ING Commercial Banking

Extracting more value from the existing franchise

ING Benelux Conference

William Connelly
CEO Commercial Banking

New York – 4 June 2013
www.ing.com

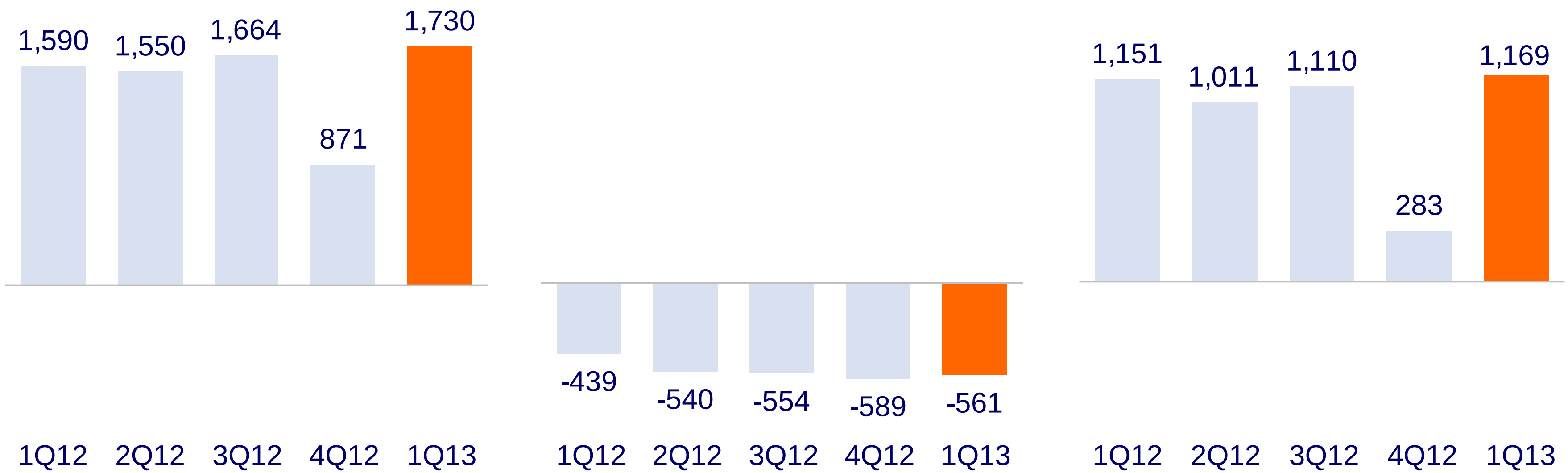
Extracting more value from the existing franchise

- ING Bank continues to show solid results, supported by strong Commercial Banking performance
- ING Commercial Bank is client focused, supported by strong product capabilities and an international network spanning over 40 countries
- Following balance sheet optimisation in 2012, ING Bank is positioned to selectively grow the loan book, particularly in Structured Finance
- Financial Markets is a profitable, focused franchise
- ING Commercial Banking is on track to reach a sustainable RoE of at least 13% by 2015

ING Bank posted a strong first quarter of 2013

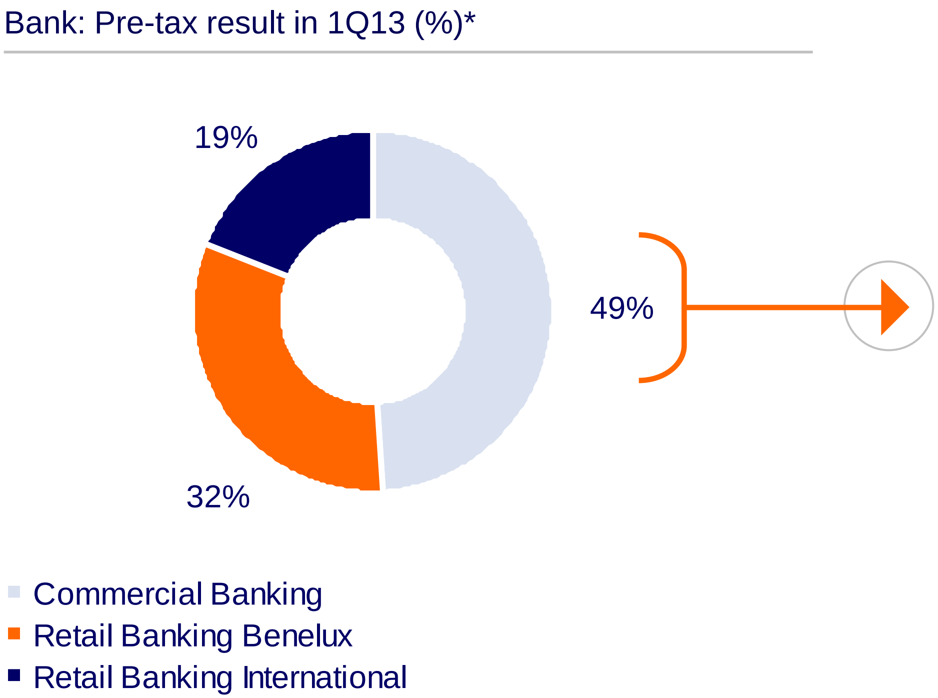
Bank results (in EUR mln)

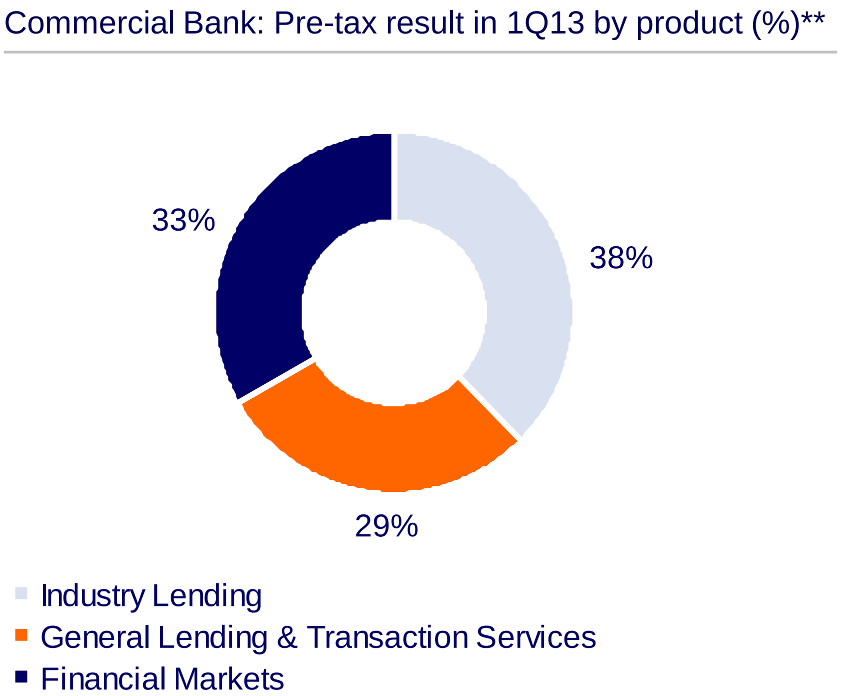
Gross result	+	Addition to loan loss provisions	=	Underlying result before tax



- Gross result amounted to EUR 1,730 mln, up from 1Q12 and 4Q12
- Risk costs remained elevated amid the weak economic environment, but improved versus 4Q12

