ING: good progress on restructuring

Well positioned for new regulatory framework

Goldman Sachs Conference

Jan Hommen
CEO ING Group

Brussels – 14 June 2012
www.ing.com

BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES

Key points

- ING is making good progress on restructuring, despite challenging environment
- Regulatory changes are reshaping the Banking industry, but ING is relatively well positioned
- ING Bank has a strong capital and funding position, and risks are being mitigated
- Balance Sheet optimisation to deliver competitive returns on higher capital base

ING is making good progress on EC restructuring

Delivering on EC restructuring

	Action
• Separation Bank/Insurance	✓
• Sell ING Direct USA	✓
• Sell Insurance Latin America	✓
• Insurance/IM Asia	Exploring sale
• Insurance/IM US	Base case IPO
• Insurance/IM Europe	Standalone future
• Divesting WestlandUtrecht Bank	Discussing alternatives

Progress 2012 YTD

- Liability management transaction pro-actively addressed change of control clause in most ING Insurance debt
- ING Insurance US completed a USD 5 bln senior unsecured credit facility agreement. This credit facility relies on ING Insurance US's standalone credit and does not have credit support from ING Group

Discussions Dutch State and EC

- ING has begun discussions with Dutch State, and together with the State has started discussions with the EC
- ING remains committed to the decision to separate Bank and Insurance and we are making progress in preparing the Insurance businesses for a stand alone future

Own resources Bank being used to repay state aid and Insurance proceeds will be used to reduce leverage

Bank retained earnings being used to repay the Dutch State

ING Group 31 March 2012

ING Bank	35	Equity	48
ING Insurance	24	CT1 securities	3
Hybrids[B]	7	Core Debt	8
Hybrids[I]	2	Hybrids	9
	68		68

Insurance proceeds will be used to eliminate leverage in the Group

ING Bank 31 March 2012

		Equity	35
RWA	300	Hybrids	7

ING Insurance 31 March 2012

$Equity_S$	33	Equity	24
		Hybrids (G)	2
		$Debt_{Sub\ ord}$	2
		Financial Debt	5
	33		33

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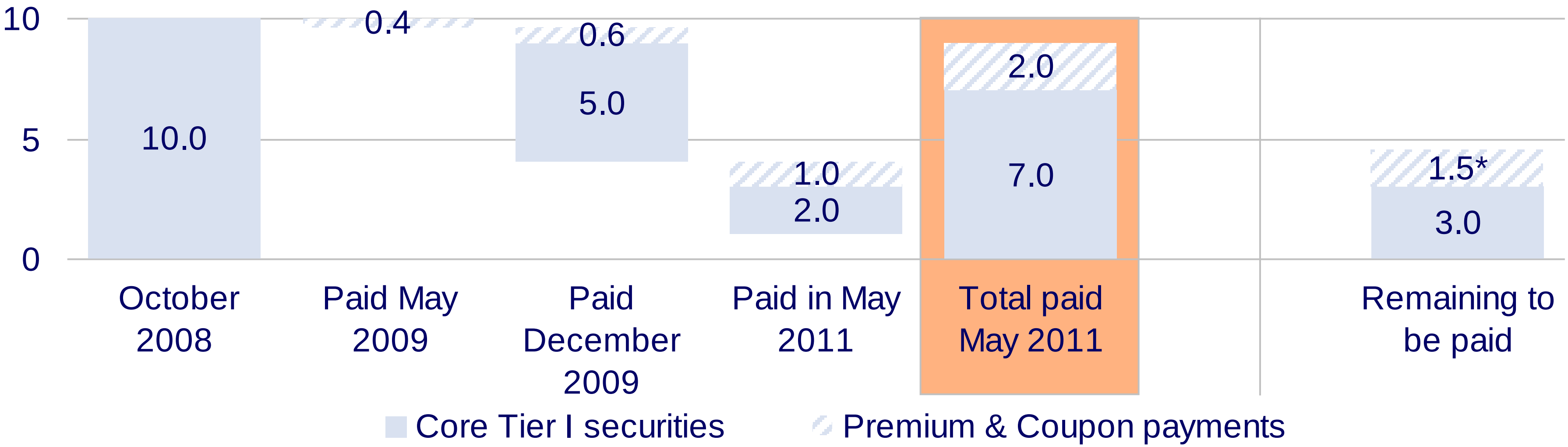
ING remains committed to repay the Dutch State as soon as possible

Core Tier I securities from Dutch State (EUR bln)



- ING has paid EUR 9 billion to the Dutch State (EUR 7 billion of principal and EUR 2 billion in exit premia and interest) resulting in a total IRR of 17%
- ING aims to repay another tranche this year using the proceeds from the sale of ING Direct USA and last year's liability management transaction
- Repayment will be done on terms acceptable to all stakeholders while maintaining strong capital ratios and growing into Basel III requirements

* Indicative, based on 50% premium

Regulatory changes reshaping the industry

European banks are facing far-reaching changes

Societal Drivers

- Households and governments need to reduce debt
- More customer scrutiny of banks
- Increasing demand for transparency

Put pressure on margins

Regulatory Changes

- Higher capital requirements
- Lower balance sheet leverage
- More conservative funding & liquidity
- Focus on size of banks relative to GDP

Limit banks' ability to grow

Economic Drivers

- EU in recession
- Reticence among companies to invest
- Deleveraging across banking industry

Limit demand

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ING is relatively well positioned in this environment

Societal Drivers	Fair value for money, transparent and simple products, easy access, excellent service and appealing brand
	Working towards operational excellence, low-cost producer
Regulatory Changes	Ability to generate capital and meet Basel III requirements quickly
	Ability to attract funding, both through deposits and professional markets
Economic Drivers	Strong funding and balance sheet optimisation will enable us to continue while others deleverage
	Strong market positions will support re-pricing

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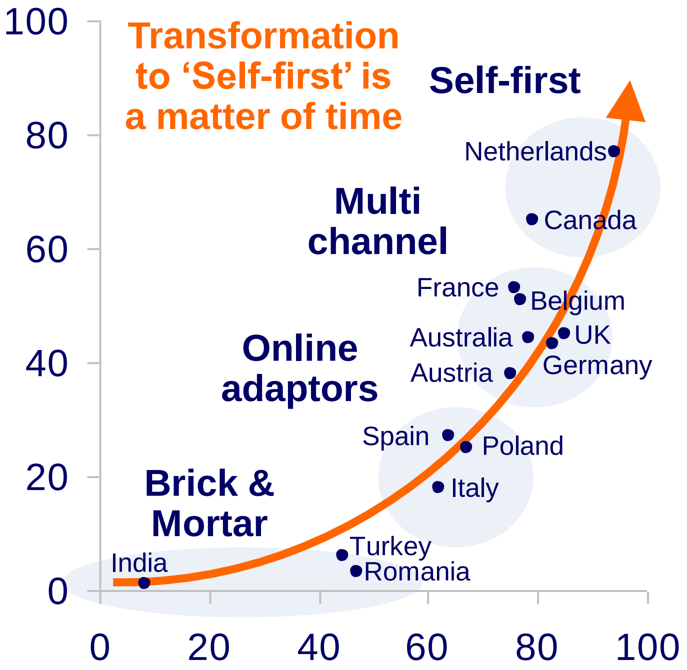
ING Bank is a leader in innovative distribution…

NL is a leader in online banking

Online banking usage Percentage*, 2010

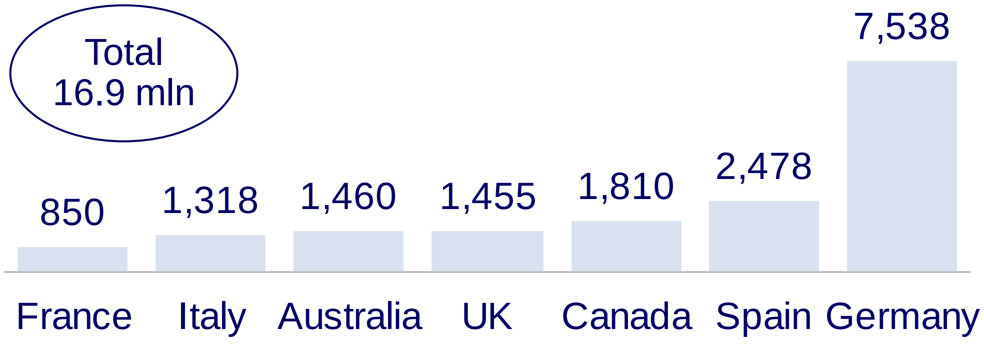


Internet access Percentage**, 2011

* Percentage of adults using internet
** Percentage of households with internet access
Source: data published by Eurostat, EFMA, comScore. Internet World Stats (Nielsen Online, International Telecommunications Union, Official country reports, and other research sources).

