



Taking ING Back to Basics

Goldman Sachs European Financials Conference

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www.ing.com



The journey back to basics

Strengthen financials and navigate through the crisis

- Reduce costs
- Manage and reduce risk and capital exposures
- De-leverage balance sheet (reduce assets, preserve equity)

Focus on fewer, coherent and strong businesses

- Review portfolio of businesses
- Reduce number of markets in which ING operates
- Simplify the group

Invest to reinforce franchises in markets we focus on

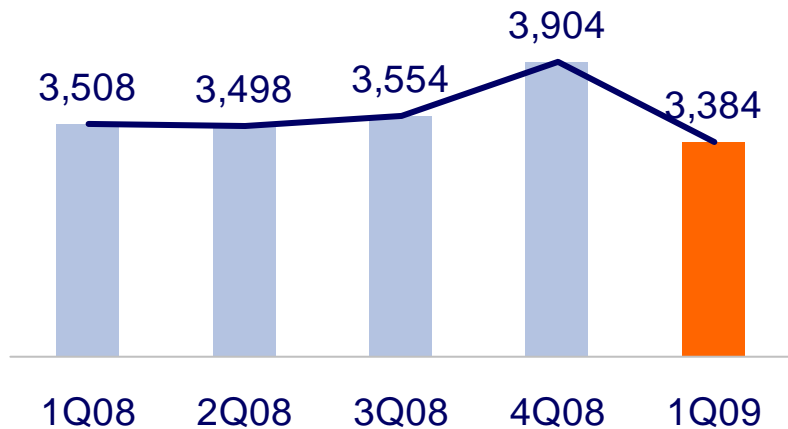
- Drive operational and commercial excellence
- Consolidate positions using acquisitions where needed
- Continue to adapt to customers' needs

Build a stronger organisation

- Steer on operational and commercial performance with clear accountability
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- Simplify governance, further strengthen Finance & Risk, and reduce complexity

Cost reduction on track to realise EUR 1 billion in 2009

Operating expenses (in EUR million)



- 25% of the targeted EUR 1 billion cost reduction was realised in 1Q09
- Total Group operating expenses declined 3.5% compared with 1Q08
- Total Group operating expenses declined 13.3% compared with 4Q08

Operating expense reduction (in EUR mln) *

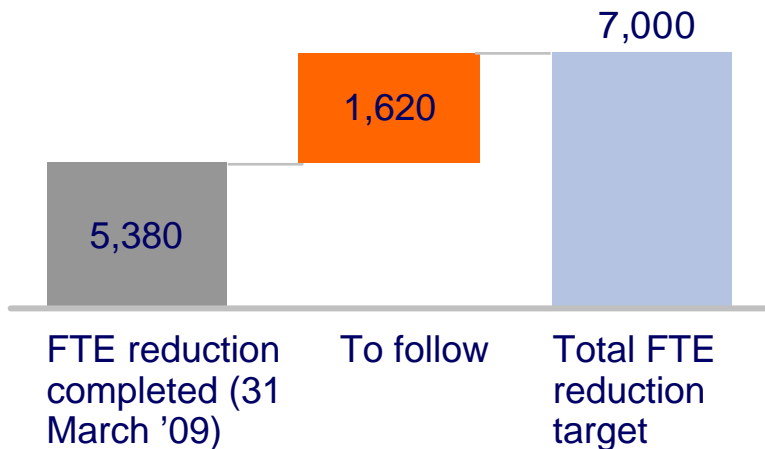
	Realised 1Q09	Target 2009
Banking	53	650
Retail Banking	(28)	150
ING Direct	22	150
Wholesale Banking	35	350
Corporate Line Banking	24	-
Insurance	178	350
Europe	4	100
Americas	129	175
Asia / Pacific	32	75
Corporate Line Insurance	13	-
Total ING Group	231	1,000

* Adjusted for FX, divestments and acquisitions



More than 75% of expected 7,000 FTE reduction already achieved

FTE reduction



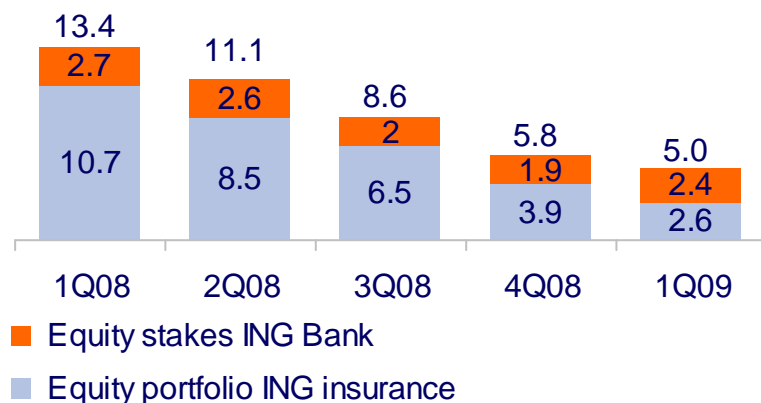
Business Line	Realised	Plan 2009
Retail Banking	532	800
ING Direct	288	600
Wholesale Banking	658	1,400
Insurance Europe	306	1,100
Insurance Americas	3,309	2,400
Ins. Asia/Pacific	287	700
Total	5,380	7,000



Headcount reduction comes on top of 578 FTE's reduced in 1Q09 as a result of merger Dutch retail operations
Additional reductions also from third-party staff

