



ING Bank

Credit update

Amsterdam – 6 August 2014
www.ing.com



Key points

- Successful IPO of NN Group has substantially completed the repositioning of ING as a Bank
 - IPO NN Group successfully completed
 - EUR 8.1 bln combined market value of NN Group and Voya Financial comfortably exceeds remaining double leverage
- ING Group posts underlying net profit of EUR 1,181 mln, up 31.1% from 2Q13 and 19.5% from 1Q14, due to improved results of both ING Bank and NN Group
- Bank posted a strong quarter, with an underlying pre-tax result of EUR 1,278 mln, up 11.4% from 2Q13 and 8.7% from 1Q14
 - Strong volume growth in lending and deposits
 - Healthy income development
 - Lower risk costs
 - Capital position further strengthened

ING Group

Successful IPO of NN Group has substantially completed the repositioning of ING as a leading European Bank

IPO NN Group successfully completed

- NN Group successfully listed on 2 July
- ING's remaining stake is 68.1%

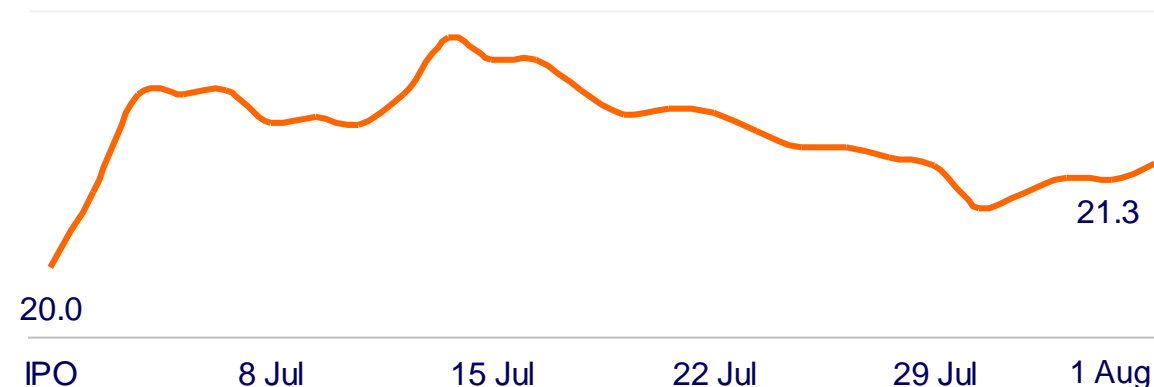
ING completed sale SulAmerica; Remaining stake Voya 43.2%

- Sale SulAmerica completed in June
- Remaining stake Voya 43.2%

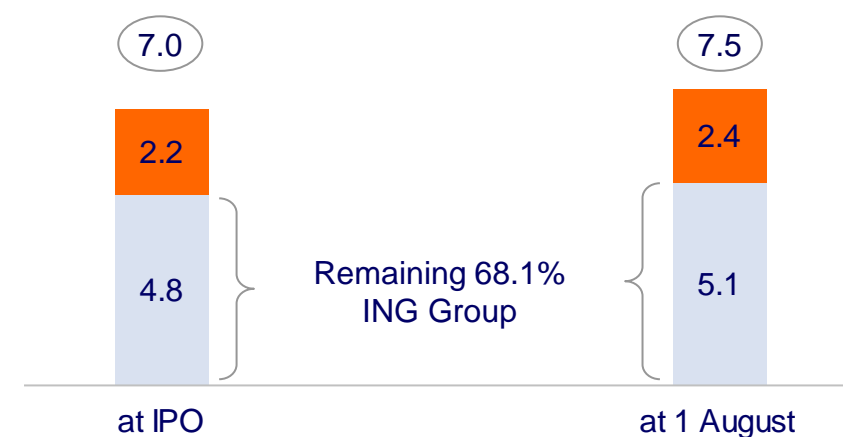
Final payment to the Dutch State

- Final payment of EUR 1,025 mln to the Dutch State ultimately in May 2015
- Possible early repayment will be considered after outcome of AQR and stress test

Share price NN Group since IPO



Market capitalisation NN Group (in EUR bln)



EUR 8.1 bln combined market value of NN Group and Voya Financial comfortably exceeds remaining double leverage

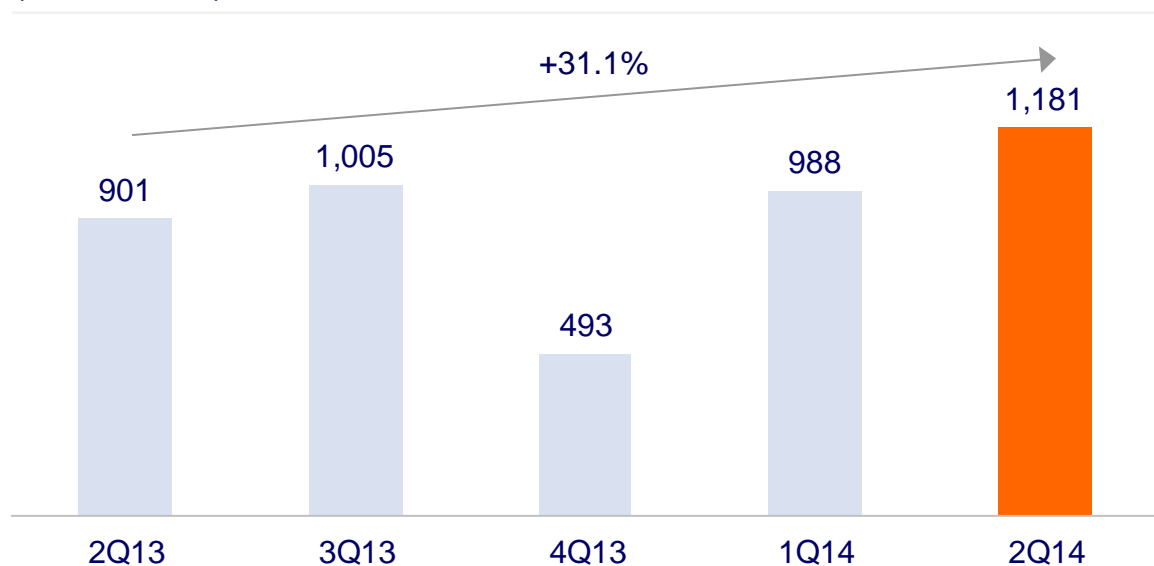
Group core debt and pro-forma net value surplus (in EUR bln)



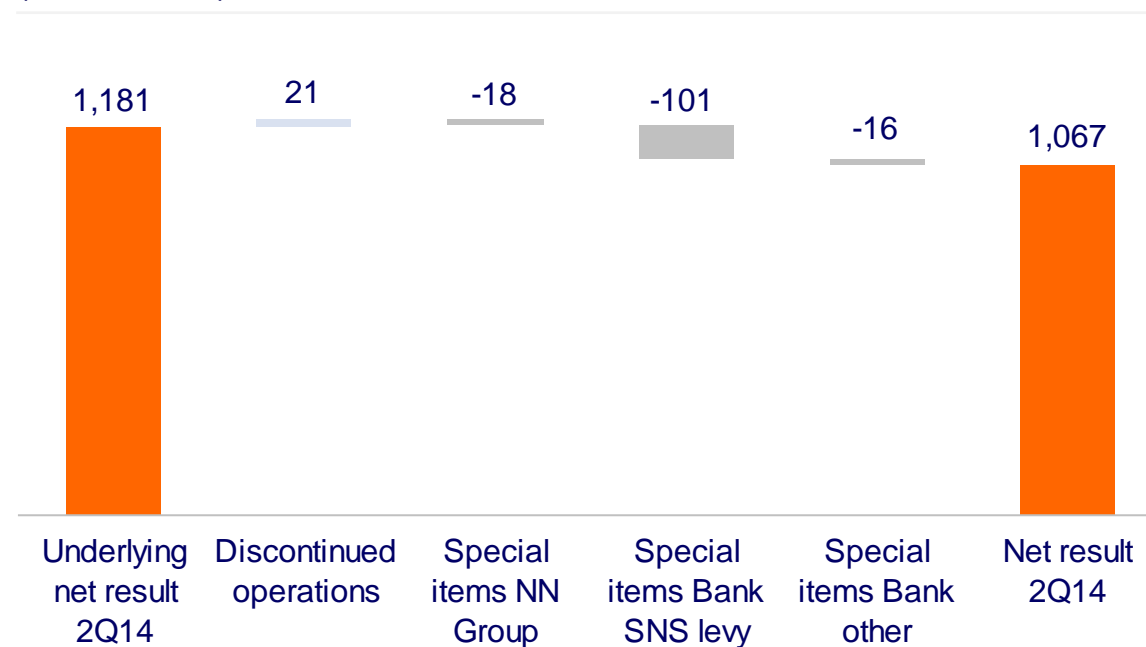
- Group core debt was EUR 4.6 bln at the end of the second quarter
- The net proceeds from the IPO of NN Group totalled EUR 2.1 bln, including exchange of first tranche of notes and the over-allotment option
- Combined market value of remaining 68.1% stake NN Group and 43.2% stake Voya Financial (on 1 August) amounts to EUR 8.1 bln
- Consequently, pro-forma net value surplus amounts to approximately EUR 5.7 bln

Underlying net profit ING Group significantly up from 2Q13 and 1Q14

Underlying net result ING Group
(in EUR mln)



Net result 2Q14 ING Group negatively impacted by SNS levy
(in EUR mln)



- ING Group posted underlying net profit of EUR 1,181 mln, up 31.1% from 2Q13 and 19.5% from 1Q14, due to improved results of both ING Bank and NN Group
- Net result amounts to EUR 1,067 mln, EUR 114 mln lower than the underlying net result. The difference can mainly be explained by the second payment of EUR 101 mln related to the nationalisation of SNS

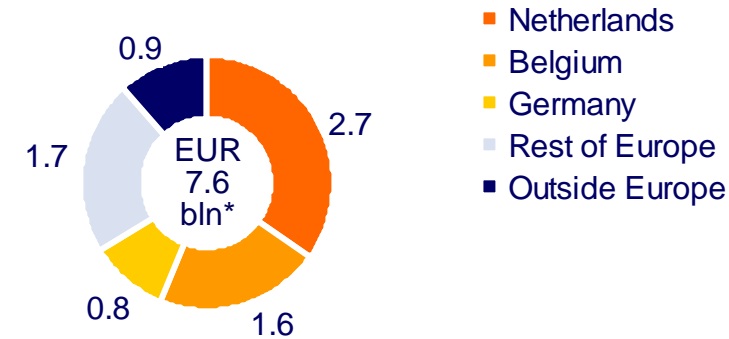
ING Bank

ING Bank has strong positions in resilient northern European home markets

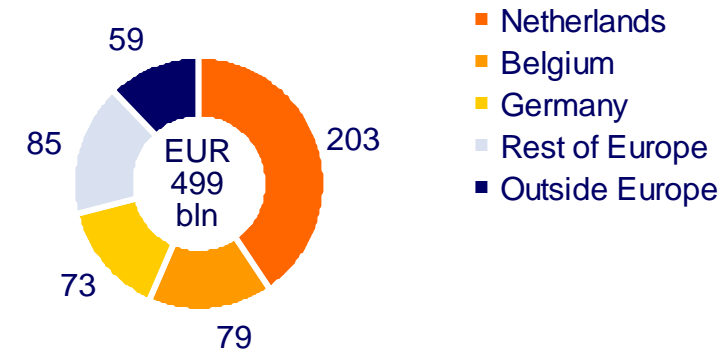
Strong positions in European home markets



ING Bank total underlying income 1H2014 (EUR bln)



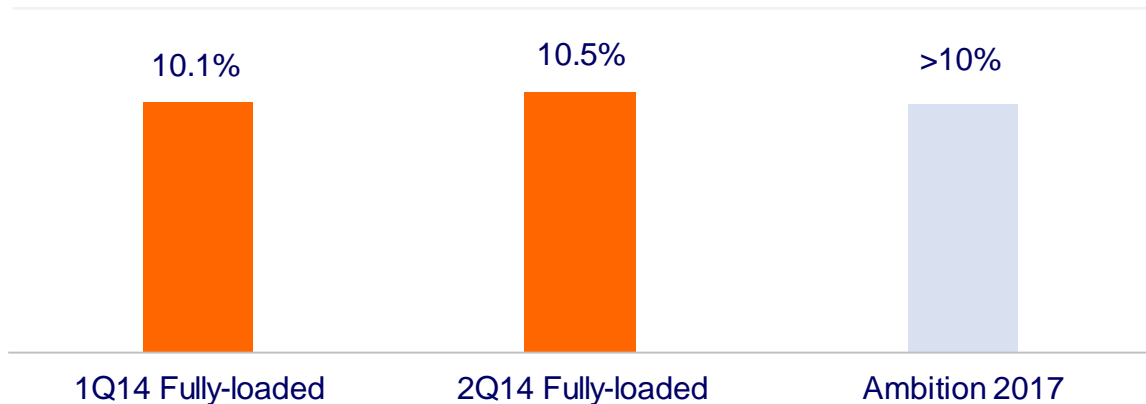
Lending portfolio June 2014 (EUR bln)



