



# Second Quarter 2009 Results

Delivering on Back to Basics Programme

## Analyst Presentation

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[www.ing.com](http://www.ing.com)

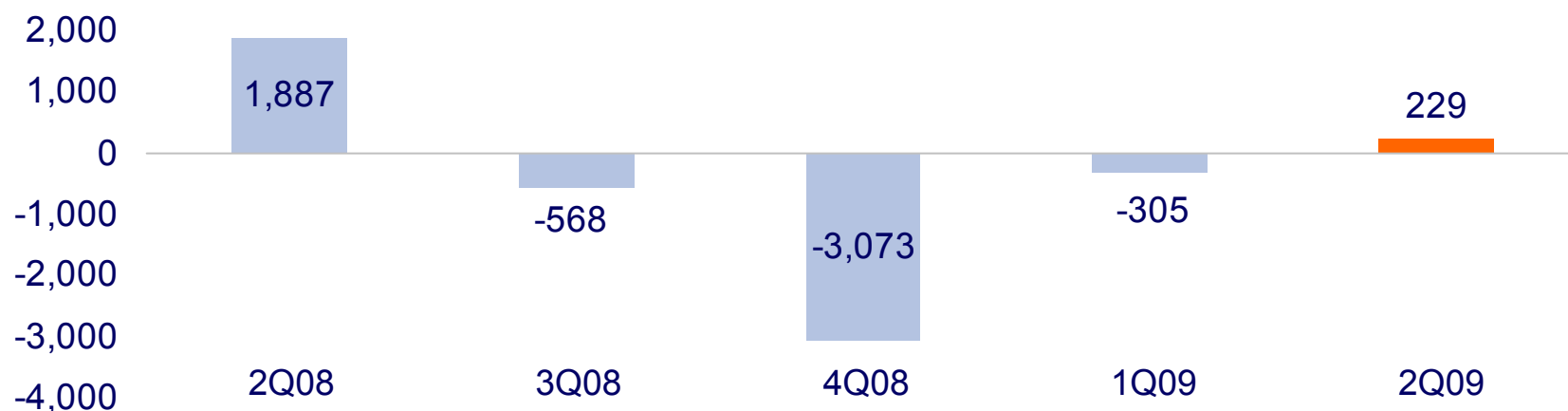
# Second Quarter 2009 Results

## Key messages

- ING Group returns to profit: underlying net result improves to EUR 229 million from underlying net loss of EUR -305 million in 1Q09
- Solid commercial performance driven by strong increase in interest result
- Back to Basics programme ahead of targets
  - Cost savings in 2009 expected to reach EUR 1.3 billion, overshooting EUR 1 billion target
  - FTEs reduced by 8,219, ahead of 7,000 planned
  - Bank balance sheet reduced by EUR 164 billion as of 30 June vs. targeted EUR 110 billion by year-end. ING Bank's asset leverage ratio declined to 28.9
- Reviewing additional strategic options to facilitate our transformation, repay the Dutch State and meet restructuring requirements set out by the European Commission
- Shareholders' equity increased by EUR 2.9 billion, or 15%, in 2Q09
- Key capital ratios remained stable, core Tier 1 at 7.3%

# ING Group returns to profit in 2Q09

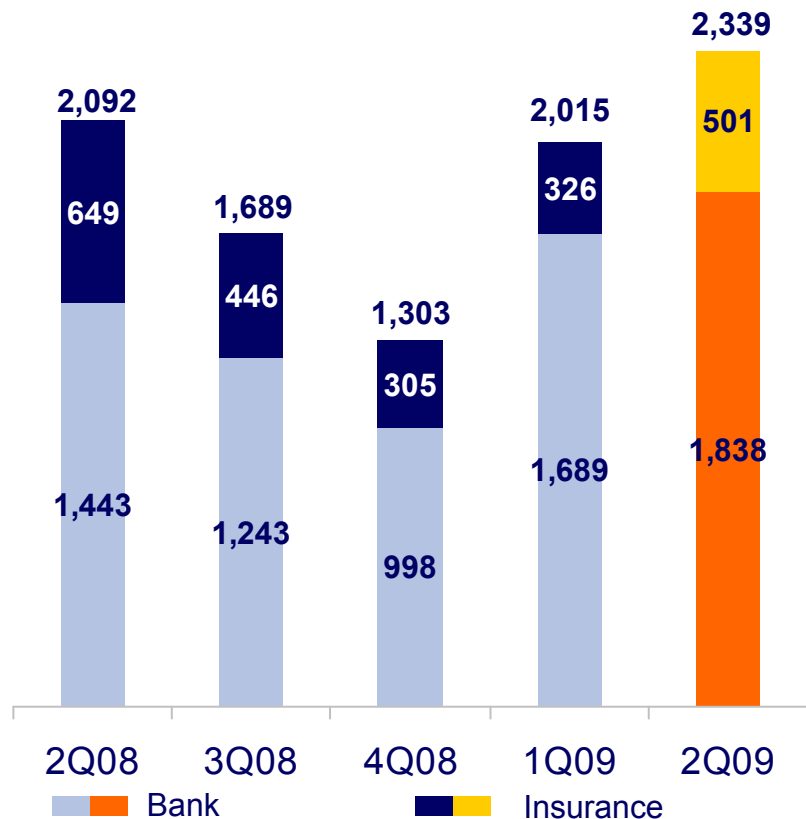
## Underlying net result (in EUR million)



- ING Group returns to profit:
  - Underlying net result improves to EUR 229 million from underlying net loss of EUR -305 million in 1Q09
  - Insurance profitable, Bank records small loss
  - Net result EUR 71 million in 2Q09 after net loss of EUR -793 million in 1Q09

# Strong underlying result before market impacts and risk costs

## Underlying result before market impacts and risk costs (in EUR million)



## Solid commercial performance

### Bank

- Underlying result before market impacts and risk costs EUR 1,838 million versus EUR 1,689 million in 1Q09, an increase of 9%
- The interest result rose 19.4%, driven by higher margins on savings and loan re-pricing in commercial banking
- Operating expenses decreased 1.7% versus 1Q09 despite higher impairments and increased deposit insurance premiums

### Insurance

- Underlying result before market impacts EUR 501 million up from EUR 326 million in 1Q09
- Assets under management increased
- Operating expenses decreased by 3.8% from 1Q09

# The journey Back to Basics

## **Strengthen financials and navigate through the crisis**

- Reduce costs
- Manage and reduce risk and capital exposures
- De-leverage balance sheet (reduce assets, preserve equity)

## **Focus on fewer, coherent and strong businesses**

- Review portfolio of businesses
- Reduce number of markets in which ING operates
- Simplify the group

## **Invest to reinforce franchises in markets we focus on**

- Drive operational and commercial excellence
- Consolidate positions where needed
- Continue to adapt to customers' needs

## **Build a stronger organisation**

- Steer on operational and commercial performance with clear accountability
- Outward-looking and responsive to customer needs
- Simplify governance, further strengthen Finance & Risk, and reduce complexity

# Cost reduction now expected to reach EUR 1.3 billion in 2009

## Operating expense reduction

- In 1H09 the Group realised EUR 525 million of its cost reduction target of EUR 1 billion
- Cost savings now expected to reach EUR 1.3 billion in 2009 by further driving down IT, procurement and overhead costs
- Total Group operating expenses decreased 5.5% compared with 2Q08
- ING Bank cut costs by EUR 296 million excluding the higher impairments on real estate development projects and increased deposit insurance premiums

## Reductions (in EUR million)\*

	Realised 1H09	Original target
<b>Banking</b>	<b>133</b>	<b>650</b>
Retail Banking	14	150
ING Direct	41	150
Commercial Banking	53	350
Corporate Line Banking	25	-
<b>Insurance</b>	<b>392</b>	<b>350</b>
Europe	90	100
Americas	210	175
Asia / Pacific	50	75
Corporate Line Insurance	42	-
<b>Total ING Group</b>	<b>525</b>	<b>1,000</b>
<b>Current expectation</b>		<b>1,300</b>

\* Adjusted for FX, divestments and acquisitions

# FTE reduction well ahead of plan

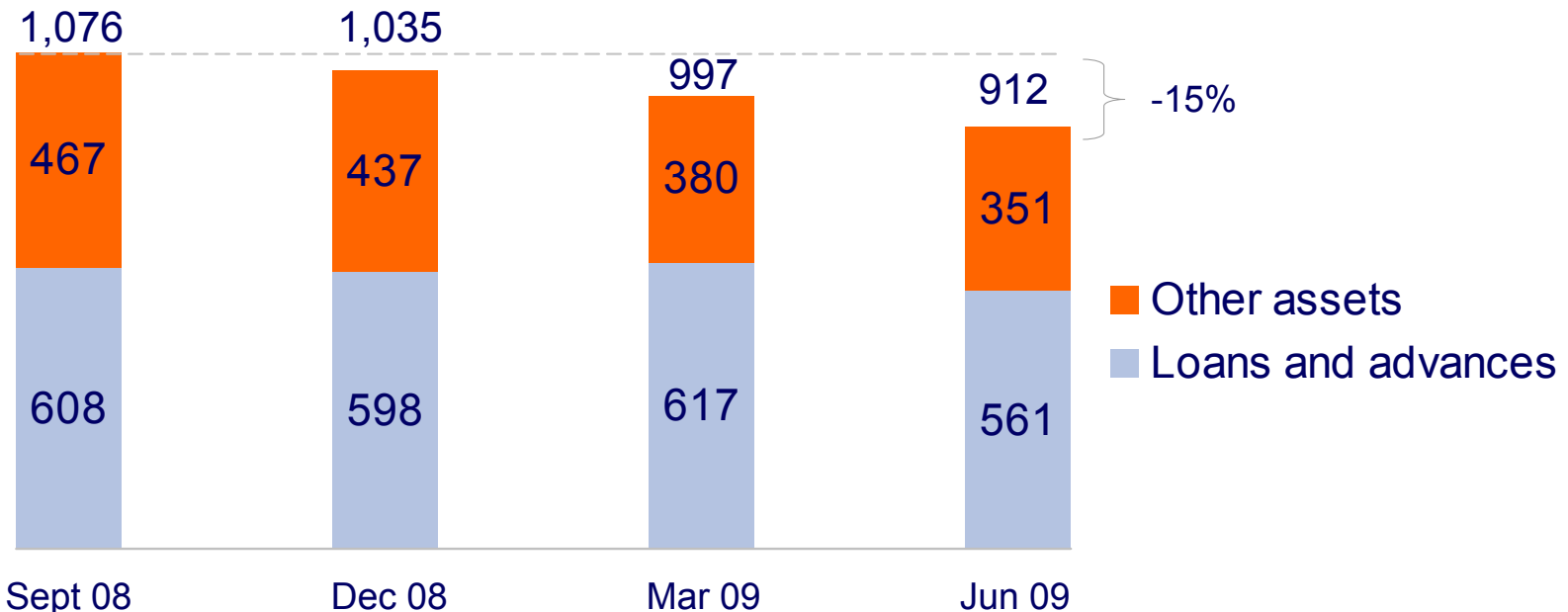
## FTE reduction

- ING realised 8,219 FTE reductions (target 7,000)
- Retail Banking surpassed its FTE reduction, mainly due to sales efficiency improvements in India. This reduction comes on top of 646 FTEs reduced in 1H09 as a result of merging the Dutch retail operations
- Insurance Americas reduced more FTEs in part due to a reduction of sales staff in Latin America
- Other business lines have executed roughly 80% of announced FTE reduction programme
- In addition to the internal FTE reduction, ING Bank will reduce external FTEs by more than 4,600 (of which 3,741 realised in 1H09)

Business Line	Realised	Target 2009
Retail Banking	1,446	800
ING Direct	524	600
Commercial Banking	1,115	1,400
Insurance Europe	736	1,100
Insurance Americas	3,746	2,400
Insurance Asia/Pacific	652	700
<b>Total</b>	<b>8,219</b>	<b>7,000</b>

# De-leveraging (1): balance sheet reduced by EUR 164 billion, surpassing EUR 110 billion target

## Realised asset reduction at ING Bank (in EUR billion)



- Balance sheet was reduced by EUR 85 billion in 2Q09
- EUR 52 billion is due to netting of debit and credit balances in current accounts. Loans and advances declined by EUR 4 billion (excluding the impact of the netting)
- EUR 18 billion reduction in trading derivatives, EUR 6 billion in amounts due from banks



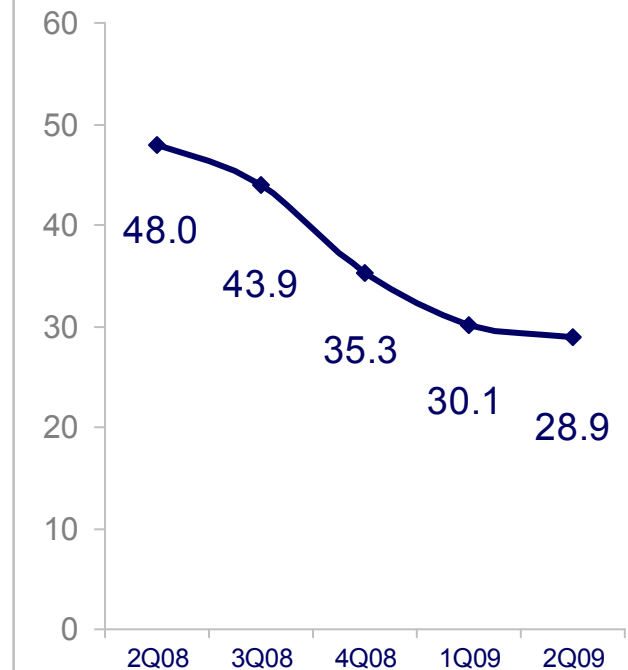
# De-leveraging (2): ING Bank's asset leverage declined to 28.9

## ING Bank's asset leverage continues to decline (in EUR bln)

	2Q08	3Q08	4Q08	1Q09	2Q09
Total assets	1,072	1,076	1,035	997	912
Shareholders equity ING Bank	19.3	19.0	22.9	26.5	27.7
M-t-M own debt	3.0	5.5	6.4	6.7	3.9
Pro forma shareholders equity	22.3	24.5	29.3	33.2	31.6
Asset leverage ratio	48.0	43.9	35.3	30.1	28.9