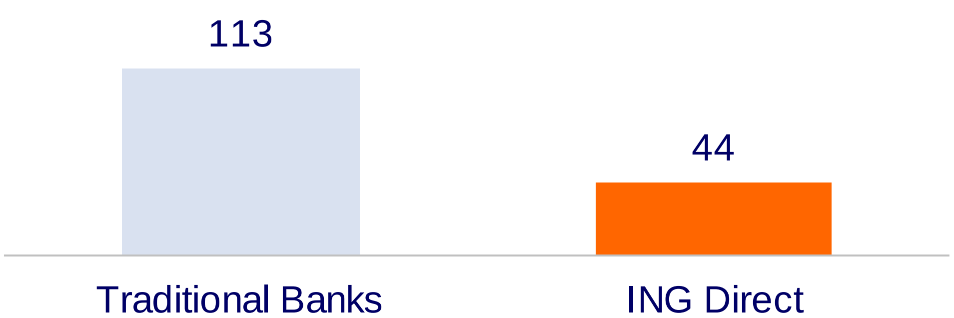
Which ING has exported successfully

ING Direct customers 31 March 2012 (x 1,000)



Giving us a structural cost advantage

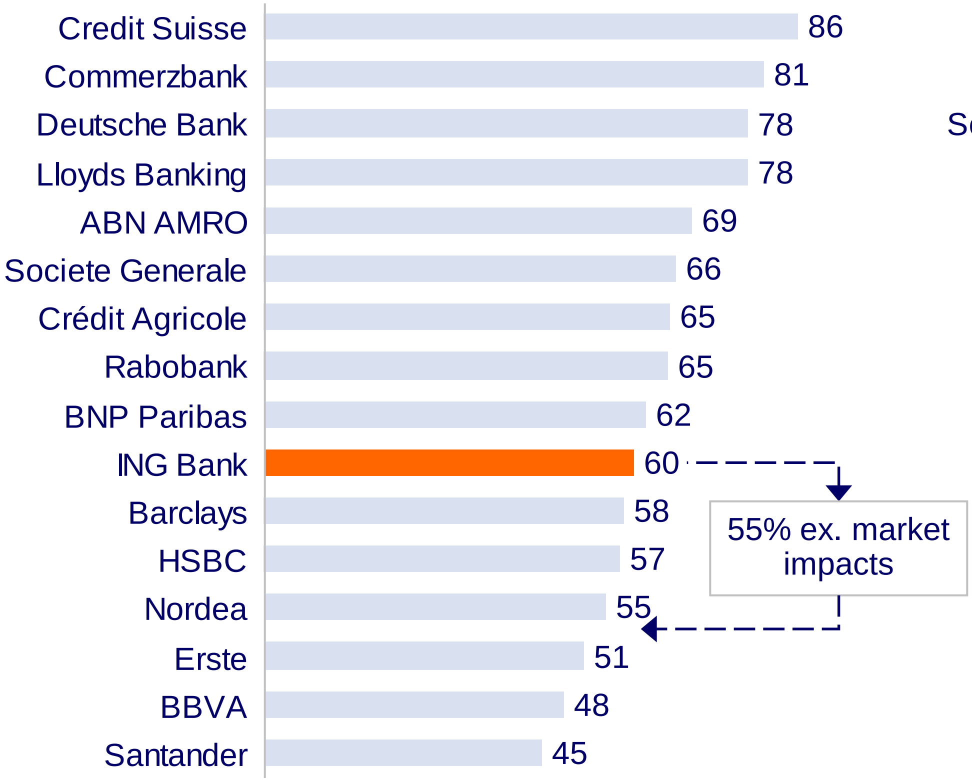
Operating expenses/Retail balances 2011 (bps)



…and a cost leader among European Banks

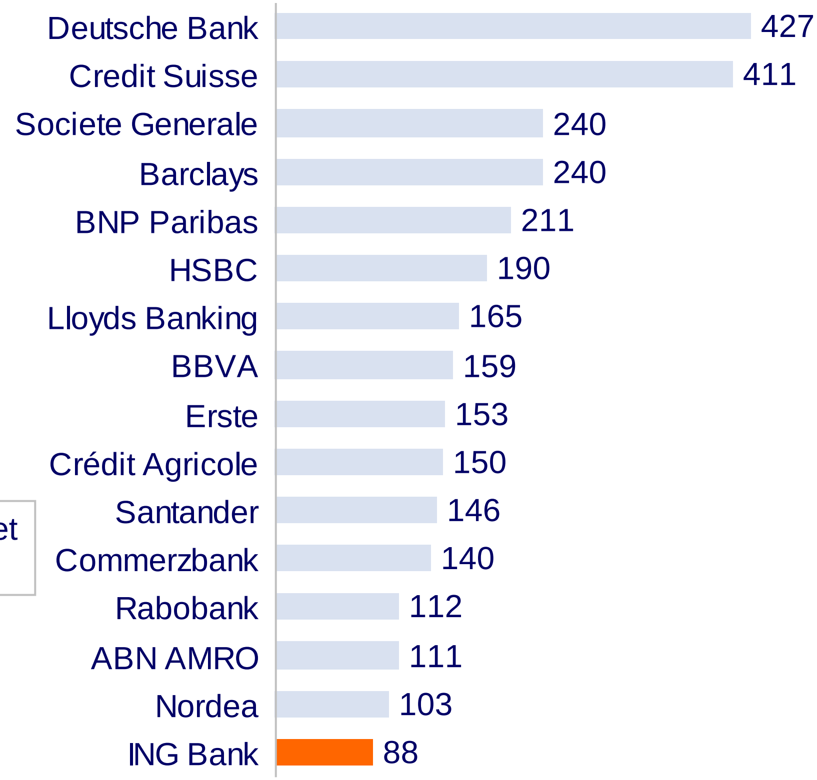
Cost / Income

FY 2011



Cost / Client Balances

bps as per 31 December 2011



Notes:

- Cost = Total Operating Expenses; Client Balances = average Customer Loans plus average Customer Deposits
- Sources: Public company data, ING company data

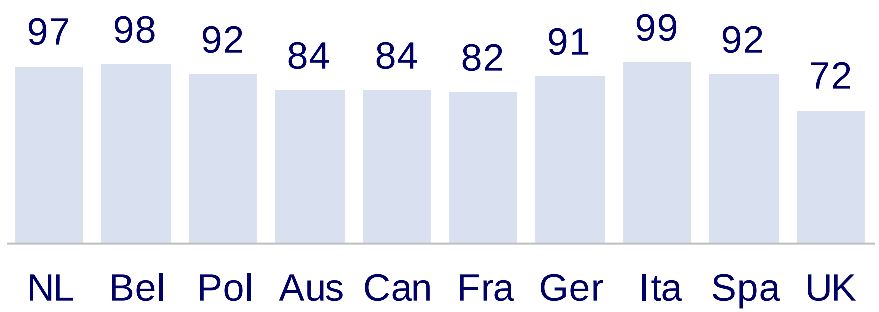
…while championing fair, transparent pricing for our customers

Customer proposition

- Limited number of products
- Consistent, transparent, fair pricing
- Customer-centric process management
- Break-through simplicity

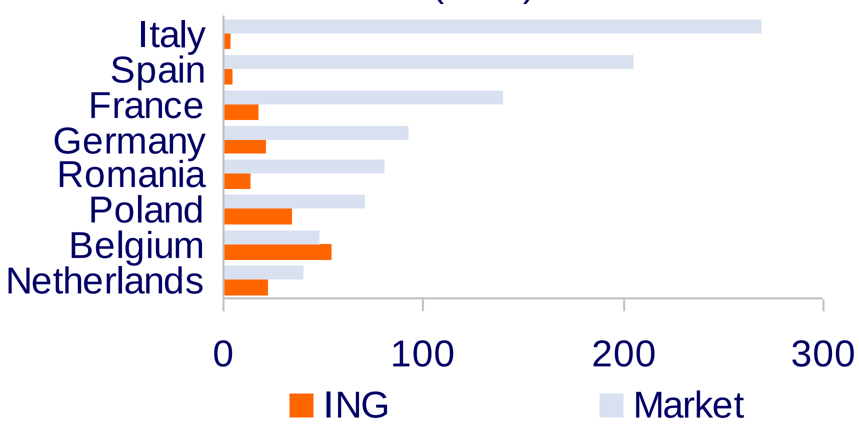
Strong brand position

Total aided brand awareness (2010)



The lowest fees in most markets

Costs for current account (EUR)