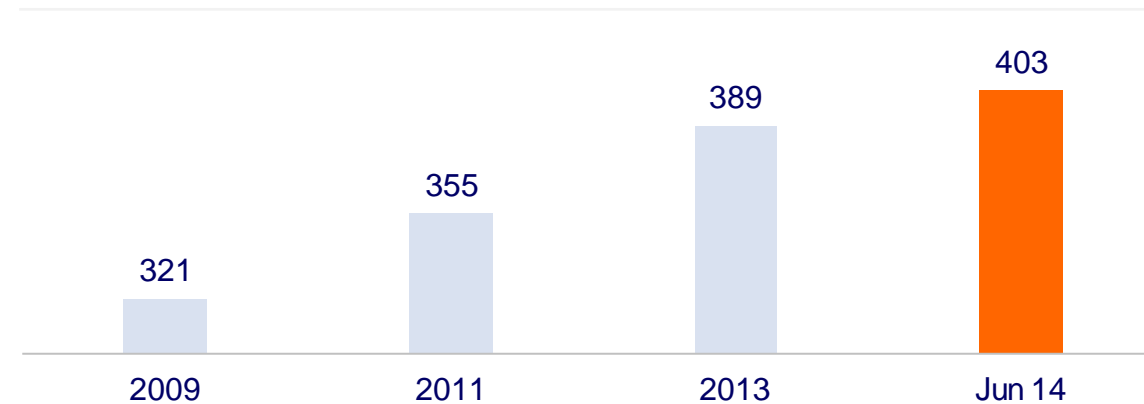
* Total EUR 7.6 bln reported includes EUR 0.2 bln negative income reported under Other, not visible in the chart

ING Bank has key strengths to support our success

Fully-loaded CET1 ratio at 10.5%

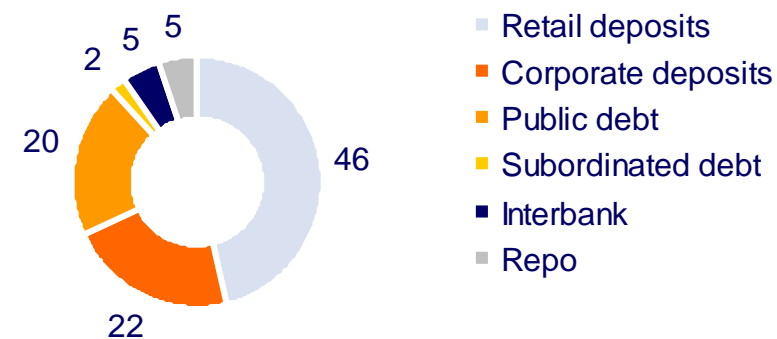


Strong retail deposit gathering ability* (in EUR bln)



Conservative funding mix

Per 30 June 2014 (%)



* Adjusted for divestments

Attractive Loan-to-Deposit Ratio*



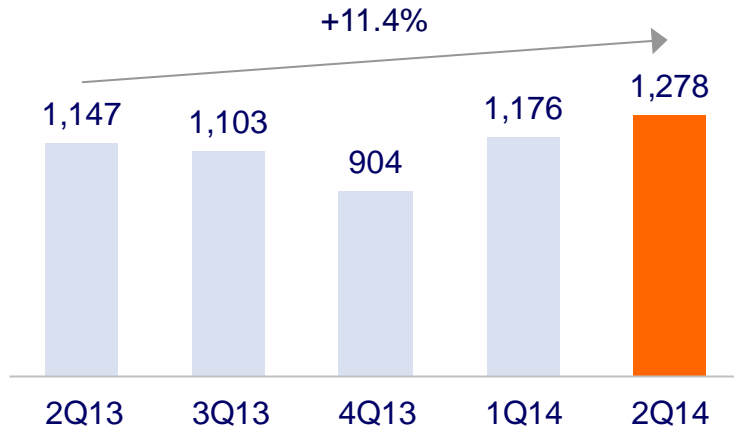
ING Bank will deliver RoE of 10-13% in 2015 and beyond

	Ambition 2017	Guidance
CET-1 (CRD IV)	>10%	<ul style="list-style-type: none"> Target fully loaded CET1 ratio remains >10% but it is prudent to maintain a comfortable buffer above the minimum to absorb regulatory changes and potential volatility
Leverage	~4%	<ul style="list-style-type: none"> Approximately 4% leverage; awaiting final regulations
C/I	50-53%	<ul style="list-style-type: none"> Aim to reach 50-53% cost/income ratio in 2016. Over time, improve further towards the bottom end of the range.
RoE (IFRS-EU equity)	10-13%	<ul style="list-style-type: none"> RoE target range maintained at 10-13% based on IFRS-EU equity (absorbing capital buffer)
Dividend pay-out	>40%	<ul style="list-style-type: none"> Target dividend pay-out >40% First payment over the financial year 2015

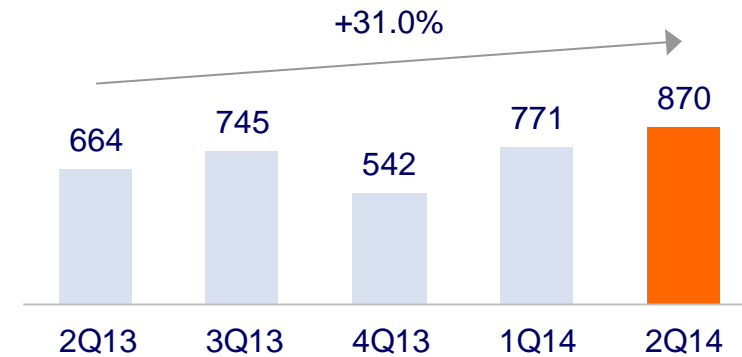
ING Bank results

ING Bank posted a strong second quarter...

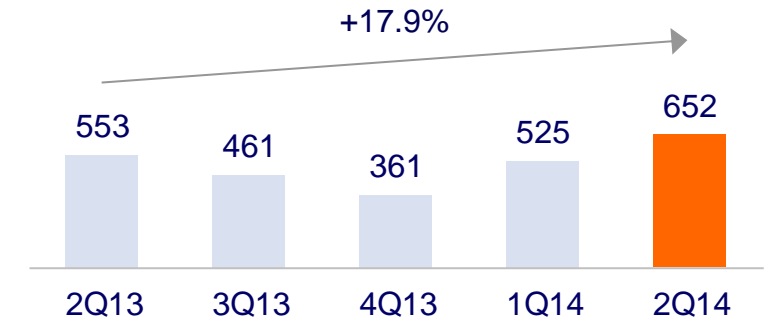
Pre-tax result ING Bank
(in EUR mln)



Pre-tax result Retail Banking
(in EUR mln)



Pre-tax result Commercial Banking,
excluding CVA/DVA (in EUR mln)

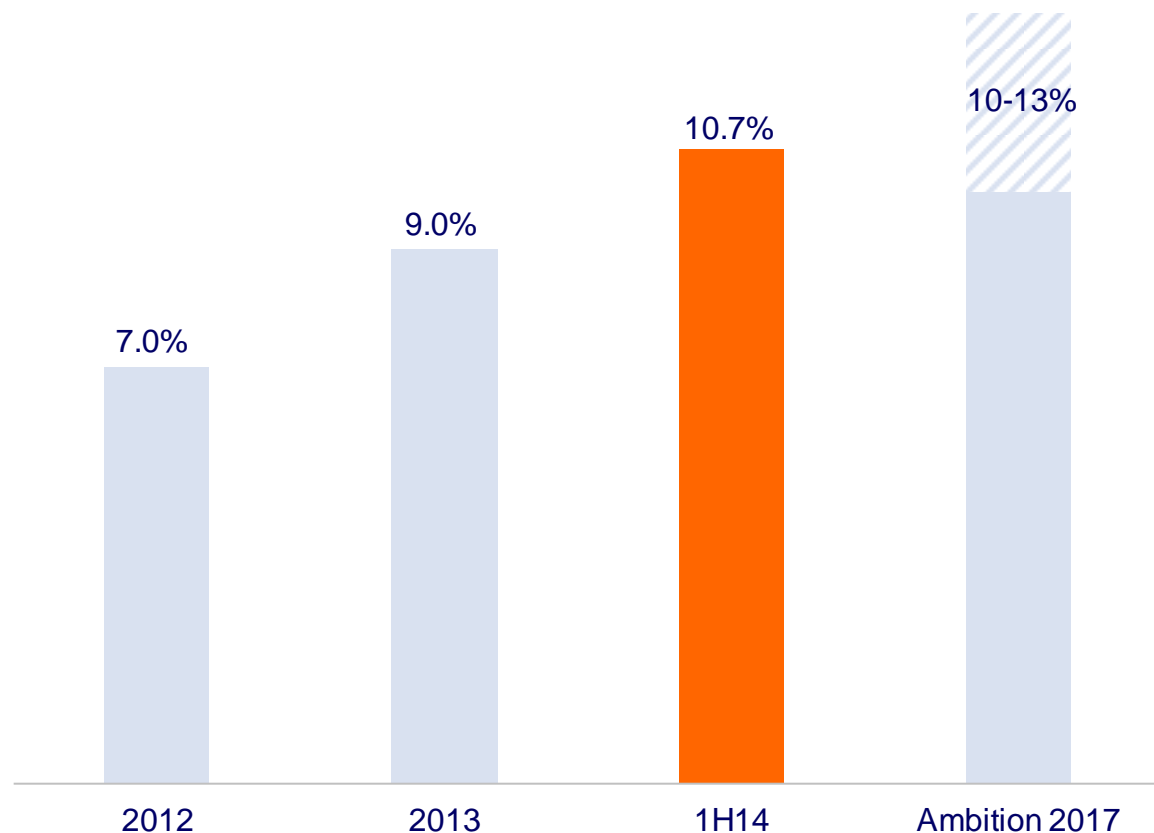


- Underlying pre-tax result was EUR 1,278 mln in 2Q14, up 11.4% from 2Q13 and 8.7% from 1Q14
 - Strong volume growth in lending and deposits
 - Healthy income development
 - Lower risk costs
 - Capital position further strengthened

* Pre-tax result Commercial Banking including CVA/DVA was EUR 605 mln in 2Q14, EUR 471 mln in 1Q14 and EUR 632 mln in 2Q13

...resulting in a Return on Equity of 11.1% in 2Q14 and 10.7% YTD

ING committed to deliver target RoE* of 10-13% in 2017

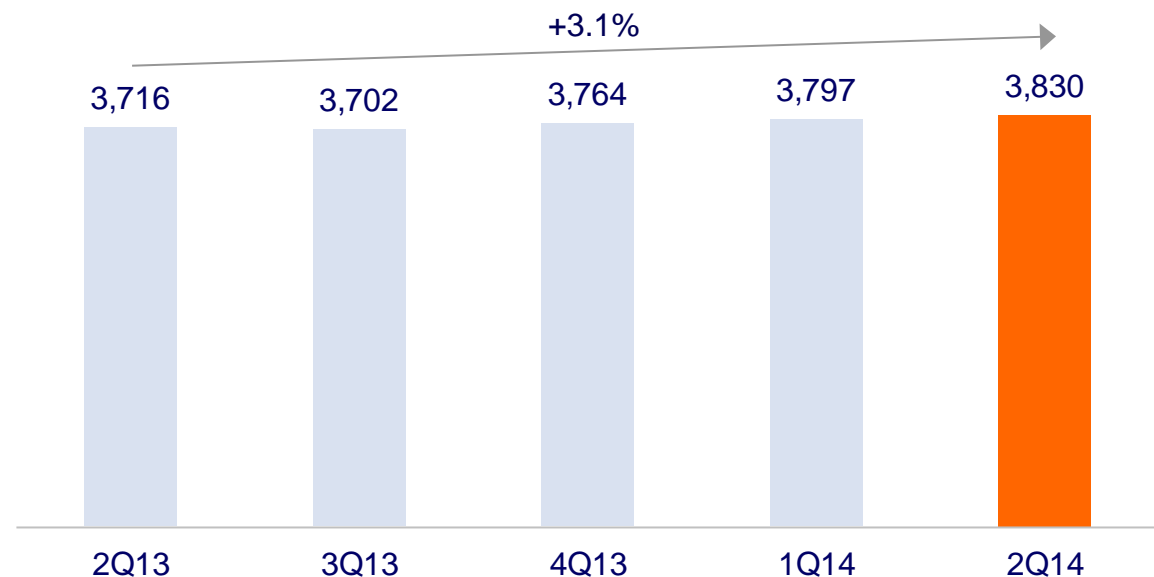


* Based on IFRS-EU Equity

- The underlying return on IFRS-EU equity was 11.1% in 2Q14 and 10.7% year-to-date
- Increased RoE versus last year driven by Retail Banking, particularly Retail Banking International
- ING committed to deliver target RoE of 10-13%
 - New business must be RoE accretive
 - Normalisation of risk costs supports RoE growth
 - Capital buffer to withstand volatility will impact RoE