ING Commercial Banking contributed almost 50% of total Bank pre-tax profit in 1Q13





- ING Commercial Banking posted a solid performance in the first quarter. The underlying result before tax was EUR 589 mln, around 50% of the total Bank pre-tax result
- Commercial Banking result is driven by stable flow income from Lending Businesses and Transaction Services

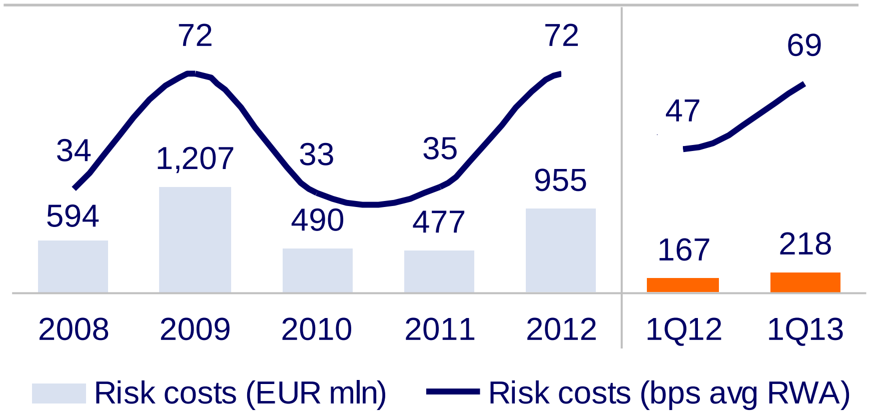
* Bank pre-tax result was EUR 1,169 mln in 1Q13. Percentages based on pre-tax result Bank excluding Corporate Line (EUR -27 mln)
** Commercial Bank pre-tax result was EUR 589 mln in 1Q13. Percentages based on pre-tax result Bank excluding Bank Treasury, RE and Other (EUR -34 mln). Financial Markets has been adjusted for the positive CVA/DVA impact of EUR 75 mln

Commercial Banking RoE of 13.8% in 1Q13 despite high level of risk costs

Return on Equity (based on CT-1 ratio of 10%)

Gross result (In EUR mln)

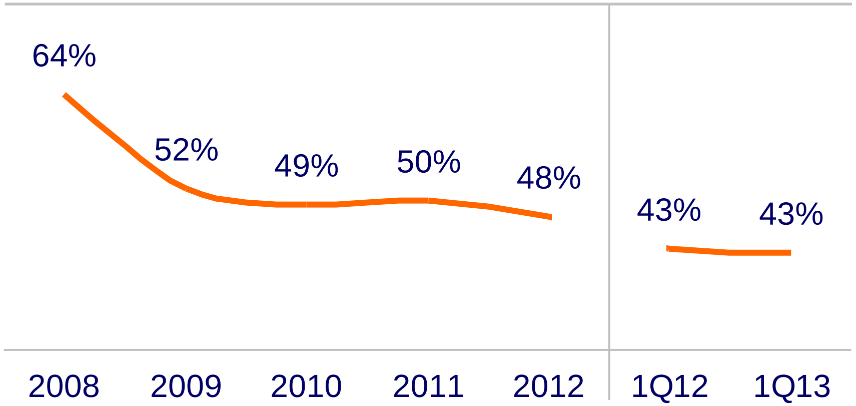
Addition to loan loss provisions



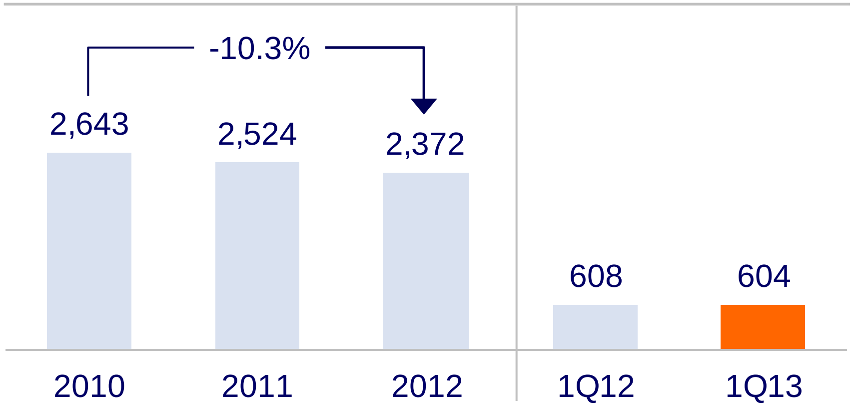
- Commercial Banking RoE was 13.8% in 1Q13
- Gross result slightly up in 1Q13 versus 1Q12 as positive CVA/DVA impacts helped offset the impact of higher funding costs reported under Bank Treasury, RE & Other
- The gross result of Industry Lending rose 3.5%, driven by Structured Finance due to higher volumes and higher margins
- Risk costs strongly up in 1Q13 versus 1Q12 driven by Industry Lending

Strict cost discipline resulted in efficiency which is among the best in the industry

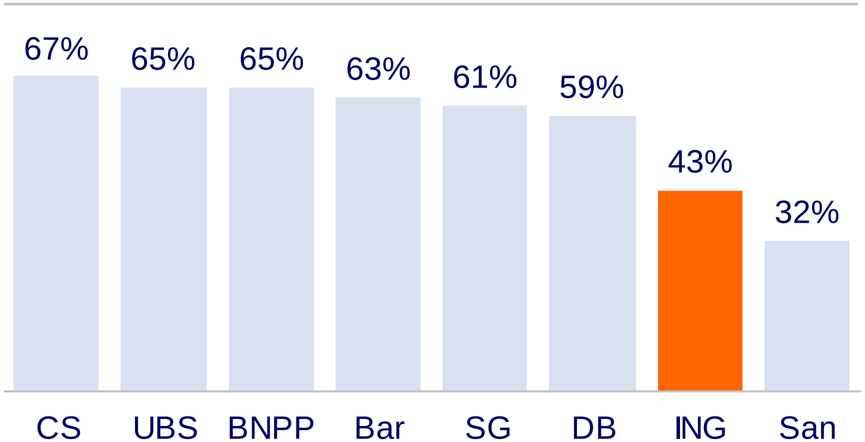
ING Commercial Banking cost / income ratio



ING Commercial Banking operating expenses (EUR mln)



Cost / Income ratio CIB activities (1Q13)



- Operating expenses have declined since 2010
- Operating expenses declined by 0.7% in 1Q13 from 1Q12 as cost savings from the restructuring initiatives announced last year and lower impairments more than offset the booking of the Belgian bank levy and higher pension costs
- Cost/income ratio was 43% in 1Q13
- ING Commercial Banking will continue to optimise its cost structure and aims to keep its cost/income ratio below 50% on a full-year basis

