Towards Ambition 2015

ING Bank is on track to reach its Ambition 2015 targets

Goldman Sachs Conference

Koos Timmermans
Vice Chairman ING Bank

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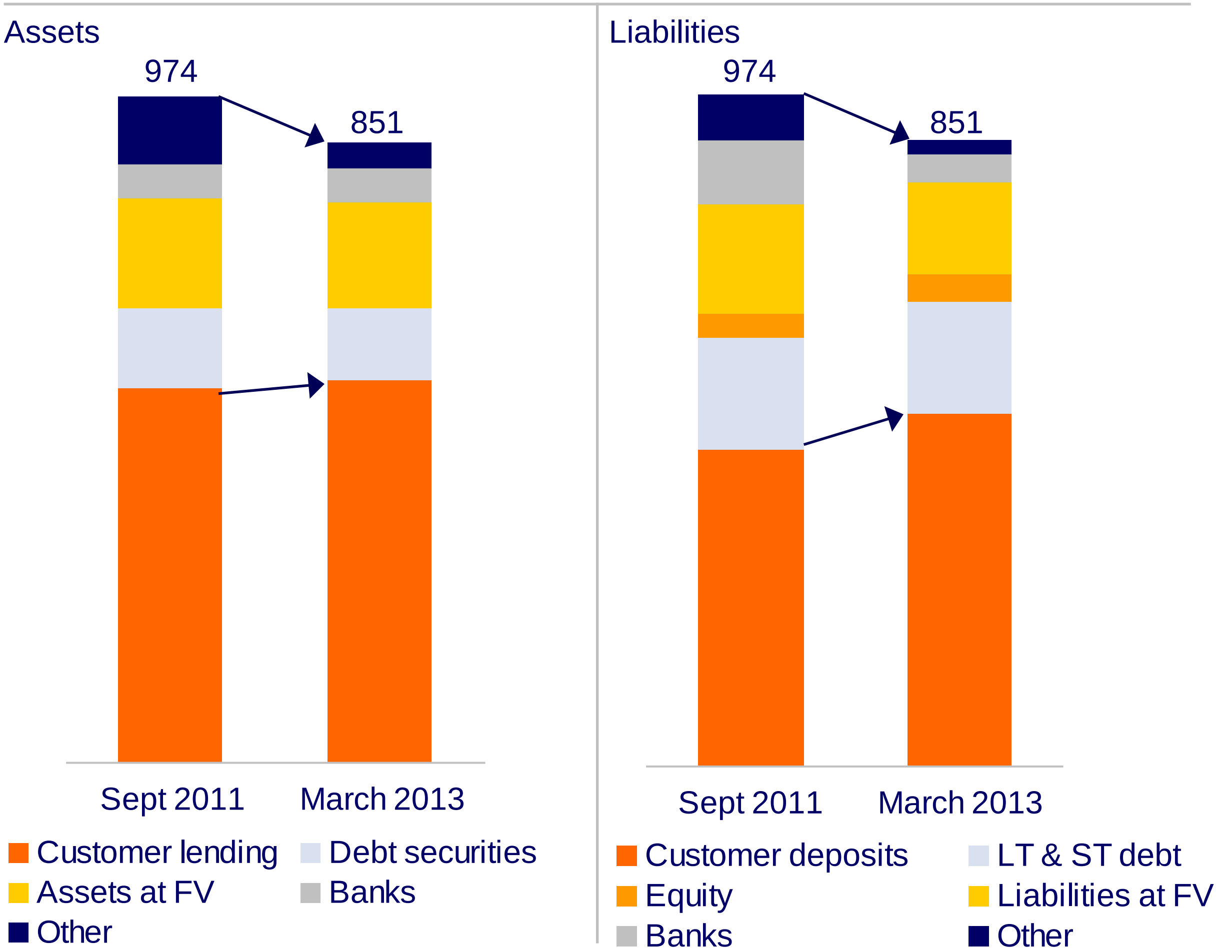
www.ing.com

Key points

- ING Bank's balance sheet optimisation is ahead of plan
- CRD IV capital, liquidity and leverage targets already met
- Focus has shifted to selective loan growth and margin improvement
- Income growth in combination with flat costs will lead to a C/I ratio of 50-53% by 2015
- ING Bank has a relatively low risk profile despite uptick in risk costs due to the economic downturn
- ING Bank is progressing towards Ambition 2015

ING Bank's balance sheet optimisation is ahead of plan

ING Bank (in EUR bln)*

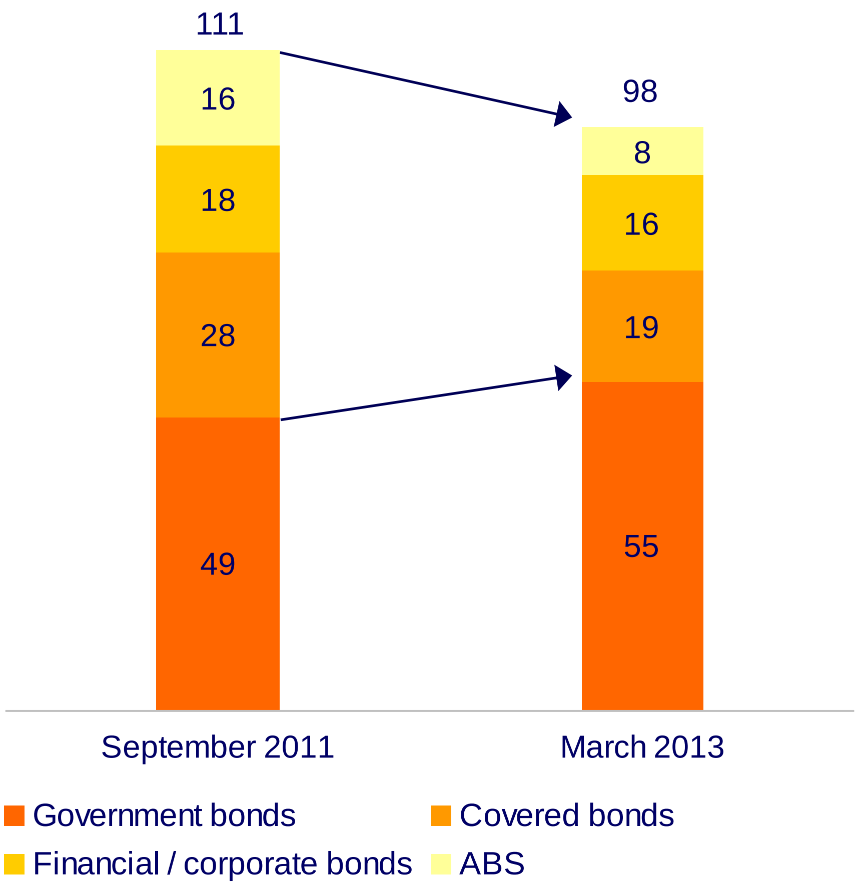


- Balance sheet reached EUR 851 bln in 1Q13, below target of EUR 870 bln, creating room for selective loan growth
- Customer deposits increased by EUR 48 bln
- Customer lending continued to increase, primarily in Retail Banking and Structured Finance
- Short-term professional funding reduced by EUR 63 bln, while increasing long-term debt
- The debt securities portfolio has been reduced by EUR 13 bln since September 2011
- ING has realised EUR 36 bln of balance sheet integration to date and another EUR 14 bln is planned for the remainder of 2013