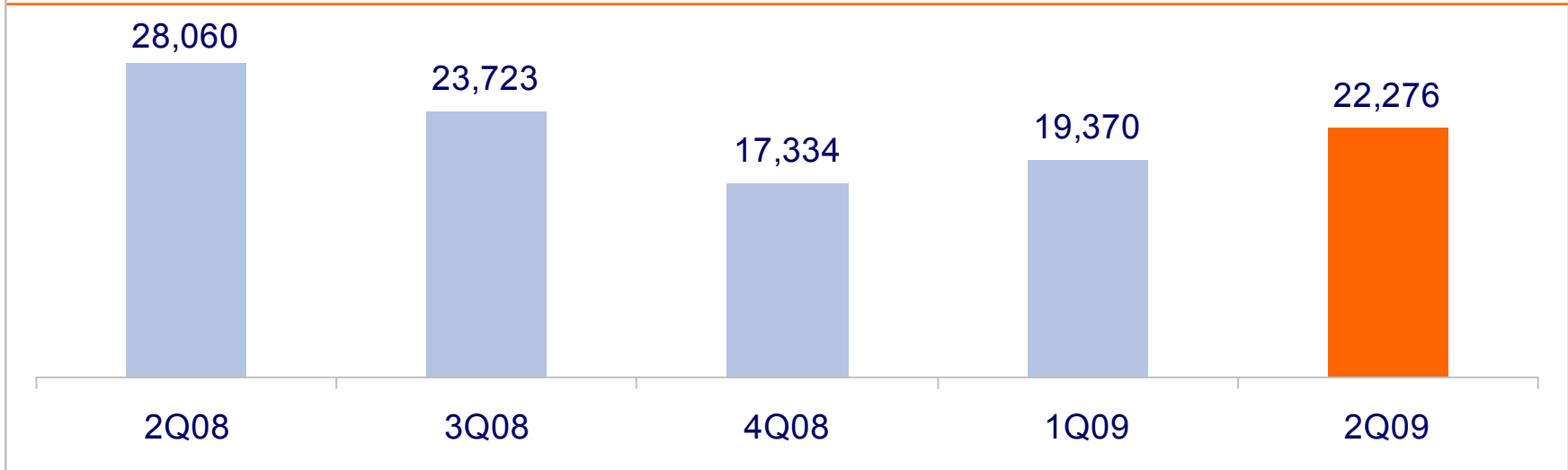


## Asset leverage ratio



# ING Group shareholders' equity increased by EUR 2.9 billion or 15% from 1Q09

## Shareholders' equity (in EUR million)

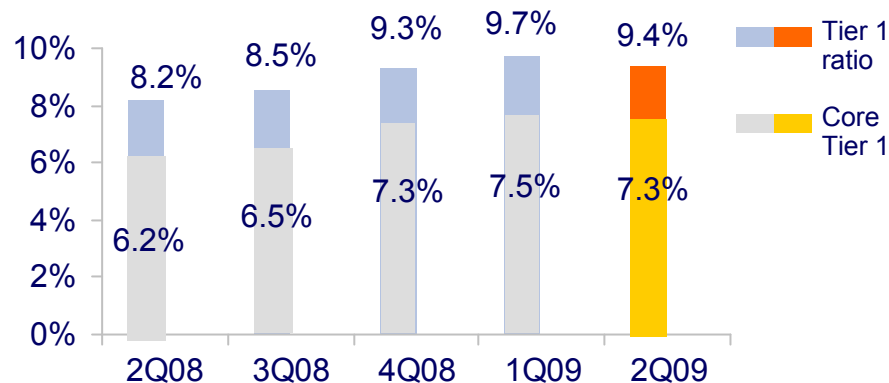


## Shareholders' equity on the rise in 2009

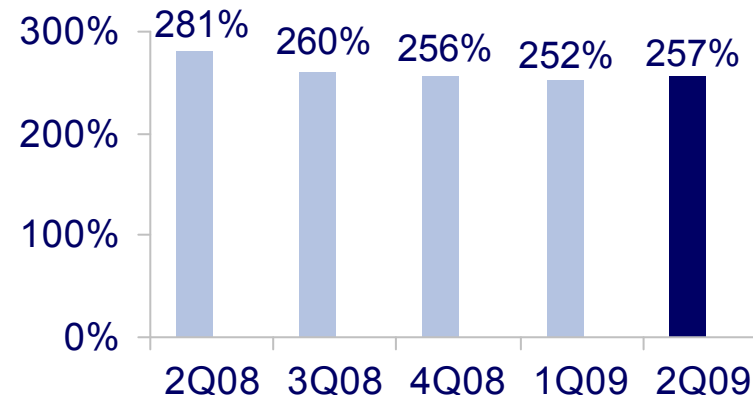
- Shareholders' equity increased EUR 4.9 billion in 1H 2009
- Increase in 2Q 2009 is driven by credit spread tightening across fixed income markets and higher equity markets, which translated into positive revaluations through shareholders' equity

# Capital ratios remain robust

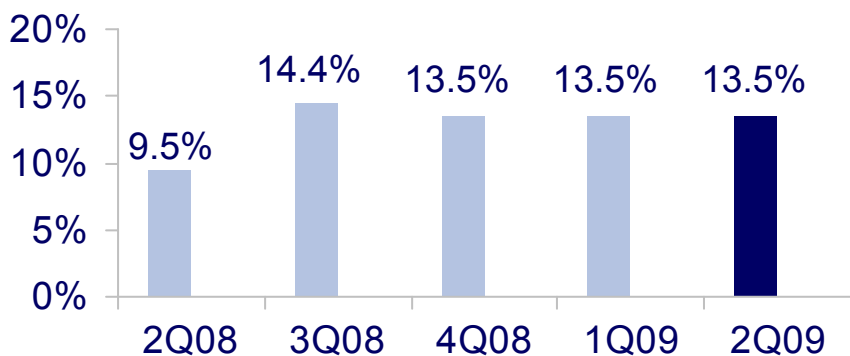
## ING Bank Tier 1 ratio



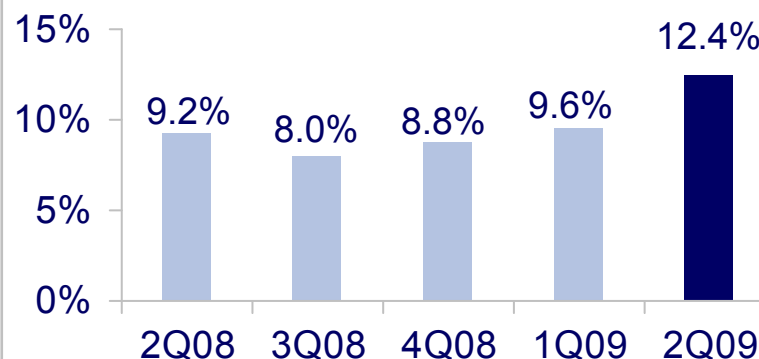
## ING Insurance capital coverage ratio



## ING Group D/E ratio



## ING Insurance D/E ratio



# Divestments freed up EUR 1.5 billion of capital

## Progress on divestment plans

- Divestments are expected to total EUR 6-8 billion, with additional divestments to be executed over the coming years. Year-to-date the following sales have been agreed and/or completed:
  - Sale of ING Canada
  - Sale of non-state pension fund in Russia
  - Sale of the annuity business in Argentina
  - Sale of Annuity and Mortgage Businesses in Chile to Corp Group Vida Chile, S.A. Will be booked in 3Q09
- Capital relief realised so far: EUR 1.5 billion out of expected EUR 4 billion

# Back to Basics in Dutch insurance business

	From	To
<b>Customer Focus</b>	Product focus	Customer focus
	Scattered distribution capabilities	Aligned distribution power
<b>Operational efficiency</b>	Broad range of product systems	One target platform
	Legacy systems and processes	Straight Through Processing
<b>Brands</b>	Multiple brands and companies	One brand 

## Financial impact of integration programme (in EUR million)

Plan	2009	2010	2011	2012	Going forward
Cost savings	0	35	80	100	100
Investments	-10	-35	-65	-55	0
Profit impact	-10	0	15	45	100

## Cost savings of EUR 100 million

- Continued focus on cost containment
- Synergies in combining distribution capabilities
- Annual cost savings (as of 2012) 9% of 2008 cost base
- Workforce reduction of approximately 800 positions

# Results

# ING Group returns to profit in 2Q09 despite the still significant market impact and risk costs

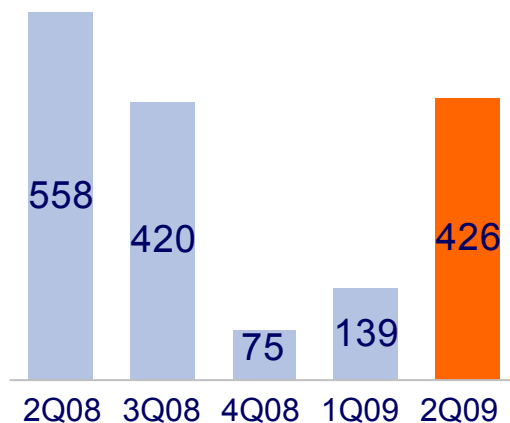
ING Group results (in EUR million)					
	2Q09	1Q09	4Q08	3Q08	2Q08
<b>Underlying result before market impacts and risk costs</b>	<b>2,339</b>	<b>2,015</b>	<b>1,303</b>	<b>1,689</b>	<b>2,092</b>
Impairments on debt securities	-407	-370	-2,313	-908	-77
Equity related impact	-580	-319	-1,604	-377	471
Real Estate/Private equity	-686	-528	-883	-338	-258
Other*	259	-306	-235	-405	147
Total market impacts	-1,413	-1,523	-5,037	-2,028	284
Loan loss provisions Bank	-852	-772	-576	-373	-234
<b>Underlying result before tax</b>	<b>74</b>	<b>-281</b>	<b>-4,310</b>	<b>-712</b>	<b>2,142</b>
Tax and third-party interests	-154	23	-1,236	-143	257
<b>Underlying net result</b>	<b>229</b>	<b>-305</b>	<b>-3,073</b>	<b>-568</b>	<b>1,885</b>
Divestments and special items	-159	-488	-637	91	34
<b>Net result</b>	<b>71</b>	<b>-793</b>	<b>-3,711</b>	<b>-478</b>	<b>1,920</b>

\* Other includes FX hedges and other marked-to-market valuations

# ING Bank: strong interest results offset by real estate, ABS impairments and loan losses

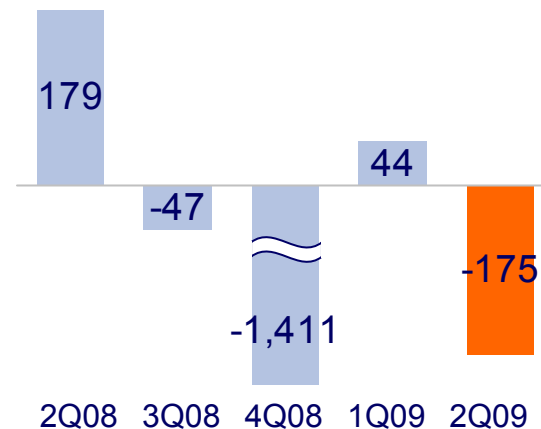
## Underlying result before tax (in EUR million)

### Retail Banking



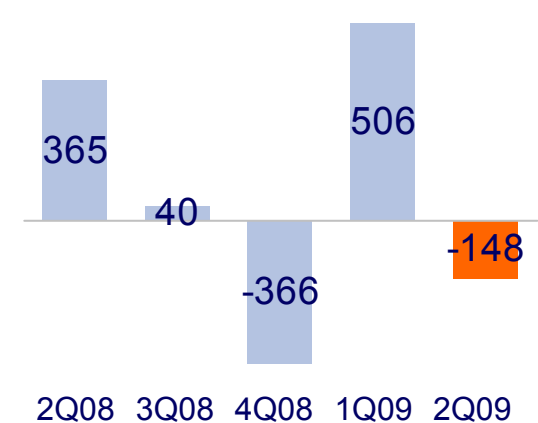
- Pre-tax result tripled versus previous quarter
- Strong results driven by decrease in loan loss provisions vs. 1Q09 and improved income in Belgium and Turkey
- Cost containment: -9.9% from 2Q08

### ING Direct



- Pre-tax loss driven primarily by Alt-A RMBS impairments
- Excluding impairments, underlying income up 21% vs. 2Q08 on strong interest result
- Cost containment – 15% from 2Q08 excl. deposit insurance premium and currency impact

### Commercial Banking



- Pre-tax loss due to real estate revaluations and higher impairments
- Commercial Banking, excluding Real Estate, made EUR 432 million pre-tax profit despite high loan losses
- Cost containment on track: -12.7% before impairments

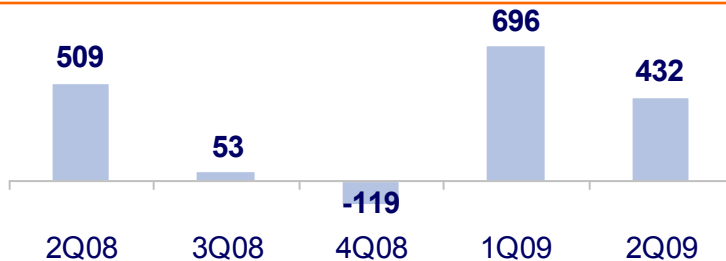


# Commercial Banking excluding Real Estate continued to perform well

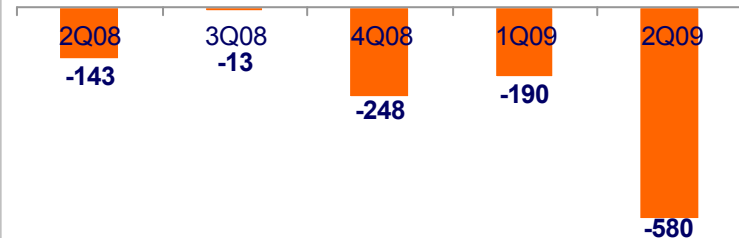
## Commercial Banking in 2Q09

- Commercial Banking excluding Real Estate: EUR 432 million underlying PBT with C/I-ratio flat at 37%
- Real Estate: EUR 493 million negative revaluations and EUR 110 million impairments on development projects