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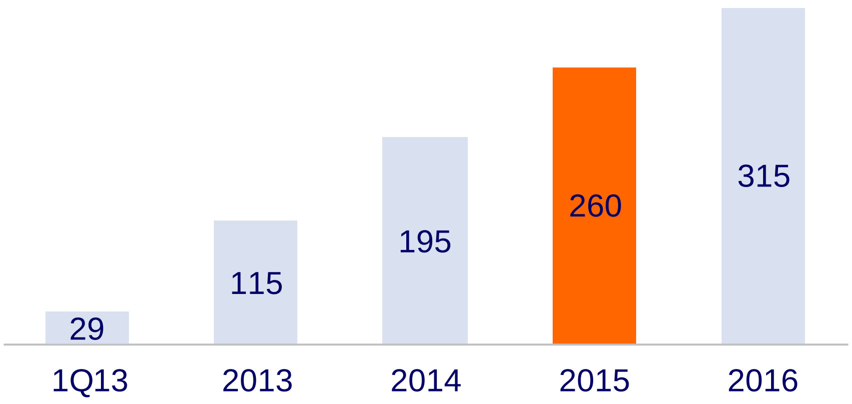
Cost-savings programme on track

Cumulative cost savings (in EUR mln)



Cost savings programme on track

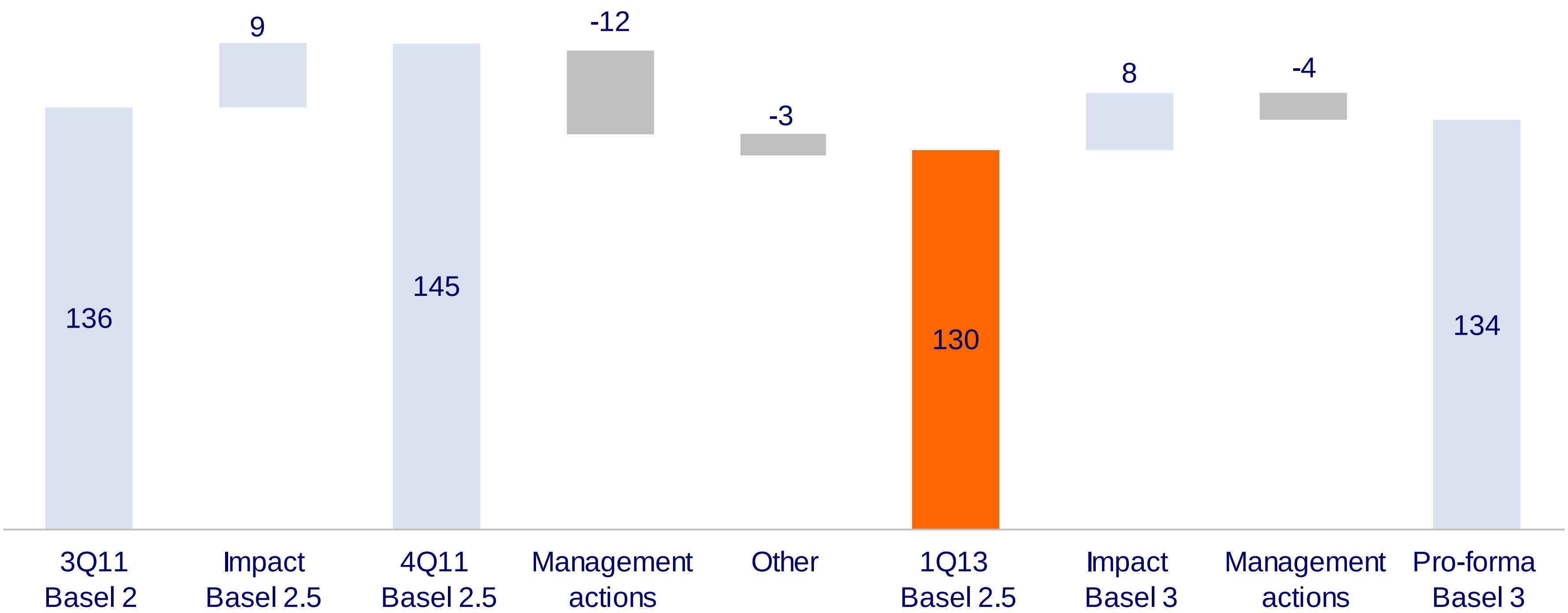
- In 3Q12, a cost-saving initiative was announced for Commercial Banking to improve future performance and reduce annual expenses by a combined EUR 260 mln by 2015 and EUR 315 mln by 2016
- So far, EUR 29 mln has been achieved in 1Q13

Key strategic initiatives include:

- Lease activities in a total of 11 countries have been put into run-off. Lease activities in Benelux and Poland remain core
- ING's Equity Markets and Equity Capital Markets businesses will focus solely on the Benelux; domestic business retained in Poland
- In April 2013, ING reached an agreement to transfer its local custody services business in CEE to Citi. ING will continue to offer custody services in Poland, where it is an integrated part of the full-service banking offering
- Further operational improvements in several businesses, including PCM, to further improve processes and deliver faster and better service to our clients

Commercial Banking is mitigating the RWA impact of Basel 2.5 and 3

RWA Commercial Banking (in EUR bln)



- Risk weighted assets for Commercial banking were EUR 130 bln in 1Q13, down by EUR 15 bln versus 4Q11, largely driven by mitigating actions in Financial Markets (EUR -10 bln) including the wind down of ING's Strategic Trading Platform and the restructuring of the Mexico branch and New York platform.
- Basel 3 RWA impact is estimated at around EUR 8 bln, partly offset by additional management actions, of which EUR 2 bln for Financial Markets, EUR 1 bln for Lease run-off and EUR 1 bln for RE Development/Investments

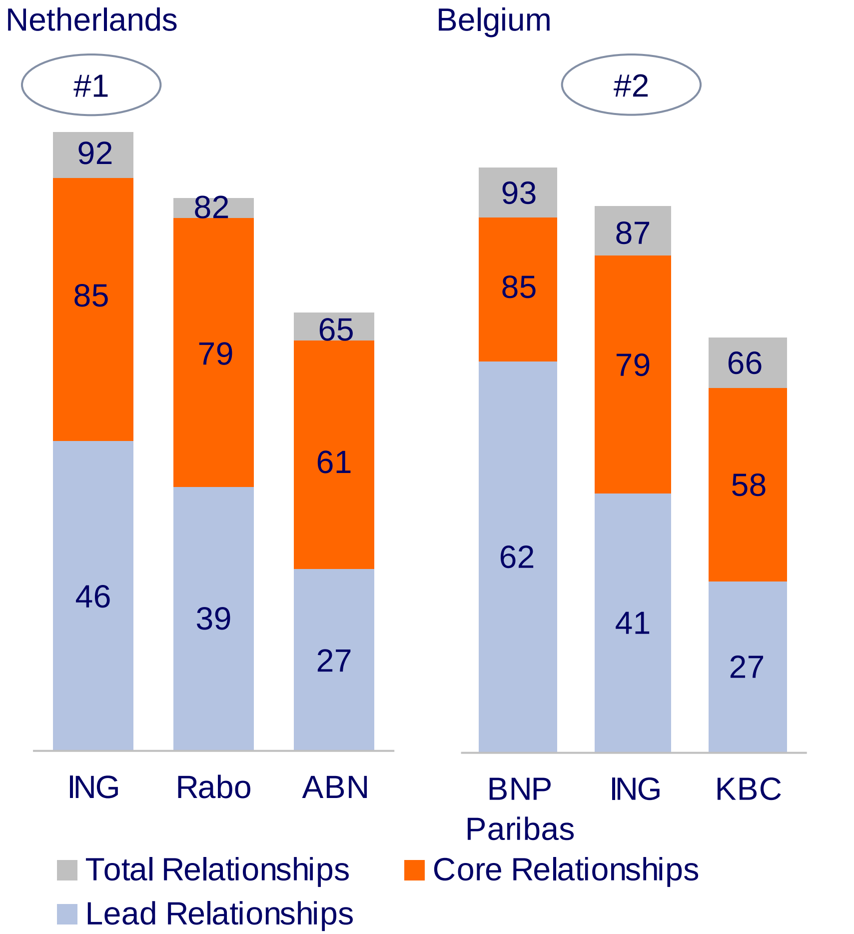
Client-focused Commercial Bank

ING is the leading Commercial Bank in the Benelux

Leading Commercial Bank in the Benelux

- ING is the leading Commercial Bank in the Netherlands for the 4th consecutive year. ING is the nr 2 Commercial Bank in Belgium
- ING's focus on its service offering and product capabilities has resulted in a leading position.
- ING is a full-service Commercial Bank in the Benelux, supporting client needs from payments through to strategic advice
- ING Commercial Banking remains well positioned for further growth

