



ING Bank Ambition 2013: Improving growth, efficiency and returns

Société Generale: The premium review conference

Eli Leenaars
CEO Retail Banking Direct and International

Amsterdam – 3 December 2009
www.ing.com

BANKING · INVESTMENTS · LIFE INSURANCE · RETIREMENT SERVICES



Entering the second phase of Back to Basics

Key messages

Separating Banking and Insurance is the right choice at the right time

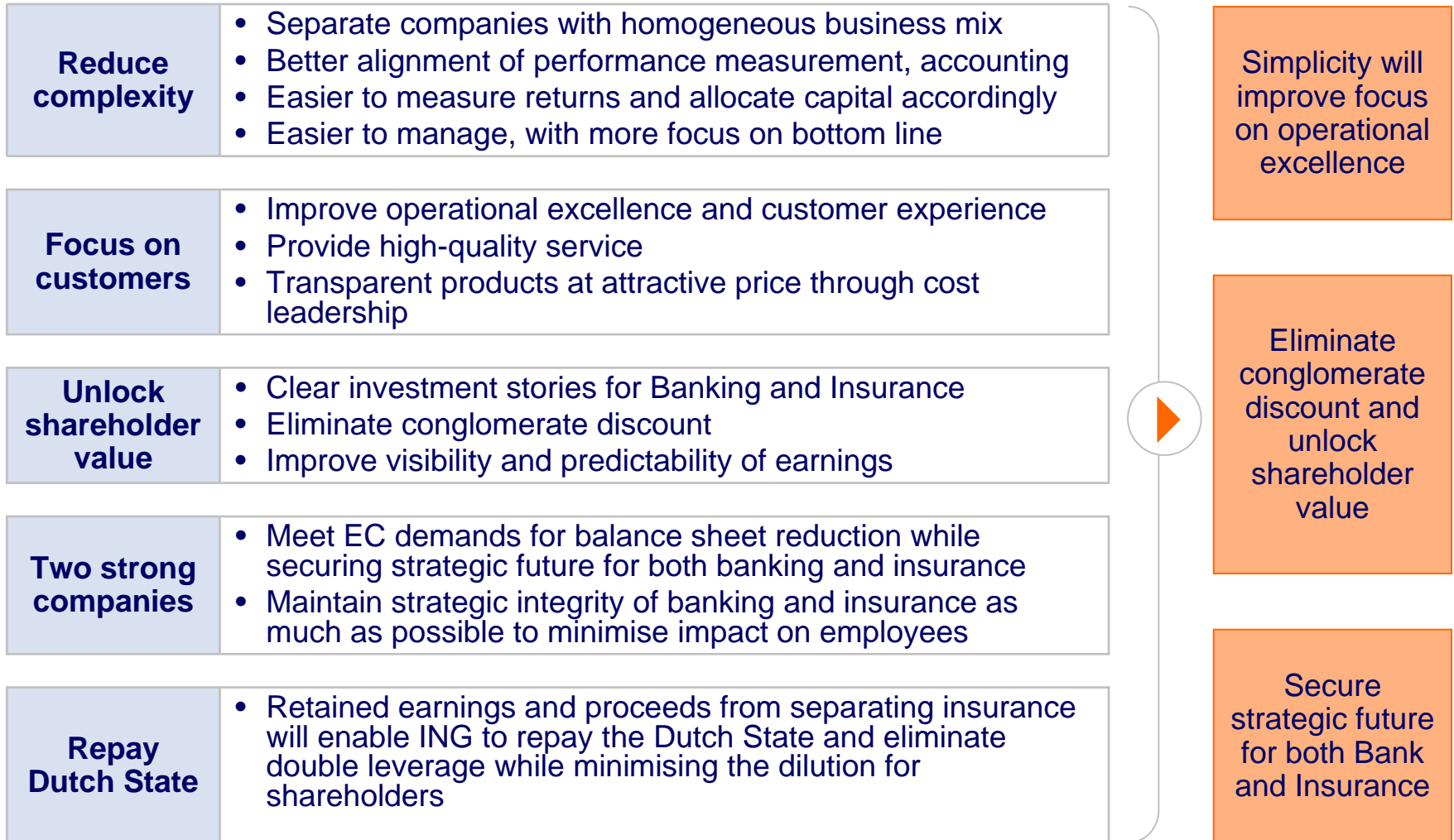
- Improves focus on operational excellence
- Enables Bank and Insurance to adapt more quickly and emerge stronger from the crisis
- Expects to unlock value for shareholders

We see exciting opportunities for Bank and Insurance going forward





- ING Bank aims to capitalise on its low cost base, expertise in direct banking and strong commercial banking network to deliver attractive returns for shareholders
- ING Insurance aims for double-digit growth as retirement savings gain pace, using its strong position in pensions across mature and growth markets

We will move diligently towards the separation and divestment of Insurance to ensure value for shareholders is protected while balancing the interest of all stakeholders

Separating Banking and Insurance is the best way forward



The crisis is dramatically changing the banking industry

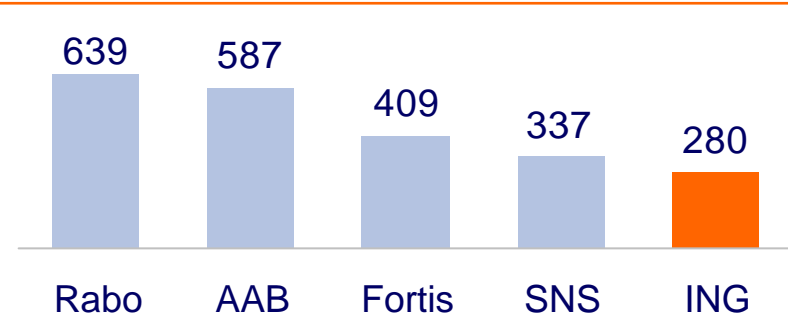
Business Models	<ul style="list-style-type: none">• Revival of traditional banking model• Deposits as primary source of funding• Lower amount of originate-to-distribute business model• Customer relationship driven instead of product driven• Increased importance of strong local franchise		Reduced risk appetite will limit income growth
Products	<ul style="list-style-type: none">• Shift to simpler and more transparent products• Increased scrutiny on product approval and suitability• Increased disclosure of cost loadings and risks• Increased scrutiny of product pricing		Commoditised products means efficiency will be key
Regulation	<ul style="list-style-type: none">• Larger capital buffers• Stricter rules for off-balance sheet constructions• Higher capital requirements for trading assets• Cap on asset leverage• Requirements for liquidity• Higher deposit guarantee costs		Higher capital requirements will put pressure on returns
Customers	<ul style="list-style-type: none">• Households need to deleverage• Savings will need to increase• Seeking safer products, increased transparency• Customers have become more price-sensitive• Trust in banks has been shaken by crisis		Service and brand will be key differentiators