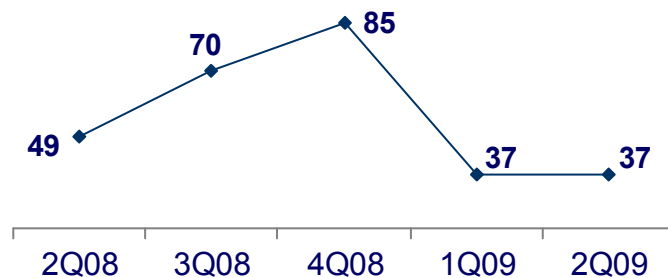
CB underlying result before tax excl. Real Estate (in EUR million)



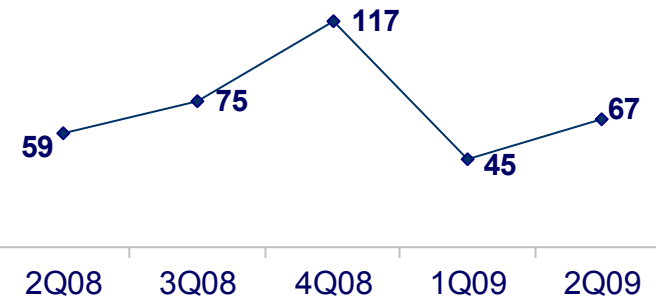
Real Estate underlying result before tax (in EUR million)



CB underlying cost/income ratio (excl. Real Estate)

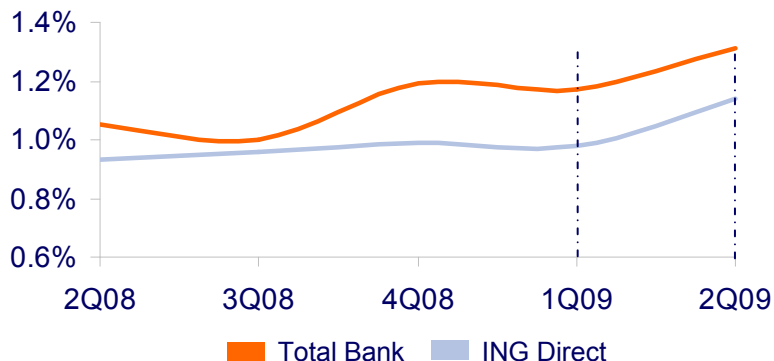


CB underlying cost/income ratio (incl. Real Estate)

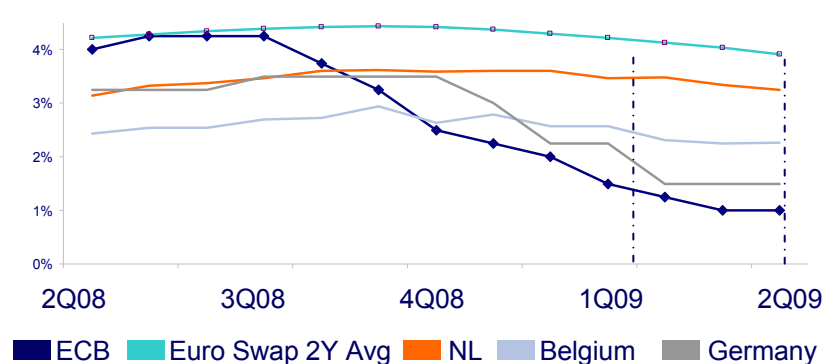


# Interest margin rises to 1.31%

## ING interest margins by quarter



## Client savings rates vs. ECB rate



## Interest margin up

- Interest margin rose to 1.31%, up 26 bps compared with 2Q08, of which 14 bps due to the balance sheet reduction
- Lower funding costs due to lower short-term interest rates and tightened own credit spreads
- ING Direct's interest margin up 16 bps to 1.14% compared with 1Q09 driven by reduced client rates
- Higher margins on loan repricing in Commercial Banking

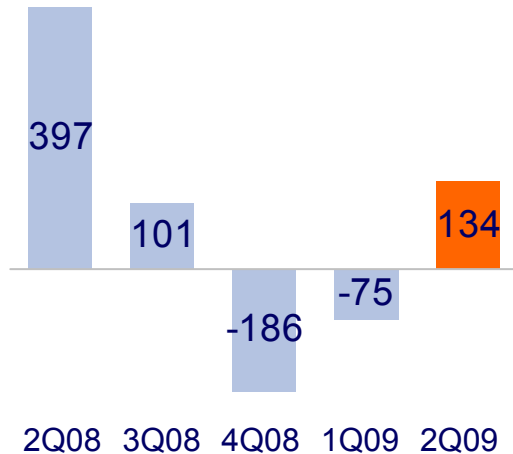
## Savings margins improving

- Margins on savings accounts improved in Europe, helped by partially tracking reductions in the ECB refinancing rate
- In the Netherlands saving rates remain significantly above the ECB rate due to competitive pressure, which is only gradually diminishing

# All insurance business lines returned to profit in 2Q09

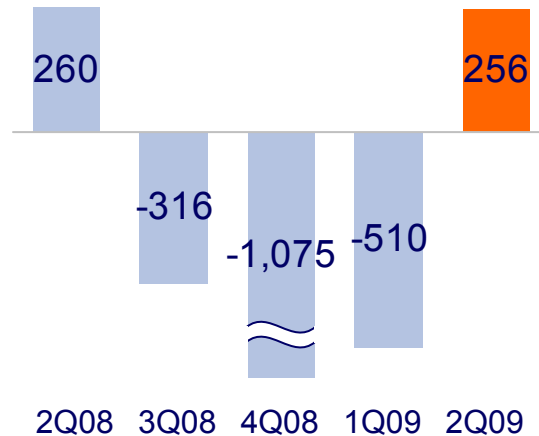
## Underlying result before tax (in EUR million)

### Insurance Europe



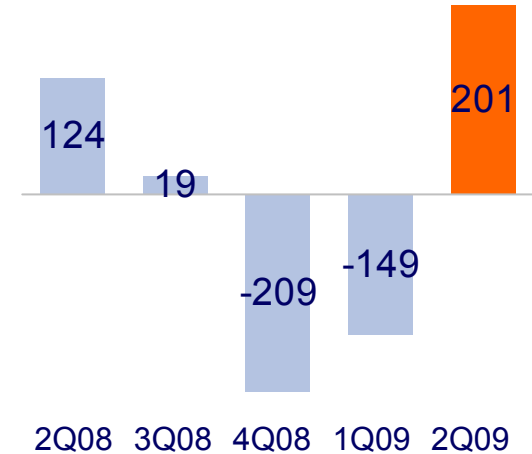
- Underlying result turns positive, improving by EUR 209 million from 1Q09
- Operating expenses down 20.4% from 2Q08
- Equity hedges weigh on results as equity markets recover

### Insurance Americas



- Insurance Americas returns to profitability
- Expenses decline by 19% excluding CitiStreet and currency effects
- EUR 346 million loss on equity hedges that protect regulatory capital

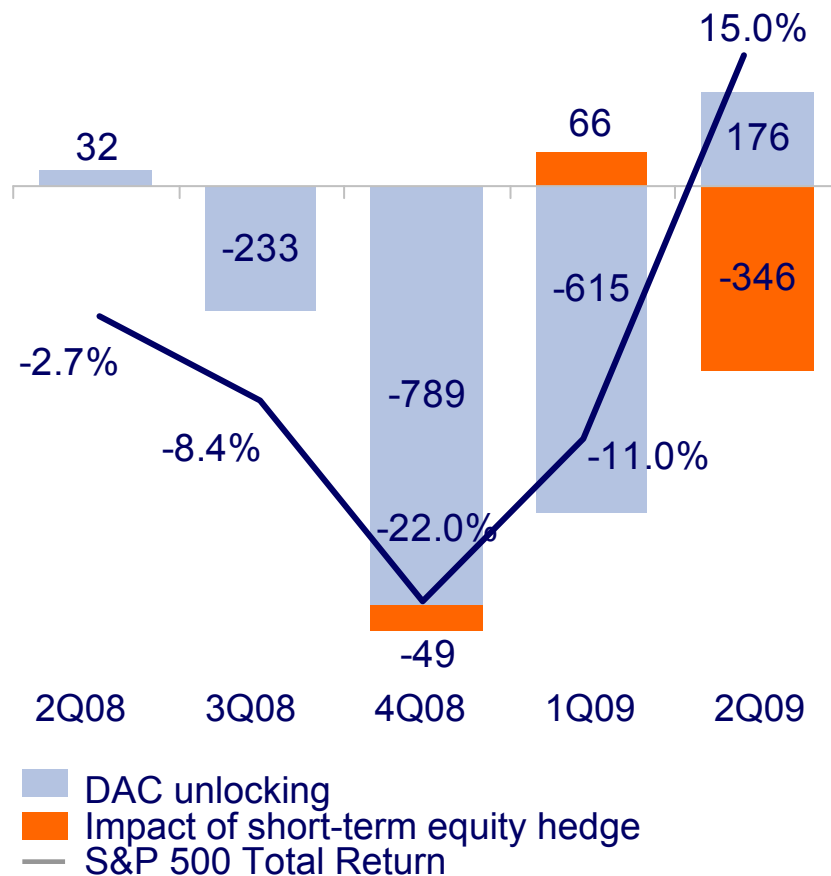
### Insurance Asia/Pacific



- Result of EUR 201 million up 62.1% on 2Q08, mainly driven by higher SPVA results in Japan
- Expenses down 12.3%, excluding currency effects
- Improved underlying performance across region

# Insurance US result impacted by DAC unlocking and short-term equity hedge

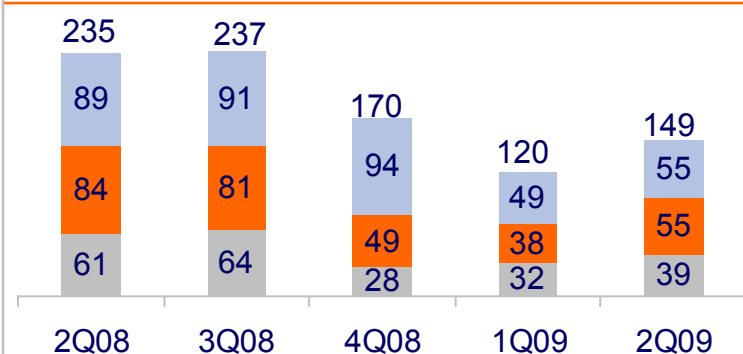
## DAC unlocking and short-term equity hedge (in EUR million)



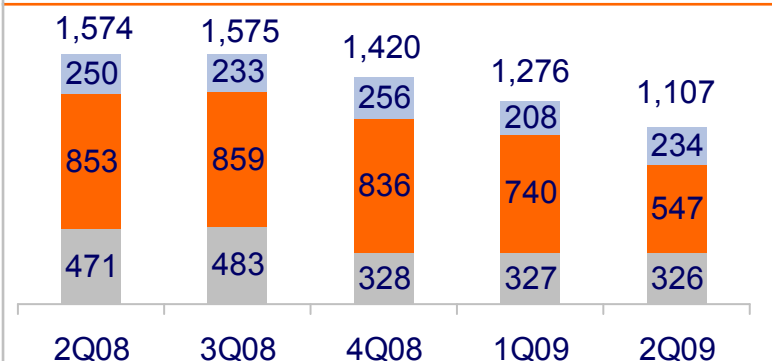
- EUR 5 billion notional short-term equity hedge is in place to protect regulatory capital in the event of a decline in equity markets
- Equity markets rose in 2Q09. However, the short-term equity hedge position reduced results by EUR 346 million, more than offsetting the EUR 176 million of positive DAC unlocking
- ING continues to periodically review the notional amount of the equity hedge

# VNB increased 24% in 2Q09

## VNB (in EUR million)



## APE (in EUR million)



Insurance Asia/Pacific
  Insurance Americas
  Insurance Europe

## Europe

- VNB improved from 1Q09 in all countries except Poland and Czech Republic
- New business profitability in Central & Eastern Europe improved compared to 2Q08
- Sales held-up despite market volatility

## Americas

- VNB improved by 45% from 1Q09, with improved sales of Individual Life and Fixed Annuity products and higher annuity margins
- New business profitability improved from 1Q09 in both the US and Latin America
- Management actions taken in 2009 to reduce VA sales

## Asia/Pacific

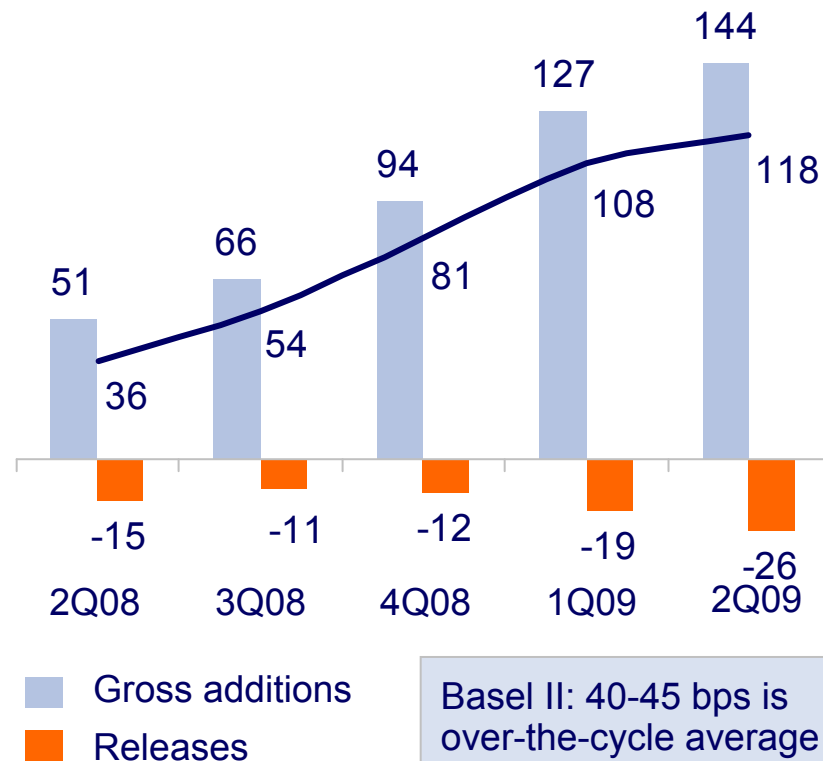
- Increase in VNB from 1Q09 despite flat sales
- New business profitability improved from 1Q09, led by Australia, Malaysia, and South Korea
- Decline in unit-linked sales, traditional sales accounted for 48% of total for 2Q09



