



Building the Bank of the Future

Growing the Franchise without Growing the Balance Sheet

ING Investor Day

Jan Hommen
CEO ING Group

Amsterdam – 13 January 2012



Agenda

1 Update on Group Restructuring

2 ING Bank Strategy Update

3 Ambition 2015

ING is making good progress on EC restructuring

Progress 2011

- ✓ **ING Direct USA:** Sale agreed for USD 9 bln in cash and shares. Closing expected in 1Q2012
- ✓ **Insurance Latin America:** Sale completed for EUR 2.65 bln
- ✓ **Insurance US, Europe & Asia:** Legal and operational separation completed end 2011
- ✓ **State Repayment:** EUR 3 bln paid to the State in 2011. To date EUR 7 bln principal + 2 bln coupons and exit premiums have been paid with a total return for the State of 17%

Additional Portfolio Management Actions:

- ✓ ING Real Estate Investment Management sold for EUR 1 bln
- ✓ ING Car Lease sold for EUR 700 mln

Restructuring Plans 2012

- Since November 2010 ING has been preparing its Insurance/Investment Management businesses for the base case of two IPOs – one for the US business and one for the European and Asian businesses
- However, given the uncertain economic outlook and turbulent financial markets, especially in Europe, ING has decided to explore other options for its Asian Insurance and Investment Management businesses
- We will continue preparations for a standalone future of the European Insurance/Investment Management Business, including the possibility of an IPO
- ING also continues to prepare for the base case of an IPO for the US Insurance/Investment Management businesses
- We are committed to conducting these processes with the utmost diligence in the interests of all stakeholders, including our customers, employees and shareholders

Next priorities: State Repayment & Group Leverage

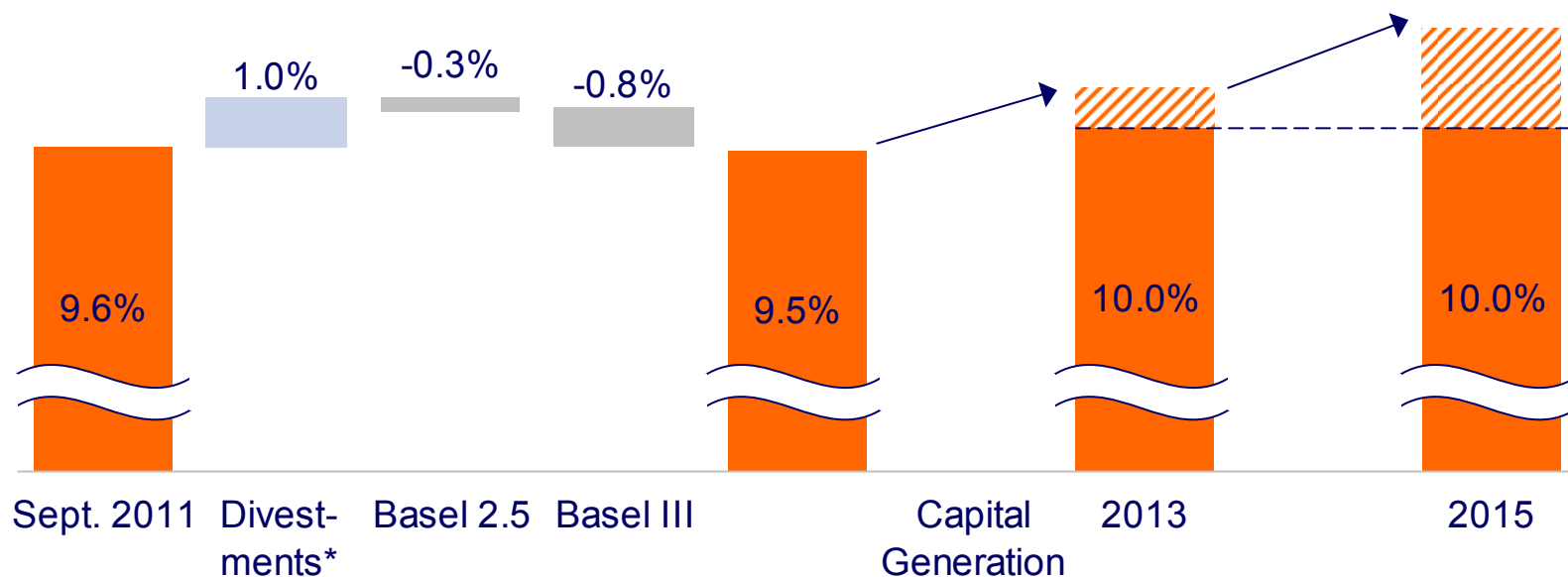
Progress 2011

- ✓ Sale of Insurance Latin America reduced leverage in Insurance holding company by EUR 2.8 bln
- ✓ Liability management transaction reduced hybrid securities by EUR 3 bln and resulted in EUR 745 mln gain, of which EUR 600 mln at Group level, which will reduce double leverage from 4Q and can be used towards repaying the State
- ✓ The sales of ING Car Lease and ING Real Estate Investment Management resulted in total gains of EUR 835 mln and released EUR 1,075 mln in capital from the Bank
- ✓ The pending sale of ING Direct USA is expected to release an additional USD 4 billion in capital from the Bank

State Repayment

- Capital priorities for 2012 will be to continue with the State repayment and start to reduce the leverage in the Group holding company
- ING remains committed to repaying the State as quickly as possible on terms acceptable to all stakeholders
- We aim to repay (part of) the remaining CT1 securities to the State this year, once we have received the proceeds from the liability management exercise and the sale of ING Direct USA subject to economic circumstances and availability of capital
- Ideally we would like to complete the State repayment this year, however given the ongoing crisis in the euro zone and increasing regulatory capital requirements, we need to take a cautious approach and maintain strong capital ratios in the Bank as we build towards Basel III

Core tier 1 target of $\geq 10\%$ to be reached in 2013



Strong focus on core tier 1

- Strong 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

* Divestments include REIM and ING Direct USA

The current environment is uncertain...

Political

- Ongoing crisis in the Eurozone
- Longer term solutions require strong European leadership
- Elections pending in major global economies in 2012

Regulatory

- Ultimate capital targets under Basel III, including SIFI buffers, not yet known
- Ultimate rules on liquidity and funding not yet clear
- Additional measures under discussion

Economic

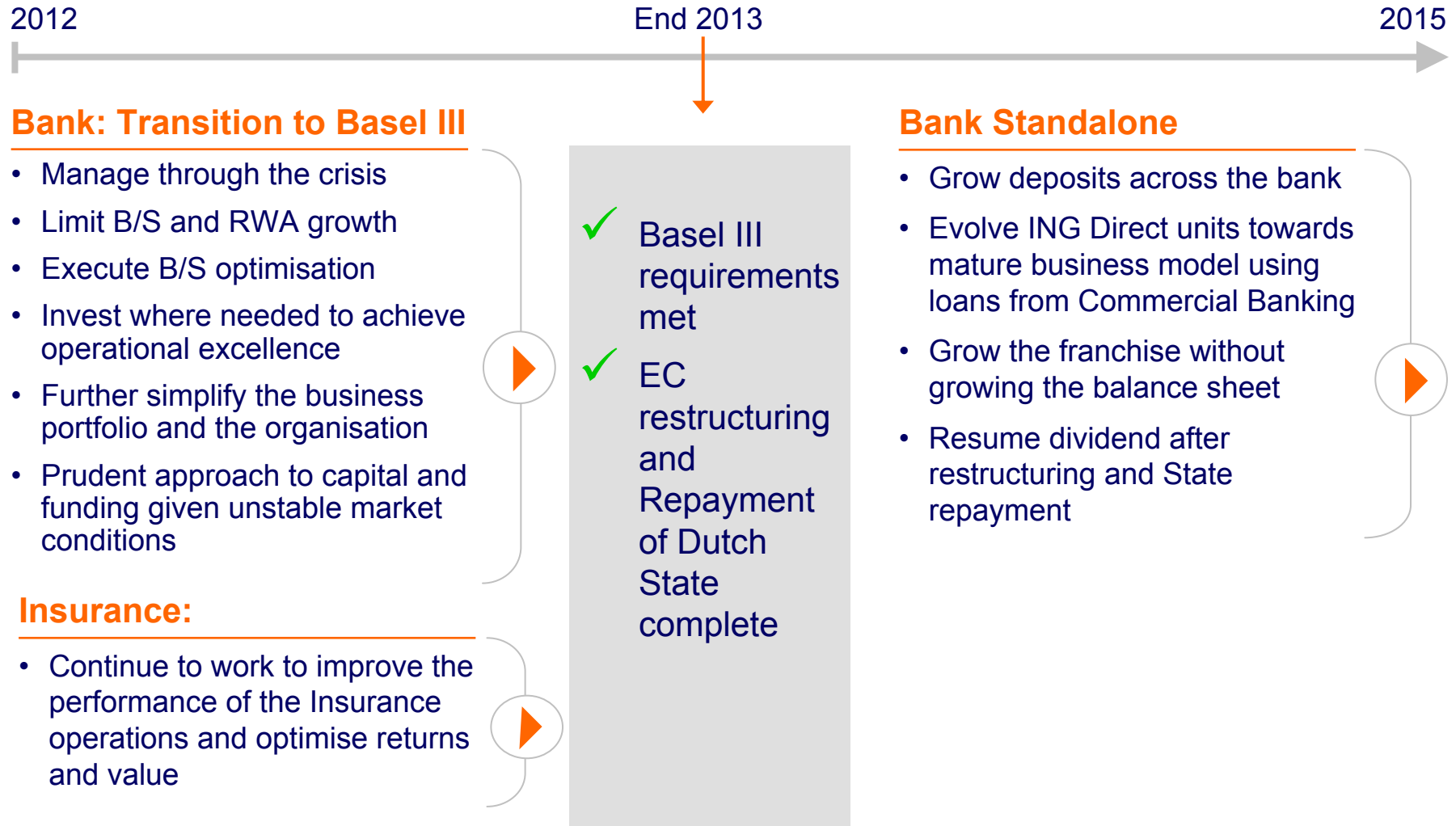
- Sovereign debt crisis ongoing
- Volatility in financial markets
- Very uncertain short-term economic outlook in EU, US and Asia