To thrive coming out of the crisis, banks must have a number of key attributes

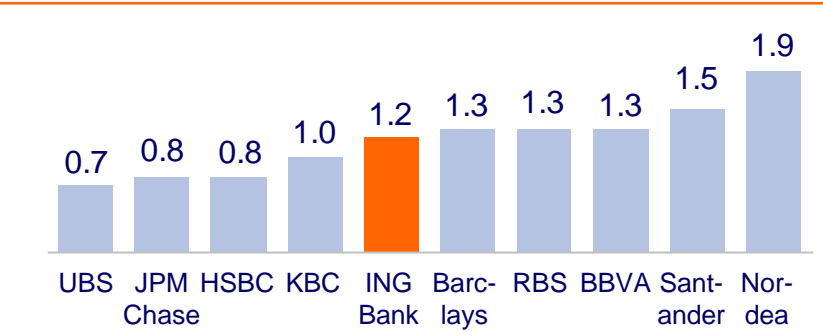
Regulation		<ul style="list-style-type: none">• Strong financial health• Ability to attract customer savings• Ability to originate own high-quality assets
Business Models		<ul style="list-style-type: none">• Strong and defensible market positions• Economies of scale in local markets
Products		<ul style="list-style-type: none">• Structurally lower costs to remain competitive• Standardised business model• Industrialised processes
Customers		<ul style="list-style-type: none">• Trusted brand and strong marketing• Superior service and customer loyalty• Multi-channel distribution

ING Bank has strategic advantages that will be increasingly important as the industry changes

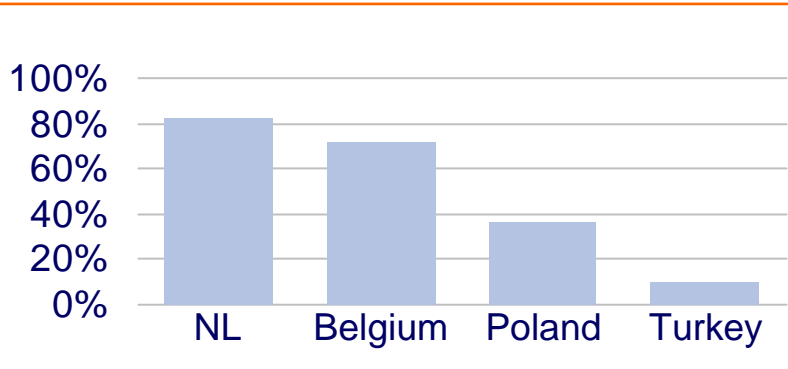
ING charges the lowest cost to clients for payment accounts in NL (in EUR)*



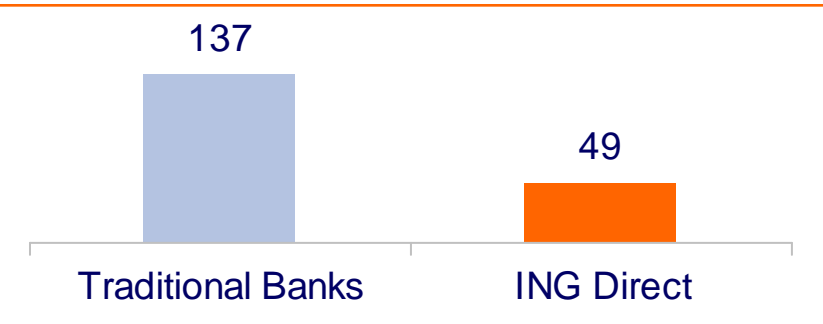
A favourable customer loan-to-deposit ratio (% , 1H09)



Spontaneous brand recognition*



ING Direct has lowest cost base (opex to client balances, in bps)**



* Source: Company data 1Q09

** Source: CapGemini, WRBR 2005, BCG Sample incumbents 2007



But we must accelerate our drive towards commercial and operational excellence to achieve our ambition ...

We aim to provide a superior customer experience and achieve cost leadership in the markets where we compete by building on ING's underlying strengths to meet the evolving needs of our customers

Customer Experience



- Superior customer service
- Simple and transparent products
- Competitive product pricing
- Leader in technology
- More responsive to customer needs

Operational Excellence



- Cost leadership
- Efficient systems
- Industrialised processes
- Streamlined product offering

Formal separation of Banking and Insurance will allow the bank to focus more on improving the business fundamentals:

- Simplify the organisation
- Consistent financial and non-financial performance measurement
- Single focus of management
- Easier to align capital allocation with performance and returns

...and more can be done to leverage our strengths across the bank

One Bank, One Management Team, One Balance Sheet

Strengthen Financials



- Continue progress on Back to Basics I
- Integrate balance sheet, reduce assets
- Disciplined prioritisation for risk-weighted asset growth

Commercial Excellence



- Skill transfer between ING Direct and Retail Banking
- Increase cross-sell between Retail & Commercial Bank
- Improve customer experience and value through cost leadership