Leading commercial bank in the Benelux (2012)



Source: Greenwich

Commercial Banking has strong regional positions and world-class franchises

Leading Commercial Bank in the Benelux with a strong position in CEE

- Leading bank in The Netherlands – market penetration and lead relationships *(Greenwich Survey, 2013)*
- Recognised as the leading bank servicing our Benelux clients in CEE *(Greenwich Survey, 2013)*
- Voted "Best Bank in the Netherlands 2013" *(Global Finance, 2013)*

Extensive global network with special focus in Europe

- ING Commercial Banking is the only Dutch bank with a large international network, spanning over 40 countries
- ING Commercial Banking continues to invest in Euro payments platform

Global franchises in Specialised Finance and Financial Markets

- Leading Specialised Finance franchise (#5 in Europe by number of issues (MLA), Thomson Reuters, 2012-1Q13)
- FM has leading position in the Benelux DCM corporate market *(Thomson Reuters, 2012-1Q13)*
- Best Trade Finance Bank award *(Global Finance magazine, 2012)*
- Best Structured Commodity Finance Bank (*Trade Finance Magazine 2013*)

Strategy going forward is aimed at further strengthening of client relationships and attractive returns

Further improve client service model and product capabilities	• Further strengthen leadership positions in core markets/products
	• Optimise client coverage/service model
	    • Streamlined Operations, IT and Support
	• Continue to invest and grow market share in product capabilities, particularly in:
	    • Payments and Cash Management
	    • Trade Financial Services

Improve returns without allocating more capital	• Exploit leadership position, further increasing cross- and deep-sell • Leverage network for increased international flows • Capital will continue to be allocated to core markets and high return businesses with attractive risk / reward characteristics • Re-price lending to reflect higher cost of capital
Increase funding	• Strong focus on increasing market share in PCM

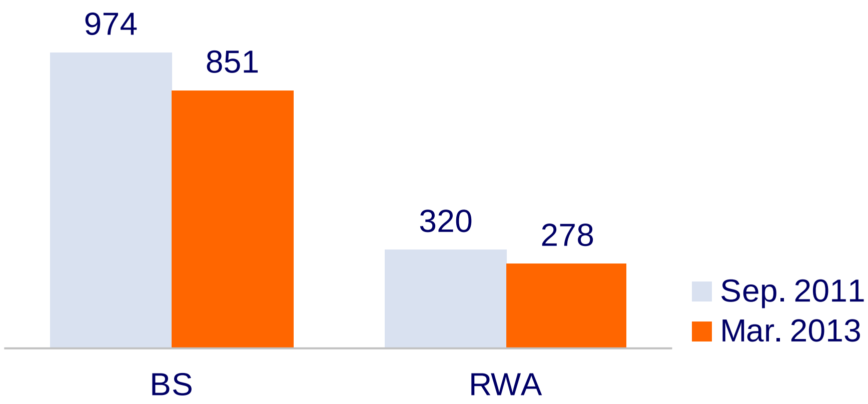
ING Bank is well positioned to selectively grow the loan book

ING Bank meets most Basel 3 requirements

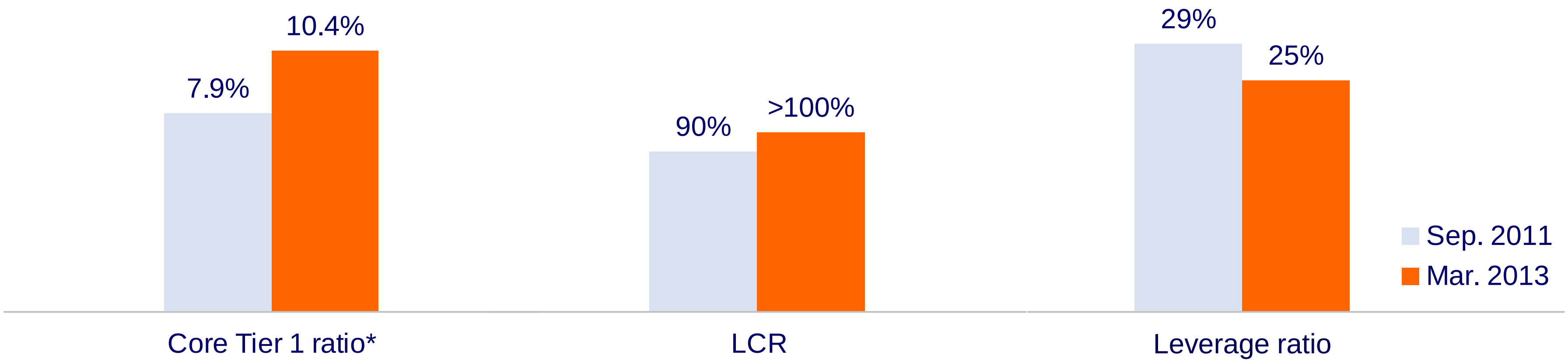
Priorities for 2012-2013 set at the IR Day in January 2012

- ✓ 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)



