Towards Ambition 2015

Strong progress to date on Balance Sheet Optimisation

Morgan Stanley Conference

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Vice Chairman ING Bank

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www.ing.com

BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES

Key points

- ING Bank is making good progress on the priorities set out last year
- Balance sheet optimisation is on track
- ING Bank already meets most Basel III requirements
- 2012 results remained solid, but were impacted by higher risk costs and weakening economic environment in the Netherlands
- Progressing towards Ambition 2015

ING Bank is making progress on its three priorities

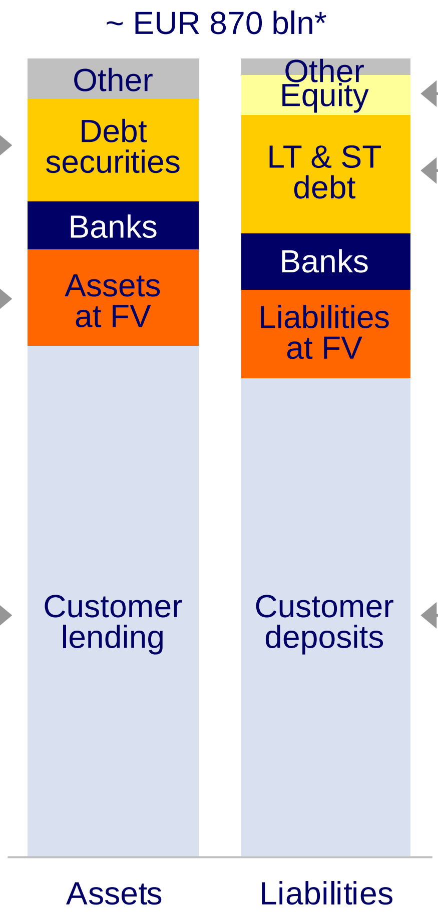
In terms of what we offer our customers	Restore trust through transparency and fair pricing, convenience, excellent service and solutions	Customer Centricity
In terms of how we operate as a company	Streamlining processes and improving efficiency is an imperative competitive edge as regulatory costs rise	Operational Excellence
And in how we manage our balance sheet	Optimise the balance sheet to maximise returns and offset higher capital requirements	Balance Sheet Optimisation

Basel III: catalyst to manage Balance Sheet efficiently

Evolve investment portfolio into liquidity portfolio and de-risk

Reduce non-strategic trading assets and redesign products to mitigate CVA impact

Grow customer lending and selectively shift towards higher margin areas; re-price to reflect increasing cost of capital



Strong capital generation to grow into Basel III requirements

Extend long-term debt profile and reduce reliance on short-term professional funding

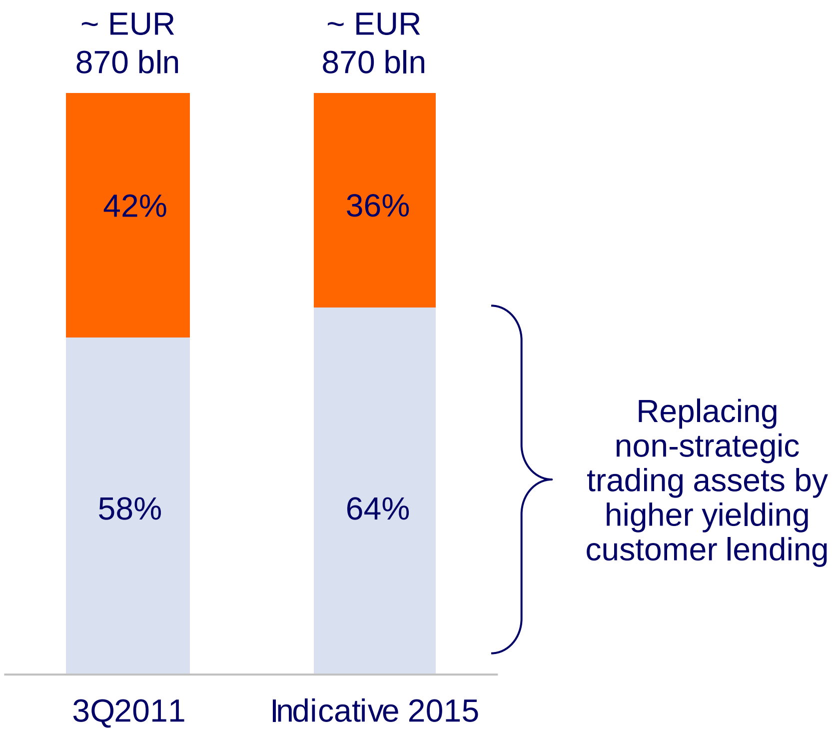
Continue to build on strong deposit gathering ability as primary source of funding

* Adjusted for the sale of ING Direct US/Canada/UK

Grow lending without growing the balance sheet

Proportion customer loans increasing

Total loan book as % of total balance sheet*



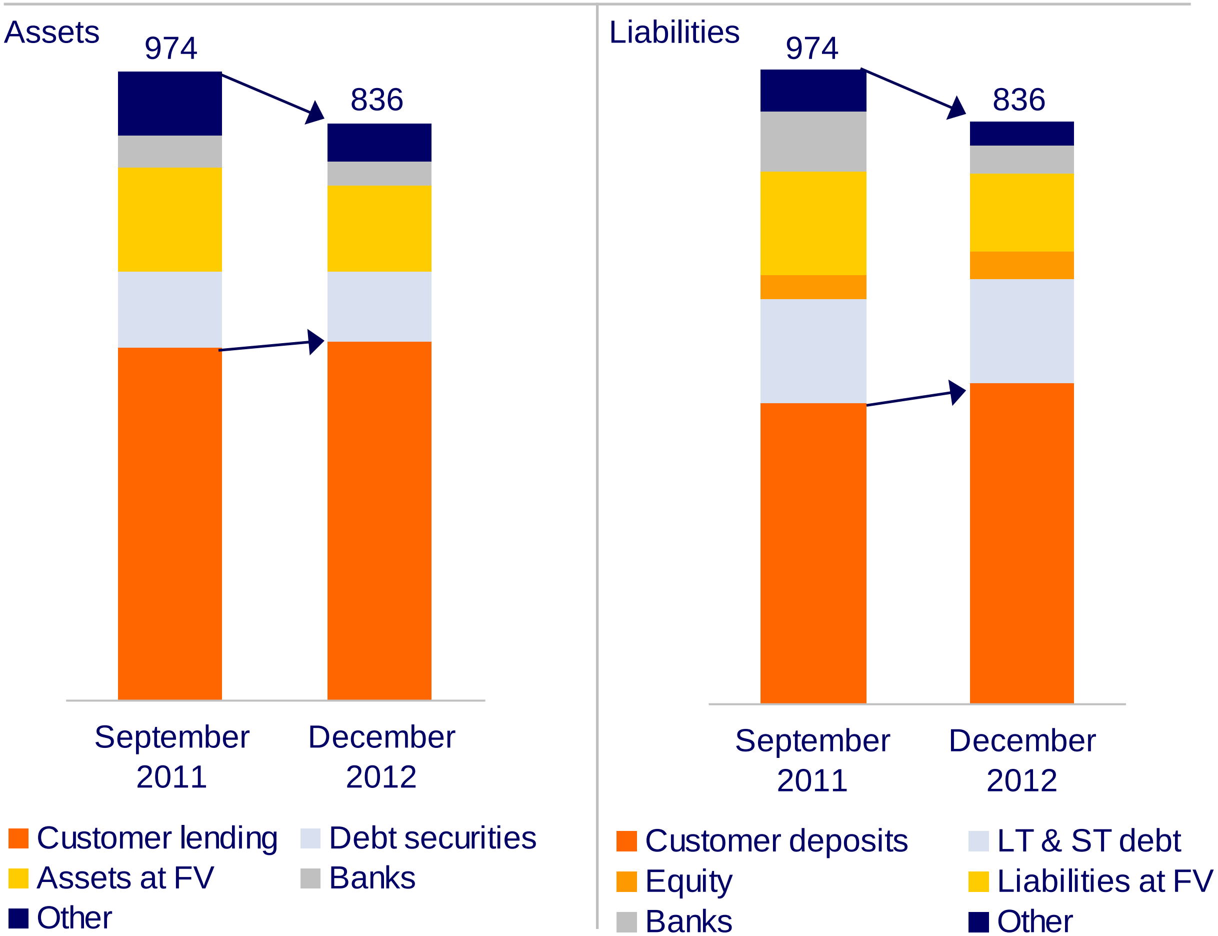
Improves the quality of B/S and earnings

- Balance sheet optimisation will allow us to continue to support our customers and grow our loan portfolio without growing the balance sheet
- Replacing low-yielding trading assets with own originated loans will help increase returns
- Loan growth will favour areas with higher returns
- Focus on growing key markets and products with attractive risk / reward such as Structured Finance
- Moderate mortgage growth and focus mainly on our home markets
- Apply pricing discipline to reflect increasing costs of capital and funding

* Sep 2011: Pro-forma (adjusted for the sale of ING Canada/UK)

ING Bank’s balance sheet optimisation is on track

ING Bank (in EUR bln)*



- The total balance sheet was deleveraged, which resulted in a EUR 137 bln reduction since September 2011, of which EUR 85 bln was related to the sale of ING Direct USA and Canada
- Customer deposits increased by EUR 30 bln
- Customer lending continued to increase, primarily in Retail Banking
- Short-term professional funding reduced by EUR 62 bln, while increasing long-term debt
- The debt securities portfolio has been reduced by EUR 9 bln since September 2011
- Financial assets at fair value were reduced by EUR 24 bln to allow growth in customer lending. December 2012 was seasonally low towards year-end 2012

