ING Group

Restructuring should unlock shareholder value

Goldman Sachs European Financials Conference

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Restructuring should unlock shareholder value

- ING has proven track record of delivery on restructuring
- Priorities 2011: preparing Insurance for 2 IPOs
- ING Bank is well positioned for the future
- One Bank, one balance sheet - creates value under Basel III

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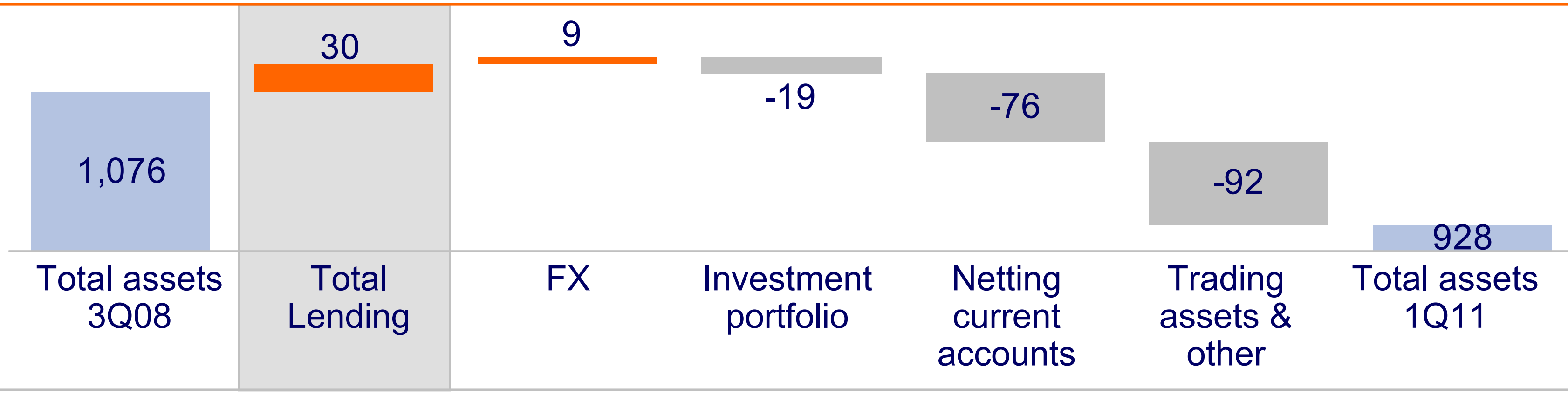
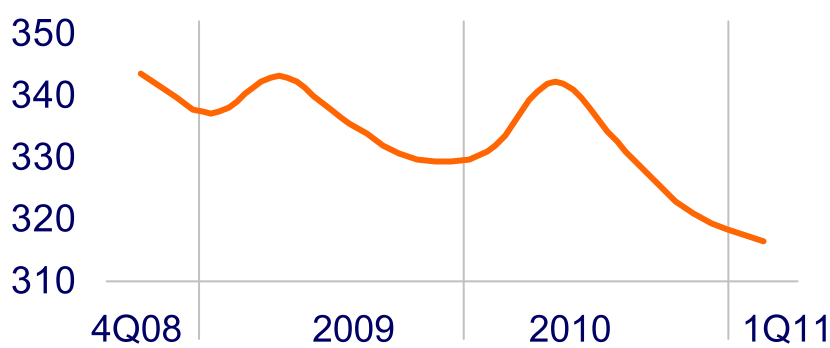
ING Group has proven track record of delivery on restructuring

ING Bank balance sheet: de-leveraging and de-risking accomplished while maintaining loan growth

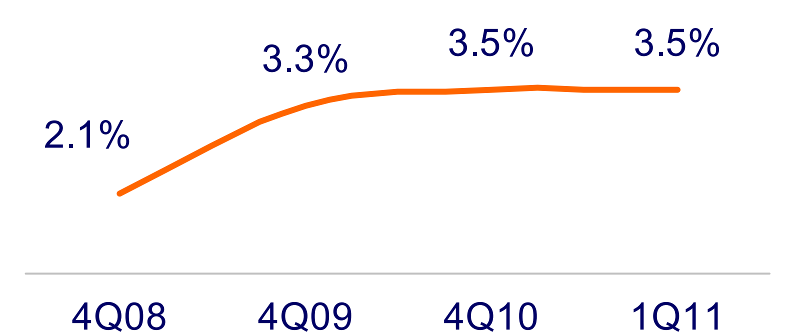
Bank Balance sheet reduced (EUR bln)



RWA reduced (EUR bln)



Asset leverage ratio* improved



* Basel III asset leverage = Tier 1 capital/total assets plus off-balance sheet

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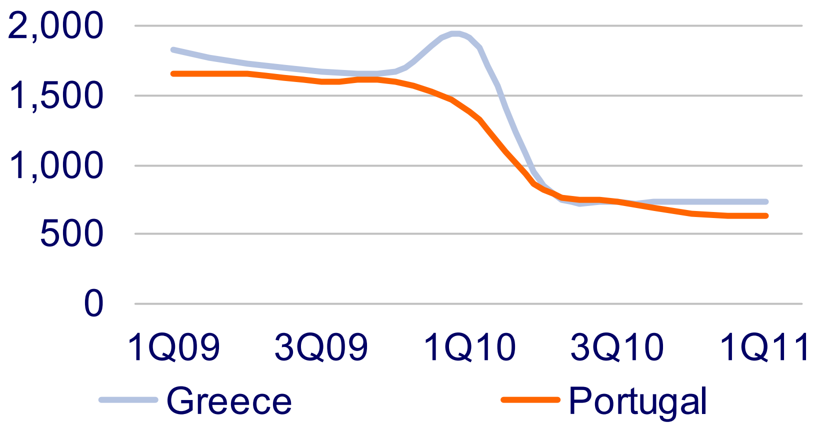
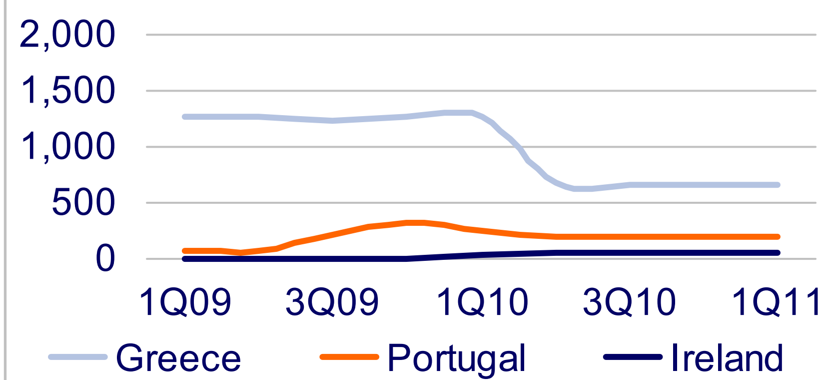
Sovereign exposure to Greece, Portugal and Ireland reduced and manageable