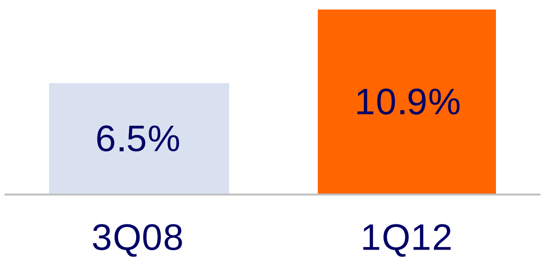
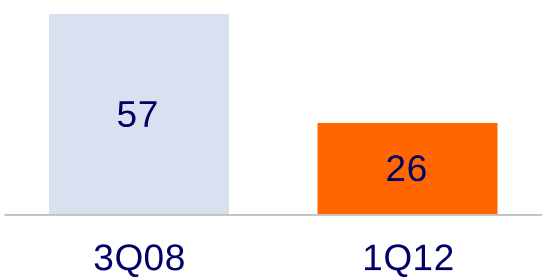


And a loyal customer base

Net Promoter Score

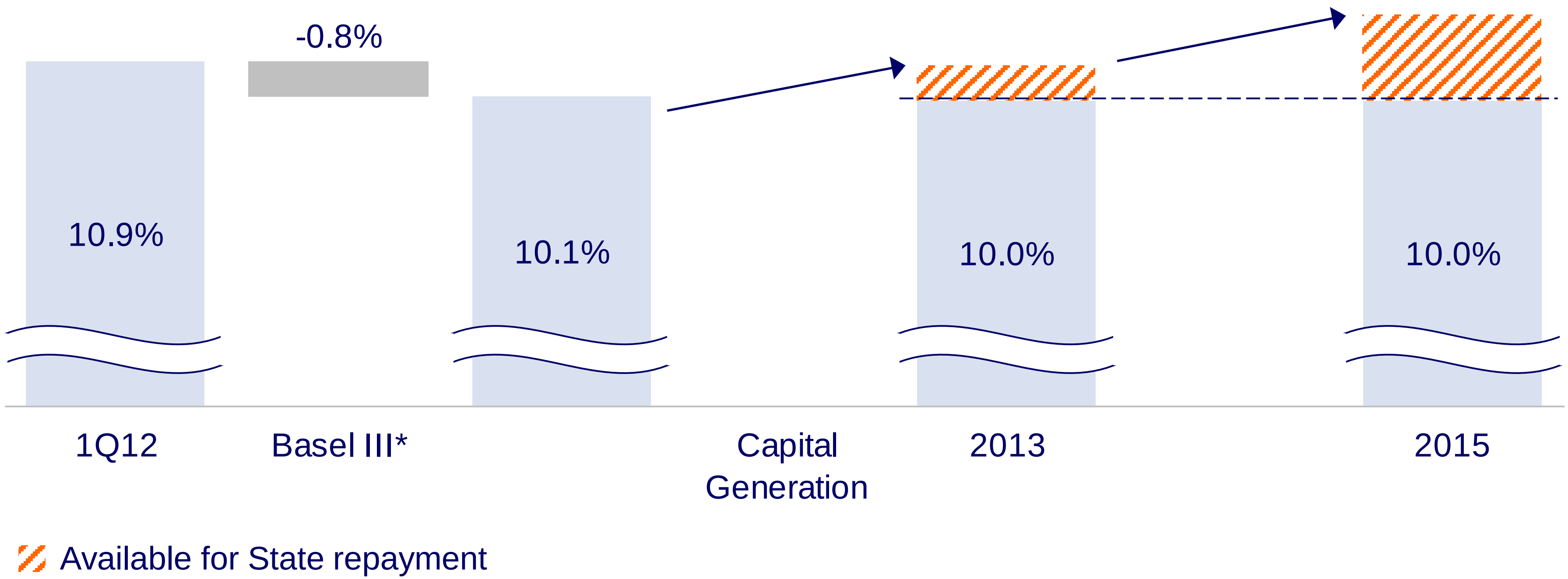
Strong Capital and Funding position

ING Bank has a good starting position to reach Basel III capital targets by 2013

	Targets	Actions
Core Tier 1 	≥10%	• To be reached in 2013 • Strong continued capital generation and RWA containment
Leverage ratio* 	< 25	• To be reached in 2013 • Further reduction via balance sheet optimisation

* The reported asset leverage ratio is defined as Total Assets / Shareholders Equity while the Basel 3 leverage ratio target is defined as Tier 1 capital / on- and off-balance sheet exposure

Core Tier 1 ratio target of >10% to be reached in 2013



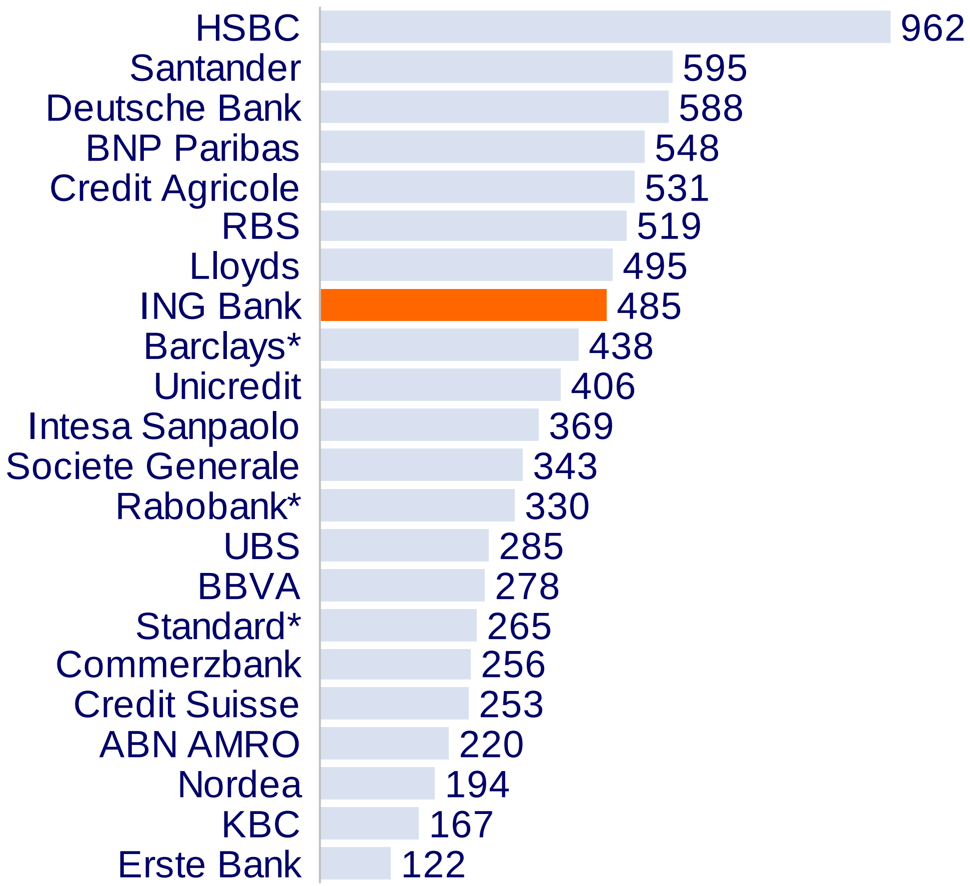
Strong focus on core Tier 1

- Earnings generation should enable ING to grow into Basel III targets before the end of 2013
- A further review of non-core assets in the Bank may also accelerate repayment of the State
- Dividend payments can be resumed post State repayment and restructuring

* Estimated impact as announced at the investor Day on 13 January 2012 (before management actions)

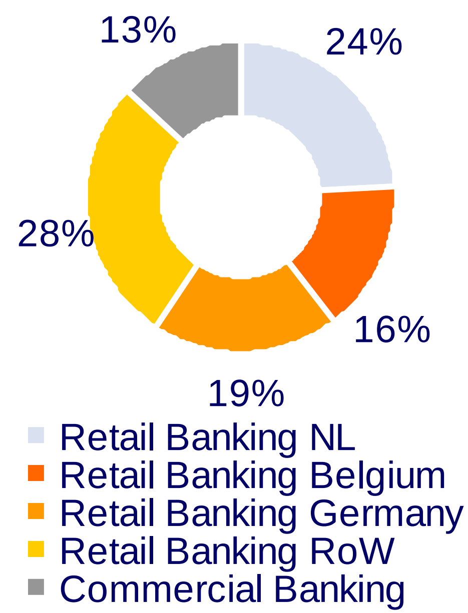
In a Basel III world, access to funding will determine a Bank's ability to grow

Large deposit base (31 March 2012, EUR bln)



Source: Latest available company financials and results presentation
* 31 December 2011

Funds Entrusted (31 Mar 2012)



- ING's deposit base is among the largest in Europe
- More than 85% of total funds entrusted is from Retail Banking