Cost efficiency

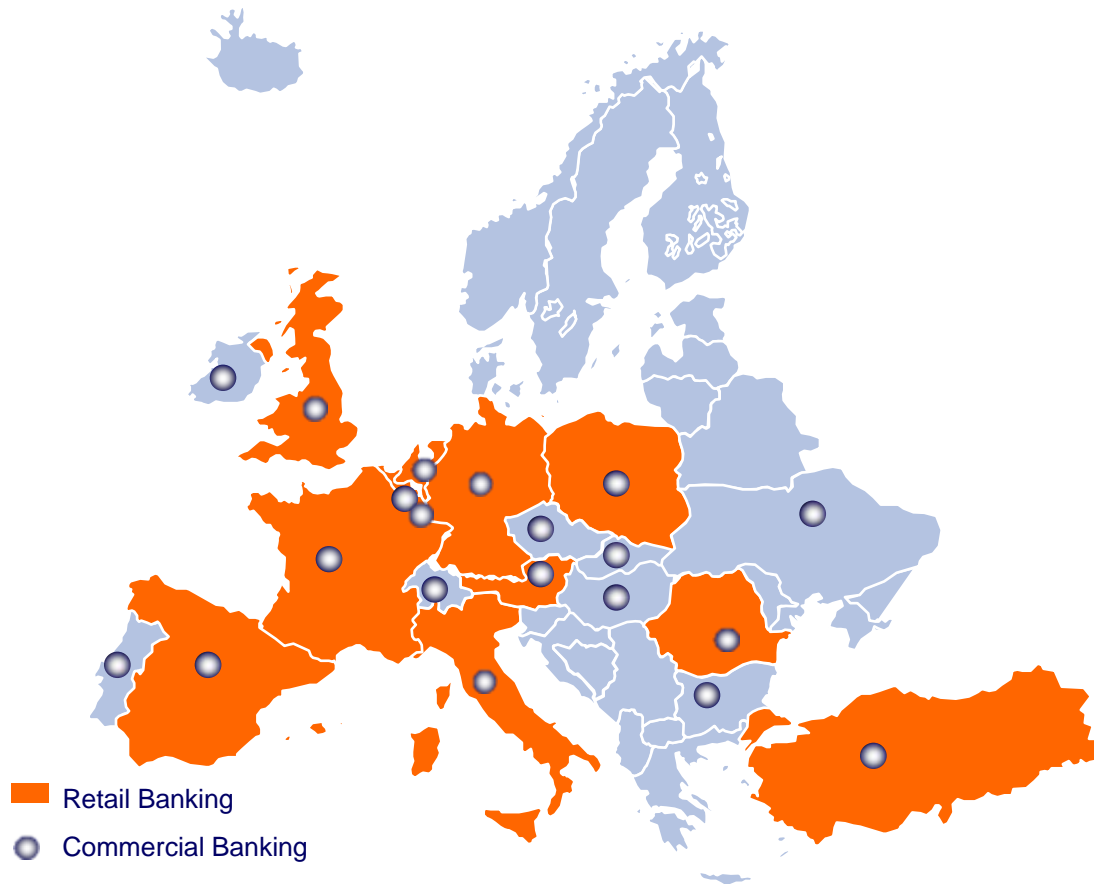


- Centralised procurement
- Streamline support functions
- Standardise and rationalise Ops&IT

ING's business portfolio is skewed towards mature markets. Performance improvements must come from commercial and operational excellence.

ING Bank has a European footprint and strong growth potential

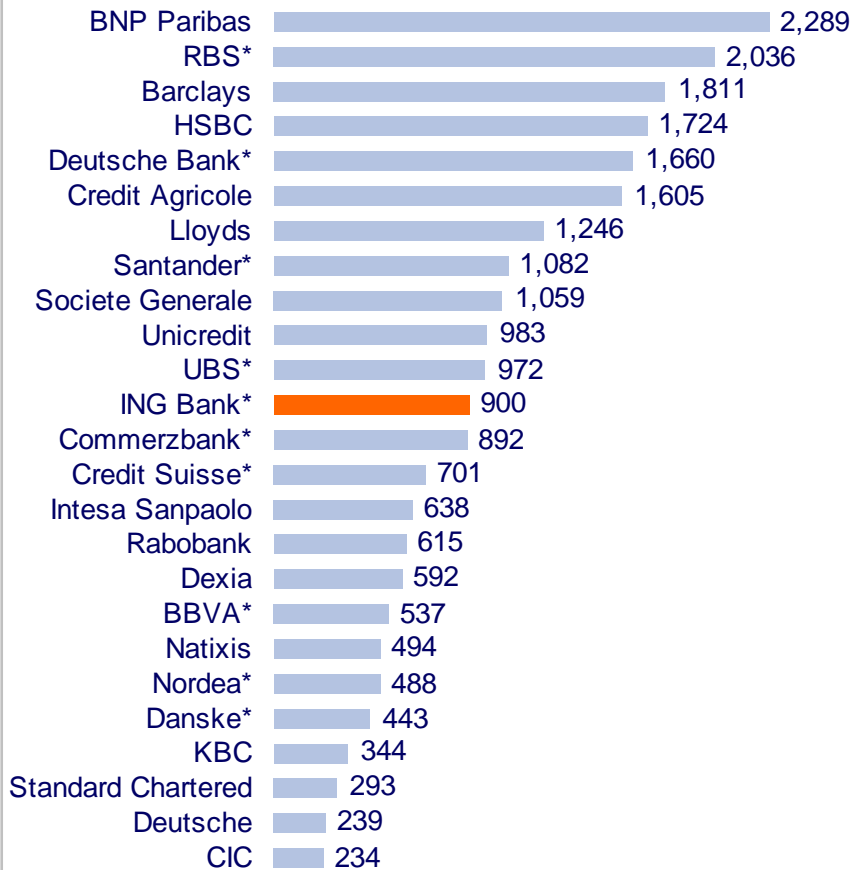
European banking footprint



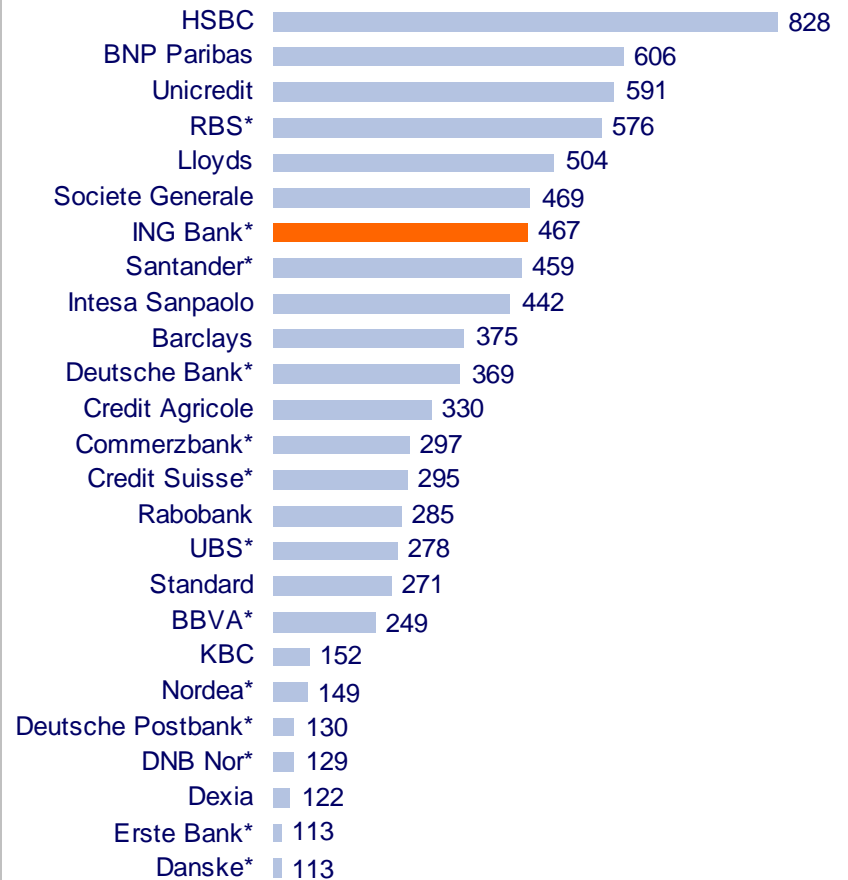
- Home market position in wealthy Benelux markets: #2 Retail Bank in NL, #4 in Belgium
- Strong Benelux Commercial Bank with international network
- #3 Retail Bank in Germany
- Largest Direct Bank in Europe: Germany, Spain, France, Italy, UK
- Strong positions in largest Central European countries: Poland, Romania, Turkey
- Growth options beyond Europe: Canada, Australia, India, China, Thailand

...and sufficient scale in terms of both assets and deposits

Total assets 1H09 (in EUR bln)