Bank*,**: Sovereign exposure to Greece and Portugal (in EUR mln)



- Combined exposure to 'government bonds' and 'Financial institutions' to Greece, Ireland and Portugal stood at EUR 1.7 bln at 1Q11***
- Related pre-tax revaluation reserve in Equity amounted to EUR -0.4 bln

Insurance**: Sovereign exposure Greece, Portugal and Ireland (in EUR mln)



- Combined exposure to 'government bonds' and 'Financial institutions' to Greece, Ireland and Portugal stood at EUR 0.9 bln at 1Q11***
- Related pre-tax revaluation reserve in Equity amounted to EUR -0.3 bln

* Bank has no sovereign exposure to Ireland
** At amortised cost
*** IFRS accounting value (including impact revaluation reserve)

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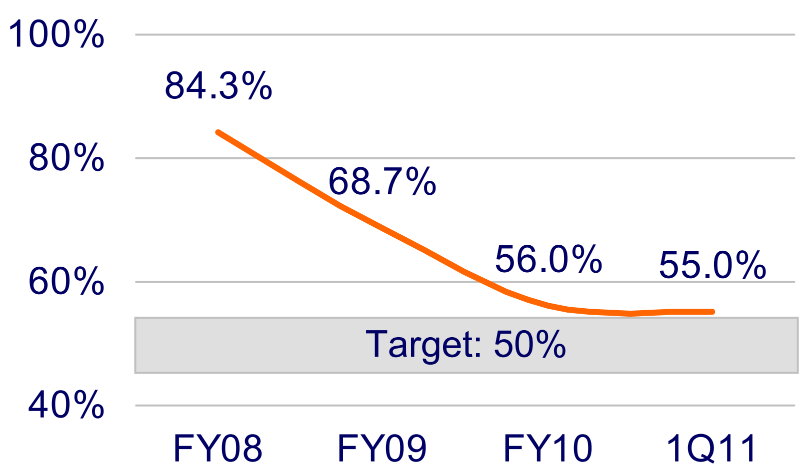
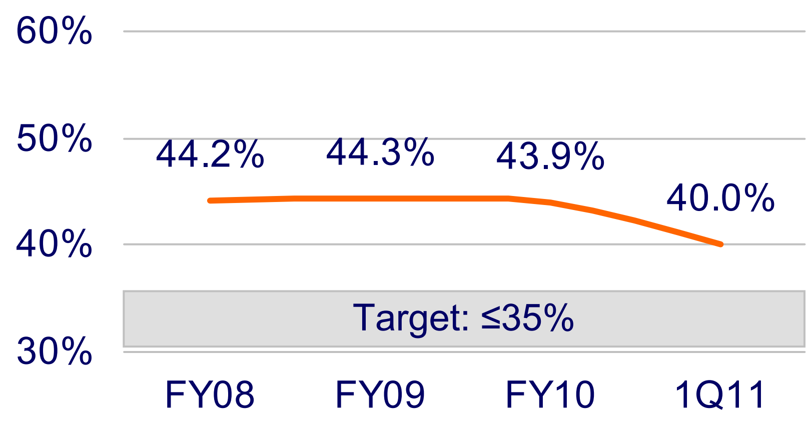
ING has made substantial progress in improving the cost efficiency of the organisation

C/I ratio Bank



- Successful execution of Back to Basics program
- Strong increase in income, supported by higher net interest income and diminishing negative market impact

Life & IIM administrative expenses/operating income (%)



- Cost reductions, particularly in the Benelux and the US
- Increase in income driven by increase in Investment Margin and Fees & premium-based revenues

- Cost efficiency remains core priority for both Bank and Insurance

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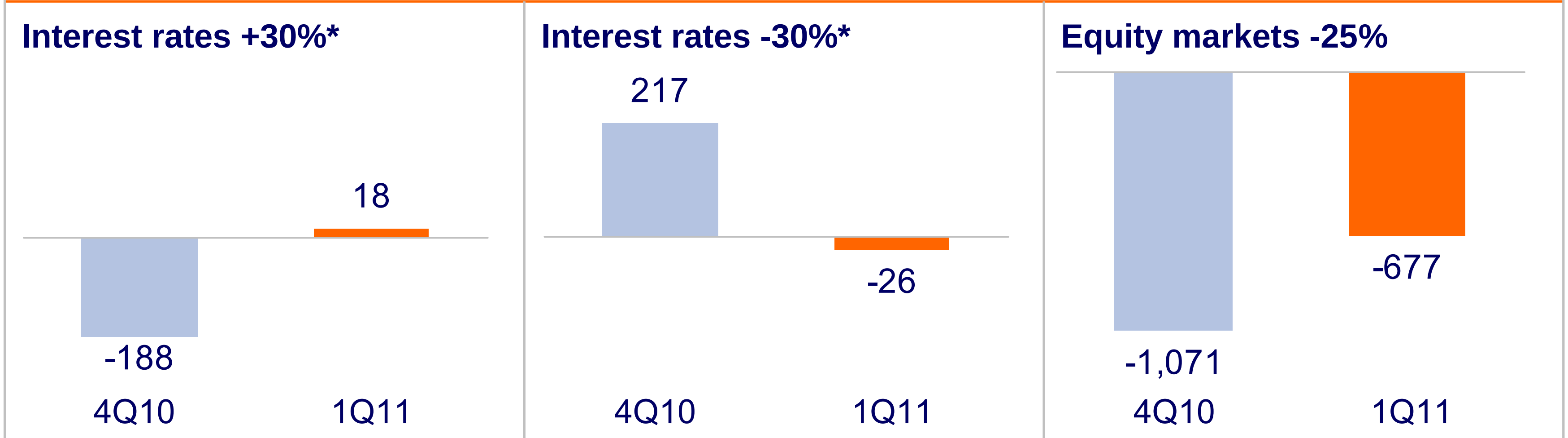
Insurance earnings sensitivity to market movements has been reduced substantially

