



# Amendments to EC Restructuring Plan

ING and EC agree on amendments to restructuring requirements and deadlines

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**BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES**



# ING and EC agree to amended restructuring plan






- Timelines extended to complete divestments of Insurance & Investment Management, taking into consideration the current market environment
- Operations of WestlandUtrecht Bank will be merged with the recently created NN Bank, and will be divested along with Insurance Europe
- Remaining support from Dutch State to be repaid in 4 equal tranches, including 50% exit premium, by May 2015. First tranche of EUR 1.125 bln will be paid 26 November 2012
- Bans on acquisitions, price leadership and calling hybrids extended

The amended agreement gives us more time and flexibility to complete the required restructuring, while our strategic objectives remain unchanged. We will maintain the momentum in our restructuring programme, and we remain committed to repaying the State as quickly as possible.

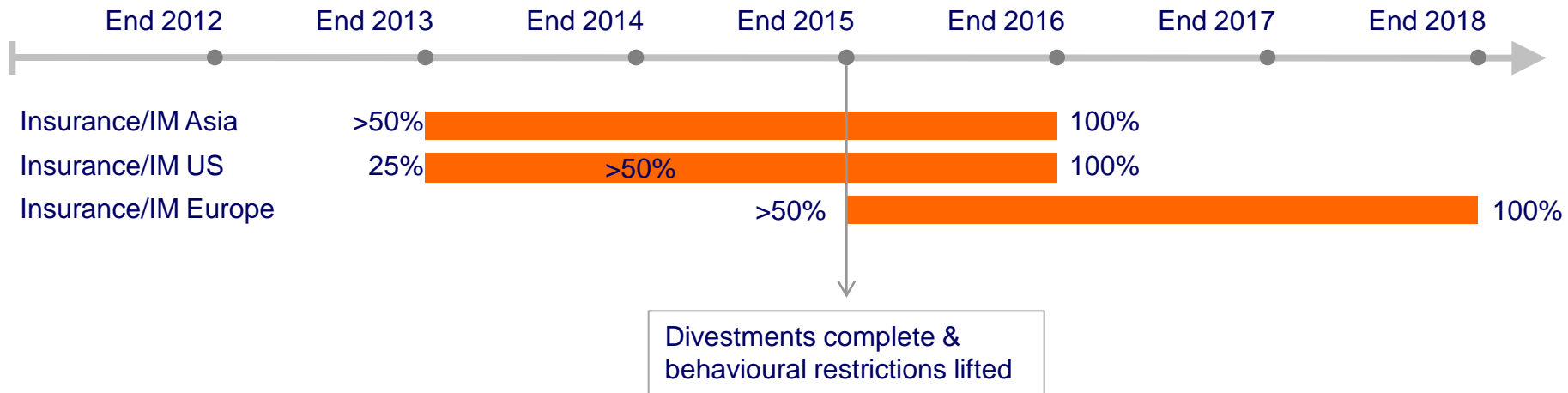
# ING is making good progress on restructuring



# Key revisions to EC restructuring agreement

	2009 Agreement		New agreement
Deadline insurance divestments	End 2013		Asia >50% by end 2013, rest 2016 US >25% in 2013, >50% 2014, rest 2016 EU >50% by end 2015, rest 2018
Divestment Westland Utrecht Bank	To be divested by 2012		Merge part with NN Bank and divest with Insurance Europe IPO
State Repayment	50% exit premium or conversion option		Repay state EUR 4.5 bln, including 50% premium in 4 equal tranches; final payment by May 2015
Acquisition Ban	November 2012		Extended to November 2015, or until >50% of each insurance businesses divested
Price Leadership Ban	November 2012		
Ban on calling hybrids	November 2012		Extended to November 2014, or until State is fully repaid

# Deadlines for Insurance divestments extended



- Divesting control (> 50% of shares) of a business qualifies as divestment for EC. At that stage ING will deconsolidate the business, and remaining interest can be sold down over 2 or 3 years
- Acquisition ban, price leadership ban lifted once > 50% of each Insurance business is completed

We remain committed to completing the restructuring as quickly as possible, however these deadlines give us more flexibility given the challenging environment

# WestlandUtrecht to be combined with new NN Bank

- Operations of WestlandUtrecht Bank will be merged with the recently created NN Bank
- Combination will accelerate the strategy of NN Bank, which will grow to create a new mid-sized bank in the Netherlands under the strong Nationale-Nederlanden brand
- NN Bank will offer a range of financial products, including:
  - mortgages
  - savings accounts
  - bank annuity products (banksparen)
  - investments
  - consumer insurance products
  - consumer credit
  - Core retail insurance products of NN Life and P&C products
- NN Bank will have access to NN's 2.5 million retail customers, and an integrated multi-channel distribution platform with more than 2000 independent financial advisors and 90 tied agents, as well as direct distribution through internet and telephone