# Risk

# Increase in loan loss provisions levelling off in 2Q09

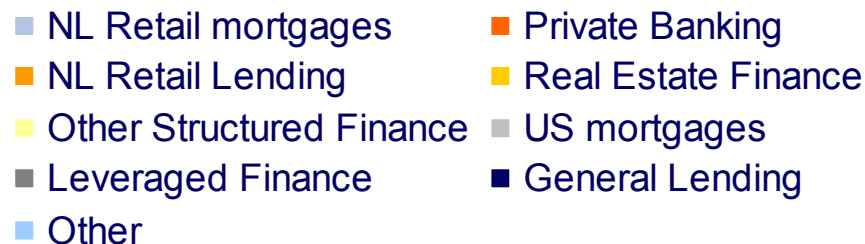
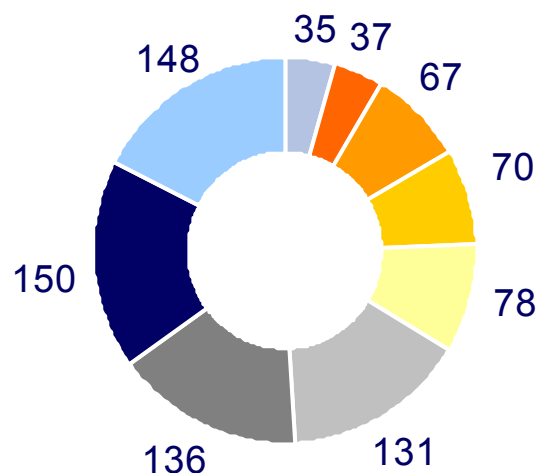
## Addition to provisions for loan losses (bps average CRWA)



- Increase in risk costs less steep than in prior quarters. In 2Q09, net additions to loan loss provisions increased 10 bps to 118 bps, or EUR 852 million, up from 108 bps or EUR 772 million in 1Q09
- Releases in 2Q09 mainly from Private Banking
- Total stock of provisions increased to EUR 3.8 billion in 2Q09
- ING expects risk costs to remain elevated, at around the level of 1H09

# Loan book holds up relatively well

## Net addition to provisions for loan losses in 2Q09 (in EUR million)



- US mortgages and Leveraged Finance large contributors to risk costs in 2Q09
- Larger loan books hold up relatively well and require limited additions to loan loss provisions:
  - EUR 35 million for the EUR 136 billion Dutch mortgage book
  - EUR 150 million for the General Lending book in Commercial Banking



# Mortgages: NPLs remain relatively stable

## ING Bank's own-originated mortgages

(in EUR bln)	Outstanding 2Q09	NPL 2Q09	NPL 1Q09
Netherlands	135.9	1.0%	1.0%
Germany	44.3	0.9%	0.9%
United States	25.2	4.1%	3.7%
Belgium, Lux	22.1	2.2%	2.0%
Australia	20.5	0.8%	0.7%
Canada	14.5	0.4%	0.4%
Spain	7.4	0.4%	0.2%
Italy	5.6	0.3%	0.2%
UK	1.4	0.0%	0.0%
Poland	1.2	0.2%	0.2%
Turkey	0.8	1.4%	1.3%
Romania	0.5	0.4%	0.2%
India	0.5	1.1%	0.9%
<b>Total</b>	<b>279.7</b>	<b>1.3%</b>	<b>1.2%</b>

Note: NPLs in Belgium remain on the book longer than 3 years, while in most countries NPLs are written down after 3 years

\* Non-performing loans: 90+ days delinquencies

- NPLs\* increased from 1.2% at 1Q09 to 1.3% in 2Q09
- Increase is mainly due to mortgages in the US. ING's NPL of 4.1% in June 2009 in the US compares to US industry average of 13.7% for prime ARMs (per May 2009)
- NPLs in Dutch mortgage book are stable at 1.0%

# Increasing NPLs in commercial loan book

## ING Bank's commercial loans\*

	EUR billion	NPL 2Q09	NPL 1Q09
Business Lending	101	2.5%	2.0%
Structured Finance	47	4.1%	3.9%
RE Finance	37	4.3%	3.5%
Leasing	21	3.5%	3.0%
Other	10	2.3%	1.9%
Total / average	216	3.2%	2.7%

## Commercial loans

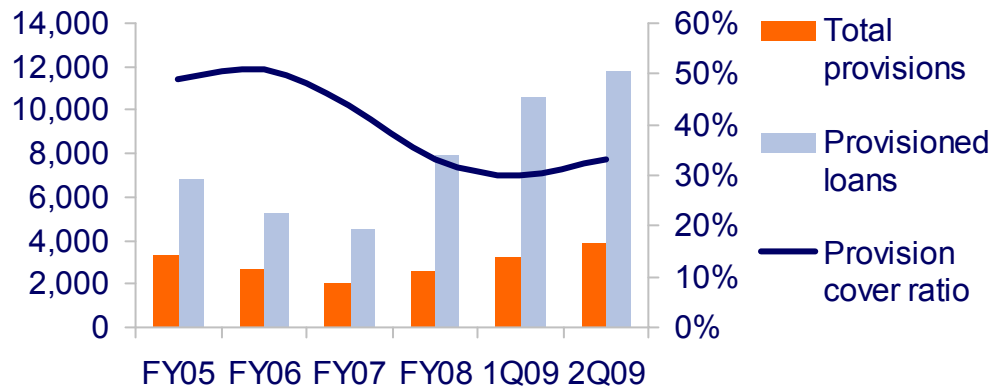
- NPLs\*\* increased from 2.7% to 3.2% of the total commercial loan book, mainly driven by Structured Finance and Real Estate Finance
- Commercial NPLs are expected to remain at elevated levels the coming quarters
- Stock of provisions on commercial loan book increased from EUR 1.7 billion at 31 March 2009 to EUR 2.2 billion at 30 June 2009

\* Business lending comprises of loans to Commercial Banking clients, mid-corporates and SMEs in Retail Banking

\*\* Non-performing loans includes defaulted loans based on Basel II default definition

# Provision cover ratio reflects high degree of collateral in ING Bank's loan book

## ING Bank provision cover ratio (provisions/ provisioned loans)



## Cover ratio relatively low at 33% as highly collateralised loan books require less provisions

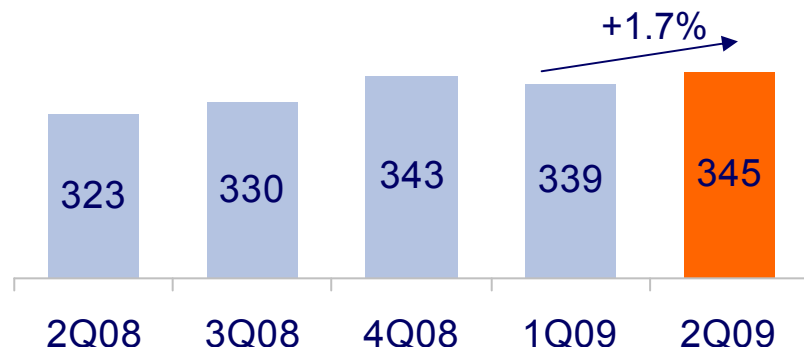
- Retail Banking has provision cover ratio of 31% as Benelux mortgages require low provisions. Average portfolio LGD Dutch mortgages is 3.4%
- ING Direct has provision cover ratio of 39%
- Commercial Banking has provision cover ratio of 30% due to well collateralised activities like Structured Finance, Real Estate Finance and Lease

## ING Bank's provision cover ratio

	2Q09	1Q09
Benelux mortgages	7%	7%
Other Retail lending	49%	45%
ING Direct	39%	38%
Structured Finance	28%	24%
Real Estate Finance	15%	15%
Leasing	24%	23%
Business lending	51%	43%
Total	33%	30%

# Management actions limit RWA growth to 1.7%

## RWA growth: management actions partially offset rating migration (in EUR billion)



- RWA grew 1.7% or EUR 5.7 billion in 2Q09
- EUR 11 billion RWA from credit rating migration due to ABS downgrades (EUR 5 billion) and deterioration PDs and LGDs in loan book (EUR 6 billion)
- Impact of management actions on RWA: Balance sheet reductions including not re-investing maturing securities (EUR - 4 billion), reducing VaR (EUR -2.5 billion)

## RWA treatment Alt-A RMBS under IABF

- Of the EUR 5 billion RWA increase that was driven by ABS rating downgrades, EUR 3.2 billion was due to ING Direct's Alt-A RMBS portfolio
- As of 2Q09, ING Direct's Alt-A RMBS portfolio is treated as a loan portfolio and not subject to the convex RWA treatment for ABS. This results in a 240% RWA weighting, which added EUR 1.8 billion RWA in 2Q09

# Alt-A RMBS: pre-payments pick up but limited estimated credit loss triggers IFRS impairments

## ING Group's Alt-A RMBS

Total portfolio	2Q09	1Q09
On balance sheet	3.1 billion	3.8 billion
Market value	57.4%	62.8%
Pre-payments	1.4 billion*	0.7 billion*
Delinquencies**	20.9%	17.2%
After-tax revaluation reserve	-0.9 billion	-1.1 billion
Pre-tax IFRS impairment	323 million	178 million

## IFRS impairments exceed estimated loss

(in EUR million)	2Q09	1Q09
Cash loss	0.7	0
Estimated credit loss	108	88
IFRS pre-tax impairment	323	178

\* Based on 100% of the Alt-A RMBS portfolio

\*\* Sum of 60+ day delinquencies, bankruptcies, foreclosures, real estate owned in underlying mortgages

## Repayments to Dutch State ahead of IABF schedule

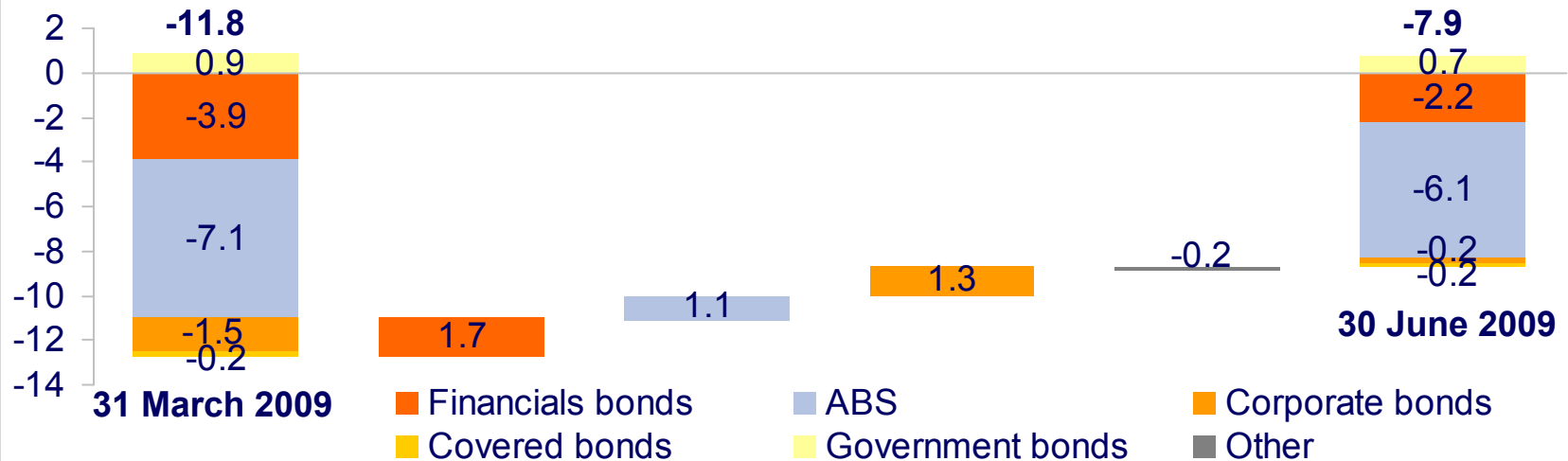
- Pre-payments doubled to EUR 1.4 billion, resulting in higher repayments to the Dutch State than scheduled

## ING takes additional impairments

- First cash loss: one Alt-A RMBS received its first loss allocation in 2Q09
- EUR 282 million pre-tax impairments on newly impaired bonds triggered by EUR 51 million estimated credit loss on newly impaired Alt-A RMBS
- EUR 41 million re-impairments as market values decreased in 2Q09. Market prices are up in July

# Revaluation reserve debt securities improved by EUR 3.9 billion in 2Q09

## ING Group's after tax revaluation reserve debt securities (in EUR billion)

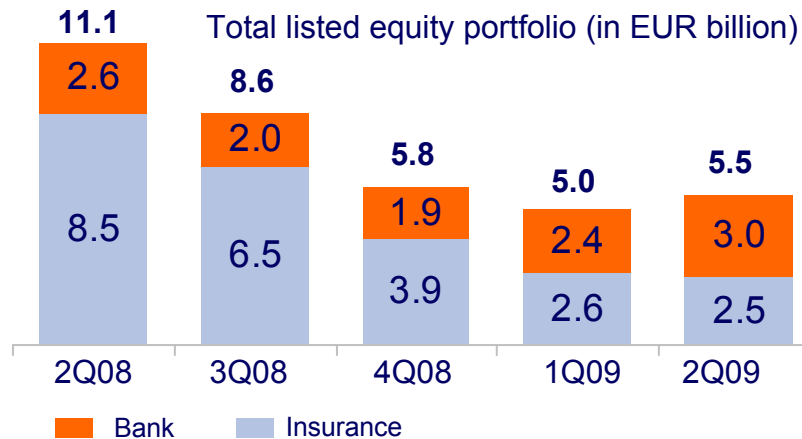


## Revaluation reserve improved as credit spreads tightened

- ING's negative revaluation reserve on debt securities improved by EUR 3.9 billion in 2Q09 as credit spreads on Financials, Corporates and ABS tightened
- The sale of EUR 1 billion bonds from Financials contributed EUR 101 million
- ING has a EUR 7.9 billion negative revaluation reserve on debt securities at 30 June, ING estimates the "pull-to-par" impact to be around EUR 1.6 billion per year

