Reducing risk and leverage

Morgan Stanley European Financials Conference

Koos Timmermans
CRO ING Group

London – 1 April 2009
www.ing.com

Reducing risk and leverage in 2009

Key Messages

1. ING has taken significant measures to reduce risk
2. ING is shrinking the bank's balance sheet and reducing volatility in shareholders' equity
   - ING Bank's asset leverage 31
   - Tangible Net Asset Value EUR 7.6 per (fully diluted) share
3. Strong capital position: All key ratios within target
4. Liquidity position is sound with strong net inflows of savings

ING

Credit risk reduced: 80% of Alt-A RMBS transferred to the Dutch State

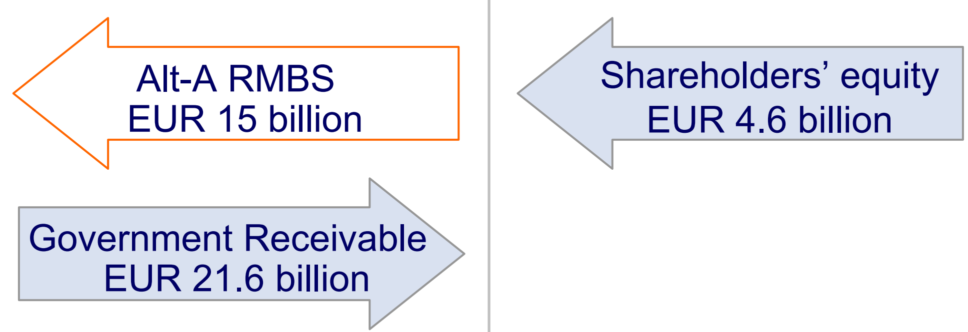
Illiquid Assets Back-up Facility

- ING transfers 80% economic ownership of Alt-A RMBS ING Direct and Insurance Americas to the Dutch State at 90% of par
- ING continues to fund the Alt-A RMBS, while the Dutch State receives 80% of the RMBS coupon and pays ING a risk-free rate on a Government Receivable

Impact Alt-A transaction in 1Q 2009

- Lifts shareholders' equity by EUR 4.6 bln
- Releases EUR 13 bln in RWAs
- Increases Tier-1 ratio by 37 bps
- P&L neutral transaction at 26 Jan 2009
- Interest income reduced by approx. EUR 100 mln per quarter

Balance sheet impact Alt-A transaction



The Alt-A Facility reduces any future impairment on Alt-A RMBS by 80%

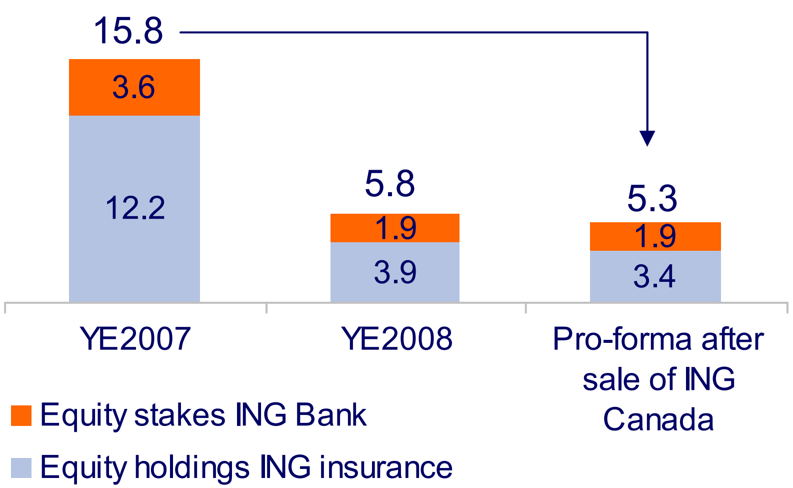
ING

Equity and interest rate exposure further reduced

Equity risk actively hedged

- Equity portfolio reduced to EUR 5.3 bln
- Additional put options acquired in 1Q to hedge the direct equity exposure
- Equity-related DAC unlocking in US hedged in 1Q

ING's listed equity portfolio (EUR bln)