Requires a cautious approach for 2012

Focus on:

- Funding
- Capital
- Liquidity

Strategy for the coming years is based on two phases



ING Bank Strategy Update

European banks are facing far-reaching changes

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

Societal Drivers



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

Put pressure on margins

Economic Drivers



- Weaker economic environment
- Reticence among companies to invest
- Deleveraging across banking industry

Limit demand

Which banks will succeed in this environment?

Regulatory Changes



Banks with ability to generate capital and meet Basel III requirements quickly

Banks with ability to attract funding, both through deposits and professional markets

Societal Drivers



Banks that offer fair value for money, transparent and simple products, easy access, excellent service and appealing brand

Banks with operational excellence, low-cost producers

Economic Drivers

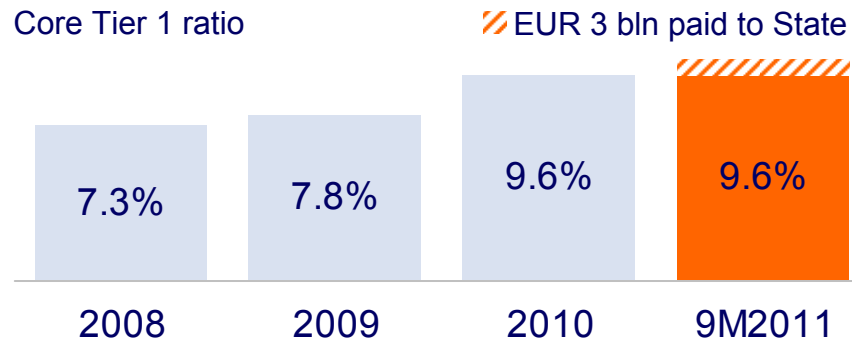


Banks with strong funding will be able to lend at better margins while others deleverage

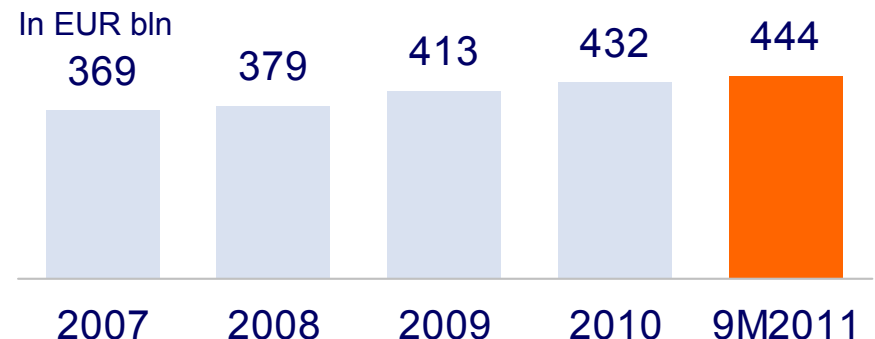
Banks with strong market positions will be able to re-price

ING has key strengths to support our success...

Strong capital generation

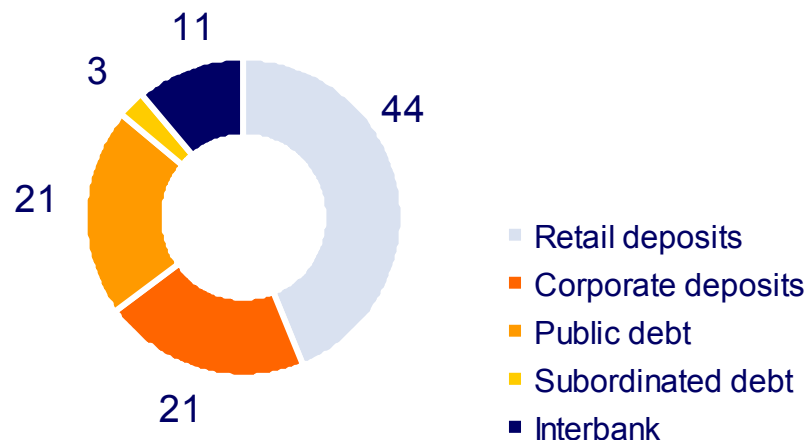


Strong retail deposit gathering ability

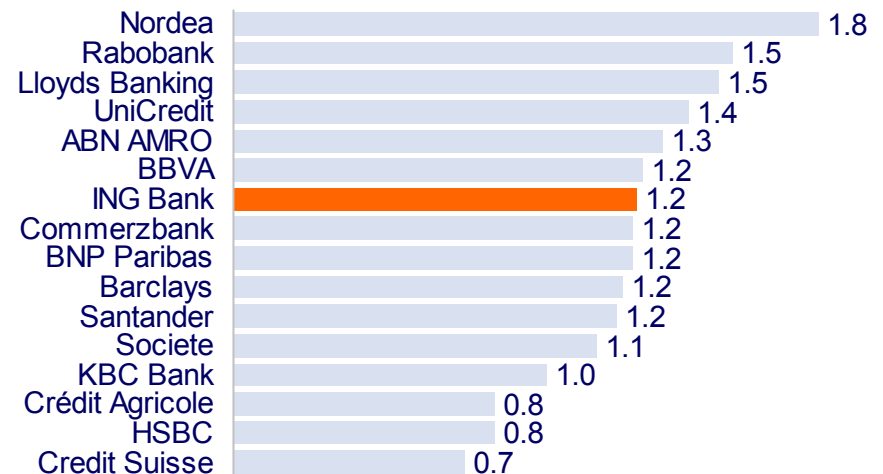


Conservative funding mix

Per 30 September 2011 (%)



Attractive Loan-to-Deposit Ratio (1H2011)