# Unrealised gains on equity up by EUR 1 billion, but equity hedges to protect capital impact P&L

## Direct equity exposure: EUR 5.5 billion



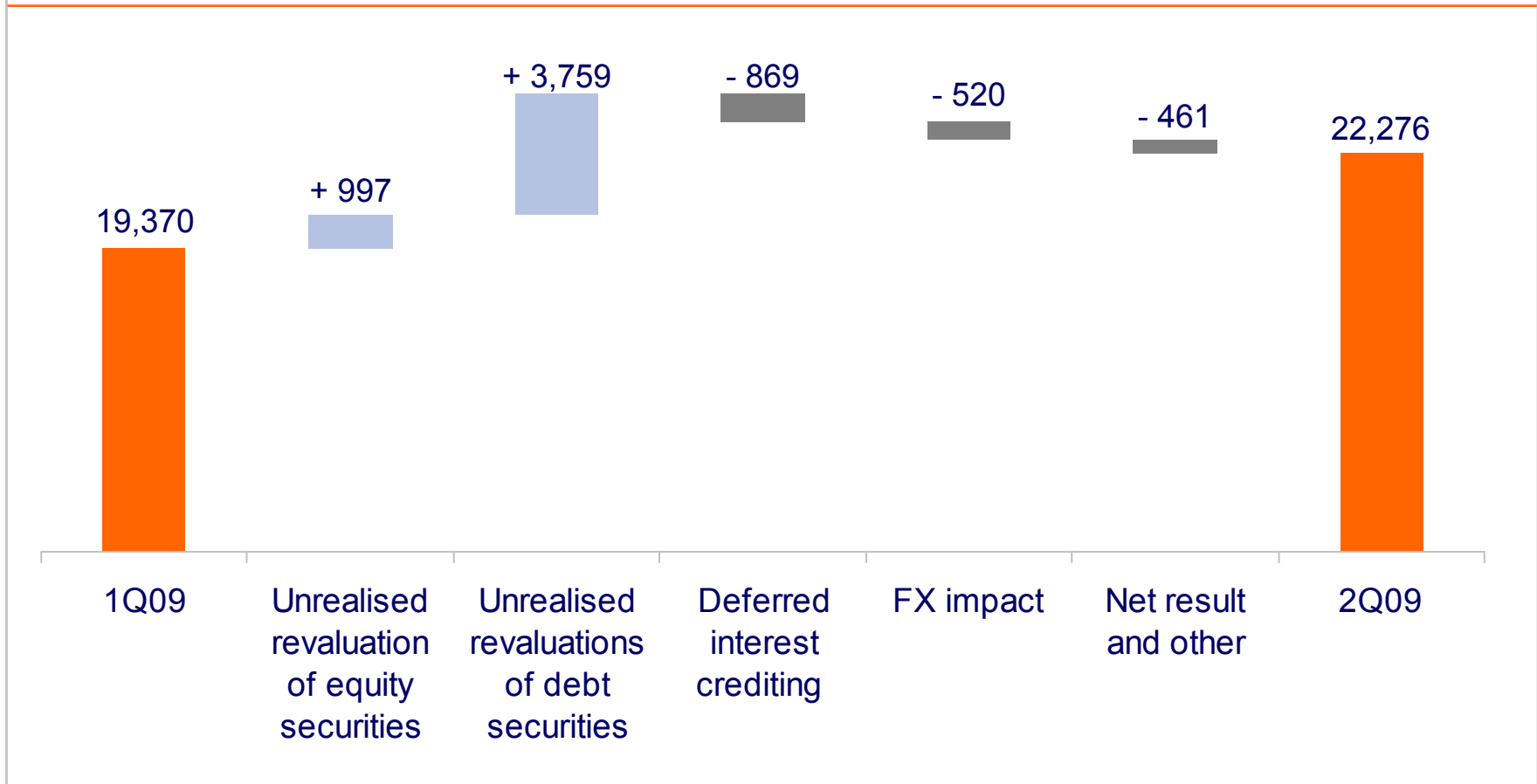
- ING recorded an EUR 1 billion increase in unrealised gains on equities in 2Q09:
  - EUR 0.6 billion at ING Bank driven by stake in Bank of Beijing
  - EUR 0.4 billion at ING insurance
- Insurance further reduced equity exposure by selling equities, making a EUR 72 million realised capital gain
- EUR 417 million negative pre-tax P&L impact from hedges at ING Insurance

## Hedging regulatory capital in US

- In 2Q09, pre-tax P&L impact of uptick in equity markets was negative EUR 346 million related to short term equity hedge
- In the P&L this was partially offset by EUR 176 million equity related positive DAC unlocking
- In the balance sheet, an increase in equity markets provides regulatory capital relief. In 2Q09, available capital increased by EUR 0.7 billion, more than offsetting the negative impact from the short term equity hedge on the US regulatory capital position

# ING Group shareholders' equity increased by 15% or EUR 2.9 billion in 2Q09

## Movement of ING Group's shareholders' equity in 2Q09 (in EUR million)





# Key Messages

# Second Quarter 2009 Results

## Key messages

- ING Group returns to profit: underlying net result improves to EUR 229 million
- Solid commercial performance driven by strong interest result
- Back to Basics programme ahead of targets: 2009 cost savings expected to reach EUR 1.3 billion
- Reviewing additional strategic options to facilitate our transformation, repay the Dutch State and meet restructuring requirements set out by the European Commission
- Shareholders' equity increased by 15%
- Key capital ratios remained stable

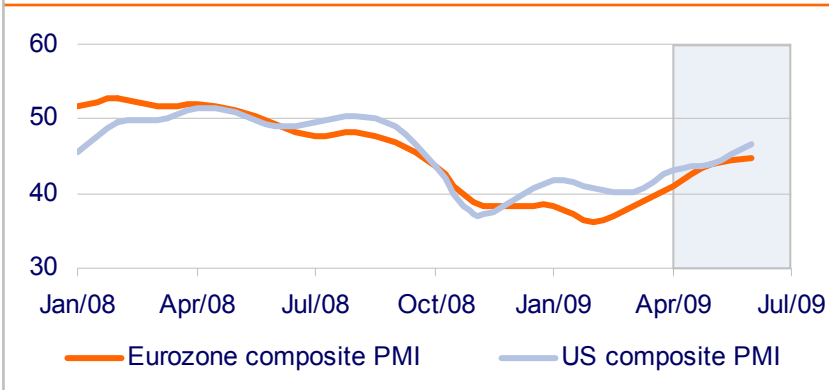
# Appendix

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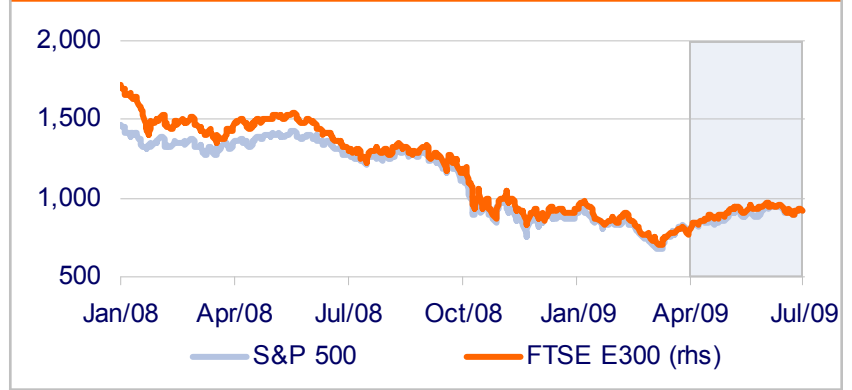
- 37: Market environment
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# Market environment improved in 2Q09 but remains challenging

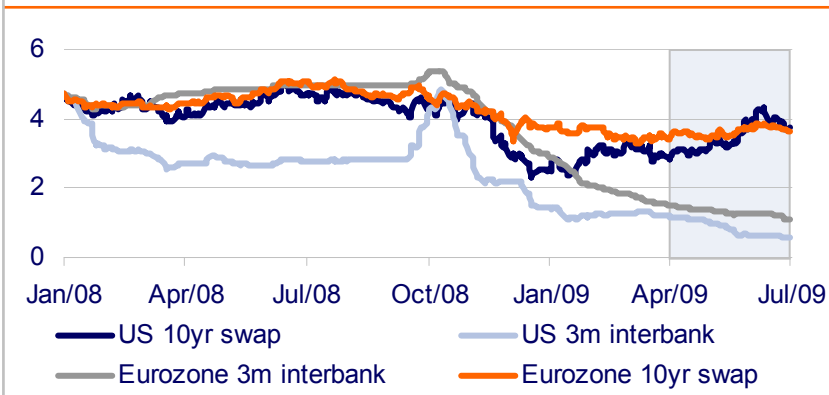
## Economic activity (index)



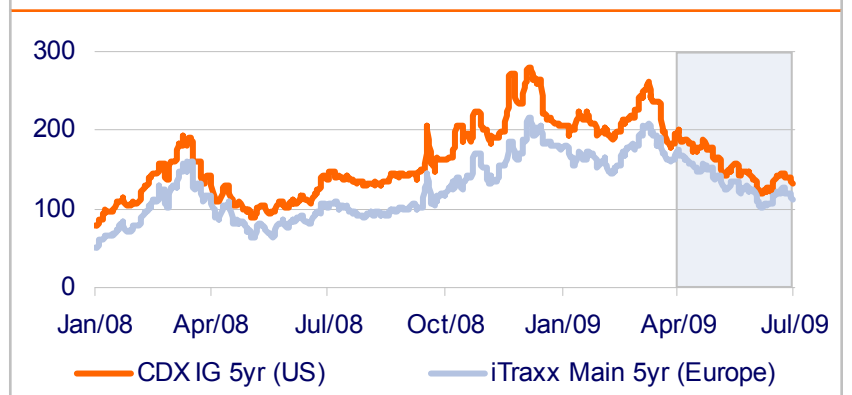
## Stock markets (index)



## Yield curve (in percentages)



## Credit markets (basis points)



# ING Group returns to profit in 2Q09 despite significant market impacts and risk costs

ING Group results (in EUR million)					
	2Q09	1Q09	4Q08	3Q08	2Q08
<b>Underlying result before market impacts and risk costs</b>	<b>2,339</b>	<b>2,015</b>	<b>1,303</b>	<b>1,689</b>	<b>2,092</b>
ABS Impairments	-385	-290	-2,048	-410	-59
Other debt securities	-22	-80	-265	-498	-18
<b>Impairments on debt securities</b>	<b>-407</b>	<b>-370</b>	<b>-2,313</b>	<b>-908</b>	<b>-77</b>
Equity securities impairments	-64	-194	-569	-535	-334
Equity capital gains	72	45	-279	192	698
Direct and indirect equity hedges	-764	445	33	199	75
DAC unlocking	176	-615	-789	-233	32
<b>Equity related impact</b>	<b>-580</b>	<b>-319</b>	<b>-1,604</b>	<b>-377</b>	<b>471</b>
Real estate	-694	-383	-608	-213	-282
Private equity	8	-145	-275	-125	24
<b>Real Estate/Private equity</b>	<b>-686</b>	<b>-528</b>	<b>-883</b>	<b>-338</b>	<b>-258</b>
Other*	259	-306	-235	-405	147
<b>Total market impacts</b>	<b>-1,413</b>	<b>-1,523</b>	<b>-5,037</b>	<b>-2,028</b>	<b>284</b>
<b>Loan loss provisions Bank</b>	<b>-852</b>	<b>-772</b>	<b>-576</b>	<b>-373</b>	<b>-234</b>
<b>Underlying result before tax</b>	<b>74</b>	<b>-281</b>	<b>-4,310</b>	<b>-712</b>	<b>2,142</b>
Tax and third-party interests	-154	23	-1,236	-143	257
<b>Underlying net result</b>	<b>229</b>	<b>-305</b>	<b>-3,073</b>	<b>-568</b>	<b>1,885</b>
Divestments and special items	-159	-488	-637	91	34
<b>Net result</b>	<b>71</b>	<b>-793</b>	<b>-3,711</b>	<b>-478</b>	<b>1,920</b>

\* Other includes FX hedges and other marked-to-market valuations  
Numbers may not add up due to rounding

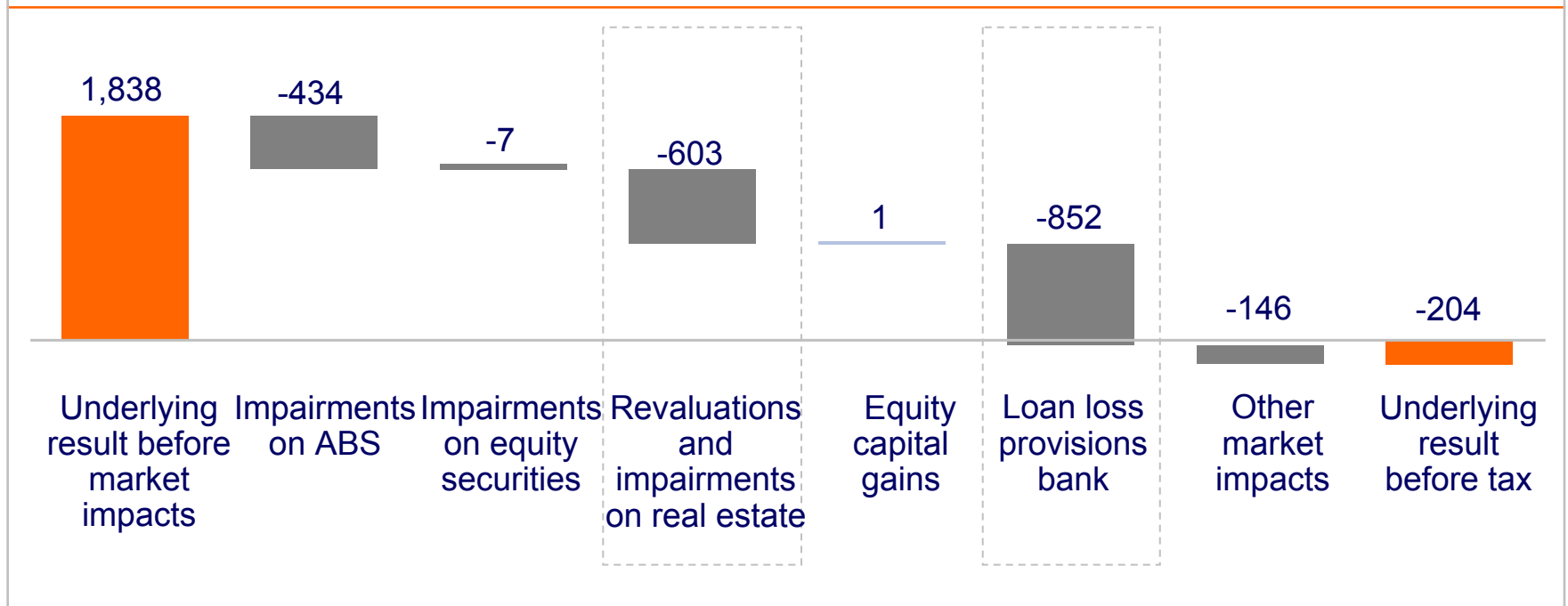
# Banking posts small underlying net loss

