

Think Forward, Act Now

ING Investor Day

Ralph Hamers
CEO ING Group

Amsterdam - 31 March 2014
www.ing.com

thinkforward

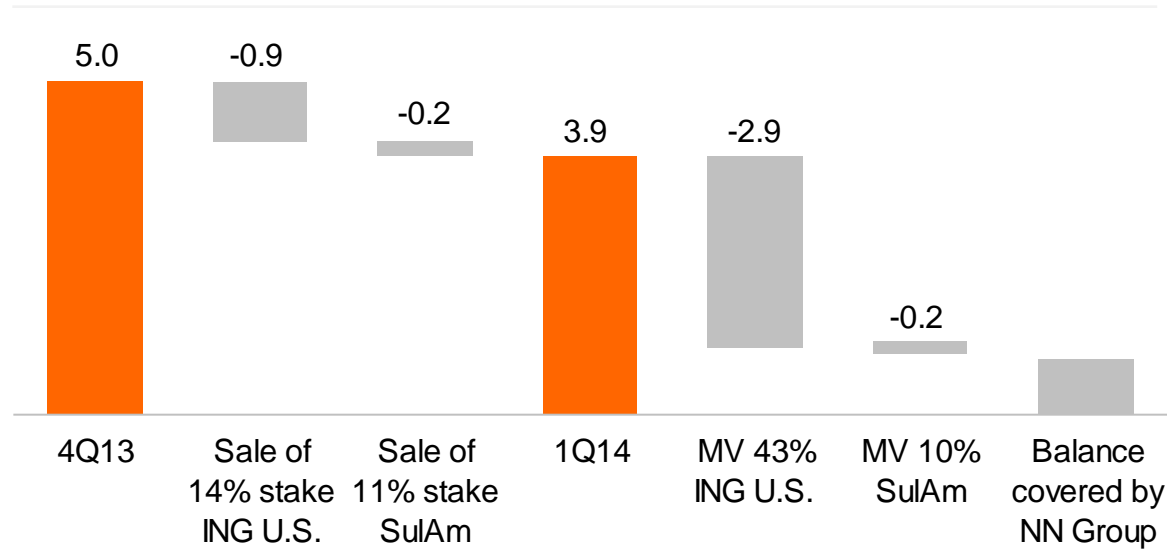


Agenda/Executive Summary

- ING is on track to become a pure Bank
- We have strong financials, a unique business model and an attractive portfolio
- ING is well positioned to take advantage of the transformation in the banking landscape
- We are taking action now to position ourselves as a European Banking leader
- We confirm our targets and will start paying a dividend over financial year 2015

Group restructuring on track to become a pure Bank

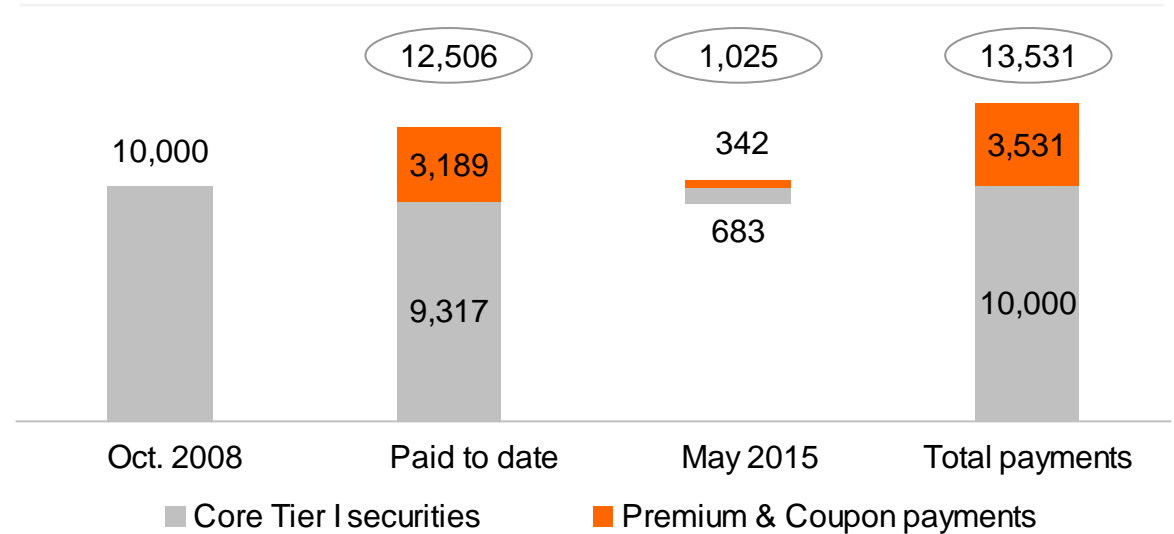
Group core debt covered by (market) value ING U.S., SulAm and NN Group (in EUR bln)



ING further reduced its stake in ING U.S. and SulAmerica in 1Q14

- Stake in ING U.S. reduced to minority of 43%
- Remaining stake SulAmerica 10%
- NN Group on track in its preparations for intended base case IPO in 2014

Final payment to the Dutch State due ultimately in May 2015 (in EUR mln)



ING made another payment to the Dutch State in 1Q14

- ING paid EUR 1,225 mln to the Dutch State on 31 March 2014
- Final payment to the Dutch State due ultimately in May 2015

Agenda

- ING is on track to become a pure Bank
- **We have strong financials, a unique business model and an attractive portfolio**
- ING Bank is well positioned to take advantage of the transformation in the banking landscape
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ING Bank has a unique starting position

Effective business model

- Strong deposit gatherer across Europe
- Leading 'direct first' bank in Europe
- Client-focused Commercial Bank supported by leading Industry Lending franchise

Track record of delivery

- Disciplined cost management
- Solid balance sheet
- Consistent capital generator

Significant upside potential

- Mix of mature and growth businesses
- Increasingly strong positions in "challenger" countries
- Well placed to benefit from the European Banking Union

Market Leaders

Netherlands, Belgium/Luxembourg

Challengers

Germany/Austria, Spain, Italy, France and Australia

Growth Markets

Poland, Turkey, Romania and Asian stakes

Commercial Banking International Network

Attractive portfolio of mature, challenger and growth businesses

Market leaders

- Leading Retail and Commercial bank in the Benelux
- Evolving into 'direct first' banks
- Customer base of 10.9 mln individuals

Challengers

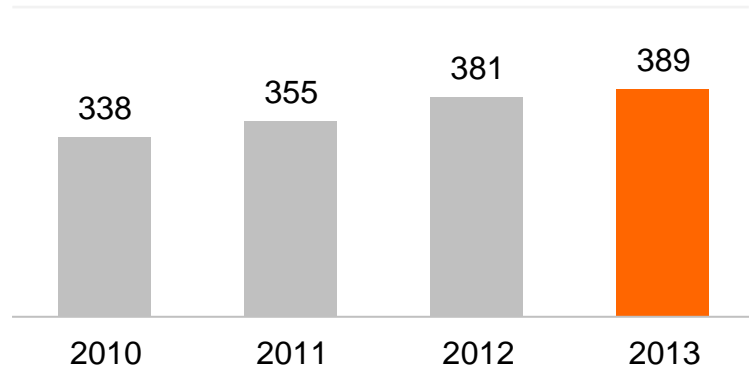
- Organically-built leading direct bank in Germany/Austria, Spain, Italy, France and Australia
- Now, customer base of 14.4 mln individuals with leading NPS scores
- Merging Retail Banking franchises with Commercial Banking franchises into domestic banks

Growth Markets

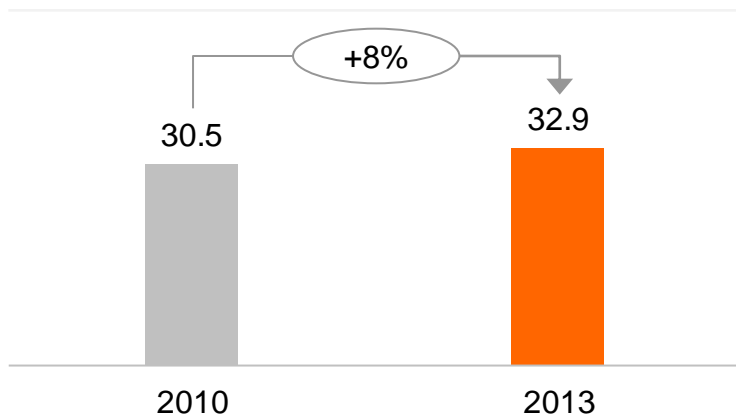
- Strong positions in fast-growing countries in Europe
- Options for growth in Asia
- Growing into 'direct first' banks

Our business model: strong retail deposit gatherer and profitable Commercial Bank

Strong retail deposit gathering ability
(in EUR bln)



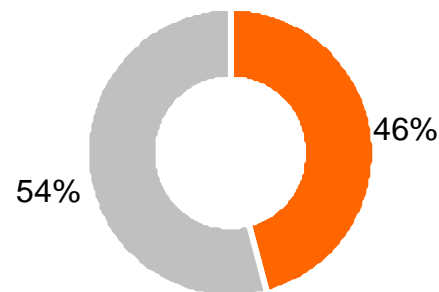
Individual customers (in mln)*



* Excluding Asian stakes and Vysya

Underlying result before tax
(in %)

2013

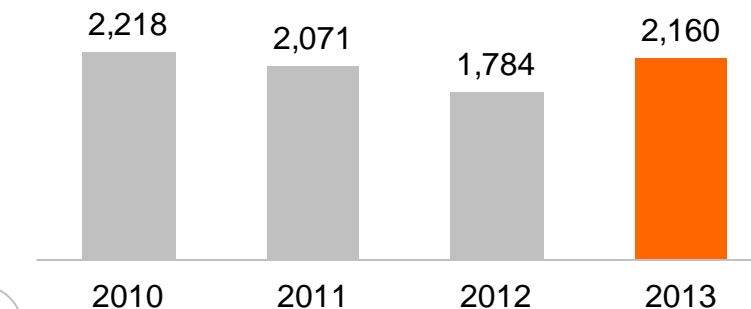


- Commercial Banking
- Retail Banking

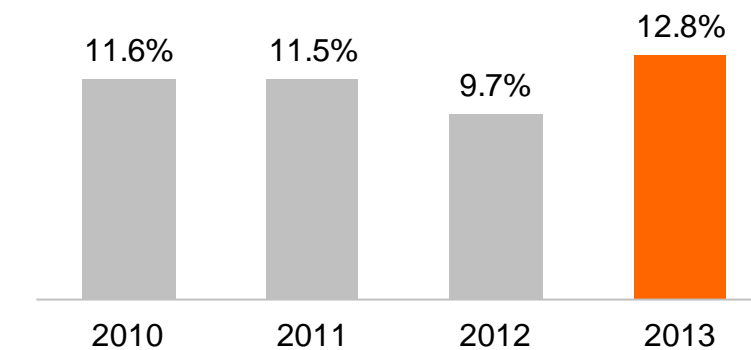
Percentages based on pre-tax result Bank excluding Corporate Line

Commercial Banking continues to deliver solid results (in EUR mln)

Underlying result before tax



Commercial Banking Return on Equity
(based on CET-1 ratio of 10%) rose to 12.8%



We have optimised our balance sheet and are CRD IV compliant

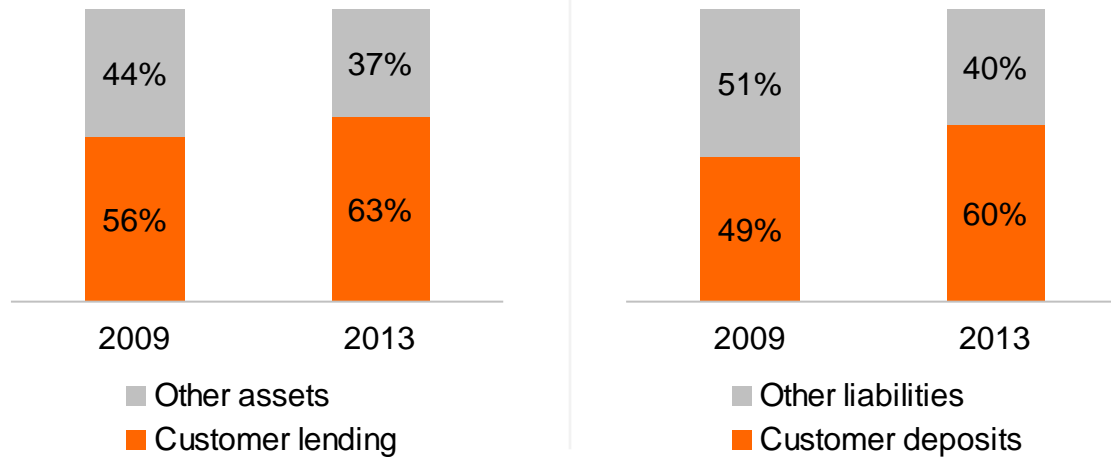
ING Bank has made its balance sheet safer and more diversified

- Reduced short-term funding, increased long-term funding and deposits
- Replaced low-yielding investments with customer lending
- Created domestic banks in most challenger countries by merging the Retail Banking franchises with Commercial Banking