Total deposits 1H09 (in EUR bln)



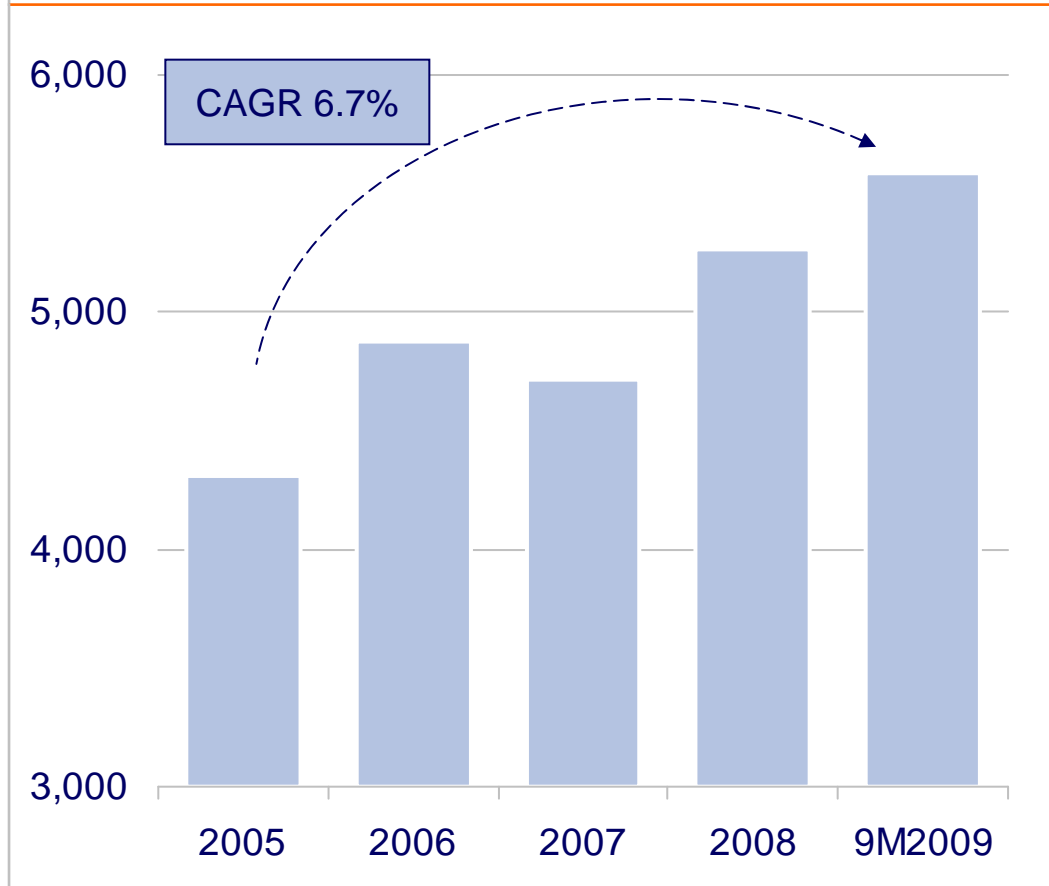
Source: Datastream, Company websites

* Based on 3Q09 figures



ING Bank has demonstrated strong commercial result generation

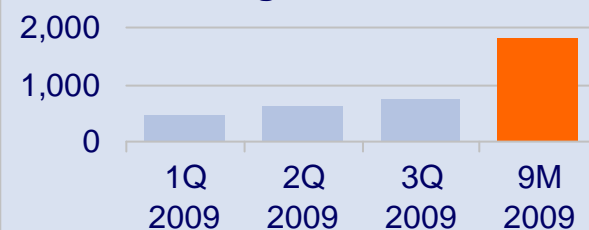
Commercial result* already strong (in EUR million)



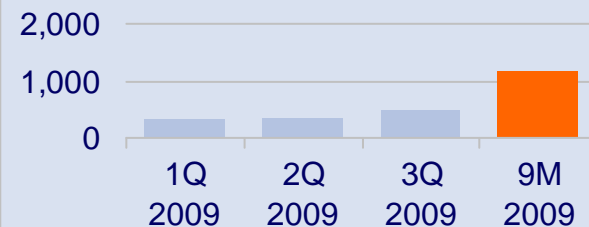
* Underlying result without market related impact and risk costs