De-risking measures are on track

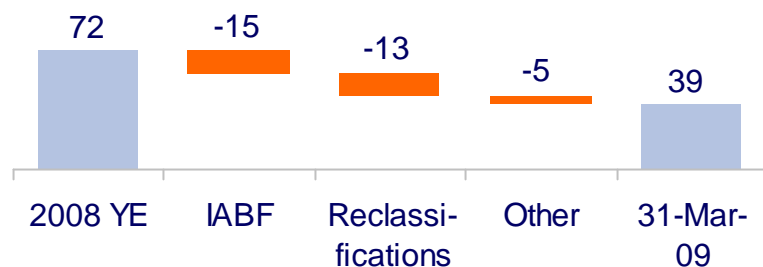
Direct equity exposure reduced (EUR billion)



Product de-risking

- Further tightening loan underwriting criteria
- US variable annuity products de-risked
 - Product adaptations
 - Limited fund options
 - Increased hedging
- ING to stop selling SPVAs in Japan
 - All SPVA sales completely stopped by 31 July 2009

Reduced ABS portfolio held AFS to protect shareholders' equity

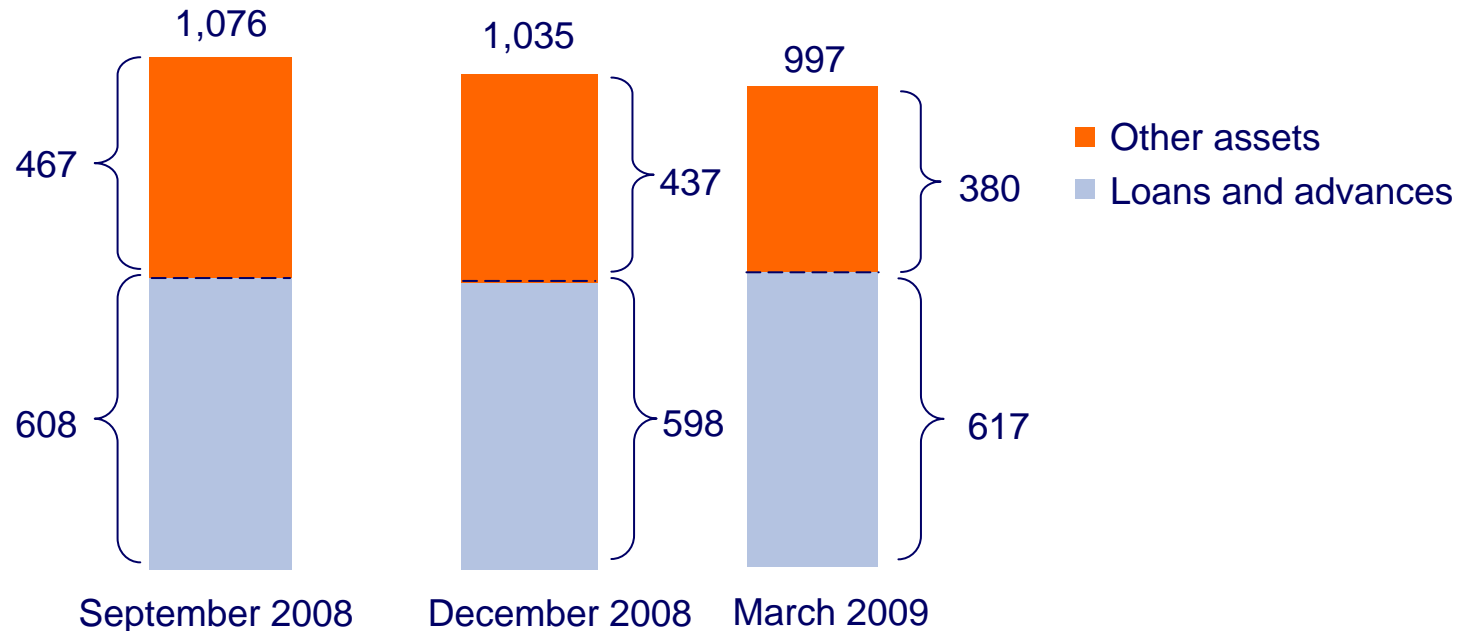


Additional measures

- Sale of Taiwan eliminated largest interest rate exposure
- Financial institutions exposure being reduced
- Reducing investment portfolio at ING Direct and shifting to ING-originated assets
- Measures to mitigate RWAs growth

De-leveraging: EUR 79 bln out of EUR 110 bln B/S reduction target has been realised

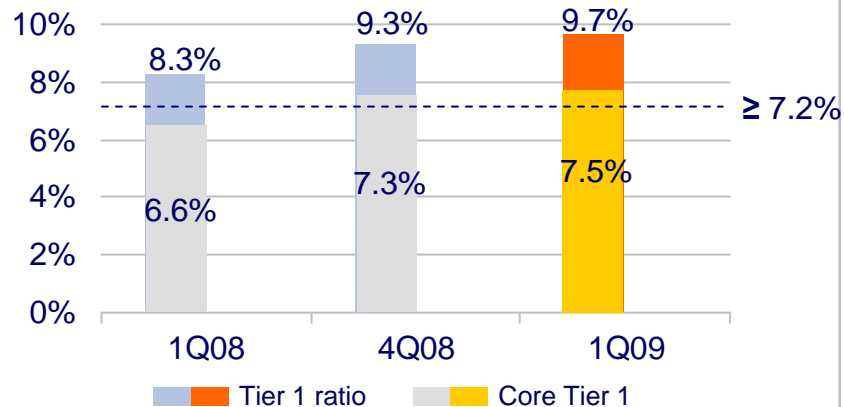
Realised asset reduction at ING Bank (EUR billion)