ING Bank already meets CRD IV requirements
31 December 2013

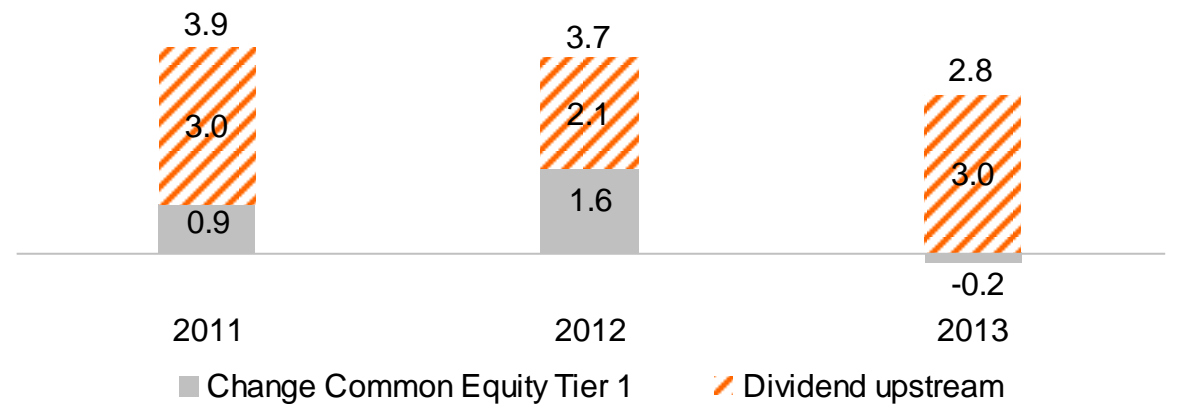
- Fully-loaded common equity Tier 1 ratio of 10.0%
- LCR > 100%
- Leverage ratio of 3.9%

Balance sheet ING Bank*



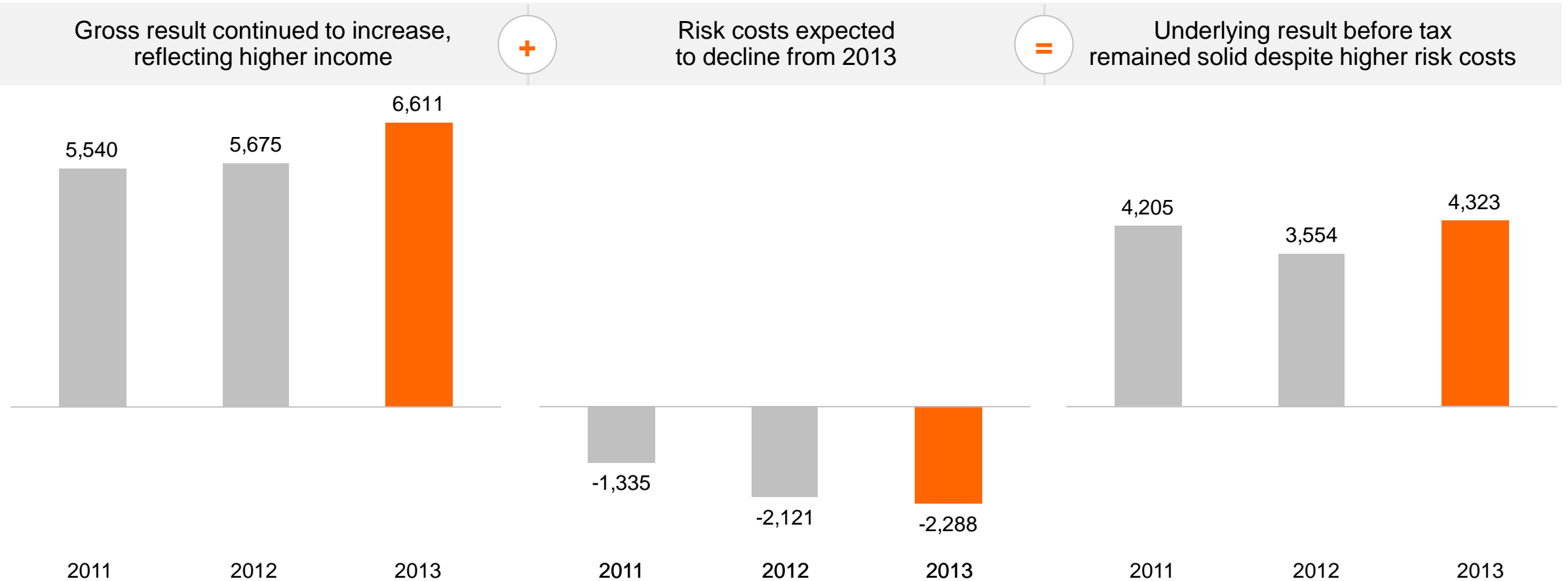
* Adjusted for divestments

Strong capital generation allowing EUR 8.1 bln dividend upstream to Group in past 3 years (in EUR bln)



We have delivered consistently strong financial results...

Bank results (in EUR mln)

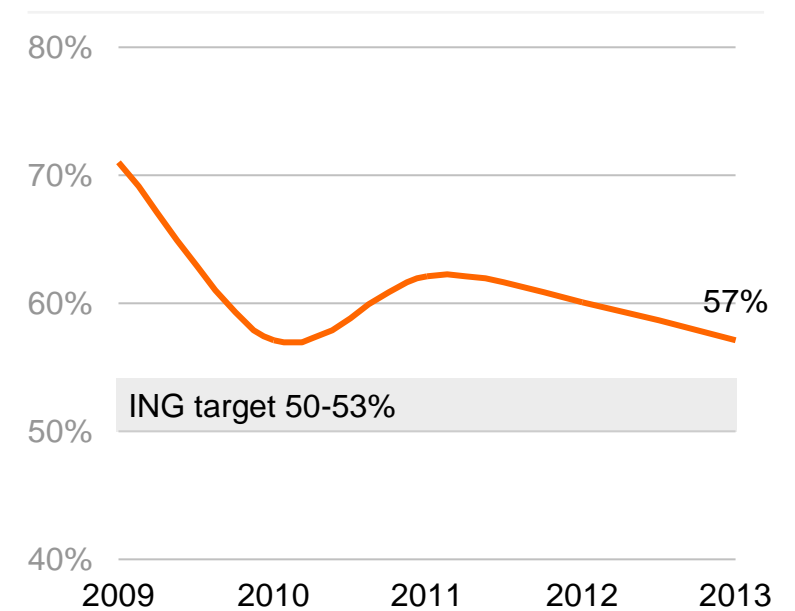


...supported by rigorous cost discipline

Operating expenses remained flat despite higher regulatory costs, pension costs and inflation
(in EUR bln)



Cost /Income ratio (in %)



Cost-savings programme on track

- Cost savings programme on track to reach savings of EUR 880 mln by 2015 and EUR 955 mln by 2017
- We continue to seek for further efficiency gains especially in the areas of IT, procurement and other inflationary costs

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The Banking landscape is changing

Key forces challenging the future role of banking

Regulation	<ul style="list-style-type: none">• Changing regulation, forcing banks to re-think their business models and how to compete effectively
Competitive landscape	<ul style="list-style-type: none">• Radically changed as a result of the crisis, shifting the balance of power within Europe
Society	<ul style="list-style-type: none">• Trust in the banking industry diminished, making the sector vulnerable to new challengers from inside and outside the banking industry
Technology	<ul style="list-style-type: none">• Transforming the way in which we interact with our customers and how we define competitive advantage
Customer behaviour	<ul style="list-style-type: none">• Retail and corporate clients become more demanding, more mobile and more willing to spread their business across multiple institutions

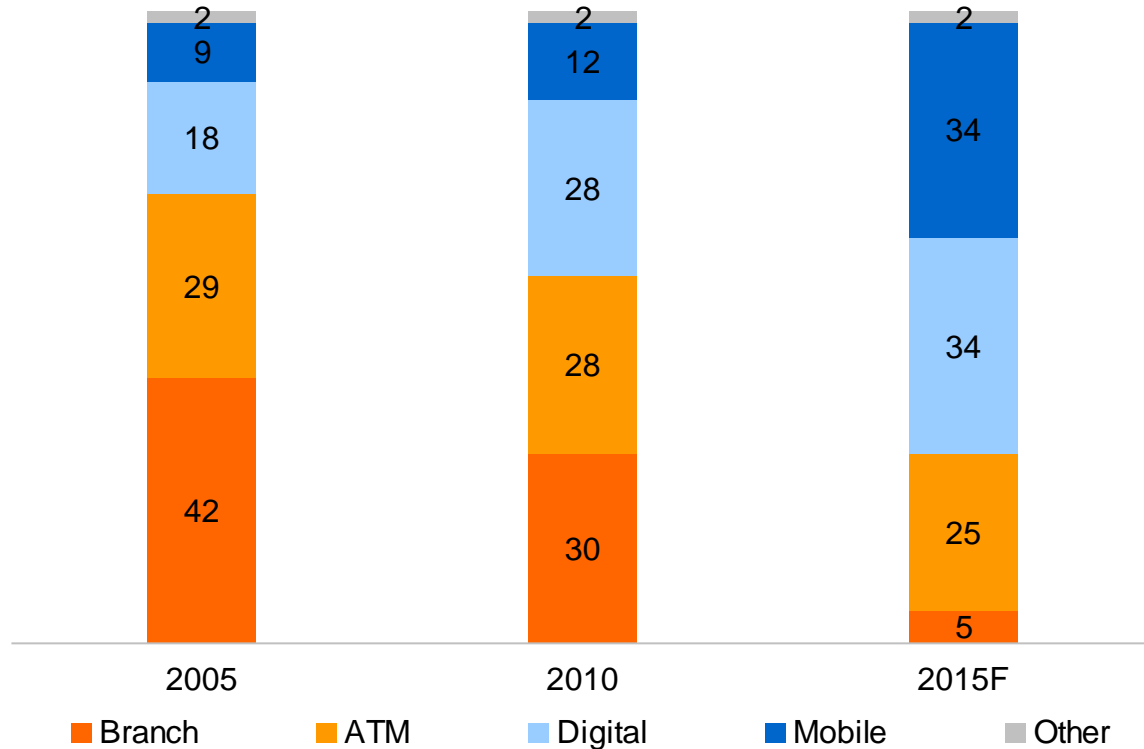


Agility is necessary to enable change and is the only way to secure a sustainable, competitive customer franchise in this new landscape

Customers increasingly use direct channels to interact with us and are doing so more frequently

Massive shift to mobile and direct channels which are expected to become the main channels in all European Markets (in %)

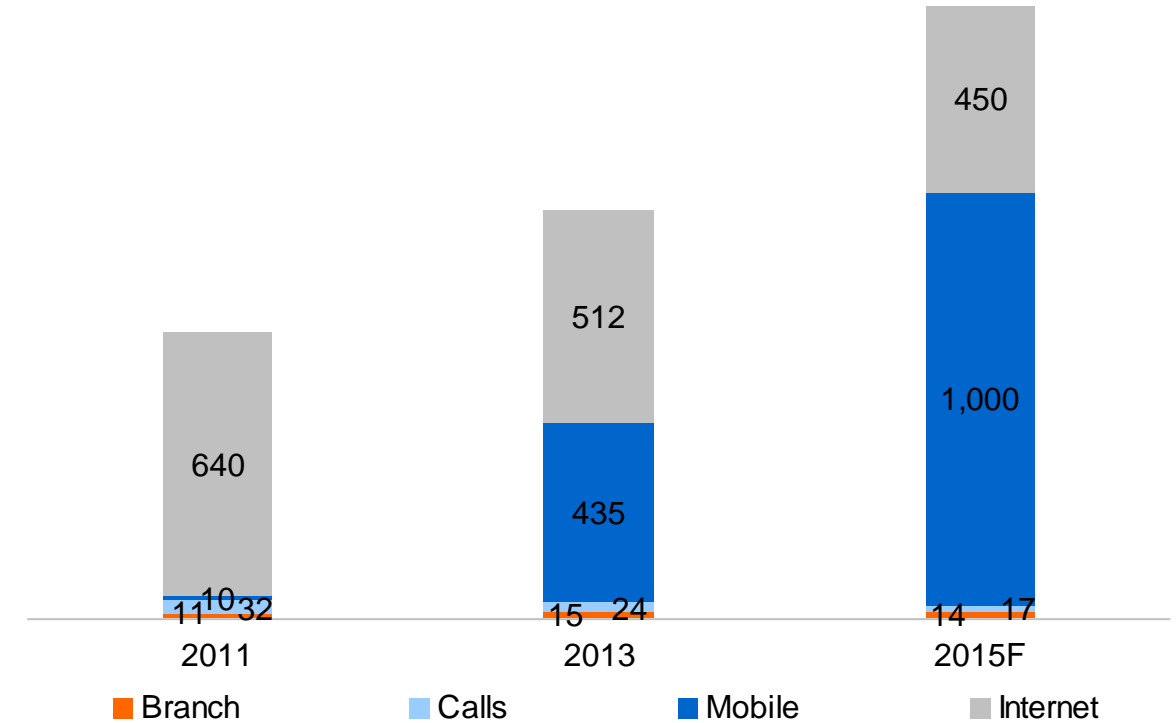
Percent of interactions, Europe



Source: McKinsey European consumer and banking research; Consumer Distribution Research, Iconsumer 2010-2012

Mobile customers have much more frequent contact with their bank

ING NL, total number of contacts (in mln)