* Sep 2011: Pro-forma (adjusted for transfer ING Direct Canada/UK to assets/liabilities held for sale)

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Quality of debt securities portfolio improved significantly

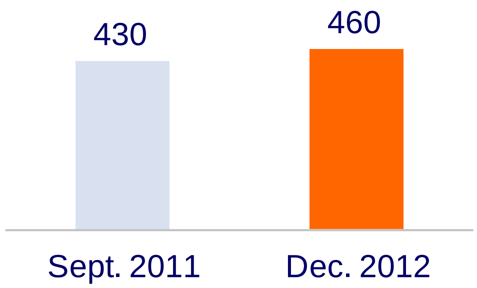
ING Bank: Debt securities portfolio (in EUR bln)*

* Sep 2011: Pro-forma (adjusted for the sale of ING Direct Canada)

- ING Bank has been transforming the debt securities portfolio into a liquidity book as part of the overall strategy to optimise the balance sheet
- In 2012, ING Bank sold EUR 6 bln of debt securities as part of the planned de-risking program, resulting in a pre-tax loss of EUR 0.6 bln and reducing RWA by EUR 7 bln
- These sales were concentrated in ABS, while purchases were core-European government bonds and AAA covered bonds
- In addition, ING Bank sold EUR 3.5 bln of bonds to facilitate the sale of ING Direct UK
- The quality of the fixed income portfolio improved substantially: a positive revaluation reserve of EUR 1.3 bln after tax at 31 December 2012
- The portfolio is now more liquid and Basel III compliant
- ING Bank has completed the planned de-risking of its investment portfolio, however we will continue to actively manage the portfolio and take selective action where necessary

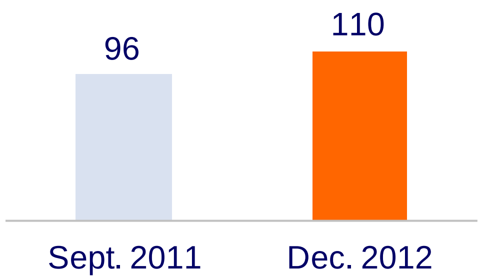
Short-term funding reduced while growing deposits

Strong customer deposit growth



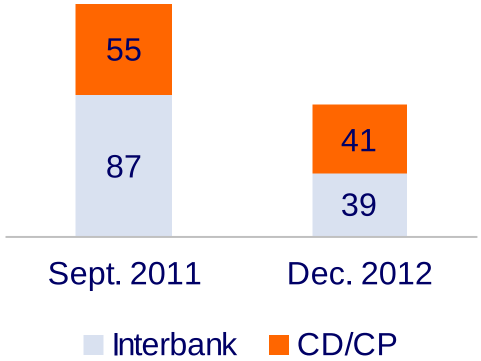
- ING continued to grow its deposit base, primarily driven by Retail Banking units
- ING will continuously focus on increasing market share in corporate and mid-corporate deposits by investing to improve its Payments & Cash Management offering

Long-term funding increased



- Long-term funding has increased by EUR 14 bln benefitting from the strong credit profile of ING Bank
- In 2012, ING Bank issued EUR 33 bln of debt with a tenor of more than a year compared with EUR18 bln of long-term debt maturing in the whole of 2012

Short-term professional funding reduced



- Short-term professional funding has been actively reduced by EUR 62 bln since September 2011
- Bank deposits taken were replaced by savings and long-term debt issuance
- CD/CP was lowered in all currencies while tenors have been lengthened

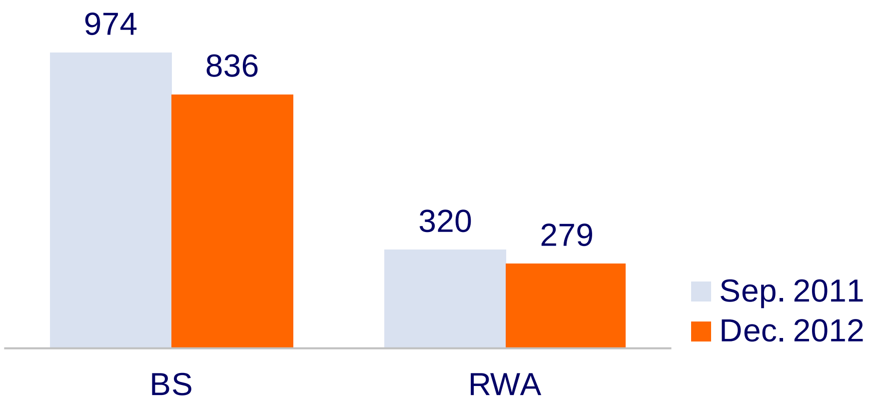
Sep 2011: Pro-forma

ING Bank already meets most Basel III requirements

Priorities for 2012-2013 set at the IR Day in January 2012

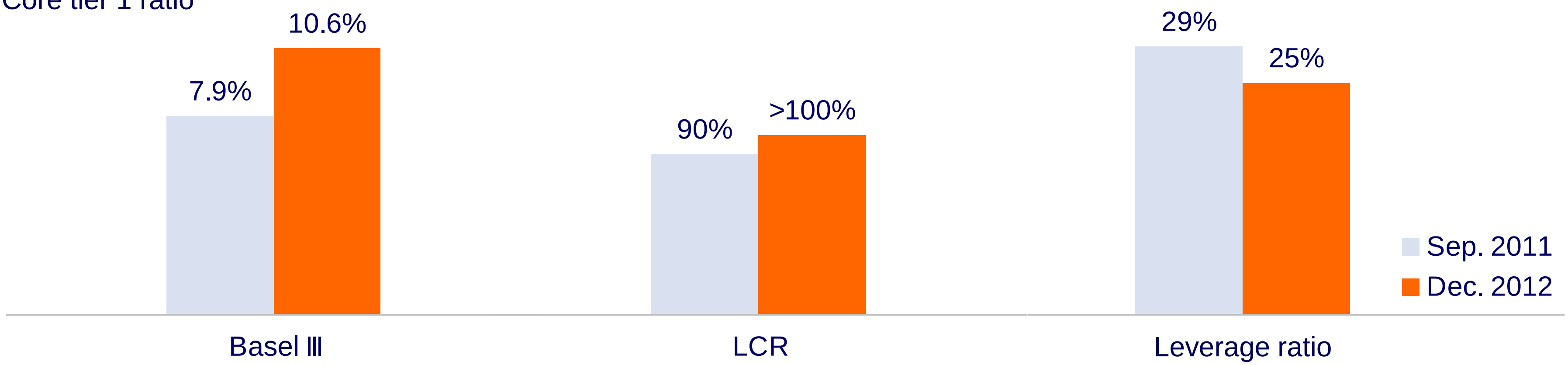
- ✓ Accelerate transition to Basel III
- ✓ Limit balance sheet and RWA growth
- ✓ Execute balance sheet optimisation
- ✓ Further simplify the business portfolio
- ✓ Prudent approach to capital and funding given unstable market conditions

Balance sheet and RWA reduced strongly (in EUR bln)



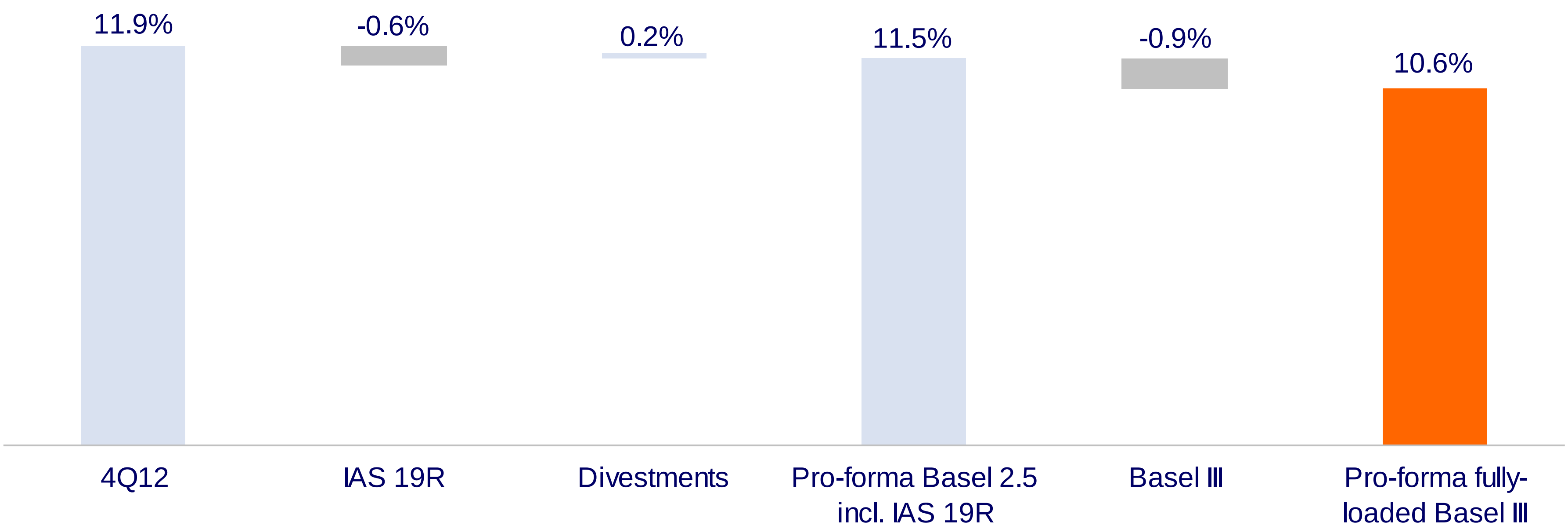
Basel III ratios met

Core tier 1 ratio



Pro-forma Basel III core Tier 1 ratio of 10.6%

ING Bank core Tier 1 ratio (in %)