<b>Bank results (in EUR million)</b>					
	<b>2Q09</b>	<b>1Q09</b>	<b>4Q08</b>	<b>3Q08</b>	<b>2Q08</b>
<b>Underlying result before market impacts and risk costs</b>	<b>1,838</b>	<b>1,689</b>	<b>998</b>	<b>1,243</b>	<b>1,443</b>
ABS impairments	-437	-178	-1,734	-257	-11
Other debt securities	3	0	-84	-171	0
<b>Impairments on debt securities</b>	<b>-434</b>	<b>-178</b>	<b>-1,818</b>	<b>-428</b>	<b>-11</b>
Equity securities impairments	-7	-21	-43	-184	-97
Equity capital gains	1	3	-69	16	54
<b>Equity related impact</b>	<b>-6</b>	<b>-18</b>	<b>-112</b>	<b>-168</b>	<b>-43</b>
Real estate revaluations/impairments	-603	-204	-332	-98	-241
Other*	-146	182	0	-392	186
<b>Total market impacts</b>	<b>-1,189</b>	<b>-219</b>	<b>-2,262</b>	<b>-1,086</b>	<b>-109</b>
<b>Loan loss provisions Bank</b>	<b>-852</b>	<b>-772</b>	<b>-576</b>	<b>-373</b>	<b>-234</b>
<b>Underlying result before tax</b>	<b>-204</b>	<b>698</b>	<b>-1,841</b>	<b>-216</b>	<b>1,101</b>
Tax and third-party interests	-179	178	-776	-115	204
<b>Underlying net result</b>	<b>-25</b>	<b>519</b>	<b>-1,065</b>	<b>-101</b>	<b>897</b>
Divestments and special items	-93	-170	-119	-27	-28
<b>Total net result</b>	<b>-118</b>	<b>350</b>	<b>-1,184</b>	<b>-128</b>	<b>869</b>

\* Other includes FX hedges and fair value change own Tier 2 debt (2Q09 and 1Q09) and other market related items  
Numbers may not add up due to rounding

# Bank result negatively impacted by risk costs, real estate and ABS impairments

## 2Q09 market impacts and risk costs ING Bank (in EUR million)





# ING Bank's 2Q09 earnings hampered by mark-to-market own Tier 2 debt

## Corporate Line Banking (in EUR million)

	2Q09	1Q09	4Q08	3Q08	2Q08
Income on capital surplus	42	12	34	-4	-7
Solvency costs	-26	-27	-43	-28	-16
Financing charges	-79	-52	-38	-50	-22
Amortisation intangible assets	-8	-8	-9	-8	-7
FX-results, fair value changes, other	-193	95	-56	-405	71
<b>Capital Management</b>	<b>-264</b>	<b>20</b>	<b>-112</b>	<b>-494</b>	<b>19</b>
Other	-42	-10	-26	-134	-21
<b>Underlying result before tax</b>	<b>-307</b>	<b>9</b>	<b>-139</b>	<b>-629</b>	<b>-2</b>

## 10% Tier 2 debt marked-to-market

- ING acts as market maker for ING's own debt. Marking a part of own debt to market is requirement for the role of liquidity provider
- In 2009, the market for Tier 2 debt has become illiquid. As a result ING executed small trades on a daily basis in its own Tier 2 debt
- ING marks 10% Tier 2 debt to market, resulting in a EUR 182 million gain in 1Q09 and a EUR 168 million loss in 2Q09
- Not marking to market is not an alternative as one trade would then trigger revaluation of entire issuance through the P&L. Going forward ING will mark-to-market a smaller percentage of new issued Tier 2

# Insurance records underlying profit before tax of EUR 278 million

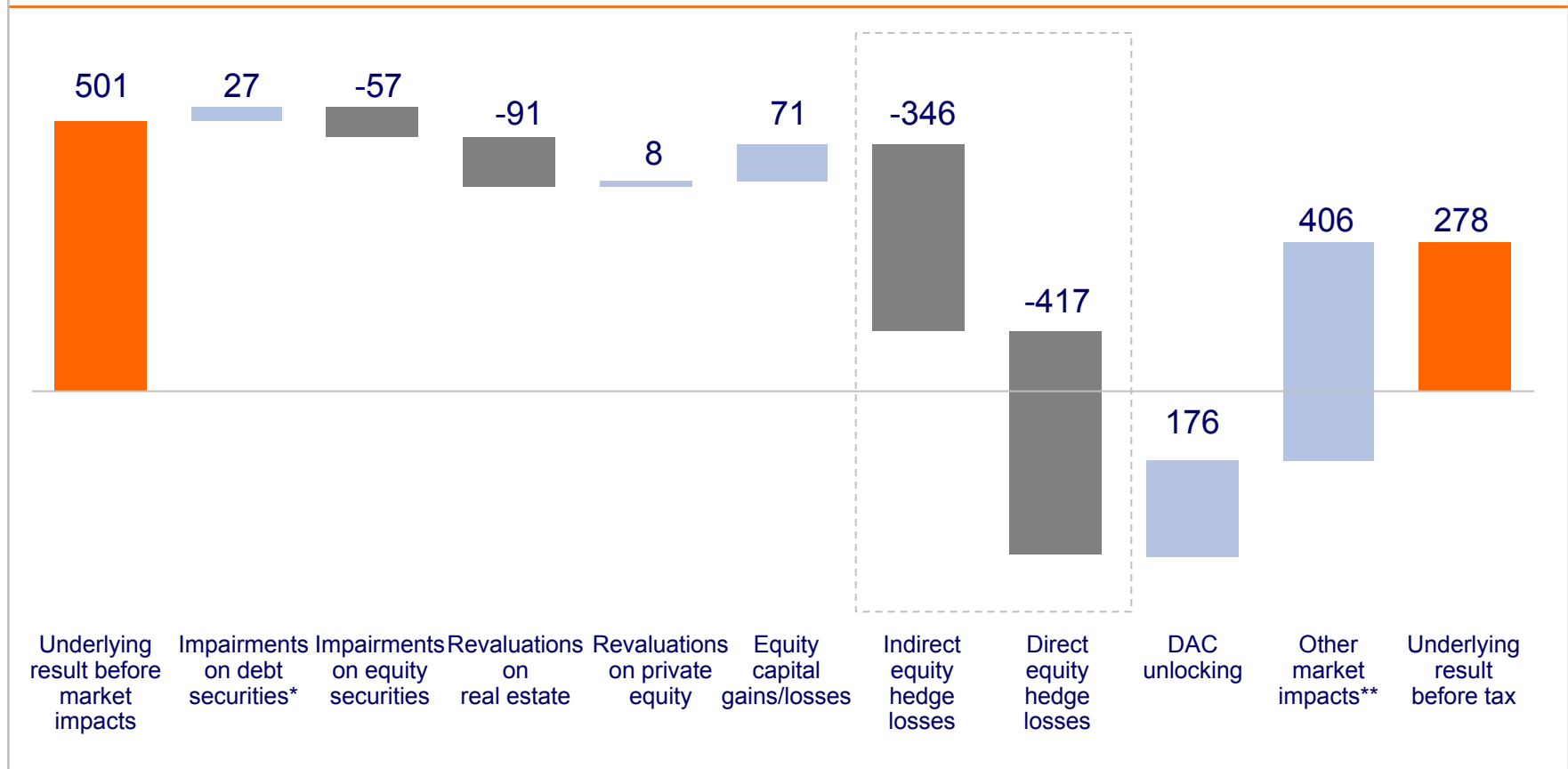
<b>Insurance results (in EUR million)</b>					
	<b>2Q09</b>	<b>1Q09</b>	<b>4Q08</b>	<b>3Q08</b>	<b>2Q08</b>
<b>Underlying result before market impacts</b>	<b>501</b>	<b>326</b>	<b>305</b>	<b>446</b>	<b>649</b>
ABS impairments	52	-112	-314	-153	-48
Other debt securities	-25	-80	-181	-327	-18
<b>Impairments on debt securities</b>	<b>27</b>	<b>-192</b>	<b>-495</b>	<b>-480</b>	<b>-66</b>
Equity securities impairments	-57	-173	-526	-351	-237
Equity capital gains	71	42	-210	176	644
Direct and indirect equity hedges	-764	445	33	199	75
DAC unlocking	176	-615	-789	-233	32
<b>Equity related impact</b>	<b>-574</b>	<b>-301</b>	<b>-1,492</b>	<b>-209</b>	<b>514</b>
Real estate revaluations	-91	-179	-276	-115	-41
Private equity revaluations	8	-145	-275	-125	24
<b>Revaluations</b>	<b>-83</b>	<b>-324</b>	<b>-551</b>	<b>-240</b>	<b>-17</b>
Other*	406	-488	-235	-13	-39
<b>Total market impacts</b>	<b>-223</b>	<b>-1,306</b>	<b>-2,774</b>	<b>-942</b>	<b>393</b>
<b>Underlying result before tax</b>	<b>278</b>	<b>-979</b>	<b>-2,469</b>	<b>-496</b>	<b>1,042</b>
Tax and third-party interests	25	-155	-460	-28	53
<b>Underlying net result</b>	<b>254</b>	<b>-824</b>	<b>-2,009</b>	<b>-467</b>	<b>989</b>
Divestments and special items	-66	-319	-518	117	62
<b>Total net result</b>	<b>189</b>	<b>-1,143</b>	<b>-2,527</b>	<b>-350</b>	<b>1,051</b>

\* Other includes FX hedges and other marked-to-market valuations

Numbers may not add up due to rounding

# Insurance result negatively impacted by fair value changes on equity derivatives

## 2Q09 Market impacts ING Insurance (in EUR million)



\* Includes EUR 85 million fair value gain on CDOs

\*\* Other includes Japan SPVA and separate account shortfall, fair value changes on interest and FX derivatives



# Corporate Line Insurance

Corporate Line Insurance (in EUR million)					
	2Q09	1Q09	4Q08	3Q08	2Q08
Interest on hybrids and core debt	-175	-140	-226	-185	-218
Capital gains equities	59	-11	-195	180	644
Impairments equities	-5	-173	-463	-330	-188
Notional income equities	-21	-21	-82	-81	-83
Fair value changes derivatives	-151	176	15	148	99
Other	-19	-76	-48	-32	8
<b>Underlying result before tax</b>	<b>-312</b>	<b>-245</b>	<b>-999</b>	<b>-300</b>	<b>262</b>

# Insurance: Margin analysis for Insurance Total

<b>Insurance Total (in EUR million)</b>					
	<b>2Q09</b>	<b>1Q09</b>	<b>4Q08</b>	<b>3Q08</b>	<b>2Q08</b>
Investment margin	-318	118	-555	-195	409
Fees and premium-based revenues	1,055	1,060	1,094	1,200	1,174
Technical margin	243	135	211	76	277
Expenses	-505	-1,789	-1,972	-1,367	-1,159
<b>Underlying result before tax – modeled life business</b>	<b>474</b>	<b>-476</b>	<b>-1,218</b>	<b>-286</b>	<b>703</b>
Unmodeled life business/Corporate Line*	-246	-520	-1,308	-351	266
Underlying profit before tax – Life insurance	228	-995	-2,526	-637	969
Non life insurance	51	16	57	141	73
<b>Underlying profit before tax</b>	<b>278</b>	<b>-979</b>	<b>-2,469</b>	<b>-496</b>	<b>1,043</b>

\* = Netherlands servicing & brokerage (including AZL, IAN, NN HB), Luxembourg, Bulgaria, Russia, Ukraine and Turkey; Brazil as well as Japan SPVA, KB Life, New Zealand, Thailand, China, India, and Corporate Line

# Insurance: Margin analysis for Insurance Europe

Insurance Europe (in EUR million)					
	2Q09	1Q09	4Q08	3Q08	2Q08
Investment margin	-139	65	-196	31	207
Fees and premium-based revenues	318	325	335	329	349
Technical margin	262	-90	71	6	178
Expenses	-330	-368	-422	-364	-389
<b>Underlying profit before tax – modeled life business</b>	<b>110</b>	<b>-68</b>	<b>-212</b>	<b>3</b>	<b>346</b>
Unmodeled life business*	-5	-13	-21	-7	3
Underlying profit before tax – Life insurance	105	-81	-234	-5	349
Non life insurance	29	5	47	106	48
<b>Underlying profit before tax</b>	<b>134</b>	<b>-75</b>	<b>-186</b>	<b>101</b>	<b>397</b>

\* = Netherlands servicing & brokerage (including AZL, IAN, NN HB), Luxembourg, Bulgaria, Russia, Ukraine and Turkey.