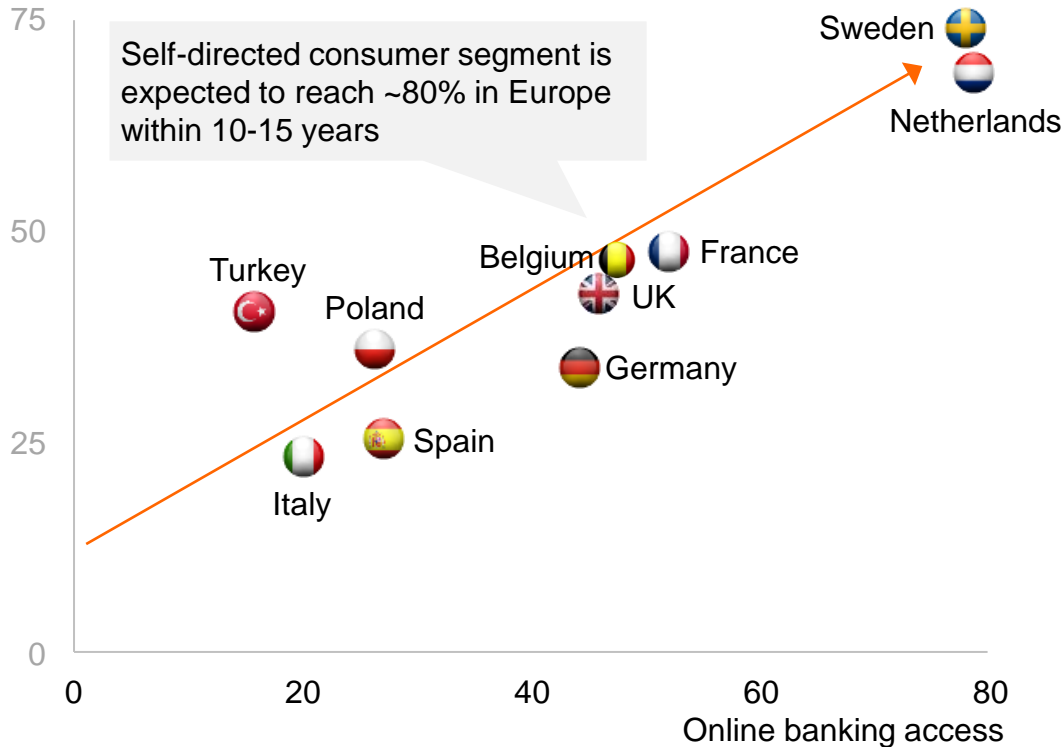


Source: ING Bank Netherlands

Our 'direct first' business model is already prepared to attract this growing and attractive customer base

Customers in Northern Europe are most self-directed today (in %)

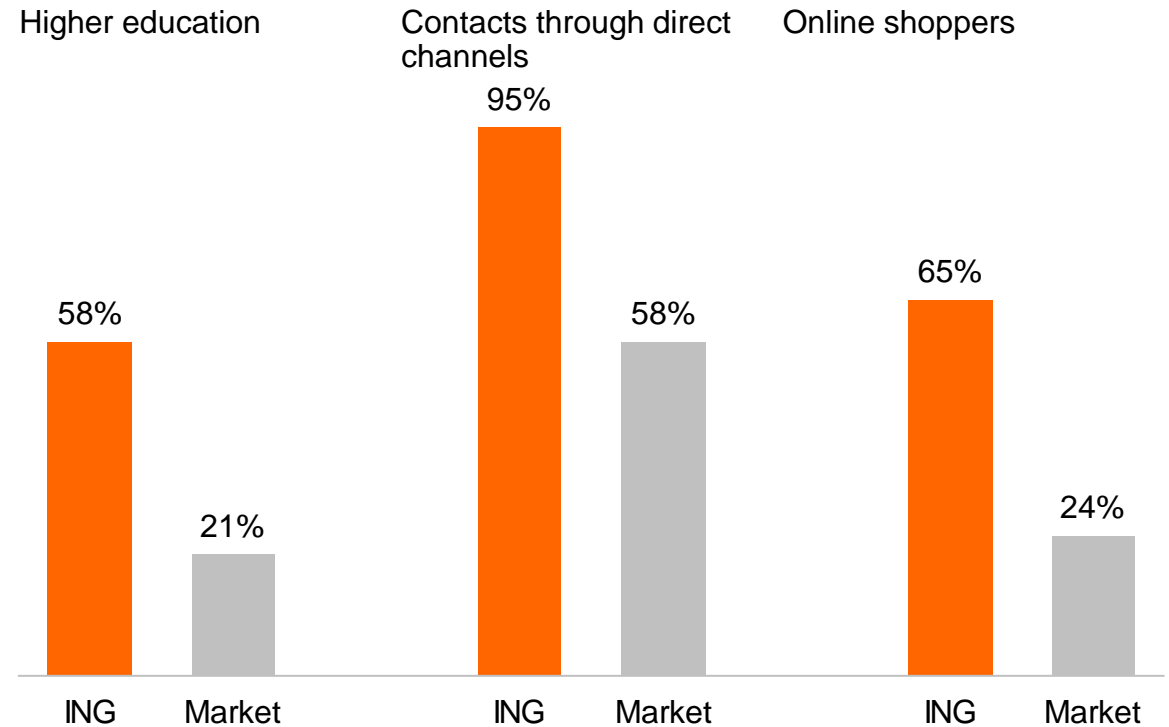
Level of self-directed consumers



Source: McKinsey

Direct first business model is attracting innovative customers

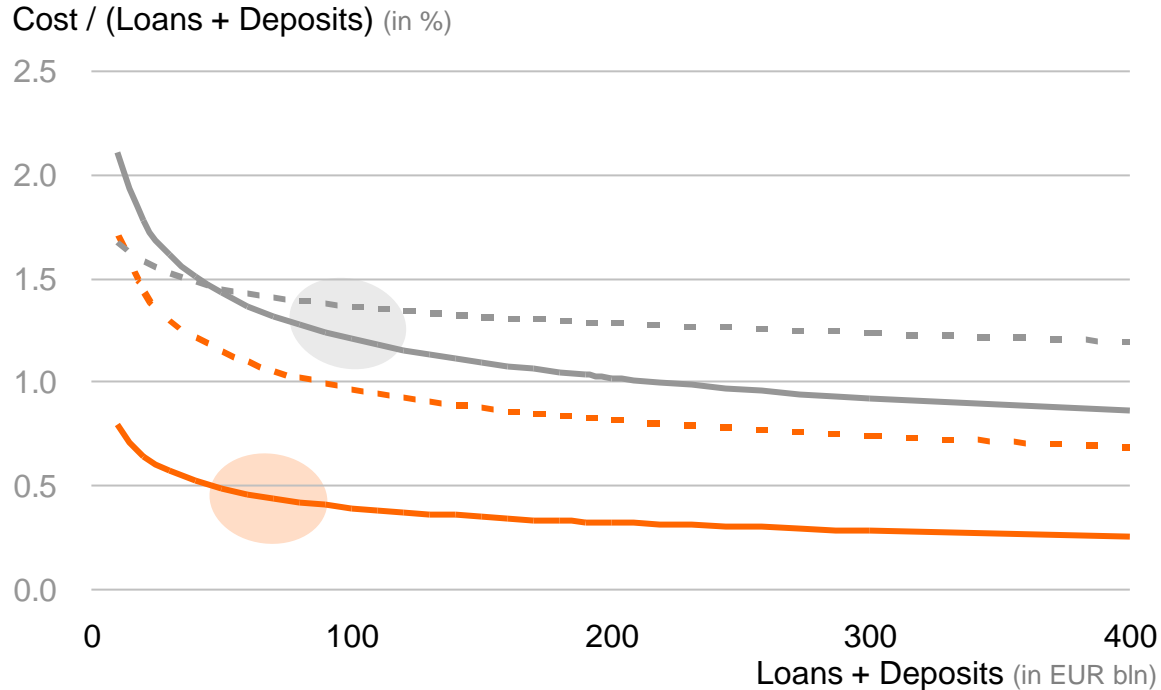
Example: ING Spain versus Market



Source: FRS Inmark, Financial behaviour of Spanish market (individuals), 2013 research; ING data; Bank of Spain, Total Households, on balance Savings

We have a structural cost advantage which we pass on with good value for money

Light branch network enables us to reach scale faster

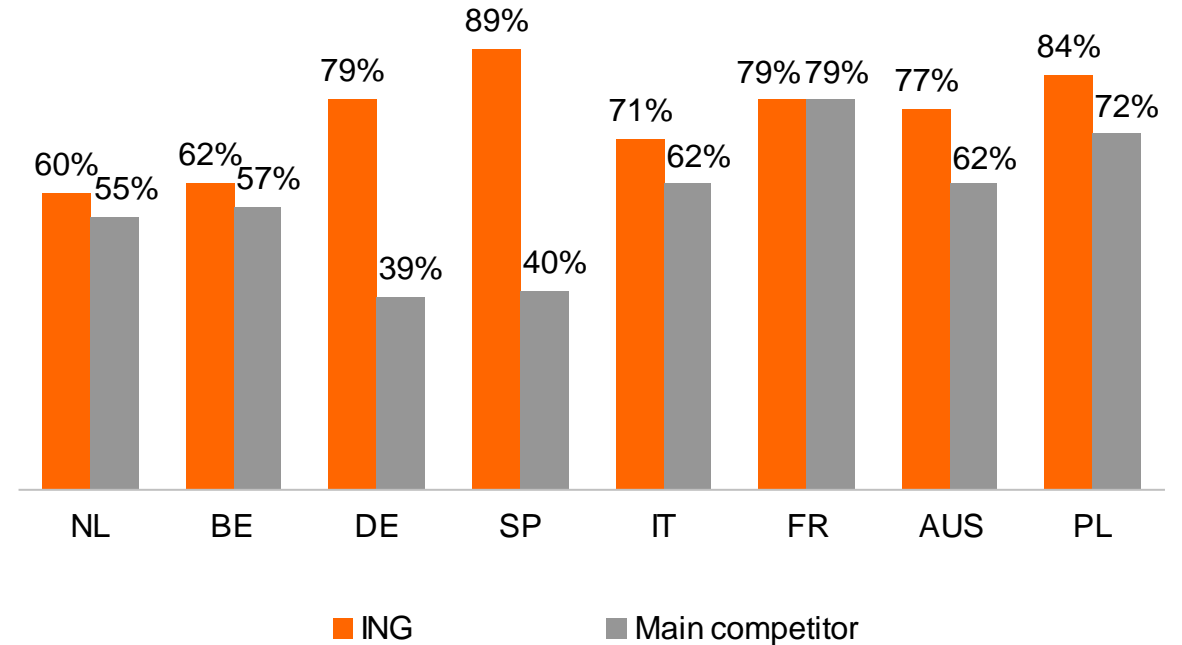


- ING Direct trendline
- - - Other Direct trendline
- ING non Direct trendline
- - - Universal banks trendline
- Economies of scale in non-Direct model
- Economies of scale in Direct model

1 ING internal data
 Source: McKinsey Bank Explorer, SNL, Capital IQ, consolidated annual reports, ING

...and provide excellent value for money to our customers

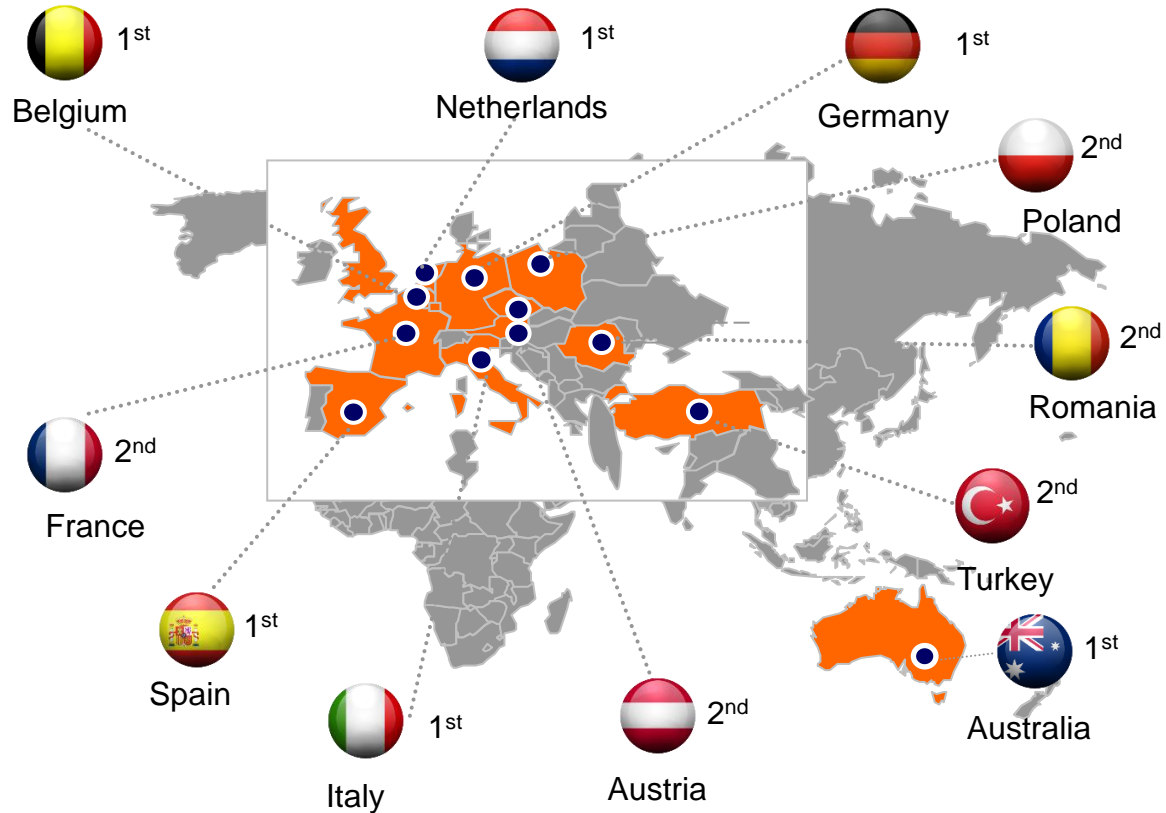
% of customers judging main bank as good value for money



Source: TNS, 2013 ING Brand Health study.
 ING: own customers about ING; main competitor customers about their bank

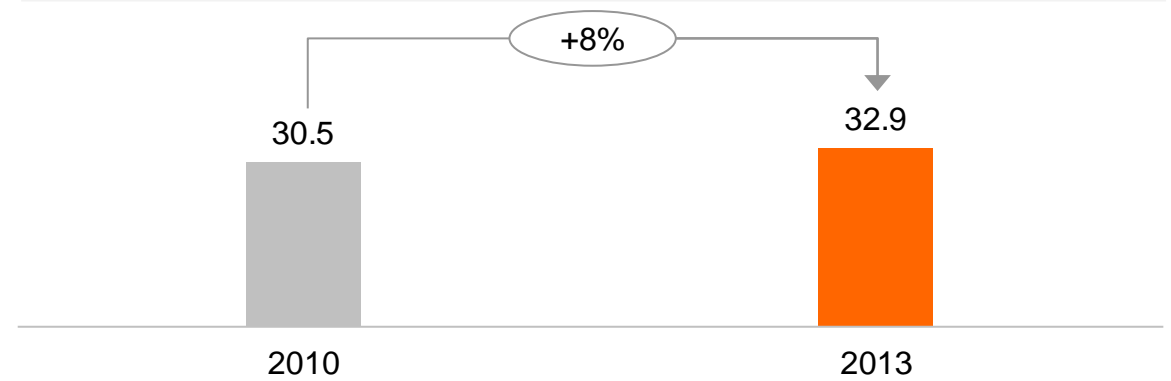
Our strong customer focus leads to high NPS positions and a growing number of customers