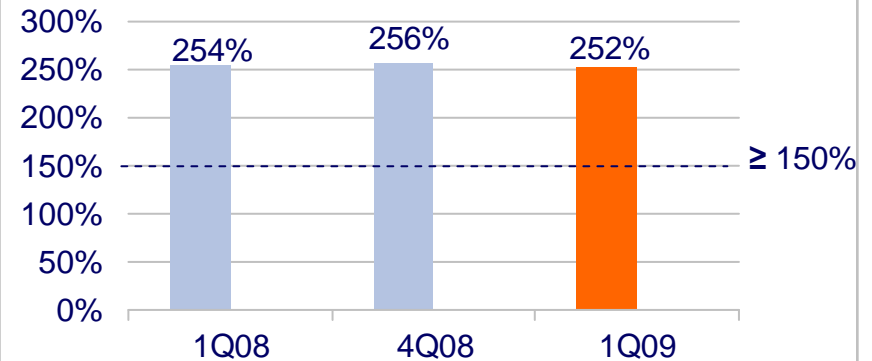
Balance sheet has been reduced by EUR 79 billion (EUR 74 billion excl. FX) of which EUR 28 billion due to netting and EUR 49 billion due to lower repo balances

Capital ratios within target

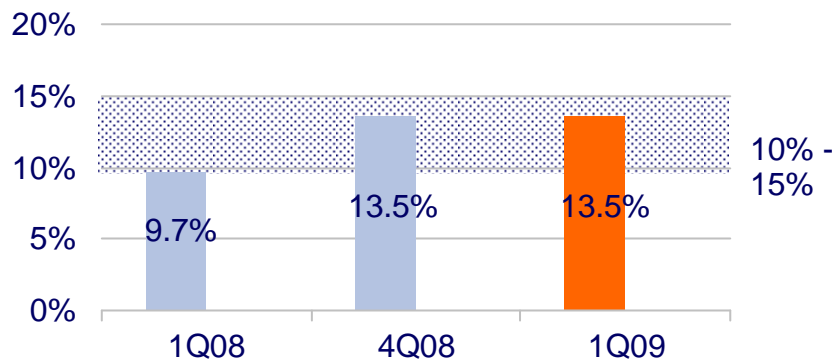
ING Bank Tier 1 ratio



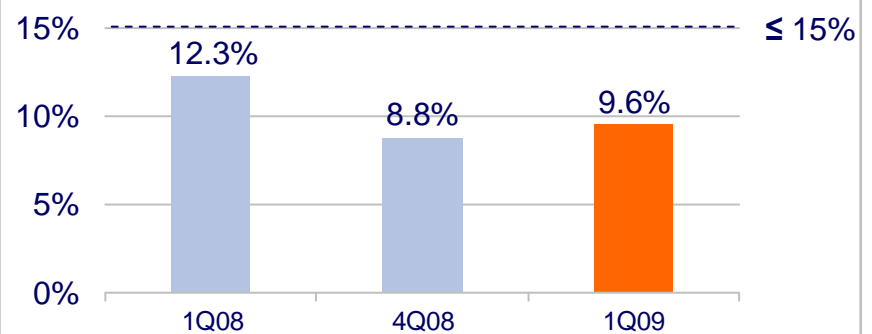
ING Insurance capital coverage ratio



ING Group D/E ratio



ING Insurance D/E ratio



Target range



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Crisis is fundamentally changing the financial services industry

Less Risk Taking

- Economies will deleverage
- Individuals will have to save more
- Lending will be done on more prudent terms
- Complex products will no longer sell: back to basics

More Regulation

- Significant tightening in the regulatory environment already under discussion
- Increased constraints on borrowing, intervention, auditing

More Local

- Banks will be required to be more balanced in each individual country
- Shift in legal structures from branches to subsidiaries
- Risk of excess capital and liquidity being trapped in local subsidiaries

Higher Capital Needs

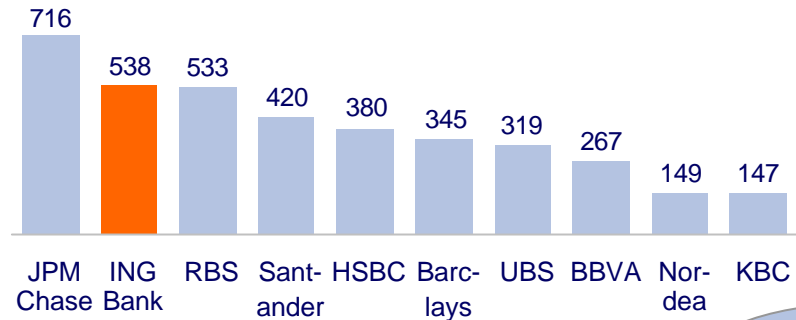
- Regulators will likely start demanding higher solvency for both banks and insurers
- Should recognise different types of risk and business models



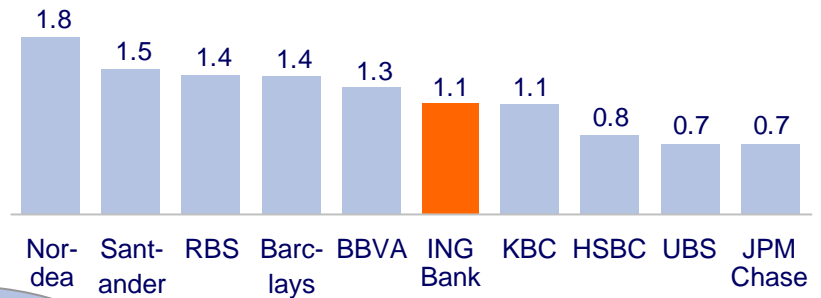
All of the above will put pressure on returns. We need to choose where we have the scale and franchise strength to succeed in this environment. Banks and Insurers will need to 'industrialise' and operate on much lower costs in order to thrive.