* Sep 2011: Pro-forma (adjusted for transfer ING Direct Canada/UK to assets/liabilities held for sale, shown in 'Other')

Debt securities portfolio transferred into liquidity book

ING Bank: Debt securities portfolio (in EUR bln)*



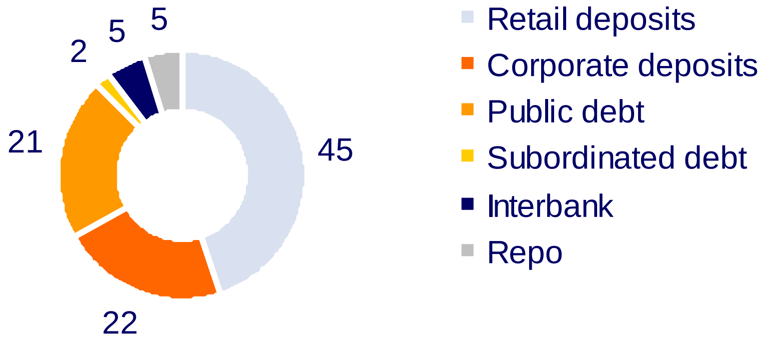
* Sep 2011: Pro-forma (adjusted for the sale of ING Direct Canada)

- ING Bank has been transforming the debt securities portfolio into a liquidity book as part of the overall strategy to optimise the balance sheet
- In 1Q13, the total exposure to debt securities was reduced by EUR 3.7 bln as matured securities were only partly replaced by new investments

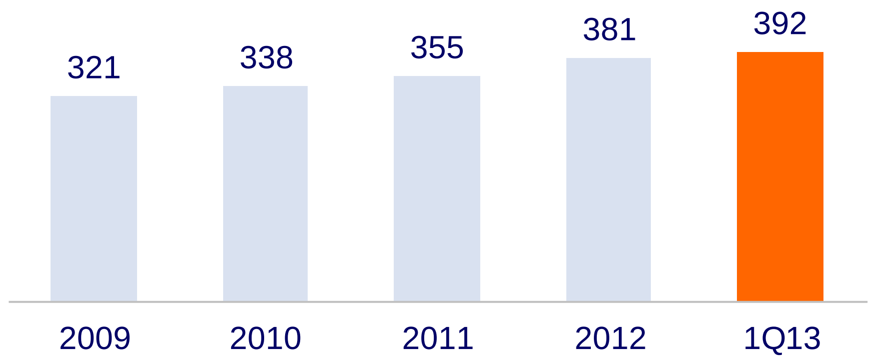
Loan-to-deposit ratio in line with target of 1.10

Conservative funding mix

Per 31 March 2013 (%)



Strong retail deposit gathering ability* (in EUR bln)



Sound liquidity ratios

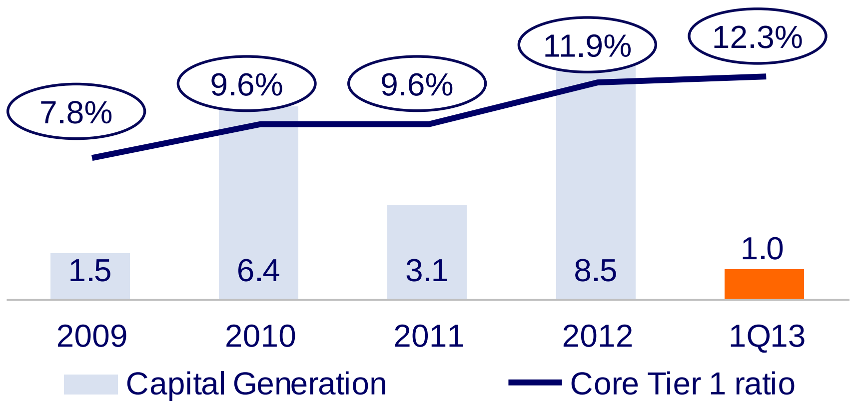
	1Q13	2012	2011
Loan to deposit ratio	1.10	1.13	1.18
Eligible asset buffer	194	197	192
LCR	>>100%	>>100%	~90%

- Funding mix dominated by customer deposits
- ING continued to grow its retail deposits base even in crisis years
- Loan-to-deposit ratio improved to 1.10, in line with ING Bank's target, due to strong net inflows of funds entrusted
- The Bank's total eligible collateral position decreased slightly to EUR 194 bln at market values versus EUR 197 bln at year-end, primarily reflecting lower cash balances held with central banks

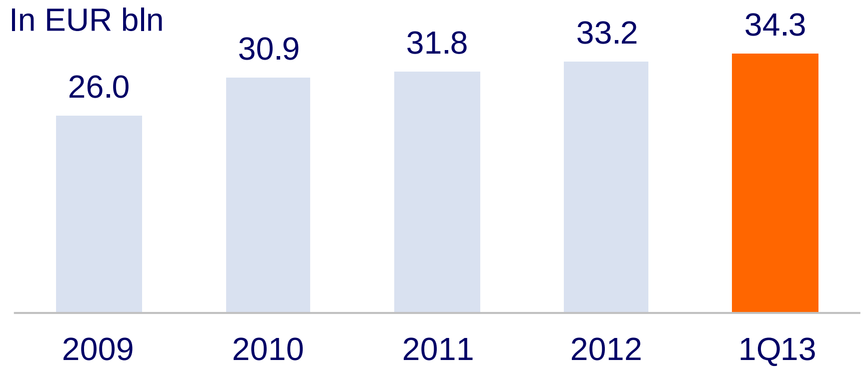
* Adjusted for divestments

ING Bank generated EUR 20.5 bln of capital since 2009

Capital Generation (EUR bln)