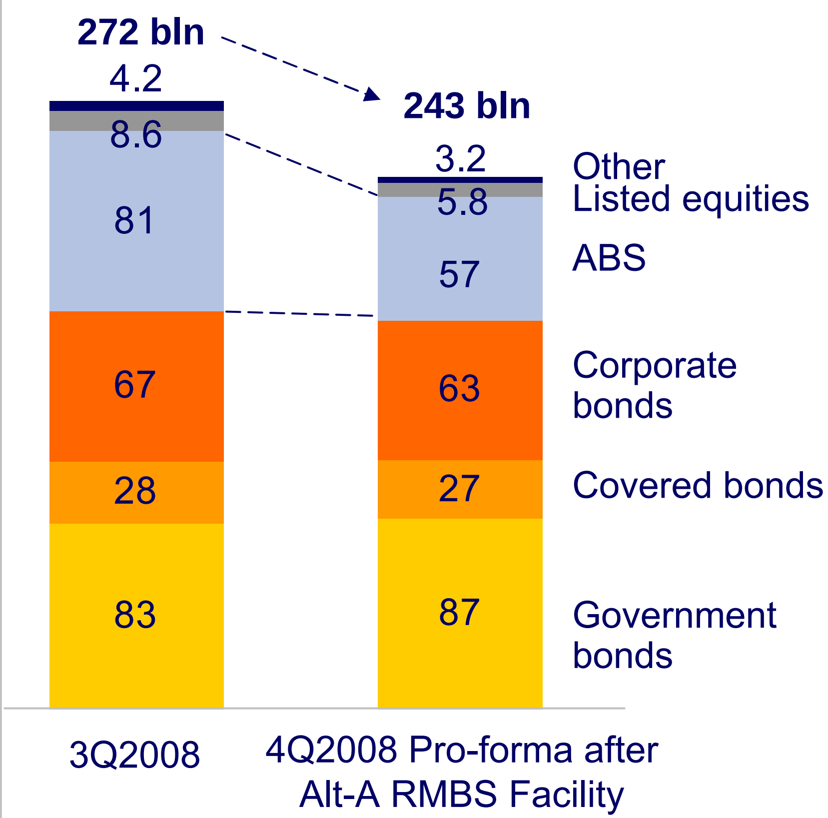


Interest rate risk reduced

- Sale ING Life Taiwan eliminated the largest contributor to interest rate risk within ING Group. Transaction closed 11 February 2009
- Divestment of Taiwan reduced Economic Capital by EUR 5.7 bln and increased Available Financial Resources by EUR 3.4 bln
- In Europe, the duration of assets has been lengthened to match liabilities through the purchase of additional interest rate swaps in 4Q2008
- In the US, the variable annuity product offering was adapted in January 2009, reducing market risk

Investment portfolio is shrinking driven by the Alt-A RMBS Facility

ING Group investment portfolio



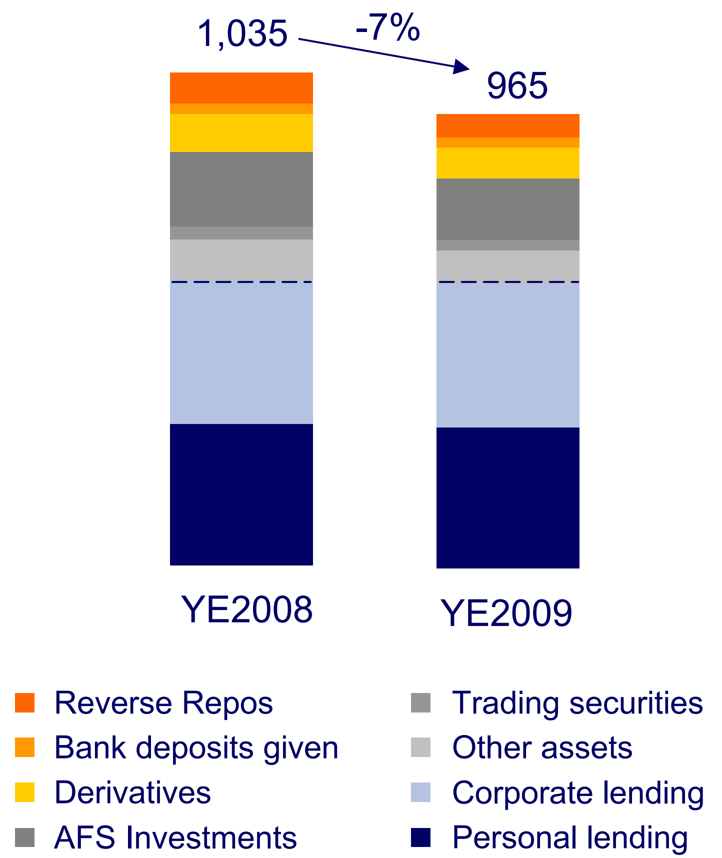
Other = fixed income and real estate mutual funds, preference shares and private equity