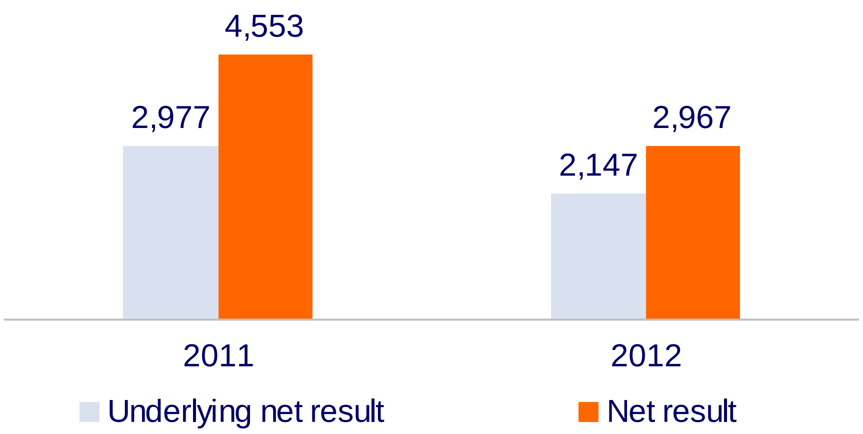


- ING Bank's Basel 2.5 core Tier 1 ratio remained strong at 11.9% at 31 December 2012
- IAS 19R on pensions came into effect on 1 January 2013 requiring immediate recognition of actuarial gains and losses through equity. Based on 31 December figures, this would have an impact of -60 bps on the Bank's core Tier 1 ratio
- In 1Q13, ING completed the sale of ING Direct UK and the sale of its 5% stake in Kookmin Bank with an estimated impact on capital of +20 bps
- The estimated fully loaded Basel III impact is around -90 bps

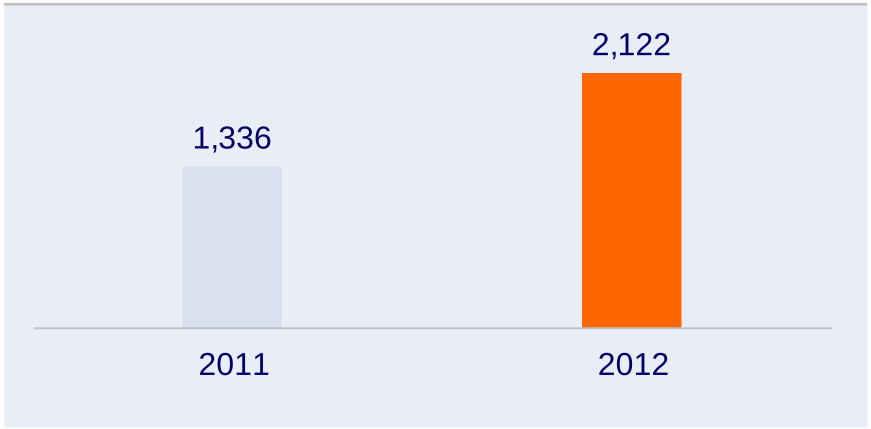
2012 results impacted by higher risk costs

Full year 2012 underlying net profit declined to EUR 2,147 mln, driven by higher risk costs

(Underlying) net result ING Bank (in EUR mln)



Additions to loan loss provisions (in EUR mln)

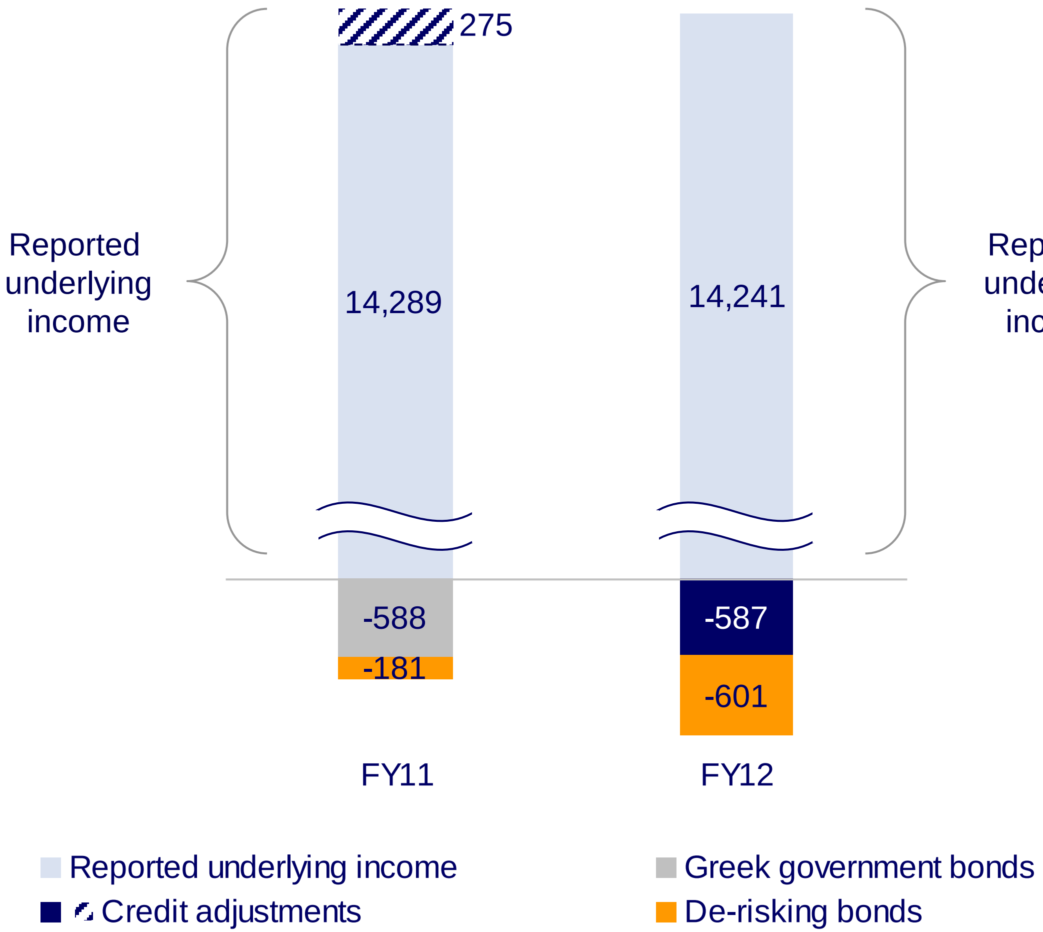


Underlying income (in EUR mln)

- Net profit was EUR 2,967 mln in 2012, including the gains on sales of ING Direct USA/Canada
- The net result also includes EUR 304 mln in restructuring costs, which will help drive future performance
- Underlying net result down to EUR 2,147 mln, driven by higher risk costs
- Underlying income relatively low in 4Q12 due to seasonality. The fourth quarter is normally relatively weak, while the first quarter is normally relatively strong

2012 income impacted by de-risking and CVA/DVA

Underlying income impacted by volatile items (in EUR mln)



- 2012 income included EUR 601 mln in losses from de-risking of the bond portfolio. This planned programme has been completed
- Credit adjustments moved from a positive EUR 275 mln to a negative EUR 587 mln as credit spreads narrowed
  - EUR -457 mln Commercial Banking
  - EUR -131 mln Corporate Line
- Underlying income, adjusted for impairments on Greek government bonds, de-risking losses and credit adjustments, increased by 4.4%

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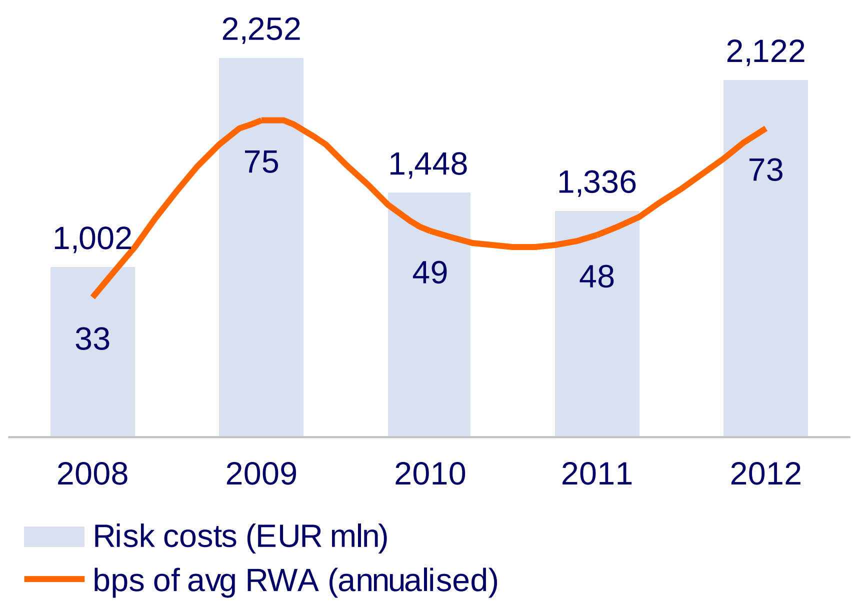
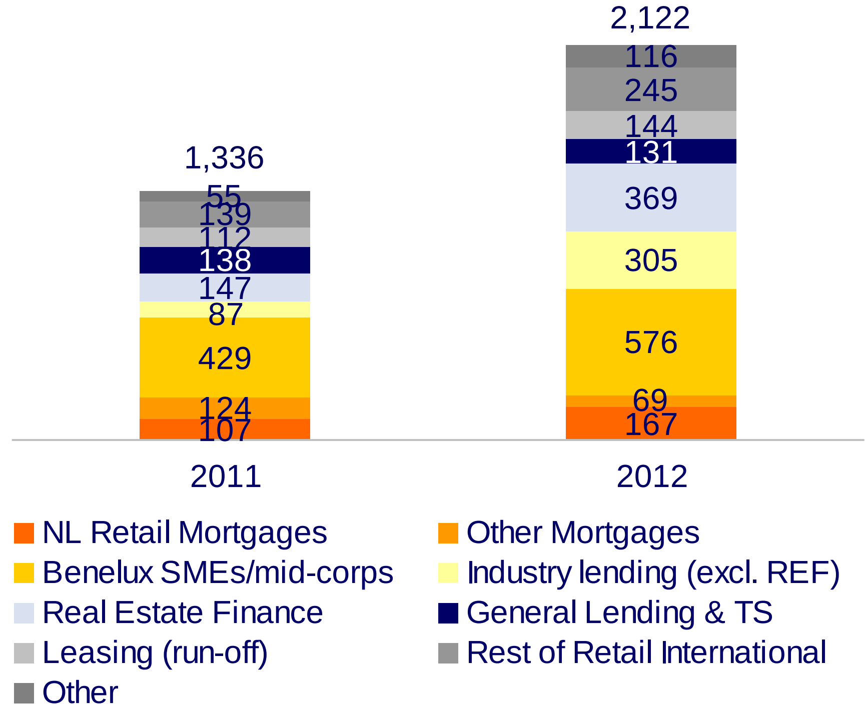
Risk costs increased as economy weakened