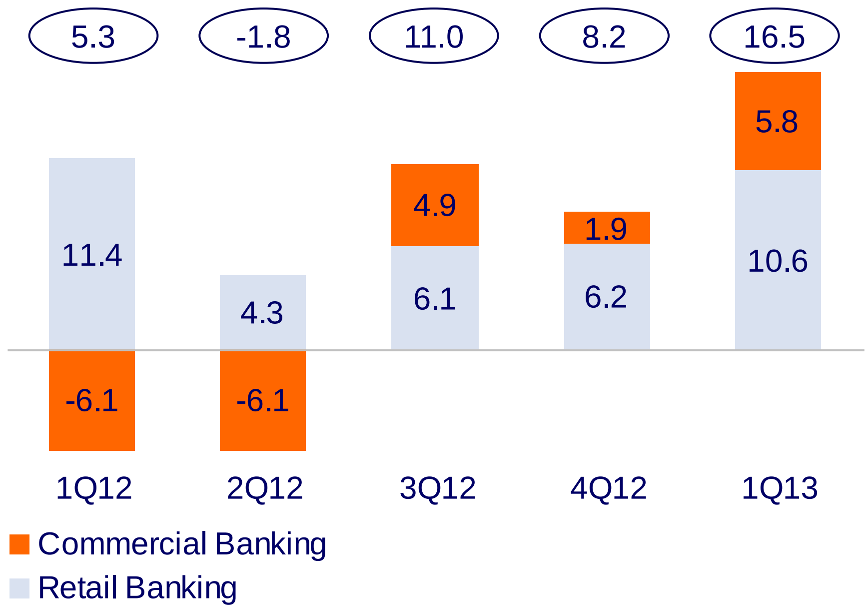
Basel 3 ratios met



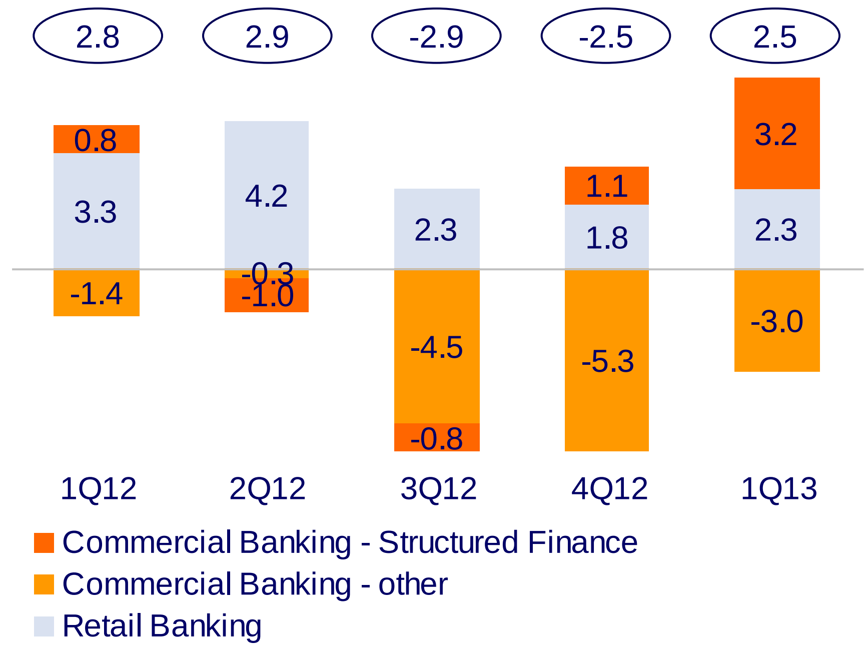
* Pro-forma fully loaded Basel 3, including EUR 1.5 billion upstream to the Group in 2Q13

Strong funding profile allows Bank to grow loan book

Net inflow in funds entrusted (in EUR bln)



Net loan growth (client balances, in EUR bln)



Following balance sheet optimisation in 2012, ING Bank is positioned to selectively grow the loan book

- After taking major strides in 2012 to optimise the balance sheet and de-risk the investment portfolio, ING Bank is now comfortably meeting its capital, funding and liquidity targets, creating room to selectively grow the loan book.
- Net funds entrusted grew by an impressive EUR 16.5 bln in 1Q13, leading to a further improvement of the funding profile
- Net loan growth was a moderate EUR 2.5 bln in 1Q13, particularly in Structured Finance
- Loan-to deposit ratio improved to 1.10

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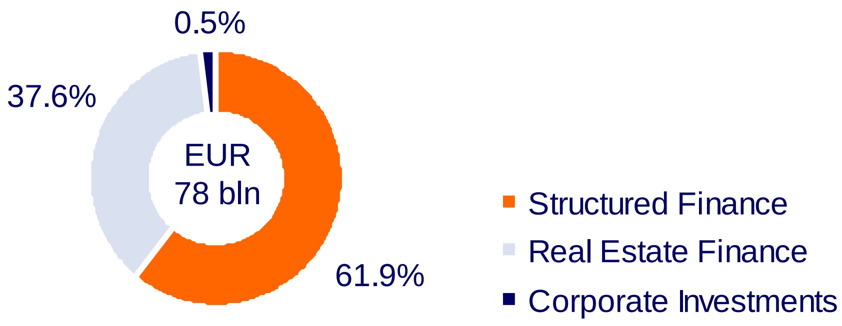
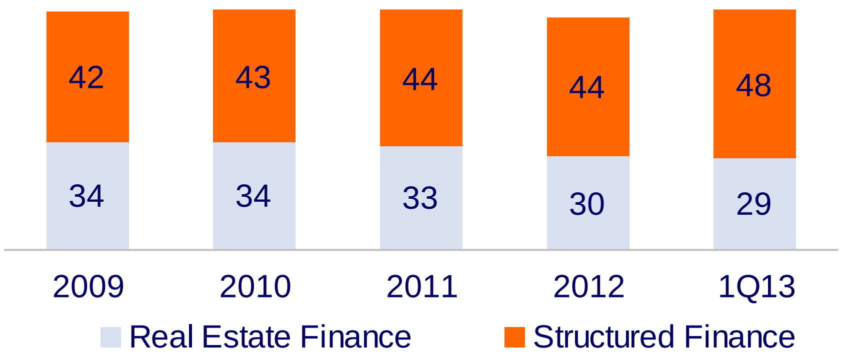
ING will selectively grow its Structured Finance assets

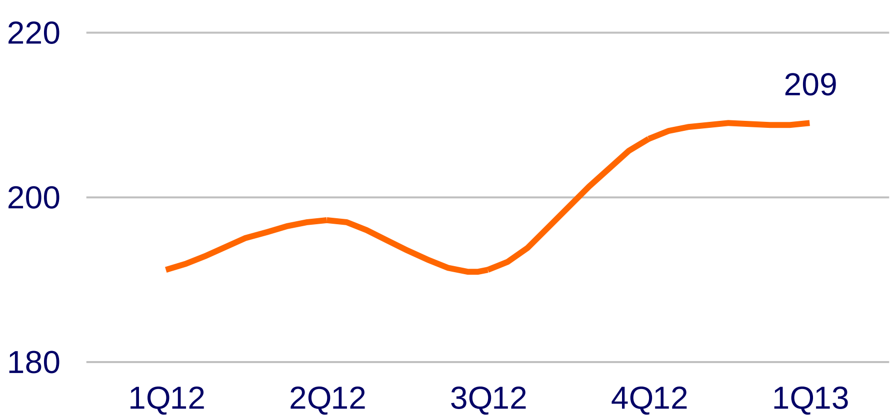
Lending assets Industry Lending
(in %, 1Q13)



Lending assets: REF assets decreasing, being redeployed in Structured Finance assets (in EUR bln)



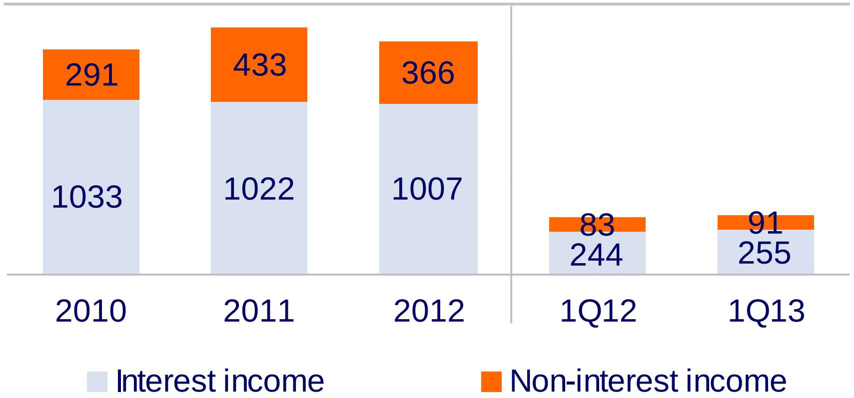
Interest margin Industry Lending (based on Client balances)
(in bps)