Full-year earnings sensitivities for Insurance (in EUR million)



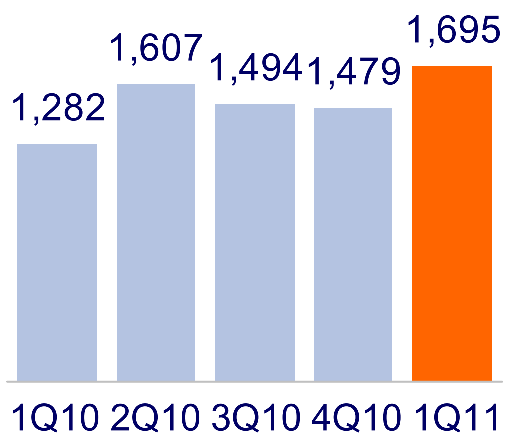
- Accounting US Closed Block Variable Annuities brought into line with peers
- Hedging put in place for 50% of interest rate exposure on VA block
- Change in hedging strategy on Separate Accounts in the Netherlands

- Mean reversion implemented for DAC in US, in line with peers

* Parallel shock based on 30% move in 10 year swap rate at year-end 2010. The sensitivities for US Closed Block VA at both year-end 2010 and 31 March 2011 reflect the move towards fair value accounting and the hedging of interest rate risk for GMWB.

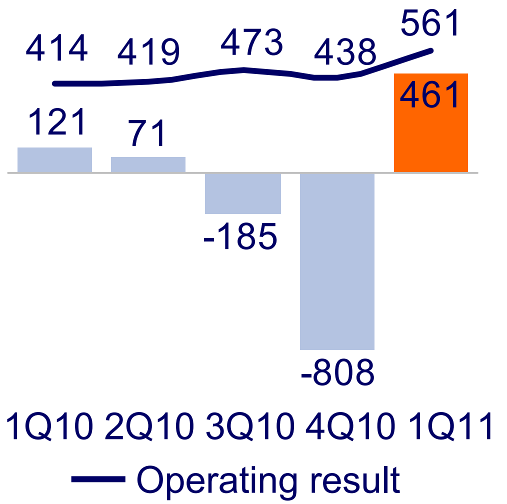
Both ING Bank and ING Insurance showed strong results in the first quarter

Underlying pre-tax result Bank (in EUR mln)



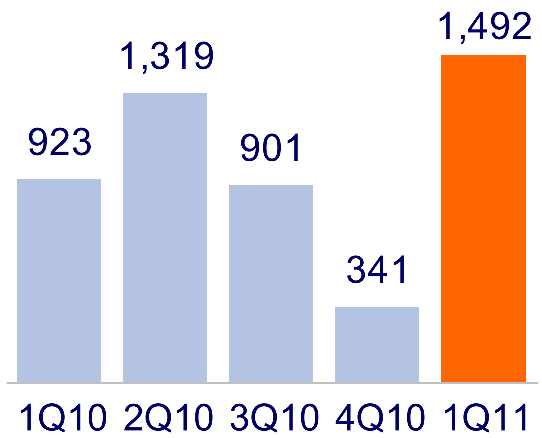
- Ongoing strong results in Banking operations

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



- Market volatility substantially reduced
- Operating improvements gaining traction

Underlying net result ING Group* (in EUR mln)

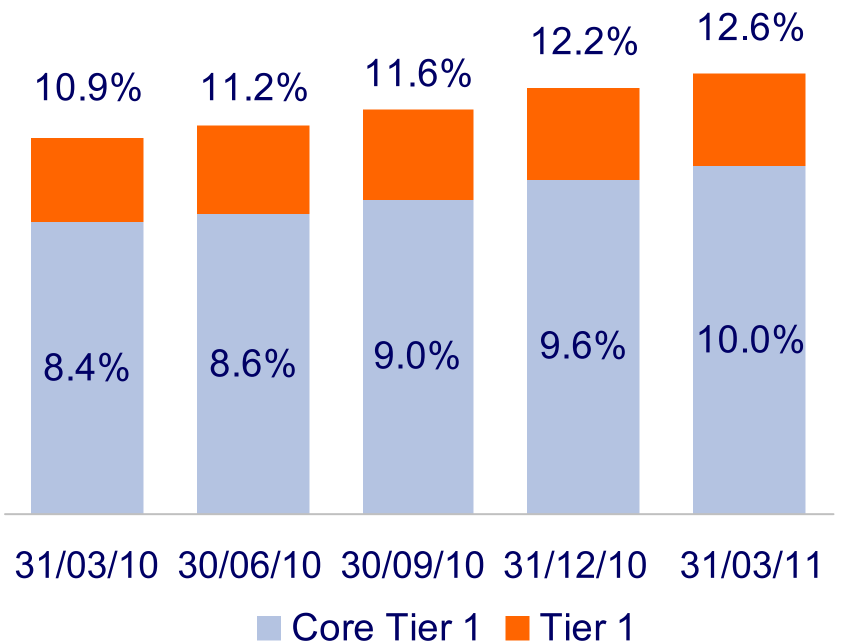


- Substantial improvement in earnings for ING Group

* Insurance/Group 2010 figures have been restated to reflect ING's move towards fv accounting on reserves for GMWB as of 1 Jan 2011