Underlying additions to loan loss provisions
(in EUR mln and bps of avg RWA)



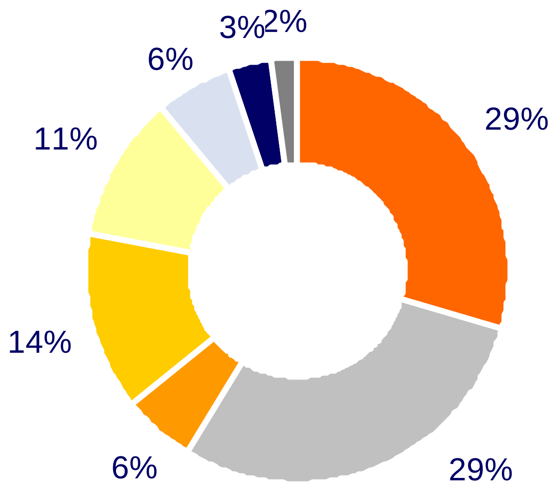
Underlying additions to loan loss provisions by product
(in EUR mln)



- Increase in risk costs versus 2011 was driven by Industry Lending and Benelux SMEs/Midcorps
- Geographically, the year-on-year increase was driven by the Netherlands and Rest of Europe, the UK in particular
- ING expects risk costs to remain elevated amid weak economic climate

NPL ratio increased to 2.5%

ING Bank's loan book (in %)



NPL ratio (in %)

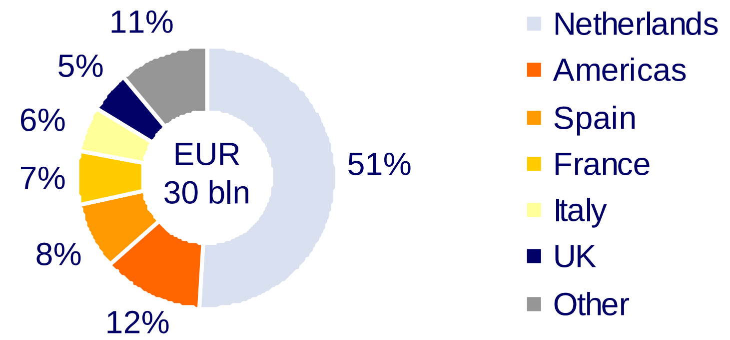
	4Q12	4Q11
Residential mortgages		
- Netherlands	1.4	1.1
- Other	1.0	1.0
Commercial lending		
- Corporate loans	3.5	2.3
- Mid-corps/SMEs	5.4	4.4
- Structured Finance	2.5	2.1
- RE Finance	7.6	5.6
- Leasing	8.4	5.9
- Other	0.7	1.0
Total / average	2.5	2.0

- The NPL ratios in Mid-corps/SMEs, Real Estate Finance and Leasing remained relatively high in the fourth quarter
- The NPL ratio for Dutch mortgages remains moderate at 1.4%

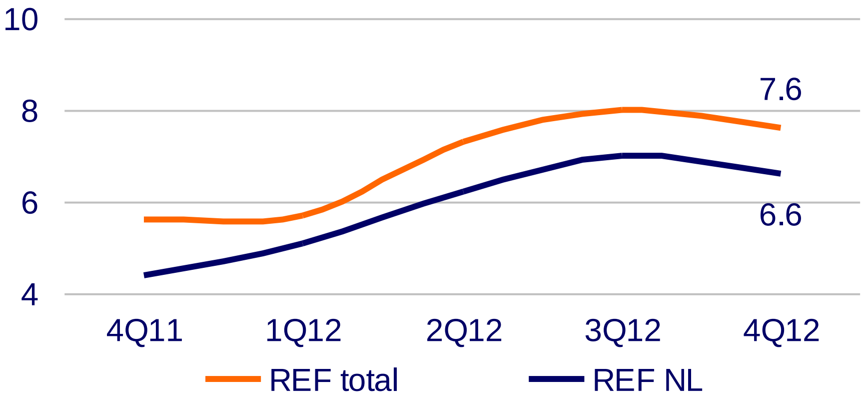
Risk costs of Real Estate Finance remain elevated

Risk costs (in EUR mln)

Real Estate Finance portfolio by country of residence (Dec 12)



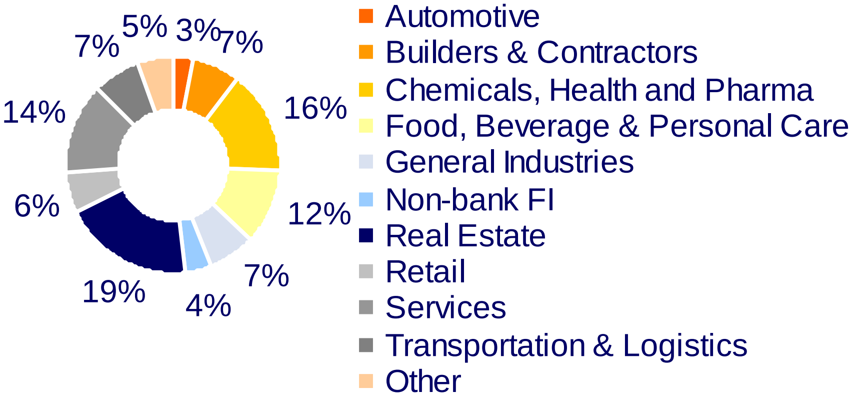
Non-performing loans ratio (in %)



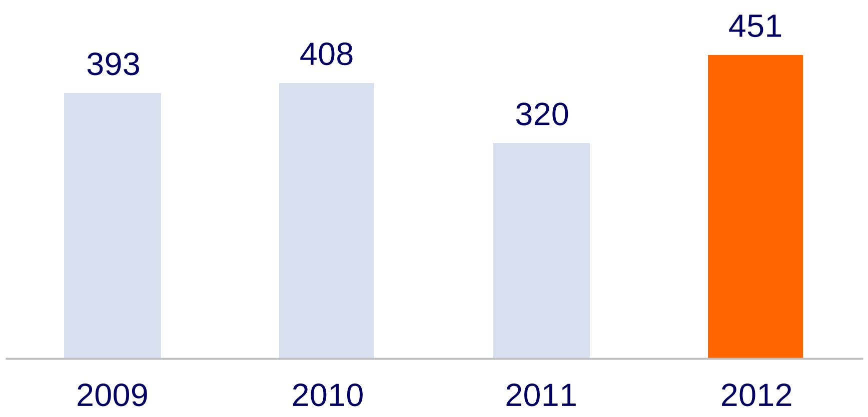
- Risk costs Real Estate Finance increased in 2012 and were concentrated in the International portfolio
- NPL ratio increased to 7.6%, up from 5.6% in 4Q11
- Overall quality of the portfolio remains relatively good
- REF financing policy is based on cash flow generating prime real estate properties with diversified rent rolls, senior secured facilities, relatively low starting LTVs and conservative covenant setting
- Construction is less than 1% of total REF portfolio
- Risk costs in REF are expected to remain elevated given deteriorating European commercial real estate markets

Risk costs for Dutch mid-corporate and SME lending up

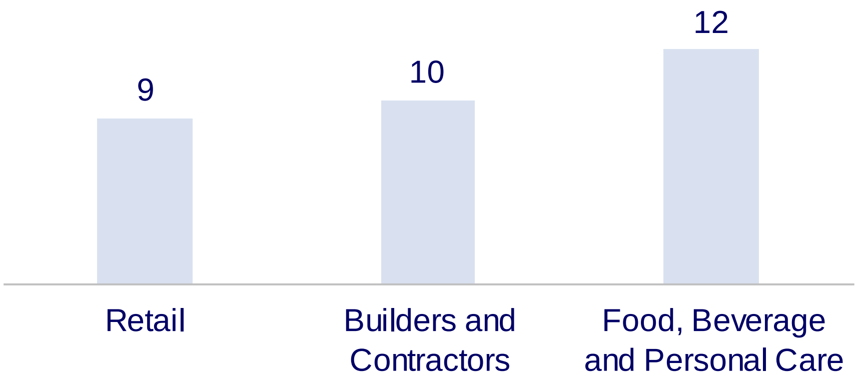
Mid-corp and SME lending portfolio by industry*



Risk costs business lending (in EUR mln)



Some segments more affected than others* (NPL, %)