ING has a number of key strategic advantages in this new environment

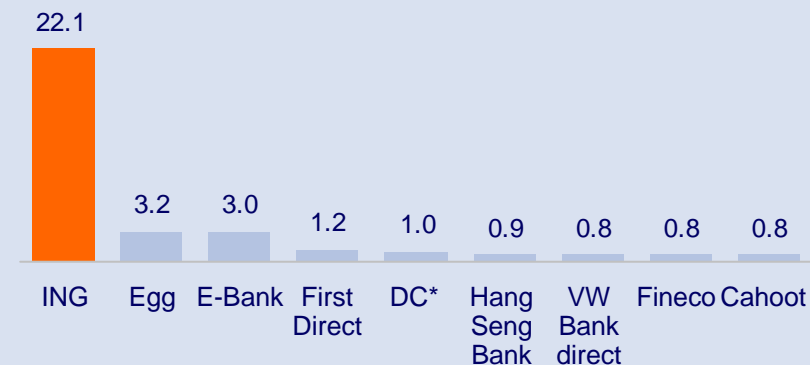
**One of the largest savings banks
(customer deposits EUR bln, 2008)**



**A favourable customer loan-to-deposit ratio
(%, 2008)**

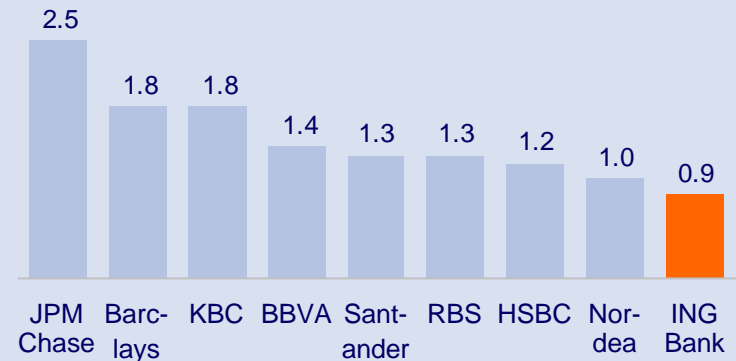


**Direct marketing & internet expertise
(number of customers mln, 2008)**



~85 million customers

**Cost-efficient operator
(opex/customer balances %, 2008)**



* Daimler Chrysler



...but we will focus and reduce complexity

Focus on Leadership Positions

- Focus on leadership positions and attractive growth options
 - Banking Benelux, key countries in Central Europe
 - Strong franchise in Direct Banking
 - Life & Retirement Services in Netherlands, US, Central Europe & Latin America, Asia

Reduce Complexity

- ING has more than 70 individual businesses
- Active in 48 countries
- Wider range of activities than almost any other institution
- Insufficient integration between businesses

Reduce Over-Extension

- ING has a number of small businesses with no clear outlook for market leadership
- Smallest units consume a disproportionate amount of Group capital



Focus on fewer, stronger franchises that form a coherent Group

Portfolio has been assessed and up to 15 businesses identified for divestment

Portfolio assessed based on six filters

- Leadership positions in their markets
- Overall coherence of the Group
- Earnings contribution and volatility
- Capital intensity
- Returns on capital
- Funding needs



Conclusions

- Divest 10-15 businesses over the coming 3-5 years as market conditions permit
- Total proceeds expected to be EUR 6-8 billion. EUR 1.4 billion achieved with sale of ING Canada
- Divestments expected to free up EUR 4 billion in capital
- Exit approximately 10 of the 48 countries in which ING is currently active

End result: A focused Group with substantial earnings power and growth options

Focused market presence

of businesses

70

55-60

Today

Pro Forma

Significant capital release

Expected capital upstream from divestments

EUR 4 bln

Limited impact on earnings power

Commercial Result 2008, EUR bln

7.3

-0.8

6.5

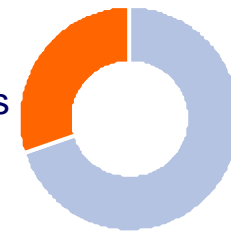
2008

Pro Forma

Significant growth potential

Commercial Result of key building blocks
2008, pro forma

Growth
businesses
30%



70%
Mature
businesses

Increasing business focus: separate boards for Banking and Insurance

- ING to create separate Management Boards for Banking and Insurance
- Group Executive Board to consist of CEO, CFO, CRO who will also serve on Banking and Insurance boards