9M2009 Commercial result* by Business Line

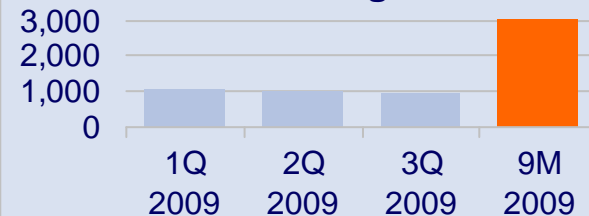
Retail Banking



ING Direct

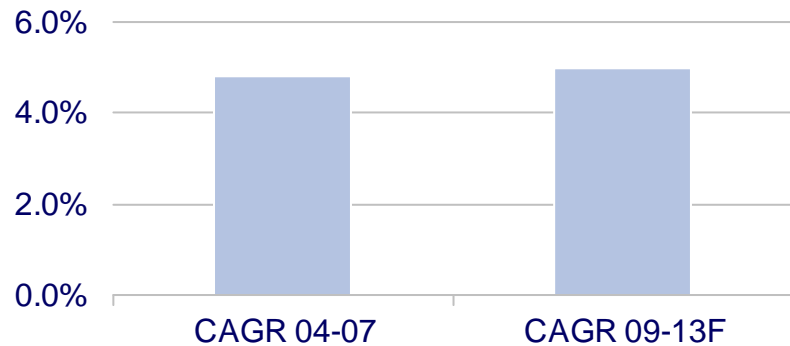


Commercial Banking

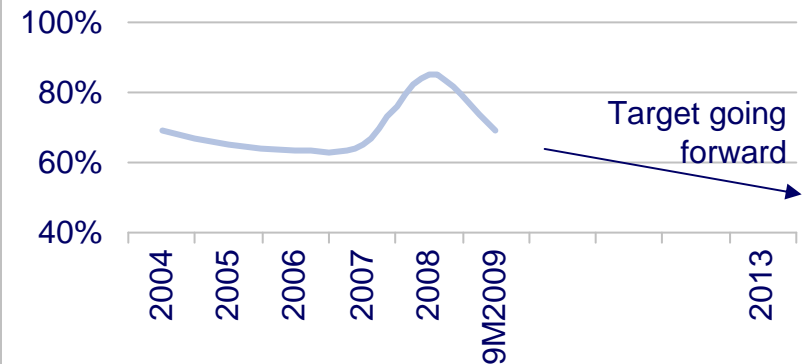


Ambition 2013: improving growth, efficiency and returns

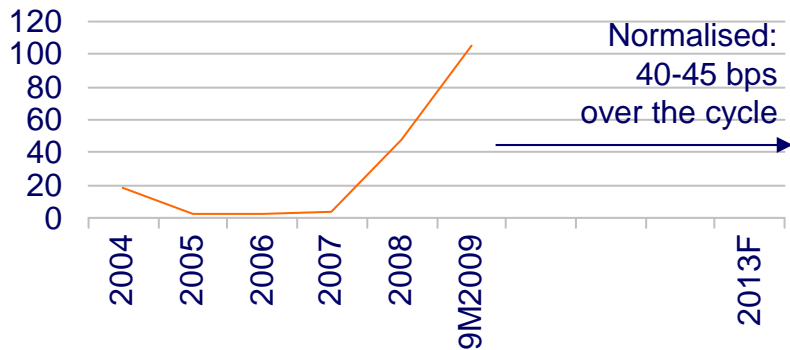
Moderate top-line growth ambition 5%*



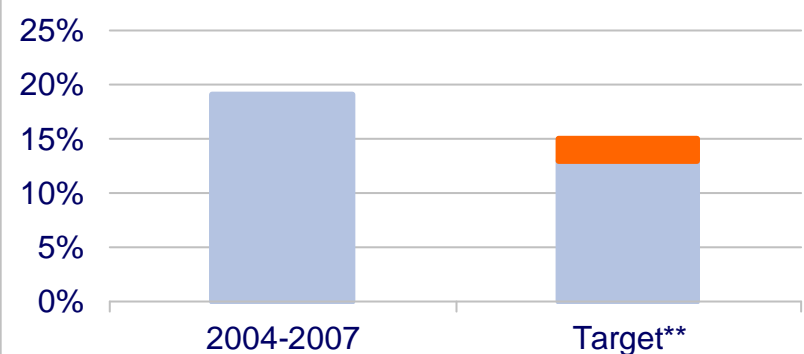
Cost/income ratio target of 50%



Risk costs in bps of average CRWA



RoE of 13 - 15% despite higher capital



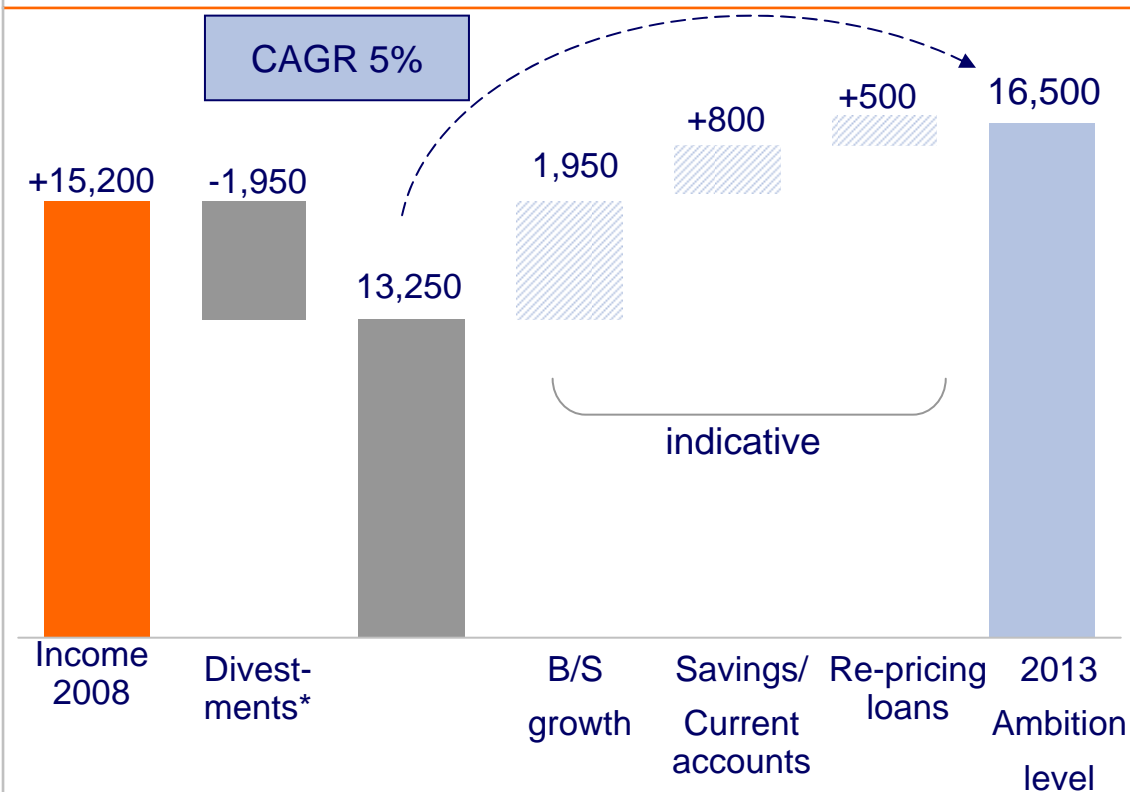
* Excluding ABS/Real Estate impairments and fair value changes real estate 2004-2007 based on Basel I RWA

** Based on core tier-1 target of 7.5%, 2004-07 based on IFRS capital



Ambition 2013: Top-line CAGR 5%

Income before market impact (in EUR million)

