ING Group

ING is delivering on its priorities while remaining customer focused

Macquarie Financials Conference

Patrick Flynn
Chief Financial Officer

Zurich – 22 November 2011
www.ing.com

BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES

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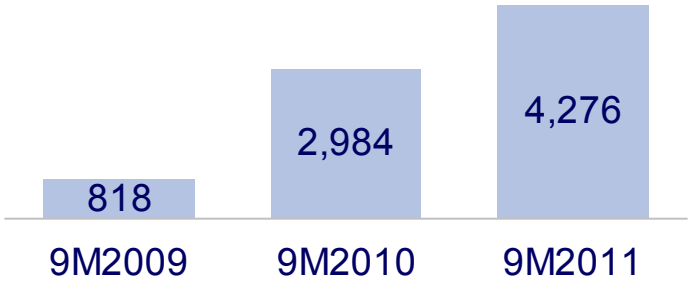
ING is delivering on its priorities while remaining customer focused

Separation and divestment process on track

- ING is executing a fundamental turn-around of its business to create strong, separate banking and insurance companies
- In our preparation for 2 Insurance IPOs, important steps have been made to realign the legal structure and governance
- Insurance businesses are making good progress on performance improvement initiatives

Underlying net profit ING Group up 43.3% versus 9M 2010



ING Bank is well positioned for the future

- ING Bank continues to show solid results despite impairments on Greek government bonds
- ING Bank has reduced the balance sheet while growing customer lending
- ING Bank has a strong funding structure and modest long-term funding needs
- Further upside from balance sheet integration and One Bank initiatives

ING Bank's Core Tier 1 ratio was 9.6% and meets EBA Capital target

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Separation and divestment process on track

ING is executing a fundamental turn-around of its business to create strong, separate banking and insurance companies

Delivering on EU restructuring

		Action
• Sell ING Direct USA	✓	Announced
• Sell Insurance Latin America*	✓	Announced
• Insurance US		Base case IPO
• Insurance EurAsia		Base case IPO
• Divesting WestlandUtrecht Bank		Operationally split; exploring further options

Separation and preparation for the base case of 2 IPOs

- Bank and Insurance/IM operationally split at the end of 2010
- Operational disentanglement of US and EurAsia Insurance/IM operations expected to be finalised at the end of this year
- Preparation for the base case of 2 IPOs is making progress

Further streamlining in 2011

		Action
• Sell ING Real Estate Investment Management (REIM)	✓	Completed
• Sell ING Car Lease	✓	Completed

Separation and preparation costs 2011 at the lower end of our expectations

- Separation and IPO preparation costs were EUR 55 mln in 3Q11 and EUR 116 mln September YTD after-tax
- It is anticipated that these costs will remain within the previously announced amount of EUR 250 million after tax

* ING's Latin American pension, life insurance and investment management operations. Sul America is not included in this transaction

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In our preparation for 2 Insurance IPOs, important steps have been made to realign the legal structure and governance

Simplified legal structure

ING Groep N.V.

Jan Hommen
Patrick Flynn
Wilfred Nagel*

ING Bank N.V.

ING Verzekeringen N.V.

IPO Entity
ING Insurance EurAsia

Jan Hommen
Patrick Flynn
Wilfred Nagel
Lard Friese
Matt Rider
Gilbert Van Hassel

IPO Entity
ING America Insurance Holdings Inc (AIH)

Jan Hommen
Patrick Flynn
Wilfred Nagel
Rod Martin
Alain Karaoglan
Rob Leary
Ewout Steenbergen

- Regulatory approvals are in progress to create a separate holding company under ING Verzekeringen N.V. for our Insurance EurAsia businesses
- Management structure aligned per 3 November 2011
- These represent 'no regrets' steps which in no way limit strategic flexibility on execution
- New legal structure maintains flexibility with respect to timing and order of the planned IPOs
- Change in legal structure will allow ING to optimise the debt structure of the two IPO entities
- Ultimately, ING Verzekeringen N.V. will become a legacy entity and will be wound down over time
- This process will be carefully managed, including managing change of control provisions in some instruments which will likely be triggered at the time of the IPOs

* Subject to 2012 AGM

ING Bank: a liability-focused European Bank

ING Direct

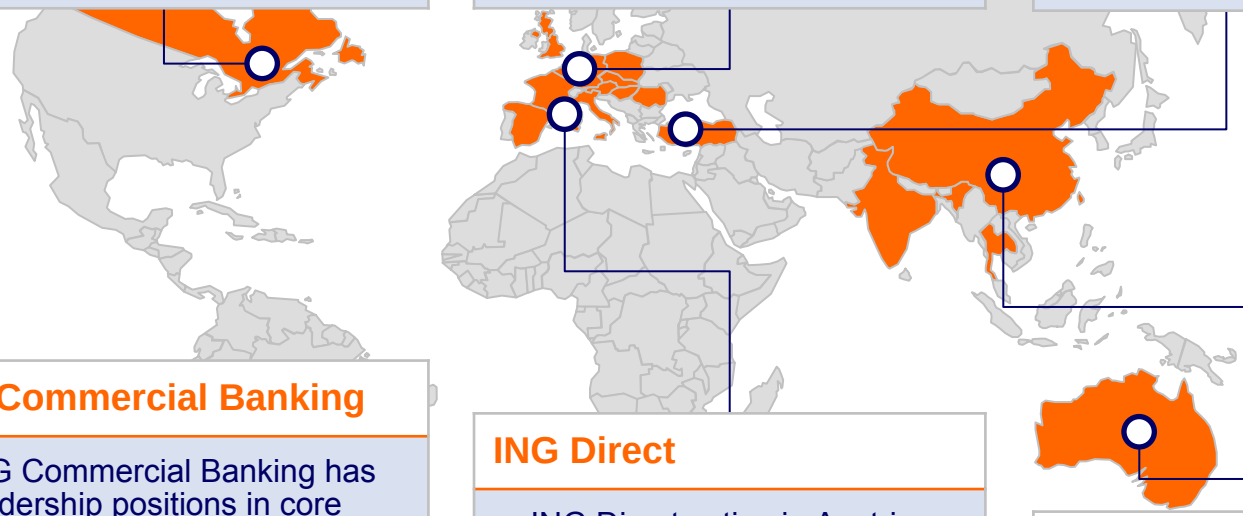
- ING Direct active in Canada
- Funds Entrusted: EUR 21 bln
- Number of clients: 1.8 mln

Retail Benelux

- ING Retail is #2 bank in Netherlands and #4 in Belgium
- Funds Entrusted: EUR 176 bln
- Number of clients: 11.6 mln

Retail International Central Europe

- ING Bank has strong positions in Central / Eastern Europe and Turkey
- Funds Entrusted: EUR 19 bln
- Number of clients: 5.9 mln



Retail International Asia

- ING Retail active in China, India and Thailand
- Funds Entrusted: EUR 4 bln
- Number of clients: 4.6 mln

ING Commercial Banking

- ING Commercial Banking has leadership positions in core markets such as the Benelux & CEE and an international network in 40 countries
- Strong focus on core products such as Structured Finance and Financial Markets

ING Direct

- ING Direct active in Austria, France, Germany, Spain, Italy and the UK
- Funds Entrusted: EUR 146 bln
- Number of clients: 13.2 mln

ING Direct

- ING Direct in Australia
- Funds Entrusted: EUR 18 bln
- Number of clients: 1.5 mln