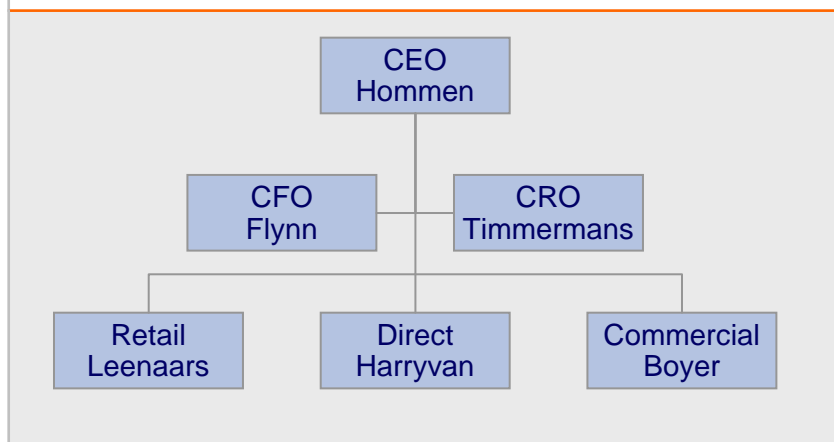
ING Group Executive Board

CEO – Jan Hommen
CFO – Patrick Flynn
CRO – Koos Timmermans

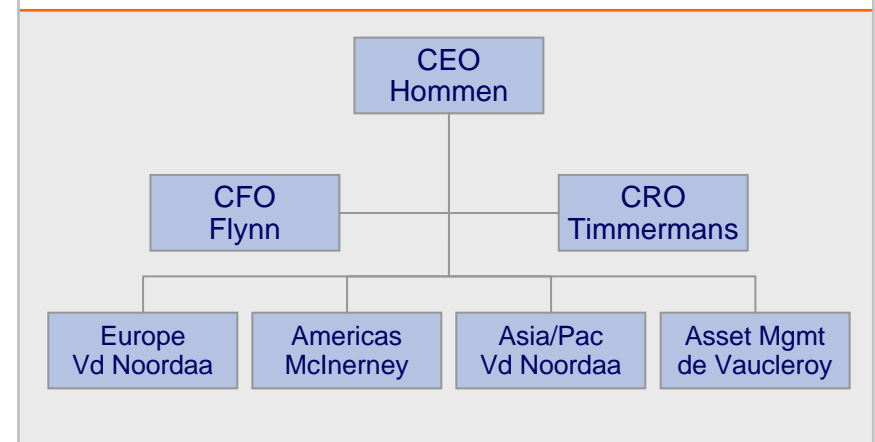
Benefits of new structure:

- Single management teams for Banking and Insurance with clear accountability
- No additional layers of management
- Increased focus on business

Banking Management Board



Insurance Management Board



Bank

Strategy: Predominantly a European Bank

ING's banking activities will be based on its proven strengths: gathering savings, distribution leadership, simple propositions and strong marketing and generating assets

Retail Banking

- Benelux: Leading internet-first bank focused on capturing further scale and efficiency gains
- CEE: Attractive positions managed for growth

ING Direct

- Number 1 Direct Bank
- Focus on markets with potential to reach significant scale
- Integrate balance sheet

Commercial Banking

- Focus Commercial Bank mainly on Benelux and CEE
- European PCM, Specialised Finance and Financial Markets player



One Bank, One management team, One balance sheet
Focused primarily on Europe with selective growth options elsewhere

ING Bank: The key building blocks



* Commercial Result excludes impairments, fair-value changes and other market-related items as well as loan loss provisions

Banking: Key initiatives

Balance Sheet Integration

- Manage the bank with one integrated balance sheet
- Reduce the investment portfolio at ING Direct and replace with own-originated assets
- Integration will allow for further balance sheet reduction and reduce volatility of shareholders' equity

Transform Wholesale

- Accelerate the transformation of Wholesale into a Commercial Bank
- Increase focus on Benelux and CEE
- Rationalise international network

Deliver on Retail Transformation

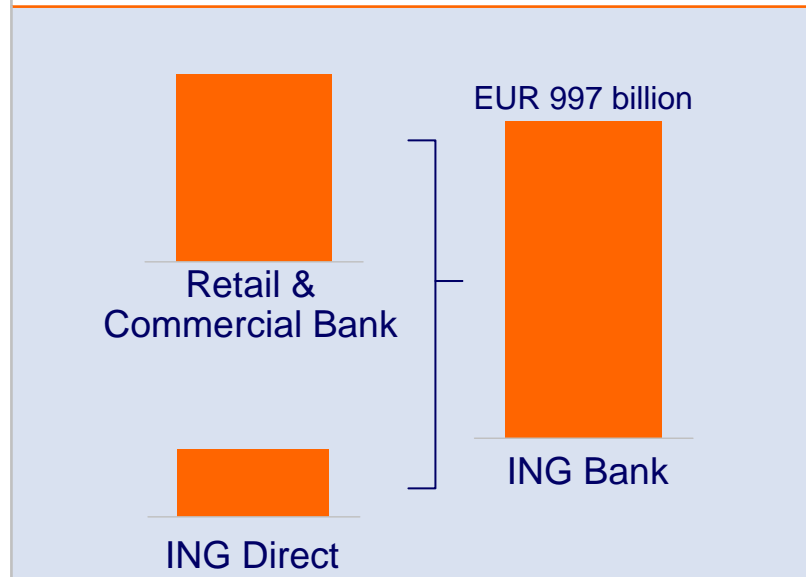
- Continue to build on strong domestic franchise in the Netherlands with merger of ING Bank and Postbank
- Deliver on cost and income targets from the integration

Demerge ING Real Estate

- Integrate Real Estate Finance and Real Estate Development into Commercial Bank
- Manage down capital exposure over time
- Transfer Real Estate Investment Management into new global Investment Manager