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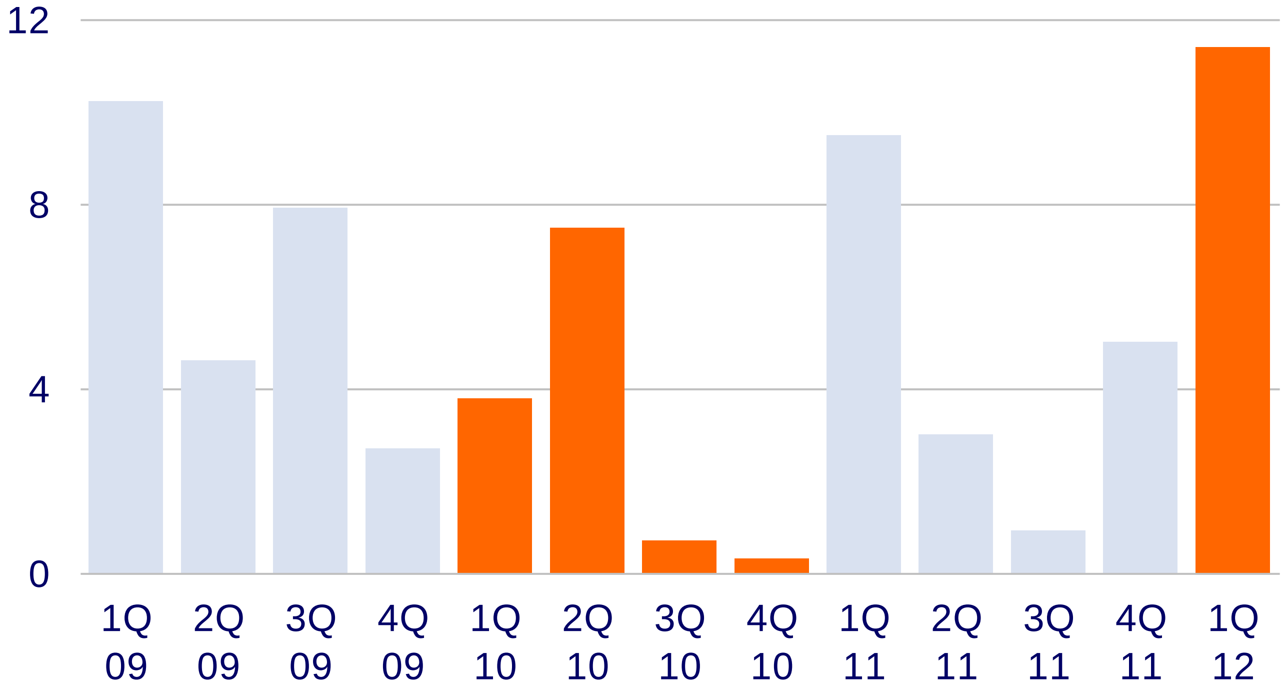
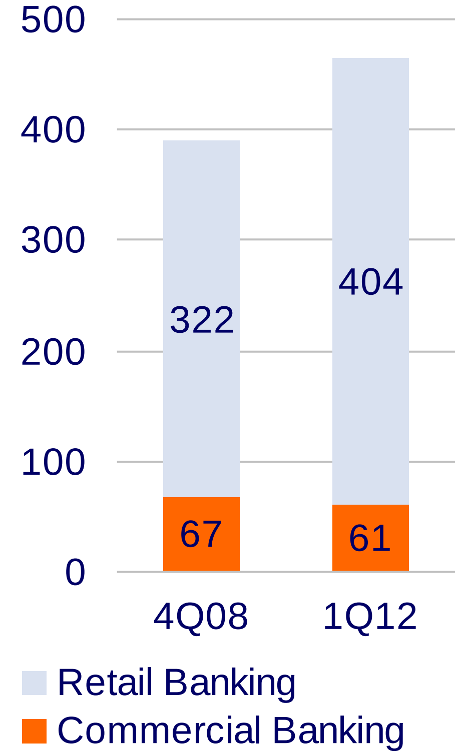
ING's strong retail franchise consistently attracts retail deposit inflows

ING Retail Banking net inflow in funds entrusted (in EUR bln)*



Funds entrusted total Bank (in EUR bln)

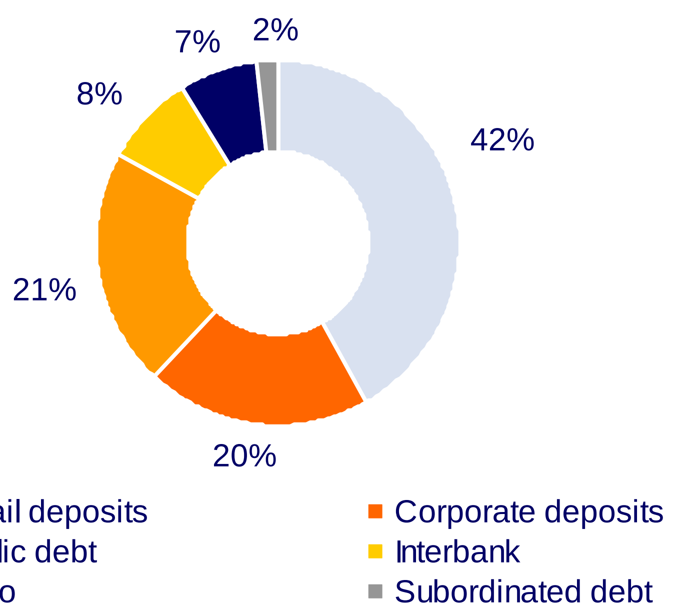


- ING Retail Banking continues to see strong net inflow of deposits
- In 1Q12, net inflow was driven by retail Benelux

* Adjusted for divestments

ING Bank has a favourable funding mix and long-term funding is increasing

Favourable funding mix (31 March 2012)



Maintaining a diversified funding mix and conservative maturity ladder

- Loan-to-deposit ratio of 1.14
- 62% of funding comes from client deposits
- In 2012 YTD, ING Bank has already successfully issued EUR 10.6 bln of long-term debt, covering a significant part of its 2012 refinancing needs

Balance sheet optimisation should support competitive returns

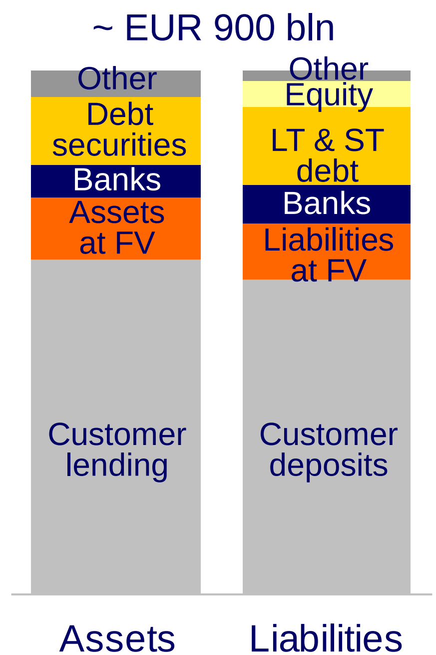
Basel 3 is a catalyst to manage Balance Sheet more efficiently

Ambition 2015

Evolve investment portfolio into liquidity portfolio and continue to 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



CT1	≥10%
RoE	10-13%
LCR	>> 100%
NSFR	> 100%
LtD	< 1.1
Leverage	<25

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

Balance sheet can be optimised geographically to improve efficiency

	Netherlands	Belgium	Germany	ING Direct*
Funding	Funding gap due in part to international assets being booked in Dutch NV	Funding surplus	Funding surplus	Funding surplus
Liquidity (CRDII)	Long liquidity in domestic bank compensating for shorter liquidity in international banking activities	Long liquidity	Long liquidity	Long liquidity
Capital	Adequate capital on stand-alone basis	Higher capital on local statutory basis	Higher capital on local statutory basis	Branches low; Subsidiaries high

* Excluding Germany

Balance sheet integration initiatives have delivered EUR 25 bln and a further EUR 30 bln targeted