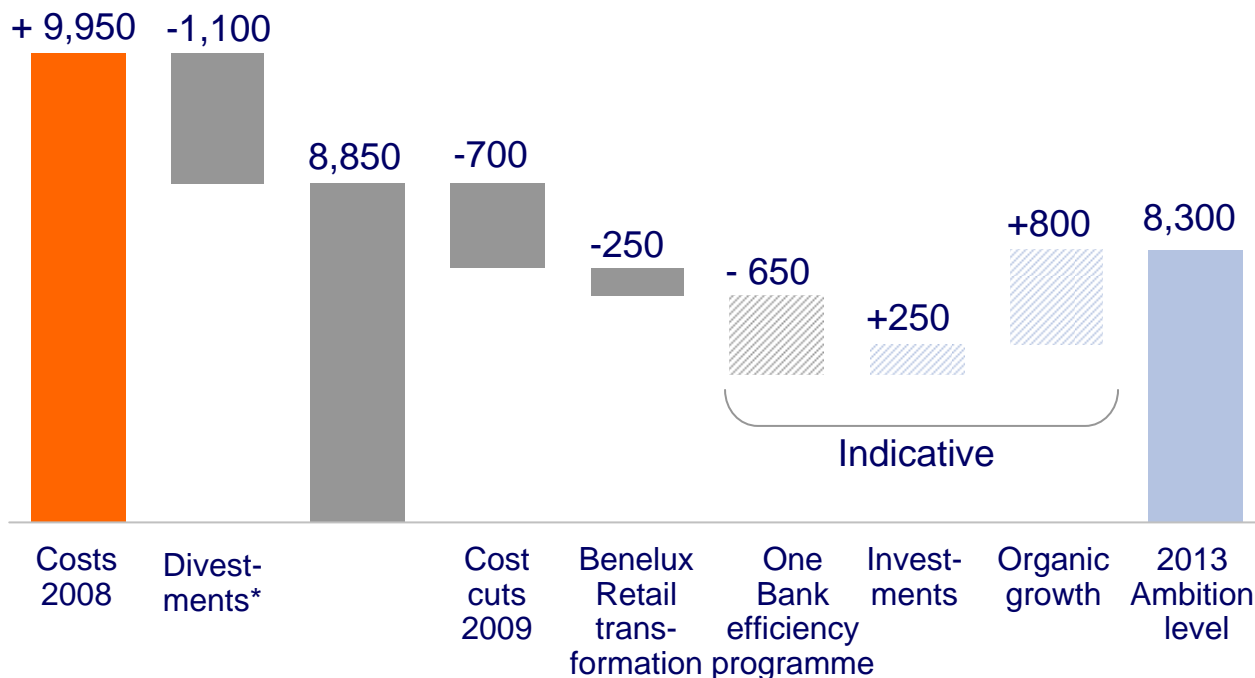


- Divestments estimated to result in EUR 2 bln lower income by 2013
- Estimated annual balance sheet growth of 5%
- Improved margin expected on savings and current accounts, including result of steeper yield curve
- Re-pricing of the loan book and increased cross sell

* Divestments include Private Banking activities in Switzerland and Asia, carve out in the Dutch Retail market, ING Direct US and the transfer of the Real Estate Investment Manager to Insurance

Ambition 2013: Reduce C/I-ratio to 50%

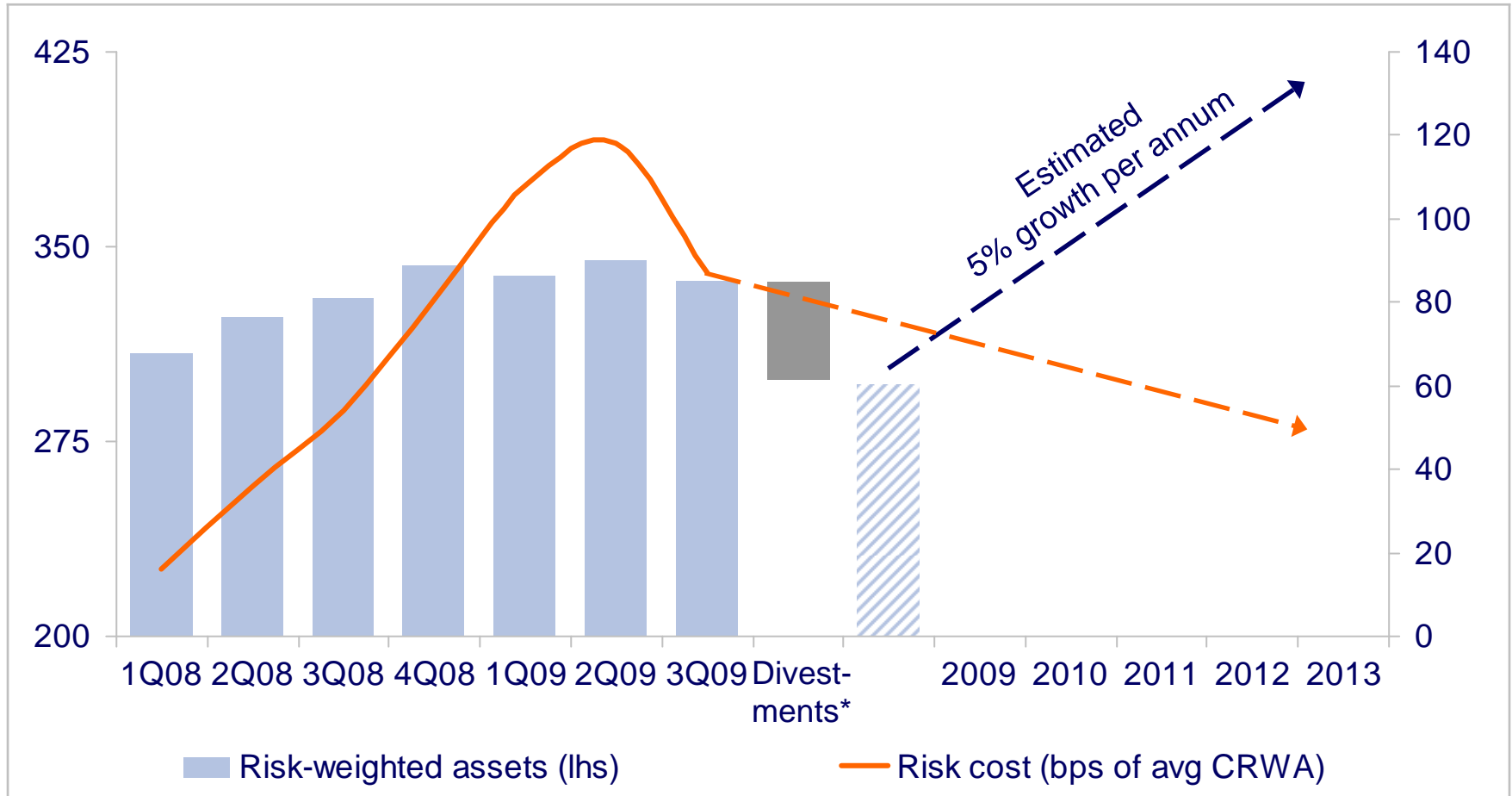
Cost development (in EUR million)



- Announced divestments reduce the expense base by EUR 1.1 billion
- Cost reduction 2009 of EUR 700 mln
- Remaining Benelux Retail transformation of EUR 250 mln
- One Bank efficiency programmes includes procurements /IT
- Further investments to upgrade internet banking platforms
- Cost increase to support business growth estimated at 2% per annum

* Divestments include Private Banking activities in Switzerland and Asia, carve out in the Dutch Retail market, ING Direct US and the transfer of the Real Estate Investment Manager to Insurance. Divestments include part of the announced EUR 725 million of cost reductions for the Bank