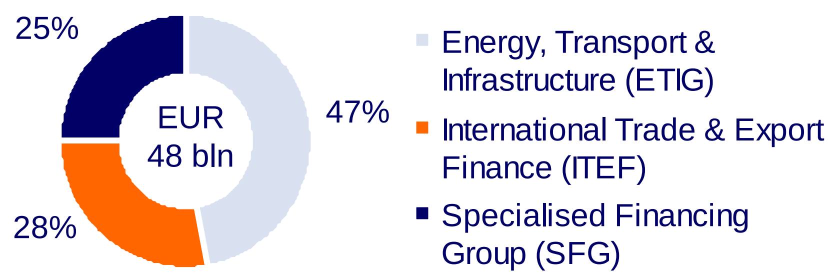
- Industry lending generates diversified, high yielding assets, making this attractive for balance sheet integration
- Industry Lending dominated by Structured Finance
- In recent years, ING's Real Estate Finance portfolio has been reduced and redeployed in Structured Finance assets
- Going forward, ING will selectively grow its Structured Finance assets, largely offset by a further reduction of Real Estate Finance assets
- ING Real Estate Finance remains an integral part of the strategy of the Commercial Bank

Structured Finance: high RoE and well diversified

Structured Finance income (EUR mln)



Structured Finance lending assets by sector (in %, 1Q13)



RoE (based on CT-1 ratio of 10%)

- Energy, Transport and Infrastructure Group includes natural resources, utilities power, infrastructure, Asset-Based Finance. The assets are a mixture of medium- and long-term assets
- International Trade and Export Finance includes Structured Export Finance. The assets are largely short-term assets
- Specialised Financing Group includes Telecom and Media Finance, Structured Acquisition Finance and Local Structured Finance. The assets are largely medium-term assets

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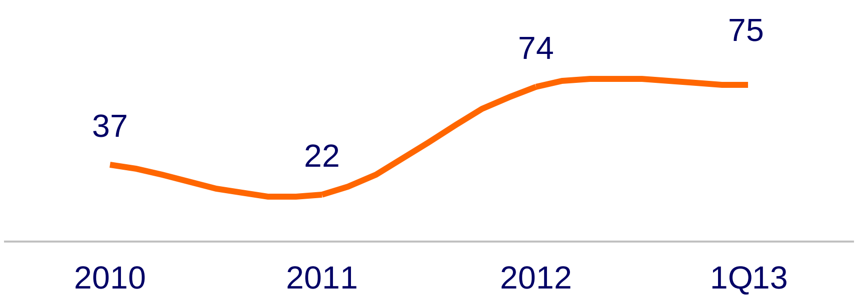
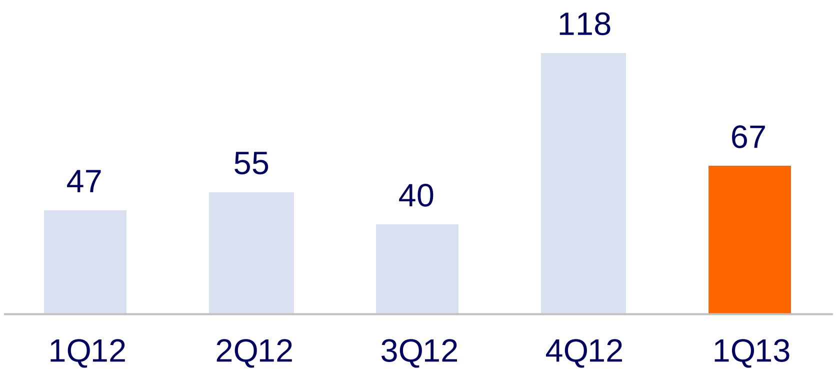
Risk costs Structured Finance concentrated in a small legacy portfolio

Underlying loan loss provisions in bps of average RWA



Loan loss provisioning (EUR mln)



Structured Finance

1Q13	Lending Assets as % of total	NPL (%*)	Risk Costs 1Q13 (EUR mln)	Risk Costs 4Q12 (EUR mln)	Coverage ratio (%)
ITEF	28%	0.4%	-4	-10	27%
ETIG	47%	2.1%	27	28	28%
SFG, excl. SAF	19%	2.7%	13	22	43%
SAF	6%	11.6%	33	79	54%
Total	48 bln	2.0%	67	118	39%

* Based on credit outstandings;

- Low risk profile International Trade and Export Finance (ITEF)
- Business model within Energy, Transport and Infrastructure Group (ETIG) has paid off in current market by relatively low risk costs (historic focus on high quality assets)
- Specialised Financing Group (SFG) historically has higher risk costs, mainly related to Structured Acquisition Finance (SAF) portfolio

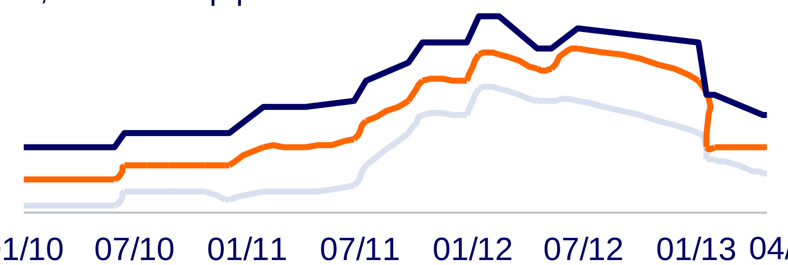
Repricing, asset growth and lower funding costs support the net interest margin development

Illustrative return (in bps)

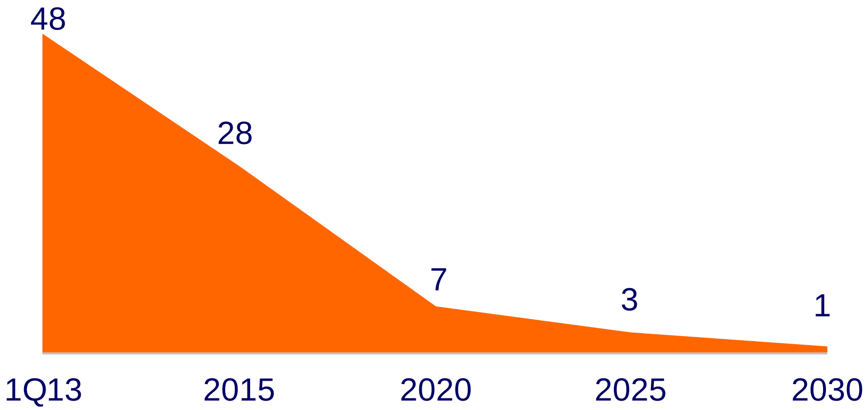
	Mid 2010	Mid 2011	Mid 2012	YE 2012
A-rated Investment Grade Corporate Facilities Drawn Margin	90	70	105	85
Project Finance	120	175	250	250
Offshore	250	230	300	320
LBO (TLA/RCF)	415	400	475	455

Funding costs (in bps)

