PRESS RELEASE

Amsterdam, 1 November 2013

ING and Dutch State reach agreement on unwinding of Illiquid Assets Back-up Facility

ING announced today that it has reached an agreement with the Dutch State on the unwinding of the Illiquid Assets Back-Up Facility (IABF). The facility was established in 2009, at the depth of the financial crisis, in order to reduce the risk and uncertainty for ING from a portfolio of US Alt-A mortgage securities. Market developments now allow the unwinding of the facility, including selling the securities, with a cash profit for the Dutch State.

"While we are grateful for the support the Dutch State extended to us in 2009, we are pleased that today we can announce the end of the Alt-A arrangement," said Ralph Hamers, CEO of ING Group. "Over the past years we have worked hard to make ING stronger and simpler and to limit risks. We are looking ahead to take ING through the last phase of our restructuring and work on further focusing our company on serving our customers."

ING and the Dutch State formed the IABF in January 2009. The Dutch State took over the risk on 80% of ING's portfolio of US Alt-A mortgage securities with a nominal value of EUR 24 billion. Under the arrangement, the State receives all interest and principal payments from the securities in the portfolio. To fund this purchase of economic ownership, the State received a loan from ING equal to 90% of the nominal value, or EUR 21.6 billion, to be repaid over time. The State also pays ING fees for funding the loan and managing the portfolio. In return ING pays the State a guarantee fee. In order to obtain approval from the European commission for the arrangement, ING agreed in 2009 to pay to the State additional guarantee fees, for which a one-time pre-tax provision was booked against 2009 results.

Since the start of the arrangement, market prices for the securities have recovered to around 71%. The total nominal value of the portfolio has decreased from the original EUR 24 billion to EUR 9.0 billion as of 30 September 2013, predominantly through regular repayments on the underlying mortgages by homeowners. The State has used all repayments and net fees received to pay off the loan from ING, reducing the amount outstanding from EUR 21.6 billion in January 2009 to EUR 6.0 billion at 30 September 2013.

Under the agreement announced today, the IABF in its current form will be terminated, regular fee payments will be settled and the other restrictions as part of the IABF agreement will no longer be applicable. The Dutch State intends to sell the Alt-A securities in the market in the coming year. Announcements on process or actual transactions will be made if and when appropriate by the Dutch State Treasury Agency. At current market prices, the portfolio has a market value of approximately EUR 6.4 billion. Proceeds of divesting the securities at that price would enable the State to pay off the remaining loan from ING of EUR 6.0 billion, leaving a direct cash profit for the State of approximately EUR 0.4 billion.

In addition, under the terms of the agreement, ING will transfer to the State EUR 0.4 billion of the remaining provision it formed in 2009 for the additional guarantee fees. The release of what remains of the provision after this transfer will not have a material impact on ING's results. Unwinding the IABF will also result in eliminating a counter-guarantee that ING extended to the Dutch state in connection with the divestment of ING Direct USA in 2012. This will reduce ING Bank's Risk Weighted Assets by EUR 2 billion. On a pro forma basis, the unwinding of the IABF is expected to add approximately 10 basis points to ING Bank's core Tier 1 ratio. The terms of the agreement announced today have been discussed with the European Commission, but are still subject to approval by the EC.

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ING PROFILE

ING is a global financial institution of Dutch origin, offering banking, investments, life insurance and retirement services to meet the needs of a broad customer base. Going forward, we will concentrate on our position as an international retail, direct and commercial bank, while creating an optimal base for an independent future for our insurance and investment management operations

IMPORTANT LEGAL INFORMATION

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