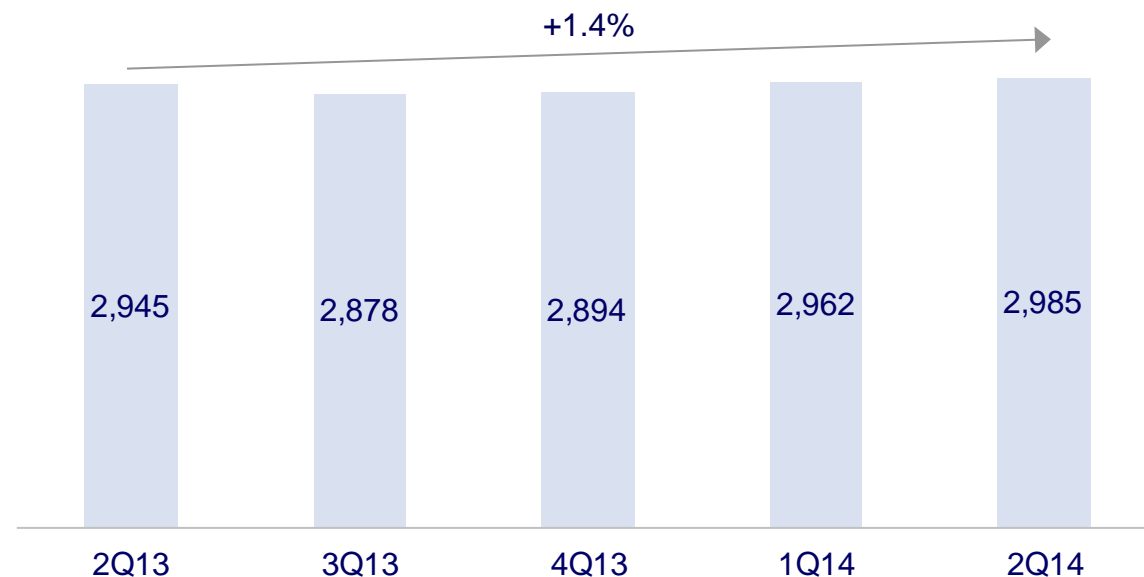
Underlying income showed a healthy development

Underlying income excluding CVA/DVA and deconsolidation Vysya
(in EUR mln)



- Total underlying income showed a healthy development despite negative CVA/DVA impacts and deconsolidation of ING Vysya Bank
- Excluding these items, income rose by 3.1% from 2Q13 and 0.9% from 1Q14, supported by strong volume growth in both lending and funds entrusted

Net interest income excluding deconsolidation Vysya
(in EUR mln)

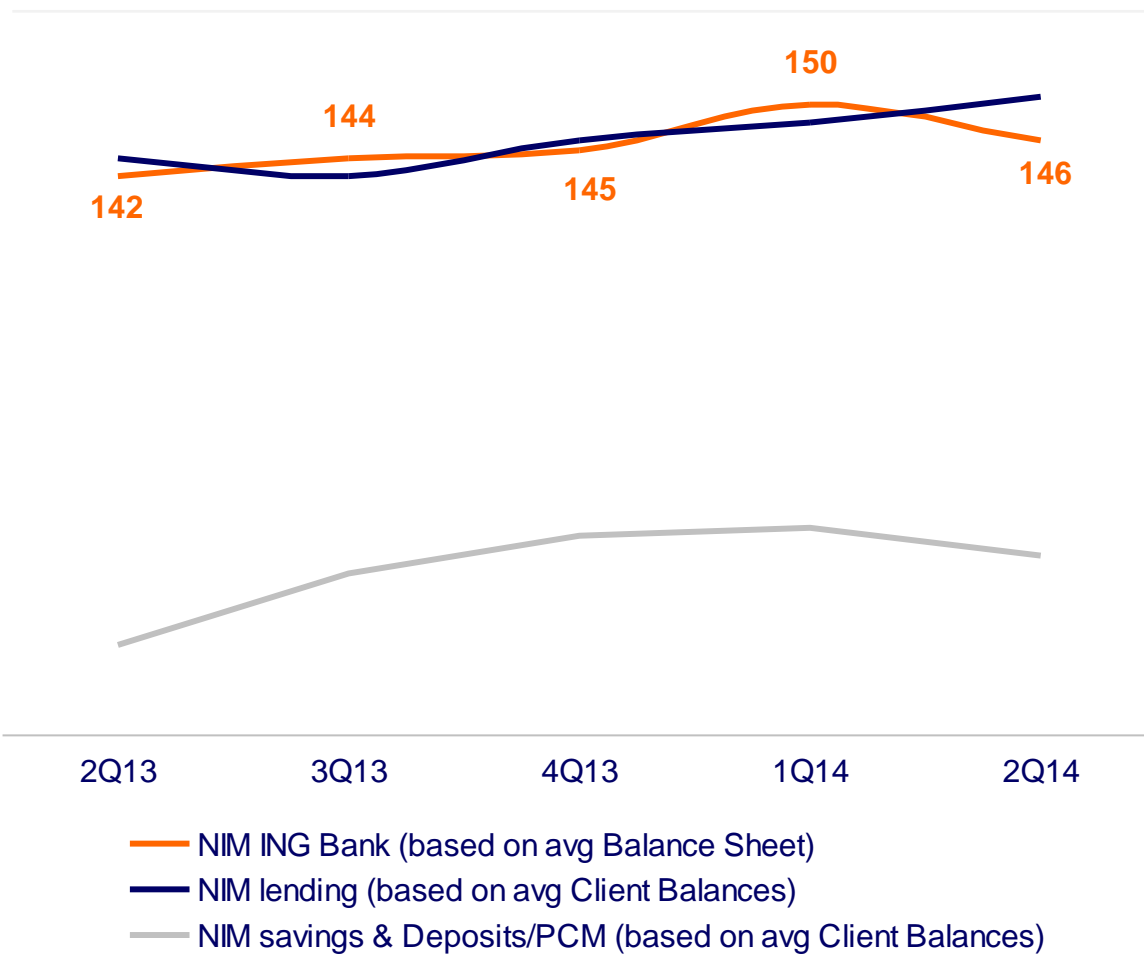


- Total income dominated by net interest income, reflecting a relatively stable and predictable income stream, in line with our differentiated client proposition.
- The underlying interest result excluding the impact of the deconsolidation of Vysya increased slightly versus 1Q14 despite lower interest results in Financial Markets and Corporate Line

* Reporting underlying income was EUR 3,781 mln in 2Q14, EUR 3,818 mln in 1Q14 and EUR 3,853 mln in 2Q13

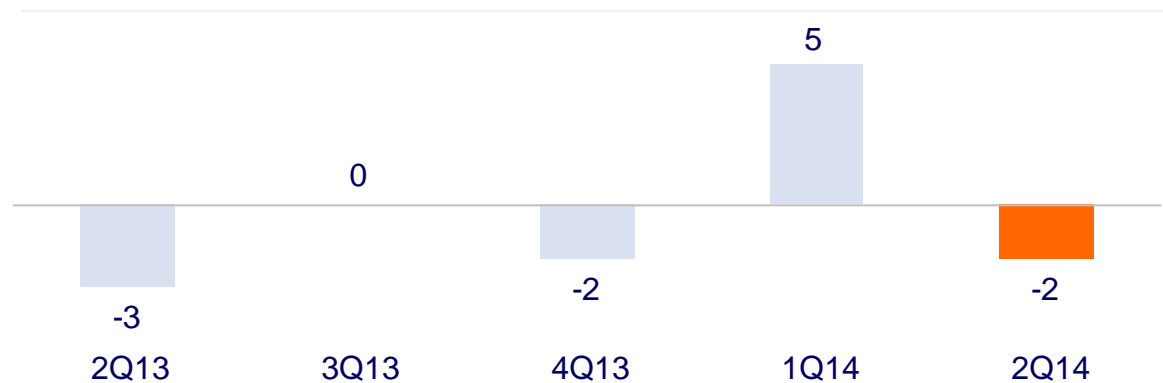
Net interest margin on client balances remained stable as lower savings margins were offset by higher lending margins

Underlying interest margin by quarter (in bps)



Financial Markets contribution to change in NIM can be volatile

Financial markets impact on NIM Q-on-Q (in bps)

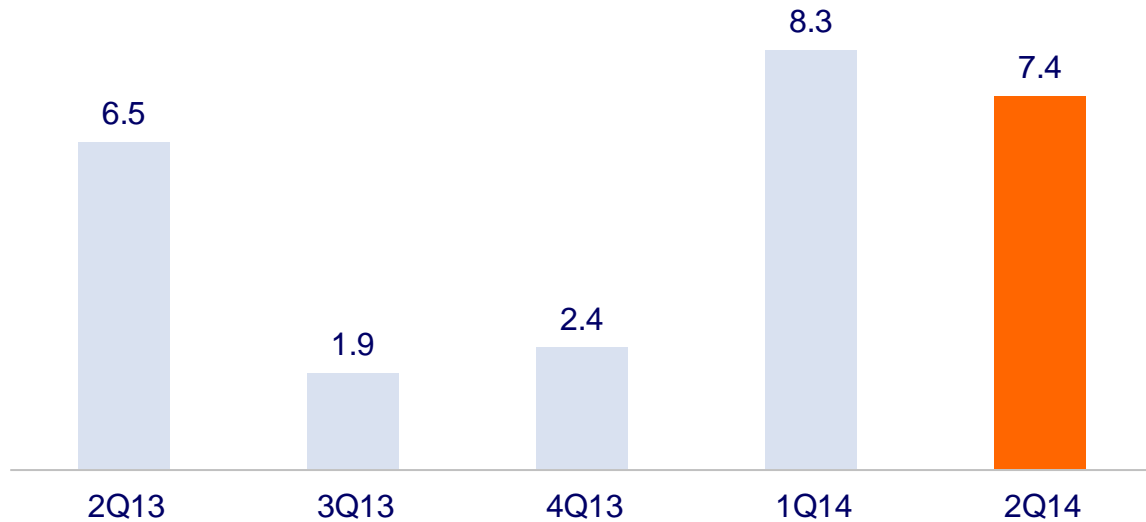


- Net interest margin down from 150 bps in 1Q14 to 146 bps in 2Q14, driven by the deconsolidation of ING Vysya Bank and lower net interest results in Financial Markets and Corporate Line
- Lending margins increased from 1Q14 driven by higher margins on mortgages and other lending in Retail Benelux as well as higher margins in Industry Lending
- Savings margins down from 1Q14, reflecting the low interest rate environment
- ING reduced the client savings rates in July 2014 in Germany, Netherlands and Belgium.

Consistent customer focus has enabled us to increase net lending by EUR 7.4 bln, funded through a EUR 7.4 bln inflow of customer deposits

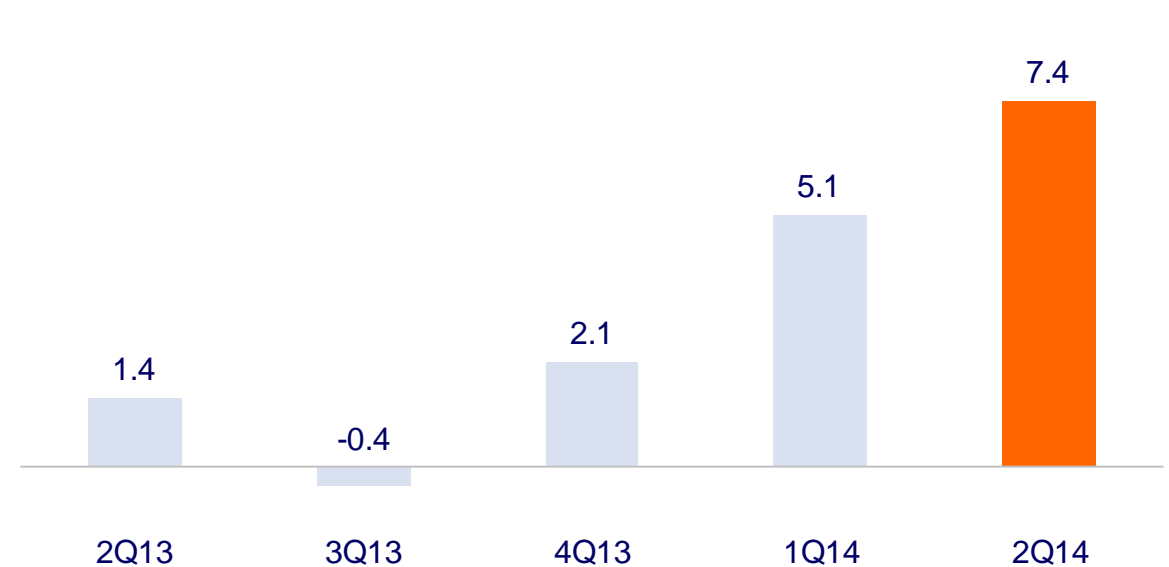
Strong deposit gathering ability

Net inflow in funds entrusted (Client Balances, in EUR bln)