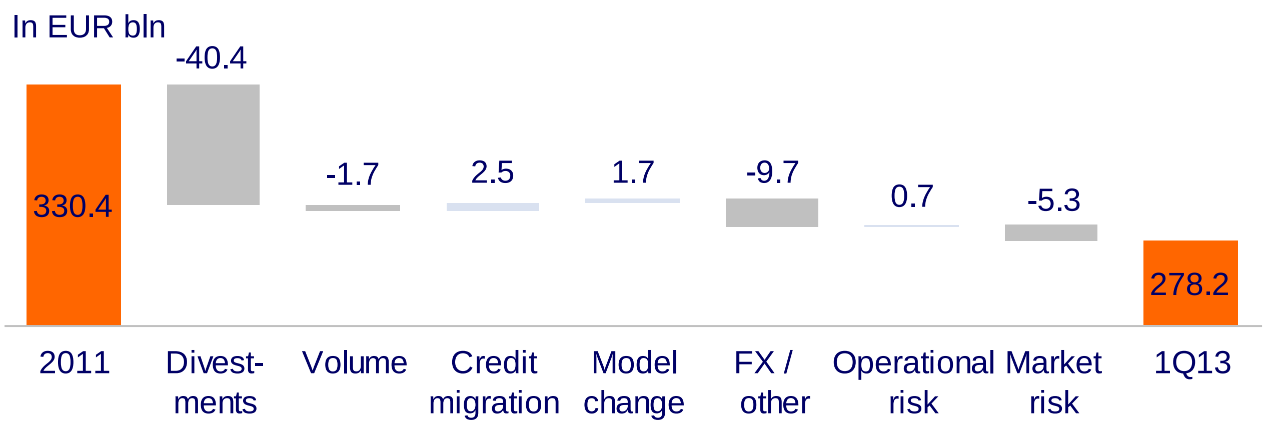
Core tier 1 equity



Core Tier 1 ratio remains strong

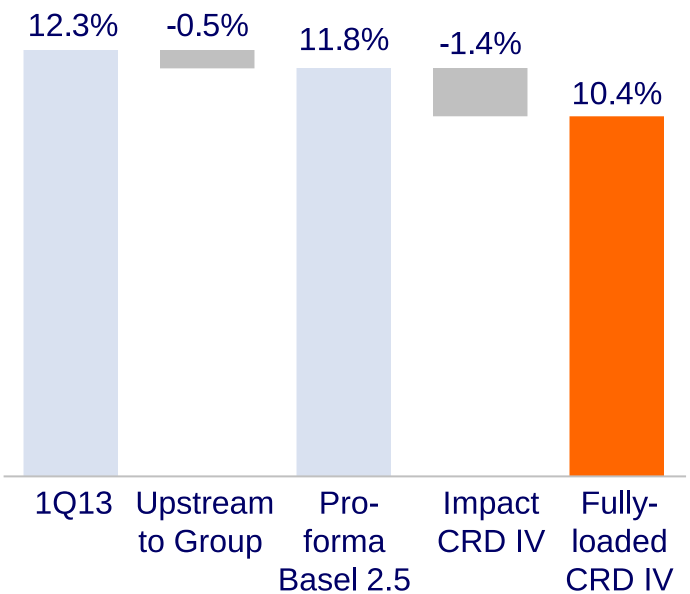
- ING Bank has generated EUR 20.5 billion of capital since 2009, of which EUR 4.1 billion has been used for payments to the Dutch State and EUR 1.0 billion was upstreamed to the Group
- The Bank's core tier-1 ratio remains strong at 12.3%

RWA development

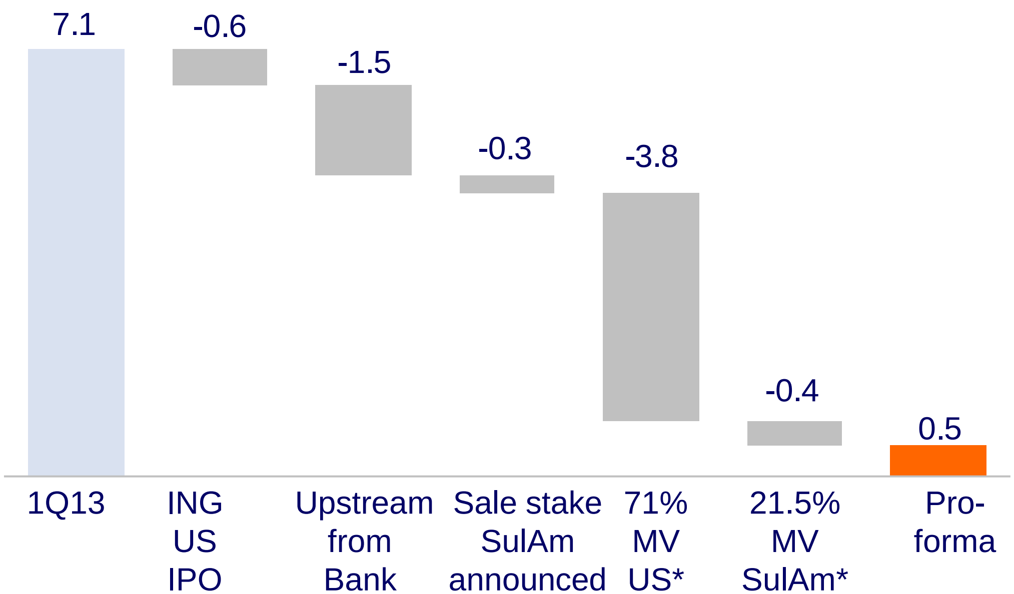


Strong capital position allowed for EUR 1.5 bln capital upstream in 2Q13

ING Bank core Tier 1 ratio (in %)



Group core debt (double leverage) (EUR bln)



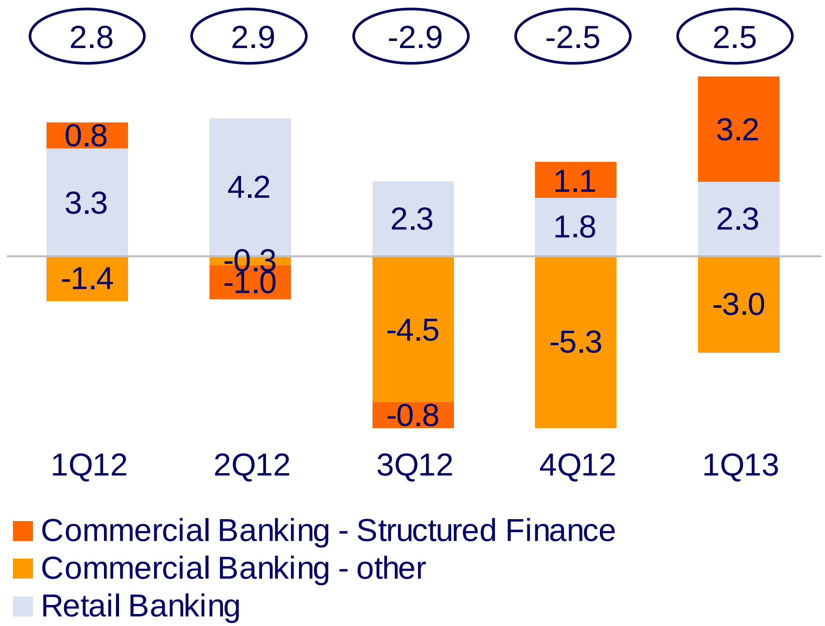
- Strong core Tier 1 ratio allowed ING Bank to upstream EUR 1.5 bln to the Group in 2Q13 to further reduce Group leverage
- Post upstream, the pro-forma core Tier 1 ratio on a fully-loaded CRD IV basis is 10.4%, exceeding the target of ≥10%
- Proceeds US IPO (including greenshoe) in combination with dividend upstream from Bank and announced sale of part of SulAmerica, will reduce double leverage in the Group from EUR 7.1 bln to EUR 4.7 bln
- Current market value of 71% in ING US, as well as the market value of the remaining 21.5% in SulAmerica stake would reduce double leverage further