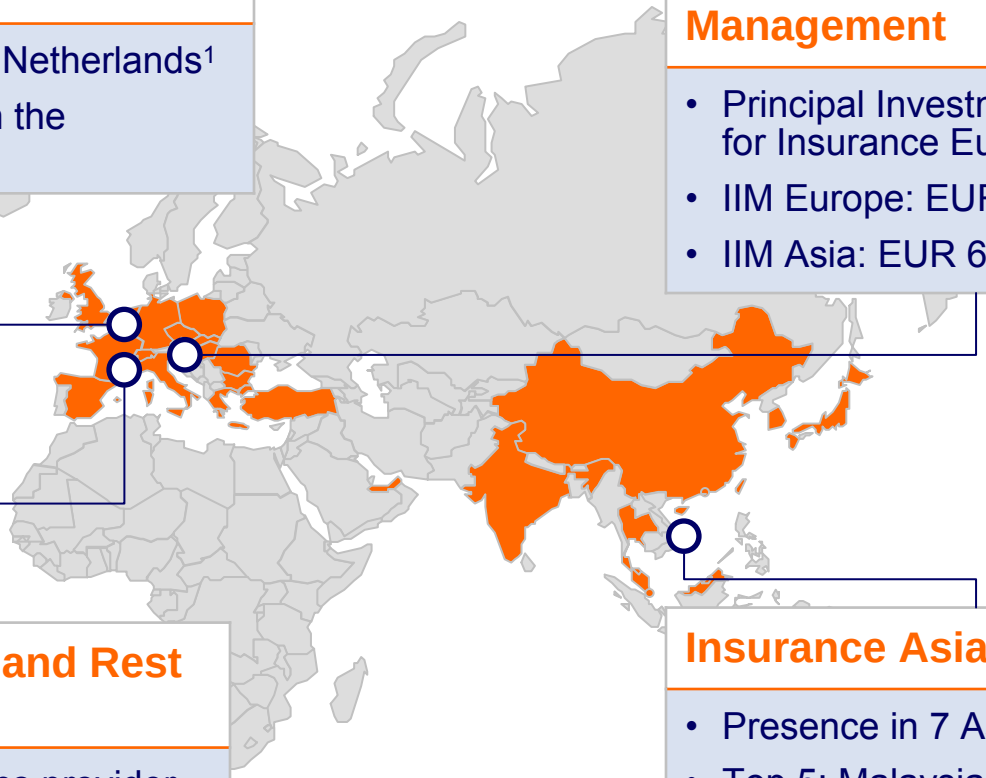
Insurance EurAsia: European-based Insurer with strong growth profile in Asia and CRE

Insurance Benelux

- #1 life insurer in the Netherlands[1]
- #4 non-life insurer in the Netherlands[1]

ING Investment Management

- Principal Investment Manager for Insurance EurAsia
- IIM Europe: EUR 149.6 bln AUM
- IIM Asia: EUR 60.0 bln AUM



Insurance Central and Rest of Europe

Leading Life & Pensions provider in CRE. Presence in 9 countries.

Insurance Asia

- Presence in 7 Asian countries
- Top 5: Malaysia and South Korea

1 Ranking based on Gross Written Premium of 2009. Competitor information based on company's websites

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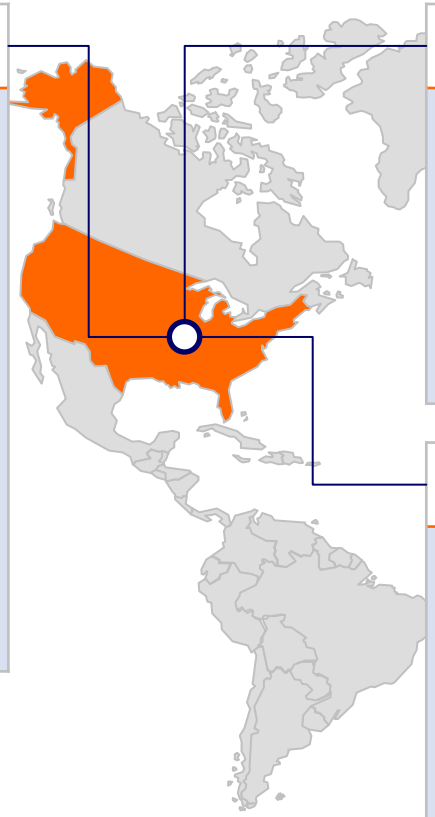
Insurance US: focused US insurer with leading position in retirement service

Insurance US

US Insurance

- Top 10 Life Insurance Writer in the US[4]
  - +80k points of distribution through 3 channels
  - +1.2 mln inforce policies
- Second largest writer of Term policies in the US[4]



ING IM

- Overall, ING ranks in the top 20 managers of institutional tax-exempt assets[1]
- EUR 120.6 bln AUM[2]
- More than 70% of ING IM's retail mutual funds beat their 5-year Lipper category average[3]

US Retirement Services

- Third largest provider of Defined Contribution in the US based on AUM and administration, the second largest based on the number of plan participants
- Top 5 in Small / Mid-Corporate market[4]
- Ranked #1 in K – 12 sales[4]

1 – Pensions and Investments 31/12/10. 2 – As of 30/9/11 3 – Lipper 30/6/11. 4 – LIMRA 3Q11 survey.

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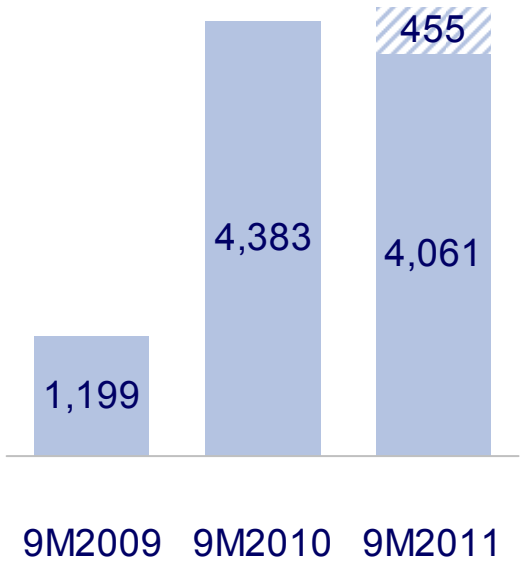
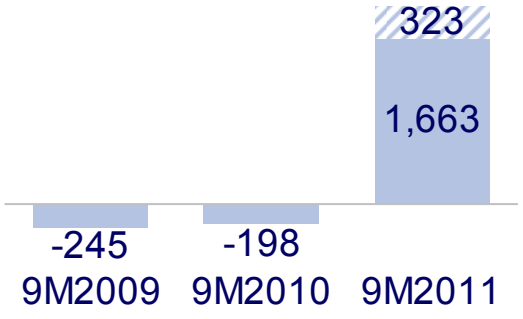
ING has reported solid results

Underlying net profit of EUR 4,276 mln in 9M11, up 43.3% versus 9M10 despite Greek impairments

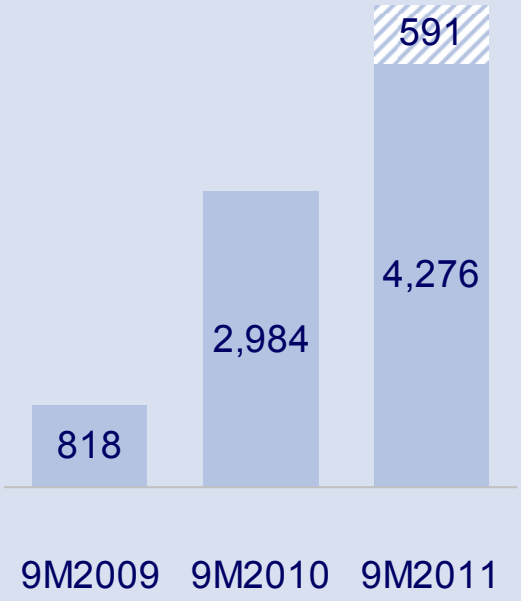
Underlying pre-tax result Bank (in EUR mln)



Underlying pre-tax result Insurance* (in EUR mln)



Underlying net result ING Group (in EUR mln)



Impairments on Greek government bonds

- Group net profit was EUR 4,580 mln in 9M2011 versus EUR 2,680 mln in 9M2010
- First nine months results include impairments on Greek government bonds of EUR 777 mln pre-tax (or EUR 593 mln after-tax)

* Insurance 2009-2010 figures have been restated to reflect 1) the sale of ING Insurance Latin America which is booked in discontinued operations until closing (expected in 4Q11) and 2) the change in accounting policy i.e. the move towards fair value accounting for GMWB for life in the US Closed Block VA as of 1 January 2011.