Asset re-allocation

- ING has a relatively large investment portfolio compared to other Financials as ING Direct has invested its excess liquidity in AAA fixed income securities
- The Alt-A Facility with the Dutch State has reduced the ABS book by EUR 15 bln on a pro-forma basis
- ING Direct is shrinking its investment portfolio: it does not re-invest maturing securities. Going forward ING Direct will invest in ING-originated loans, within regulatory allowed guidelines
- Re-allocation of assets away from more risky assets like equity, ABS and private equity into government bonds and loans

ING Bank is shrinking the balance sheet

Total Assets ING Bank (EUR bln)

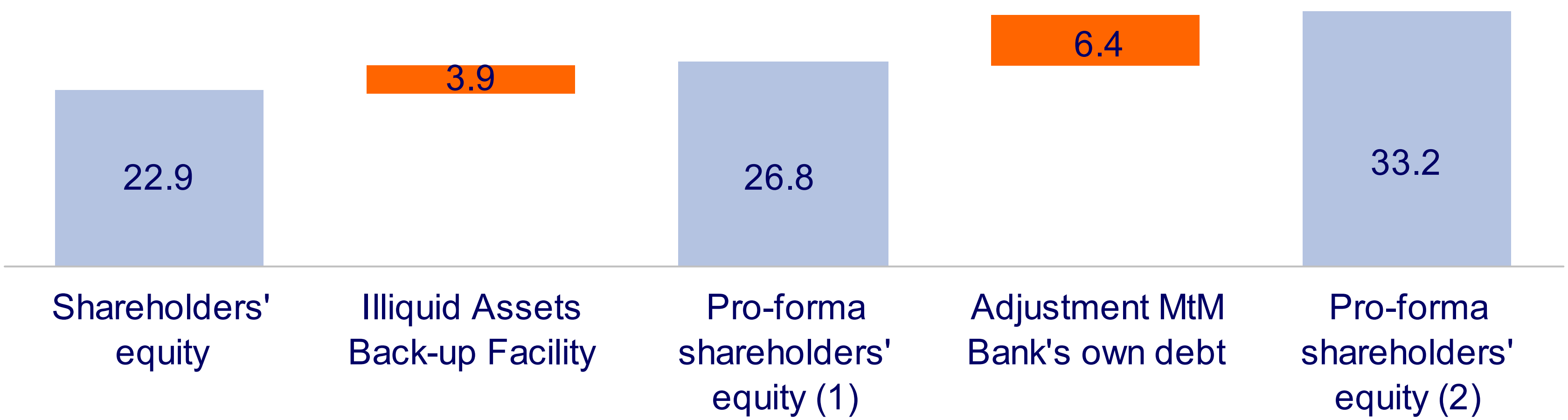


Reduction measures

- ING Bank reduced its balance sheet by EUR 41 bln in 4Q 2008
- Further reduction of 7% expected in 2009 (excluding FX)
- Balance sheet will become less market sensitive by reducing investments, trading, repo and interbank positions while maintaining the loan book
- This reduction will reduce revenues by approx. EUR 130 mln in 2009
- Loans as % assets will increase from 58% at 2008 to 64% at 2009 year-end, reducing volatility in shareholders' equity