• Excludes ING Direct USA. Sources: Public company data



We have strong positions in attractive northern European home markets

Leading **Commercial Bank** in the Benelux and **CEE**

Top 10 global player in Structured Finance

EUR 204 bln in client balances
of which EUR 93 bln outside the home markets

No. 2 Bank in the
Netherlands

EUR 383 bln in client
balances

No. 4 Bank in
Belgium

EUR 179 bln in client
balances

No. 3 Retail Bank in
Germany

EUR 154 bln in client
balances

No. 4 Bank in **Poland**

EUR 22 bln in client balances

...Plus **ING Direct** and growth
options in **CEE** and **Asia**

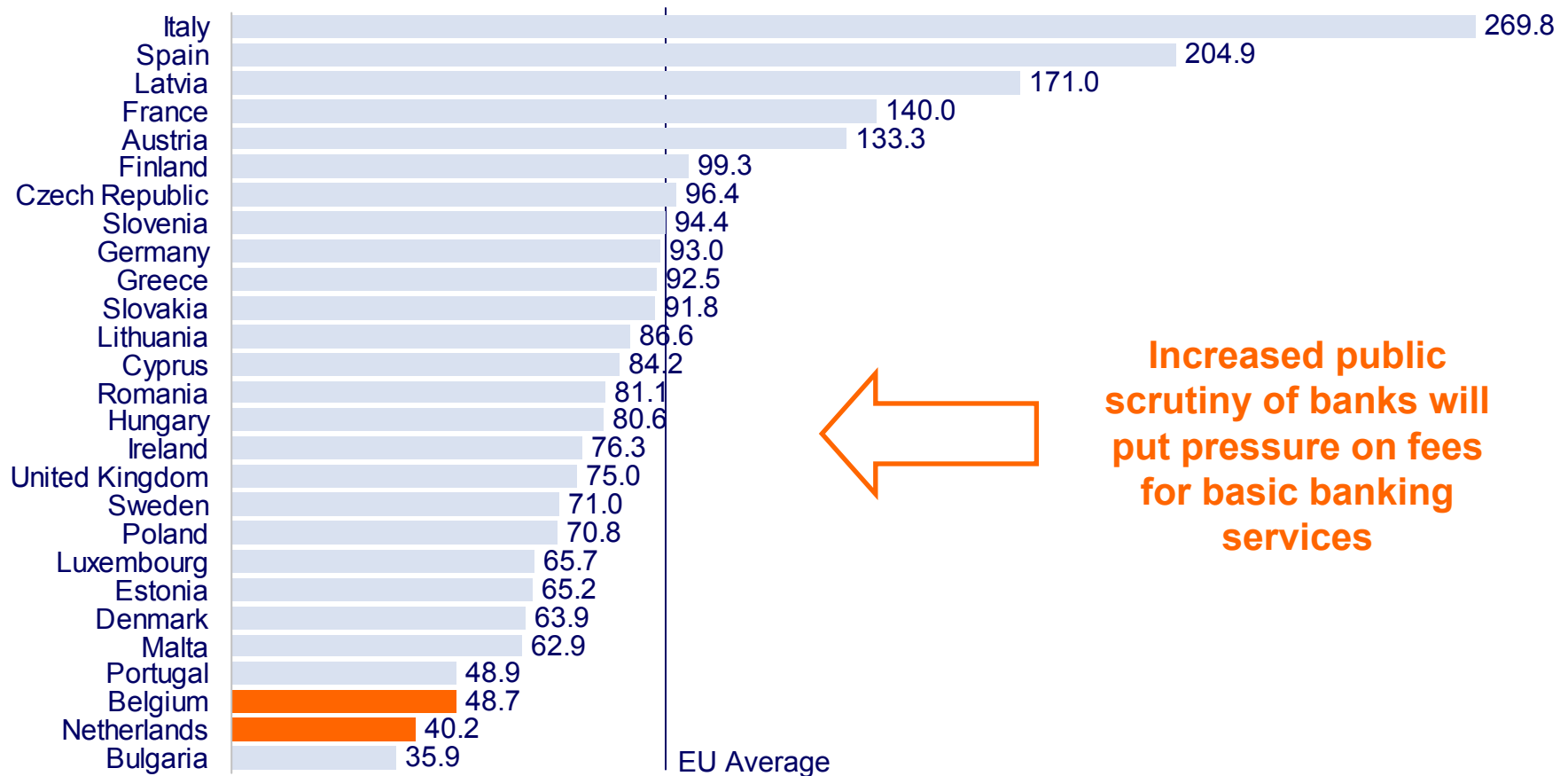
EUR 198 bln in client balances

Total Client Balances ING Bank
EUR 1,030 bln



We are used to operating in lean, competitive markets

Average price of current account provided to consumers per country (EUR)*



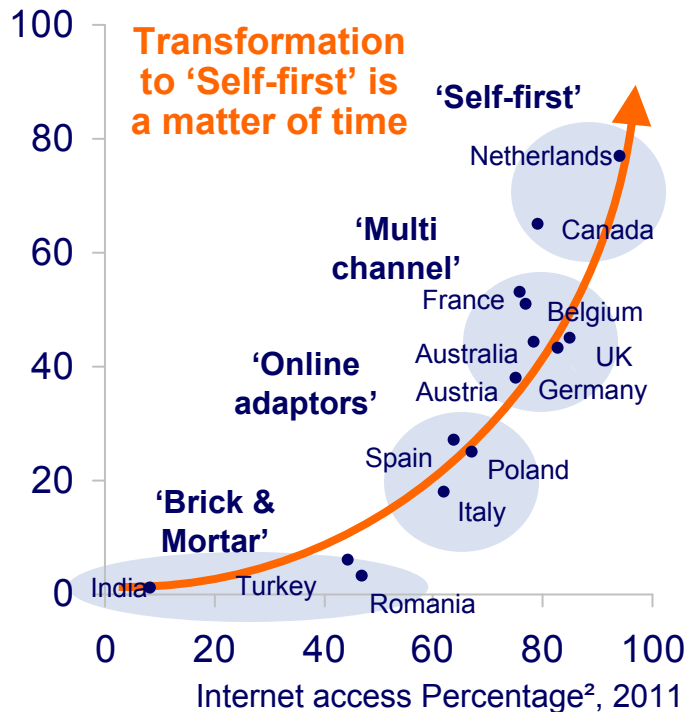
**Increased public
scrutiny of banks will
put pressure on fees
for basic banking
services**

* Source: European Commission Directorate-General for Health and Consumers, "Data collection for prices of current accounts provided to consumers" published 2009. The objective of this survey was to produce statistically reliable data on the prices and tariffs for using the services linked to a current bank account in the EU Member States.

Which has made us leaders in innovative distribution...

NL is a leader in online banking

Online banking usage Percentage¹, 2010



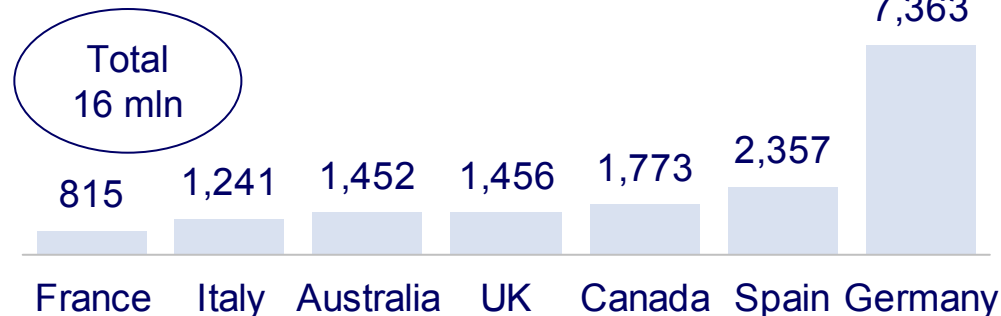
¹ Percentage of adults using internet

² 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 trustworthy research sources).

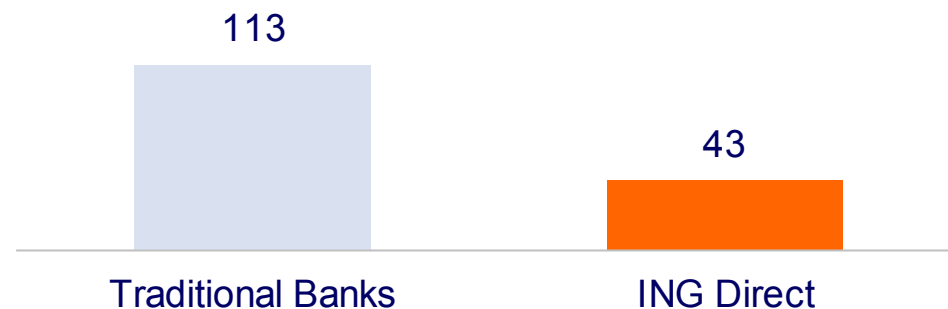
Which ING has exported successfully

ING Direct customers 30 Sept. 2011 (x 1,000)



Giving us a structural cost advantage

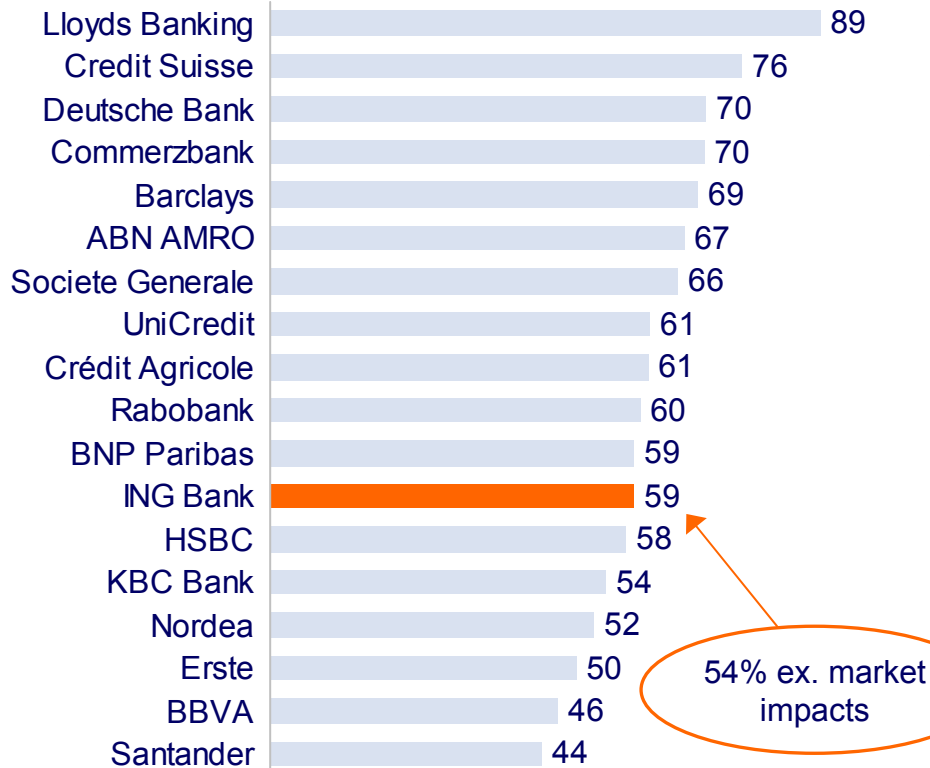
Operating expenses/Retail Balances 2010 (bps)