* Based on share price at 6 June 2013

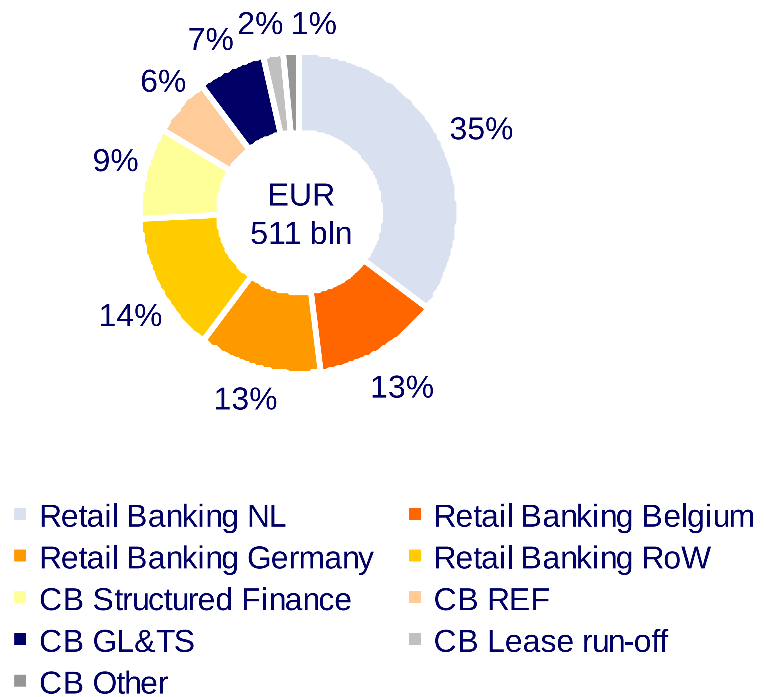
Focus has shifted to selective loan growth and margin improvement

ING returned to loan growth in 1Q13

Net loan growth (client balances, in EUR bln)



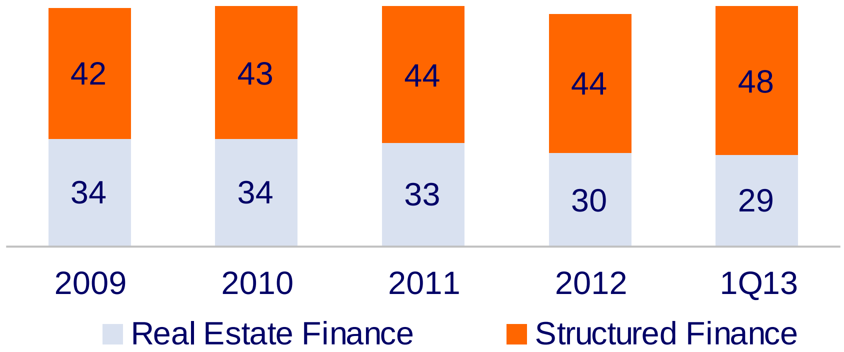
Breakdown net lending assets (client balances, in EUR bln)



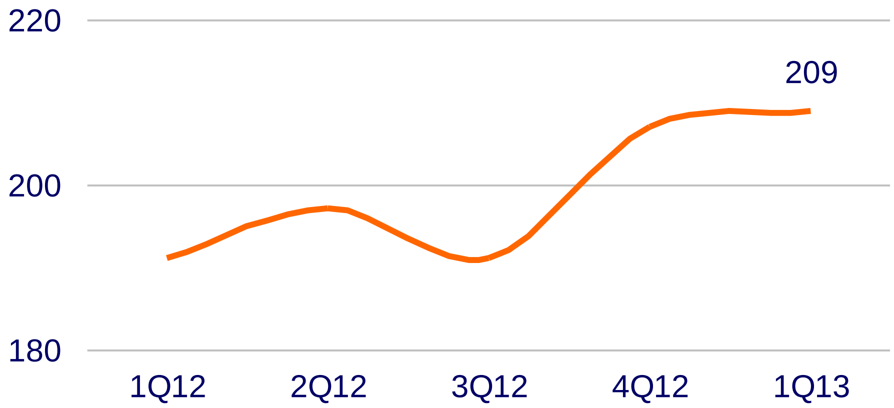
- After taking major strides in 2012 to optimise the balance sheet and de-risk the investment portfolio, ING Bank is now comfortably meeting its capital, funding and liquidity targets, creating room to selectively grow the loan book.
- Net loan growth was a moderate EUR 2.5 bln in 1Q13, as growth in Structured Finance and Retail Belgium more than offset a reduction in Real Estate Finance assets and Lease run-off
- Loan growth will be focused on core markets and high-return businesses with attractive risk/reward characteristics, like Structured Finance

ING will selectively grow its Structured Finance assets

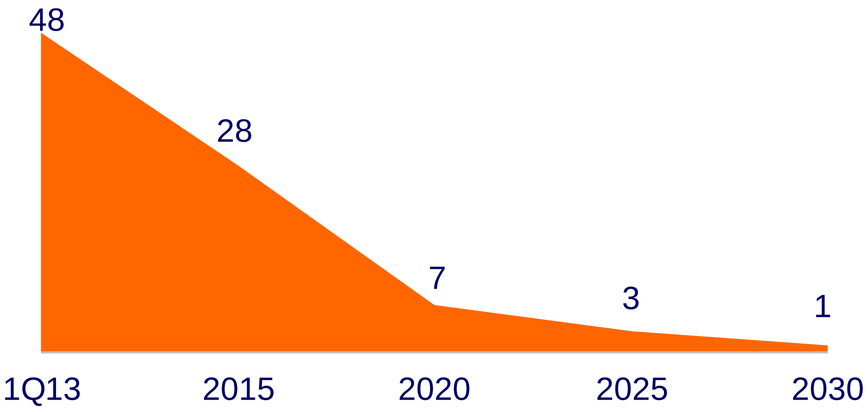
Lending assets Industry Lending: REF has been reduced and redeployed into Structured Finance assets (EUR bln)



Interest margin Industry Lending (based on client balances) (in bps)



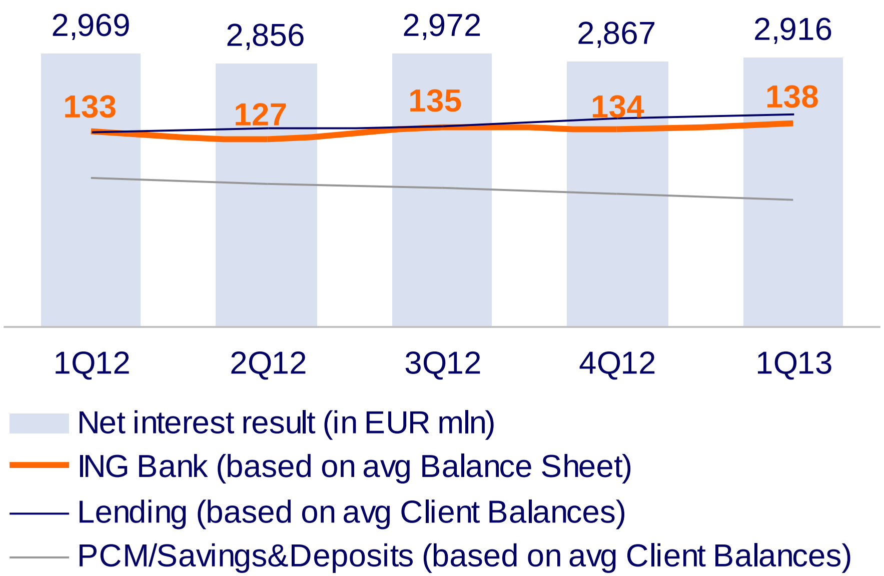
Structured Finance – lending assets maturing (EUR 48 bln)