ING Bank's asset leverage is 31 on a comparable basis

Shareholders' equity ING Bank year-end 2008 (EUR bln)

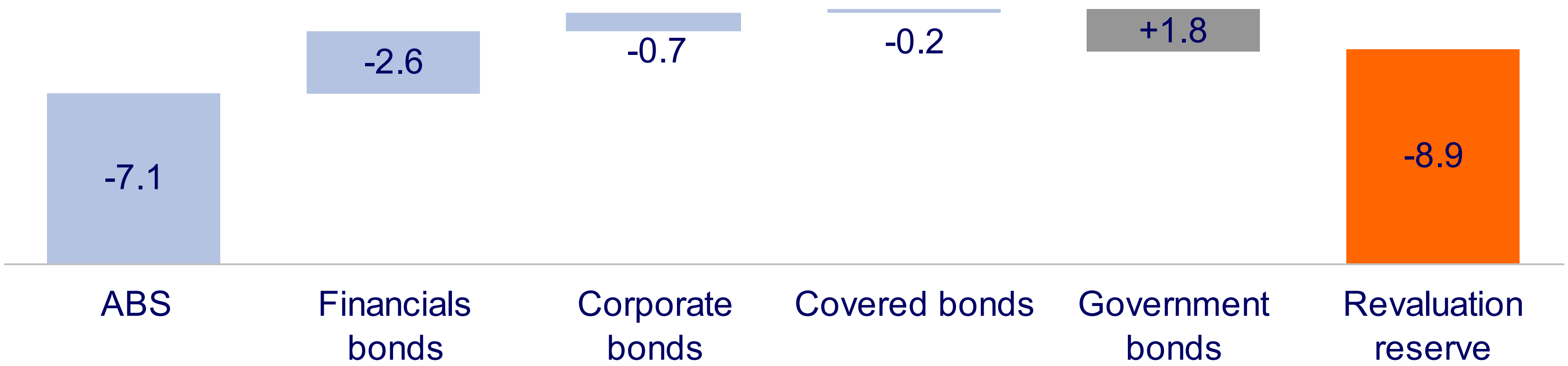


- Alt-A transaction reduces ING Bank's negative AFS revaluation reserve by EUR 3.9 bln
- If ING Bank were to mark-to-market its own debt in line with IFRS treatment of similar assets shareholders' equity would increase by EUR 6.4 bln
- Asset leverage ratio is 31 on this basis, which is comparable to other banks
- A simple cap on asset leverage would not be desirable. It does not take into account differences in business models. Derivatives that reduce economic risks are accounted for at fair value, leading to volatility in shareholders' equity and assets

Investment portfolio: negative revaluations driven by marks on ABS

ING Group's negative revaluation reserve fixed income

Composition 2008 year-end (EUR bln)



Drivers are marks on ABS and on bonds from Financials

- After-tax revaluation reserve bonds was EUR -13.5 bln at 2008 YE. In 1Q, the Alt-A Facility with the Dutch State improves this revaluation reserve to EUR -8.9 bln
- Negative marks are concentrated in ABS and bonds from Financial institutions
- A substantial part of the ABS and bonds from Financials are expected to revert to par over time

ING

AFS investments reclassified to preserve shareholders' equity

- ING reclassified EUR 22.8 billion investments from Available for Sale to Loans & Receivables as of 22 January 2009 to reduce volatility shareholders' equity
- Included assets are all European: covered bonds, RMBS, ABS and CMBS
- Negative revaluation of EUR 0.9 bln (after tax) was locked in at reclassification date
- Any future impairment will be limited to the maximum of the credit loss **or** the locked-in negative revaluation reserve
- This aligns valuation and P&L impact better with ING's buy-and-hold investment style