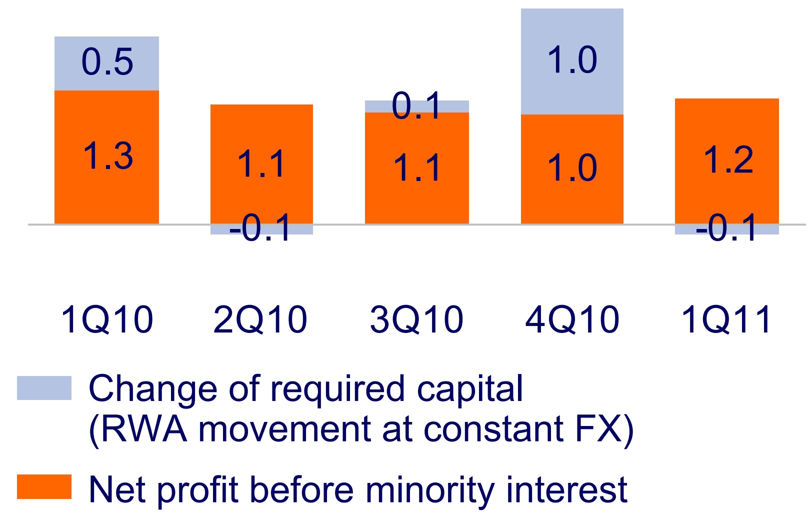
Bank core Tier 1 ratio increased to 10.0% as a result of strong capital generation

ING Bank Tier 1 ratio



- Core Tier 1 ratio increased to 10.0%, from 8.4% at 31 March 2010

Core Tier 1 capital surplus generation* (in EUR bln)



* Core Tier-1 capital generated is defined as net result before minority interest minus 7.5% * RWA growth at constant FX

- Bank generated EUR 7.0 bln of core Tier 1 capital at constant FX in the past 5 quarters

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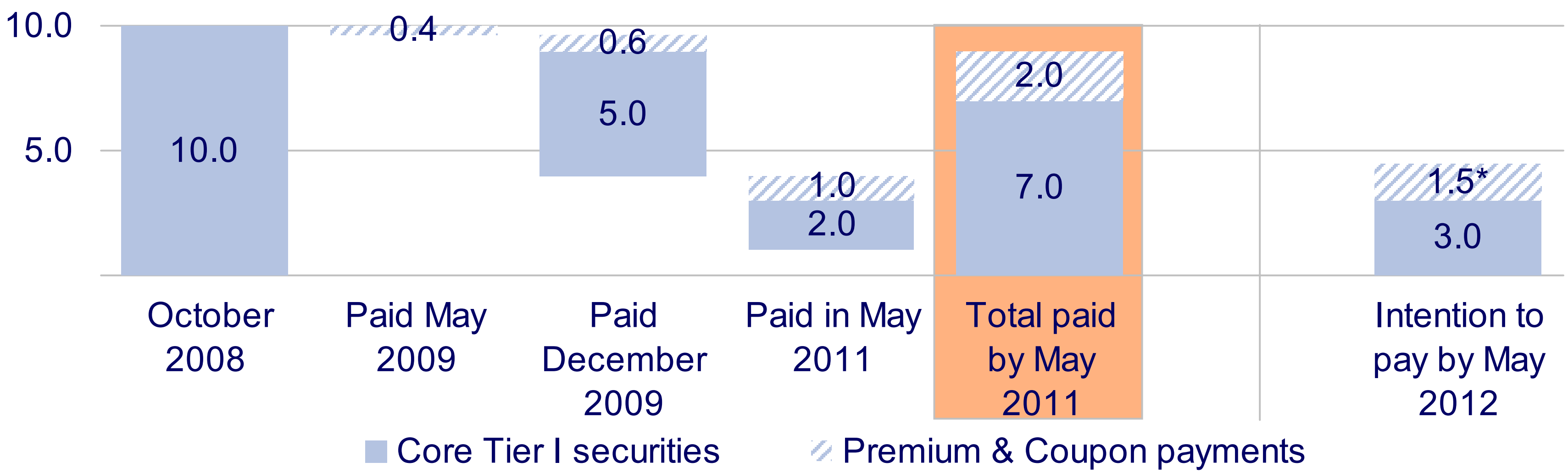
Second tranche of state aid has been repaid out of retained earnings from the Bank

Core Tier I securities from Dutch State (EUR bln)



- On 13 May 2011, ING repurchased EUR 2 bln of core Tier 1 securities from the Dutch State
- The total payment was EUR 3 bln and included a 50% repurchase premium
- Provided that the strong capital generation continues, ultimately by May 2012, ING intends to repurchase the remaining EUR 3 bln core Tier 1 securities from own resources, on terms that are acceptable to all stakeholders

* Indicative, based on 50% premium

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

Bank Retained earnings from the Bank being used to repay the state

ING Group 31 March 2011 (pro-forma state repayment incl. premium: EUR 3 bln, paid out of retained earnings Bank on 13 May 2011)*

ING Bank	**32**	Equity	**39**
ING Insurance	19	CT1 securities	**3**
Hybrids[B]	8	Core Debt	9
Hybrids[I]	2	Hybrids	12
Other	1		62
	62		

ING Bank

RWA	316	Equity	**32**
		Hybrids	8

ING Insurance 31 March 2011

$Equity_S$	30	Equity	19
		Hybrids	2
		$Debt_{Sub\ ord}$	2
		Financial Debt Total	7
			30

Benelux	8.0	LatAm	2.1
CRE	1.5	Asia/Pacific	4.7
US	8.3	ING IM	1.1
US VA	2.4	CL/other	1.9

Insurance proceeds will be used to reduce leverage in the Group and Insurance holding companies

* At 31 March 2011, the reported Group Equity, Bank Equity and CT 1 securities amounted respectively EUR 40 bln, EUR 35 bln and EUR 5 bln.