- Industry Lending generates diversified, high yielding assets, making this attractive for loan growth and balance sheet integration
- Industry Lending dominated by Structured Finance
- Structure Finance assets are well diversified in terms of products, duration of assets and geography.
- In recent years, ING's Real Estate Finance portfolio has been reduced and redeployed into Structured Finance assets
- Asset growth and refinancing of high-yielding assets like Structured Finance will support the net interest margin of the Bank

Repricing of the loan book is supporting the NIM

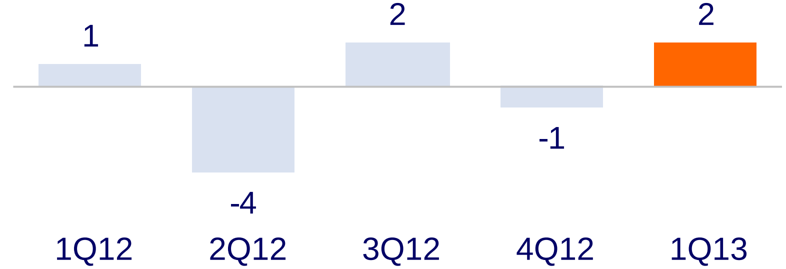
Underlying interest margin by quarter (in bps)



- Increase in net interest result versus 4Q12 supported by re-pricing of the loan book and volume growth, especially in Structured Finance, and higher Financial Markets results
- Savings margins started to stabilise as the impact of the low investment rate environment was largely offset by the lowering of client rates

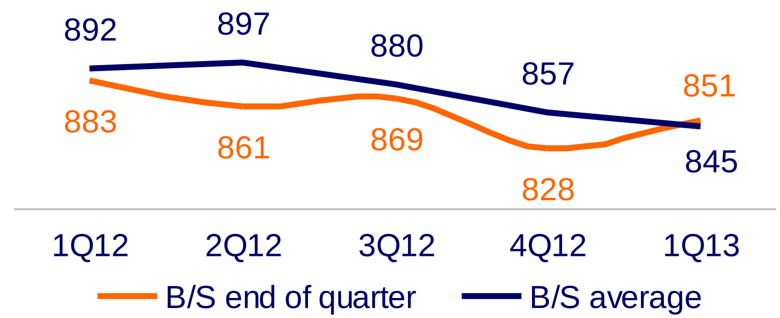
FM contribution to NIM can be volatile

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



NIM supported by lower average B/S in 1Q13

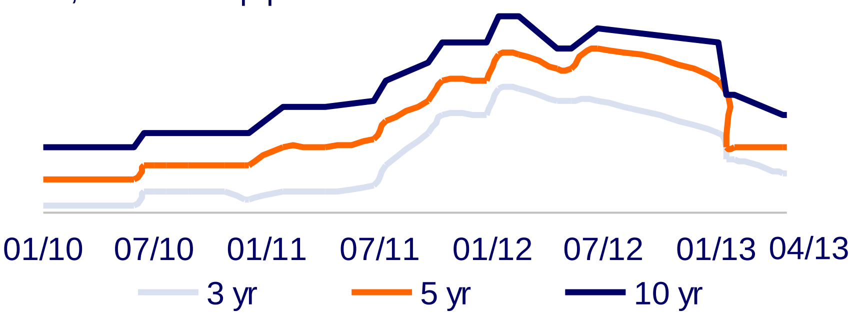
Bank Balance Sheet (in EUR bln)



NIM also supported by lower funding costs

Funding costs (in bps)

EUR, above swap per tenor



NIM supported by lower funding costs

- Funding costs are decreasing as a result of lower clients savings rates and lower coupon rates on new issued debt
- Re-pricing, asset growth and lower funding costs will support the net interest margin

Deposit rates have come down following a reduction in ECB rates

ECB rate

Netherlands (profijtrekening)

Belgium (lion deposit)

ING Direct (average EU variable core savings rate)

Expense programs underway to achieve target C/I ratio

Expenses flat despite higher regulatory costs (in EUR mln)

Expense base will be kept stable

- Short term pressure on the expense base from a lower discount rate for pension assets. Excluding EUR 59 mln of higher pension costs, expenses declined by 2.5% in 1Q13 versus 1Q12
- Longer term, the impact from additional regulatory costs, inflation and investments will be offset by announced savings programs. Cost savings programs are on track to realise EUR 840 million of savings by 2015.
- ING will continue to further optimise its cost structure to reach the cost/income ratio target of 50-53% by 2015

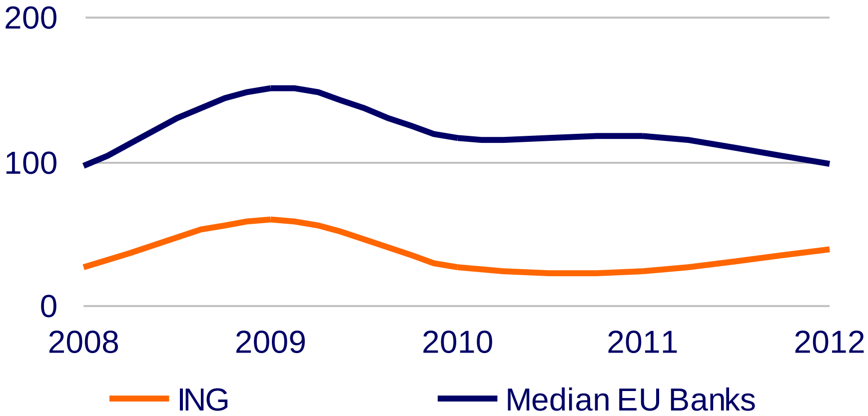
Restructuring programmes (in EUR mln)

	Announced	Cost savings achieved	Cost savings by 2015	Total cost savings	Total FTE reduction
Retail Banking NL	3Q11 / 4Q12	178	430	450	4,100
ING Bank Belgium	4Q12	9	150	150	1,000
Commercial Banking	3Q12	29	260	315	1,000
Total Bank		216	840	915	6,100

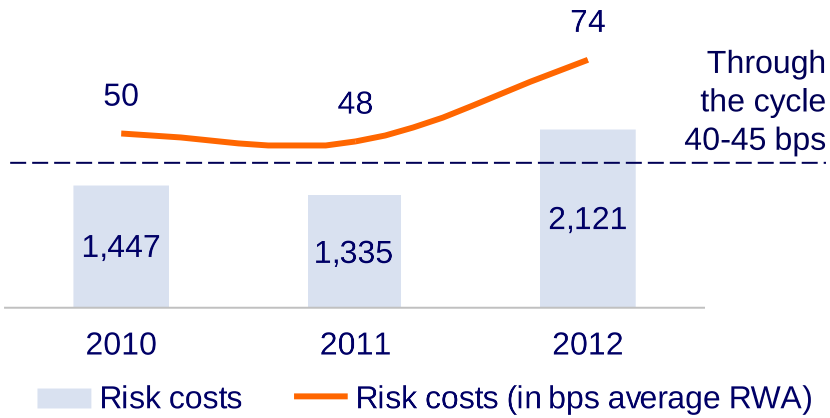
ING Bank has a relatively low risk profile despite uptick in risk costs

ING Bank has a relatively low risk profile

ING Bank's relatively low risk profile translates into lower risk costs to customer loans (bps)