Net Promoter Score (NPS) ranking vs. local competitors (2013)

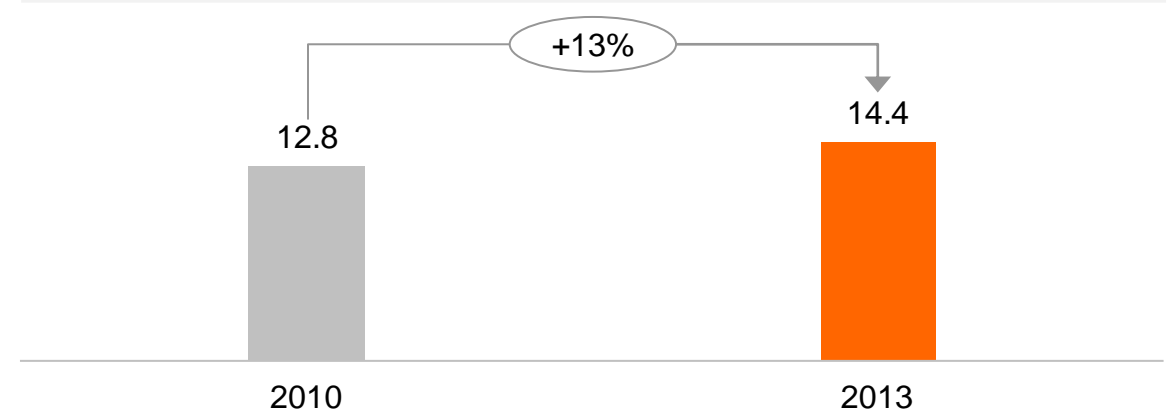


Source: ING Analysis

Increase in Individual customers ING Bank*...
(in mln)



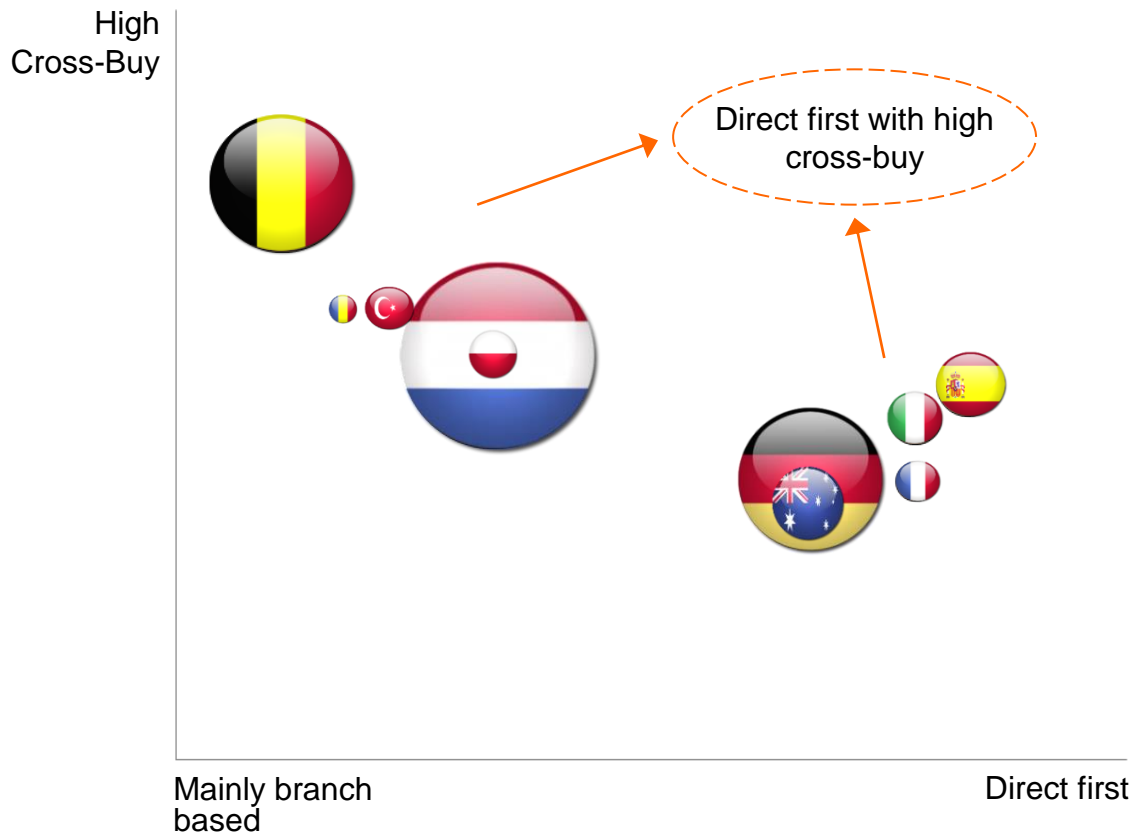
...driven by strong customer growth in the challenger countries (in mln)



* Excluding Asian stakes and Vysya

We continue to converge towards a 'direct first' business model

Converging to a 'direct first' model with high cross-buy...



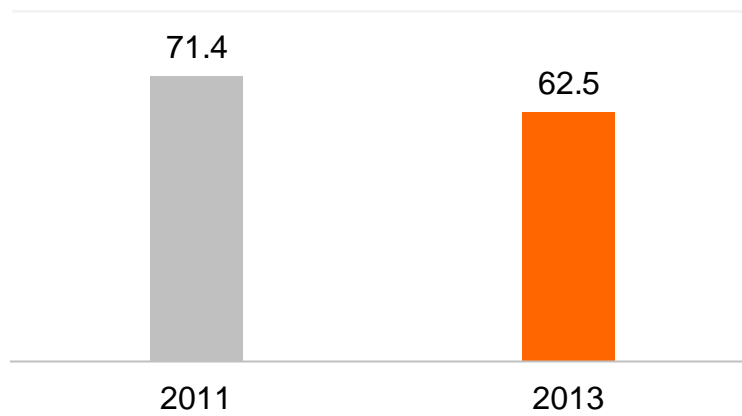
Bubble size = ING Client Balances 2013
 Cross-buy = average # of products per active customer 2013

...from different starting positions

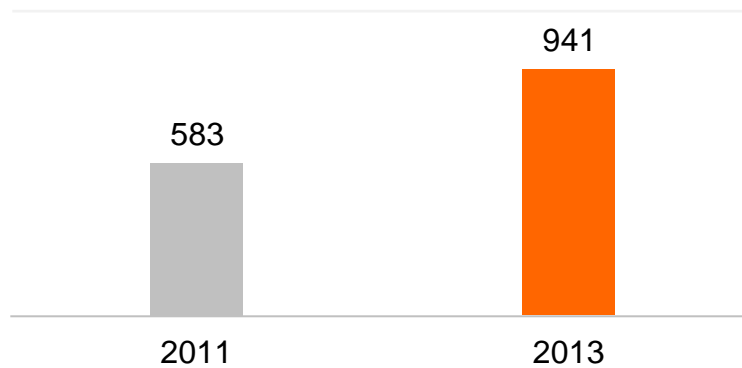
<p>Leading market positions</p>	<ul style="list-style-type: none"> • Growing into 'direct first' banks • Focus on costs and operational efficiency • Increasing/maintaining cross-buy and customer base
<p>Challenger positions</p>	<ul style="list-style-type: none"> • Growing into omni-channel 'direct first' banks • Expanding product range and advice capabilities to increase cross-buy • Increasing customer base and primary accounts
<p>Growth countries</p>	

Belgium and Germany prove the model is working

ING Belgium - C/I ratio (in %)



ING Belgium - Underlying result before tax (in EUR mln)



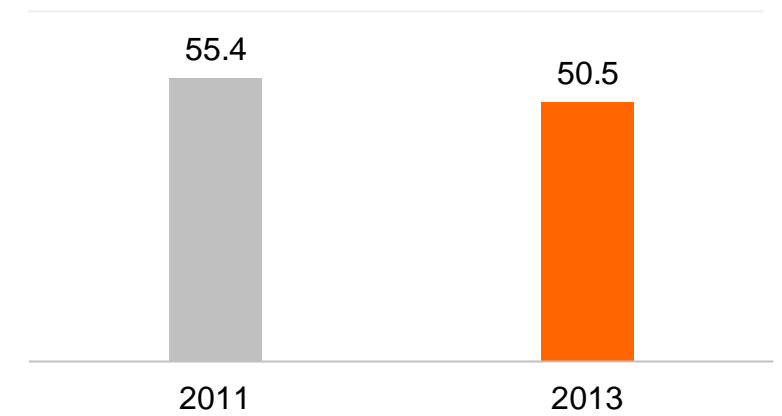
ING Belgium – leading market position

- Product sales through direct channels increasing, while branches still dominate cross-buy
- C/I ratio declined to 62.5%, supported by reduction of branches
- RoE* of 20.5% in 2013

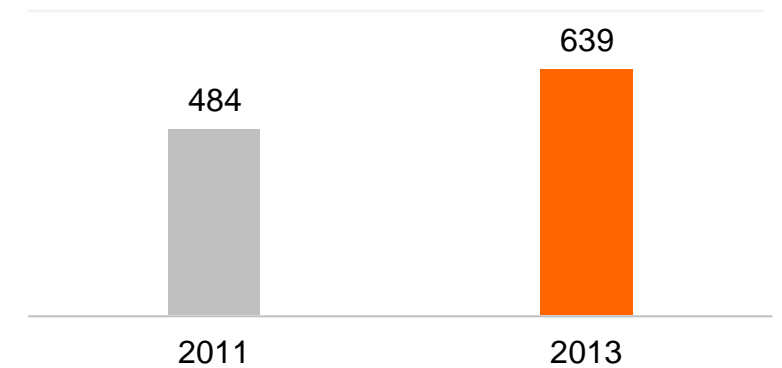
ING Germany – challenger position

- Diversifying product offering to customers to increase cross-buy, while maintaining low cost base
- C/I ratio declined to 50.5% in 2013 as scale benefits come through
- RoE* of 16.6% in 2013

ING Germany - C/I ratio (in %)



ING Germany - Underlying result before tax (in EUR mln)



* Based on CET-1 ratio of 10% on RWA

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Purpose

Empowering people to stay a step ahead in life and in business

Customer Promise

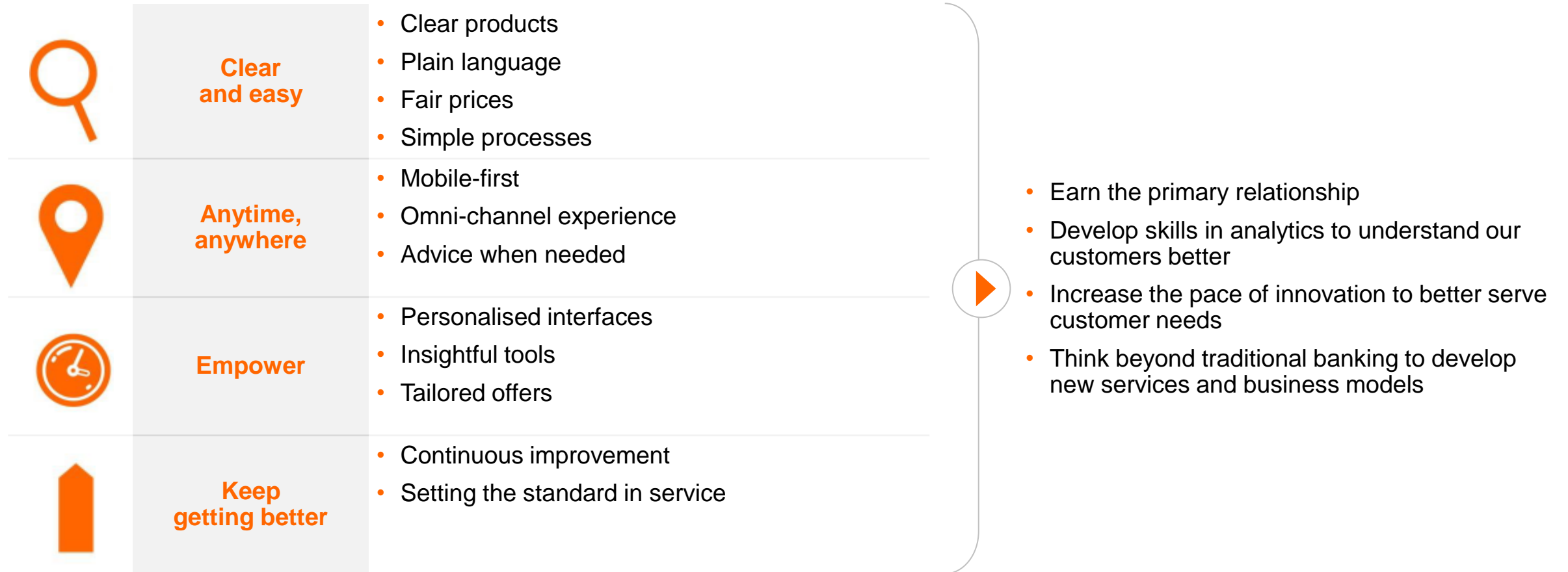
Clear and easy Anytime, anywhere Empower Keep getting better