# Insurance: Margin analysis for Insurance Americas

Insurance Americas (in EUR million)					
	2Q09	1Q09	4Q08	3Q08	2Q08
Investment margin	-219	59	-321	-178	196
Fees and premium-based revenues	427	403	440	544	494
Technical margin	-37	189	29	49	71
Expenses	72	-1,171	-1,231	-754	-523
<b>Underlying profit before tax – modeled life business</b>	<b>244</b>	<b>-521</b>	<b>-1,084</b>	<b>-340</b>	<b>237</b>
Unmodeled life business*	-3	-1	-3	-11	4
Underlying profit before tax – Life insurance	241	-522	-1,087	-350	240
Non life insurance	15	12	11	35	19
<b>Underlying profit before tax</b>	<b>256</b>	<b>-510</b>	<b>-1,075</b>	<b>-316</b>	<b>260</b>

\* = Brazil

# Insurance: Margin analysis for Insurance Asia/Pacific

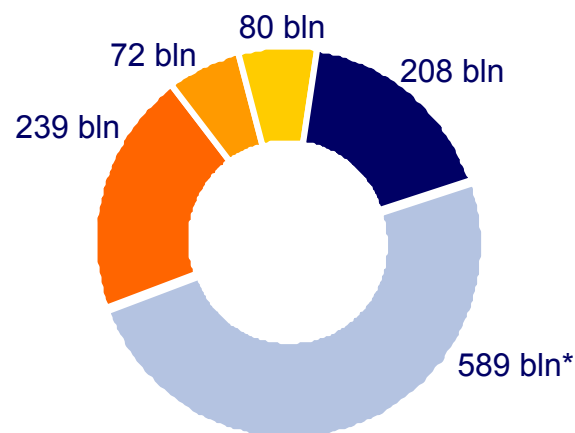
<b>Insurance Asia/Pacific (in EUR million)</b>					
	<b>2Q09</b>	<b>1Q09</b>	<b>4Q08</b>	<b>3Q08</b>	<b>2Q08</b>
Investment margin	39	-5	-37	-47	7
Fees and premium-based revenues	310	332	319	327	331
Technical margin	18	36	111	21	28
Expenses	-247	-250	-315	-250	-246
<b>Underlying profit before tax – modeled life business</b>	<b>120</b>	<b>113</b>	<b>78</b>	<b>51</b>	<b>120</b>
Unmodeled life business*	79	-263	-288	-33	3
Underlying profit before tax – Life insurance	199	-150	-210	18	123
Non life insurance	1	1	1	1	1
<b>Underlying profit before tax</b>	<b>201</b>	<b>-149</b>	<b>-209</b>	<b>19</b>	<b>124</b>

\* = Japan SPVA, KB Life, New Zealand, Thailand, China and India



# ING Group's balance sheet at 30 June 2009

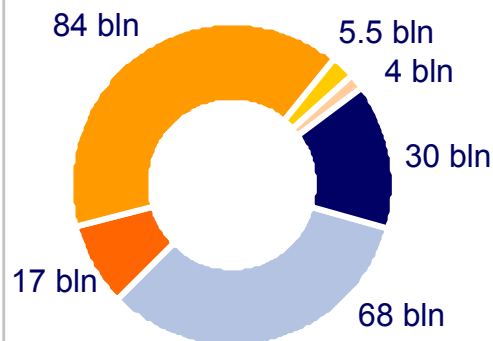
## Total assets: EUR 1,188 billion



- Loans and advances
- Financial assets at fair value through P&L
- Cash and amounts due from banks
- Other
- Investments

\* Loans and advances to customers includes EUR 41 billion securities, of which EUR 30 billion European ABS

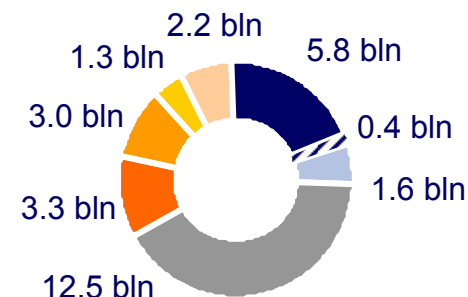
## Investments: EUR 208 billion\*



- Corporate bonds
- Covered bonds
- Government bonds
- Equities
- Other
- ABS

\* EUR 193 billion AFS  
EUR 15 billion HtM

## ABS Investments: EUR 30 billion\*



- Non-US RMBS
- US agency RMBS
- US prime RMBS
- Alt-A RMBS
- Subprime RMBS
- Other ABS
- CMBS
- CDOs/CLOs

\* EUR 29.1 billion AFS  
EUR 1.2 billion HtM

# Total debt securities at 30 June 2009

## Debt securities (in EUR billion) – 30 June 2009\*

	Amounts due from Banks	Loans and advances	Investments HTM	Investments AFS		FV through P&L	Total	
	B/S value	B/S value	B/S value	B/S value	Reval after Tax	B/S value	B/S value	Reval after Tax
Government bonds		0.8	1.4	82.7	0.7		84.9	0.7
Covered bonds	7.1	9.2	11.8	4.7	-0.1		32.9	-0.2**
Financial Institutions	2.0	0.3	0.4	38.1	-2.2		40.8	-2.2
Corporate bonds		0.2		30.0	-0.2		30.1	-0.2
ABS		30.3	1.2	29.1	-4.7	4.1	64.6	-6.0***
<b>Total</b>	<b>9.1</b>	<b>40.8</b>	<b>14.9</b>	<b>184.5</b>	<b>-6.4</b>	<b>4.1</b>	<b>253.4</b>	<b>-7.9</b>

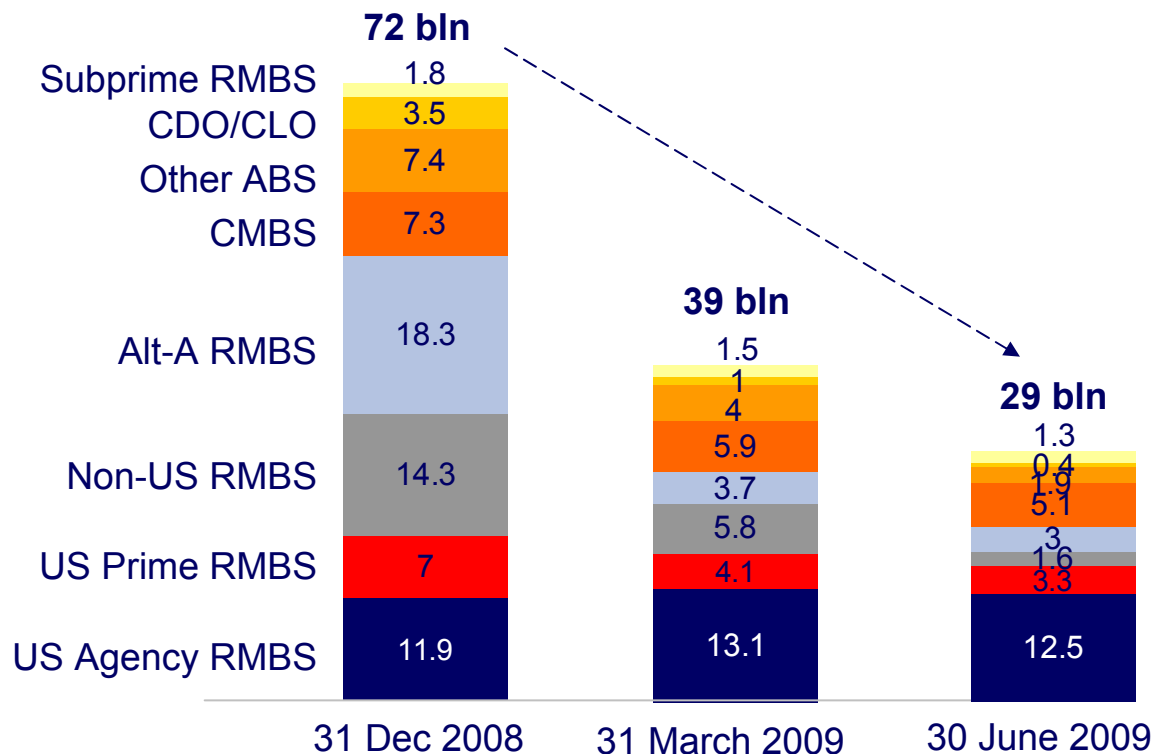
\* Total debt securities contains banking book and Insurance general account but excludes the trading book and Insurance separate account

\*\* Loans and advances contains negative revaluation reserve of EUR 0.1 billion for reclassified covered bonds

\*\*\* Loans and advances contains negative revaluation reserve of EUR 1.3 billion for reclassified ABS – see next slide

# ABS AFS: down EUR 43 billion year-to-date, preserving shareholders' equity

## ABS AFS investments (in EUR billion)



- ABS AFS portfolio reduced by EUR 43 billion year-to-date, of which EUR 10 billion in 2Q09:
  - Reclassifications: EUR 6.9 billion, of which EUR 6.1 billion European ABS to Loans and Receivables in Insurance Europe and EUR 0.7 billion CMBS to HtM in ING Direct
  - Maturing bonds and pre-payments
  - Despite EUR 1.1 billion positive revaluations

\* Reclassifications at 1 June 2009: EUR 6.1 billion to Loans and Receivables and EUR 0.7 billion to HtM. Earlier reclassifications: EUR 13.3 billion European ABS to Loans and Receivables in January 2009

# Total ABS exposure at 30 June 2009

## Total ABS (in EUR billion) – 30 June 2009\*

	Loans and advances		Investments HTM	Investments AFS		FV through P&L	Total	
	B/S value	Reval after Tax	B/S value	B/S value	Reval after Tax	B/S value	B/S value	Reval after Tax
US agency RMBS				12.5	-0.1	0.2	12.7	-0.1
US prime RMBS				3.3	-0.6	0.1	3.3	-0.6
US Alt-A RMBS				3.0	-0.9	0.1	3.1	-0.9
US Subprime RMBS				1.3	-1.0		1.3	-1.0
Non-US RMBS	20.6	-0.8	0.1	1.6	-0.1		22.1	-0.9
CMBS	1.8	-0.2	0.7	5.1	-1.8	0.1	7.7	-2.0
CDO/CLO	0.6	-0.1		0.4	-0.1	3.3	4.3	-0.2
Other ABS	7.3	-0.2	0.4	1.9	-0.1	0.3	9.9	-0.3
<b>Total</b>	<b>30.3</b>	<b>-1.3</b>	<b>1.2</b>	<b>29.1</b>	<b>-4.7</b>	<b>4.1</b>	<b>64.6</b>	<b>-6.0</b>

\* Total ABS contains Banking book and Insurance general account but excludes the trading book and Insurance separate account

# ING Direct's Alt-A RMBS portfolio

- 75% of the Alt-A portfolio comprise pools of fixed and long-dated hybrid mortgages with a relatively stable market price around 71%
- 25% of the portfolio are adjustable rate mortgages (ARMs), mostly with a payment option to negatively amortise ("NegAm"). These RMBS have an average market price of 36%
- The total pre-tax negative revaluation was EUR -1.2 billion at 2Q09

## ING Direct's Alt-A RMBS at 30 June 2009 (in EUR million)\*

<i>per vintage</i>	Pre-2005	2005	2006	2007	Total	%	LTV**	FICO	CE***	FV
Book value (plus impairments)	500	1,127	930	1,866	4,423					
Unrealised gains/losses	-108	-303	-187	-577	-1,175					
Market value	390	760	531	859	2,539					
Vintage in % total book value	11%	25%	21%	42%	100%		73%	721	15.2%	57%
Fixed rate	185	288	185	219	877	35%	68%	725	7.1%	71%
Long-dated hybrid	173	399	221	243	1,036	41%	69%	730	10.1%	71%
Short-dated hybrid, ARMs	11	0	0	36	47	2%	74%	715	18.9%	46%
Option ARMs (NegAm)	21	73	124	362	580	23%	80%	711	25.6%	36%
Market value	390	760	531	859	2,539	100%	73%	721	15.2%	57%

\* After the Illiquid Assets Back-up Facility the portfolio contains 20% of each security and is therefore substantially smaller than in earlier quarters

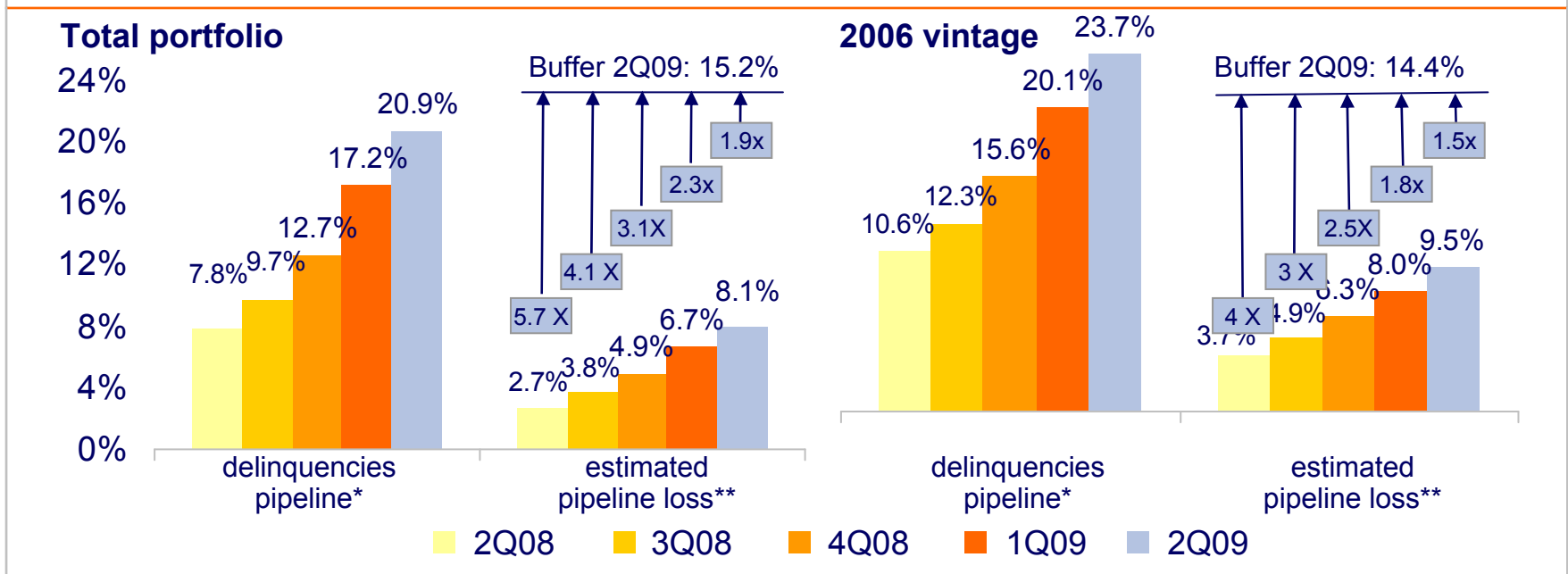
\*\* Current loan over original value

\*\*\*Credit enhancement (= junior tranches plus over-collateralisation as % securitised mortgage pool)

# Alt-A mortgage delinquency rate further increased

- Delinquencies in Alt-A mortgages underlying ING Direct's Alt-A RMBS increased from 17.2% to 20.9% in 2Q09.
- The average coverage ratio of credit enhancement over estimated pipeline loss\*\* declined from 2.3 times in 1Q09 to 1.9 times in 2Q09. For the 2006 vintage the coverage ratio was 1.5 times, for the 2007 vintage 1.8 times