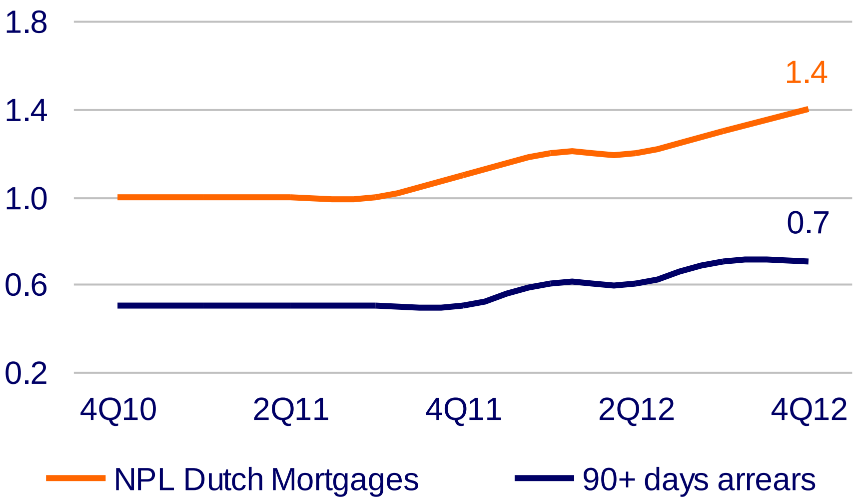
Risk costs up in a well diversified portfolio

- Risk costs have increased in 2012 as NPLs increased from 4.5% to 5.4% driven by challenging economic conditions
- High NPLs in Food, Beverage and Personal Care are largely driven by greenhouse farming and clothing industry
- Elevated levels for Retail are primarily driven by Non-Food while Builders and Contractors are impacted by the weakness of the Dutch housing market

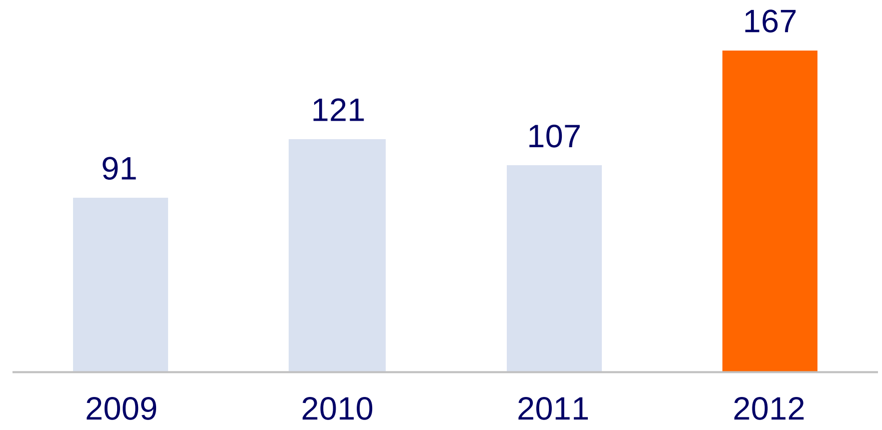
* Risk based

NPL ratio on Dutch mortgages increased slightly to 1.4%

Non-performing loans ratio (in %)



Risk costs (in EUR mln)



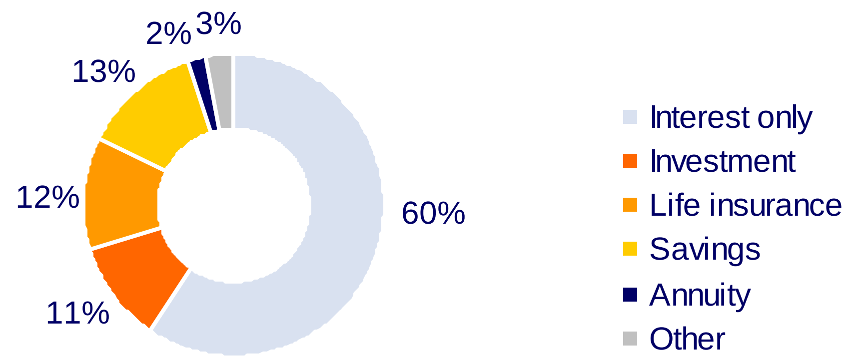
- Risk costs declined to EUR 33 mln in 4Q12, from EUR 44 mln in both 4Q11 and 3Q12
- On a full year basis, risk costs are up by EUR 60 mln in 2012 versus 2011, mainly due to lower house prices
- The NPL ratio increased slightly to 1.4%. At ING, the customer is classified as non-performing if 90 days in arrears, and only returns to performing after complete repayment of the total overdue
- The percentage of just 90+ arrears remained low at 0.7%
- Risk costs are expected to remain elevated, driven by further house price declines in 2013 and higher unemployment

Dutch mortgage tax reform provides clarity to market

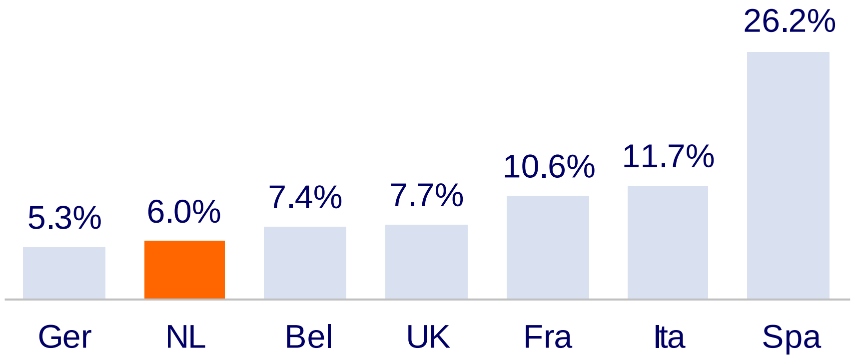
Reform of tax treatment on Dutch mortgages

- Relatively high loan-to-value and high debt-to-income of Dutch mortgage market are driven by full tax deductibility of interest paid on mortgage loans
- Recent house price declines have been driven in part by uncertainty about housing market reform
- Reforms came into effect on 1 January 2013, which include a gradual reduction of deductibility for both existing and new mortgages. Interest on new mortgages is only tax deductible for mortgages that fully amortise over 30 years
- The reforms will impact affordability, likely leading to further decline in house prices in 2013, but removes uncertainty about future tax treatment, which should help to stabilise the market
- Loan-to-value and debt-to-income statistics do not take into account the high level of household wealth in the Netherlands as well as additional collateral from savings, investment and life insurance mortgages
- 18% of ING's mortgage portfolio is covered by the National Mortgage Guarantee
- Banks have full recourse to other assets in case of default
- The primary driver for NPLs on Dutch mortgages is unemployment, which is in the Netherlands among the lowest in Europe, despite recent increases

Dutch mortgage portfolio by product type (%)

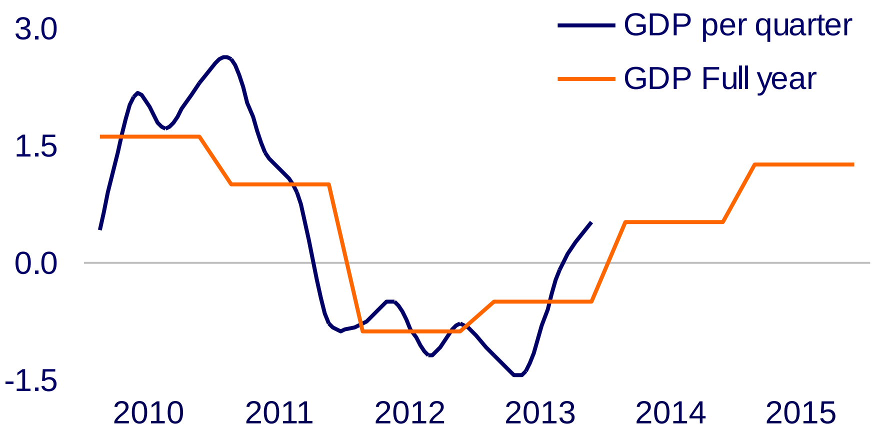


Unemployment rates in January 2013

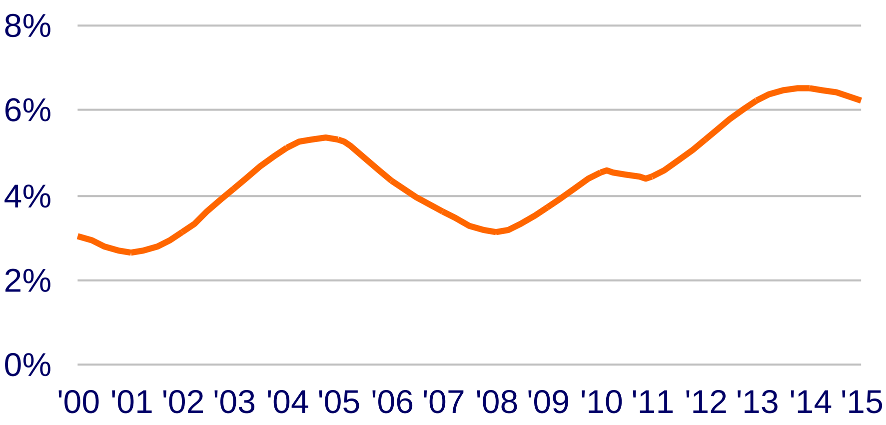


Dutch economy is expected to start growing again in 2H13

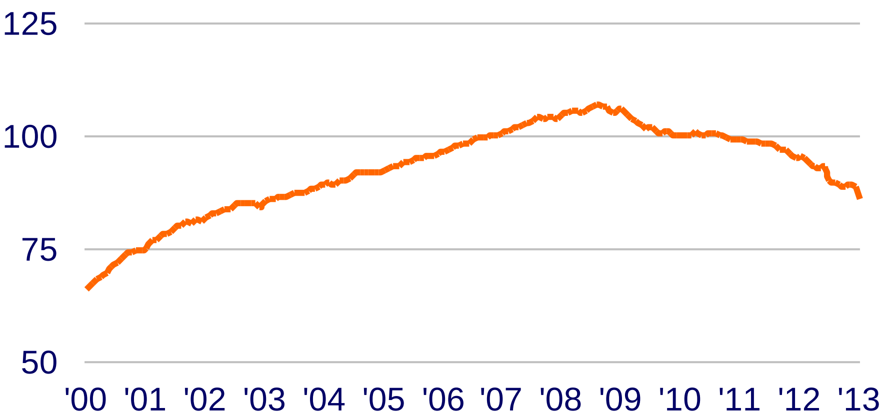
GDP (in % YoY)