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Taking decisive steps to complete EC restructuring and streamline portfolio

Good progress to meet EC restructuring requirements

- Divest Insurance
  - Preparing for two IPOs
  - Exploring options LatAm
- Divest ING Direct USA
  - Taking steps towards divestment
- Divest WestlandUtrecht Bank
  - Exploring options for divestment

Additional disposals since the crisis

2009-2010	2011
• ING Life Taiwan • ING Canada • Annuity and mortgage business Chile • Insurance Australia & New Zealand • Private Banking Asia • Private Banking Switzerland • ING Summit Industrial Fund	• ING Real Estate Investment Management (REIM)**
Total proceeds: EUR 4.8 bln*	Total proceeds deals announced: USD 1 bln

* Total proceeds exclude non-major disposals such as three US retail broker-dealers, Reinsurance US and Annuity Argentina.
** Sale of REIM was announced on 15 February and is expected to close in 2H11

Preparing Insurance for 2 IPOs

Separation and divestment process on track

2010 | 2011 | 2012 | 2013

Separation Bank/Insurance

- As of 1/1/11, Bank and Insurance/IM operate at arm's length from each other
- Operational separation includes end state and interim solutions

Preparation for two IPOs for Insurance

ING will implement operational disentanglement between the US and EurAsia Insurance/IM operations to prepare for the base case of two IPOs

Ready for IPOs when market conditions are favourable

Restructuring to be completed end 2013

ING will replace interim solutions with permanent solutions

FY10 separation costs

FY10 separation costs were EUR 85 million after tax

FY2011 separation costs skewed to 2H11

- Separation costs* were EUR 20 mln after tax in 1Q11
- Total separation costs* for 2011 are estimated at EUR 200 mln after tax

* Excluding rebranding

Preparation for 2 IPOs will be executed decisively but prudently

Operational disentanglement of US and EUR/Asia Insurance operations is limited

- Split ING Investment Management mainly centered around a limited number of global contracts
- Stand-alone HQ capabilities, including the replacement of applications currently provided by the Group

Preparation for 2 IPOs mainly involves

- Implementation US GAAP for US stand-alone capabilities
- Legal entity restructuring
- Capital restructuring
- Regulatory approvals
- Solvency II and impact on IPO

Separation continuing efficiently behind the scenes with no disruption to day-to-day business

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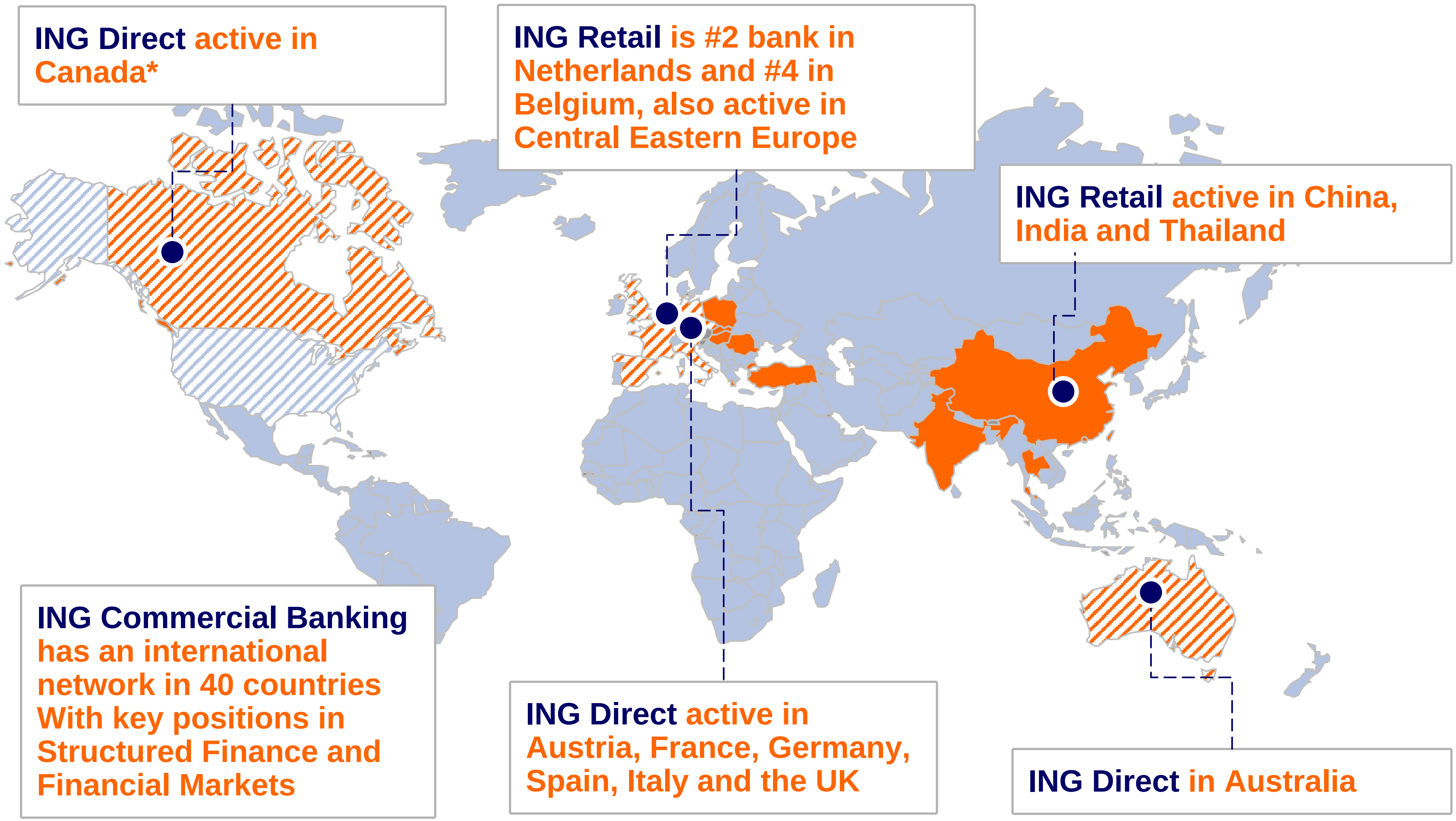
ING: a liability driven bank well positioned for the future