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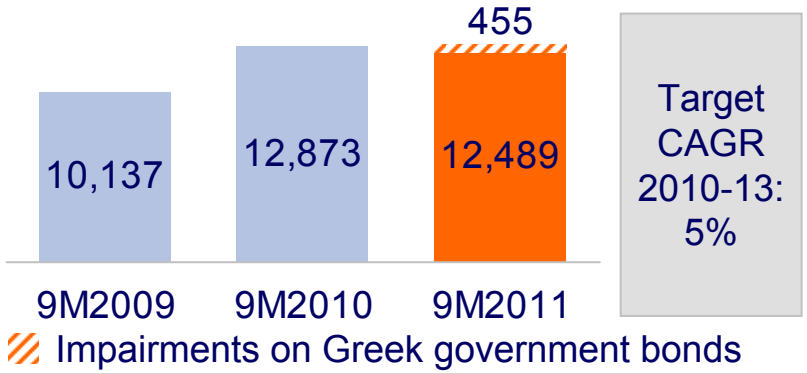
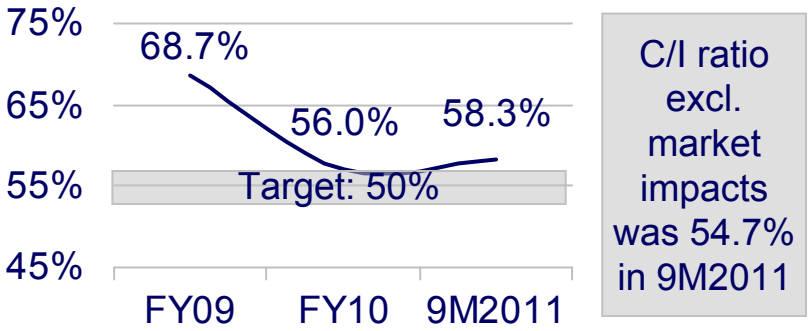
Bank is making progress on Ambition 2013

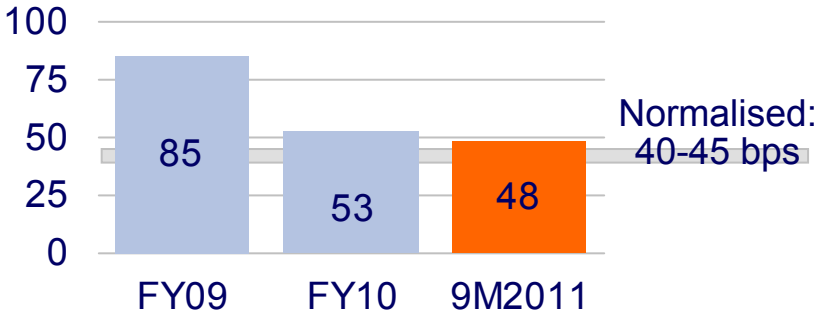
Underlying income (EUR million)



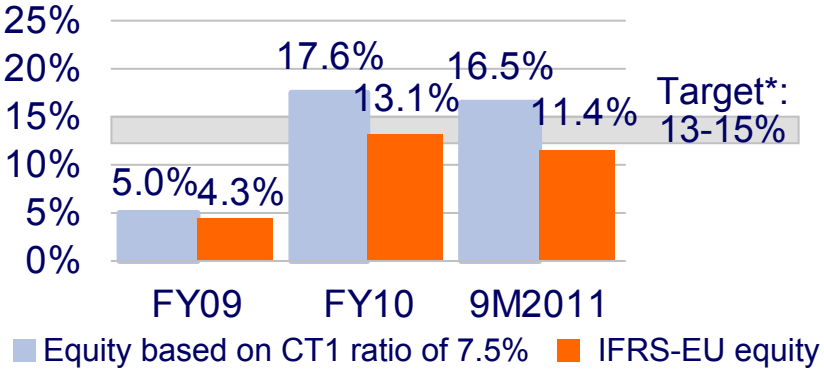
Underlying cost/income ratio (%)



Underlying risk costs in bps of average RWA



RoE (YTD, %)



* Target assumes average equity based on core Tier 1 ratio of 7.5%.

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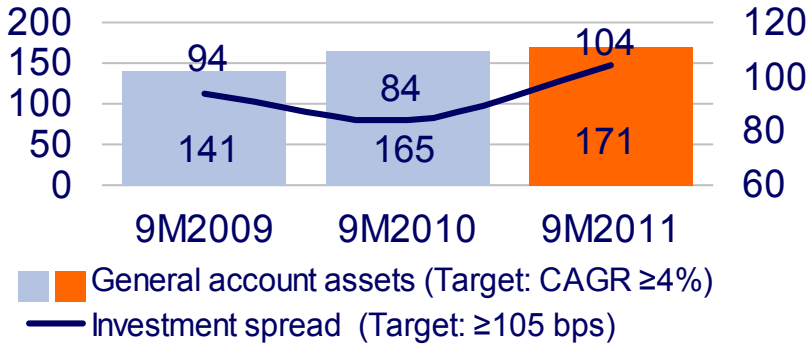
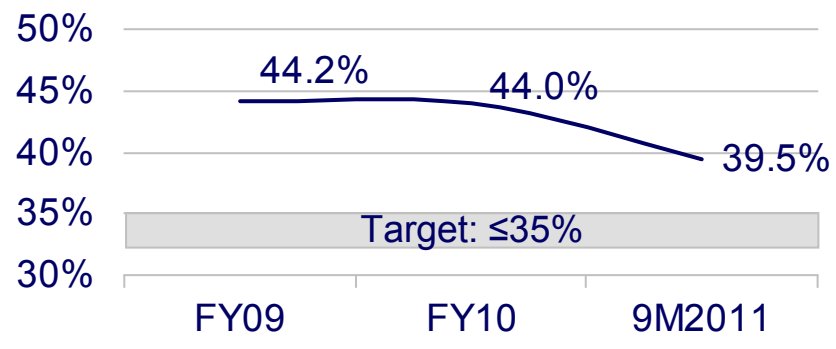
Insurance operations showing clear progress on Ambition 2013

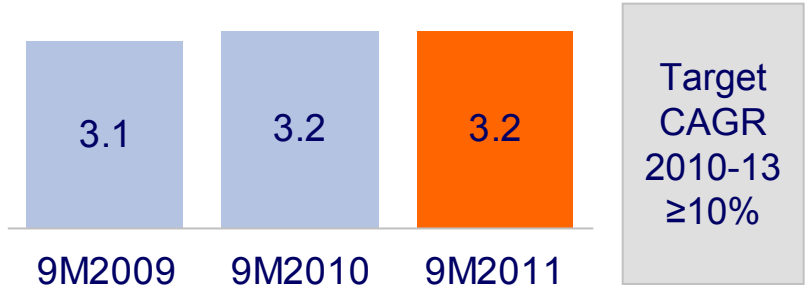
Life general account (EUR bln) and investment spread*,** (bps)



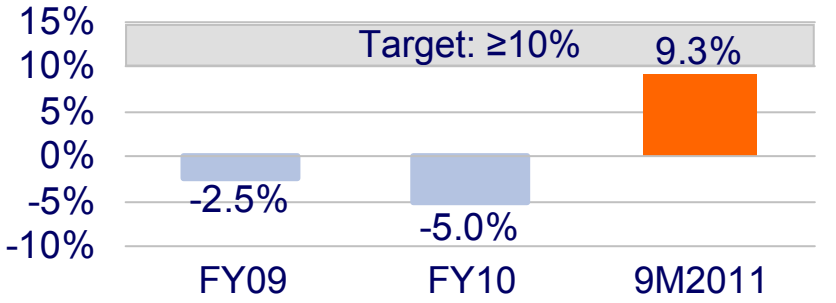
Life & IIM administrative expenses / Life & IIM operating income** (%)



APE** (EUR bln)



RoE**,*** (YTD, %)



* Four-quarter rolling average ** Insurance 2009, 2010 and 1Q11 figures have been restated to reflect the sale of ING Insurance Latin America which is booked in discontinued operations until closing. *** Annualised underlying net result divided by average IFRS-EU equity. (For Insurance, the 2010 quarterly results are adjusted for the after-tax allocated cost of Group core debt.).