2011 → 2015

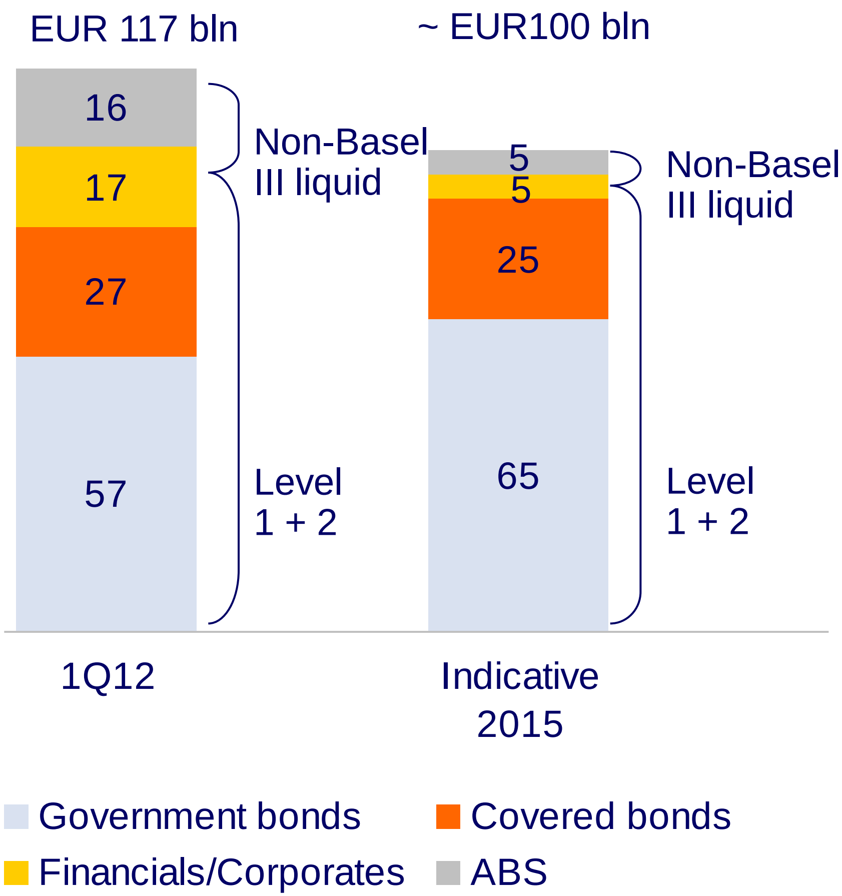
2011	1Q12	2Q12-4Q12	2013 - 2015
• REF France • CB Germany • CB NL • L&F Holding • Belgium	• DiBa • CB NL • L&F	• REF Italy • REF Spain • ING Direct France • Diba • REF Germany • CB NL	
Integration impact EUR 23.8 bln	Integration impact EUR 1.4 bln	Integration impact EUR 15.1 bln	Integration impact EUR 14-15 bln

Balance Sheet optimisation

- Fund assets with local liabilities – improves liquidity and repairs geographical asymmetry
- Reduce low-yielding investments with own originated assets to optimise returns

Transforming the investment book into a liquidity portfolio

Investment portfolio to be maintained for liquidity purposes*



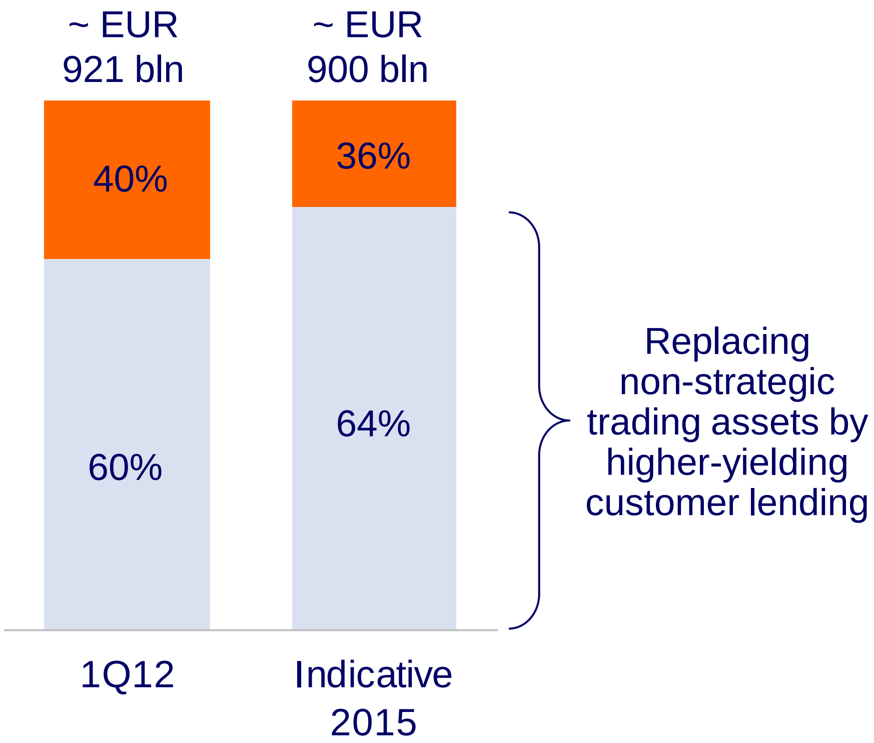
*Excluding Equity securities

Transformation delivers liquidity and cash

- Investment portfolio being actively de-risked
- Non liquid assets to be reduced, creating room on balance sheet for loan growth
- EUR 68 bln will mature before 2016
- Re-investments in level 1+2 liquid assets to increase LCR
- Impact on NIM manageable because maturing assets have low historical credit spread

Balance Sheet integration will allow us to grow our loan book without growing the balance sheet

Proportion customer lending increasing

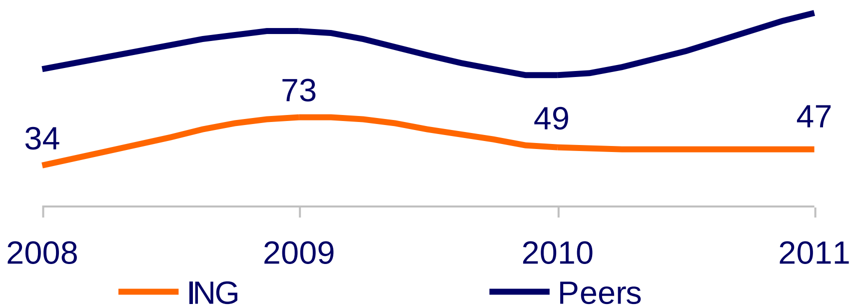


Selective shift to higher-yielding assets

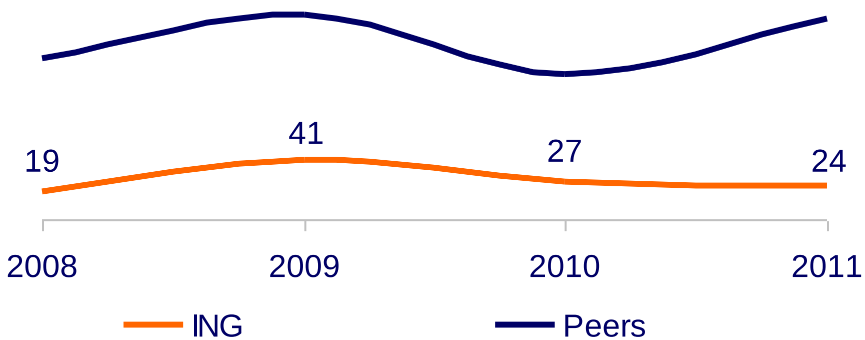
- Balance sheet optimisation will allow us to continue to support our customers and grow our loan portfolio without growing the balance sheet
- Mortgages:
  - Mainly grow in our home markets
  - Divestment of WestlandUtrecht Bank should reduce mortgage portfolio of ING Bank
- Focus on growing in key market and product positions with high return businesses and attractive risk / reward characteristics such as Structured Finance
- Continue growth in SME and mid-corporate markets by leveraging our international network

Own originated loans performed well through the crisis

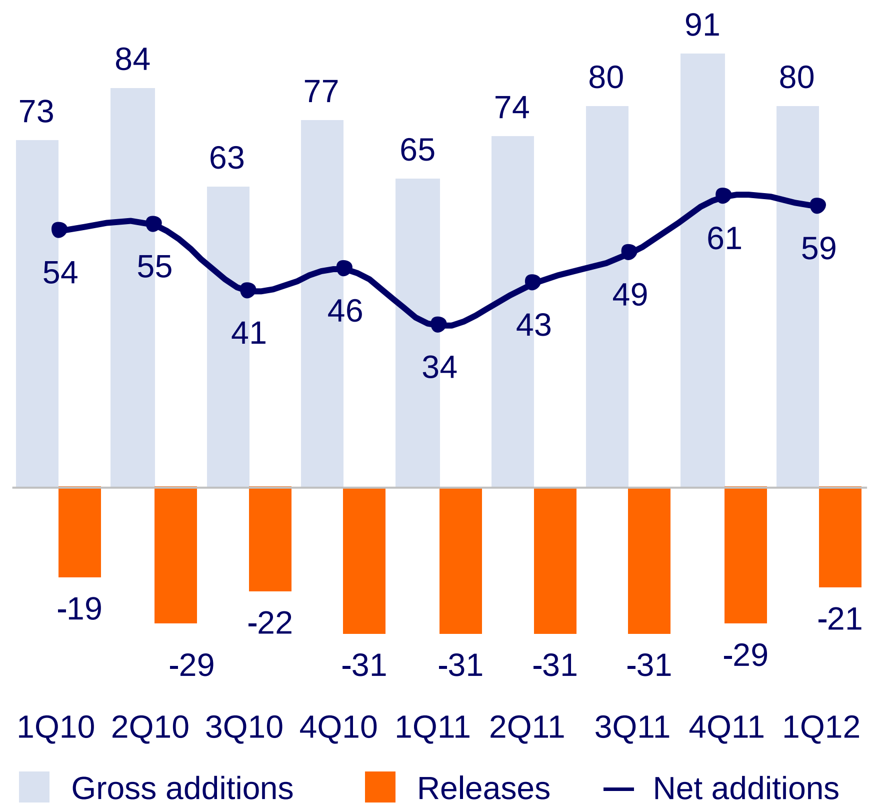
Risk cost to RWA – lower than peers (in bps)*