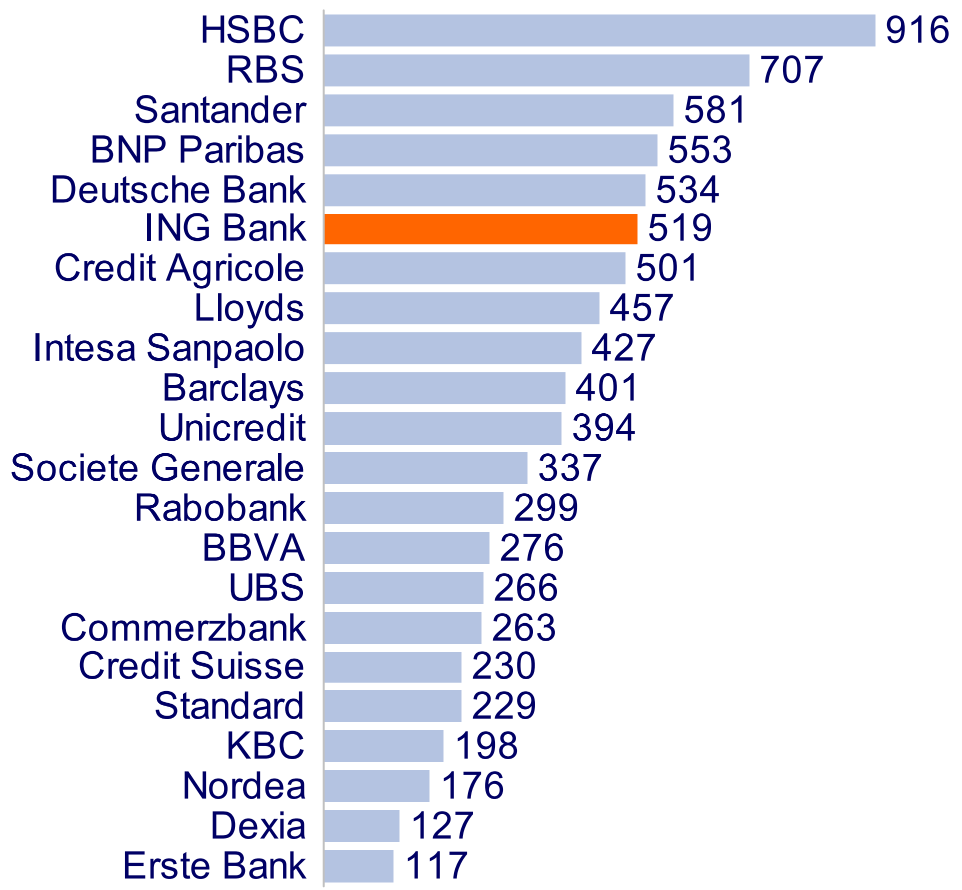
ING Bank has a European footprint and strong growth potential



* ING Direct US to be sold before the end of 2013 as part of the EC structuring requirements.

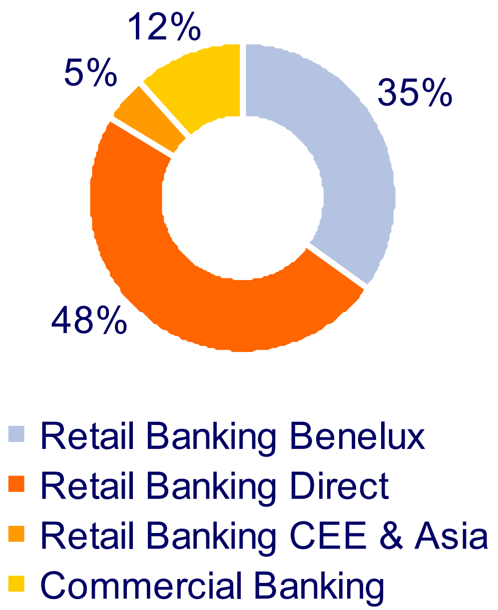
In a Basel III world, access to funding will determine a Bank's ability to grow

Large deposit base (31 Dec 2010, EUR bln)



Source: Latest available company financials and results presentation

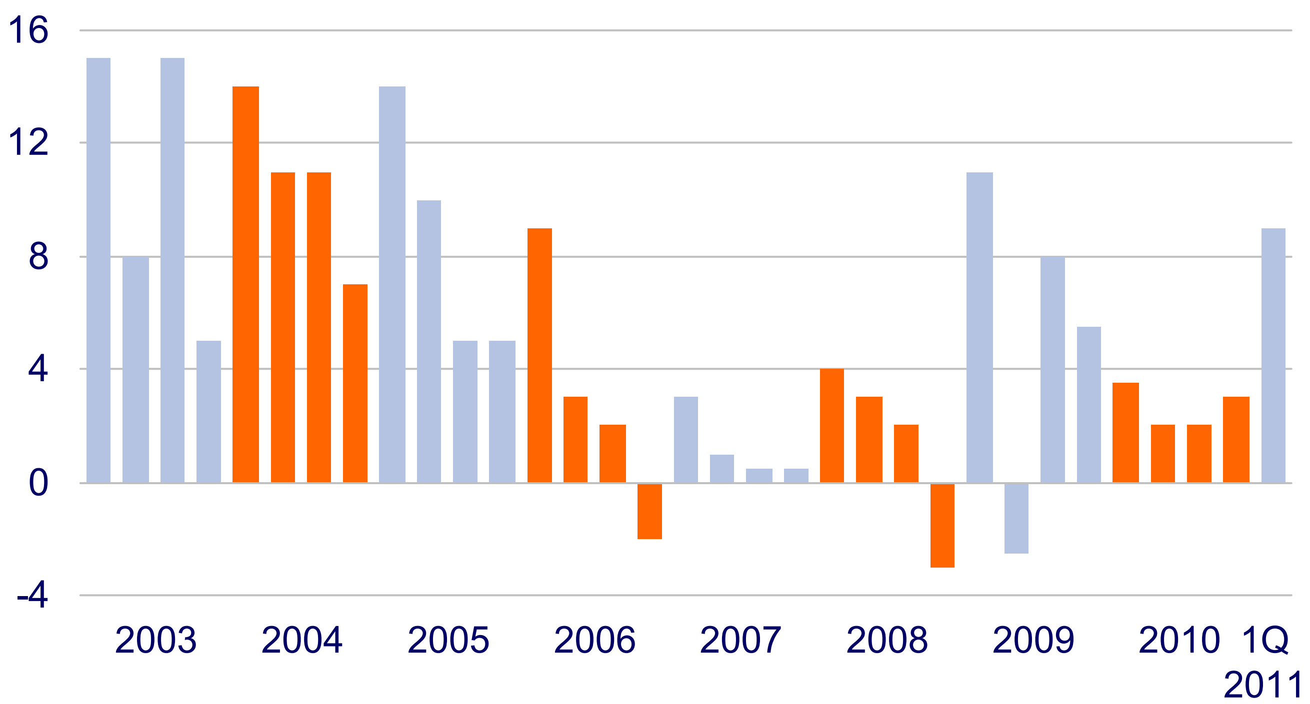
Funds Entrusted (31 Mar 2011)