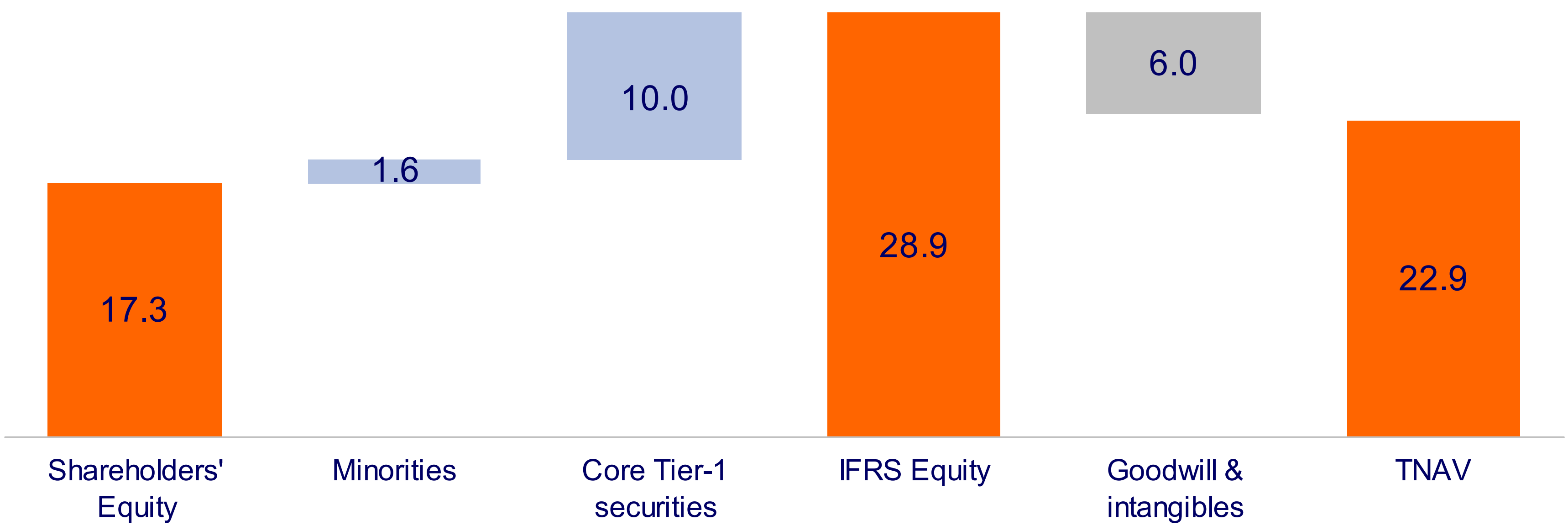
Reclassified securities at 12 January 2009 (EUR million)

	Par value	Fair Value	Pre-tax revaluation	Price
Covered Bonds	9,626	9,462	-261	98%
RMBS	9,972	9,202	-694	92%
CMBS	1,195	1,045	-149	87%
other ABS	3,255	3,113	-147	96%
Total	24,047	22,822	-1,251	95%

ING

Tangible Net Asset Value is EUR 7.6 per share on a fully diluted basis

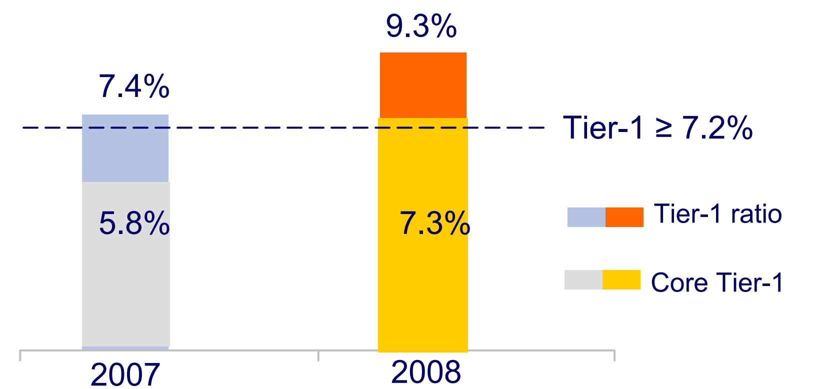
Tangible Net Asset Value at year-end 2008 (EUR bln)