## ING Direct's Alt-A RMBS and underlying mortgages



\* = Sum of 60+ day delinquencies, bankruptcies, foreclosures, real estate owned in underlying mortgages

\*\* = 100% delinquencies pipeline \* 40% loss given default 2006/07 vintages (35% for older vintages)



# CMBS portfolio: market value increased in 2Q09

## ING's CMBS exposure (in EUR million)

	IFRS B/S value	Fair value	Pre-tax Reval
IIM Americas	4,825	68%	-2,270
IIM Asia	8	81%	-2
IIM Europe	267	70%	-112
ING Direct	2,512	89%	-318
Commercial Banking	127	76%	-41
<b>Total</b>	<b>7,740</b>	<b>74%</b>	<b>-2,744</b>

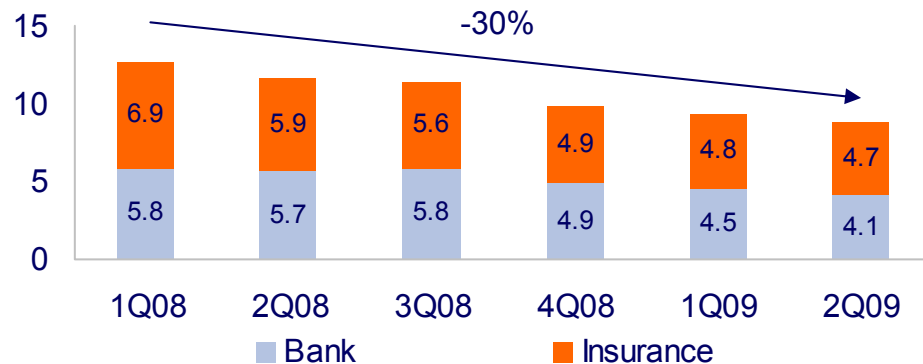
- ING's CMBS portfolio was EUR 7.7 billion at 30 June 2009
- The fair value increased from 69% at 1Q09 to 74% at 2Q09
- CMBS is 80% US and 20% non-US

## Insurance US CMBS portfolio

- Insurance US holds EUR 4.8 billion CMBS
- Credit ratings: 90% still AAA
- Average Credit Enhancement at 22.2% (21.7% at 1Q09)
- Debt Service Coverage Ratio at 1.56 (1.54 at 1Q09)
- No impairments to date in portfolio
- Spreads tightened in 2Q09; as a result the average price increased by 13%-points

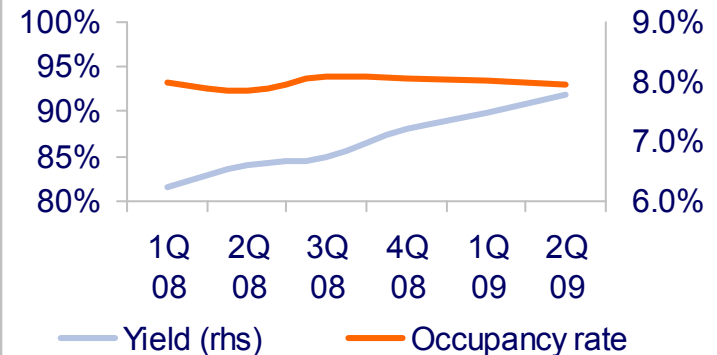
# Real estate revaluations driven by increasing yield demanded by investors

## Real Estate accounted for through P&L (in EUR billion)



- Real Estate exposure with fair value changes through P&L declined EUR 3.9 billion since beginning 2008
- Mainly due to EUR 1.7 billion negative revaluations, of which 70% came from US, UK, Canada and Australia
- EUR 1.0 billion in real estate divested
- 2Q09 revaluations totalled EUR -584 million, or 6% of total portfolio, of which EUR -251 million in the Summit portfolio in Canada

## Occupancy rate stable while yield increases



- Current average yield is 7.8%, up 156 bps or 25% from year-end 2007
- 2Q09 yield increase 30 bps vs. 1Q09
- Occupancy rates at healthy levels above 90% in 2Q09



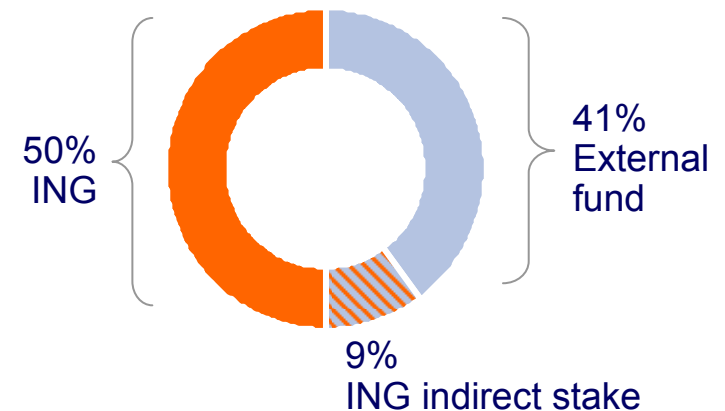
# Real Estate: 6% negative revaluation via P&L in 2Q09

- EUR 14.9 billion direct Real Estate exposure, of which EUR 8.8 billion is subject to revaluation through P&L (Insurance EUR 4.7 billion, Bank EUR 4.1 billion)
- EUR -584 million, or 6%, negative revaluation taken through the P&L in 2Q09

## Real Estate accounted for through the P&L (in EUR million)

	Residential	Retail	Office	Industrial	Other	Total
<b>Netherlands</b>	268	354	1,089	16	65	1,793
<b>Spain</b>	4	430	42	165	0	641
<b>UK</b>	30	212	145	55	68	511
<b>Other EU</b>	118	1,268	775	453	68	2,681
<b>USA</b>	170	57	109	287	195	818
<b>Australia</b>	21	296	26	258	31	633
<b>Asia</b>	232	262	54	6	106	660
<b>Canada</b>	0	22	0	858	0	880
<b>Other</b>	4	13	2	9	138	166
<b>Total</b>	848	2,913	2,242	2,108	671	8,782

## Summit Ownership Structure

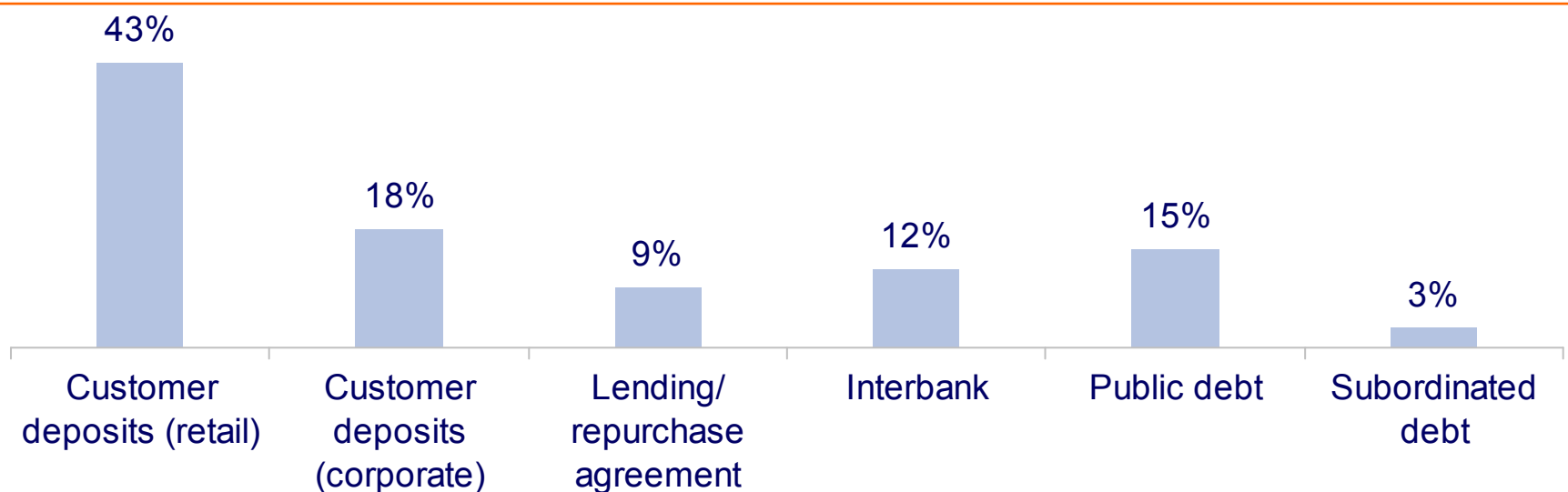


- ING has a direct 50% stake in Summit REIT and indirect 9% through ING Industrial Fund
- 2Q09 EUR 251 million negative revaluation contains EUR 80 million write-off on development project and land positions
- As only 59% is owned by ING, EUR 100 million of revaluations was charged to minorities
- Underlying performance of the assets is still good; increase of average yield to 8% is the main driver of revaluations

# ING Bank has a diversified funding mix and a favourable loan-to-deposit ratio

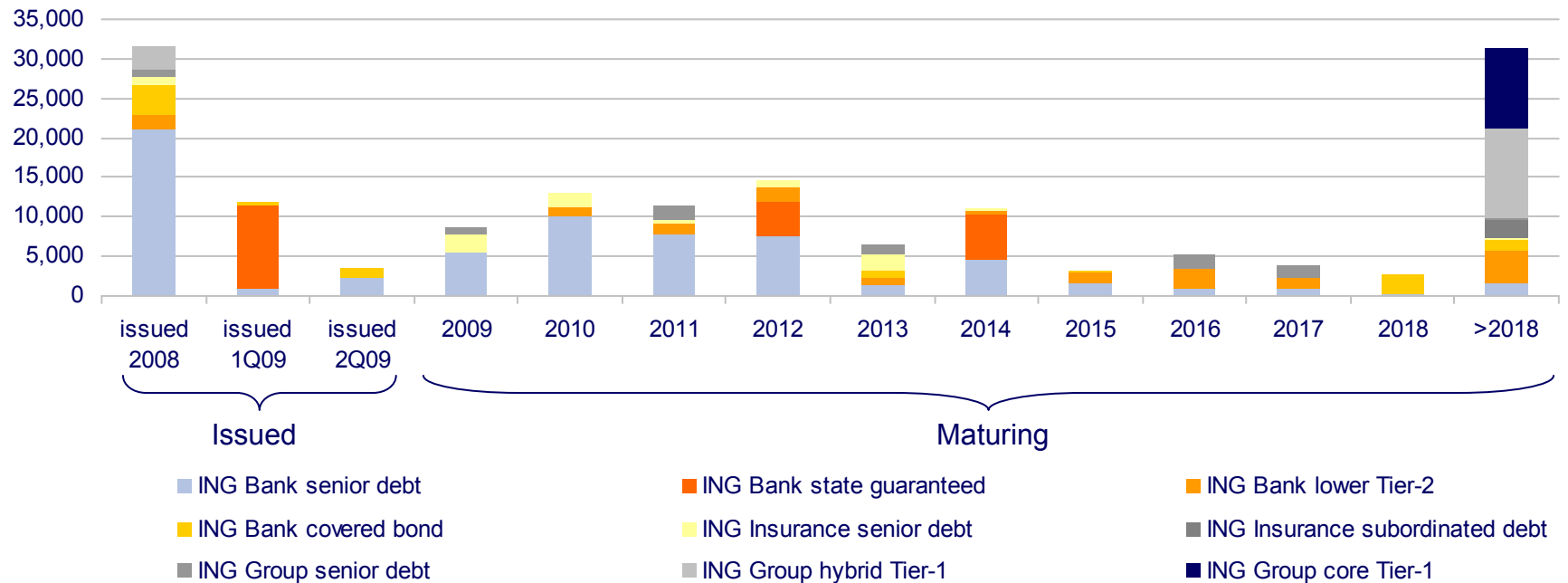
- ING Bank's loan-to-deposit ratio (excluding reclassified securities in loans in 1Q09) slightly increased to 1.11 in 2Q09, from 1.09 at 1Q09
- The increase was mainly due to a small reduction in corporate deposits
- Funding mix (excluding trading liabilities) remains favourable and well diversified: 61% stems from client deposits. Contribution from retail deposits increased 4%-points while corporate deposits decreased 5%-points mainly due to current account netting

## ING Bank's funding mix 2Q09



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

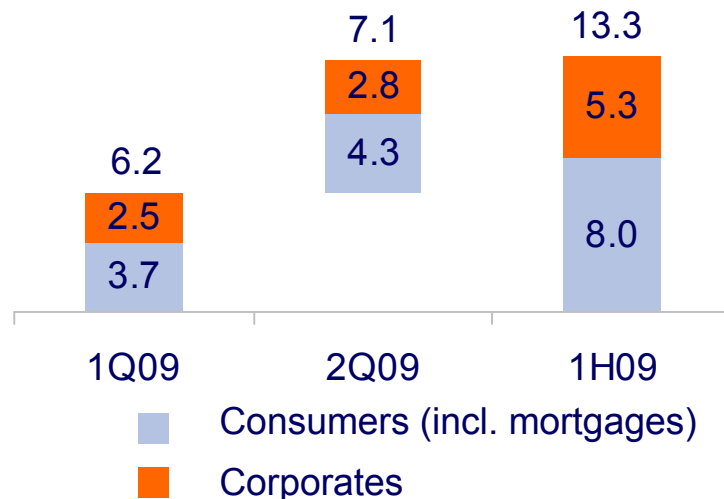
## Maturity ladder outstanding long-term debt (in EUR million)



- ING issued EUR 30 billion long-term debt in 2008, anticipating worsening conditions on global debt markets. Entering 2009, ING had modest funding needs
- In 2Q09 ING issued EUR 2.2 billion senior debt and a EUR 1.25 billion covered bond with a 10-year maturity
- As a result ING's remaining funding needs in 2009 are very well manageable

# Update on lending commitments to Dutch corporates and consumers

## Credit commitments to Dutch lending (in EUR billion)



## More than 50% already realised

- As part of the Illiquid Assets Back-up Facility, ING undertakes to support the growth of the Dutch lending to businesses and consumers (incl. mortgages) by making available EUR 25 billion, for lending on market conforming terms
- New commitments to business and consumer lending amounted to EUR 13.3 billion in 1H09. Some EUR 6.7 billion related to mortgage lending
- Remaining part to businesses (large, medium-sized and small)

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

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