Strategy

Creating a differentiating customer experience

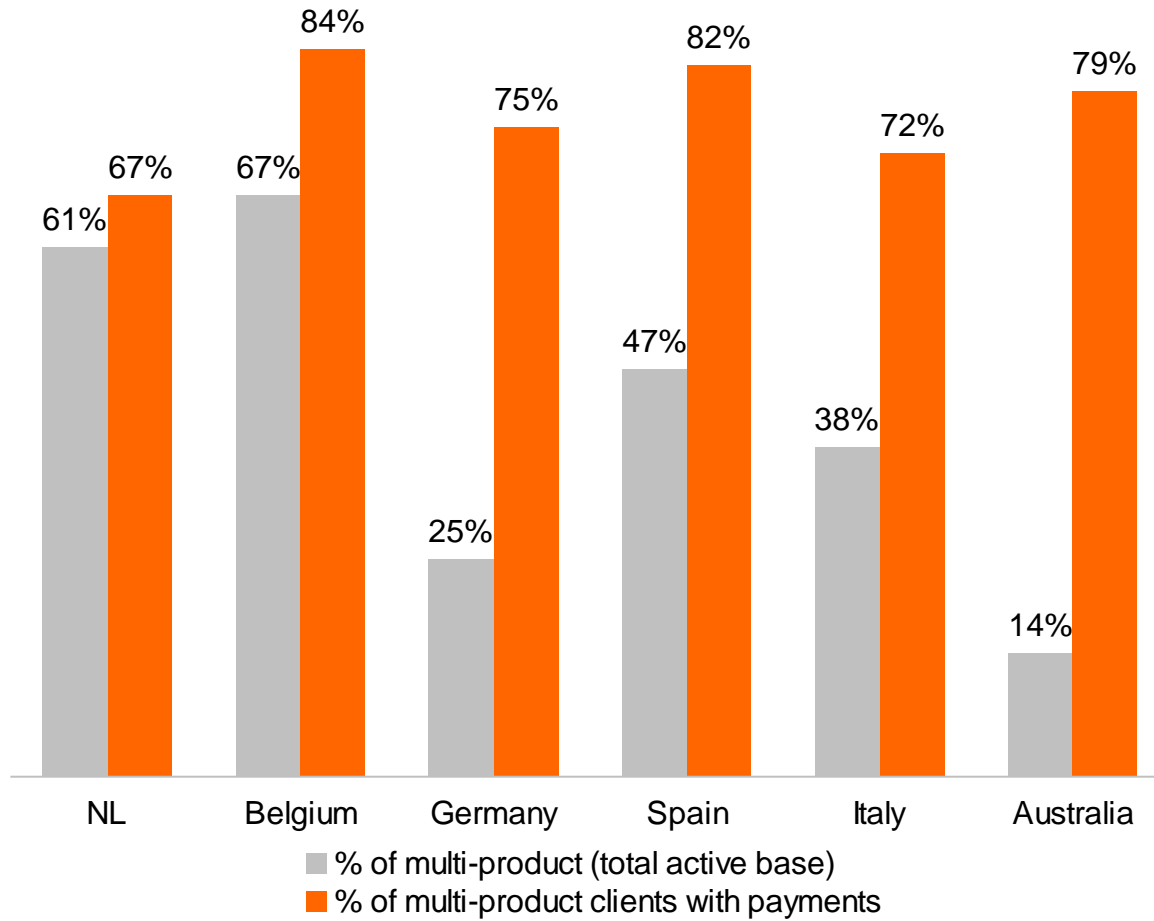
Simplify and streamline Operational excellence Performance culture Lending capabilities

Creating a differentiating customer experience



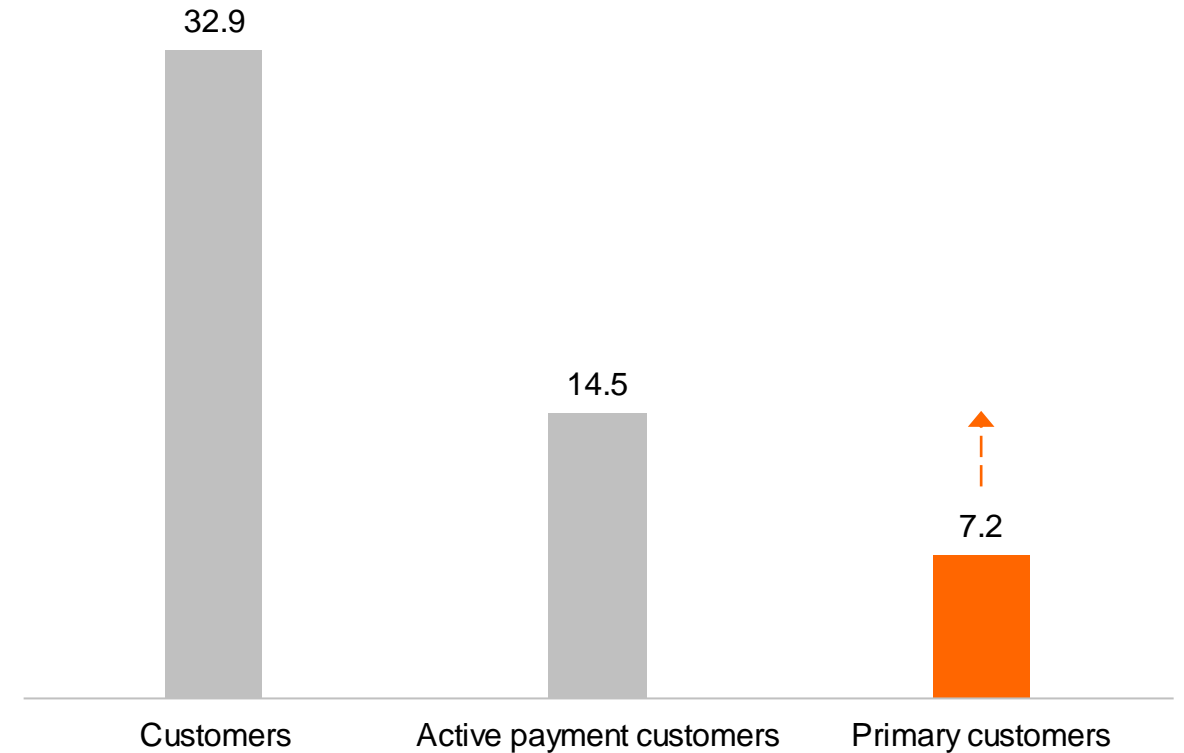
Growing our share of payment accounts is crucial to winning the primary relationship and increasing cross-buy

Payment accounts customers have more products



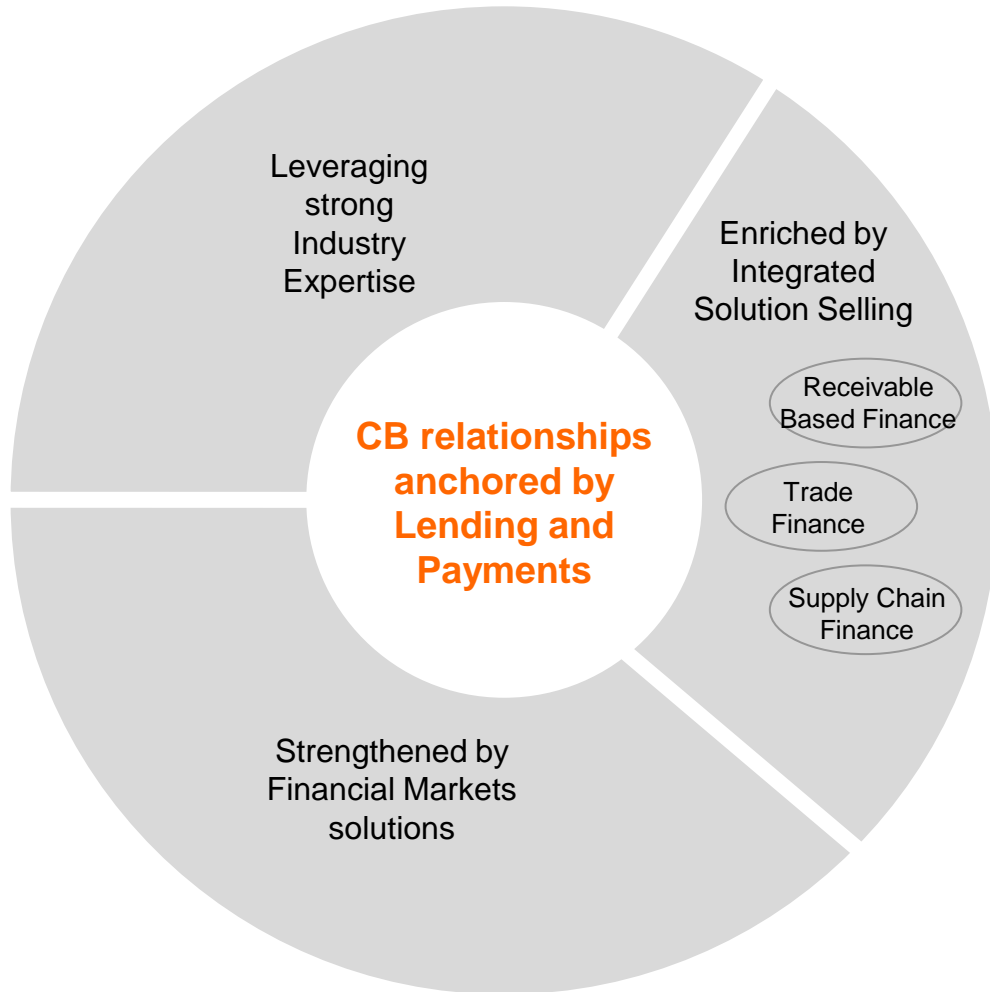
ING aims to increase the amount of primary customers to at least 10 mln in 2017

Total Individual Customers (in mln)



Primary customer: payment customer with recurrent income and at least one extra product

For Commercial Banking, Lending and Payments are anchor products to establish primary client relationships



ING Commercial Banking has a strong client proposition...

- Consistent client focus
- Europe-focused Commercial Bank
 - Leading Commercial Bank in the Benelux for the 5th consecutive year
 - Extensive client base across Europe
 - Extensive international network
- Strong industry expertise in selected sectors providing superior returns

...which has resulted in solid results throughout the crisis



Based upon this solid foundation, plus our investment plan in Payments and operational excellence, we will deliver a differentiating client experience

- Clients will experience the benefits of our investments in seamless cross border solutions – rather than product or event
- Delivery of comprehensive integrated solutions encompassing their entire financial supply chain

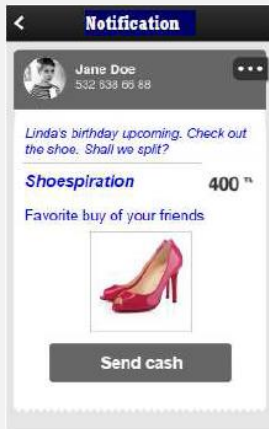
Improving customer service by further developing analytical skills

Improving customer service	<ul style="list-style-type: none">• Provide an integrated, personalised and easy to use omni-channel offering• Cater to individual customer preferences of channel and mode of interaction
Countering fraud and cybercrime	<ul style="list-style-type: none">• Detect and prevent fraudulent activity (e.g., suspicious credit card activity and money laundering)
Operational excellence	<ul style="list-style-type: none">• Optimise ATM and branch locations, cash handling and branch staffing
Risk Management	<ul style="list-style-type: none">• Optimise underwriting to increase consumer lending and reduce the time it takes to obtain a loan• Detect and prevent future defaults through early-warning systems and processes
Creating commercial opportunities	<ul style="list-style-type: none">• Maximise retail banking campaign reactions using digital redesign and response modeling• Define cross-buy opportunities in Commercial Banking by embedding next-product-to-buy modeling into (automated) account planning

Continuous focus on innovation to serve changing customer needs

Social integration and payments

- Import of contacts from phone, social accounts
- P2P payments
- Monthly utility bill payments
- Peer comparison and smart advice



Integration with other channels - omni-channel

- Cardless cash withdrawal from ATMs
- Ability to communicate with their Relationship Manager/virtual assistants



Commercial Banking portal

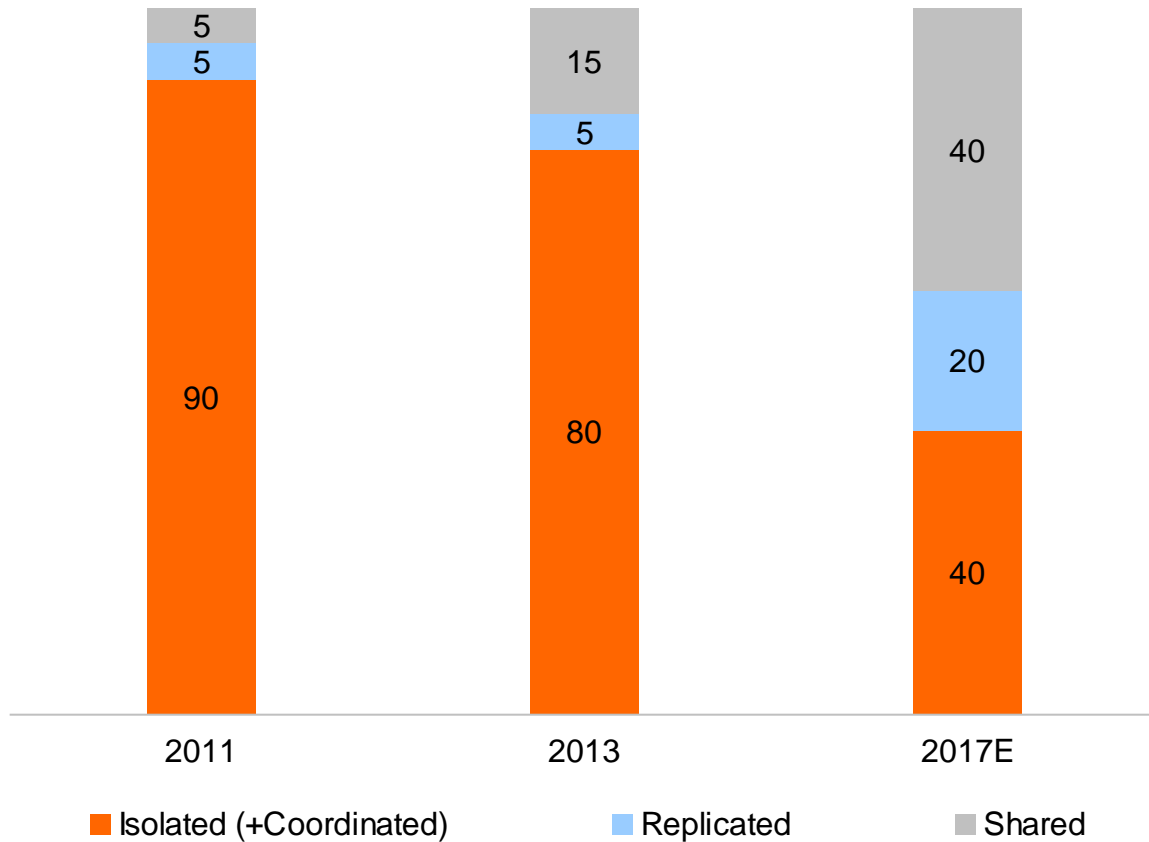
- One Bank experience by offering a multi-product and multi-country portal which gives clients integrated access to Commercial Banking products and services



Costs will be reduced further as IT programmes are completed ...