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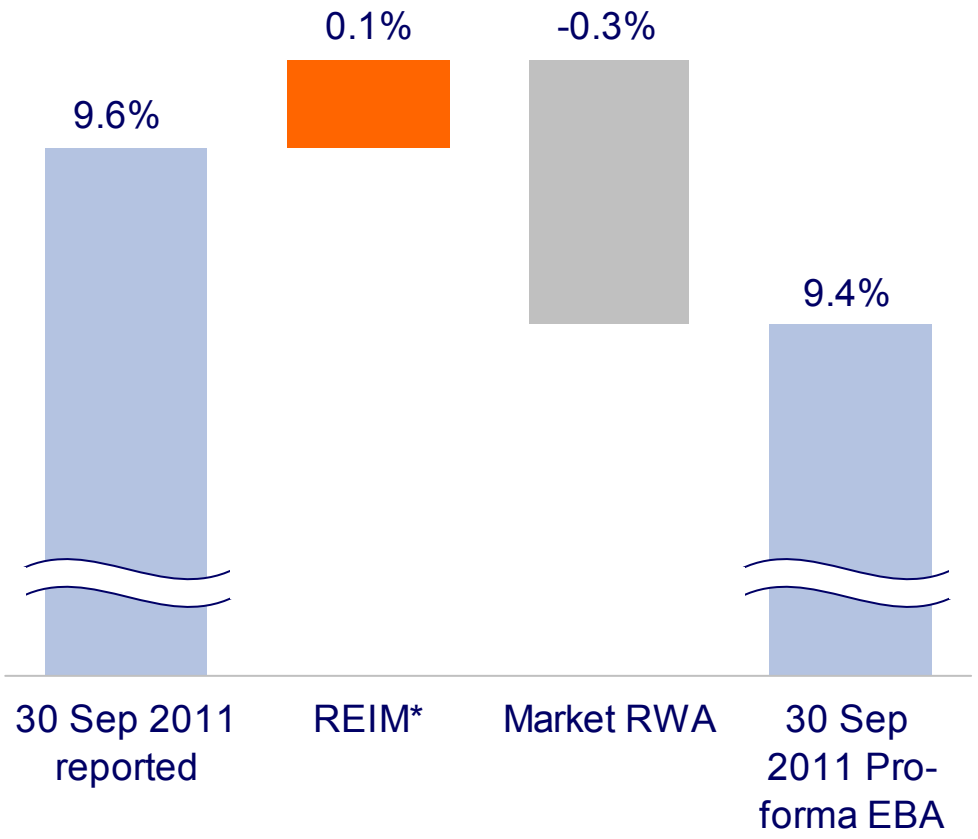
ING meets EBA Capital target of 9%

Core Tier I ratio



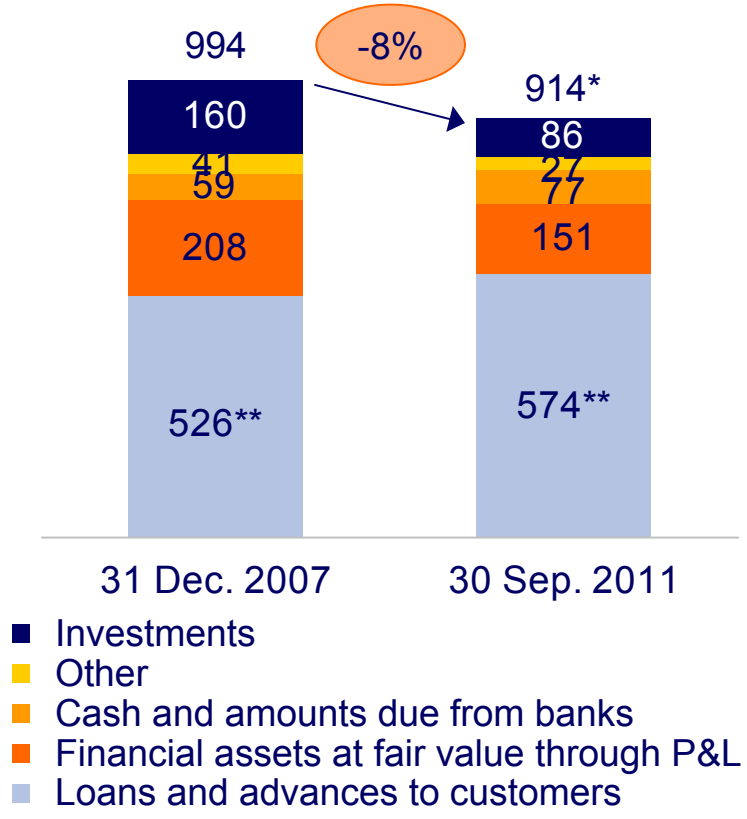
- The Core Tier 1 ratio was 9.6% at 30 September 2011
- The 2011 year-end implementation of market risk model updates, including the impact of Basel 2.5, is estimated at around EUR 11 bln or -30 bps
- ING has a positive unrealised result on its government bond exposure to the European Economic Area (EEA) and consequently nothing is subtracted according to the rules applied in the EBA test
- ING has a buffer of EUR 1.2 bln above the hurdle rate of 9%

* REIM Asia closed on 3 October 2011 and REIM Europe closed on 31 October

ING Bank has been de-risked and has a strong funding profile

ING has reduced the balance sheet while growing customer lending

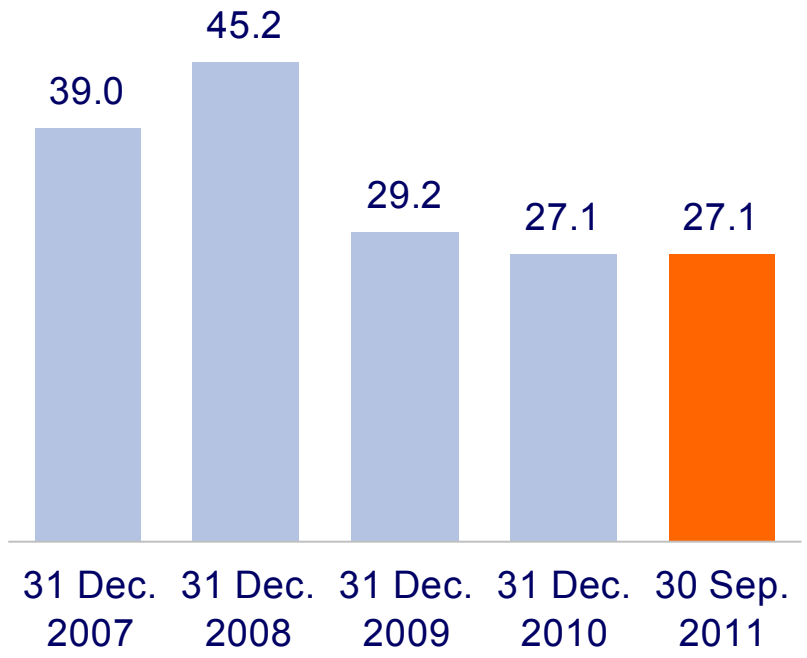
Total assets (in EUR billion)



* Excluding Assets held for sale (ING Direct USA and ING Real Estate Investment Management).
** Includes IABF (for 2011) and reclassified debt securities.