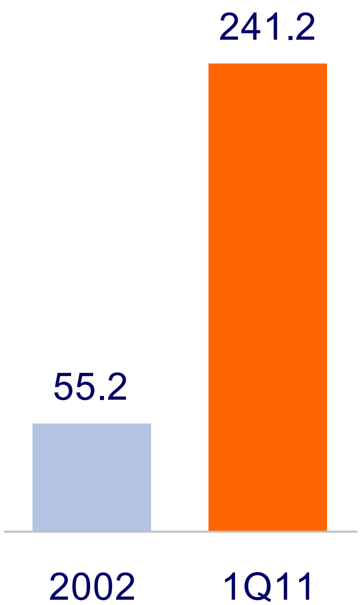
- ING's deposit base is among the largest in Europe
- Almost 50% of total funds entrusted is from ING Direct

ING Direct is a strategic advantage and deposits have been sticky even at peak of crisis

ING Direct's net inflow in funds entrusted (in EUR billion at constant FX)



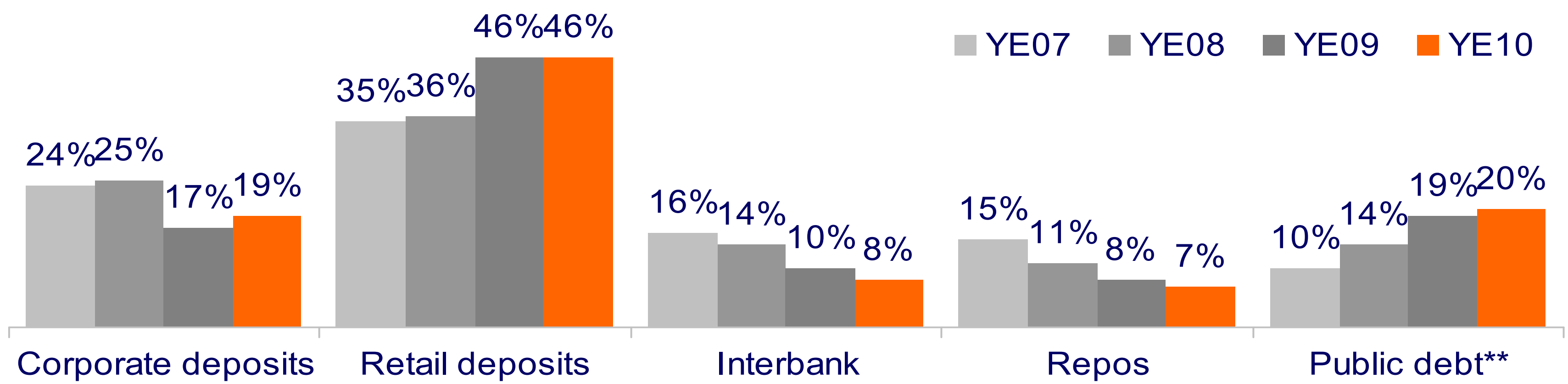
Funds entrusted (in EUR billion)



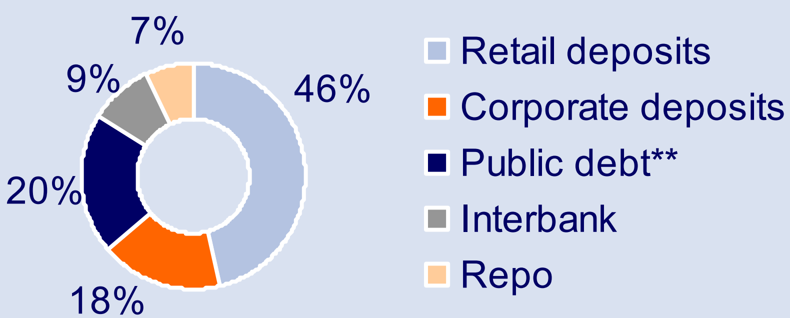
- Net inflow of EUR 5.5 billion on average per quarter since 2003
- Biggest net outflow limited to 1.6% funds entrusted (EUR 3 bln) in 4Q08

ING Bank has a favourable funding mix, dominated by deposits

ING Bank's funding mix 2007-10*



Favourable funding mix (1Q11)*



- ING's loan-to-deposit ratio amounts to 1.06 at the end of 1Q11
- Funding mix dominated by deposits (64%) and long-term debt (20%)
- Long-term funding: ING Bank's 2011 refinancing need already met. EUR 13.6 billion raised year to-date, versus EUR 10.7 bln maturing in 2011