Unemployment rate on Eurostat basis (in %)



House prices the Netherlands (indexed)



- The Dutch economy is expected to start growing again in the second half of 2013
- Unemployment expected to peak in 2014
- House prices have declined by 19% since the peak in 2008
- Clarity on housing market reforms and improvement Dutch economy is expected to result in stabilisation of house prices, although exact timing is difficult to predict. In the short-term, house prices are expected to decline further

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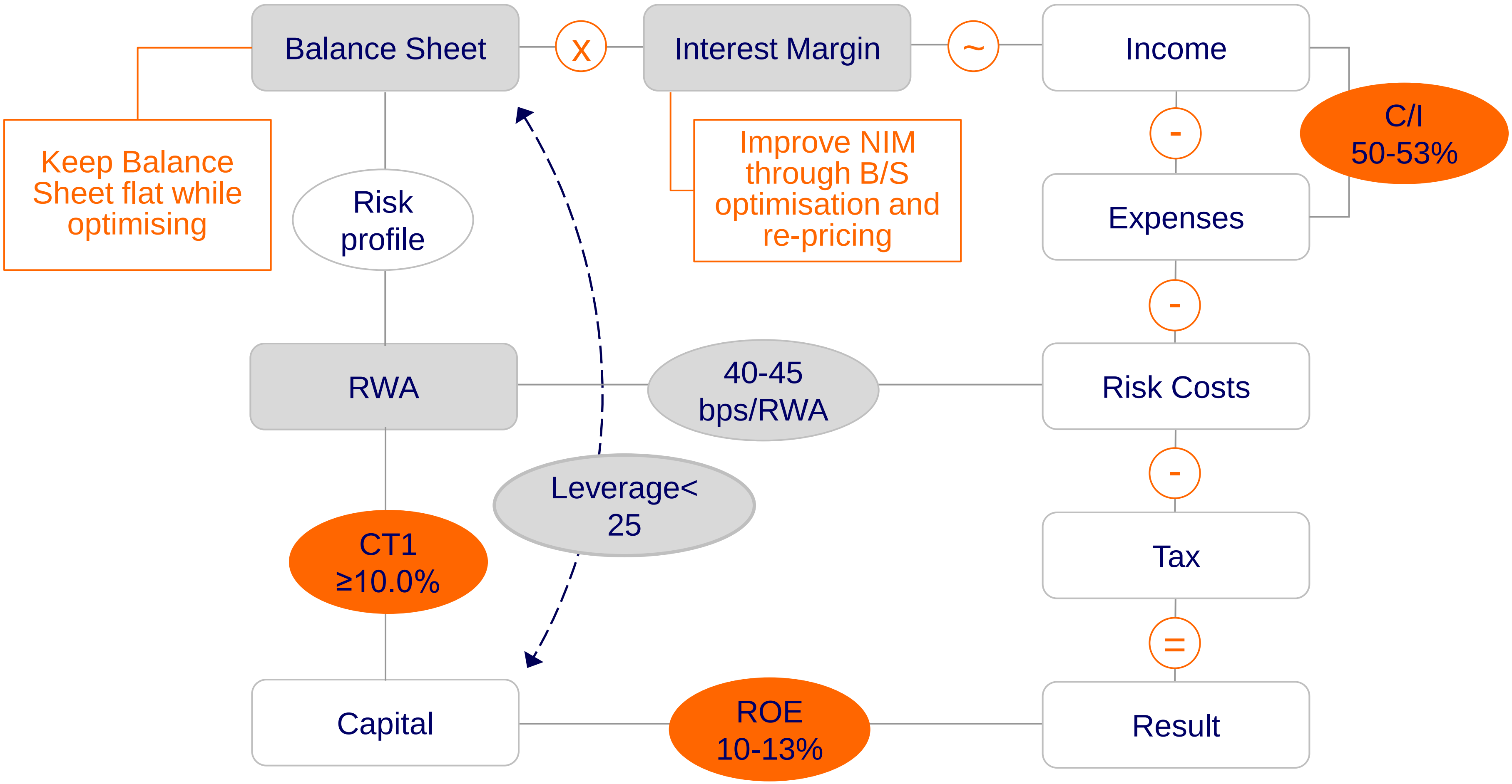
Delivering on Ambition 2015

ING Bank is making progress on Ambition 2015

		FY 2012 / 31 Dec 2012	
Assets	• Balance sheet to remain stable at ~EUR 870 billion	EUR 836 bln	☑
Core Tier 1	• At least ≥10% under Basel III	10.6%*	☑
Leverage	• Leverage to decline below 25 (Basel III)	25	☑
LtD	• Loan to Deposit ratio to decline to below 1.10	1.13	☐
LCR	• Liquidity coverage ratio >100% in 2015	>100%	☑
NIM	• Re-pricing, deleveraging to improve NIM (140-145 bps)	132 bps	☐
C/I	• Cost/income ratio to decline to 50-53% in 2015	57.6%**	☐
RoE	• Return on Equity of 10-13% over the cycle	5.9%	☐

* Pro-forma fully loaded including IAS 19R and sale stake KB and ING Direct UK
** Adjusted for market impacts and credit adjustments

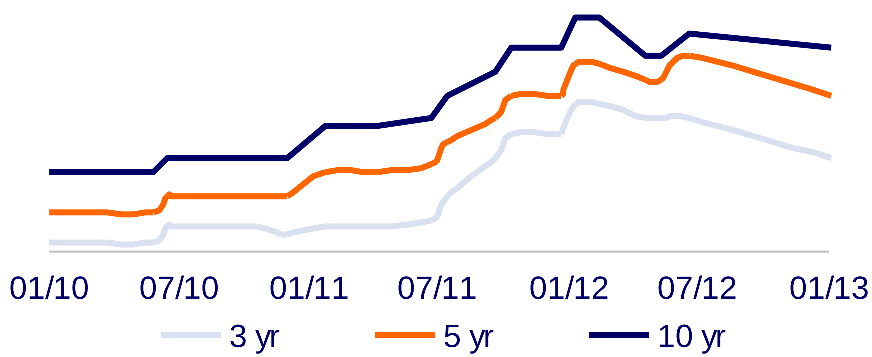
An optimised balance sheet should result in an attractive ROE of 10-13% under Basel III



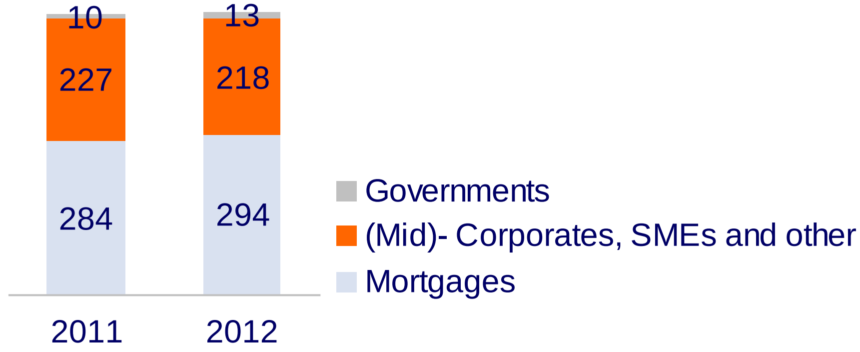
Loan repricing continues but growth is subdued

Higher funding costs are priced in (in bps)

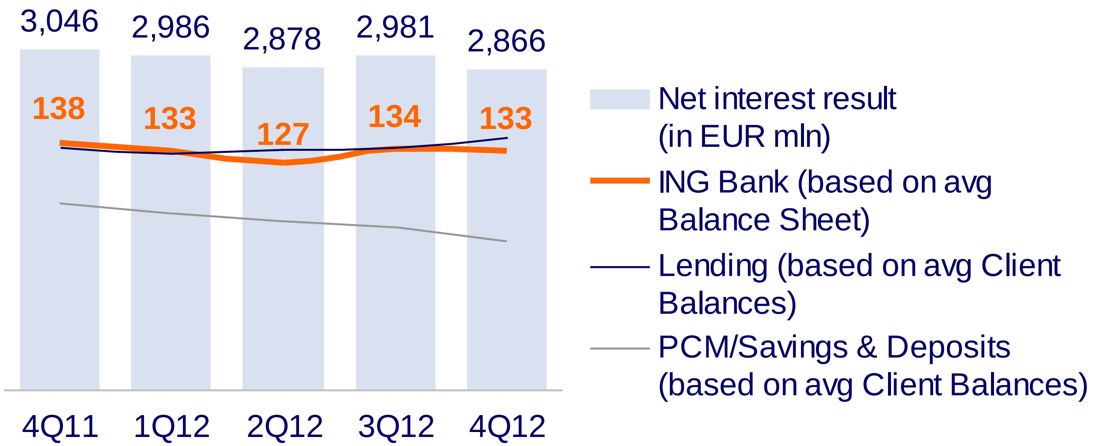
EUR, above swap per tenor



Customer lending growth subdued (in EUR bln)*



Underlying interest margin by quarter (in bps)