Move to one integrated bank balance sheet

Today: ING Direct separate



Integrated Balance Sheet



Benefits of managing one integrated Balance Sheet

- Absolute B/S reduction of EUR 50-70 bln on top of existing deleveraging target
- Lower dependency on investments
- Better returns on risk-weighted assets
- Better central control of risk and finance

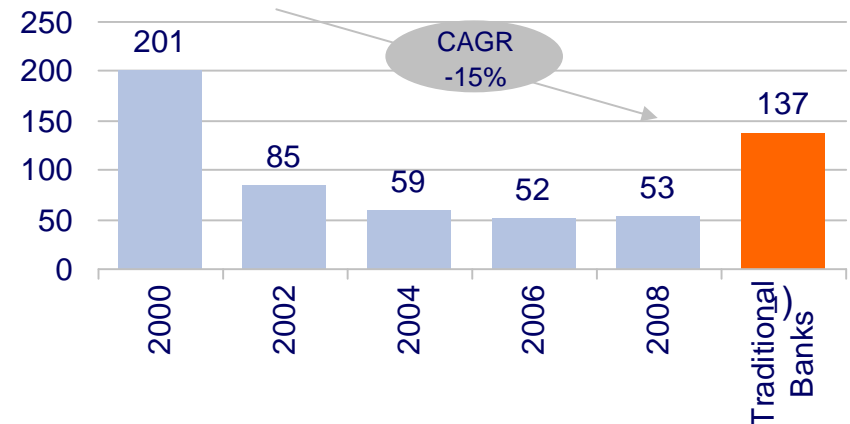
Balance sheet integration will not impact ING Direct business model

Asset mix shift does not impact spread

- ING Direct's business model is based on an average spread of at least 80 basis points on savings through the cycle
- This was largely from duration, with credit spreads historically contributing less than 20 bps
- After the shift towards more ING (Direct) originated assets, an over-the-cycle spread of at least 80 bps remains achievable:
 - Normalised credit spreads are expected to contribute 40-50 bps
 - Dependency on duration reduced to approximately 40 bps, allowing for faster repricing of assets

Competitive advantage is low cost base

Total expenses to client retail balances (bps)



1) Source: BCG sample incumbents 2007

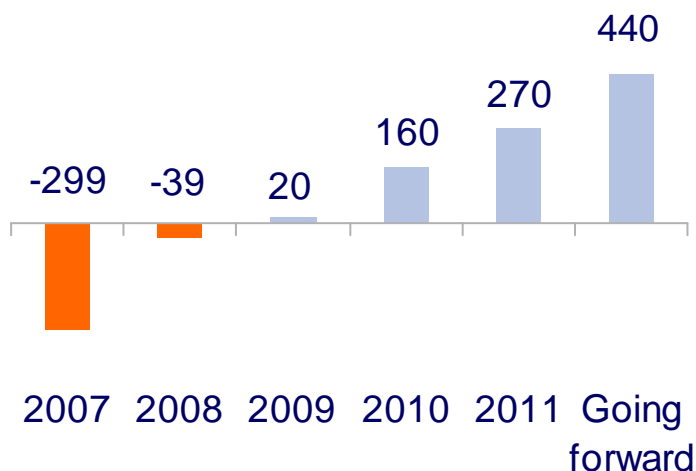


ING Direct's competitive cost advantage enables it to offer retail customers a structurally attractive interest rate



Integrating Dutch retail franchises ahead of plan

P&L impact before tax (EUR mln)



Positive Customer Reactions to New ING:

- 85% of customers is positive or neutral towards merger
- Increased customer base from 8.6 to 8.9 million
- No increase in call/complaint volume

Annual financial impact of integration programme

Plan	2007	2008	2009	2010	2011
Cost savings	0	30	140	160	280
Additional revenues	0	40	70	120	160
Non-recurring costs	-300	-110	-190	-120	-170
Profit impact	-300	-40	20	160	270

Update on integration programme

- Cost savings ahead of schedule; EUR 92 million realised in 2009
- Expected cost savings on top of integration programme of EUR 220 mln by 2012
- Resulting in total cost savings of EUR 500 mln in 2012



We will deliver on our promise, with more emphasis on costs

Insurance

Strategy: Global Insurer in Life & Retirement Services

ING's insurance business will leverage its expertise in life and retirement services, focusing on long-term structural leadership positions

Benelux

- Sustain leadership by streamlining operations and investing in clients

US

- Focus on Life & Retirement Services
- Annuities will be transitioned to new low-risk roll-over products