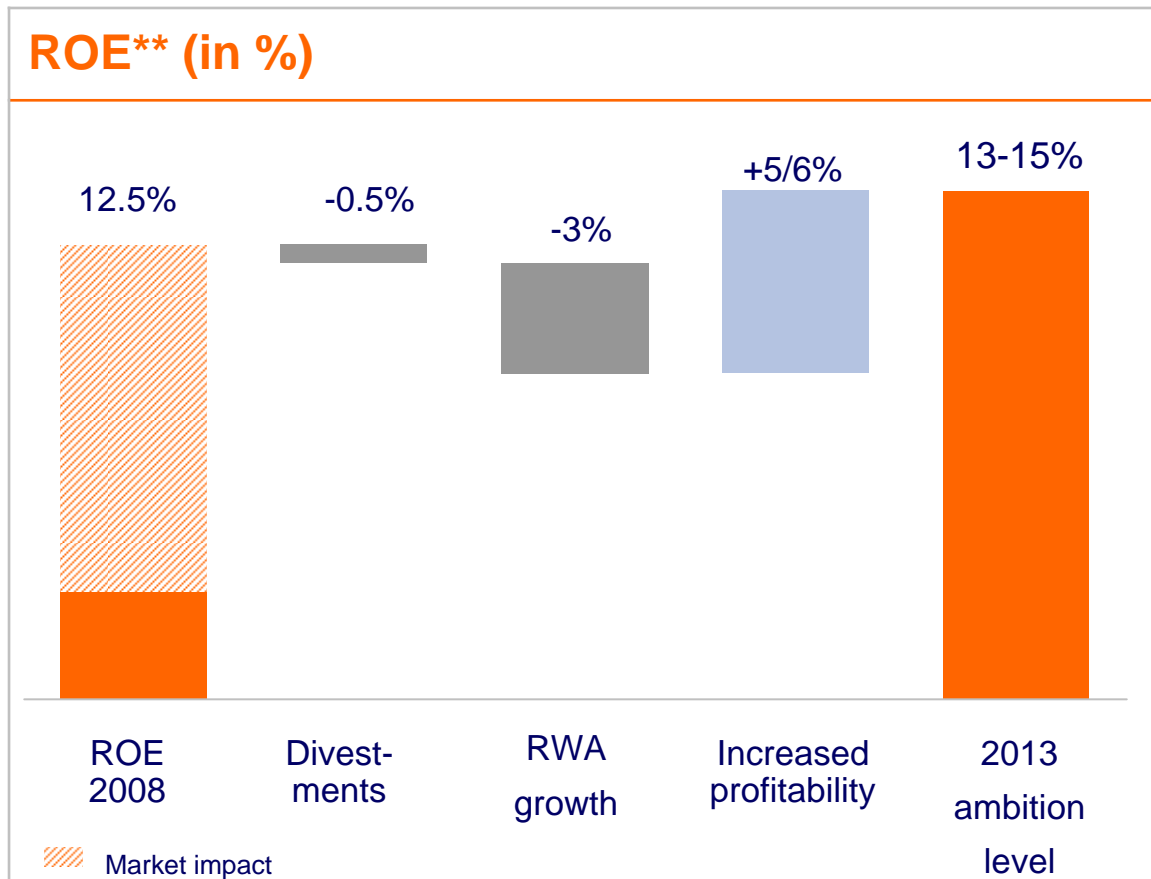
Ambition 2013: Risk costs trend to normalised levels while RWA grow 5% per annum



* Divestments include Private Banking activities in Switzerland and Asia, carve out in the Dutch Retail market, ING Direct US and the transfer of the Real Estate Investment Manager to Insurance



Ambition 2013: Return on Equity 13-15%



ROE 2008 (excl market impact)

Total Bank	13%
Retail Benelux	25%
International Retail and Direct	10%
Commercial Banking	9%

- Attractive returns achieved in the Benelux
- International Retail and Direct should benefit from maturing operations and additional product offering
- Commercial Banking should benefit from re-pricing and additional cross-selling

* Divestments include Private Banking activities in Switzerland and Asia, carve out in the Dutch Retail market, ING Direct US and the transfer of the Real Estate Investment Manager to Insurance

** Return on equity calculated on core Tier 1 target of 7.5% and excluding special items

Entering the second phase of Back to Basics

Key messages

Separating Banking and Insurance is the right choice at the right time

- Improves focus on operational excellence
- Enables Bank and Insurance to adapt more quickly and emerge stronger from the crisis
- Expects to unlock value for shareholders

We see exciting opportunities for Bank and Insurance going forward

- ING Bank aims to capitalise on its low cost base, expertise in direct banking and strong commercial banking network to deliver attractive returns for shareholders
- ING Insurance aims for double-digit growth as retirement savings gain pace, using its strong position in pensions across mature and growth markets

We will move diligently towards the separation and divestment of Insurance to ensure value for shareholders is protected while balancing the interest of all stakeholders

Appendix: 3Q09 Results

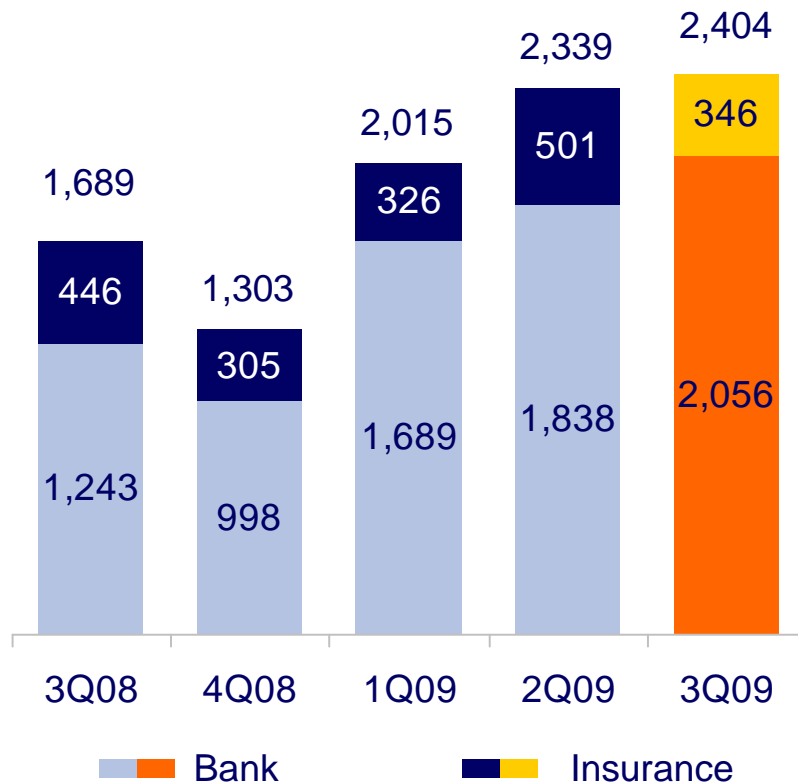
ING's results continued upward trend in 3Q09

ING Group results (in EUR million)					
	3Q09	2Q09	1Q09	4Q08	3Q08
Underlying result before market impacts and risk costs	2,404	2,339	2,015	1,303	1,689
Impairments on debt securities	-707	-407	-370	-2,313	-908
Equity related impact	-109	-580	-319	-1,604	-377
Real Estate/Private equity	-442	-686	-528	-883	-338
Other*	376	259	-306	-235	-405
Total market impacts	-882	-1,413	-1,523	-5,037	-2,028
Loan loss provisions Bank	-662	-852	-772	-576	-373
Underlying result before tax	861	74	-281	-4,310	-712
Tax and third-party interests	83	-154	23	-1,236	-143
Underlying net result	778	229	-305	-3,073	-568
Divestments and special items	-278	-159	-488	-637	91
Net result	499	71	-793	-3,711	-478