Repricing is supportive for NIM

- The interest result remained relatively stable while customer lending declined amid weak demand for credit
- Balance sheet optimisation allows us to increase the lending portfolio
- Re-pricing of new production and existing portfolio should further support the NIM

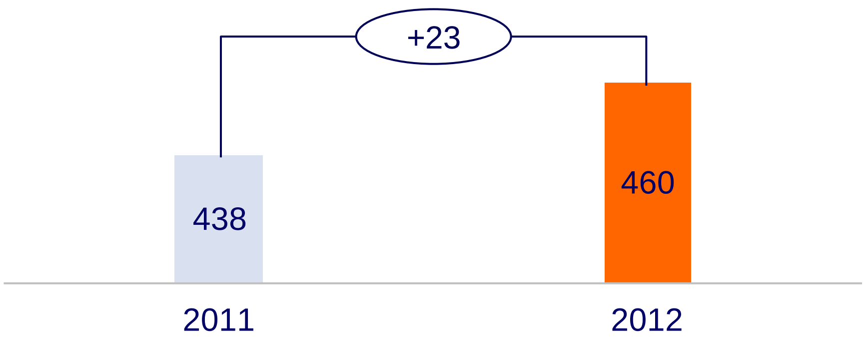
*2011: Pro-forma (adjusted for the sale of ING Direct Canada/UK, excluding provisions)

Strong deposit growth while tracking lower ECB rate

ING continued to grow deposits while reducing deposit rates

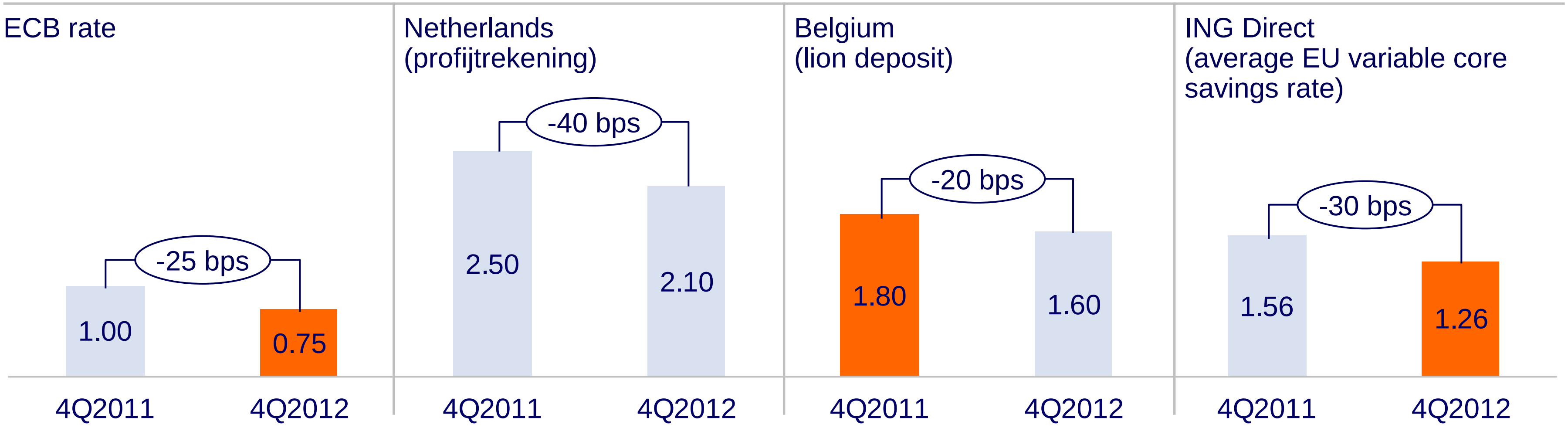
- The deposit base continued to increase, primarily driven by Retail Banking
- Deposit rates have been lowered in consecutive steps to track lower ECB rates
- This should offset the impact from the low interest rate environment

Continued growth in customer deposits (in EUR bln)*



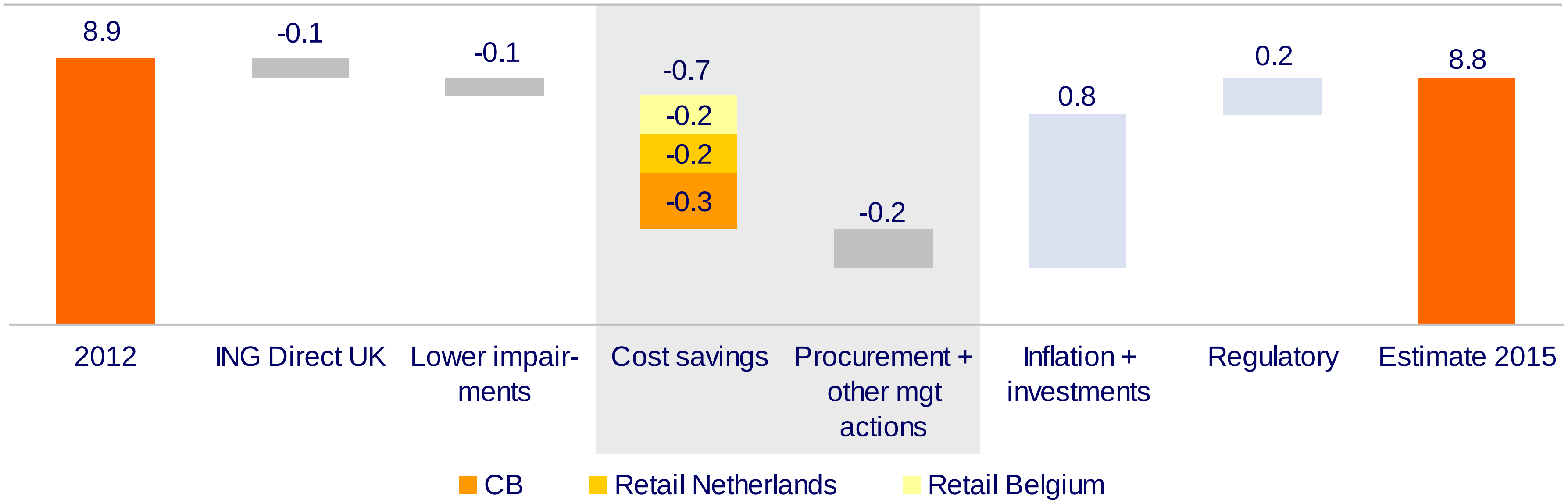
* 2011: Pro-forma (adjusted for the sale of ING Direct Canada/UK)

Deposit rates have come down following a reduction in ECB rates



Continued focus on costs to reach a C/I ratio of 50-53% by 2015, allowing benefits of income growth

Underlying operating expenses (in EUR bln)



- Between now and 2015, we continue to offset the impact from normal inflation and regulatory costs by structural cost savings of EUR 0.9 bln
- In Retail Banking Benelux, our push towards operational excellence and mobile banking will result in EUR 0.4 bln of additional cost savings per annum by 2015
- The previously announced Commercial Banking review is expected to result in EUR 0.3 bln of annual cost savings by 2015
- Procurement initiatives and other management actions are expected to save EUR 0.2 bln per year by 2015
- As a consequence of the nationalisation of SNS, ING will be required to pay a one-time levy to the Dutch state of EUR 300-350 mln in 2014

Restructuring programmes will lead to structural savings of more than EUR 840 mln by 2015

Restructuring programmes (in EUR mln)

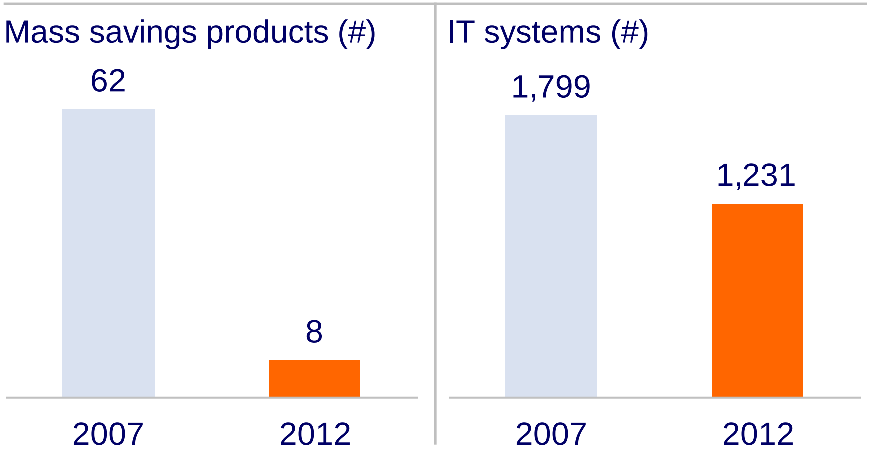
		Announced	Cost savings by 2015	Total cost savings	FTE reduction	After-tax restructuring provisioning
Bank	Retail Banking NL (1)	3Q11	330	330	2,700	232
	Retail Banking NL (2)	4Q12	100	120	1,400	111
	ING Bank Belgium	4Q12	150	150	1,000	0
	Commercial Banking	3Q12	260	315	1,000	129
	Total Bank		840	915	6,100	472

- ING has taken a total of EUR 304 mln after tax restructuring costs in 2012 for Retail NL and Commercial Banking to drive future performance and reduce annual expenses by a combined EUR 840 mln by 2015
- Retail Netherlands has already achieved EUR 162 mln of savings, so cost savings still to be achieved by 2015 amounts to EUR 680 mln for the Bank
- The strategic review in Commercial Banking is ongoing and may lead to further changes in the future

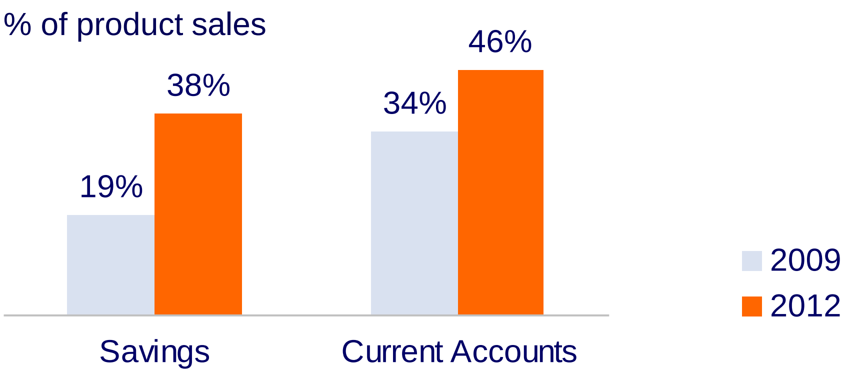
Retail Benelux is adapting to customer preferences, and investing in operational excellence ….