...and a cost leader among European Banks

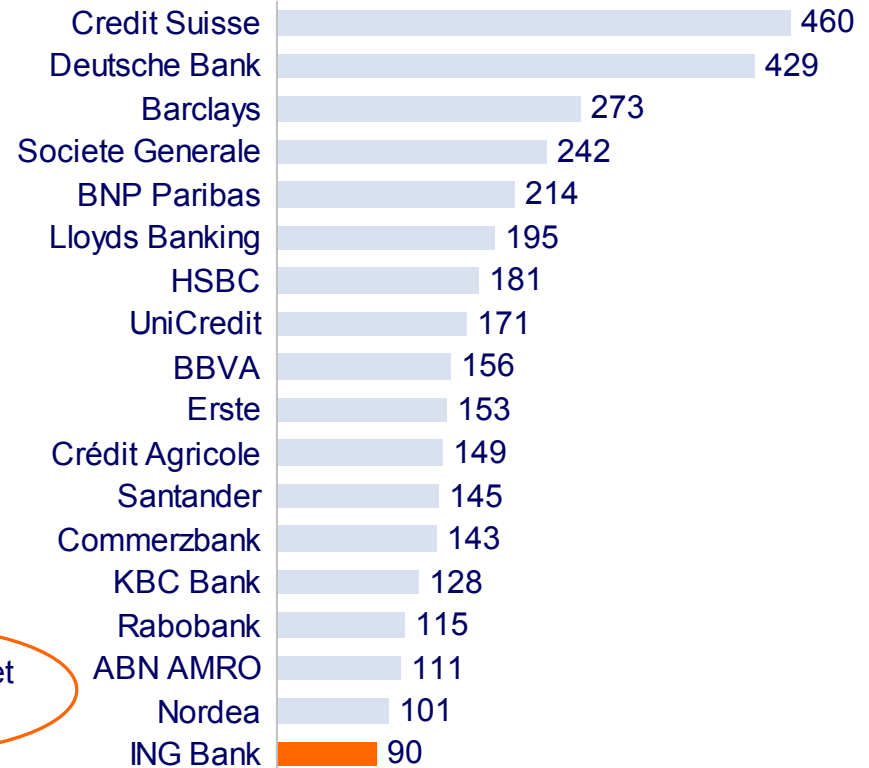
Cost / Income

% as per 30 June 2011



Cost / Client Balances

bps as per 30 June 2011



Notes:

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

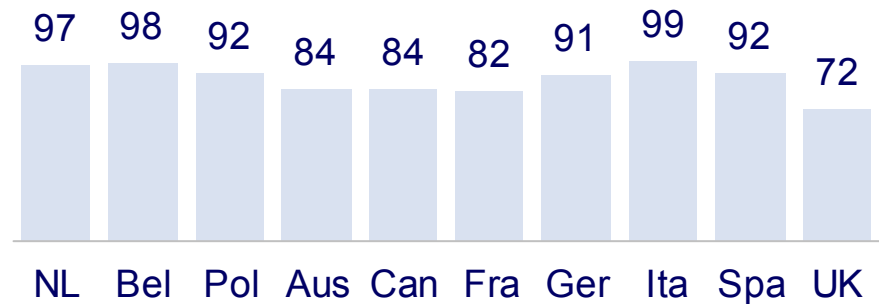
...while championing fair, transparent pricing for our customers

Customer proposition

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

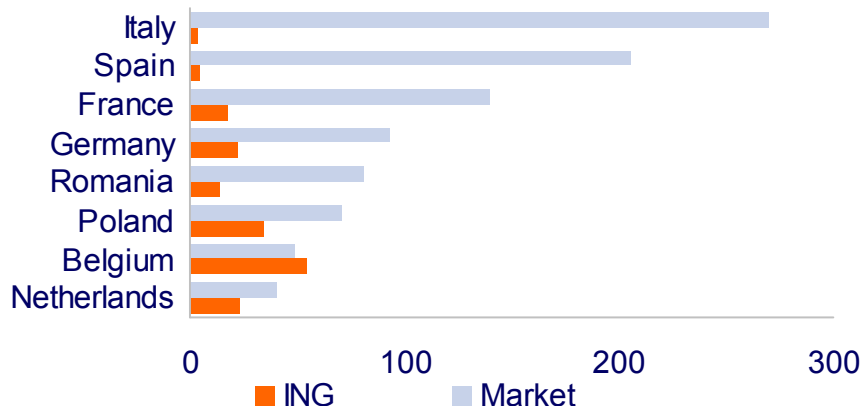
Strong brand position

Total aided Brand Awareness (2010)



The lowest fees in most markets

Costs for current account



And a loyal customer base

Net Promoter Score



...and with a strongly performing Commercial Banking franchise

Underlying income* (EUR mln)



/// Impairments on Greek government bonds

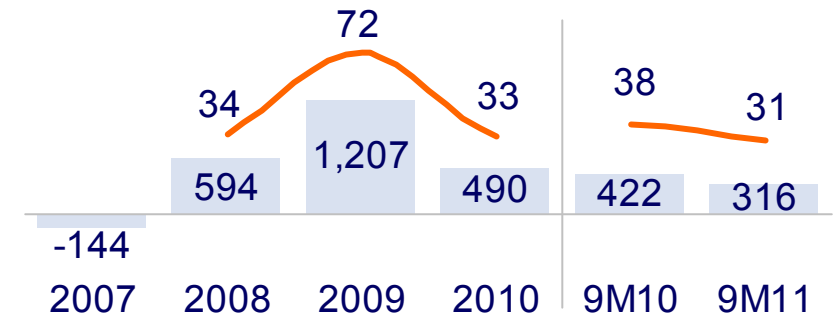
Underlying result before tax* (EUR mln)



/// Impairments on Greek government bonds

* Adjusted for sale of Car Lease and REIM

Risk costs*



■ Risk costs (EUR mln) — Risk costs (bps**)

- Commercial Banking has performed strongly throughout the crisis and continues to perform well
- Risk costs remained under control
- The result in 2008/2009 was negatively impacted by FV changes and impairments on Real Estate investments and development projects but Real Estate exposure has since been reduced sharply

But we can do more to improve further....

The rules of the game have changed.
Today's environment calls for a different kind of bank:

**In terms of what we
offer our customers**



Restore trust through transparency and fair pricing, convenience, excellent service and solutions

**Customer
Centricity**

**In terms of how we
operate as a company**



Streamlining processes and improving efficiency is an imperative competitive edge as regulatory costs rise

**Operational
Excellence**

**And in how we manage
our balance sheet**

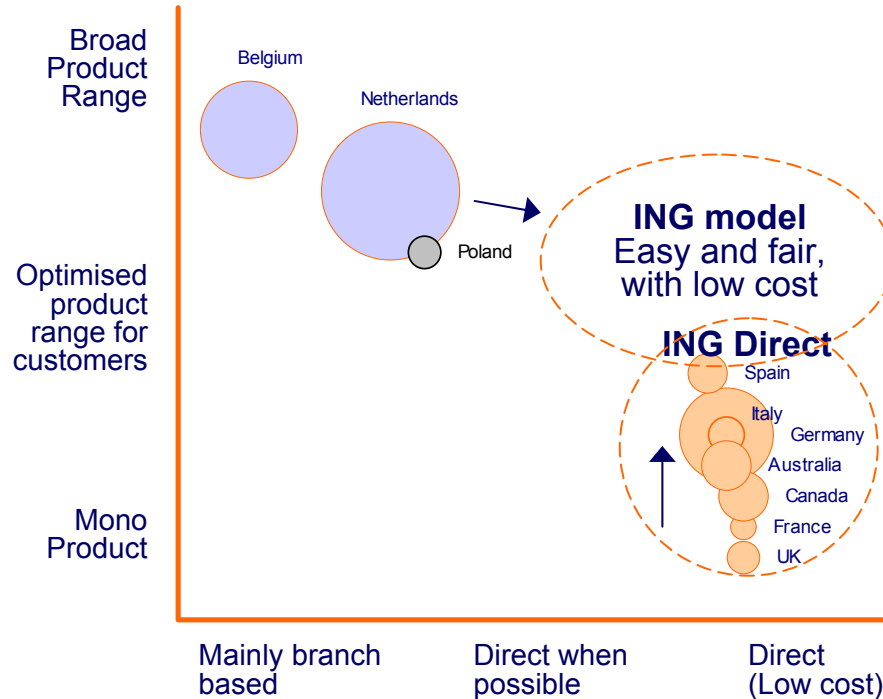


Optimise the balance sheet to maximise returns and offset higher capital requirements