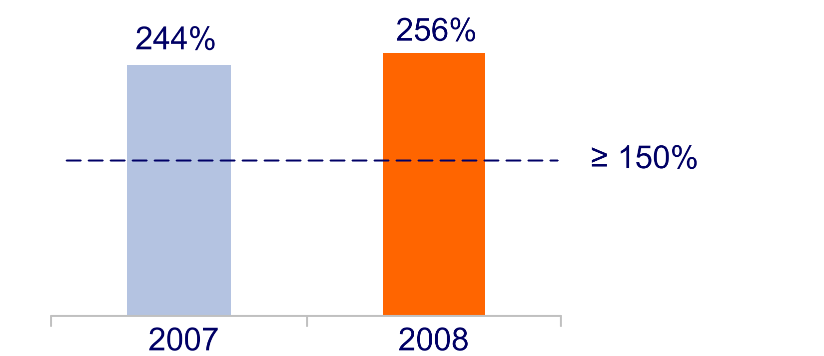
- Tangible Net Asset Value (TNAV) is hard to compare across financials
- It is probably a conservative metric as it assumes the entire negative AFS revaluation reserve will become a cash P&L loss over time
- TNAV per share is EUR 11.3 (EUR 22.9 bln over 2.027 bln shares) or EUR 7.6 on a fully dilutive basis (assuming all core tier-1 securities convert into common shares)