Increase in net lending growth

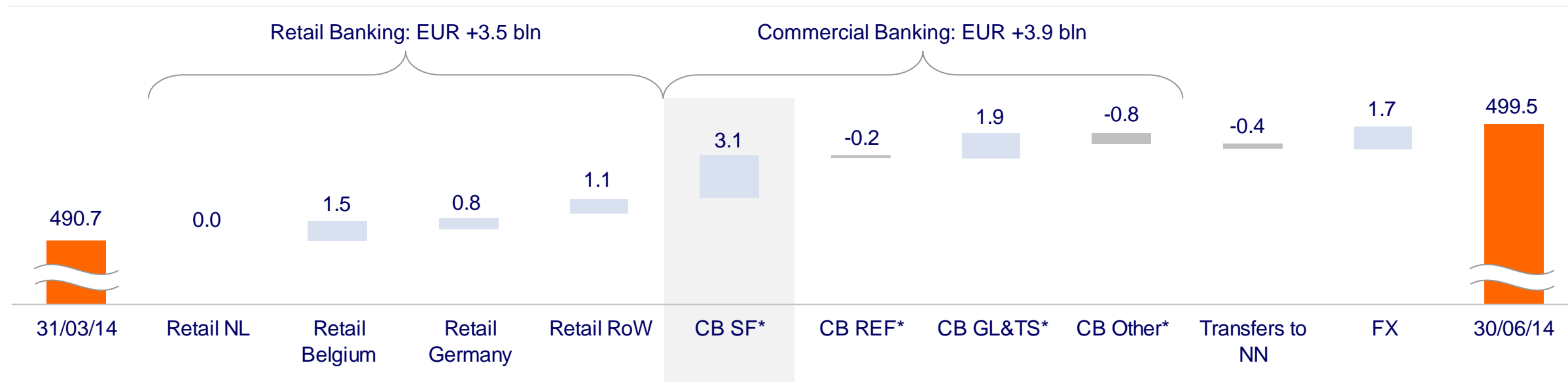
Net lending growth (Client Balances, in EUR bln)



- Good commercial momentum continued in the second quarter of 2014, with EUR 7.4 billion of net lending growth (adjusted for currency impacts and additional transfers of WUB mortgages to NN Bank) and EUR 7.4 billion of net funds entrusted inflow

Net lending increased in both Retail Banking and Commercial Banking

Lending Assets ING Bank (Client Balances, in EUR bln)



Net lending, excluding the impact of FX and asset transfers, increased by EUR 7.4 bln

- Net lending in Retail Banking increased by EUR 3.5 bln driven by Retail Belgium, Retail Germany and Retail RoW
- Net lending in Commercial Banking increased by EUR 3.9 bln driven by Structured Finance and General Lending & Transaction Services
- Strong increase in Structured Finance across all products and geographies.

* SF is Structured Finance; REF is Real Estate Finance; GL&TS is General lending & Transaction Services; Other includes Lease run-off

ING on track to deliver flat costs

ING on track to deliver flat costs (in EUR bln)



Restructuring programmes on track (in EUR mln)

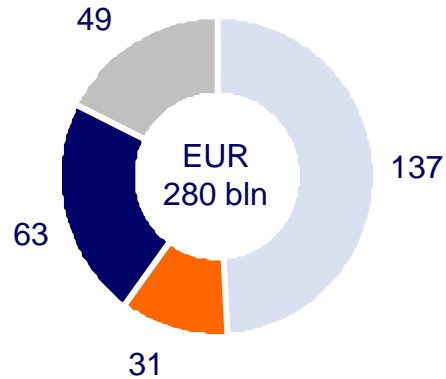
	Cost savings achieved	Cost savings by 2015	Cost savings by 2017
Retail Banking NL	304	460	480
ING Bank Belgium	60	160	160
Commercial Banking	157	260	315
Total Bank	521	880	955

- Underlying expenses reported were up 0.4% from 2Q13, but down 3.5% from 1Q14
- Excluding the deconsolidation impact of ING Vysya Bank and the Belgian bank taxes, operating expenses rose 3.3% from 2Q13, mainly due to higher pension costs, increased IT spending, and business growth in Retail International and Industry Lending
- Restructuring on track to reach cost savings of EUR 880 mln by 2015 and EUR 955 mln by 2017

ING Bank asset quality

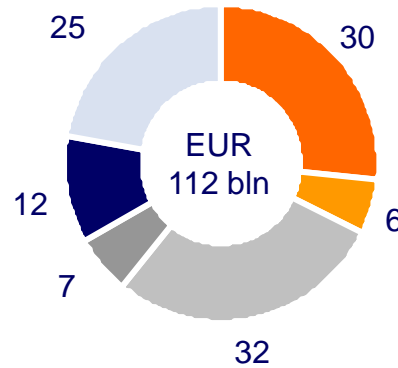
A well diversified loan book

Residential mortgages* (in EUR bln)



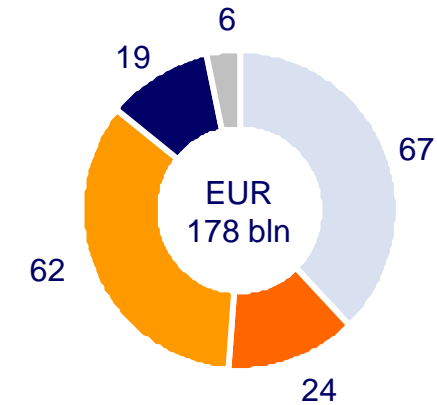
- Netherlands
- Belgium
- Germany
- Rest of World

Other retail lending* (in EUR bln)



- Business lending Netherlands
- Other lending Netherlands**
- Business lending Belgium
- Other lending Belgium**
- Other lending Germany
- Other lending Rest of World

Commercial Banking* (in EUR bln)



- Structured Finance
- Real Estate Finance
- General Lending & Transaction Services
- FM, Bank treasury, Real Estate & other
- General Lease run-off

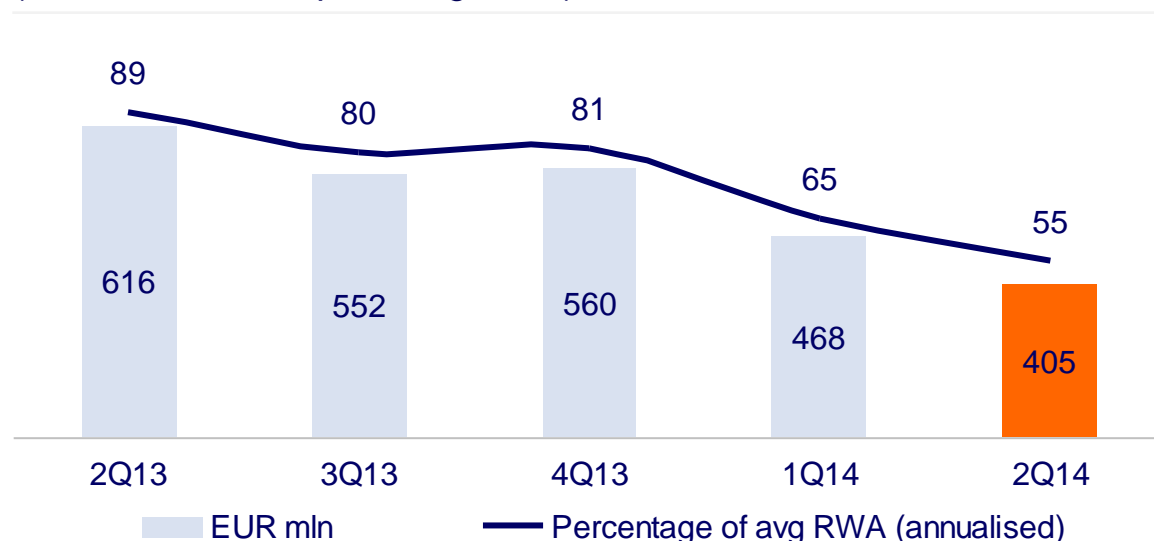
- ING Bank has a well diversified and collateralized loan book with a strong focus on own originated mortgages
- 69% of the portfolio is retail based

* 30 June 2014 lending and money market credit risk outstanding, including guarantees and letters of credit (off balance sheet positions)

** Other lending excludes Business lending

Risk costs continue their downward trend

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



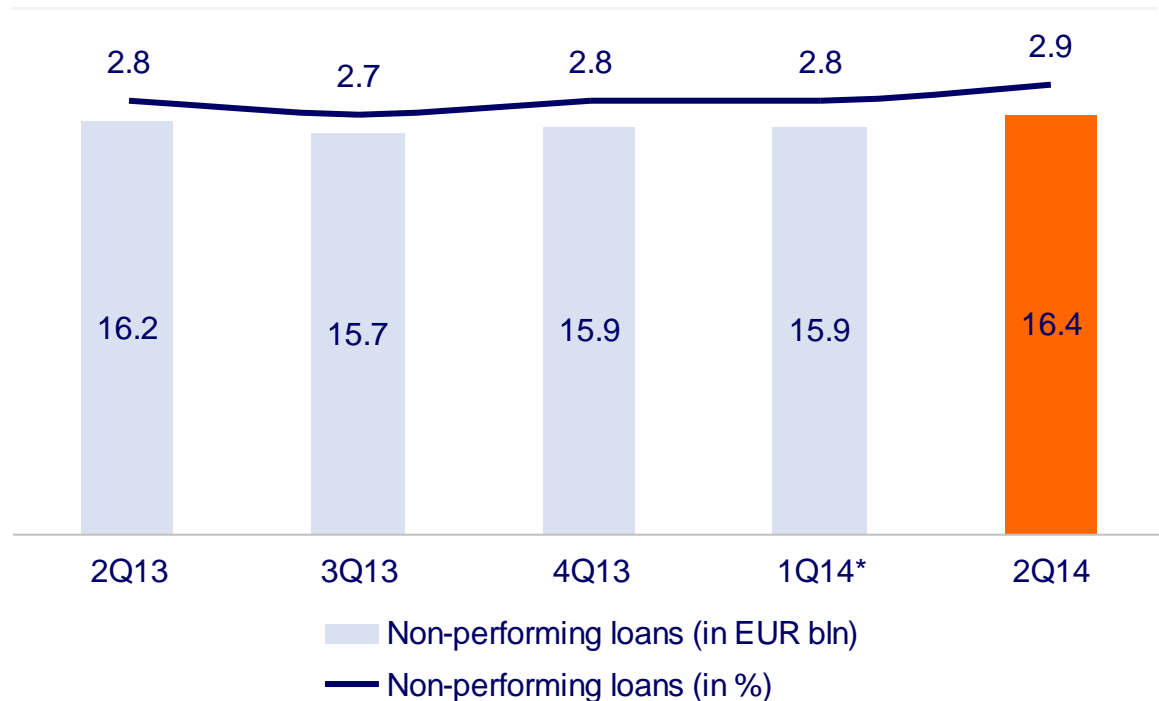
Underlying additions to loan loss provisions
(in EUR mln)



- Risk costs decreased from both 2Q13 and 1Q14 to EUR 405 mln, driven by lower risk costs in most segments and countries
- Risk costs Commercial Banking continue their downward trend. We expect risk costs Commercial Banking to decline further gradually over time, though quarter-on-quarter comparisons may be somewhat volatile.
- Risk costs Retail Banking Netherlands slightly down from 1Q14, but expected to remain elevated

NPL ratio slightly up to 2.9%

Non-performing loans (in EUR bln and %)



NPL ratio (in %)