EUR, above swap per tenor



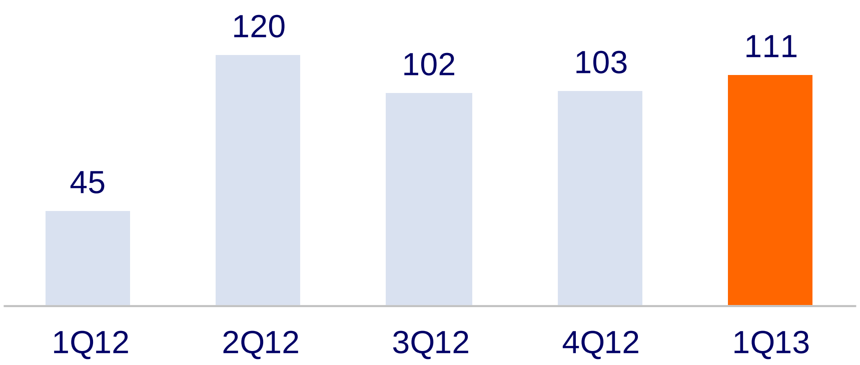
Structured Finance – run-off lending assets (EUR 48 bln)



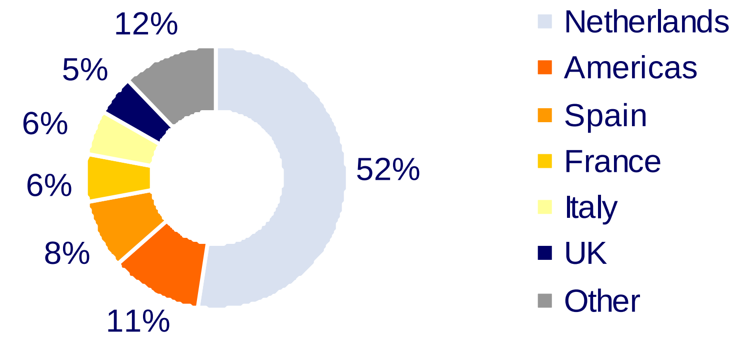
- Pricing increased slowly over the past years and at different rates across different markets
- As from 4Q12, trend in funding costs is decreasing, supporting the Net Interest Margin
- Asset growth and run-off will create further (re)pricing opportunities

Risk costs on Real Estate Finance remain elevated

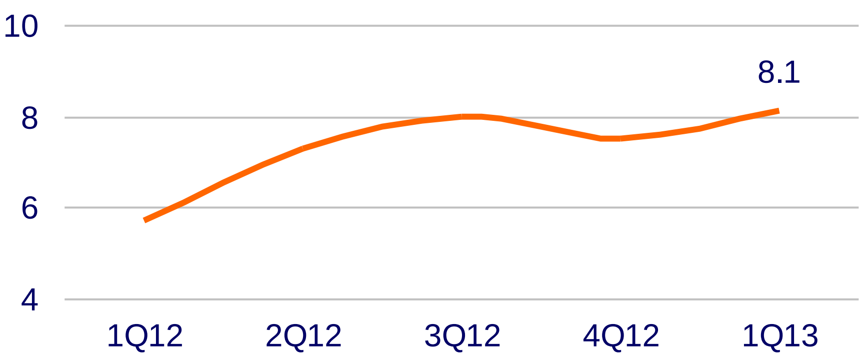
Risk costs (in EUR mln)



Real Estate Finance portfolio by country of residence (1Q13)



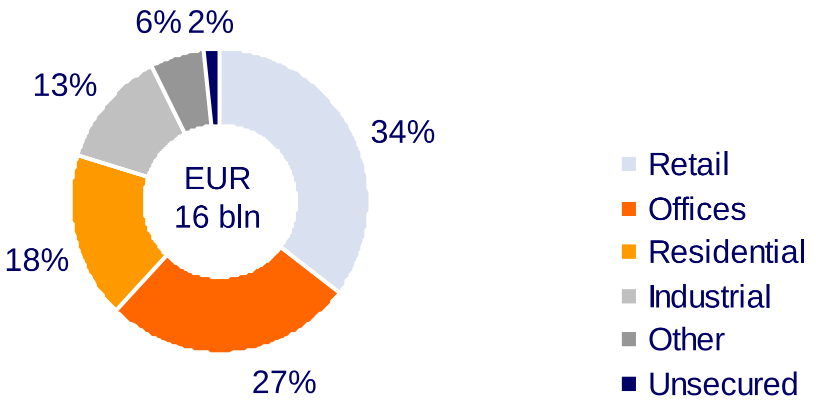
Non-performing loans ratio (in %)



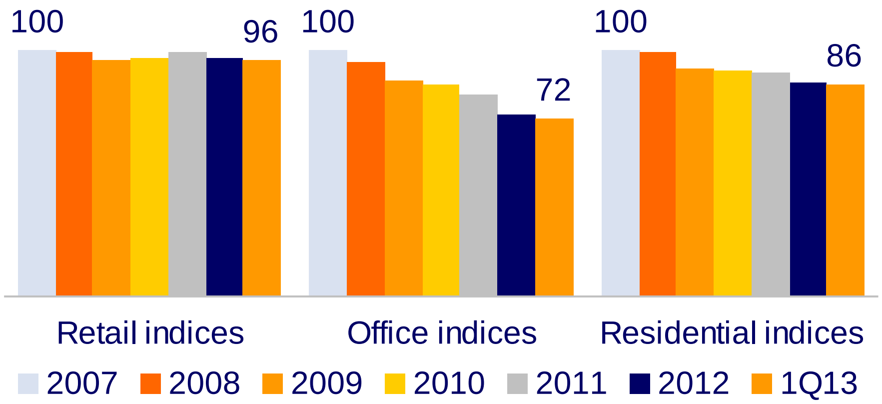
- Risk costs for Real Estate Finance increased slightly to EUR 111 mln and were concentrated in the Netherlands, Spain and the UK
- The NPL ratio increased to 8.1% due to a decline in credits outstanding and slightly higher NPLs
- Construction is less than 1% of total REF portfolio
- Risk costs in REF are expected to remain elevated at around these levels given deteriorating European commercial real estate markets
- Pre-tax result Real Estate Finance has remained positive despite high level of risk costs as repricing allowed ING to absorb higher risk costs

Dutch REF portfolio is well diversified

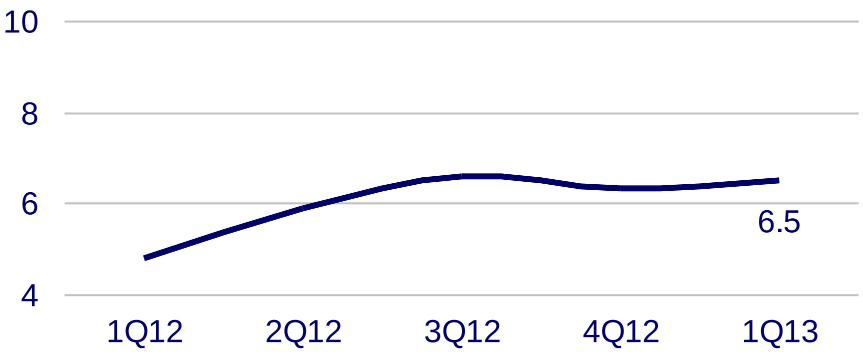
REF NL portfolio by sector (31 Mar 13)



Price development NL (ROZ/IPD indices, %)



Non-performing loans ratio (in %)

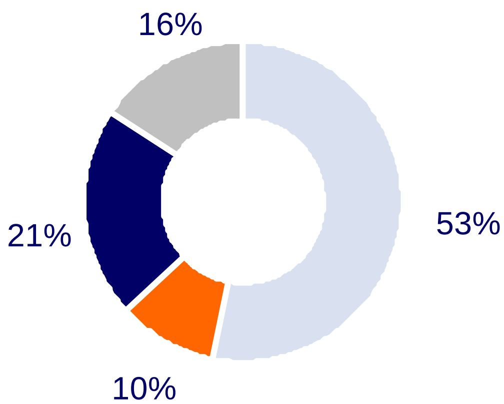


- The REF portfolio in the Netherlands is well diversified
- Offices sector has been most under pressure, reflecting overcapacity in this sector
- However, REF primarily finances prime real estate properties with diversified rent rolls and quality tenants
- Construction is only 1.1% of Dutch REF portfolio and pre-sold/pre-rented for 70%.