Asset leverage ratio 2008-Sep 2011

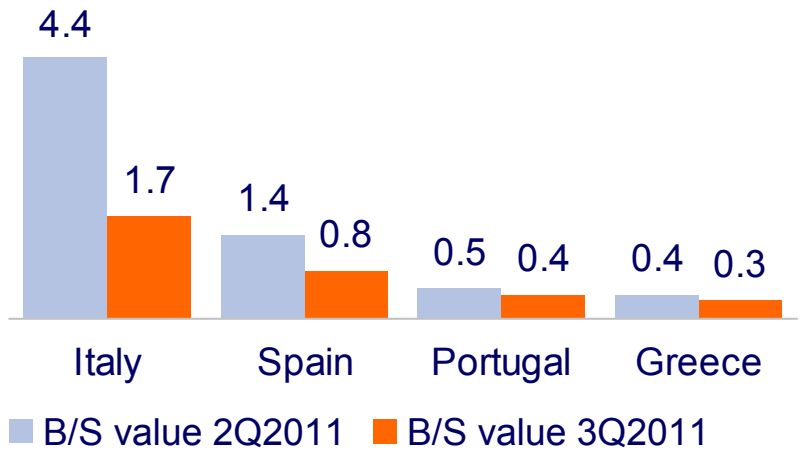
Asset leverage = Total Assets / Shareholders Equity*



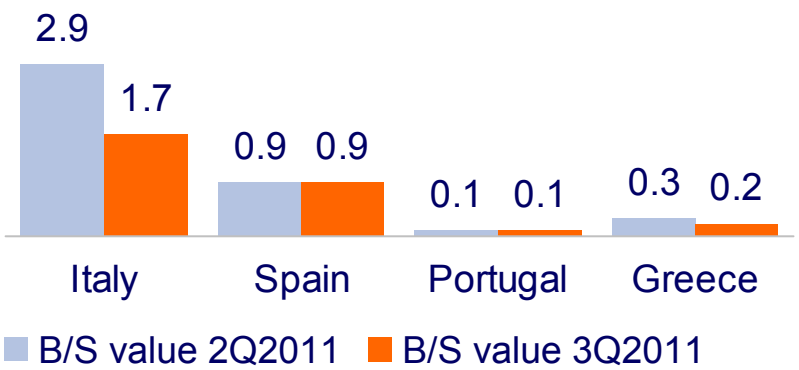
* 2011 is excluding Assets held for sale (ING Direct USA and ING Real Estate Investment Management)

Government bond exposure to southern Europe substantially reduced. Greek debt impaired to market value

Bank: Government bond exposure (in EUR bln)*, **



Insurance: Government bond exposure (in EUR bln)*, **



- Greek government bonds of all maturities impaired to the 30 September market value, which represents a write-down of approximately 60%
- Government bond exposure to Greece, Italy, Ireland, Portugal and Spain reduced by EUR 4.8 billion in 3Q11. In October 2011, the Bank further reduced its exposure to these countries by EUR 0.6 billion

* Bank has no government bond exposure to Ireland. Insurance exposure to Ireland amounted to EUR 46 mln (B/S value) at the end of 3Q11
** All AFS, except for Bank exposure to Italy (EUR 1.6 bln AFS and EUR 0.1 bln at amortised costs on 30 Sep 2011) and Spain (EUR 0.6 bln AFS and EUR 0.2 bln at amortised costs at 30 Sep 2011).

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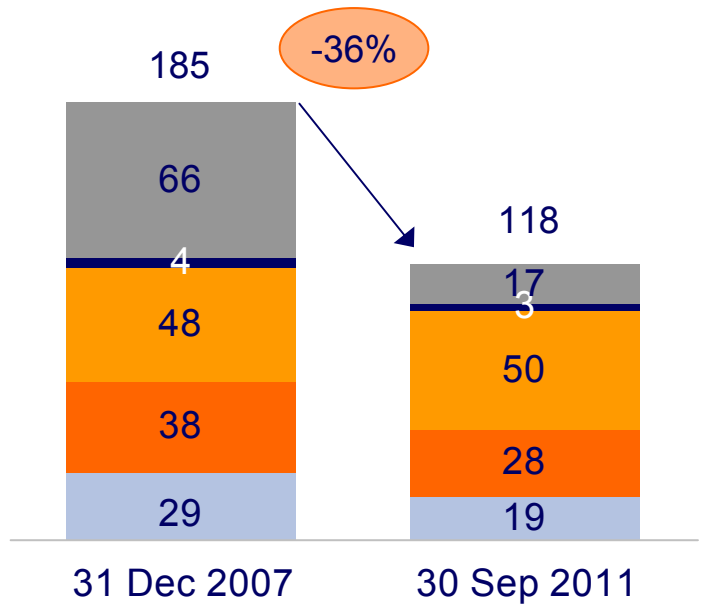
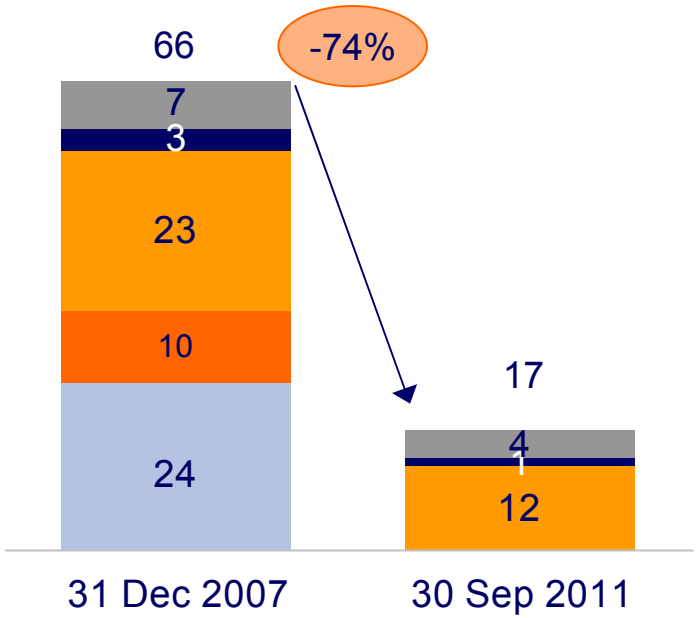
ING Bank's total investment book is de-risked; ABS exposure declined strongly

Total Investments* (in EUR bln)



- Corporate bonds**
- Covered bonds
- Government bonds
- Equities
- ABS

ABS (in EUR bln)



- US Alt-A RMBS
- US RMBS Other
- Non-US RMBS
- CMBS
- Other ABS

* Total investments includes securities in 'Amounts due from Banks' and 'Loans and advances' totalling EUR 32 billion as of 30 September 2011 and excludes Securities held for sale.
** Includes financial institutions