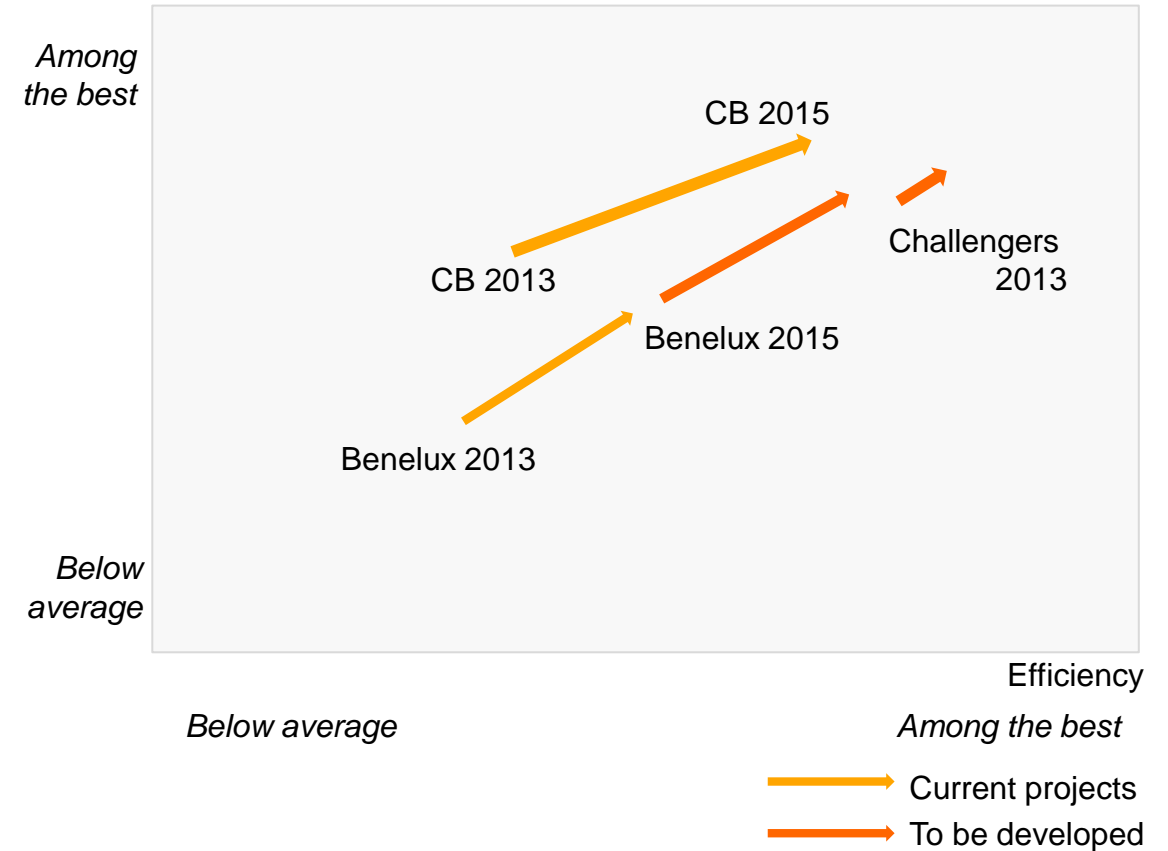
IT Landscape, ING Bank

Share of IT applications (in %)



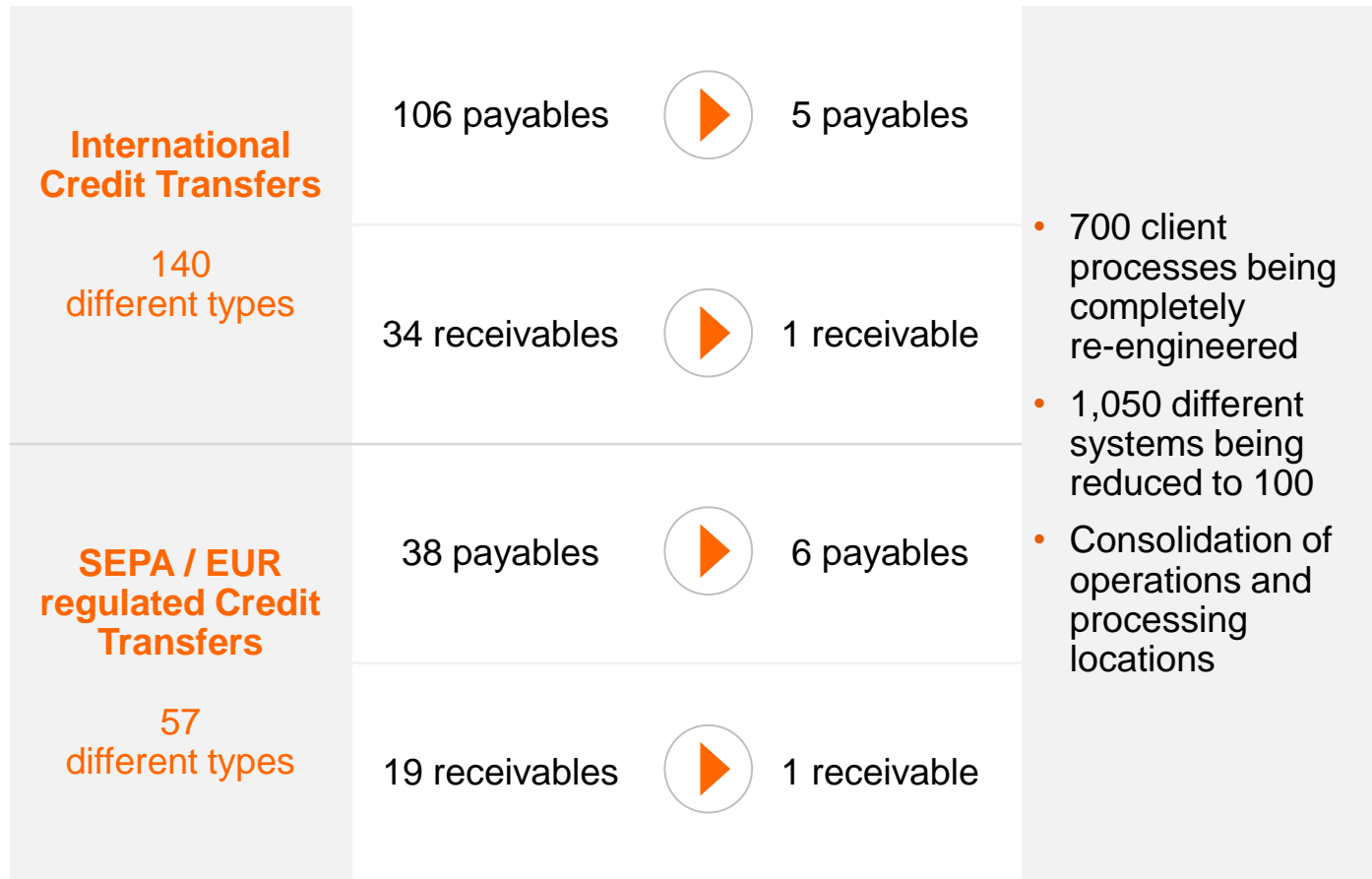
Further reduction of complexity of IT platforms mainly required in the Benelux

Cost effectiveness



...and as products and processes are streamlined

- Simplification and standardisation of product offering Commercial Banking



Multi Country
International reach, Multiple languages and support

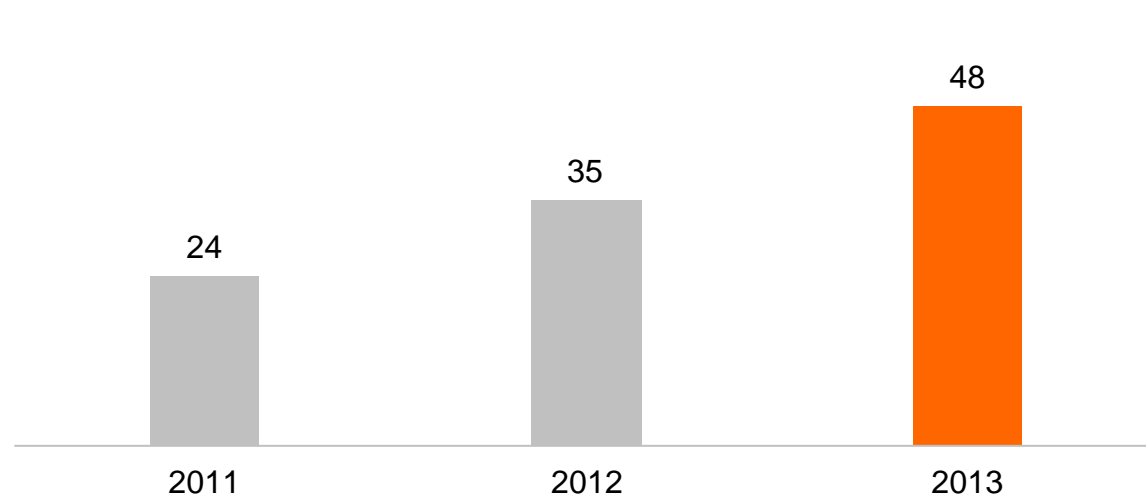
Multi Product
Online client interactions in an integrated Portal

Multi Device
Platform ready for Web and App

We are broadening our asset base while ensuring maximum upside from the European Banking Union

Balance Sheet integration progressing well (in EUR bln)

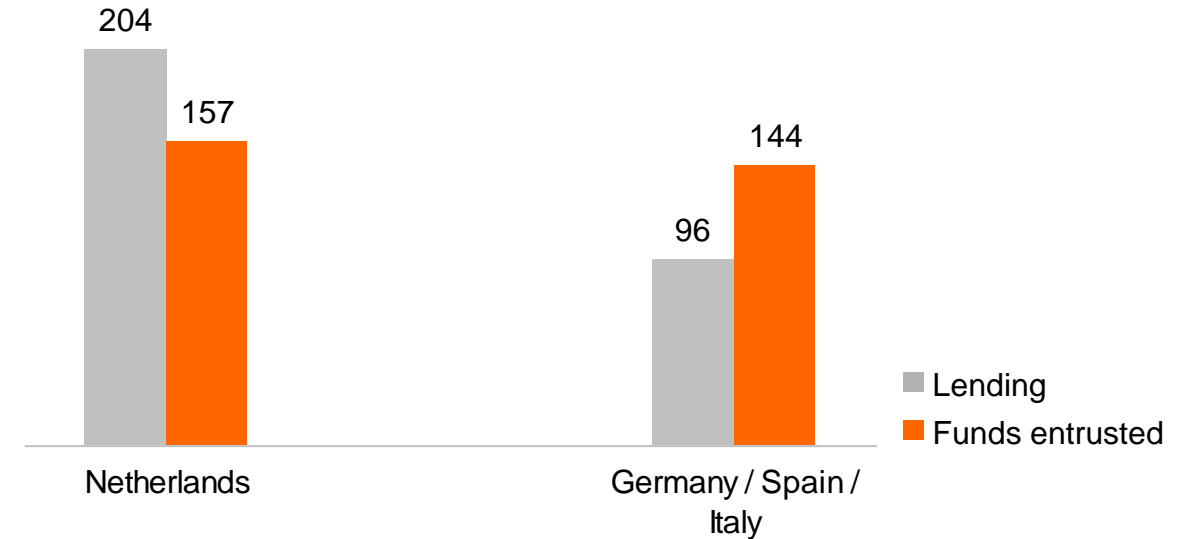
Cumulative BS integration



Diversify balance sheets of funding rich countries

- Merged Retail Banking franchises with Commercial Banking in most challenger countries
- To create sustainable positions, we need to diversify our balance sheets through lending