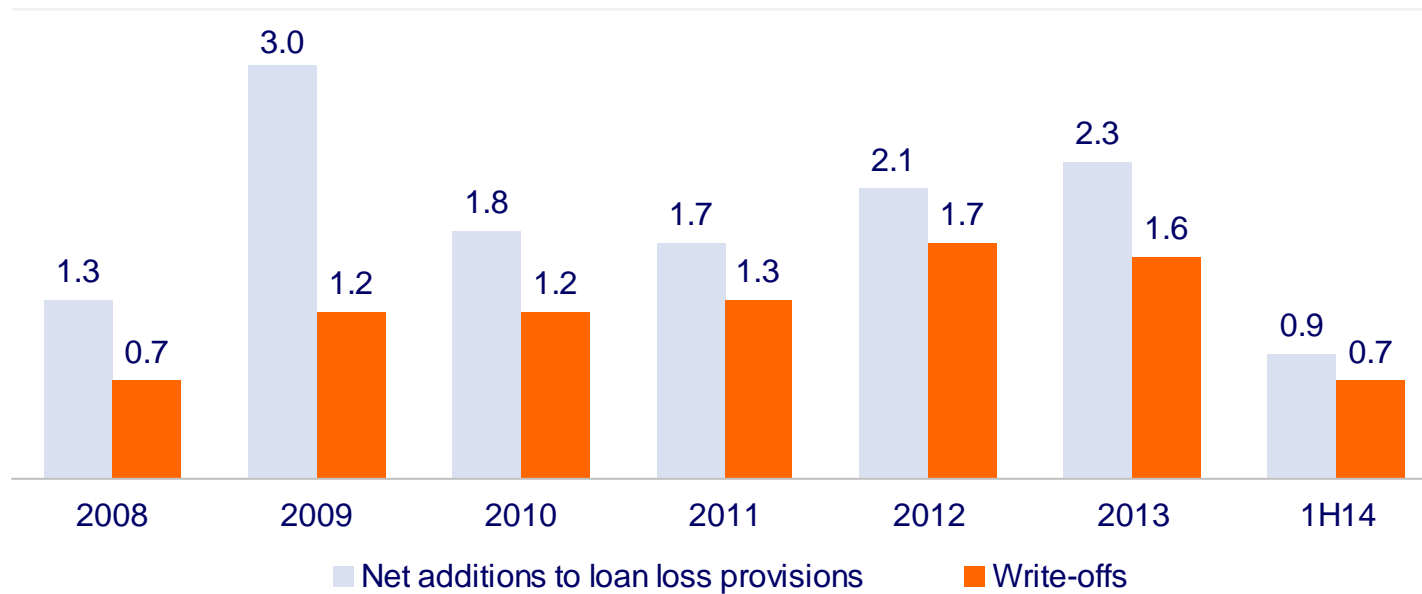
	2Q14	1Q14
Retail Banking		
- Dutch Mortgages	2.0	2.0
- Business Lending NL	7.8	7.7
- Retail Belgium	3.2	3.2
- Retail International	1.4	1.4
Commercial Banking		
- Structured Finance	2.0	1.8
- RE Finance	11.1	10.9
- General Lending & TS	2.0	1.8
- Lease run-off	18.1	16.7
Other Retail and Commercial Banking		
- Other RB and CB	2.5	2.0
Total / average	2.9	2.8

- The NPL ratio rose slightly to 2.9% in 2Q14, driven by Commercial Banking and Business Lending Netherlands within Retail Banking
- Increase in NPL ratio Commercial Banking driven by a few major files in different products and different geographies

* 1Q14 is restated for the deconsolidation of ING Vysya

Provisions continue to exceed write-offs

Net provisions have structurally outweighed write-offs (in EUR bln)



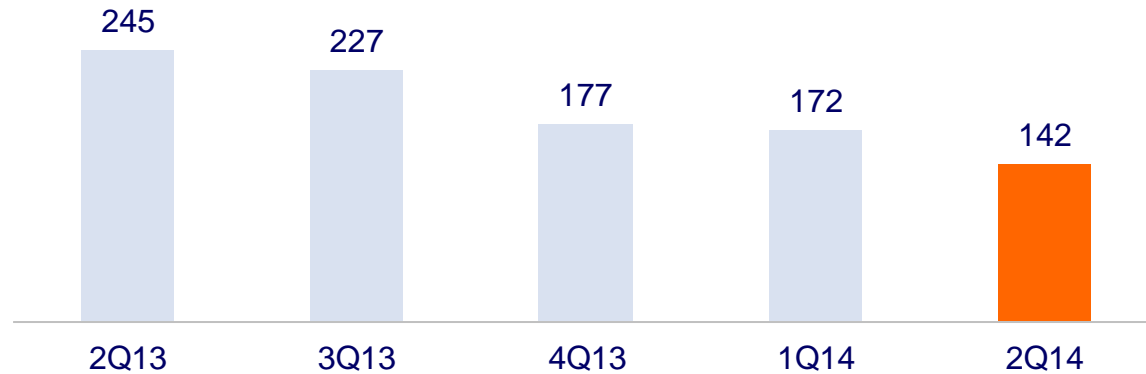
Coverage ratio (in EUR bln)

	2Q14	1Q14
Stock of provisions	6.2	6.2
Non-performing loans	16.4	15.9
Coverage ratio	38.0%	38.6%

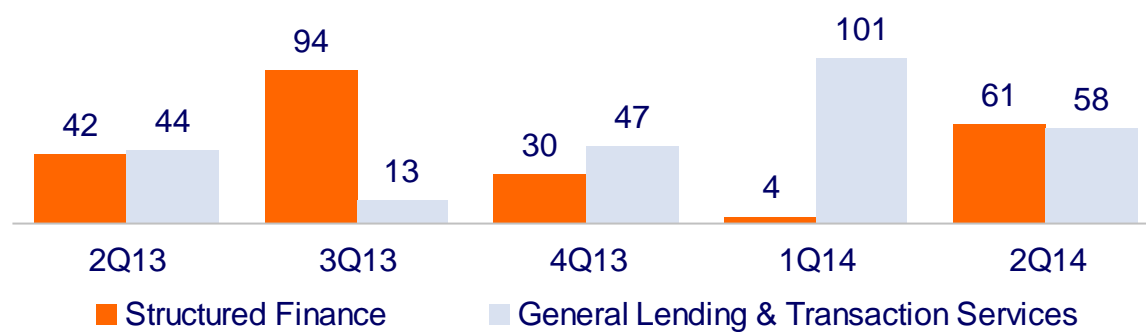
- Net additions to loan loss provisions have structurally exceeded write-offs resulting in a higher stock of provisions
- Over a 6.5 year horizon, we have total risk costs of EUR 13.0 bln compared with total write-offs of EUR 8.4 bln
- ING's loan book is well collateralised: approximately 80% of the portfolio consists of secured lending such as mortgages, Real Estate Finance, Leasing and Structured Finance

Risk costs Commercial Banking continued their downward trend, but can be volatile quarter-on-quarter

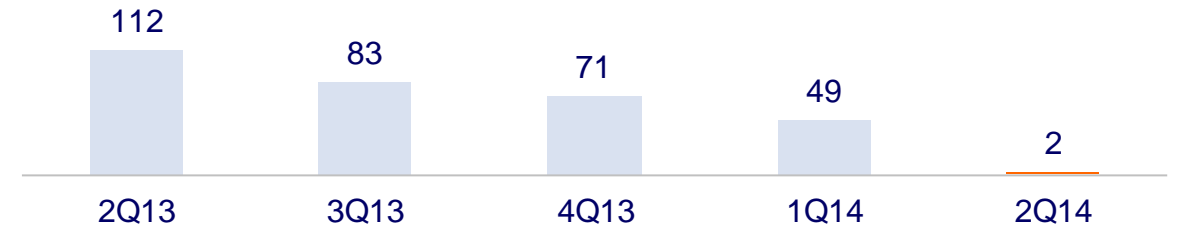
Risk costs Commercial Banking trending down...
(in EUR mln)



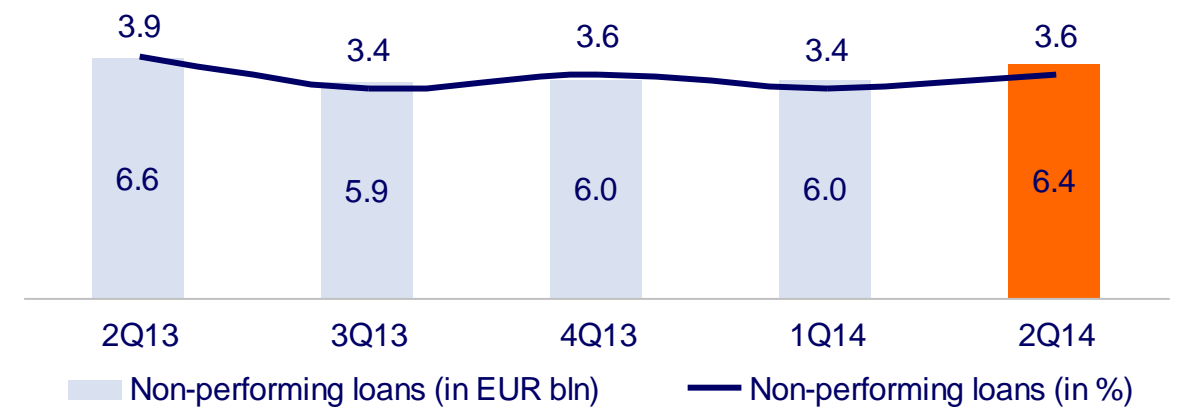
Risk cost development can be volatile due to provisioning or releases for a few large files in Structured Finance and/or General Lending
(in EUR mln)



...driven by lower risk costs Real Estate Finance, partly as a result of releases (in EUR mln)

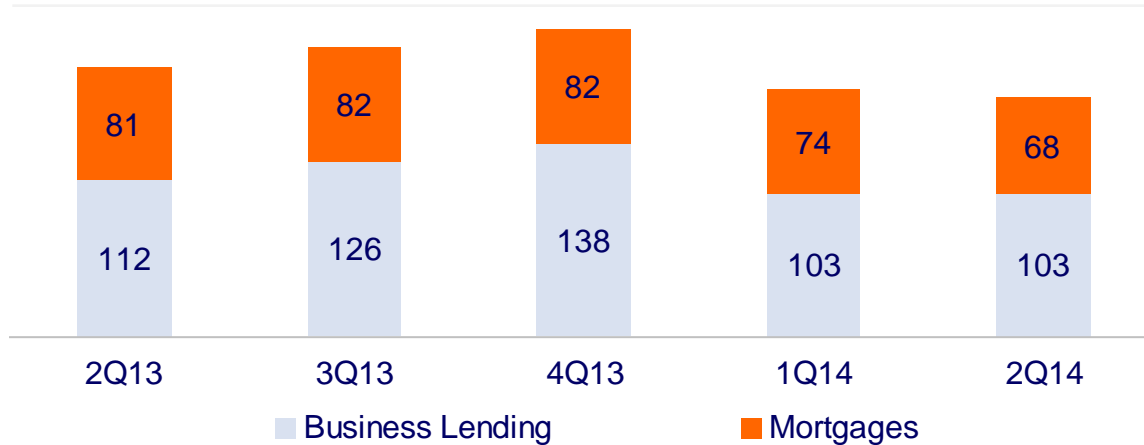


The NPL ratio increased slightly, mainly due to a few major files

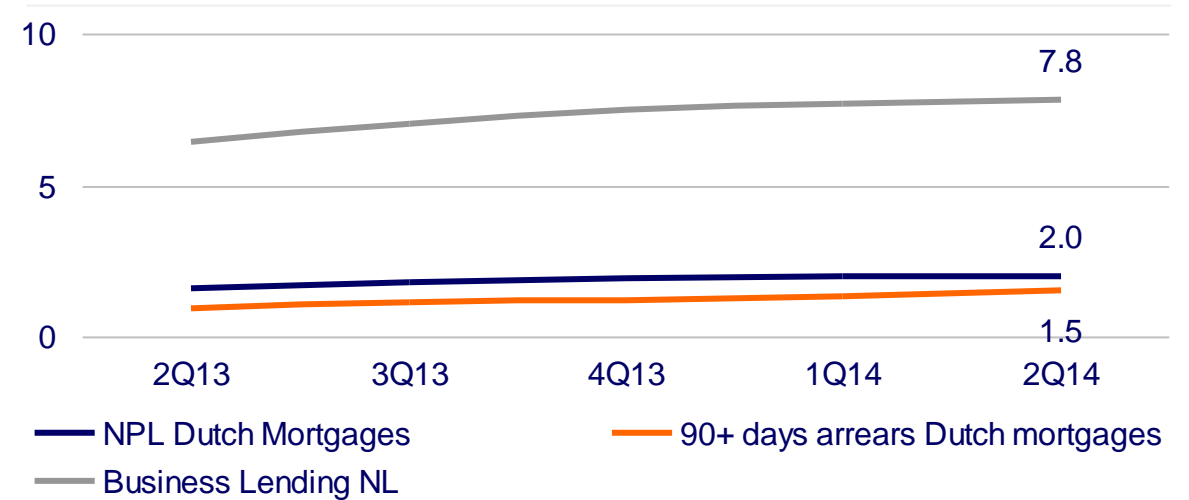


Risk costs Retail Banking Netherlands slightly down, but expected to remain elevated

Risk costs Dutch mortgages and Business Lending NL
(in EUR mln)



Non-performing loans (NPL) ratio Dutch mortgages and Business Lending NL (in %)