Risk cost to Customer loans – lower than peers (in bps)*



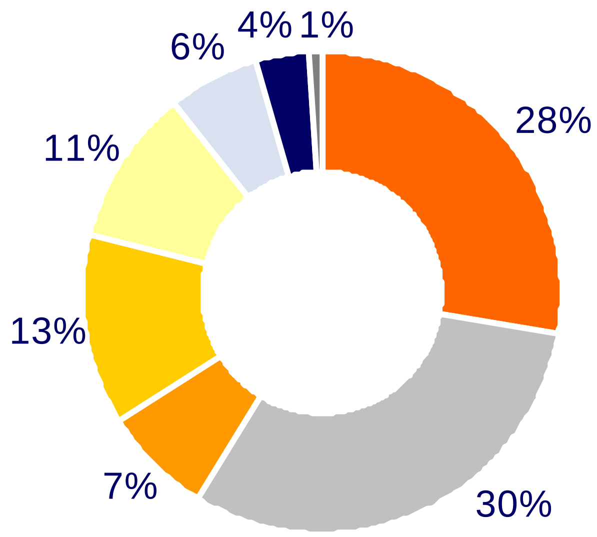
Additions to loan loss provisions (bps average RWA)



Source: 2011: press releases and IR presentations; 2010: annual reports
* ING: adjusted for divestments

Risk costs are expected to remain elevated

ING Bank's loan book (in %)*



NPL ratio**

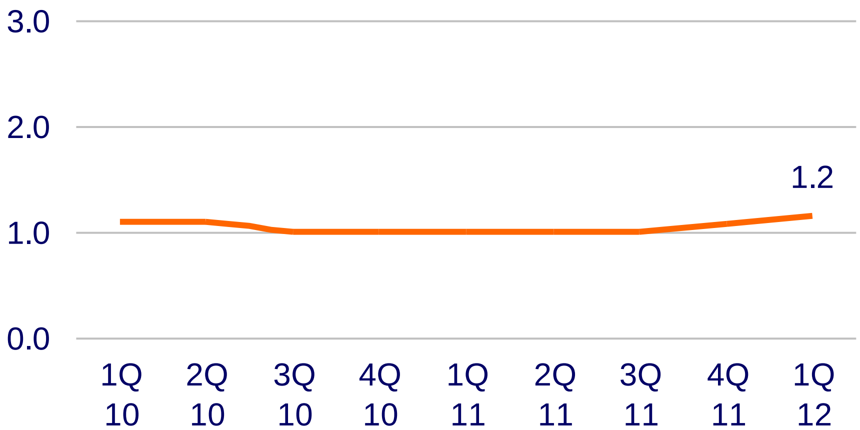
	NPL% 1Q12	NPL% 4Q11
Residential mortgages		
- Netherlands	1.2	1.1
- Other	1.0	1.0
Commercial lending		
- Corporate loans	2.6	2.3
- Mid-corps/SMEs	4.4	4.4
- Structured Finance	2.5	2.1
- RE Finance	5.7	5.6
- Leasing	6.3	5.9
- Other	0.4	1.0
Total / average	**2.1**	**2.0**

- The NPL ratios of Mid-corps/SMEs, Real Estate Finance and Leasing (run-off) remained relatively high
- Given the weakening of the economic environment, we expect risk costs to remain elevated

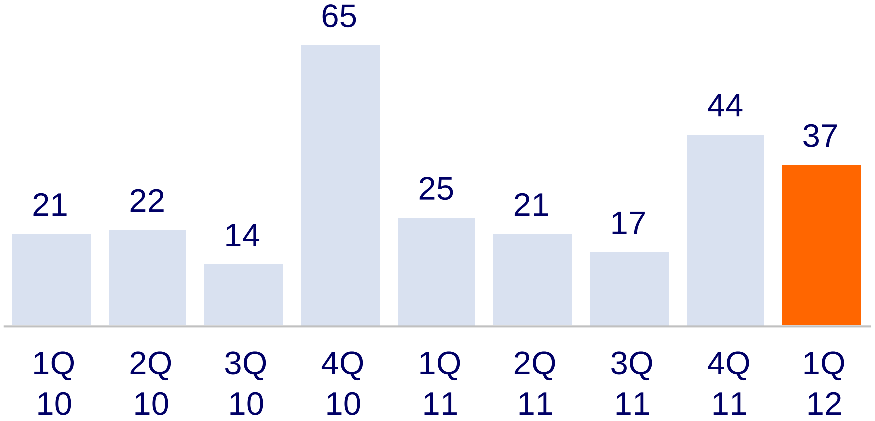
* Based on credit outstanding
** NPLs = 90+ days delinquencies plus uncured delinquencies
Loan book includes guarantees, but excludes governments, Financials and other personal lending

The NPL ratio of the Dutch mortgage portfolio has increased slightly to 1.2%

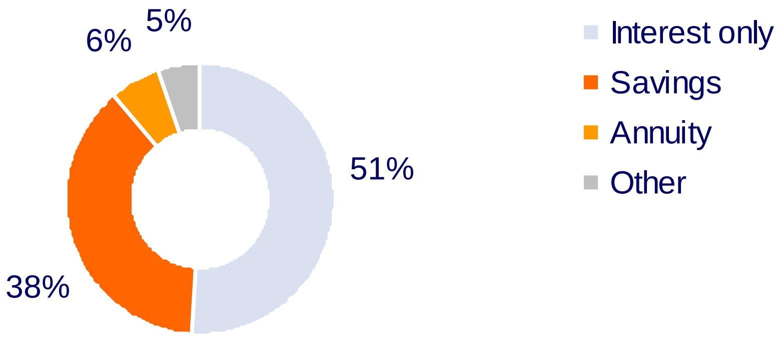
Non-performing loans ratio (%)



Risk costs (EUR mln)



Breakdown by mortgage type (new production, 1Q12)

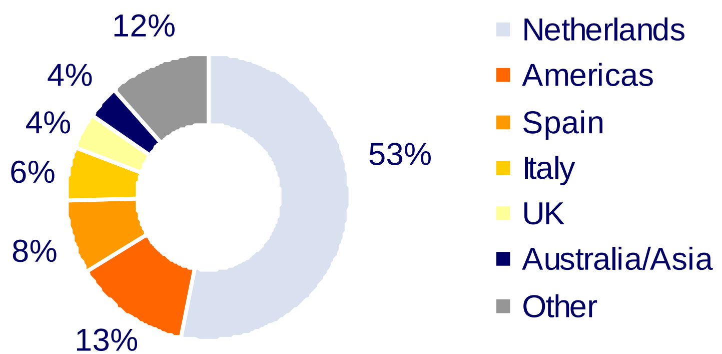


NPLs remain low despite lower house prices

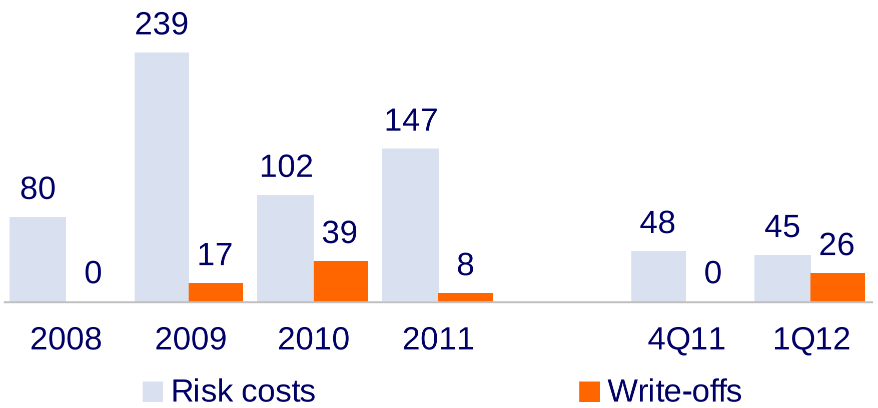
- The NPL ratio of the Dutch mortgage portfolio increased slightly, but remained relatively low at 1.2% despite house price decline of 12% since 2008
- Further decline in house prices and increase in unemployment would to lead to higher risk costs on mortgages in 2012, but we do not expect a dramatic increase