Additions to loan loss provisions (In EUR mln)

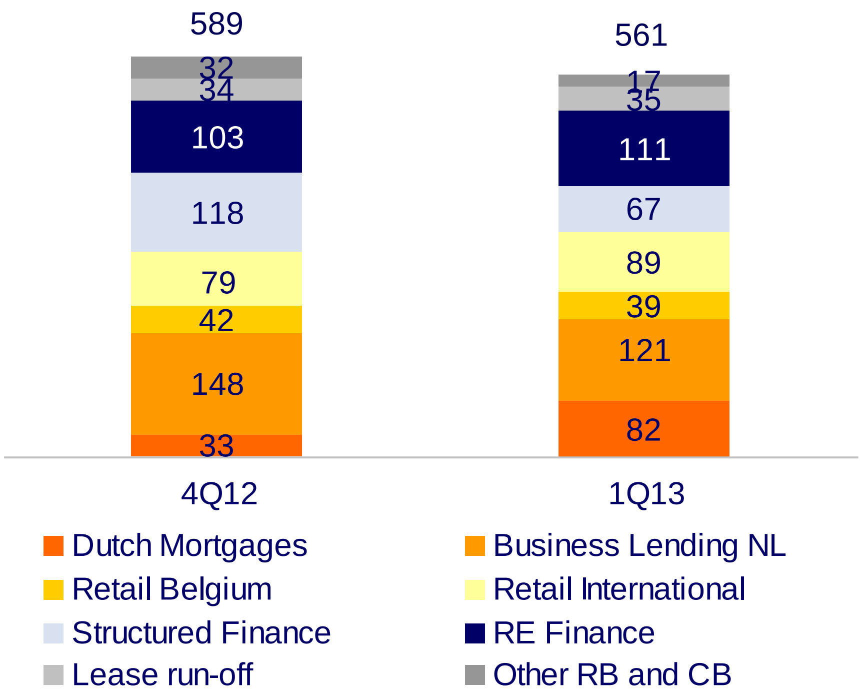


Conservative risk approach

- ING Bank has a relatively low risk profile, despite recent uptick in risk costs, driven by a conservative risk approach and a large mortgage portfolio
- Risk costs to customer loans are below peers over the cycle
- Net addition to loan loss provisions increased to EUR 2,121 mln or 74 bps of average RWA in 2012 due to the economic downturn
- Net addition to loan loss provisions totaled EUR 561 mln or 81 bps of average RWA in 1Q13
- For the coming quarters, risk costs are expected to remain elevated at around these levels
- Through the cycle we expect risk costs of 40-45 bps of average RWA

NPL ratio increased slightly to 2.6%

Underlying additions to loan loss provisions
(in EUR mln)



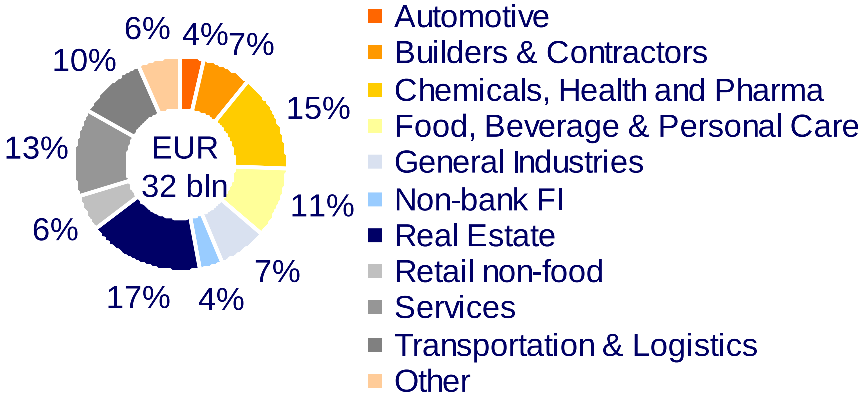
NPL ratio (in %)

	4Q12	1Q13
Retail Banking		
- Dutch Mortgages	1.4	1.5
- Business Lending NL	5.9	6.0
- Retail Belgium	3.3	3.2
- Retail International	1.4	1.5
Commercial Banking		
- Structured Finance	2.2	2.0
- RE Finance	7.5	8.1
- Lease run-off	10.7	12.0
Other Retail and Commercial Banking		
- Other	2.4	2.1
Total / average	2.5	2.6

- Risk costs declined by EUR 28 mln versus 4Q12, mainly due to Structured Finance and General Lending, partly offset by higher risk costs for Dutch mortgages
- NPLs increased by EUR 0.3 bln to EUR 15.2 bln, or 2.6% as a percentage of credit outstandings
- The NPL ratio for Business Lending NL, Real Estate Finance and Lease run-off remained relatively high in 1Q13

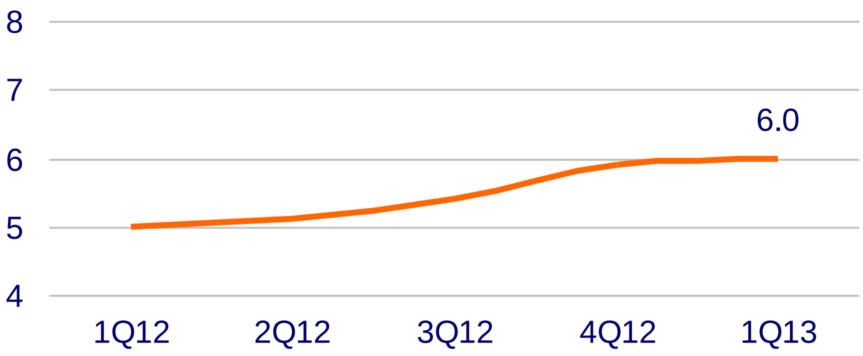
Risk costs for Business Lending NL down versus 4Q12

Mid-corp and SME lending portfolio by industry*



Risk costs business lending (in EUR mln)

Non-performing loans ratio (in %)



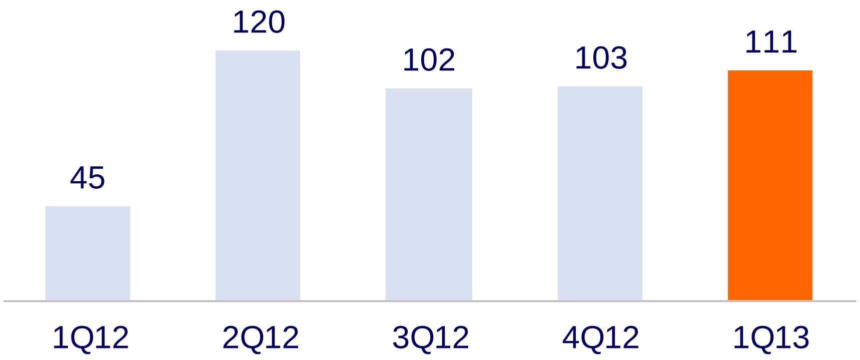
Risk costs remain elevated in a well diversified portfolio

- Risk costs declined versus 4Q12, which included some large files, so roughly in line with the past quarters
- The NPL ratio increased slightly to 6.0%, from 5.9% in 4Q12
- The NPL ratio remains relatively high in non-food retail, builders & contractors and transportation & logistics
- Coverage ratio increased to 51% in the first quarter
- Given the weak economic environment, risk costs are expected to remain elevated