ING's capital and solvency ratios are within target

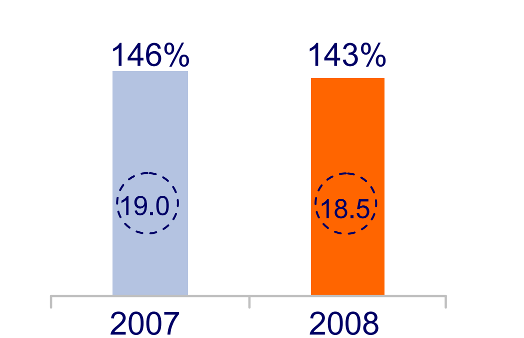
ING Bank Tier-1 ratio



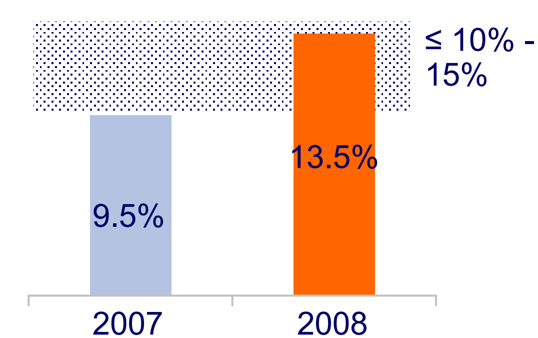
ING Insurance capital coverage ratio



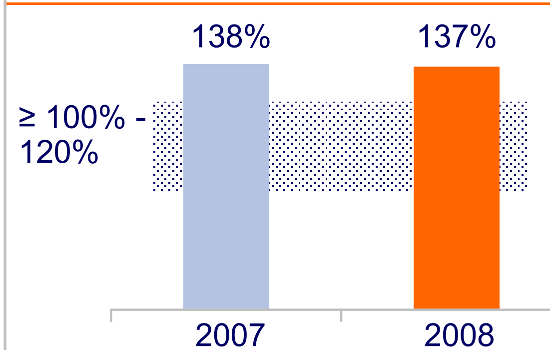
ING Group capital ratio



ING Group D/E ratio



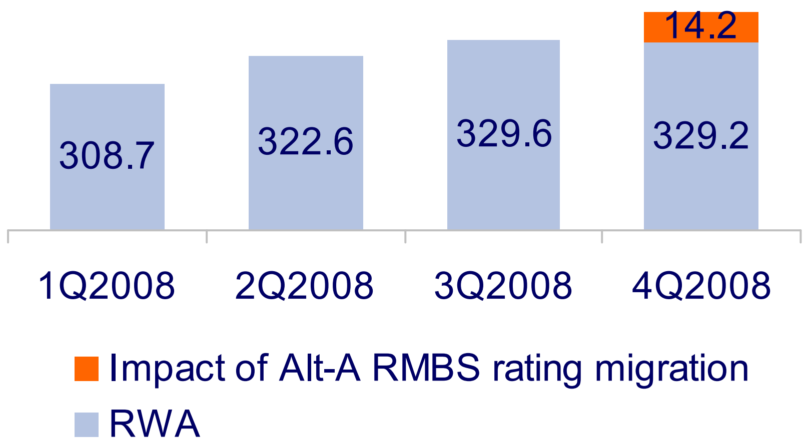
ING Group AFR/EC



Surplus (above 100%) in EUR bln --- Floor Target area

RWAs will remain relatively stable in 1Q 2009

RWA growth in 2008



- Rating migration of Alt-A RMBS added EUR 14.2 bln to RWAs in 4Q 2008
- Basel II applies 1250% risk-weight for ABS (incl. RMBS) rated B+ and below
- Commercial RWAs were stable in 4Q

RWA growth in 1Q 2009

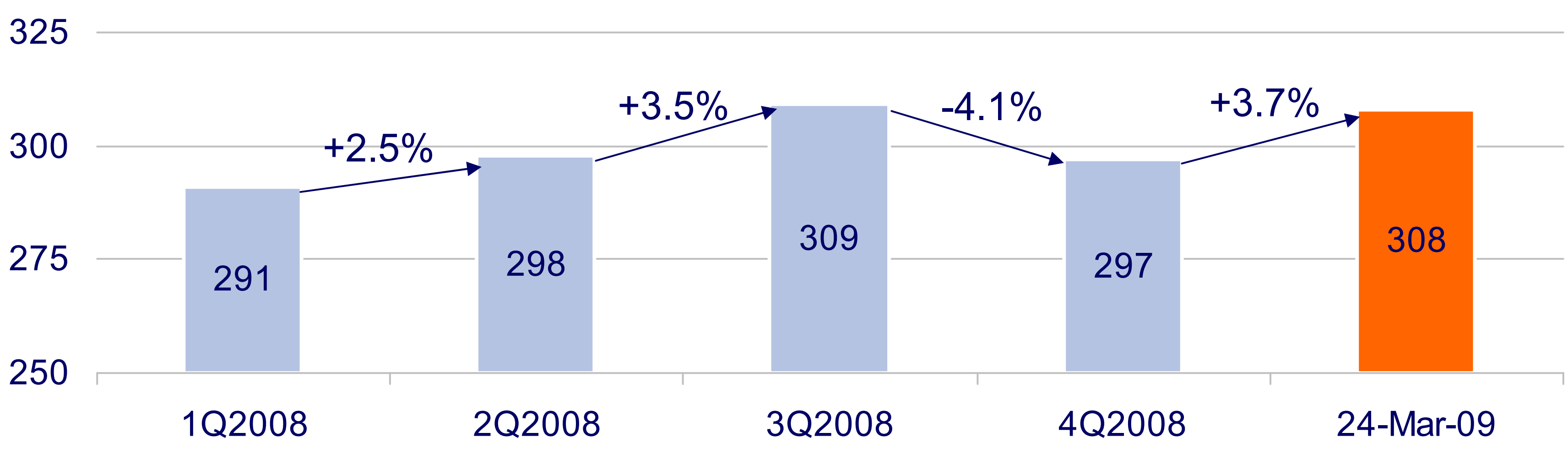
- The Alt-A Facility with Dutch State releases EUR 13 bln RWAs in 1Q 2009 and reduces risk of further credit migration from Alt-A portfolio
- Including credit rating migration and asset generation, we expect RWAs to remain relatively stable in 1Q 2009
- ING anticipates an upward trend in CRWAs in 2009 due to rating migration
- Management will take action to mitigate RWA migration:
  - not re-invest maturing securities
  - transfer assets to ING Insurance
  - transfer portfolios from Standardised to Internal Rate Based Approach, which reduces the risk-weight under Basel II