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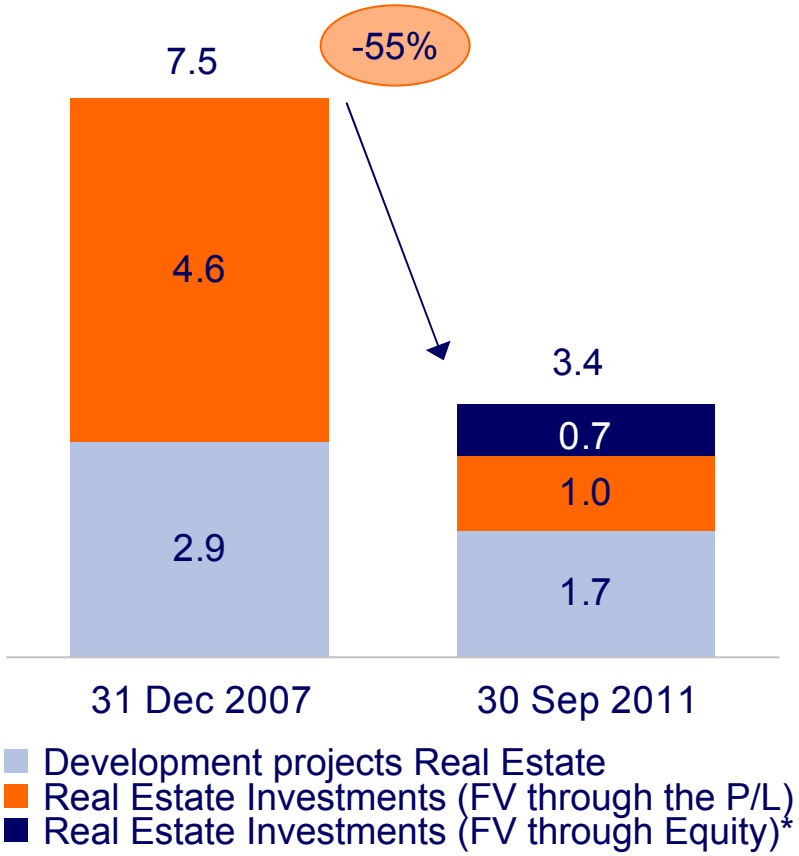
ING Bank's Real Estate exposure on development projects and investments (FV through P/L) has declined sharply

Exposure on development projects and investments reduced (EUR bln)



- Exposure on development projects and investments reduced primarily through sales and FV changes/impairments
- RE investments and development projects will be further reduced over time in a controlled manner

* Following the closure on 9 June 2011 of one part of the REIM transaction (sale of Clarion Partners), ING has reclassified EUR 0.7 bln of RE investments from 'FV through P/L' to 'FV through Equity'

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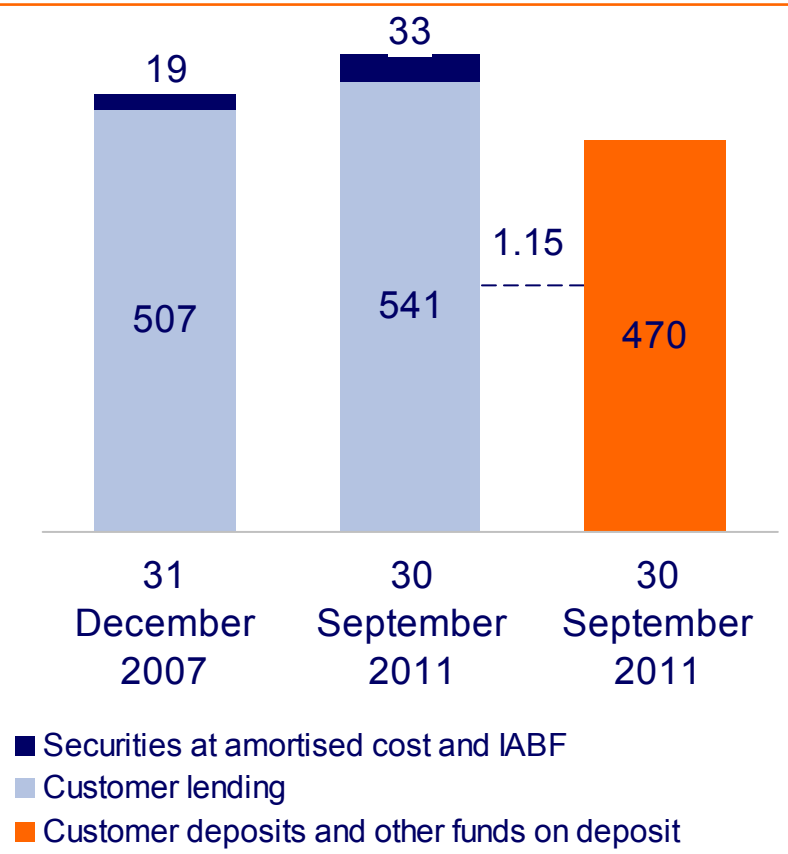
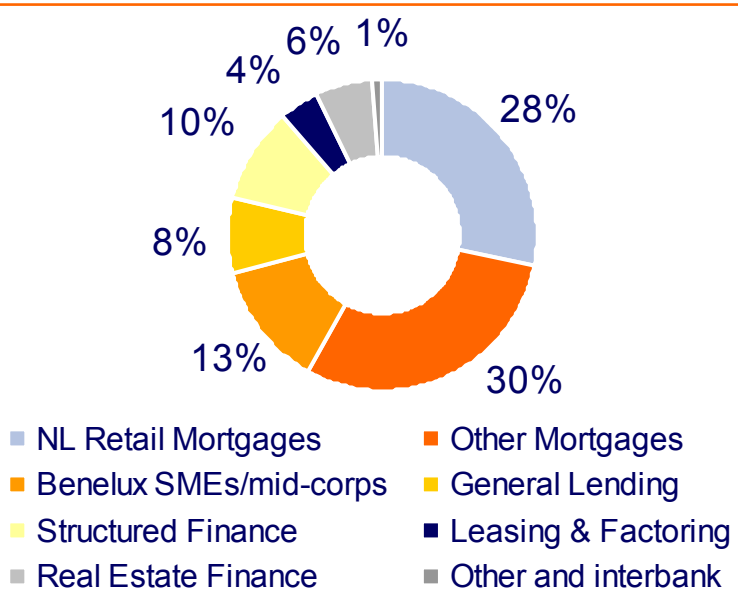
ING's strong funding position enabled us to continue to increase lending to support our customers

Loan-to-deposit ratio (excluding securities and IABF)* of 1.15



Loan book per segment (%)



- ING's loan-to-deposit ratio (excluding securities at amortised costs and IABF receivable) was 1.15 at 30 Sep. 2011
- Residential mortgages represent 58% of the total loan book

* 2011 is excluding Assets held for sale (ING Direct USA and ING Real Estate Investment Management) and after netting