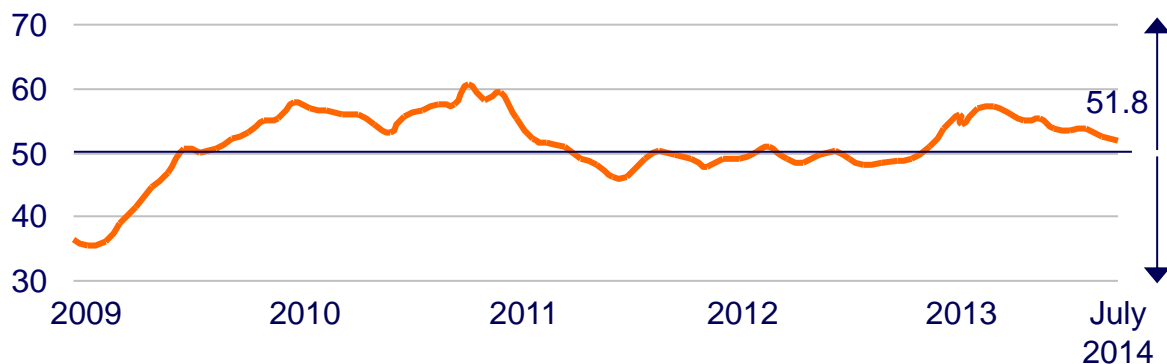


Risk costs Retail Banking NL expected to remain elevated

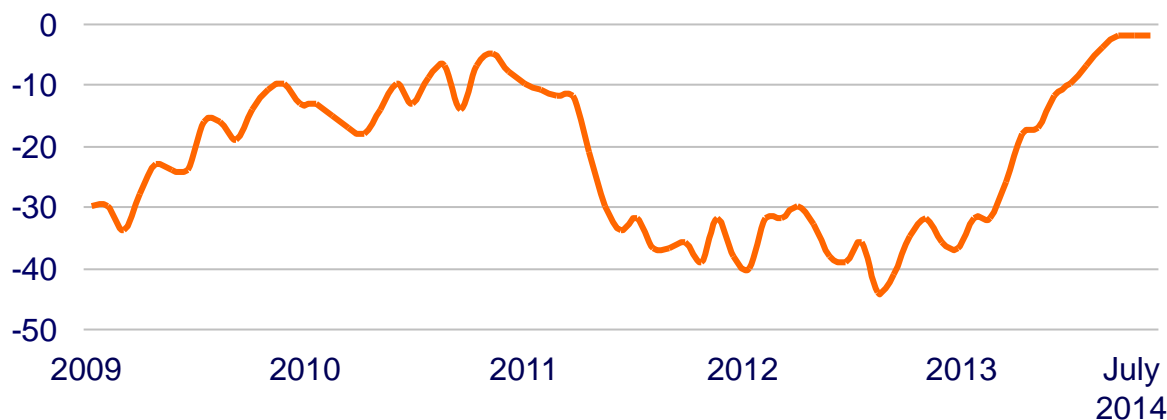
- Risk costs for Dutch mortgages declined slightly versus both 2Q13 and 1Q14
- Risk costs for Business Lending stable at EUR 103 mln, while the NPL ratio edged up slightly in 2Q14
- Despite some early signs of economic improvement in the Netherlands, we expect the NPLs and risk costs at Retail Banking Netherlands to remain elevated due to the relatively subdued domestic economy

Dutch economy and housing market gradually improving

Dutch Purchasing Managers Index (PMI) was 52.3 in June 2014.
Above 50 indicates positive growth



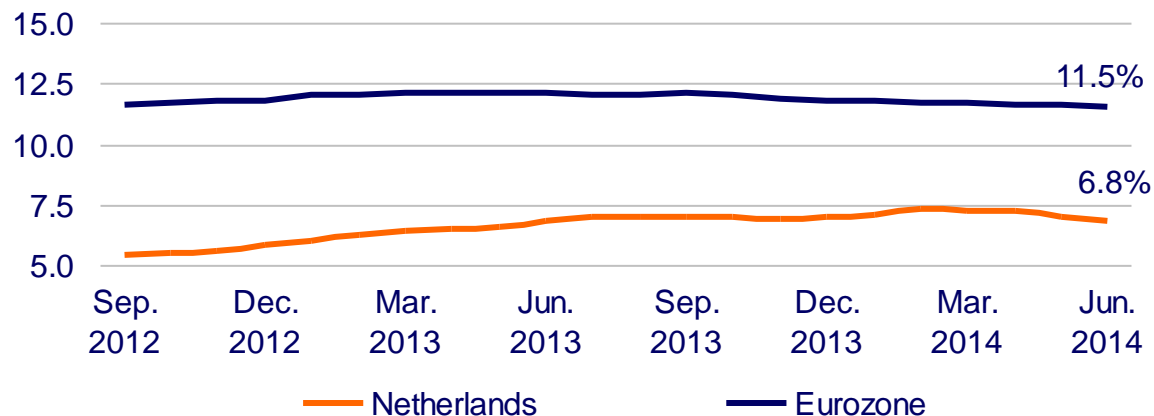
Dutch consumer confidence* at highest level since 2007



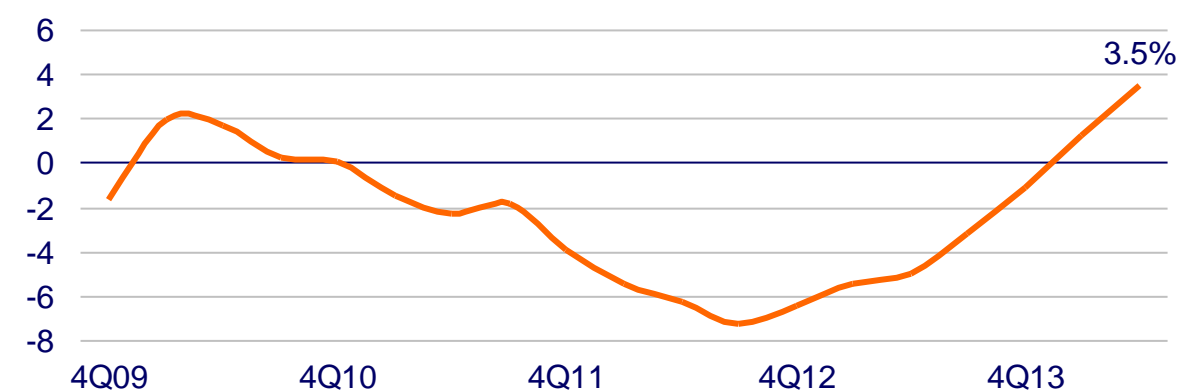
* Source: CBS data

** Source: NVM

Unemployment rate (%) down to 6.8%



Dutch house prices in 2Q14 up 3.5% y-o-y**



Exposure ING Bank to Russia and Ukraine has been reduced

Exposure ING Bank to Russia and Ukraine (in EUR mln)

Exposure, 30 June 2014

	Russia	Ukraine
Total Lending Credit O/S	7,256	1,369
Other*	700	13
Total outstanding	7,956	1,382
Undrawn committed Facilities	1,032	161

Note: data is based on country of residence

NPL ratio and Coverage ratio Russia and Ukraine, 30 June 2014

	Russia	Ukraine
NPL ratio	0.1%	19.9%
Coverage ratio**	>100%	35%

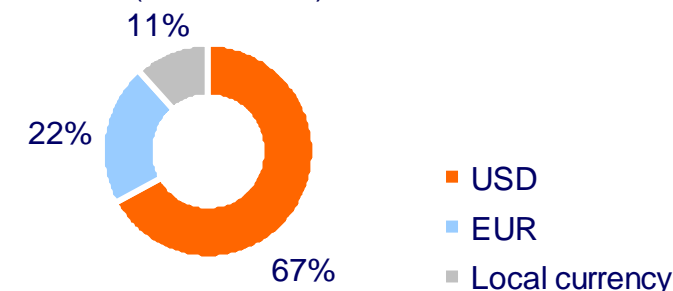
- Total outstanding to Russia and Ukraine combined has been reduced by EUR 742 mln or 7.4% from 1Q14
- We will continue to manage exposure down in close cooperation with our clients, protecting their interests and our franchise as much as reasonably possible
- The lending exposure to Russia covered by Export Credit Agencies (ECA) is approximately EUR 1 bln

* Other includes Investment, trading exposure and pre-settlement

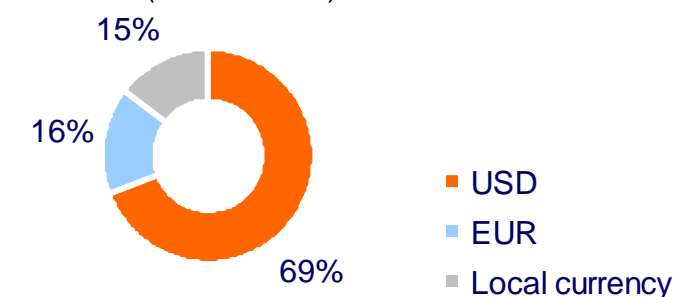
** Coverage ratio is defined as total provisions divided by total non performing loans

Total Lending outstanding per currency

Russia (EUR 7.3 bln)



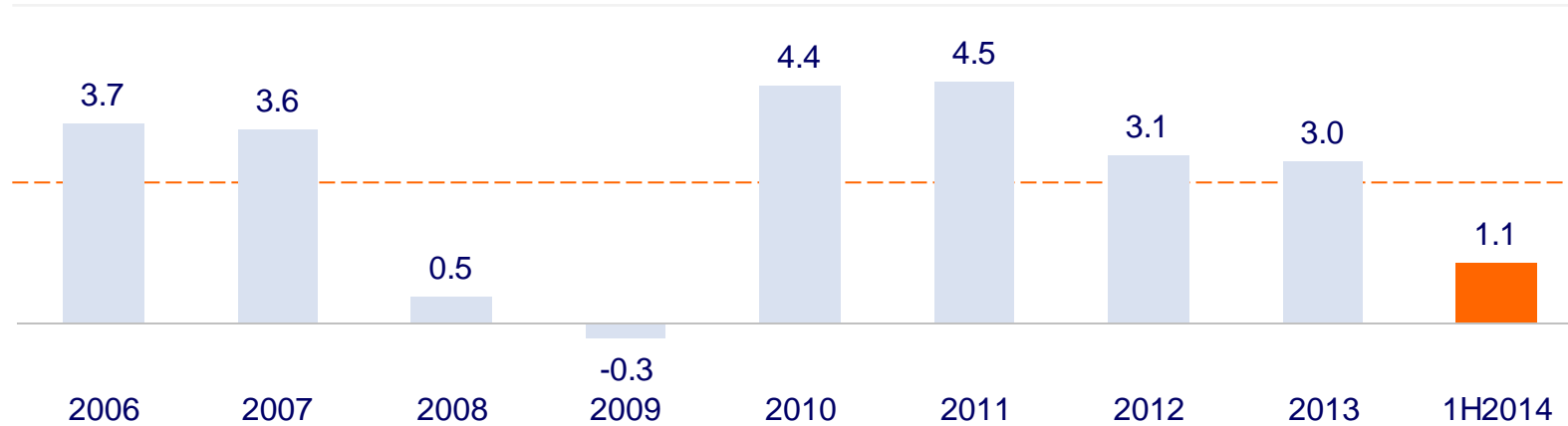
Ukraine (EUR 1.4 bln)



ING Bank capital, liquidity and funding

We have generated a sizeable amount of capital

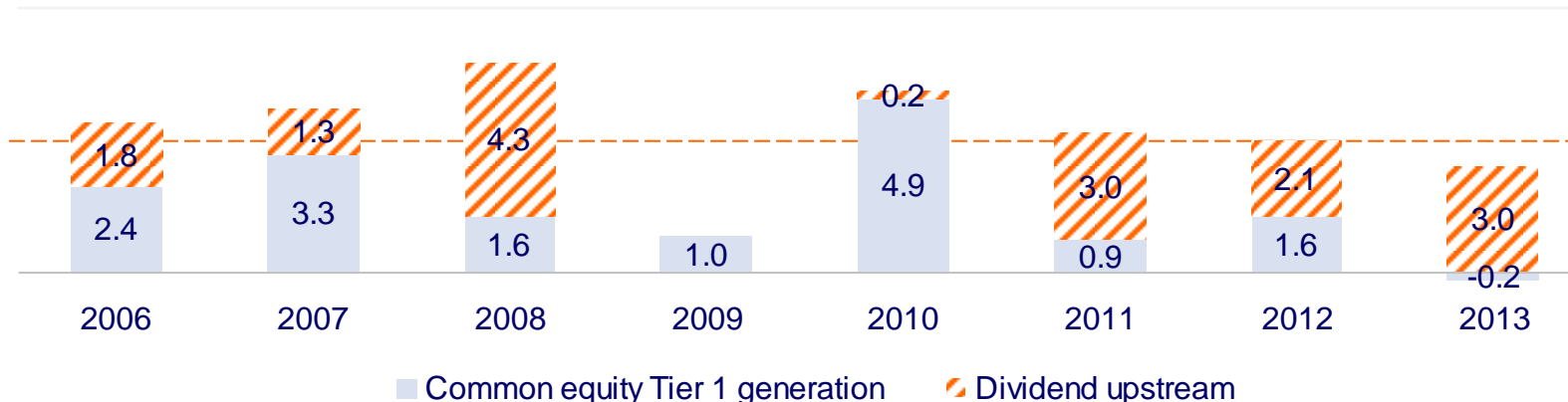
Net profit (in EUR bln)