Net inflows in retail saving accounts EUR 1 billion per week in 2009 to-date

ING Direct drives net inflows in 2009

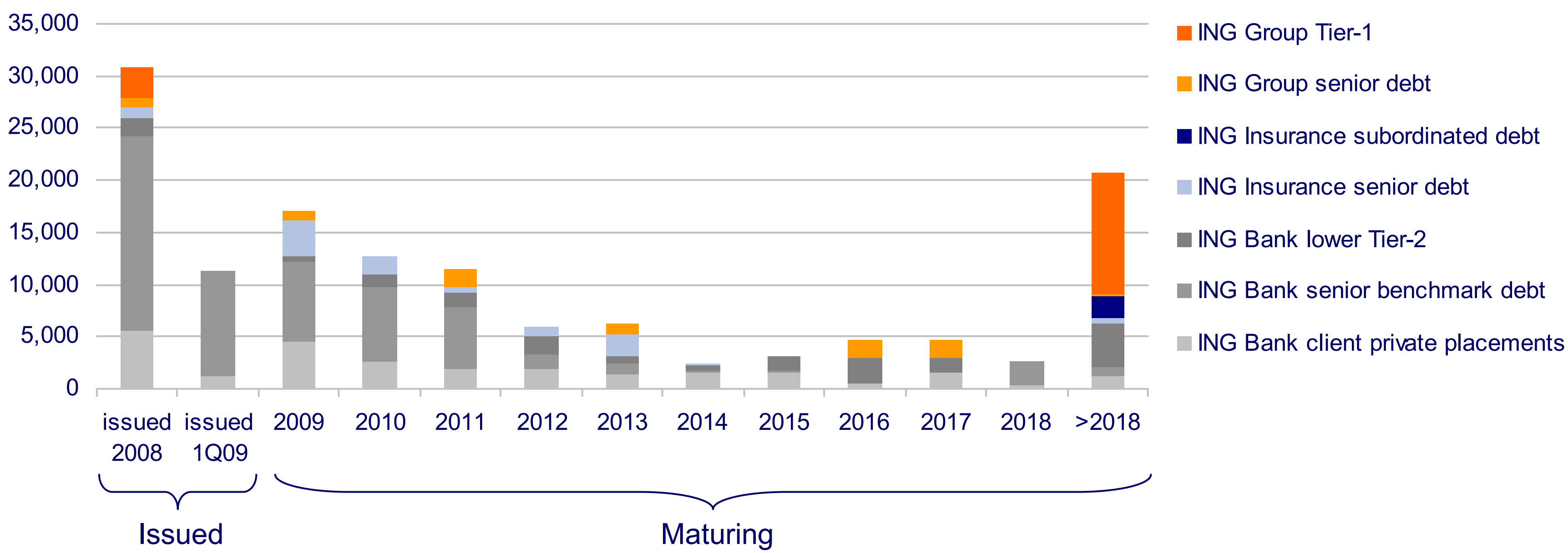
- ING Bank is liability driven: robust retail savings deposit base of over EUR 300 billion
- EUR 11 bln of net inflows further strengthened ING's balance sheet in 1Q 2009
- ING Direct main contributor to net inflows in 1Q, notably in Germany and in the US

Retail savings accounts, ING Group (EUR billion)



ING has already met most of its long-term funding needs for 2009

Maturity ladder outstanding long-term debt (EUR million)



- ING issued EUR 30 bln long-term funding in 2008, anticipating worsening conditions on global debt markets. Entering 2009, ING had modest funding needs
- In 1Q ING issued ~EUR 10 bln senior bonds under the Dutch credit guarantee scheme
- As a result ING's funding needs in 2009 are already basically fulfilled

ING

Reducing risk and leverage in 2009

Key Messages

1. ING has taken significant measures to reduce risk
2. ING is shrinking the bank's balance sheet and reducing volatility in shareholders' equity
   - ING Bank's asset leverage 31
   - Tangible Net Asset Value EUR 7.6 per (fully diluted) share
3. Strong capital position: All key ratios within target
4. Liquidity position is sound with strong net inflows of savings

ING

Certain of the statements contained herein are statements of future expectations and other forward-looking statements. These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those in such statements due to, among other things, (i) general economic conditions, in particular economic conditions in ING's core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates (viii) general competitive factors, (ix) changes in laws and regulations, (x) changes in the policies of governments and/or regulatory authorities. ING assumes no obligation to update any forward-looking information contained in this document.

www.ing.com