**Balance Sheet
Optimisation**

We are converging to one model: Easy and fair, with low cost

Converging models



Bubble size = ING Client Retail Balances 3Q 2011

For Customers: Easy and fair

- Customer centric culture, with care for customers
- Limited number of transparent products, serving all customer needs
- Consistent fair pricing
- Customer centric process management, with break-through simplicity
- Direct when possible, advice when needed

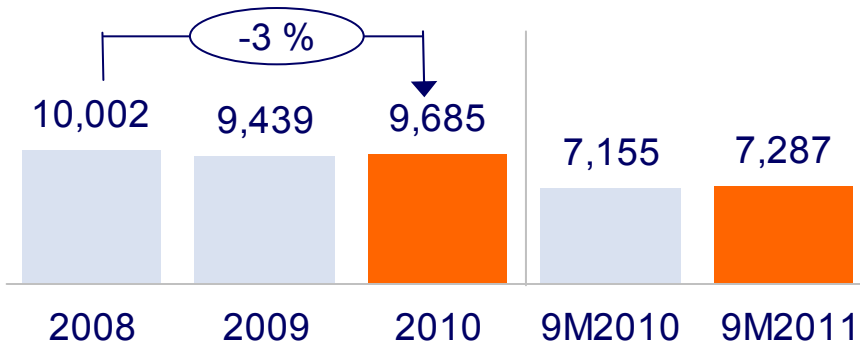
Underlying economics: Strong low cost model, stable business

- Superior brand, number one customer choice
- Attractive client segment - prone to be direct, low credit risk
- Simplified product range
- Focus on direct channels
- Process excellence, low cost

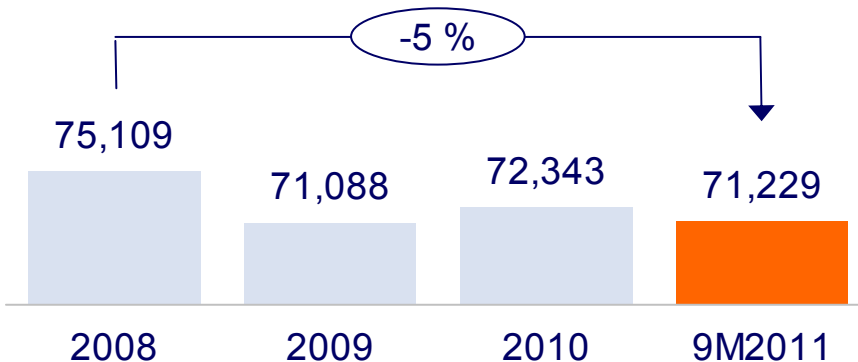
Efficiency will be a competitive imperative

We have reduced our costs...

Operating expenses (in EUR mln)



And our headcount...

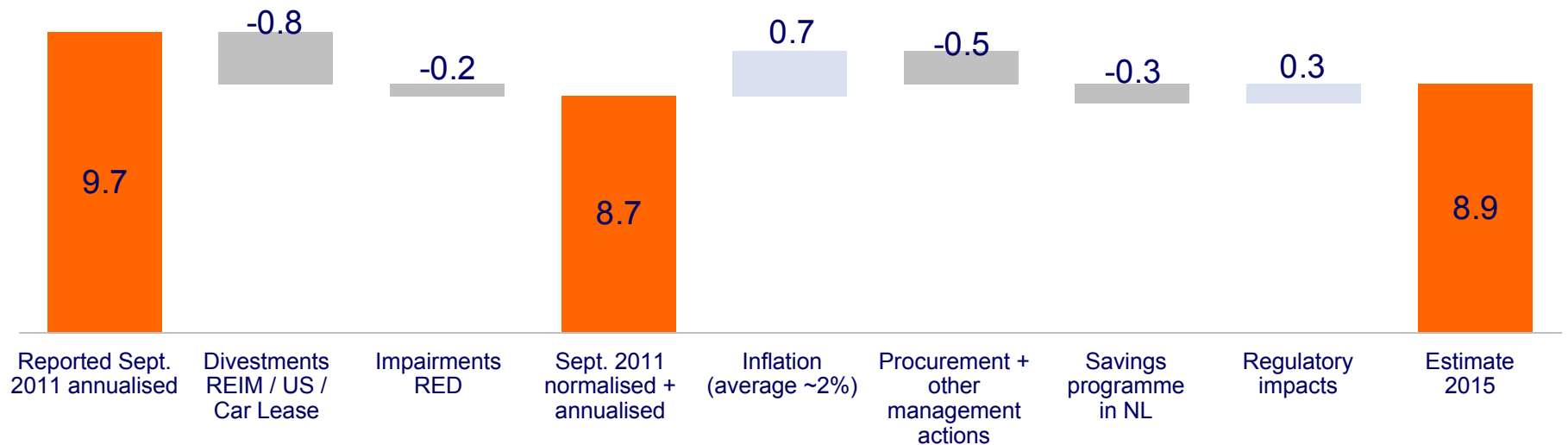


But regulatory costs and bank taxes are driving costs higher...

- Deposit Guarantee Scheme Costs and Bank Taxes added approximately EUR 250 mln to expenses in 9M2011
- Excluding those charges and market impacts, the cost/income ratio for 9M2011 would have been 53%
- A new Deposit Guarantee Scheme which has been proposed in the Netherlands would add costs of approximately EUR 230 mln on an annual basis
- Pending bank taxes in the Netherlands and Belgium are estimated to cost EUR 120 mln per year on implementation

We can offset part of these rising costs....

Underlying operating expenses (in EUR bln)



...but structural improvements 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 recently 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%

We are moving towards operational excellence

Service

- Simplified product offering
- Standardised, consistent service
- Integrated, multi-channel offering

Organisation

- Simplified, lean organisation
- Efficient end-to-end processes
- Centralised processing

Systems

- Fewer, standardised systems
- Straight-through processing
- Integrated across channels

**Convenient, safe
and trusted
offering for our
customers**

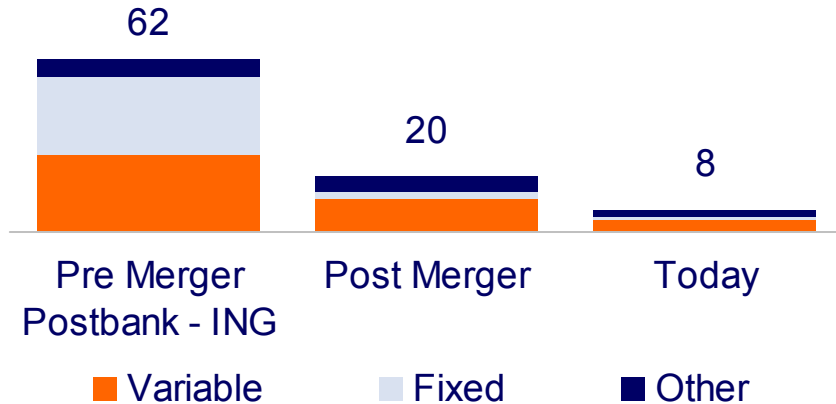
**Simpler
organisation =
more time to focus
on serving the
customer**



We are making progress towards simplifying our product offering and improving service

Major strides made with merger in NL

Ex. Simplification of savings product offering in Netherlands



- Product offering has been simplified and made more transparent
- Simplification of products made it possible to streamline the client processes and related client channels
- Single customer database across all channels
- Faster, more reliable service
- Leading to increased customer satisfaction