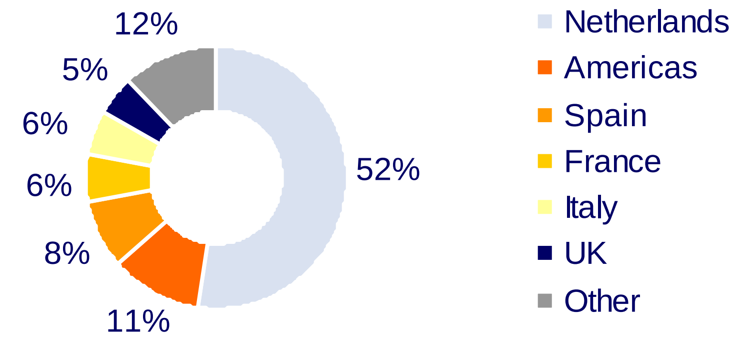
* Credits outstanding

Risk costs on Real Estate Finance remain elevated

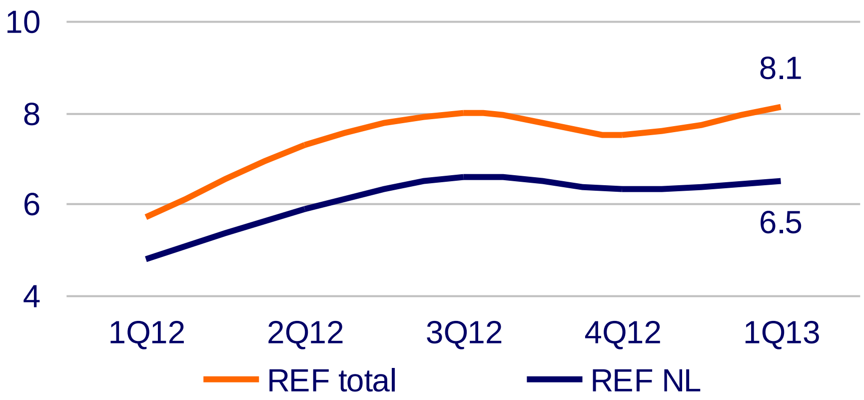
Risk costs (in EUR mln)



Real Estate Finance portfolio by country of residence (1Q13)



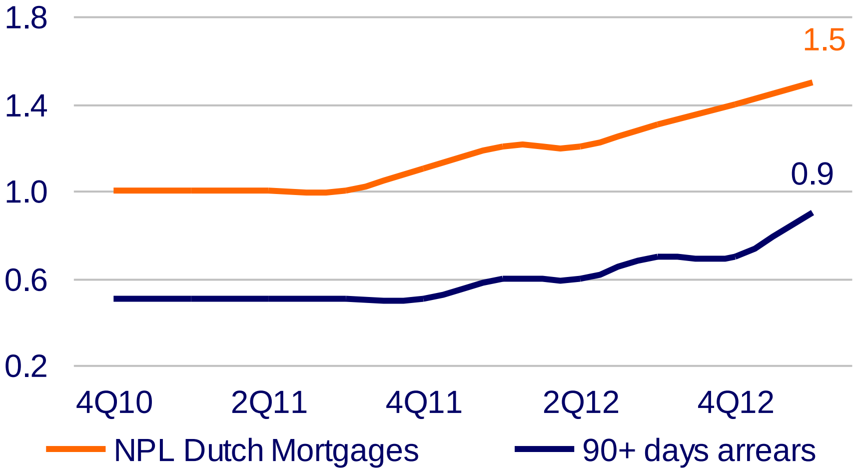
Non-performing loans ratio (in %)



- Risk costs for Real Estate Finance increased slightly to EUR 111 mln and were concentrated in the Netherlands, Spain and the UK
- The NPL ratio increased to 8.1% due to a decline in credits outstanding and slightly higher NPLs
- NPLs are concentrated in the Netherlands, Spain and UK
- Construction is less than 1% of total REF portfolio
- Risk costs in REF are expected to remain elevated at around these levels given deteriorating European commercial real estate markets

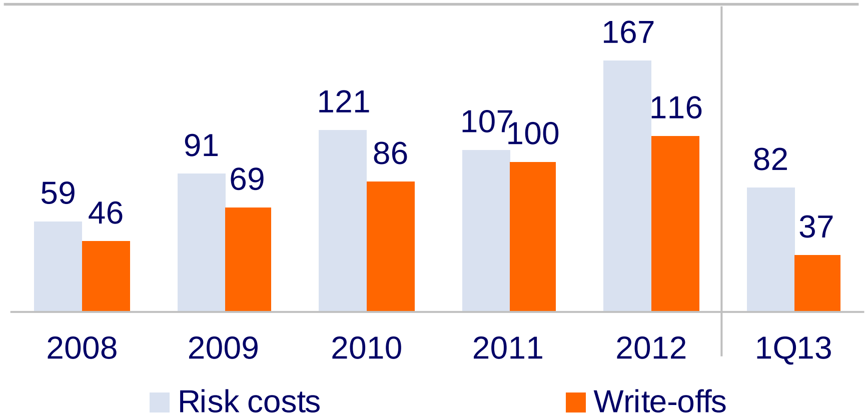
NPL ratio on Dutch mortgages rose slightly to 1.5%

Non-performing loans ratio (in %)



Risk costs (in EUR mln)

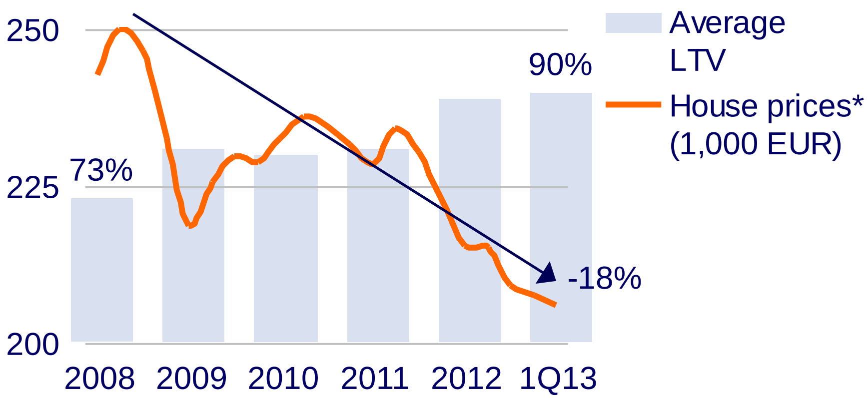
Risk costs versus write-offs (EUR mln)