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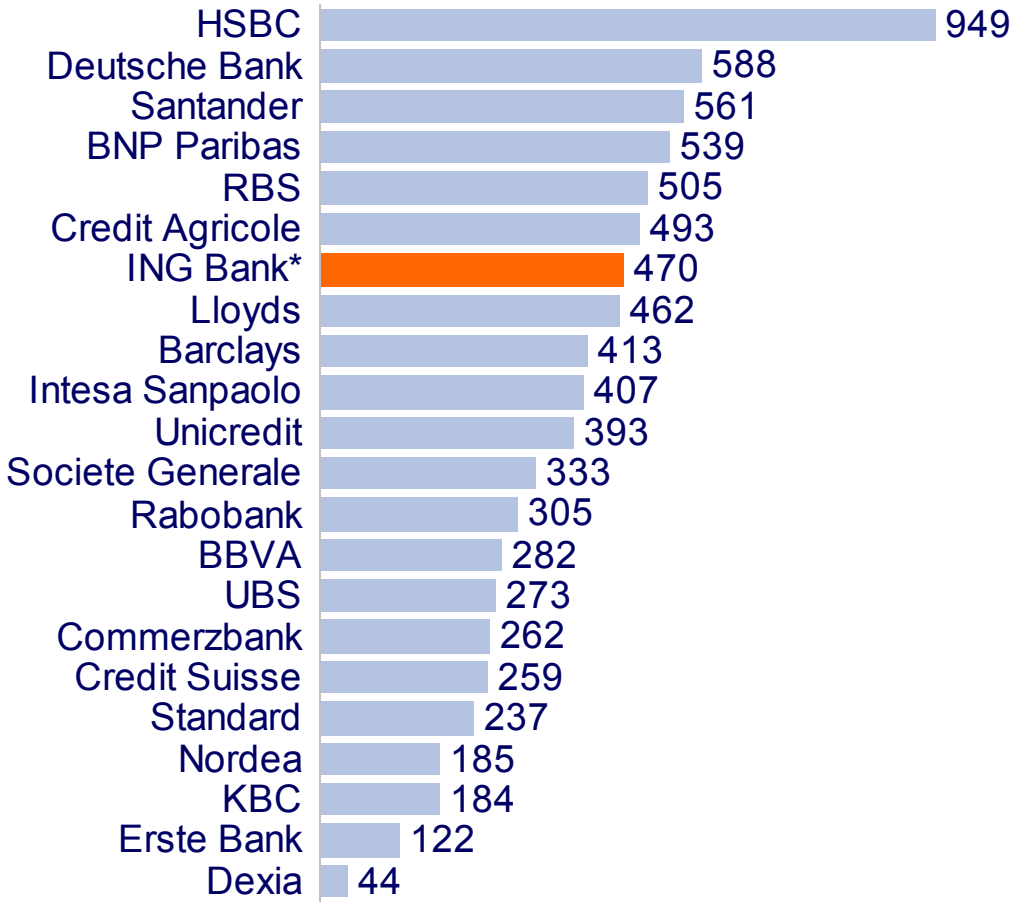
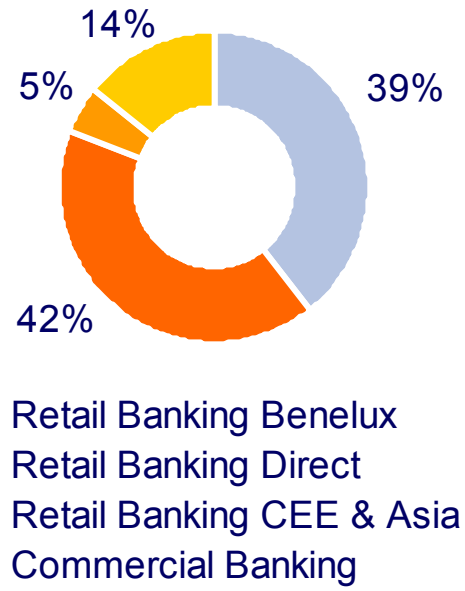
Large deposit base is strong source of funding

Large deposit base (30 September 2011, EUR bln)



ING Funds Entrusted* (30 Sep 2011)

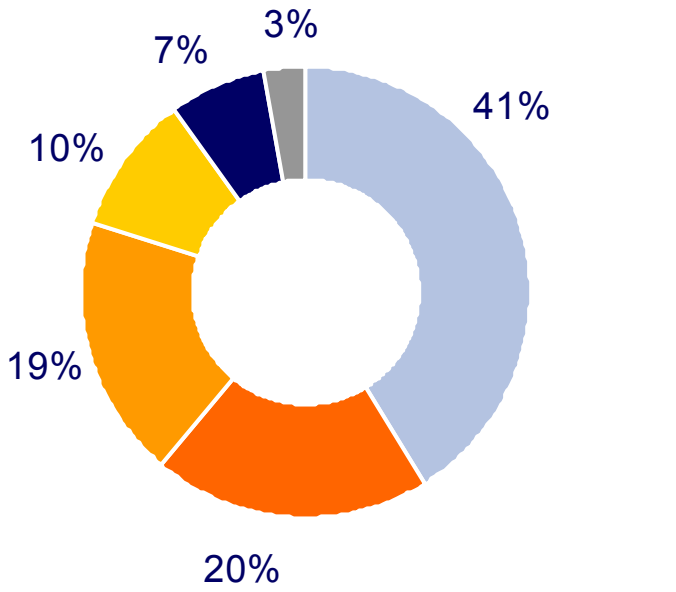


- ING's deposit base is among the largest in Europe
- More than 40% of total funds entrusted is from ING Direct

Source: Latest available company financials and results presentation
* ING excluding ING Direct USA

ING Bank benefits from favourable funding mix

Favourable funding mix (30 September 2011)



- Retail deposits
- Corporate deposits
- Public debt
- Interbank
- Repo
- Subordinated debt

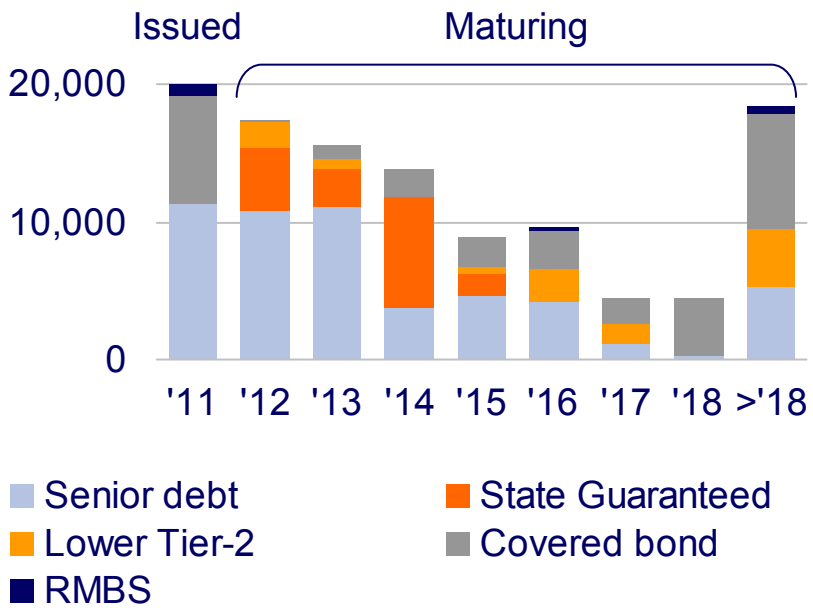
Favourable funding mix:

- ING's funding mix dominated by client deposits (61%)
- Capital markets and money markets deteriorated significantly in 3Q11. ING was still able to maintain access to short and long term funding sources, for acceptable pricing and tenors.
- ING Bank has been structurally reducing reliance on short-term professional funding since start of credit crisis through:
  1. strong increase long-term debt issuance
  2. integration of balance sheets
  3. divestments

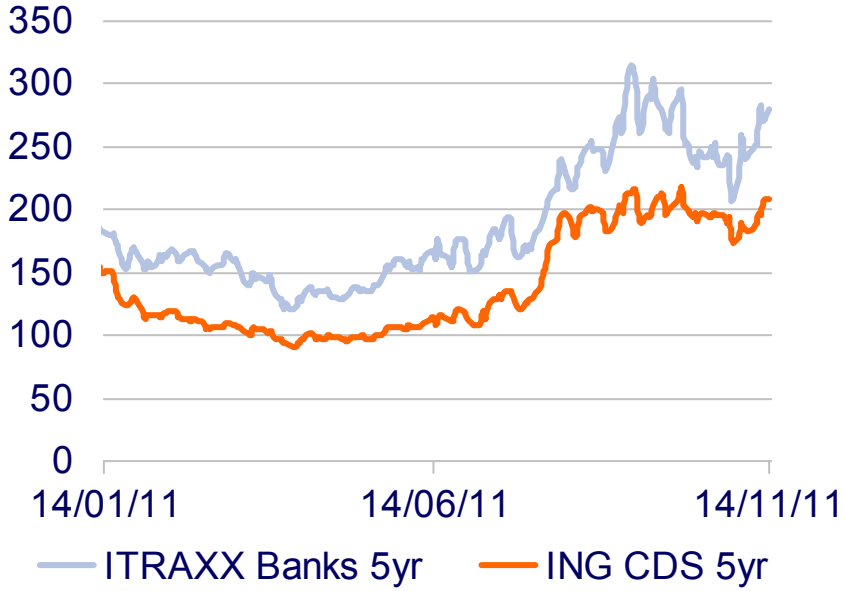
* Liabilities excluding trading liabilities and IFRS equity. Liabilities held for sale are excluded

ING Bank has modest long-term funding needs

Maturity ladder outstanding long-term debt (EUR million)



Public senior issue spread (in bps)