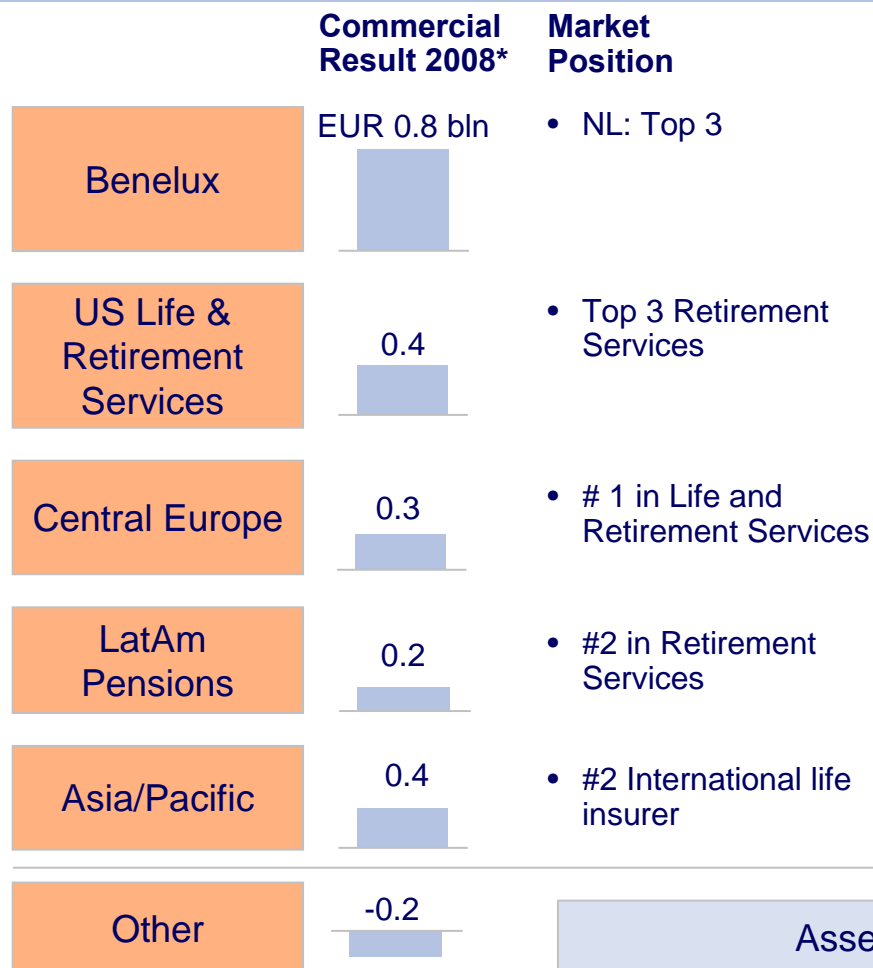
Growth markets

- Sustain leadership positions in Central Europe, Latin America, key Asian markets



One Insurer managed regionally with an aggregated Balance Sheet and substantial growth options

ING Insurance: Key building blocks



Global Insurer

- Focus on life insurance and retirement services
- Concentrate on markets with leadership positions
- Strong growth optionality in CEE, LatAm and key Asian markets
- Key building blocks generated commercial result before tax of €2.1 bln in 2008

Assess growth plays with highest potential

* Commercial Result excludes impairments, fair-value changes and other market-related items

Insurance: Key initiatives

Global Investment Manager

- Combine asset management activities into a global Investment Management business including ING Real Estate Investment Management
- Run for profit with arms-length pricing for insurance and banking businesses

Narrow focus In US

- Narrow focus in US Insurance to Retirement Services and Life
- Restructure businesses to preserve capital for core Retirement Services business
- Divest non-core activities when markets permit
- Financial Products division to be reduced as assets mature

Reduce Product Risk

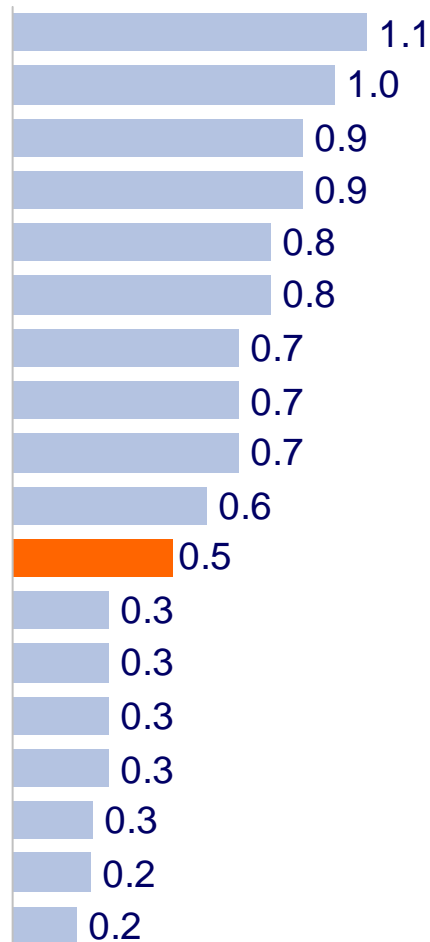
- Transition annuities business in the US to new generation of low-risk rollover products
- Stop selling SPVAs in Japan

Create a Global Investment Manager

Global AMs

Barclays Global Investor
 State Street Global Advisors
 BlackRock
 Fidelity
 JP Morgan Asset Management
 Vanguard Investments
 Allianz Global Investors
 Legg Mason
 BNY Mellon Global Investments
 Goldman Sachs AM International
ING IM & REIM
 Wellington
 Morgan Stanley
 MassMutual Financial Group
 Invesco
 HSBC Global Asset Management
 Aviva Investors
 BNP

Global AuM (in EUR trillion)



Key actions

- Extract global synergies and rationalise regional set-up
- Managed for profit
- Real Estate Investment Management will become part of the Global Investment Manager
- Will create company with unique position offering equity, fixed income and real estate investment management
- Review options to expand while retaining management control