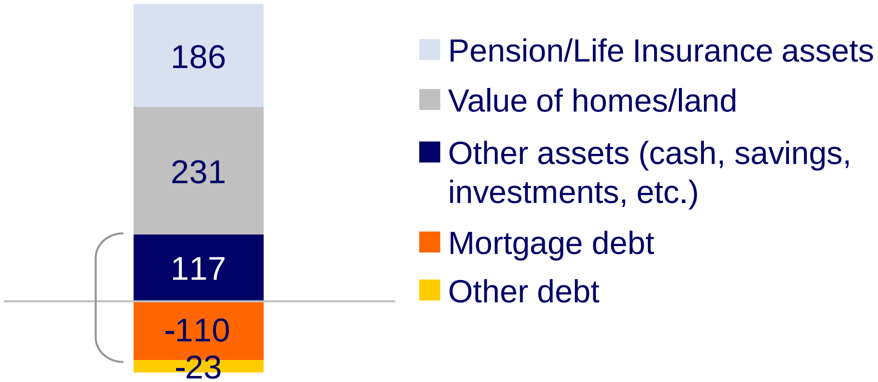
- Risk costs increased to EUR 82 mln in 1Q13, from EUR 37 mln in 1Q12, reflecting recent declines in house prices, rising unemployment levels, and a lower cure rate
- The NPL ratio increased marginally
- Risk costs have consistently exceed write-offs
- Given the continuing weakness in the housing market and the broader Dutch economy, loan loss provisions on the mortgage portfolio are expected to remain at around this level for the coming quarters

High LTVs do not reflect additional collateral

LTVs have increased as house prices declined

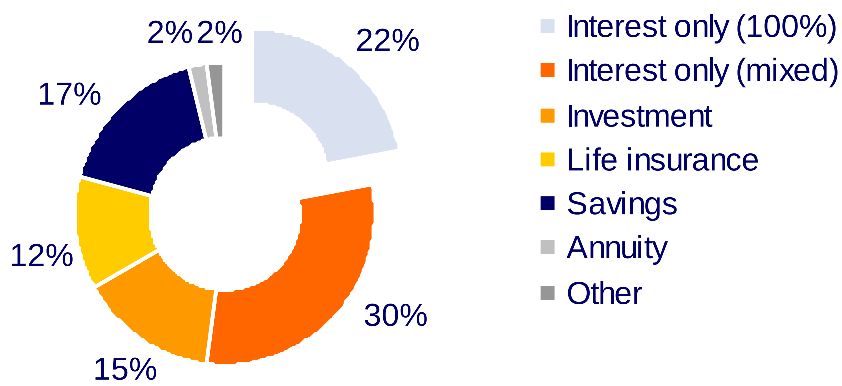


Savings & investments outweigh mortgages in NL (% of GDP)**



* NVM; ** CBS

Dutch mortgage portfolio by product type (%)



78% of mortgages are accumulating additional covers for at least partial repayment

- House prices have declined by 18% since the peak in June 2008, leading to an average LTV of 90%
- Percentage LTV > 100% (excl. NHG), is approximately 35% of total portfolio
- LTVs do not include additional collateral built via Savings, Investment or Life Insurance mortgages
- 19% of ING's Dutch mortgage portfolio is covered by the National Mortgage Guarantee

Delivering on Ambition 2015

ING Bank is making progress on Ambition 2015

		31 March 2013	
Assets	• Balance sheet to remain stable at ~EUR 870 billion	EUR 851 bln	☑
Core Tier 1	• At least ≥10% under Basel III	10.4%*	☑
Leverage	• Leverage to decline below 25 (Basel III)	25	☑
LtD	• Loan to Deposit ratio to decline to below 1.10	1.10	☑
LCR	• Liquidity coverage ratio >100% in 2015	>100%	☑
NIM	• Re-pricing, deleveraging to improve NIM (140-145 bps)	138 bps	☐
C/I	• Cost/income ratio to decline to 50-53% in 2015	55.2%	☐
RoE	• Return on Equity of 10-13% over the cycle	9.0%	☐

* Pro-forma and including EUR 1.5 billion upstream to the Group in 2Q13

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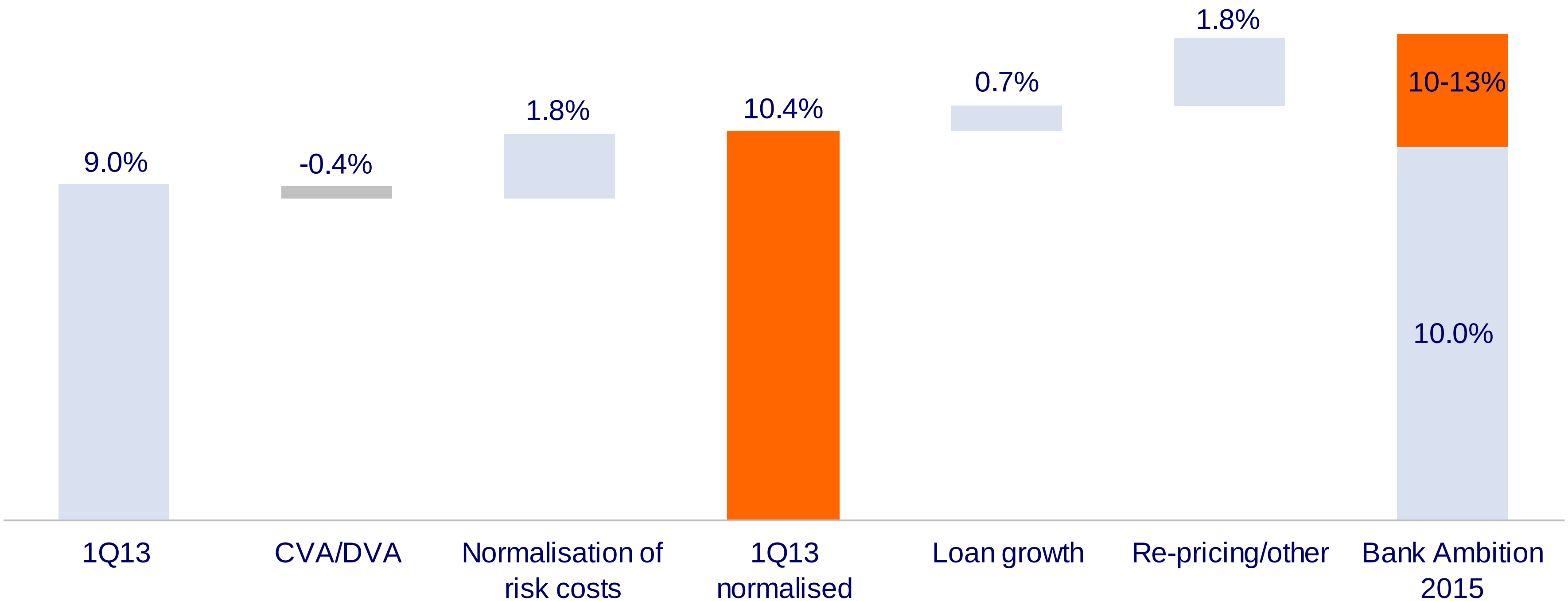
ING Bank is on track to reach targeted 10-13% ROE

ING Bank Return on IFRS equity (in %)



- The absence of CVA/DVA and a normalisation of risk costs will lift the ROE by 1.4%
- Further re-pricing and balance sheet growth will bring the Bank's return comfortably into the targeted range of Ambition 2015

Q&A

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 1Q2013 ING Group Interim Accounts.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) the implementation of ING's restructuring plan to separate banking and insurance operations, (5) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations, (14) changes in the policies of governments and/or regulatory authorities, (15) conclusions with regard to purchase accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit-ratings, (18) ING's ability to achieve projected operational synergies and (19) the other risks and uncertainties detailed in the Risk Factors section contained in the most recent annual report of ING Groep N.V. Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.

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