A strong profitability track record

- ING Bank reported only one small loss in history
- Average annual profitability of EUR 2.8 billion over the last 8 years, including during the 6 years of financial crisis
- 1H2014 was affected by +/- EUR 0.9 billion negative special items (pension deal, SNS levy)
- A normalisation of credit losses will further improve the profitability

Common equity Tier 1 generation (in EUR bln)



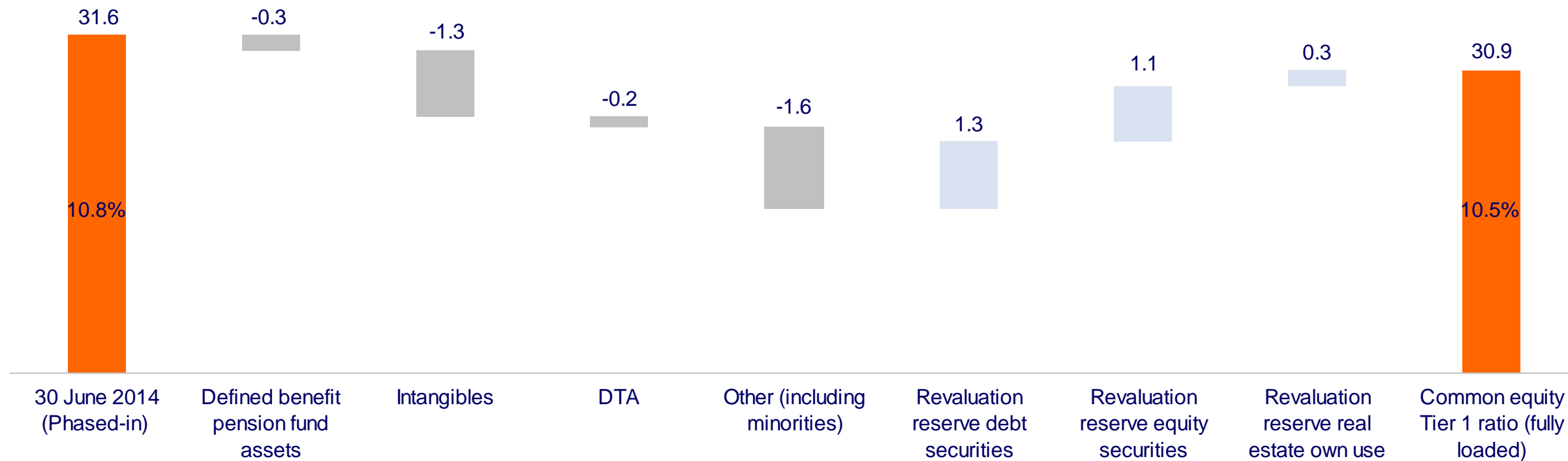
Consistently generating capital

- Average annual capital generation EUR 3.9 billion over the last 8 years
- Allowing EUR 8 billion of dividend up streams since 2011 to support the Group restructuring

CRD IV common equity Tier 1 ratio fully-loaded 10.5%

Impact CRD IV 2Q2014 (in EUR bln)

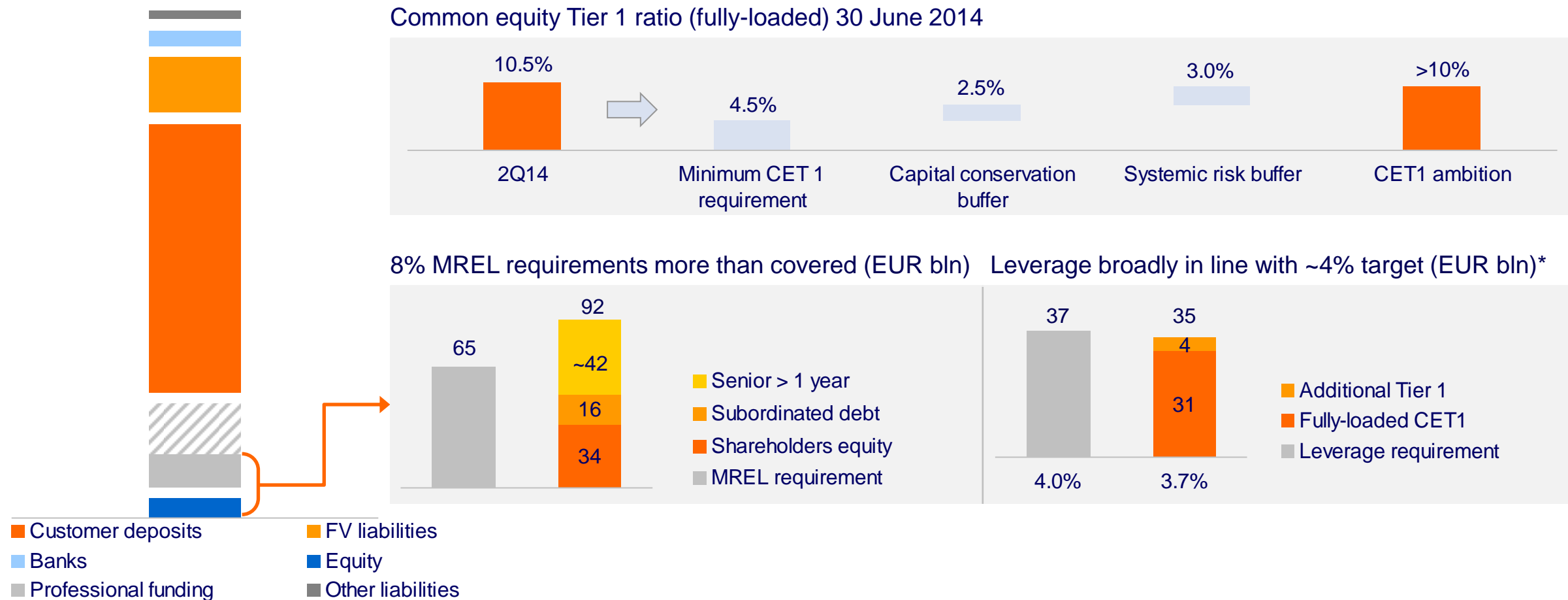
Common equity Tier 1 capital



- Total risk-weighted assets amount to EUR 293.4 billion at June 2014

Capital structure is strong

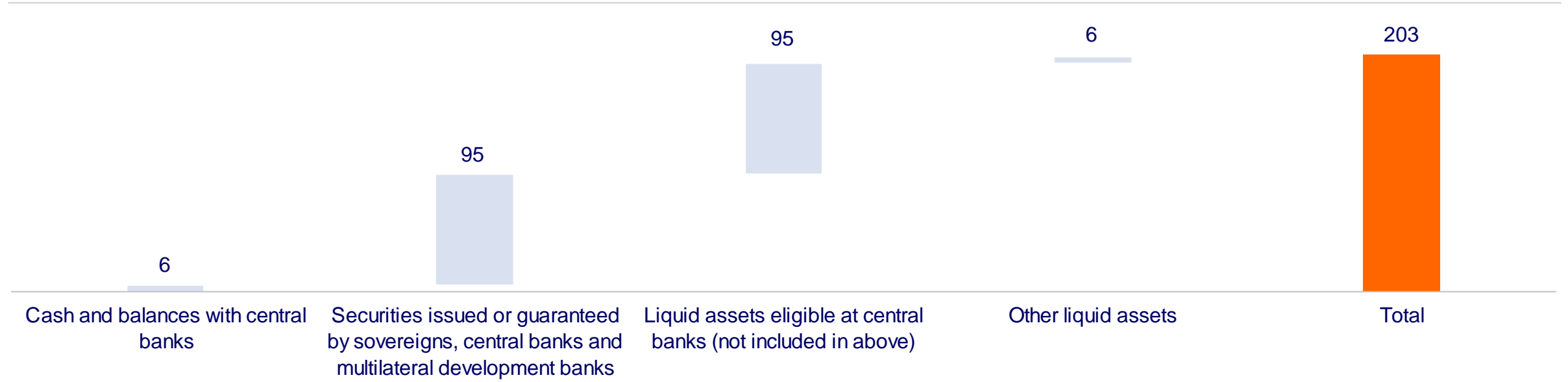
Total liabilities (30 June 2014)



* Leverage ratio defined as Tier 1 capital divided by IFRS-EU balance sheet total including off-balance sheet items; AT1 capital to be replaced in coming years in line with grandfathering rules

ING Bank has a sizeable liquidity buffer

ING Bank liquidity buffer 30 June 2014 (in EUR billion)

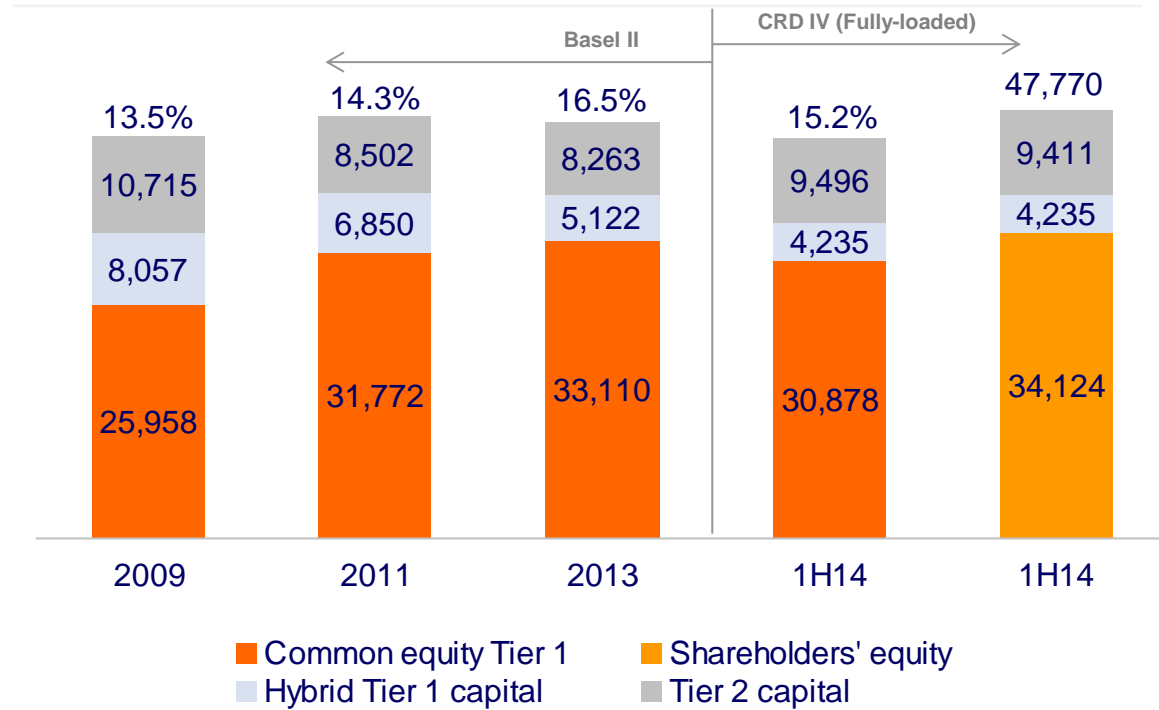


A sizeable liquidity buffer

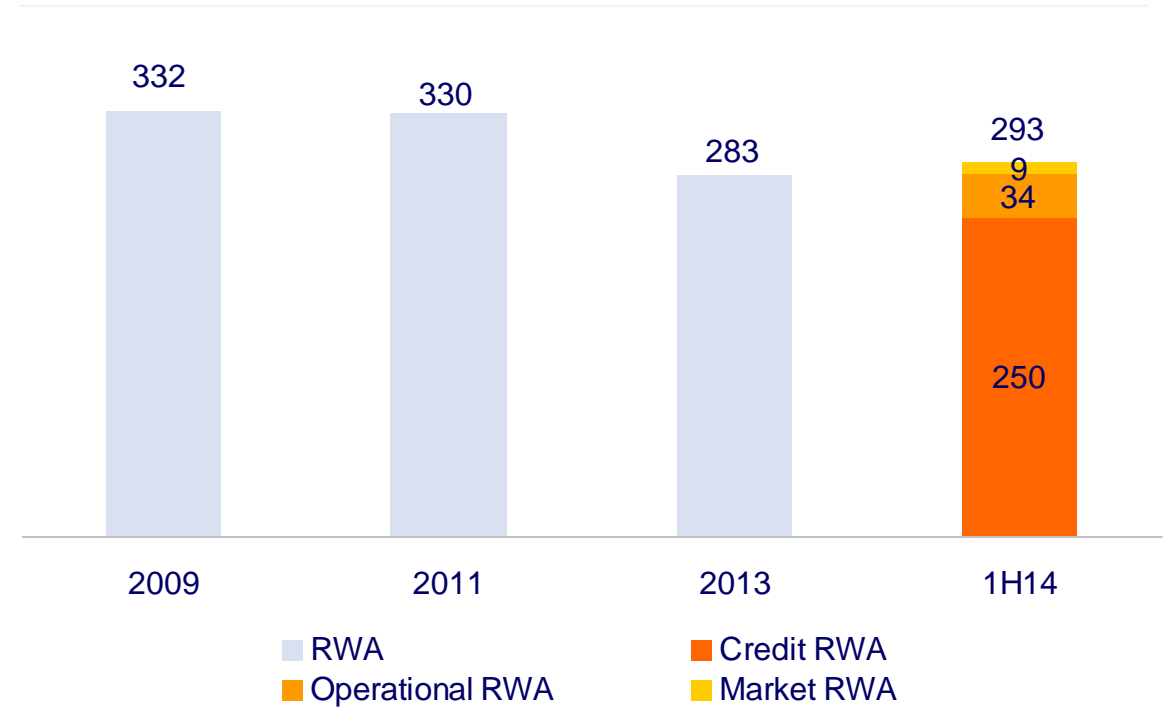
- ING has a sizeable liquidity buffer of EUR 203 billion
- This compares favourably to a balance sheet of EUR 819 billion
- LCR is > 100%, already meeting CRR/CRD IV requirements

