthen ING

De-risking actions

EUR 10 billion capital strengthening

Illiquid Asset-Back-up Facility

Alt-A RMBS fulfilled ING Direct's desired interest rate and credit risk profile

Why invest in US RMBS?

- ING Direct has a Thrift license in the US and has regulatory obligation to invest at least 55% of its assets in mortgage related assets

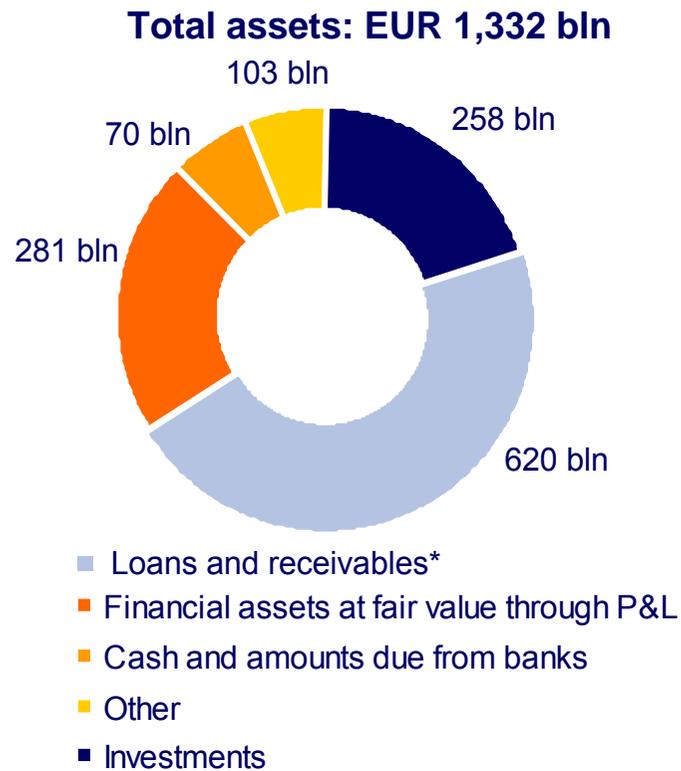
Why invest in Alt-A RMBS?

- To prevent a concentration risk in agency paper and to manage interest rate sensitivity.
- Growth in savings exceeded our own-originated mortgages

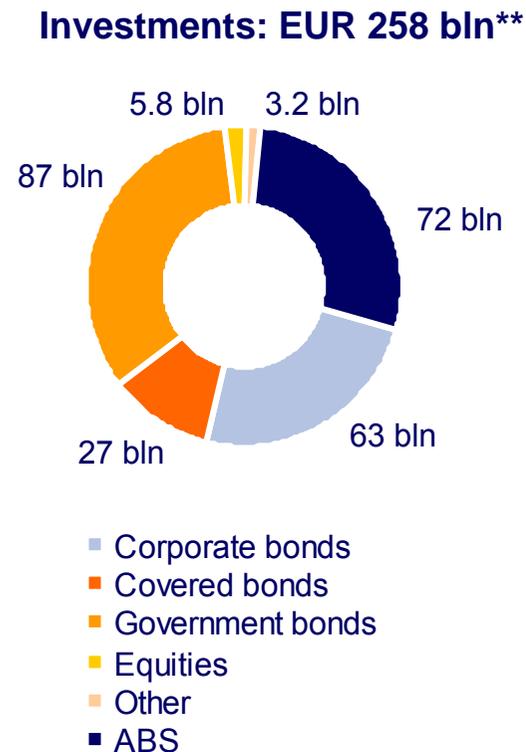
Alt-A RMBS: assets with short duration that meet internal and regulatory requirements

Asset-backed securities are 5% of ING's assets

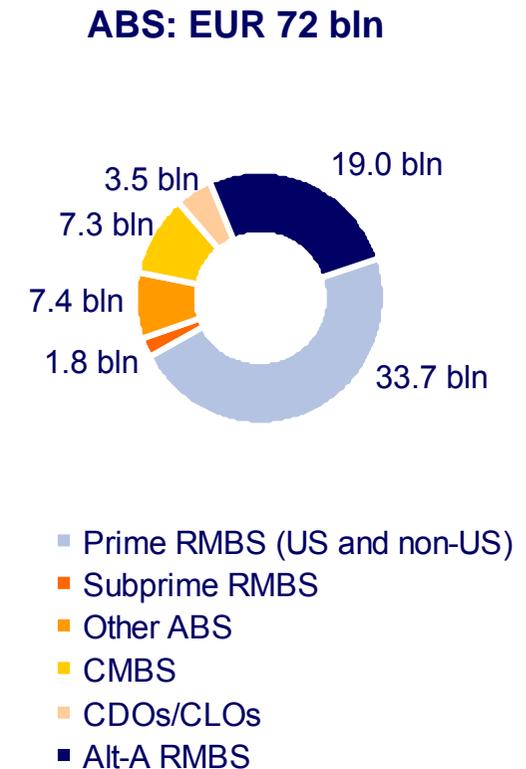
Breakdown of ING's assets and investments