- ING Bank's 2011 refinancing need already met: EUR 20 billion raised at 30 September, versus EUR 10.7 billion maturing in full year 2011
- ING issues well below ITRAXX and ING CDS 5Y level. The average spread per end September 2011 is 3m Euribor +90 bps (~50 bps tighter than average CDS)

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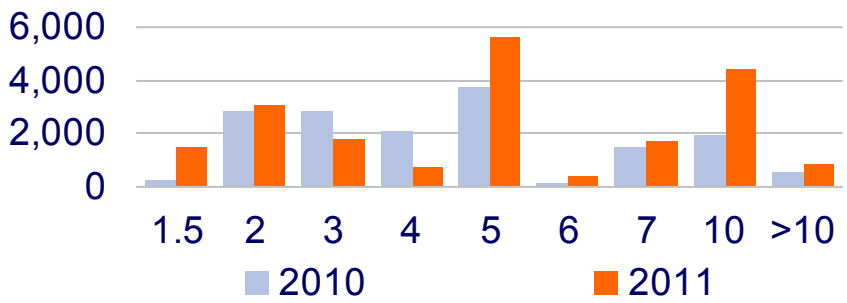
Diversified Issuance – September YTD 2011

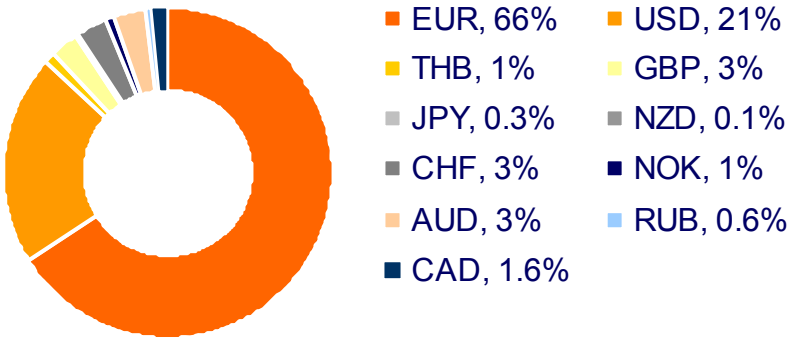
Total Issuance, ING Bank September YTD 2011 (in EUR million)

Format	Public	%	Private	%	Total	%
Covered Bond	6,211	35%	1,505	63%	7,717	38%
Senior Unsecured	10,515	60%	899	37%	11,413	57%
RMBS Public	909	5%	-	-	909	5%
Total	17,635	100%	2,404	100%	20,039	100%

Issued Tenors Sep 2011 vs Sep 2010 (in EUR mln)



Issuance over Currencies, YTD 2011

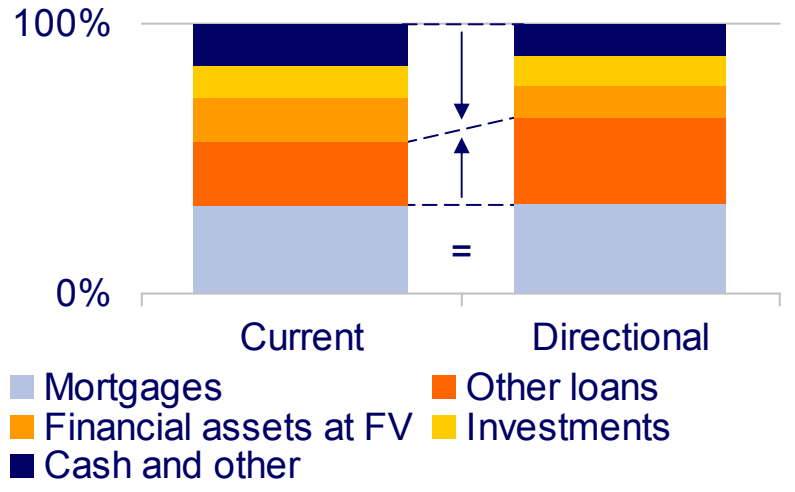


- Weighted average tenor of issues increased from 5.0 years in 2009 to 6.0 years in September YTD 2011

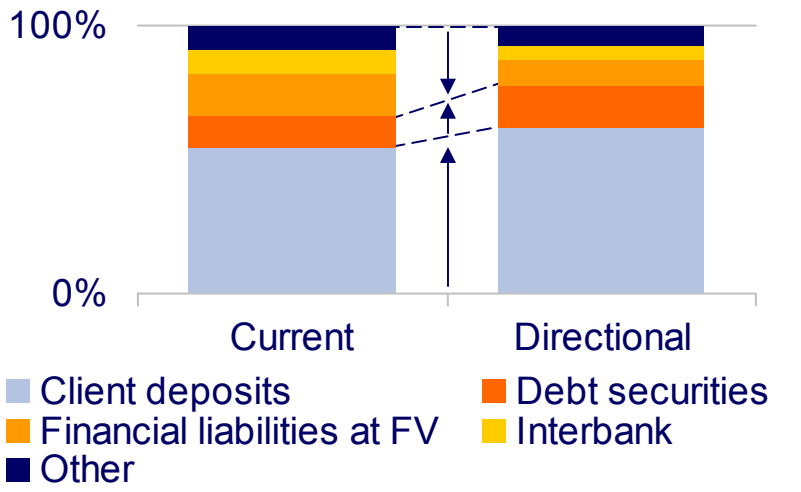
Building a stronger bank

Basel III is a catalyst to manage the balance sheet more efficiently

Total assets (EUR bln)



Total liabilities (EUR bln)



Directional balance sheet

- Investment portfolio will be shifted more to government bonds to meet liquidity requirements
- Balance sheet integration started: taking own assets to match ING Direct deposits
- Loan portfolio will grow, but impetus to put less emphasis on mortgages due to low RoA

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Multiple waves of balance sheet integration

ING Bank's funding position	1st wave: internal securitisations	2nd wave: mortgages	3rd wave: CB assets	4th wave: domestic banks
• Funding position in the Netherlands can be improved through more efficient Balance Sheet management • ING Belgium and ING Direct are funding rich	• Units with excess funding invest in internally ringfenced and packaged mortgages	• Transfer own-originated mortgages directly to funding-rich units	• Transfer selected Commercial Banking assets to funding rich units	• In selected ING Direct countries, merge ING and CB activities into one legal entity*

- By better matching the own originated assets with liabilities, ING can limit the investment portfolio
- Balance sheet integration progressing in close cooperation with local regulators

* Subject to regulatory approval

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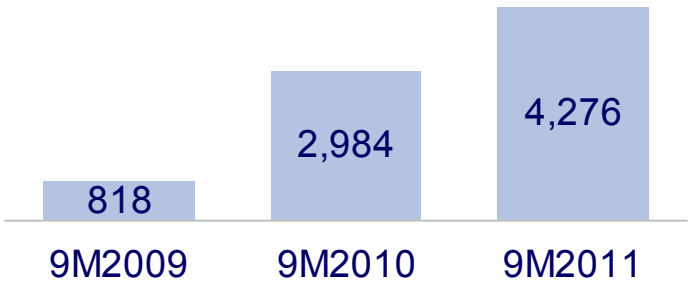
Wrap up

Separation and divestment process on track

- ING is executing a fundamental turn-around of its business to create strong, separate banking and insurance companies
- In our preparation for 2 Insurance IPOs, important steps have been made to realign the legal structure and governance
- Insurance businesses are making good progress on performance improvement initiatives

Underlying net profit ING Group up 43.3% versus 9M 2010



ING Bank is well positioned for the future

- ING Bank continues to show solid results despite impairments on Greek government bonds
- ING Bank has reduced the balance sheet while growing customer lending
- ING Bank has a strong funding structure and modest long-term funding needs
- Further upside from balance sheet integration and One Bank initiatives

ING Bank's Core Tier 1 ratio was 9.6% and meets EBA Capital target

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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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