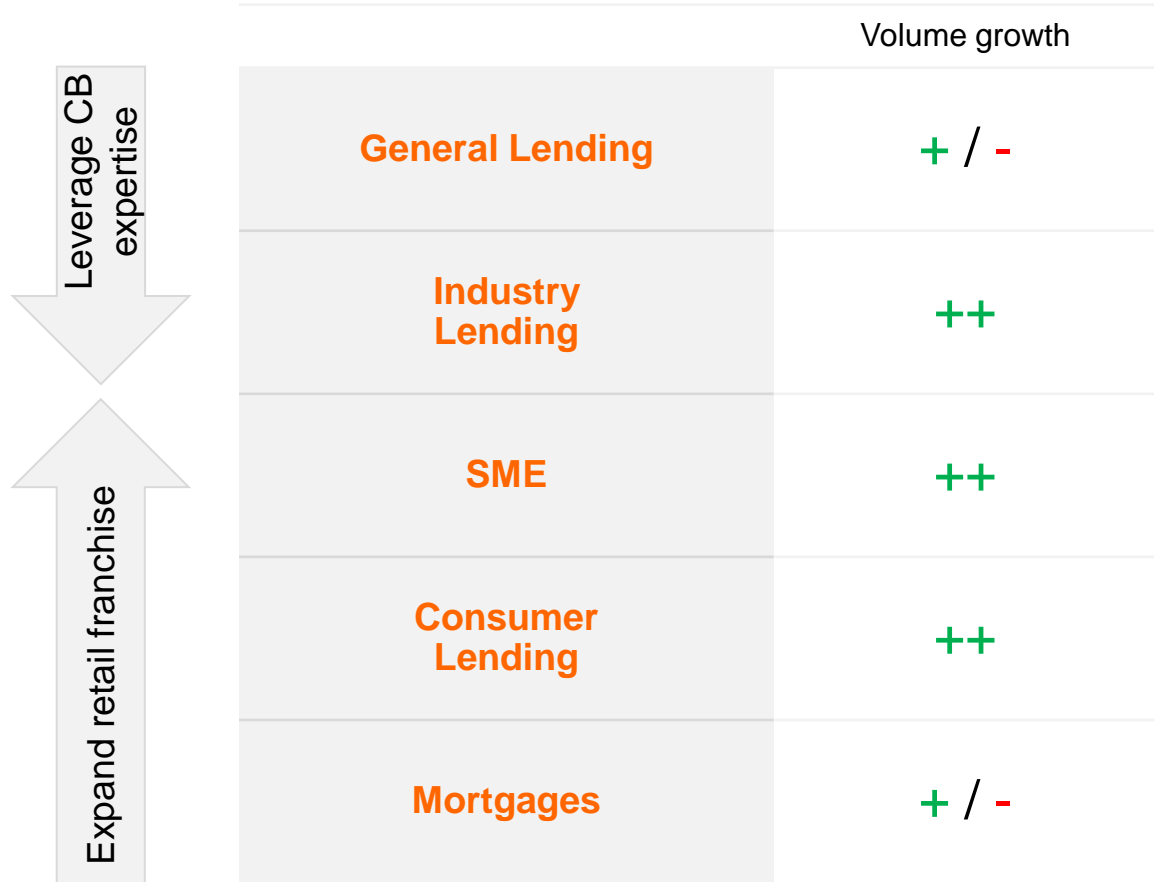
ING Bank well positioned to gain from the European Banking Union (in EUR bln)



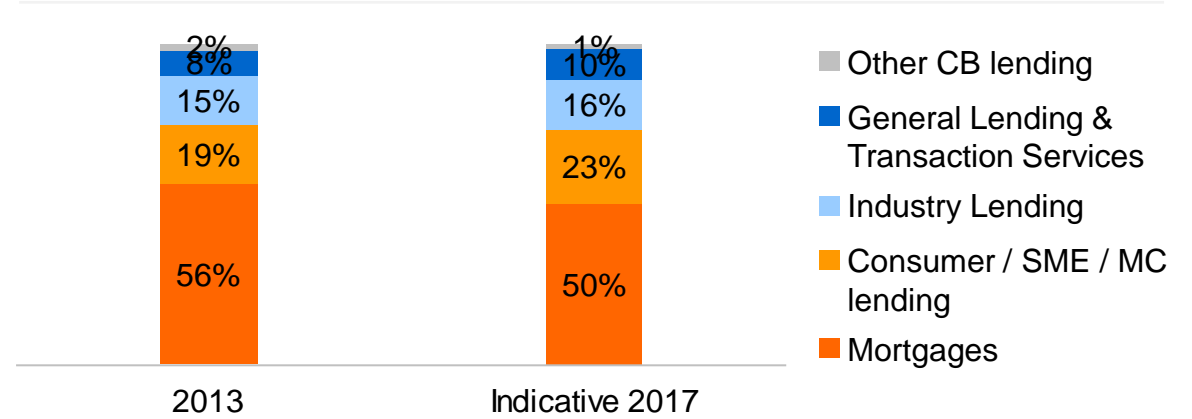
- Transferability of liquidity and capital to provide room for loan growth or reducing the investment portfolio or professional funding
- ING's strategy keeps options open as far as direction and timing of a true European Banking Union is concerned
- Our strategy to develop local asset generating capabilities is therefore a no regret decision

We will increase the NIM by focusing on higher-margin lending products

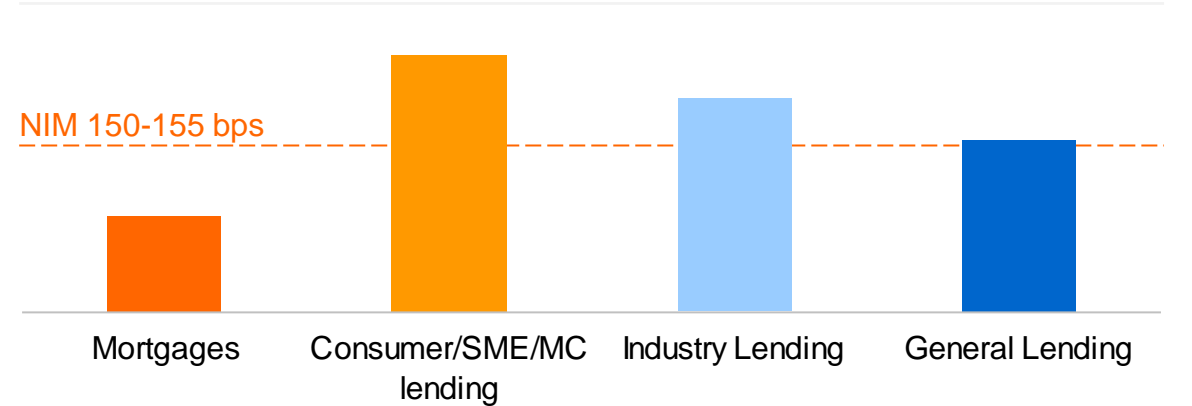
We aim to grow customer lending by approximately 4% per annum



Lending to be more diversified



Focus on relatively higher margin lending products

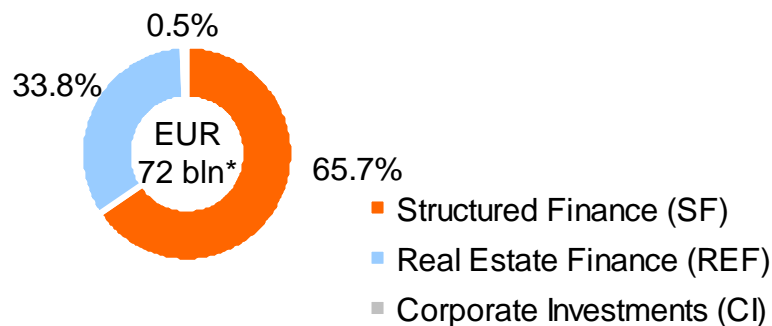


Industry Lending growth to provide superior returns

Industry Lending

- Mature franchise built over 20 years
 - Deep-rooted relationships, with over 90% repeat business in 2013
- Selected industries: Oil & Gas, Metals & Mining, Power & Infra, Transportation, Commodities, Telecom & Media
- Strong risk management and structuring capabilities - focused on solutions to clients needs
- Currently building local expertise centres in Germany and Belgium, e.g. through transfer of knowledge

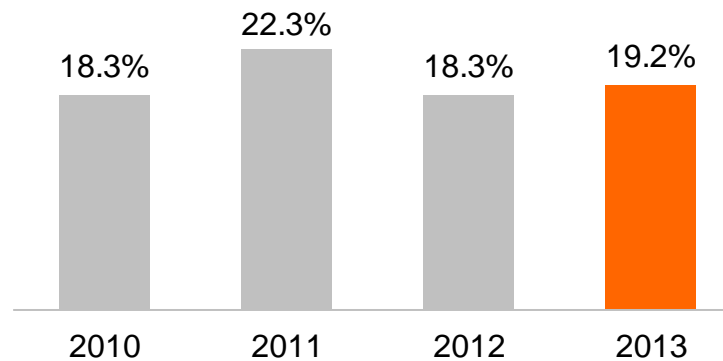
Industry Lending dominated by Structured Finance...



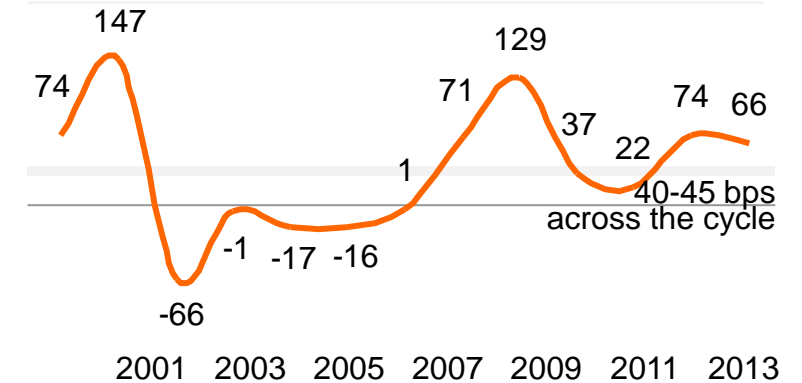
* Lending assets

** Based on CET-1 ratio of 10% on RWA

...which generates a high RoE**



...and risk costs across the cycle in line with total bank

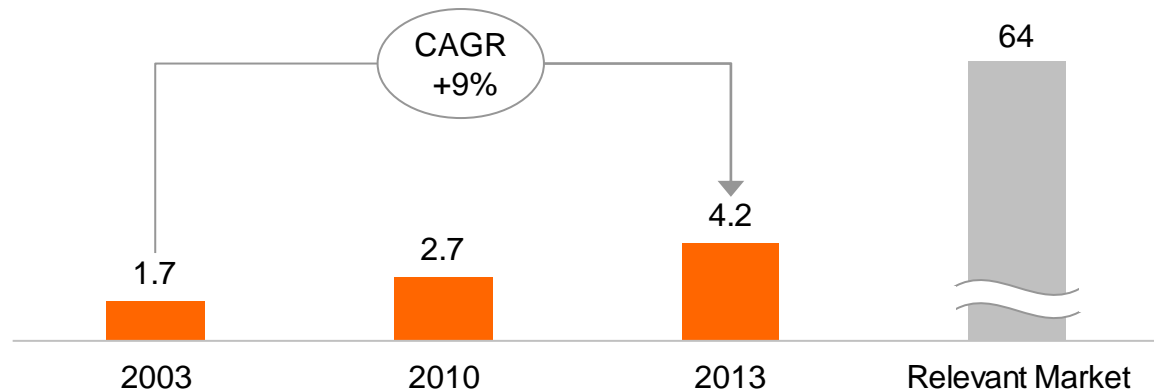


We will selectively expand our offer in the challenger countries with Consumer and SME Lending

Successfully continue building our Consumer Lending portfolio...

- Consumer lending proposition offered in Germany and Spain mainly via direct model. Similar offering was launched in Italy in 2013
- Increase the usage of mobile as additional sales channel providing instant approval
- Use analytical skills to speed up approval process, particularly for payment clients

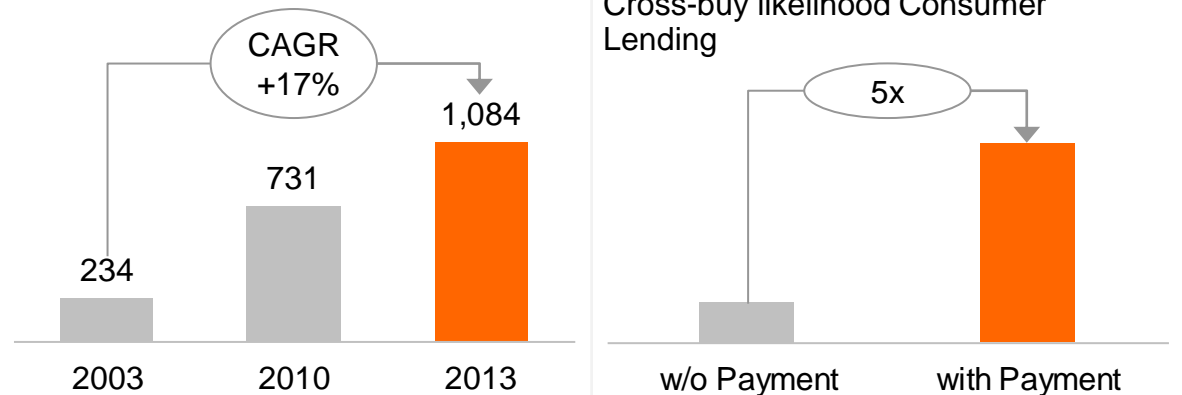
Consumer Lending volume Germany (in EUR bln)



...ready to explore new segment: SME/self-employed with Direct offer

- SME direct proposition launched in Spain in 2013
- Model with focus on self-employed being investigated in Germany
- Leverage strength in direct retail banking to move into self-employed/micro-business segments in challenger countries
- Straight-through-processing