Belgium is investing in excellence

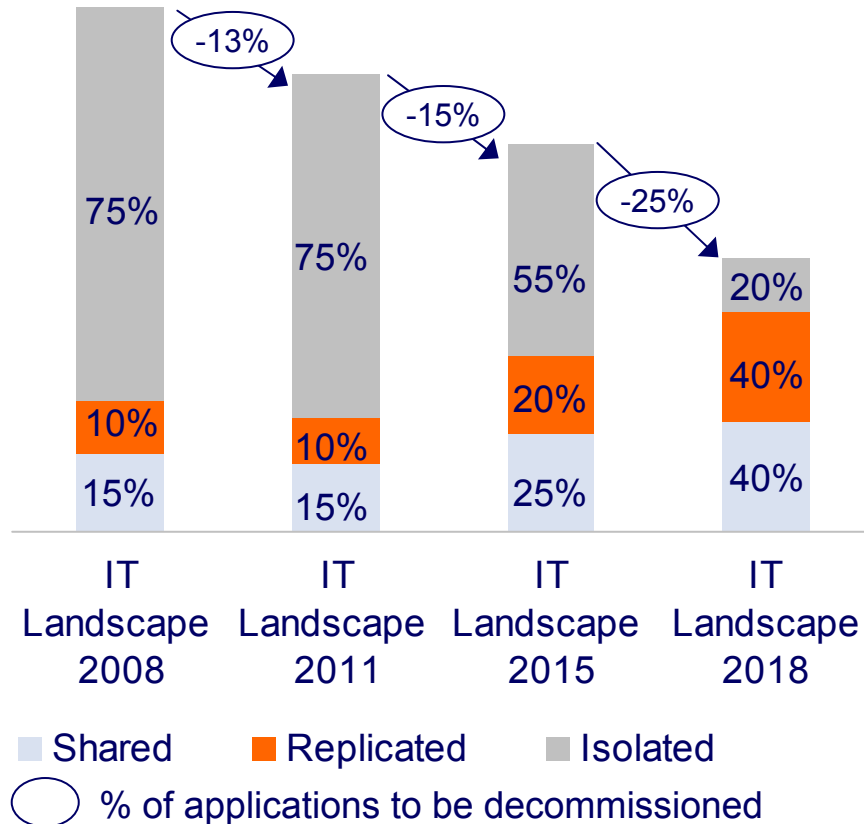
- EUR 220 mln earmarked for investment over the coming three four to improve operational excellence
- Mobile app introduced in summer 2011
- Improving online service offering for businesses
- Faster credit approval processes for retail and business lending

Retail Direct & International

- Global Process Excellence Forum created to focus on knowledge sharing in operational management, sharing and copying best practices
- Dedicated process improvement staff, including 82 Black Belts worldwide helping local staff across the international retail banking activities to optimise customer facing and internal processes

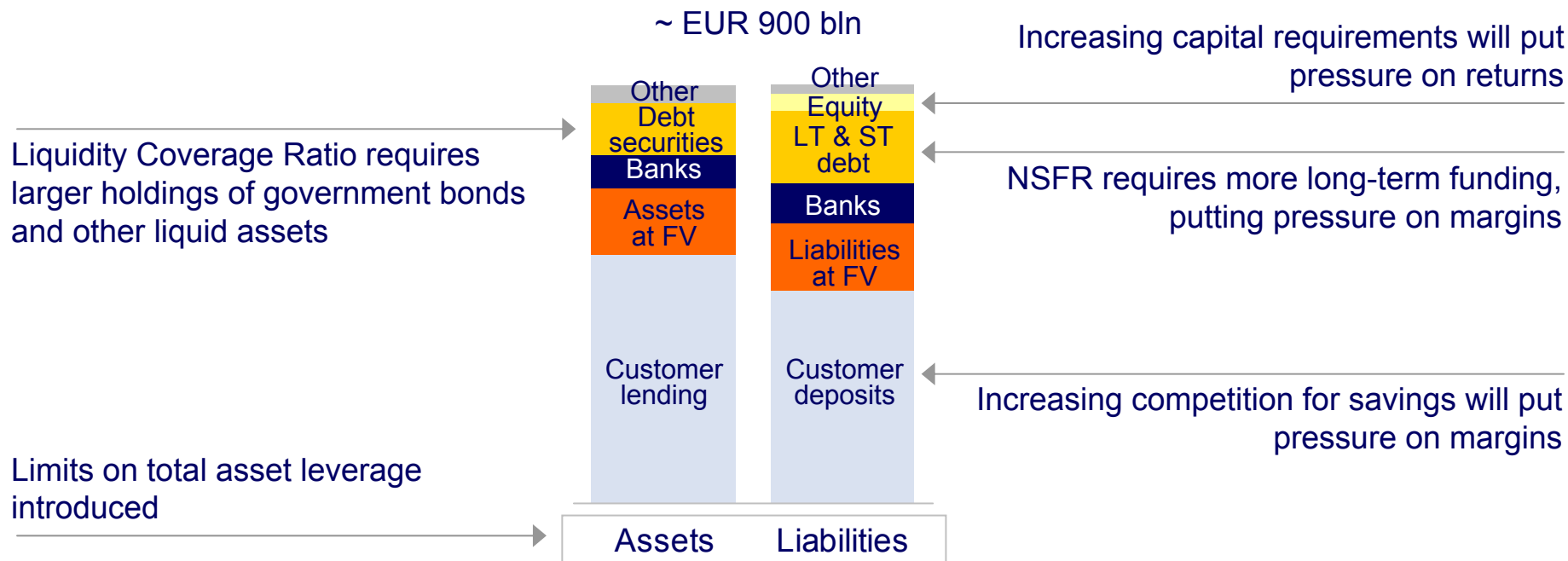
And we are rationalising our IT landscape

Evolution of IT applications towards a shared and replicated Target Operating Model



- Standard framework established to set future direction for our technology landscape
- Target Operating Model for IT systems created to standardise and rationalise our applications landscape
- 220 projects identified to achieve intermediate targets by 2015, and initiate a long-term journey towards sharing and replicating IT solutions across the bank
- Systems to be retired at end of normal 'life cycle' to avoid unnecessary replacement costs
- During 2009 and 2010, 450 applications were decommissioned. Today ING Bank has approximately 3,000 applications worldwide. Another 450 in 2015 and 750 by 2018
- Moving towards a Shared Service Model for the IT infrastructure across the bank, including consolidating more than 20 existing data centres into 2 strategic data centres serving all of Europe

We are working to manage our balance sheet more efficiently as One Bank...

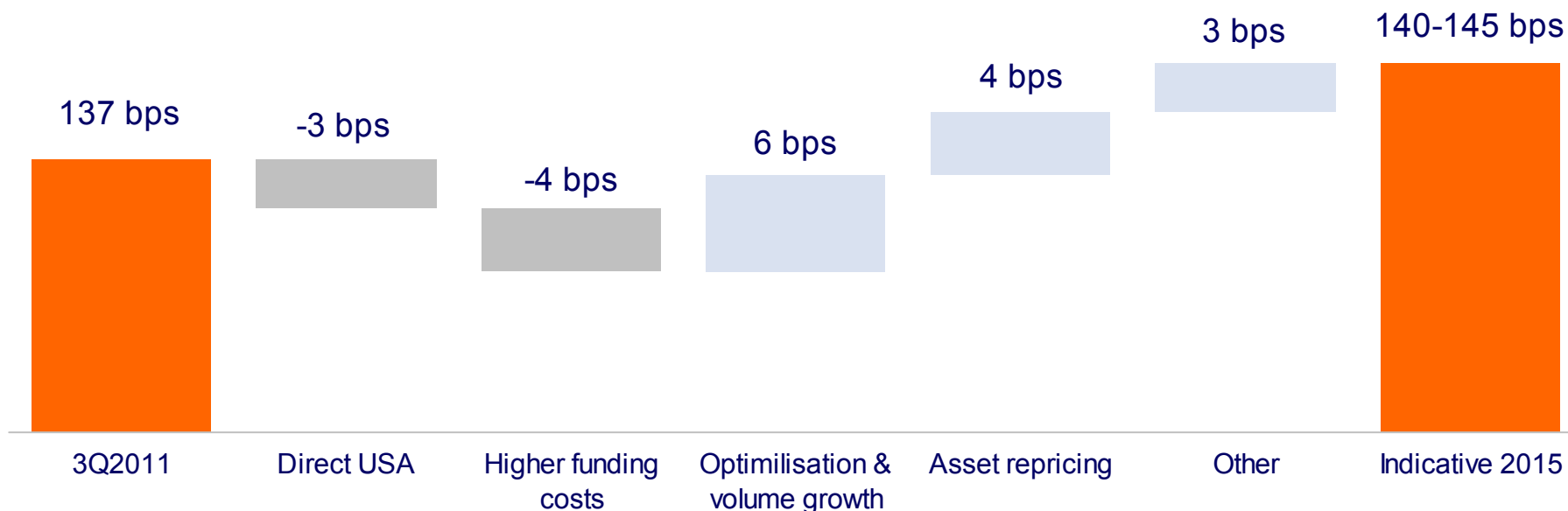


- Regulatory changes will put pressure on earnings and returns
- We can offset part of the impact of Basel III by managing our balance sheet more efficiently

* 30 September 2011, excluding announced divestments

As Basel III will put pressure on margins in the short term until assets re-price

Longer term the Net Interest Margin should increase to 140-145 bps



Balance sheet optimisation and re-pricing to support NIM improvement

- In short term, margins are expected to come under pressure as funding costs and deposit rates increase
- Over time that should be offset as low-yielding trading assets are replaced by higher-yielding customer lending, and as assets are re-priced to reflect higher capital and funding costs