Insurance US will focus on individual life and retirement services businesses

Core Businesses

- Retirement Services
- Rollover Annuity
- Individual Life

Non-core Businesses

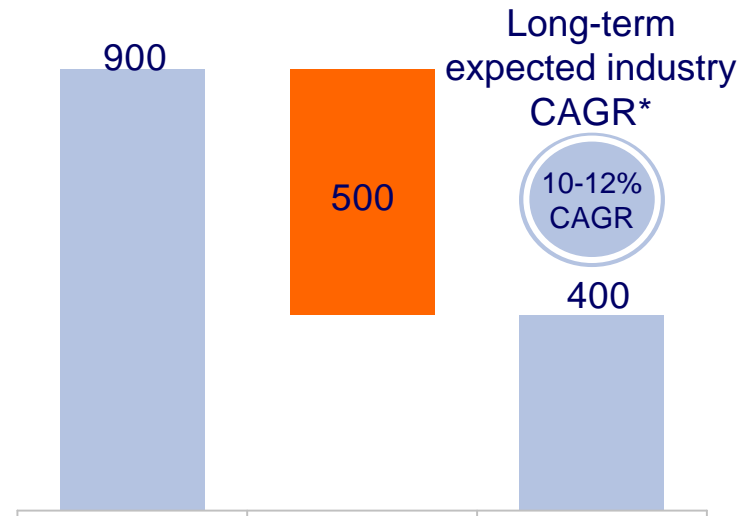
Other Businesses include Employee Benefits, Financial Products, Group Reinsurance, the Advisors Network, and the existing Annuity books.



Implications

- Fundamental shift in risk profile
- Preserve capital for core Retirement Services business
- Transition annuities to low-risk rollover products
- Non-core businesses will be disposed of over time

ING Insurance US Commercial Result (in EUR mln)

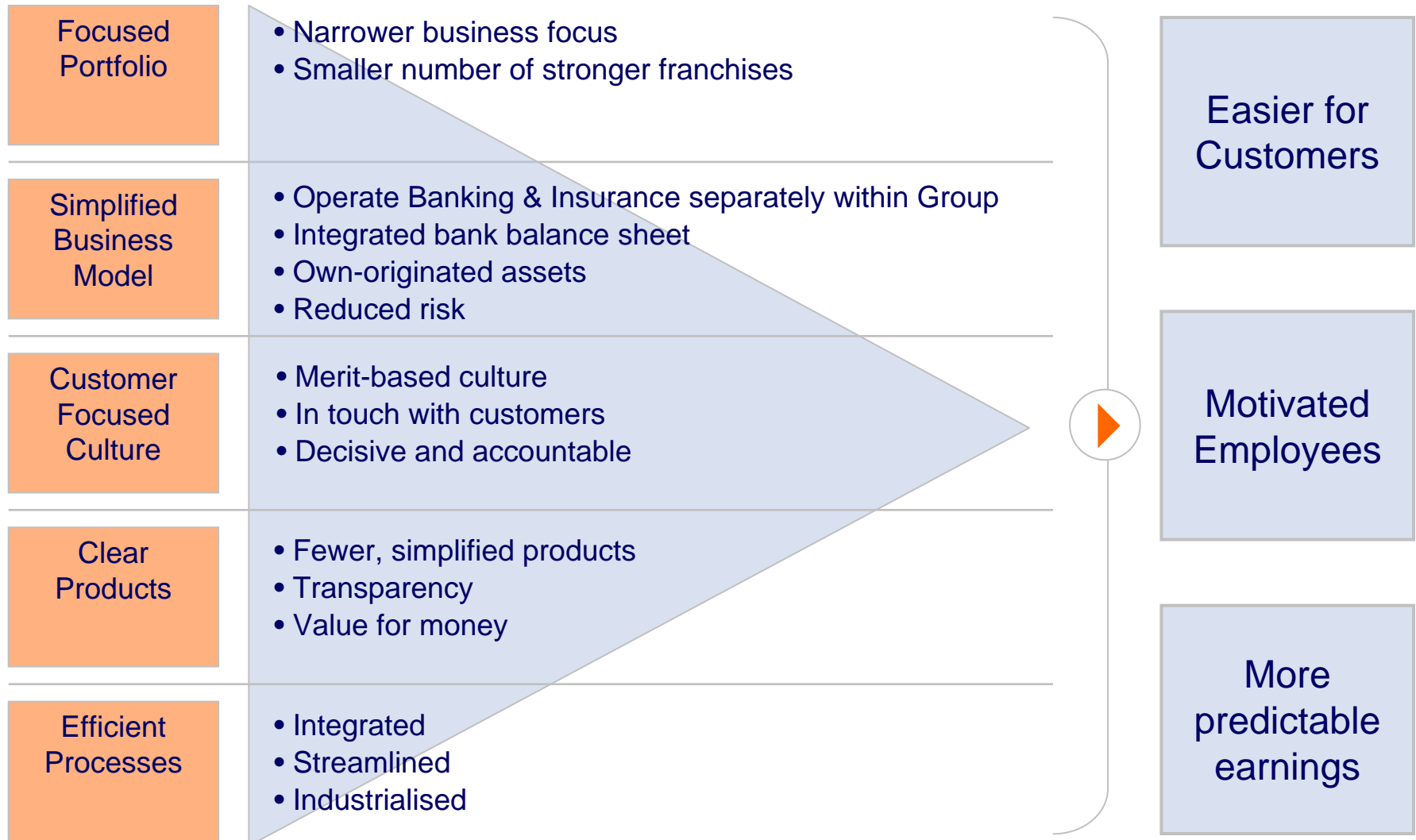


The “new” ING US would initially be smaller, but grow faster

*Source: Cerulli Quantitative Update for US, Retirement Markets



We are going to take ING back to basics on all levels



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