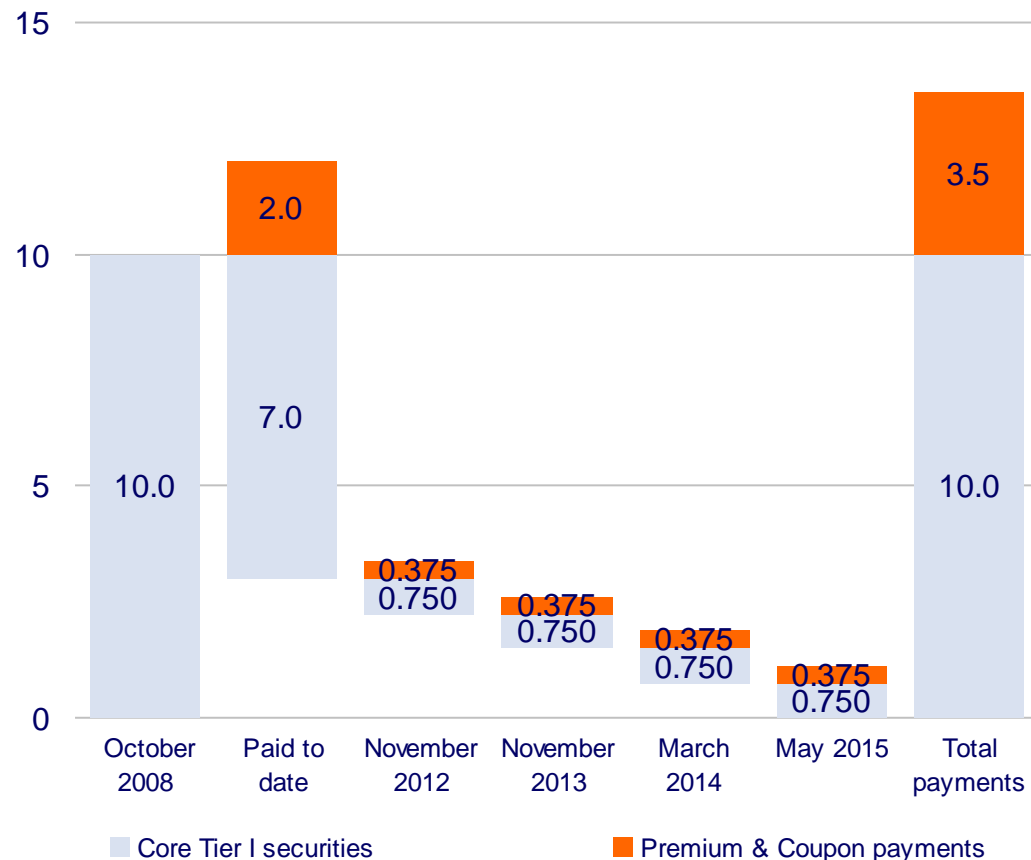


# NN Bank to grow to create a new mid-sized bank

	WestlandUtrecht	Transfer to NN Bank	NN Bank	Expected start point New NN Bank 1/1/2013
Mortgages	EUR 37 bln	EUR 2.6 bln		EUR 2.6 bln
Consumer credit	EUR 0.2 bln	EUR 0.2 bln		EUR 0.2 bln
Savings	EUR 2.6 bln	EUR 2.6 bln		EUR 2.6 bln
Bank annuity			EUR 0.3 bln	EUR 0.3 bln

- EUR 2.6 bln of WUB's mortgage portfolio to transfer to NN Bank. Remainder to be run down over time
- ING Bank will inject EUR 350 million of capital in NN Bank. An additional EUR 120 million will be injected if necessary prior to divestment to ensure a Tier-1 ratio of at least 12% for NN Bank in 2015
- ING has agreed to target market shares on new production for mortgages and consumer credit until 2015 to ensure NN Bank has sufficient scale at the time of the divestment of Insurance Europe
- NN Bank to become self-funding through growth in savings and bank annuity products, supplemented by capital markets funding. A maximum of EUR 2.7 bln in funding can be provided by ING at separation and that must take the form of marketable securities
- ING Bank commits to support the development of NN Bank through caps on new mortgage production, free access to ATMs for NN Bank credit card holders, and other measures

# Committed timeline to repay Dutch State



- ING has committed to repay the remaining EUR 3 billion plus 50% exit premium to the Dutch State in 4 equal tranches of EUR 1.125 bln
- Any accrued interest or coupons paid under the terms of the CT1 securities will be offset against the exit premium through partial use of the conversion option to ensure total payments do not exceed EUR 4.5 bln
- Upon completion, total payments to the Dutch State will amount to 135% of the capital support received, leading to a return of 12.5% based on the committed timelines

ING remains committed to repaying the Dutch State as quickly as possible and will accelerate payments if this is prudent under the prevailing economic circumstances.





# Behavioural Commitments and Appeal Process

- Acquisition ban and price leadership bans extended to 18 November 2015, or until >50% of each of the Insurance businesses have been divested, if earlier
- Terms of price leadership ban adjusted:
  - Price leadership ban will no longer apply to the Netherlands
  - >5% market share (non ING Direct): ING can not be among the top 3 in terms of pricing for standard retail products
  - ING Direct EU: ING can not be the market leader measured against the 10 largest competitors<sup>1</sup>
- Ban on calling hybrids extended until 18 November 2014 or until State is repaid, if earlier:
  - EC has given permission for ING to call the EUR 1.25 billion hybrid outstanding from ING Verzekeringen NV, which has a change of control clause that would be triggered by the divestment of Insurance Asia
  - ING intends to call the above hybrid on 21 December 2012
- This agreement has been approved by the EC and will replace the EC's decision dated 11 May 2012, so ING has withdrawn its appeal against the earlier decision

<sup>1</sup> New terms will come into effect three months after the EC decision. Until then 2009 terms continue to apply

# Wrap-up

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- We remain committed to executing the restructuring plan to create stand-alone banking and insurance companies, and we will continue the momentum we have demonstrated in recent years
- Today's agreement increases flexibility for ING to complete its agreed restructuring plan, taking into consideration the current market environment
- ING is pleased that a solution has been found for the sale of WestlandUtrecht Bank, creating a new mid-sized competitor in the Netherlands under the NN brand
- ING remains committed to repaying the State as quickly as possible and will accelerate payment if prudent under the prevailing economic circumstances

# Disclaimer

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 2011 ING Group Annual Accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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