We have attractive businesses that complement each other

Commercial Banking

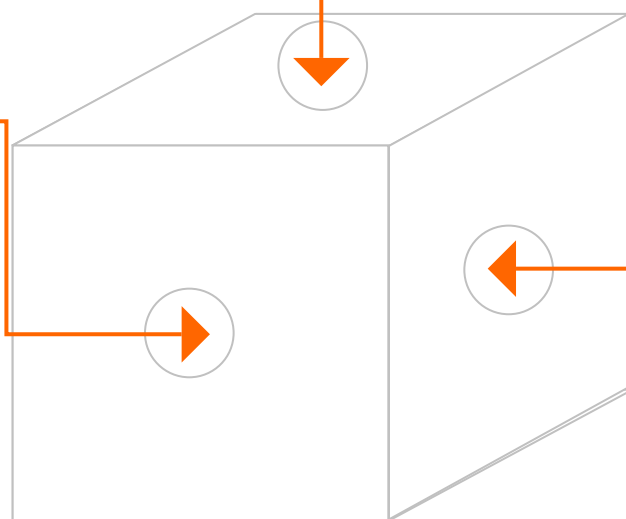
- Originators of high-quality assets with attractive margins

Benelux, Poland

- Full-service universal banks
- Strong capital generation
- Attractive RoE

ING Direct

- Strong liability generators based on low-cost model



... but we need to match own originated assets to liabilities at ING Direct to optimise returns under Basel III

We are aligning our internal organisation to facilitate balance sheet optimisation

Country CEOs

- Country CEOs to be appointed in some countries where we have both Retail Banking and Commercial Banking activities
- Coordinate local regulatory interaction
- Coordinate development of assets and liabilities across different businesses within agreed KPIs
- Optimise returns for country as a whole

One Bank Treasury

- Single Treasury to be created over the course of 2012
- Centralised management of asset & liability management, funding, liquidity
- Bank Treasurer reporting to Vice Chairman of ING Bank
- ALM results carved out of Financial Markets and reported under 'Commercial Bank Other' from 1Q2012

Internal Syndication Model

- Structured Finance to establish front-office teams in Germany and Belgium to take participations in new and existing SF transactions
- Volumes of Structured Finance loans to be guided by the availability of funding
- Asset participation guided by local credit risk appetite and diversification
- Local credit risk supported by global Structured Finance credit officers

Ambition 2015

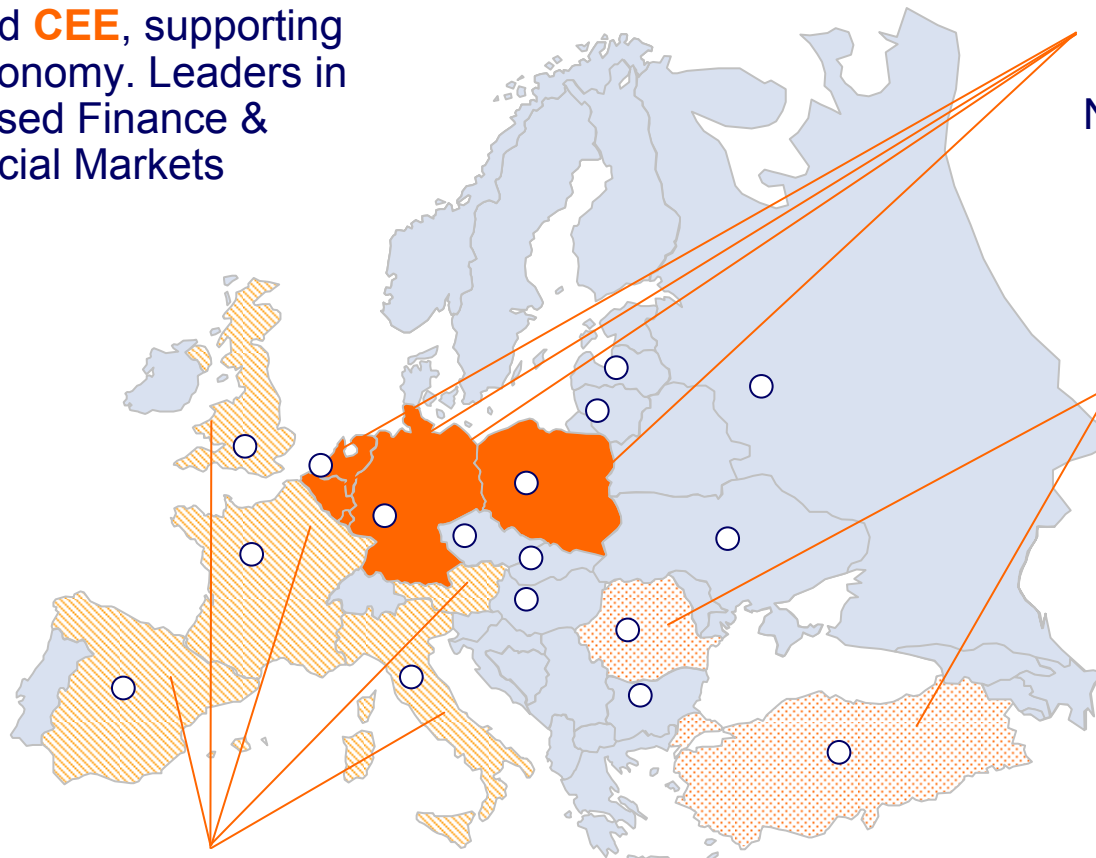
ING will be a strong European Bank with growth potential beyond Europe

Leading Commercial Bank in **Benelux** and **CEE**, supporting domestic economy. Leaders in Specialised Finance & Financial Markets

Northern Europe: Leading domestic banking positions in Netherlands, Belgium, Germany, Poland

CEE and Asia: Domestic banks provide options for future growth

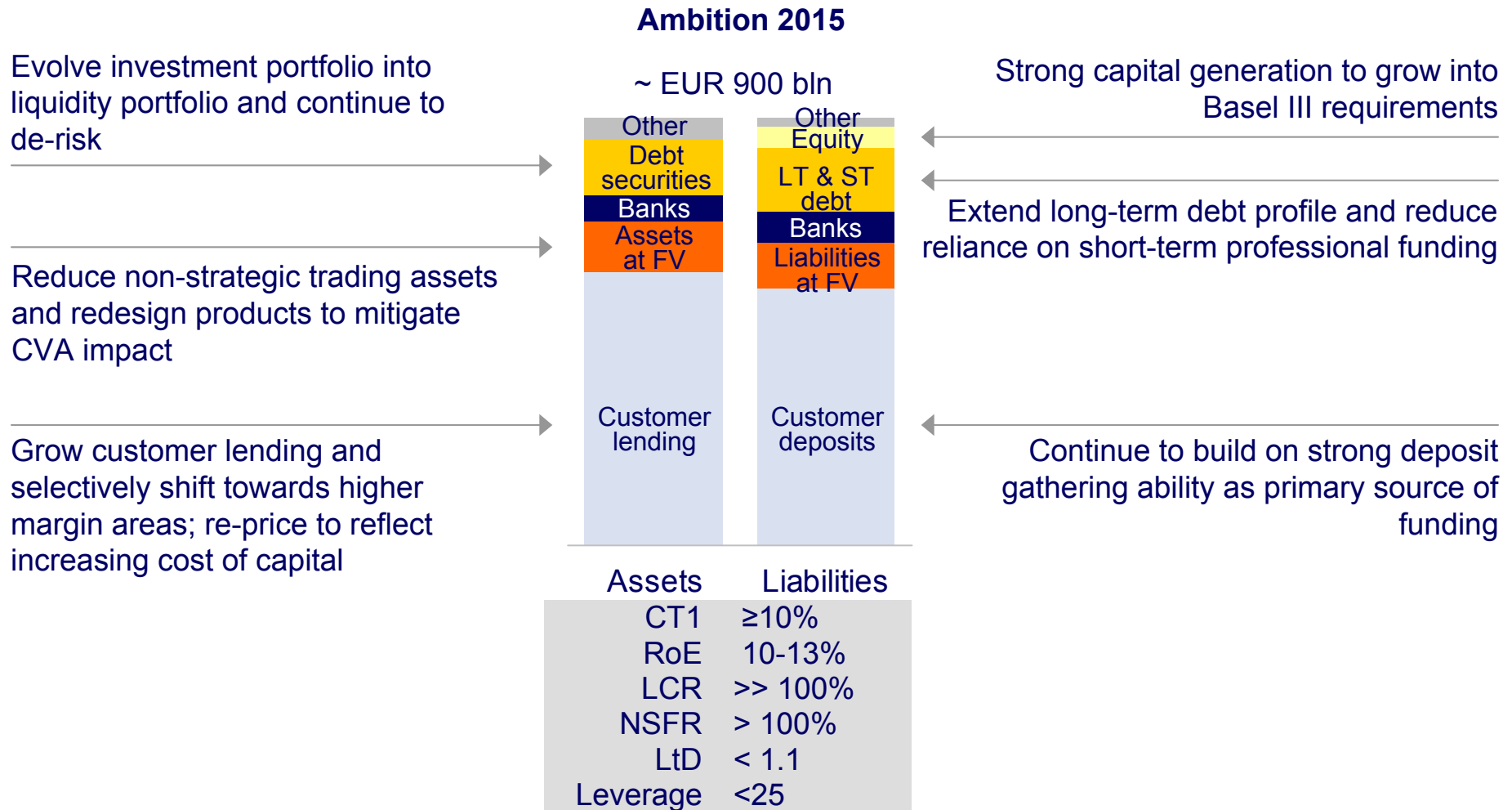
Direct franchises: Selectively evolve over time towards mature model