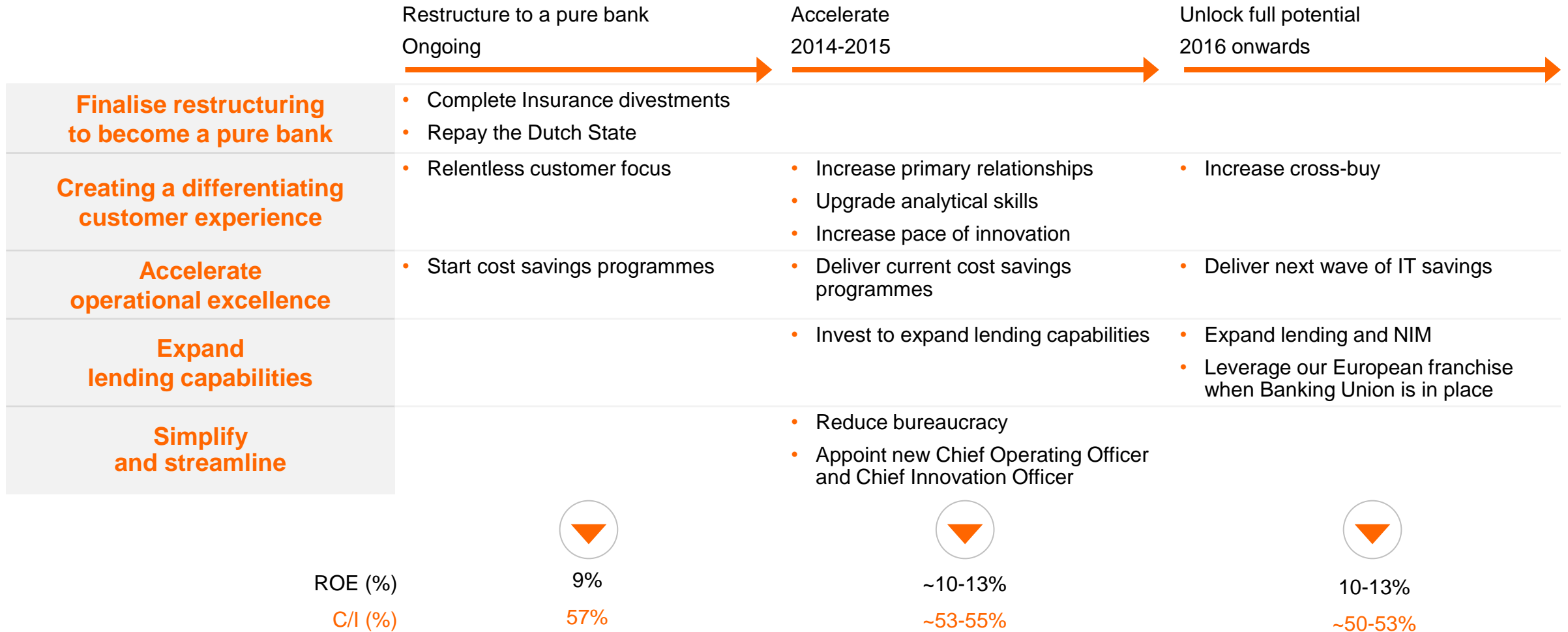
...supported by payment accounts Germany (# '000s accounts)



Agenda

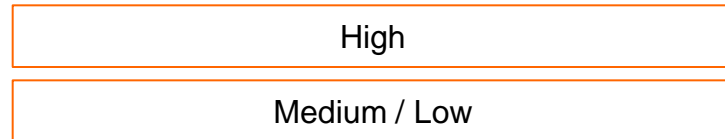
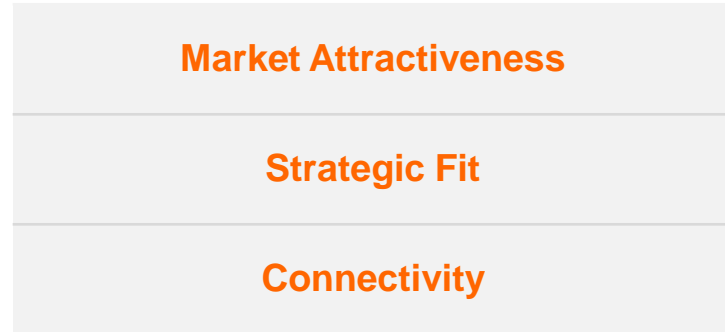
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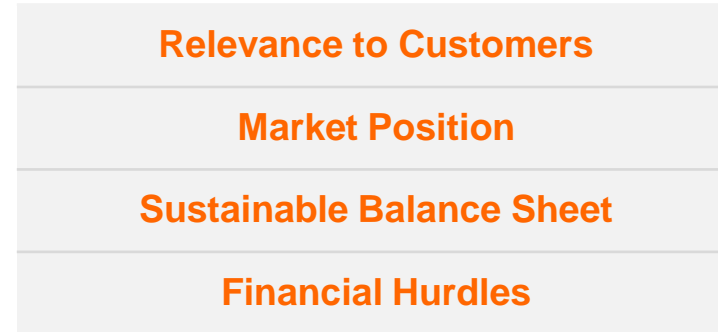


Strategic Framework for Decision Making

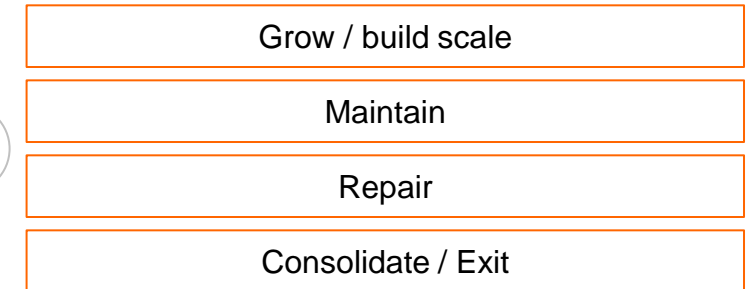
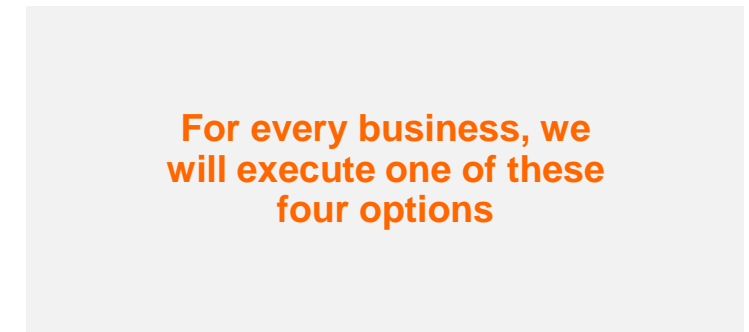
Strategic Review



Sustainable Share





Business Action Plan



Value Creation roadmap is tailored to current market positions

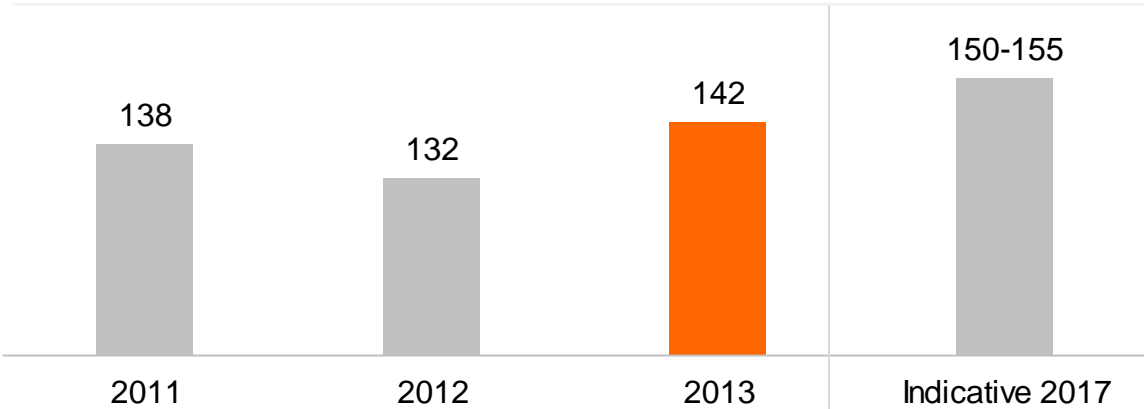
2013 – 2017 roadmap

	Market leaders	Challengers	Growth markets	ING Bank 2017
Income	+	++	++	~4% loan growth and margin improvement
Costs	-	+	+	Flat till 2015. Thereafter depending on income growth
C/I	-	-	-	50-53%
RoE	+	+	+	10-13%

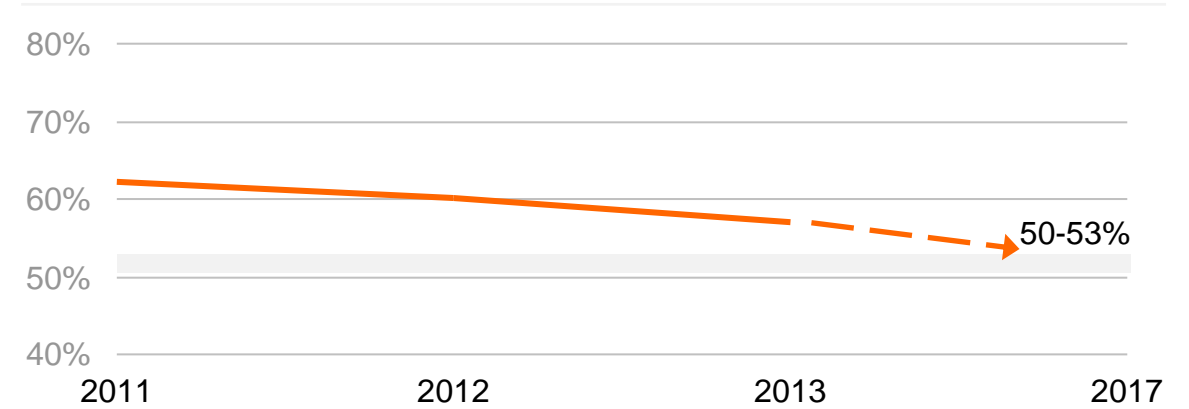
	
Manage for dividend	Manage for sustainable profitable growth

ING Bank will deliver RoE of 10-13% in 2015 and beyond...

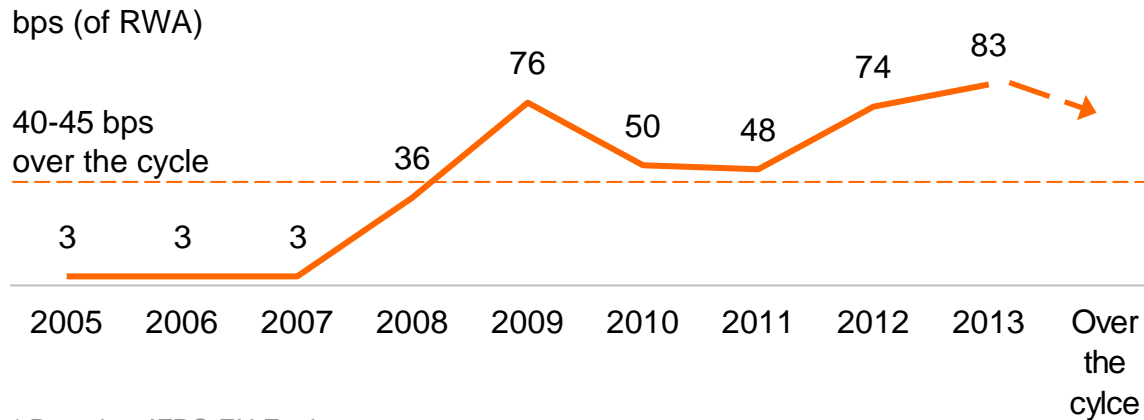
Net interest margin to increase (in bps)



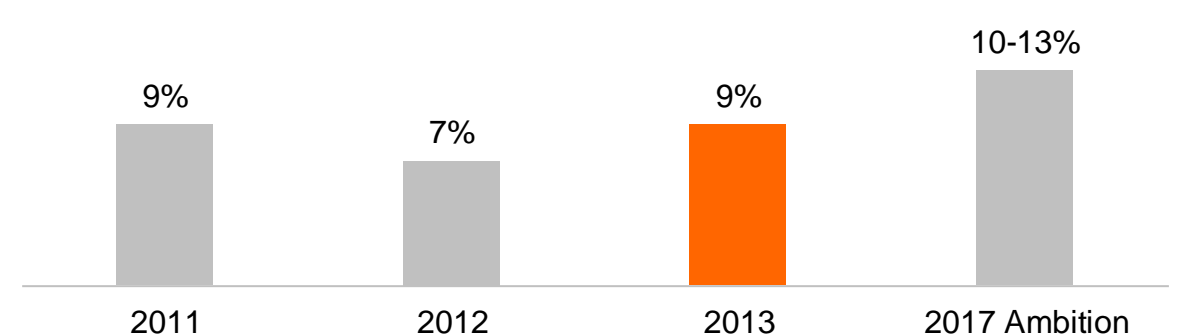
Cost/income to decrease to 50-53%



Risk costs expected to decline from 2013



ING committed to deliver target RoE of 10-13% in 2015 and beyond*



* Based on IFRS-EU Equity

...and intends to resume dividend payments to shareholders over financial year 2015

	Ambition 2017	Guidance
CET-1 (CRD IV)	>10%	<ul style="list-style-type: none"> Target fully loaded CET1 ratio remains >10% but it is prudent to maintain a comfortable buffer above the minimum to absorb regulatory changes and potential volatility
Leverage	~4%	<ul style="list-style-type: none"> Approximately 4% leverage; awaiting final regulations
C/I	50-53%	<ul style="list-style-type: none"> Aim to reach 50-53% cost/income ratio in 2016. Over time, improve further towards the bottom end of the range.
RoE (IFRS-EU equity)	10-13%	<ul style="list-style-type: none"> RoE target range maintained at 10-13% based on IFRS-EU equity (absorbing capital buffer)
Dividend pay-out	>40%	<ul style="list-style-type: none"> Target dividend pay-out >40% First payment over the financial year 2015

Agenda/Executive Summary

- ING is on track to become a pure Bank
- We have strong financials, a unique business model and an attractive portfolio
- ING is well positioned to take advantage of the transformation in the banking landscape
- We are taking action now to position ourselves as a European Banking leader
- We confirm our targets and will start paying a dividend over financial year 2015

Disclaimer

ING Group's Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU').

All figures in this document are based on the 2013 ING Group Annual Accounts. This document is unaudited.

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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