* Liabilities excluding IFRS equity, trading and other

** Including subordinated long-term debt (3%) and CP/CD (5%)

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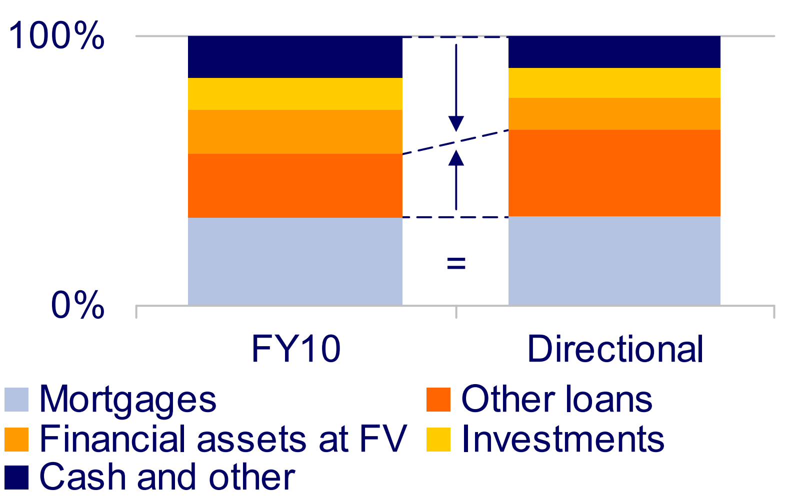
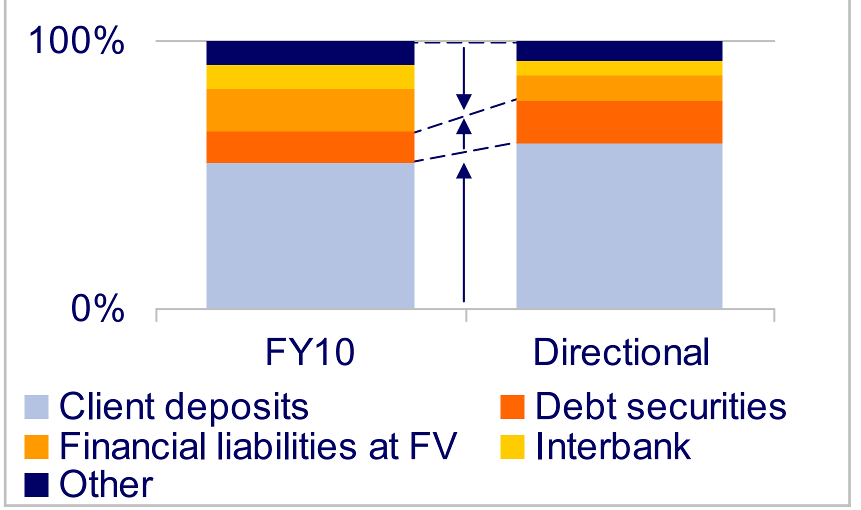
One balance sheet creates value under Basel III

"One Bank": focus on managing the balance sheet more efficiently

Total assets (EUR bln)



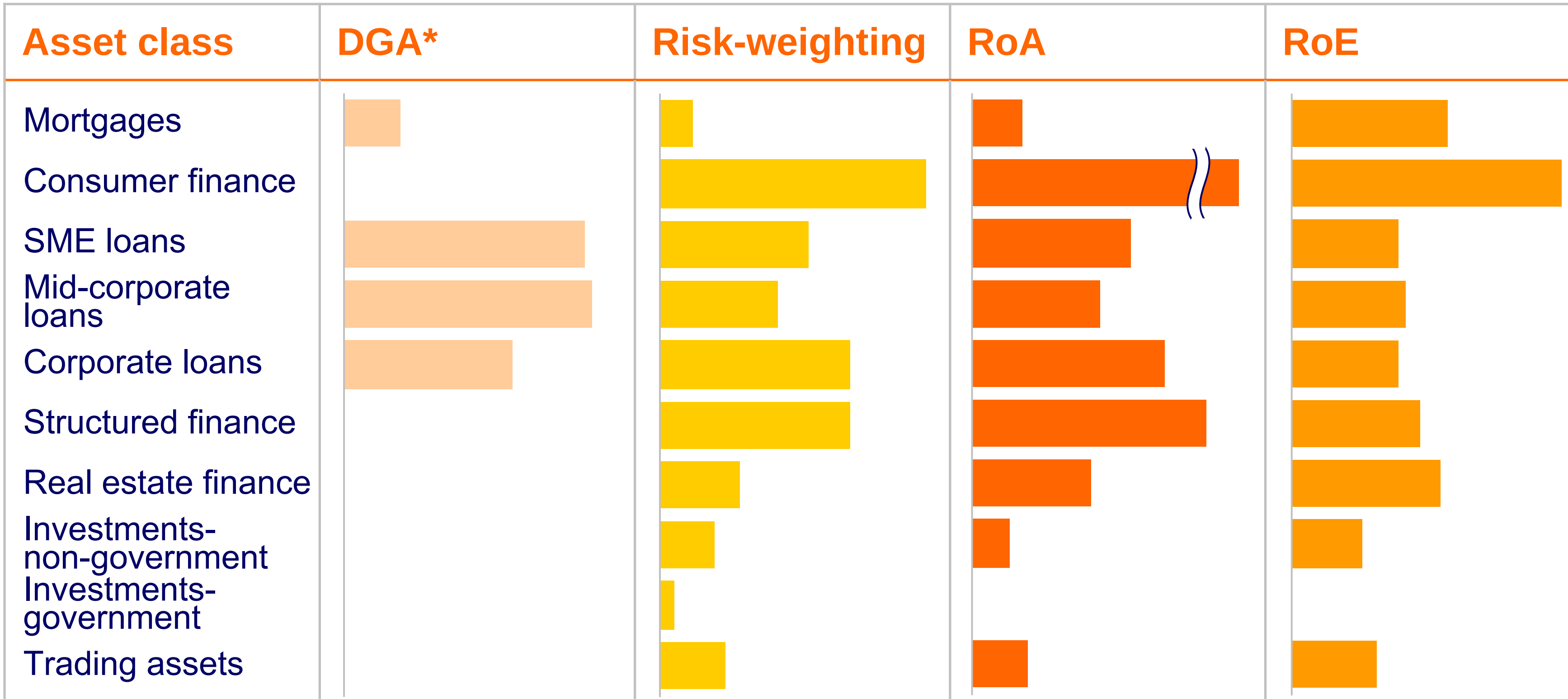
Total liabilities (EUR bln)



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

Loan book will be managed to optimise ROE under competing Basel III requirements



Basel III brings multiple constraints but the advantage is that a bank like ING has multiple products to allow the right mix that optimises ROE

- Mortgages provide attractive RoE, but RoA can be constraint if leverage ratio begins to bind
- SME, MidCorp and Corporate Loans are preferred due to deposit gathering potential for cross-sell
- Structured Finance provides an attractive RoA but limited deposit gathering ability

* Deposit Generating Abilities

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 gap in the Netherlands can be reduced 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
- Internal transactions delivered EUR 6 bln balance sheet integration until the end of 2010
- Pipeline of internal transactions expected to deliver approximately EUR 20 bln integration in 2011

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Wrap up

Wrap up

- ING has proven track record of delivery on restructuring
- Priorities 2011: preparing Insurance for 2 IPOs
- ING Bank is well positioned for the future
- One Bank, one balance sheet - creates value under Basel III

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 1Q2011 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.

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