- New technologies have been embraced faster than anticipated
- In the Netherlands, internet is the leading channel with 60% of sales and mobile traffic increased from 9 mln to 25 mln visits per month in just one year
- IT systems in the Netherlands are phased out as processes are optimised
  - 568 applications out of 1,800 have already been de-commissioned since 2007
  - Total IT applications will be reduced by 50% by year-end 2013
- Product offering being simplified

Netherlands: Simplifying products and systems



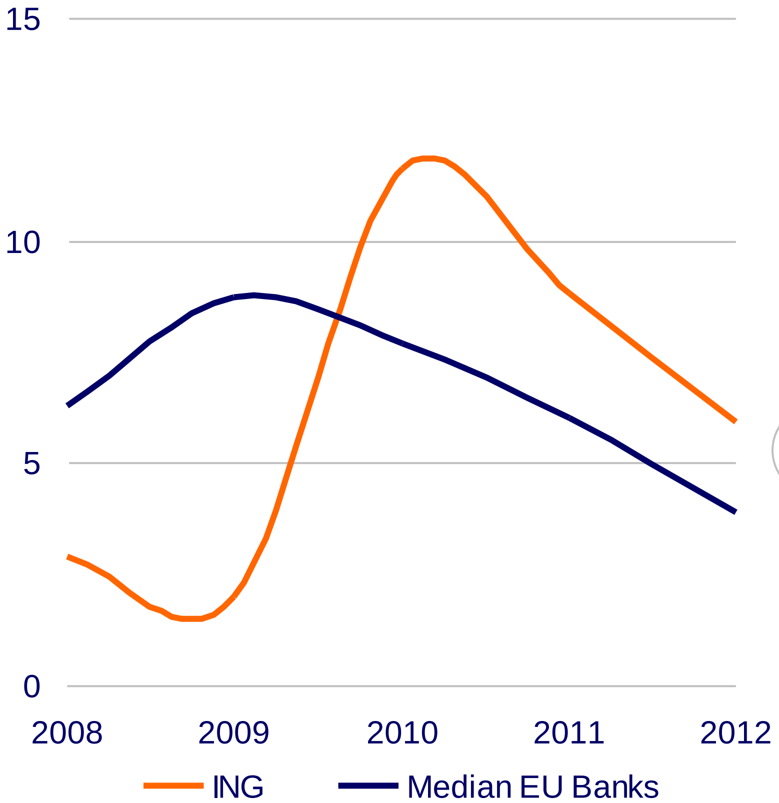
Belgium: Greater use of digital services



Netherlands: Customer preferences are changing

The Bank's ROE is competitive with a low risk profile

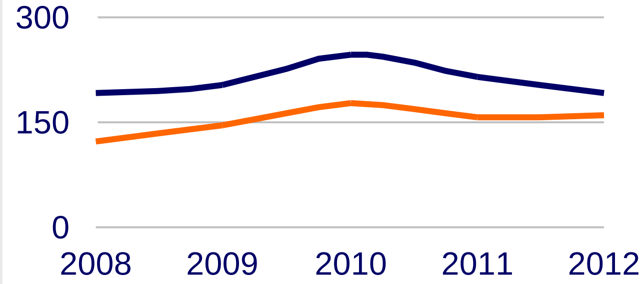
ING produces a better Return on Equity than peers…



Notes: EU Banks include 17 European banks
Source: Annual reports, Public company data

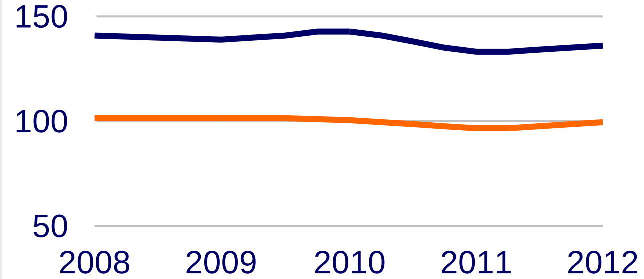
…despite lower income and fees to clients

Income/assets (bps)



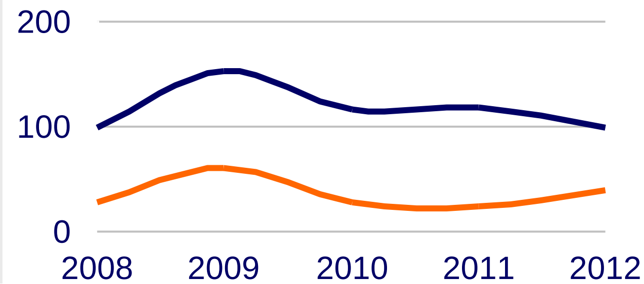
…because we are efficient…

Cost to assets (bps)



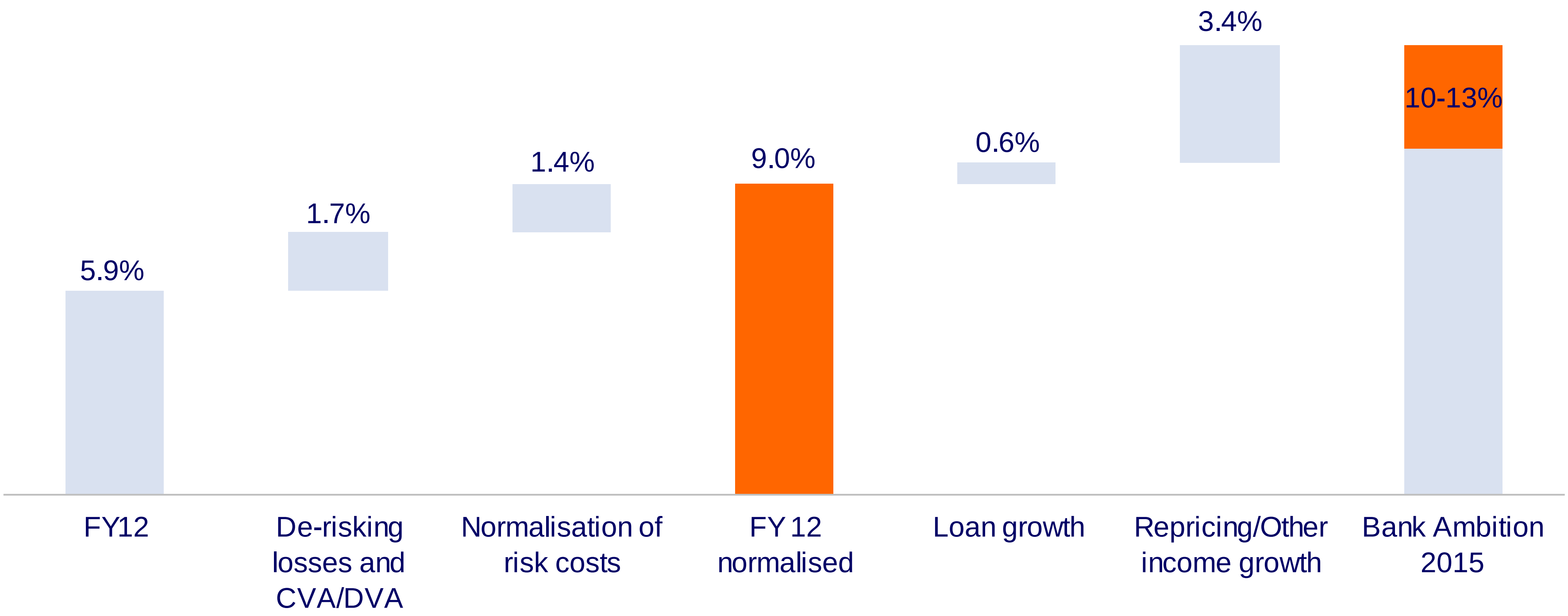
…and have a low risk profile

Risk costs to Customer loans (bps)



ING Bank is on track to reach targeted 10-13% ROE

ING Bank Return on IFRS equity (in %)



- The absence of gains on divestments, de-risking losses, CVA/DVA and a normalisation of risk costs will lift the ROE by 3.1%
- Further repricing and balance sheet growth will bring the Bank's return into the targeted range of Ambition 2015

Q&A

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. The Financial statements for 2012 are in progress and may be subject to adjustments from subsequent events. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made 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 in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) the implementation of ING's restructuring plan to separate banking and insurance operations, (5) 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, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations, (14) changes in the policies of governments and/or regulatory authorities, (15) conclusions with regard to purchase accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit-ratings, (18) ING's ability to achieve projected operational synergies and (19) the other risks and uncertainties detailed in the Risk Factors section contained in the most recent annual report of ING Groep N.V. Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, 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. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.

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