Financial Markets is a profitable, focused franchise

Financial Markets provides hedging and financing solutions to corporate and institutional clients

FM – Income by product 1Q13*

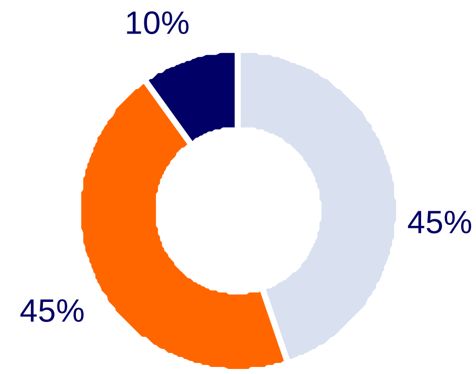


- Rates & FX
- Credit Trading
- Global Equity Products
- DCM, CF & Other

FM – Income by Geography 1Q13*,**

- Developed markets
- Emerging markets

FM – Income by Client Segment, 1Q13*



- Corporate Clients
- Financial Institutions
- Other

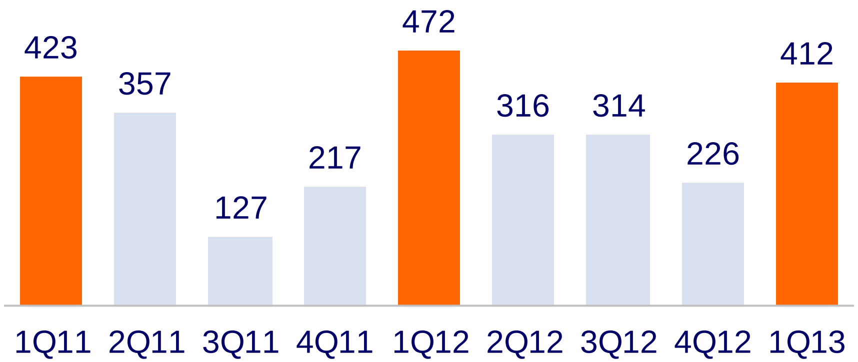
- Financial Markets (FM) is a well diversified business, exposed to developed markets and faster growing economies
- FM is skewed to rates and FX, rather than credit

* Excluding CVA/DVA;
** Excluding Global Equity Products, DCM, CF & Other

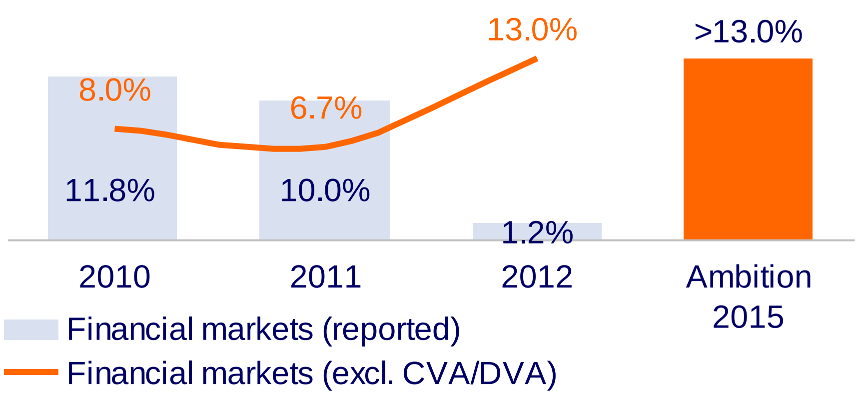
Financial Markets is a profitable business

Income Financial Markets impacted by CVA/DVA (in EUR mln)

Income Financial Markets (excl. CVA/DVA) impacted by seasonality (in EUR mln)



Return on Equity (%)



- Reported income is severely impacted by the impact of CVA/DVA creating volatility in reported income
- Reported income (excl. CVA/DVA) is also impacted by seasonality. The first quarter is normally relatively strong, while the fourth quarter is relatively weak
- RoE excl. CVA/DVA has improved significantly in 2012 and 1Q13 as the impact of new capital rules has been offset by management actions
- CRD IV RWA impact of EUR 8 bln will partly be mitigated by management actions of EUR 2 bln
- Ambition 2015 target of at least 13% will be reached by improving returns

Strategy of Financial Markets going forward in a Basel 3 world

Further strengthen leadership position	• Continue to invest and grow market share in areas of strength such as Debt Capital Markets and Interest Rates in the "Home Markets“ • Capitalise on leadership position in the "International Markets" in strategic locations such as CEE and Asia • Continue to optimise product portfolio in line with changing market environment • Strengthen “Originate to Distribute”-Model by providing Financing, Investment and Hedging solutions to our client base
Improve returns	• Making client-driven business the focus of all products and reducing trading inventories and risk positions accordingly • Placing wherever possible the emphasis on collateralised and centrally cleared products • Repricing products in line with the markets • Prioritise clients and focus on cross-sell in line with Commercial Bank objectives
Other	• Continue upgrades in operational platforms - completing the FM Target Operating Model (TOM)

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On track to reach a sustainable RoE of at least 13%

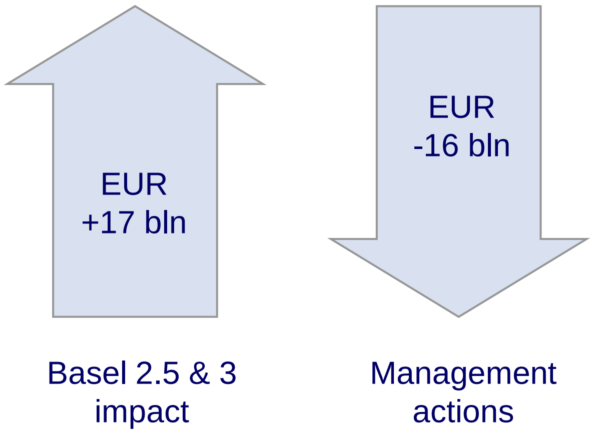
On track to reach a sustainable RoE of at least 13%

Increase returns

- Further strengthen leadership positions in core markets/products
- Continue to invest in product capabilities
- Increase cross-sell
- Leverage network for increased international flows
- Grow selectively the loan book, SF in particular
- Re-price lending to reflect higher cost of capital
- Continue to manage costs effectively, supported by savings program
- Normalisation of risk costs

Management actions offsetting RWA impact of new regulation*

RWA (in EUR bln)



- Capital will continue to be allocated to core markets and high return businesses with attractive risk / reward characteristics

This provides a robust platform for further developing our business leading to an ROE target for ING Commercial Banking of at least 13% by 2015

* EUR 12 bln of total management actions have been realised to date.

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 1Q2013 ING Group Interim Accounts.

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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