Risk costs ING Real Estate Finance are expected to remain elevated

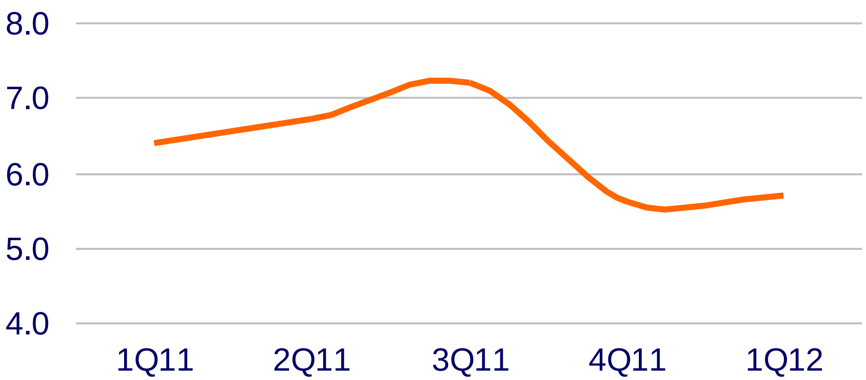
Real Estate Finance portfolio by country of residence



Risk costs and write-offs (EUR mln)



Non-performing loans ratio (%)



Risk costs expected to remain elevated

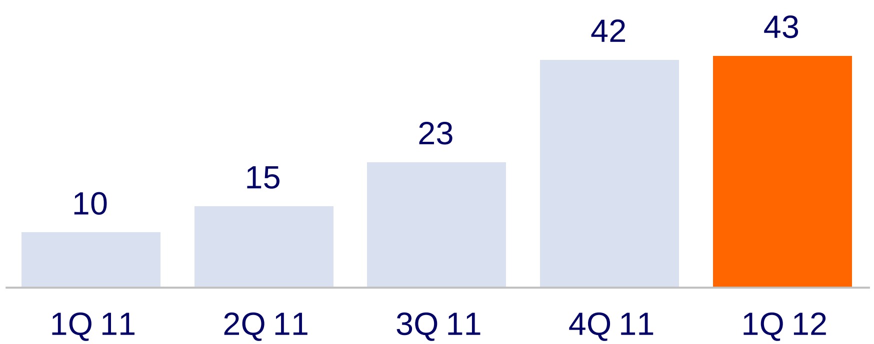
- REF risk costs have remained elevated, but actual losses have been limited due to quality of underlying collateral
- Given the deteriorating economic environment, risk costs are expected to remain elevated
- ING will continue to selectively de-risk its Real Estate Finance portfolio

Own originated loans in Spain are sizable, but manageable

Bank lending exposure to Spain 1Q2012 (EUR bln)

	4Q11 O/S	1Q12 O/S	1Q12 NPL%	Coverage ratio*
Residential mortgages	9.2	9.2	1%	42%
Real Estate Finance	2.7	2.7	18%	33%
Business Lending	2.3	2.1	3%	24%
Structured Finance	1.3	1.4	16%	66%
Leasing (run-off)	0.7	0.7	23%	34%
Fin. Inst. lending	1.7	2.3		
Total Lending	**18.0**	**18.4**	**6%**	**39%**

Risk costs total lending Spain (EUR mln)



* Coverage ratio is defined as stock of provisioning divided by NPLs

Residential mortgages

- NPL of 0.7% is relatively low compared with the market average (2.98%). Average LTV of 60%
- Client base is healthy (first mortgages, urban area, saving account clients) and the majority of loans were issued before the crisis

Commercial Real Estate

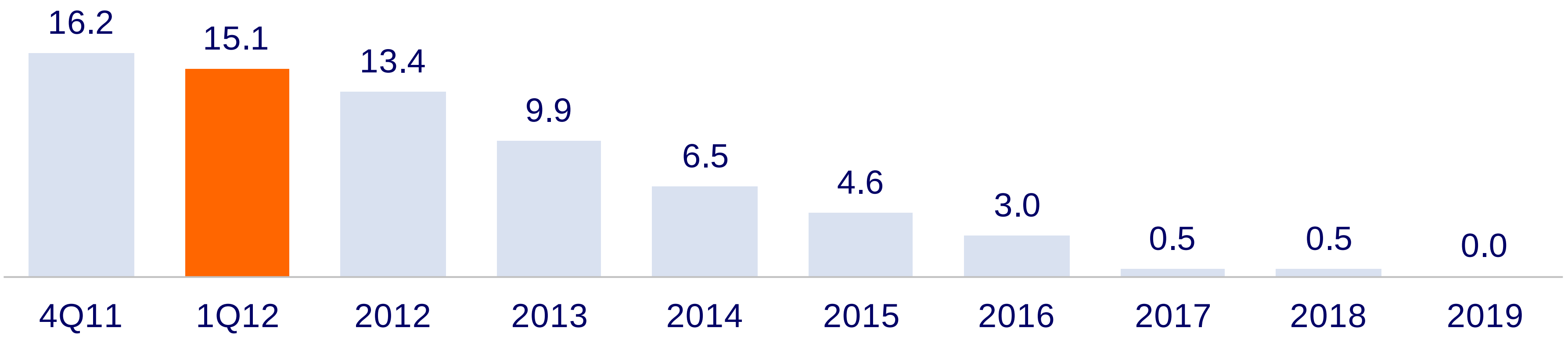
- Real Estate Finance in Spain has seen elevated NPLs for the past two years
- Provisions are expected to remain elevated given ongoing deterioration in the market

Financial Institutions lending

- Financial Institutions lending is largely short-term, including money market and lending to Central banks

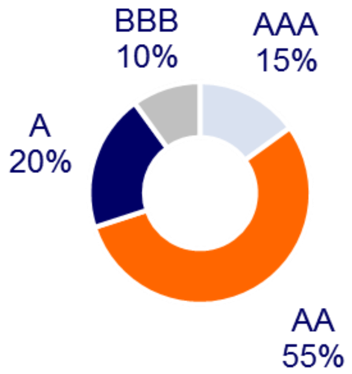
Spanish covered bond portfolio being reduced

ING Bank: Spanish covered bonds run-off (in EUR bln)



- Spanish covered bond portfolio decreased by EUR 1.1 bln in 1Q12 to EUR 15.1 bln due to maturities and sales
- ING's portfolio will be further reduced as the portfolio matures by several billion per year
- ING continues to selectively de-risk its covered bond portfolio (also using tenders of issuers buying back covered bonds)
- Strong regulation that protects covered bond investors. Over collateralisation (>125%). Covered bond holders are senior to other bond holders.
- Largely booked in HtM and L&R. No loan losses to date