A sizeable capital buffer

Total capital (in EUR million):



ING Bank total Risk Weighted Assets (in EUR billion)



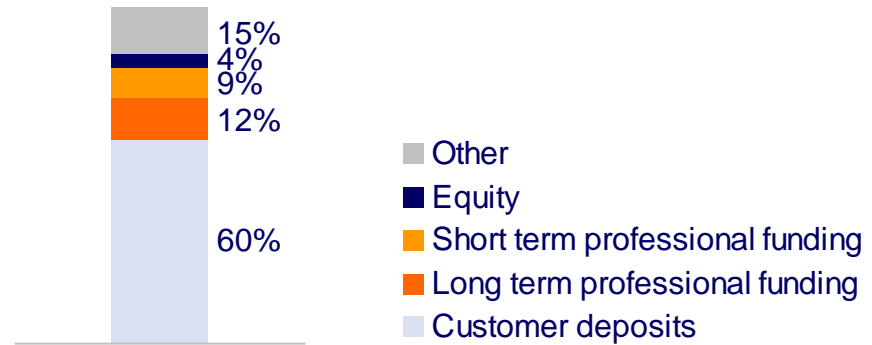
- ING Banks total capital buffer amounted to EUR 48 billion, or 5.8% of total balance sheet, at June 2014
- The increase over the years up until 2013 was primarily driven by higher common equity Tier 1, which offset a reduction in Tier 2 capital
- The reduction in 1H2014 is due to the CRD IV implementation impact and pension deal; even after this impact a comfortable capital buffer remains
- The uptick in 1H2014 RWA is due to the CRD IV implementation and lending volume growth

Deposits are the primary source of funding

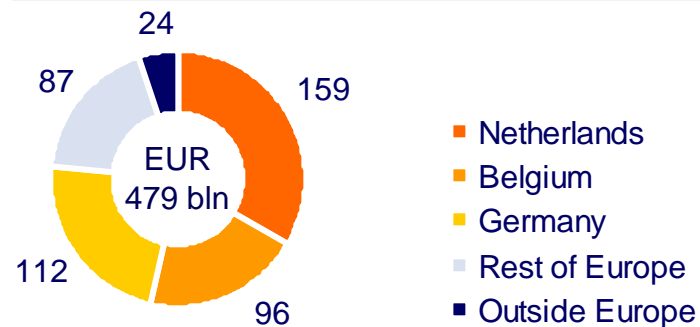
Continued growth in deposits

- 60% of the balance sheet is funded by customer deposits
- 82% of funds entrusted is retail based
- ING continued to grow its deposits base even in crisis years

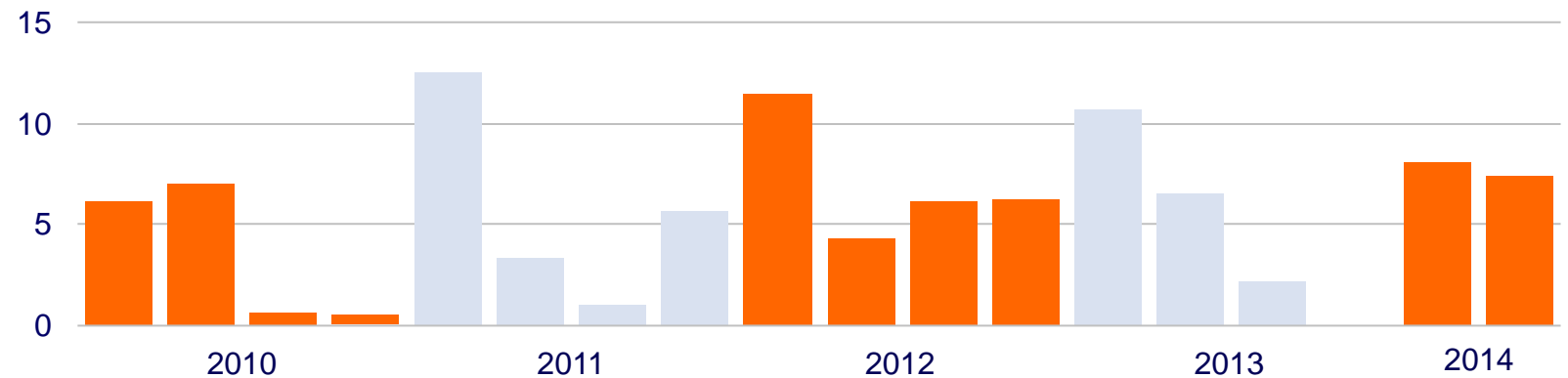
Total liabilities (30 June 2014, in %)



ING Bank total funds entrusted June 2014 (EUR bln)



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

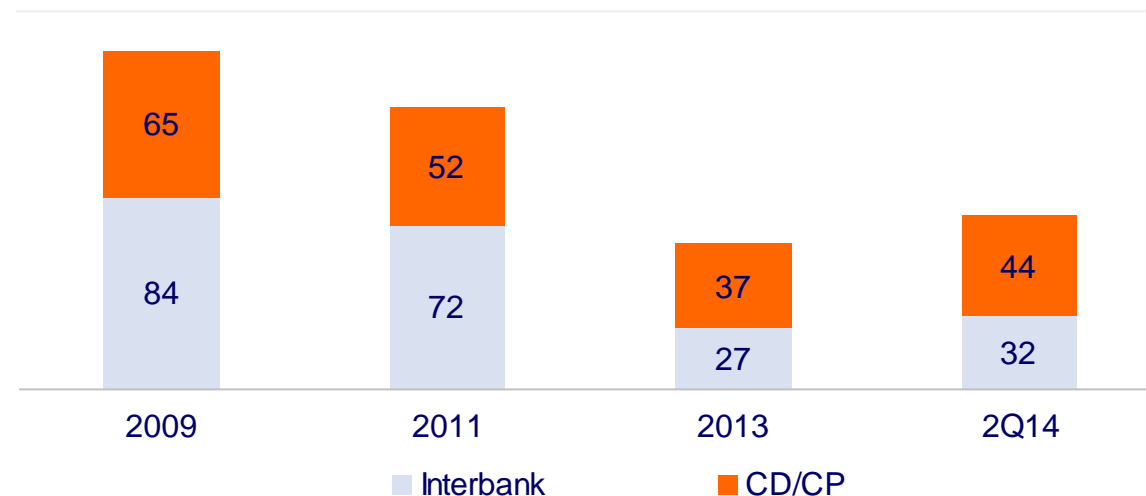


Long-term debt issuance has increased over time

Long-term funding increased (in EUR bln)



Short-term professional funding reduced (in EUR bln)



ING Bank NV ratings

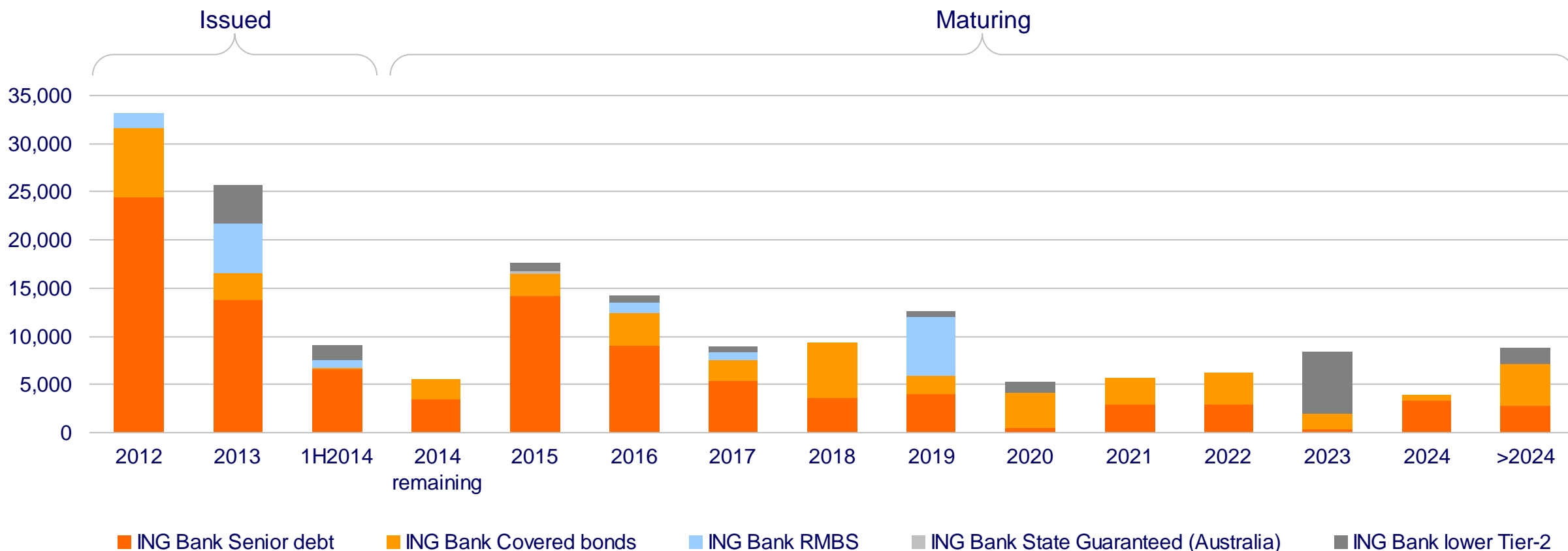
	Long term rating	Outlook	Short term rating
S&P	A	Negative	A-1
Moody's	A2	Negative	P-1
Fitch	A+	Negative	F1+

ING Bank N.V. covered bond programme

- ING Bank has a EUR 35 billion legislative AAA rated covered bond programme
- EUR 31 billion is outstanding
- Weighted average indexed LTV 82.84 % as per 2Q14

ING Bank has modest long-term funding needs

Maturity ladder outstanding long-term debt (in EUR million)



* Figures shown for issued senior bonds are included with a tenor ≥ 1 year

Appendix

Reported and pro-forma ING Group capital structure at 30 June 2014

ING Group 30 June 2014

ING Bank	34	Equity	48
NN Group	17	Minority interest NN Group	0
Voya	3	CT1 securities	1
Hybrids ^B	4	Core Debt	5
Hybrids ^I	2	Hybrids	6
	60		60

NN Group 30 June 2014

NN Group	20.6	Equity	16.9
		Equity for 3 rd party	0.0
		Hybrids (ING Group)	1.8
		Hybrids (external)	1.5
		Financial debt	0.4
	20.6		20.6

Pro-forma - ING Group 30 June 2014

ING Bank	34	Equity	44
NN Group	17	Minority interest NN Group	5
Voya	3	CT1 securities	1
Hybrids ^B	4	Core Debt	2
Hybrids ^I	2	Hybrids	6
		Provision loss exchangeable*	1
	60		60

Pro-forma - NN Group 30 June 2014

NN Group	20.6	Equity	11.5
		Equity for 3 rd party	5.4
		Hybrids (ING Group)	1.8
		Hybrids (external)	1.5
		Financial debt	0.4
	20.6		20.6

- Pro-forma capital structure reflects NN Group IPO including exchange of first tranche of subordinated notes into NN Group shares and the exercise of the green shoe
- The EUR 1 bln hybrid debt issued in July 2014 by NN Group is not reflected in the pro-forma numbers

* The IPO had a negative impact on shareholders' equity of ING Group of EUR 4,264 mln, of which EUR 1,012 mln for the 2nd and 3rd tranche of the mandatorily exchangeable notes in 2015/16. The difference between the market value and estimated IFRS carrying value of these notes has been deducted from pro forma Group equity through a provision.

Important legal information

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 2Q2014 ING Group Interim 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 purchase, any securities in the United States or any other jurisdiction. The securities of NN Group have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

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