* Loans and receivables to customers includes EUR 12 billion European asset-backed products



**EUR 228 bln AFS and EUR 15 bln HtM



In 2008 mortgage-backed securities prices declined significantly

- US house prices sharply declined in 2008 as the US economy slowed
- This impacted prices of mortgage-backed securities, and the deterioration of prices was aggravated by a lack of liquidity
- ING has invested in the highest quality segments of US Alt-A RMBS

IFRS accounting and Basel II exacerbate capital consumption of Alt-A RMBS

ING's Alt-A RMBS portfolio triggered three main issues

- (1) Deteriorating market values reduced shareholders' equity due to accounting treatment for AFS investments
- (2) Under IFRS accounting any underlying credit loss translates into an impairment through the P&L of that security to its current market price (e.g. in 4Q EUR 303 million credit loss triggered EUR 1.8 billion pre-tax impairments)
- (3) Under Basel II the risk-weights of asset-backed securities sharply increase when ABS are downgraded by the rating agencies

Characteristics of Alt-A facility

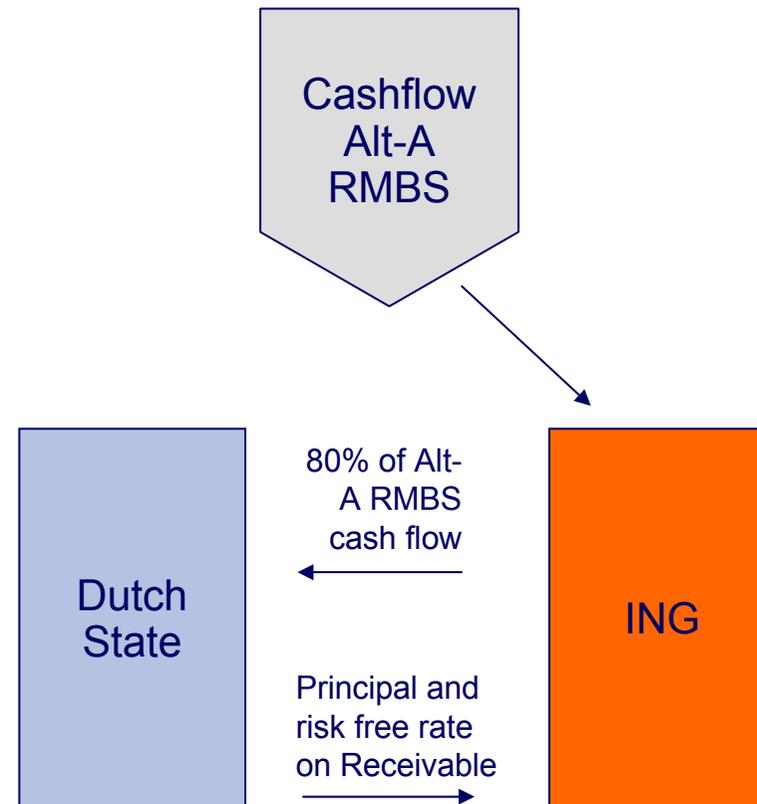
Illiquid Assets Back-up Facility

ING transfers 80% economic ownership of Alt-A RMBS to the Dutch State at 90% of par; as a result, ING misses EUR 400 million in interest income per year

The transaction:

- Reduces ING's risk of potential future Alt-A impairments by 80%
- Reduces risk-weighted assets, increases the Bank's Tier-1 ratio by 40 bps
- Significantly reduces the uncertainty regarding the impact of revaluations, any future losses in the Alt-A portfolio, and RWA migration

Cash Flows after Illiquid Assets Back-Up Facility



In 2008, ING posts full-year loss; banking remains profitable

- ING's 2008 results were adversely impacted by the global financial crisis
- Turmoil in financial markets caused a sharp decline in results for ING's insurance operations
- Banking reported positive net results despite the challenging circumstances
- Steps taken to strengthen ING:
 - Several de-risking actions
 - Capital support facility of EUR 10 billion
 - Illiquid Assets Back-up Facility for Alt-A portfolio

Looking ahead

- In 2009, ING will operate in a difficult economic climate
- Main uncertainties:
 - Financial market developments
 - Residential and commercial real estate markets
 - Further deterioration of global economy: loan loss provisions remain at elevated levels