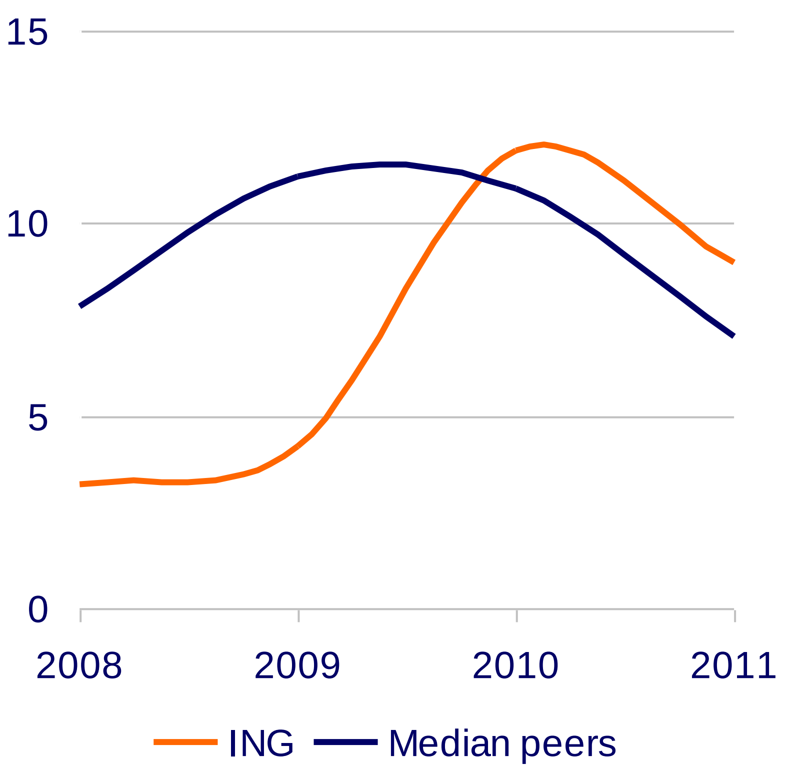
Rating distribution Q1 2012



Ambition 2015

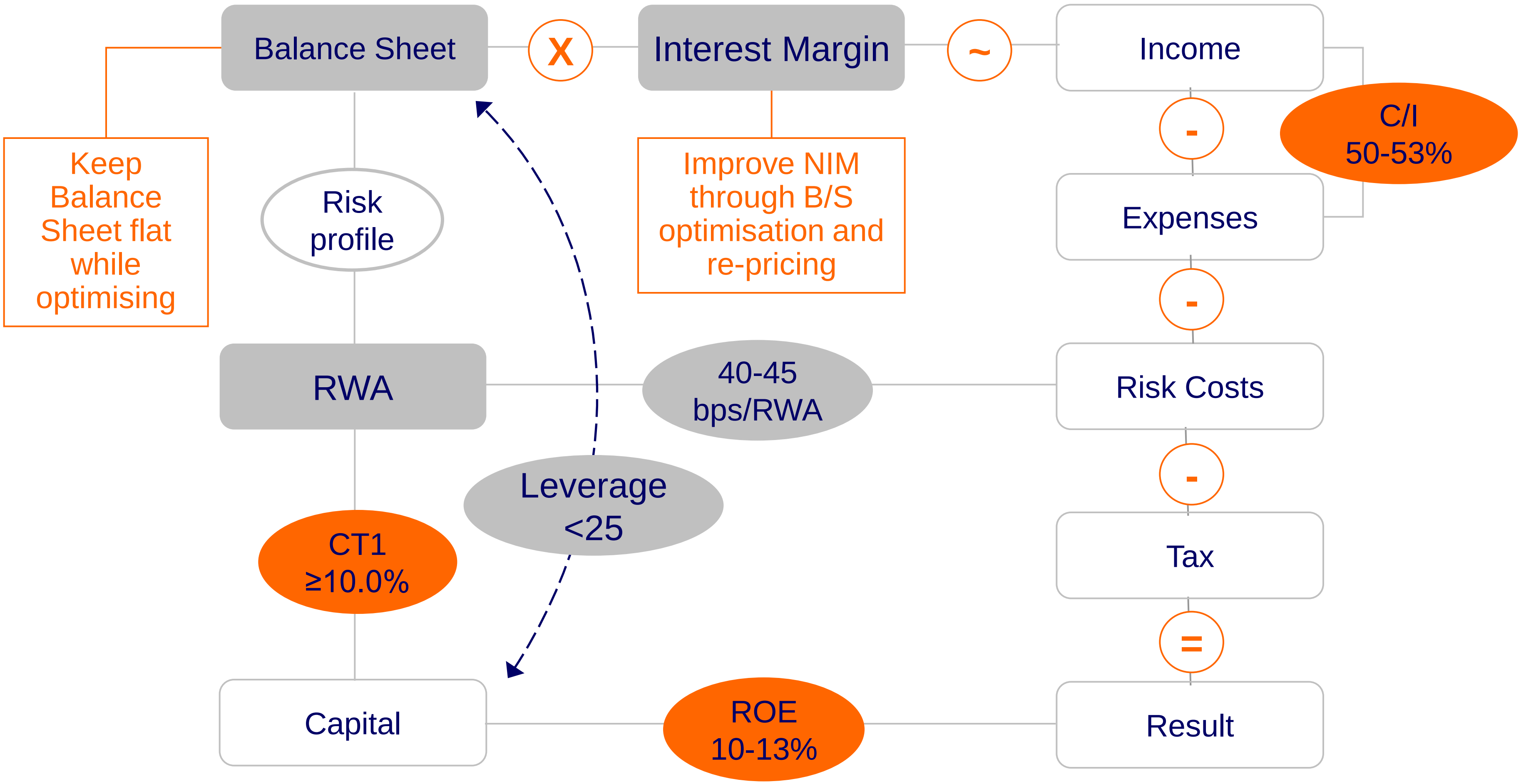
ING produces a competitive ROE through low costs and low risk

ING Bank produces a better Return on Equity than peers…



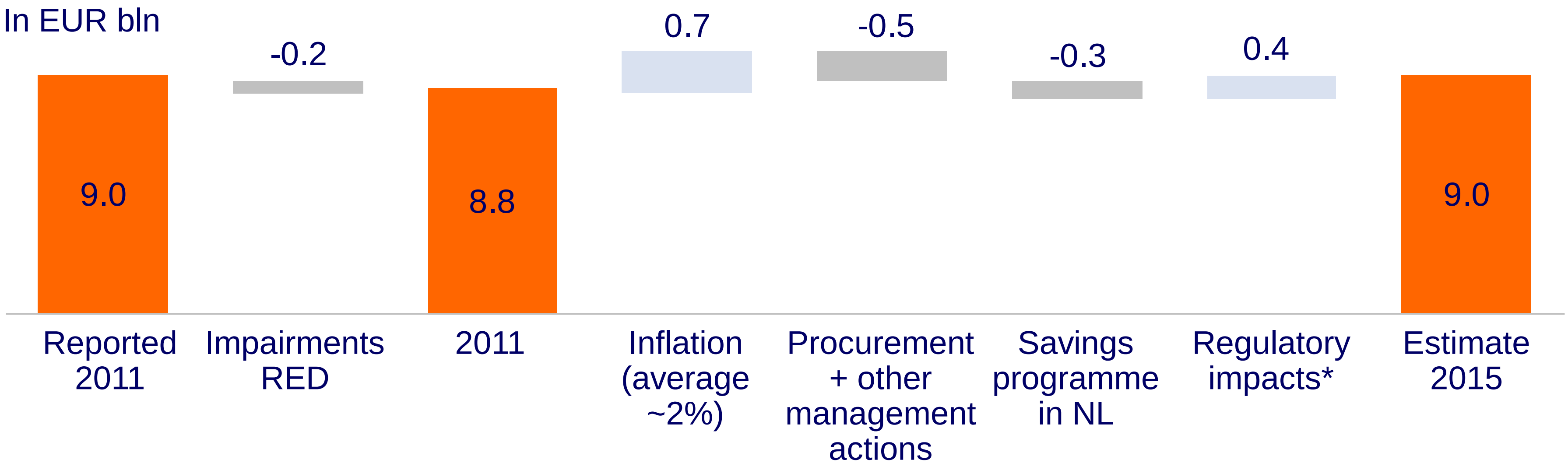
Notes: Peers are BNP Paribas, Credit Agricole, Lloyds Banking Group, Nordea and Santander
Source: Annual reports, Public company data

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



…and will continue to focus on costs to reach a cost/income ratio of 50-53% by 2015

Underlying operating expenses



…but structural improvements are needed to reach long-term cost target

- We are striving to offset rising costs to reach a cost/income ratio of 50-53% by 2015
- Cost reduction plans announced in the Netherlands will deliver EUR 300 mln in annual savings
- Procurement initiatives are expected to save EUR 300 mln per year by 2015
- Further structural efficiency improvements in processes and investments in IT will be needed to reach the long-term cost/income ratio target of 50%

- Regulatory impacts include estimated Bank
- Dutch bank tax of EUR 0.2 bln and estimated Dutch DGS of EUR 0.2 bln.

Retail Netherlands cost program on track

Financial impact cost program (in EUR)

Headcount reduction (2012-2013):	
Internal	2,000 FTE
External	700 FTE
IT investments (coming two years)	200 mln
Special item in 4Q11	235 mln
Of which redundancy provision:	215 mln
Structural reduction in cost savings as of 2014	300 mln

Implementation of DGS systems and/or Bank tax

- In the Netherlands, the new Deposit Guarantee Scheme (DGS), initially expected to start in July 2012, is now expected to start in July 2013
- Dutch Bank tax, based on wholesale funding, has been agreed on by the government on 26 April. Costs for the industry expected to be EUR 600 mln of which ING's share is approximately one third. Implementation in 2012

- Retail Netherlands is taking measures to reduce costs, improve processes and operational excellence
- Progress in 1Q12 was ahead of schedule with 775 FTE reduction (of which 525 internal)

An optimised balance sheet would have higher earnings and less leverage

Assets	• Balance sheet to remain stable
NIM/assets	• Re-pricing and deleveraging to support NIM
C/I	• Cost/income ratio to decline to 50-53% in 2015
Core Tier 1	• At least ≥10% in 2013
RoE*	• Return on Equity to be in the range of 10-13% over the cycle
LtD	• Loan to Deposit ratio to decline to below 1.10
LCR	• Liquidity coverage ratio to move >100% in 2015
Leverage	• Leverage to decline below 25

* Based on IFRS equity

ING

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. 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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