- Home markets
- ▨ ING Direct plus ING Direct Canada and Australia
- Domestic Banks CEE
- CB presence



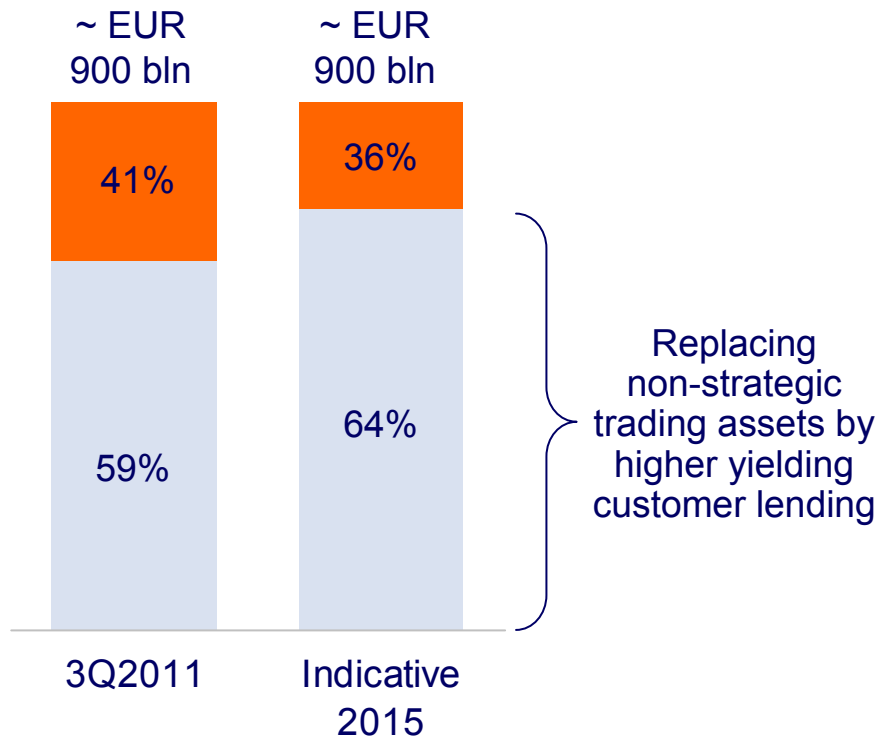
...with a low-risk balance sheet



...Allowing us to grow customer lending without growing the balance sheet

Proportion customer loans increasing

Total loan book as % of total balance sheet



Improves the quality of B/S and earnings

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

* Indicative



...producing a competitive ROE through low costs and low risk

ING produces a Return on Equity in line with peers...

ROE based on 10% core Tier 1 (%)

15

10

5

0

2008 2009 2010 1H2011

— ING

— Median peers

Notes:

Peers are BNP Paribas, Santander, Unicredit, KBC and Nordea

Source: Annual reports, Public company data



...despite
lower income
and fees to
clients

...because
we have
best-in-class
efficiency...

...and a low
risk profile

Income/assets (bps)

300

150

0

2008 2009 2010 1H11

Cost to assets (bps)

150

100

50

2008 2009 2010 1H11

Risk costs to Customer loans (bps)

150

100

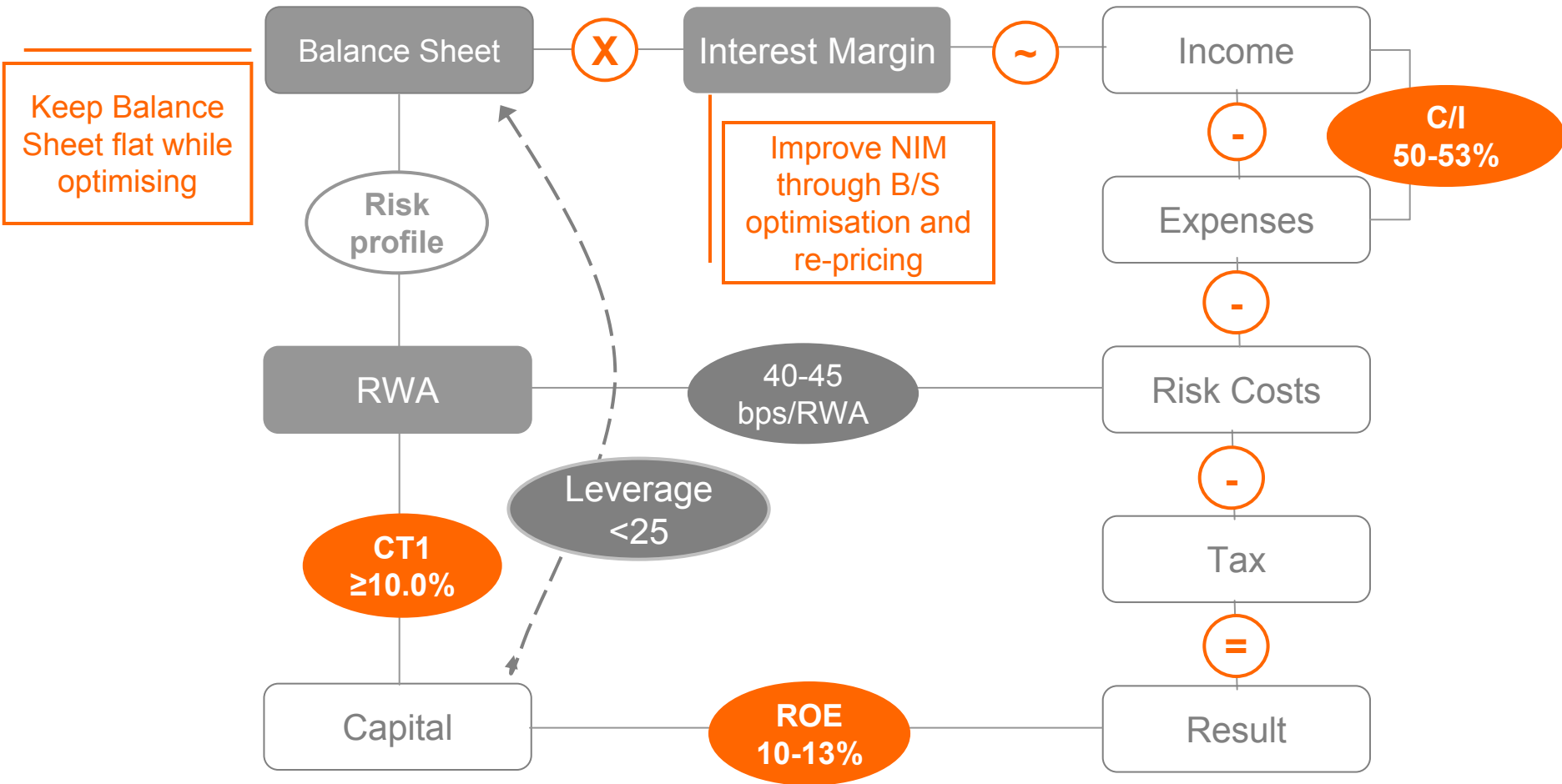
50

0

2008 2009 2010 1H11

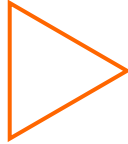


An optimised balance sheet should result in an attractive ROE of 10-13% under Basel III



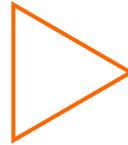
Wrap-Up

Manage through the crisis



The first priority is managing through the current crisis in the eurozone, conserving capital and preserving our strong funding and liquidity position given the ongoing uncertain environment

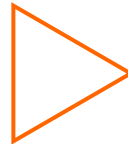
Adapting to the new environment



ING is well positioned for Basel III, but we can do more to adapt to the changing environment:

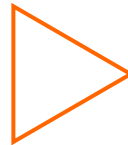
- Customer Centricity
- Operational Excellence
- Balance Sheet Optimisation

Balance Sheet Optimisation



By managing our balance sheet more efficiently we can absorb much of the impact of Basel III and grow our business without growing our balance sheet

Competitive ROE



ING Bank can generate a competitive ROE of 10-13% under Basel III on a low-risk balance sheet because we are also low cost

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 3Q2011 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) the implementation of ING's restructuring plan to separate banking and insurance operations, (4) 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, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in general competitive factors, (11) changes in laws and regulations, (12) changes in the policies of governments and/or regulatory authorities, (13) conclusions with regard to purchase accounting assumptions and methodologies, (14) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, and (15) ING's ability to achieve projected operational synergies. 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, and any other document or presentation to which it refers, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities.

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