* Other includes FX hedges, other marked-to-market valuations and capital gains on debt securities
Numbers may not add up due to rounding

Commercial result further increased in 3Q09

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



Strong commercial performance

Bank

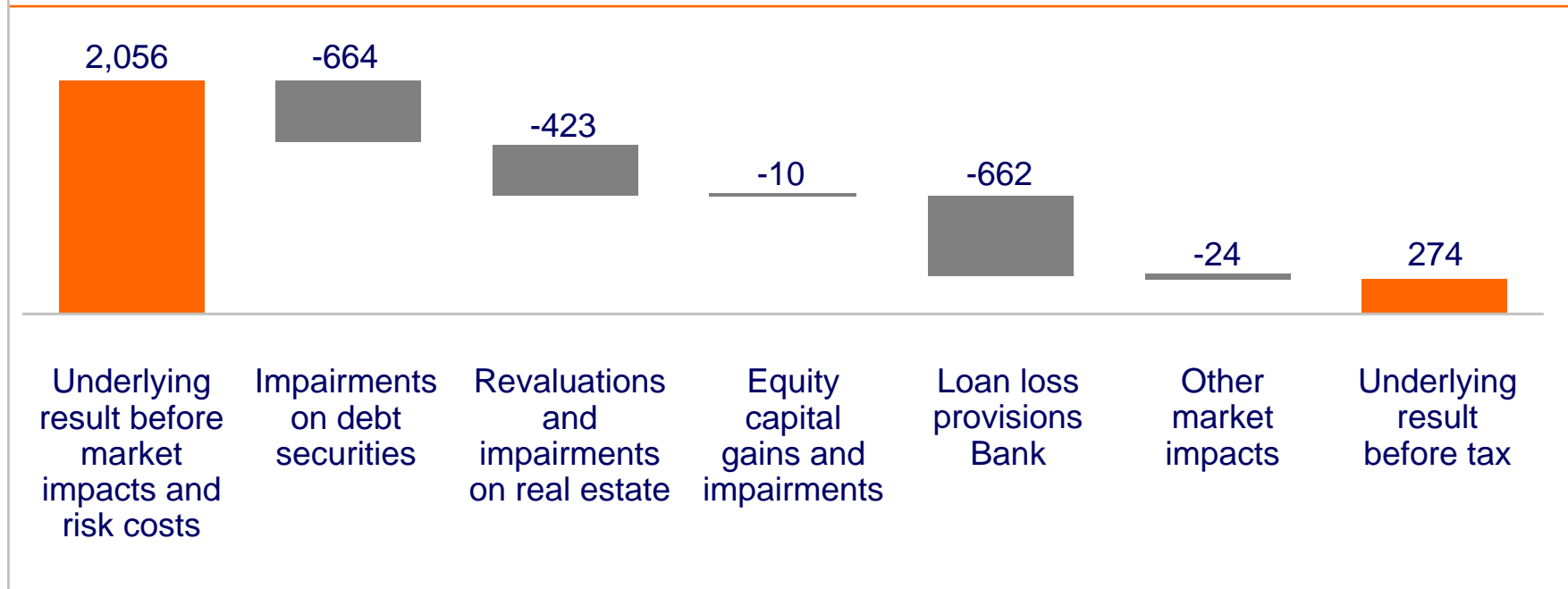
- Underlying result before market impacts and risk costs tops EUR 2 billion, an increase of 12% versus 2Q09
- Results supported by resilient interest income and cost containment
- Excluding impairments, operating expenses were down versus 2Q09, supported by one-offs

Insurance

- Underlying result before market impact down from 2Q09 due to lower dividends (as 2Q09 is seasonally high) and lower investment margins due to de-risking
- Operating expenses flat versus 2Q09

ING Bank returned to profit...

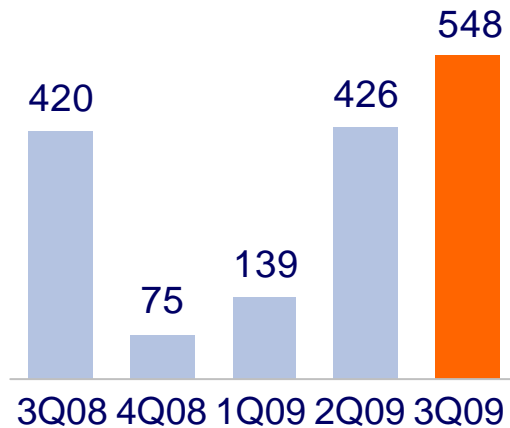
3Q09 market impacts and risk costs ING Bank (in EUR million)



...driven by lower risk costs and lower expenses

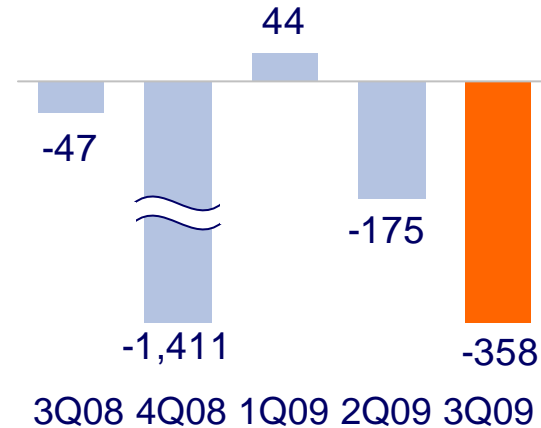
Underlying result before tax (in EUR million)

Retail Banking



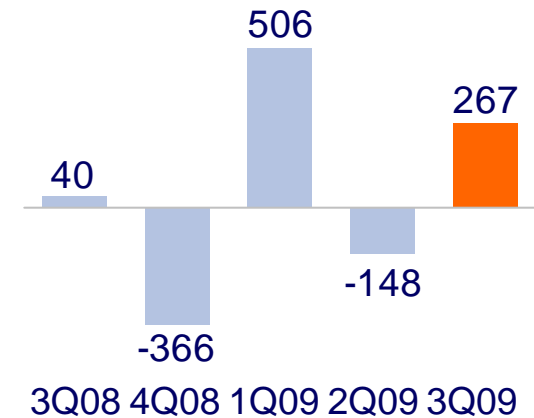
- Solid pre-tax result continued to improve on previous quarters
- Interest result increases due to higher interest margin
- Operating expenses -17.2% from 3Q08 due to one-offs and focus on cost efficiency

ING Direct



- Growth client deposits base and mortgage origination increases client balances by EUR 11.9 billion
- Pre-tax loss caused by Alt-A RMBS impairments and risk costs US mortgages
- Operating expenses down 13% vs 3Q08, excl. deposit insurance premiums and FX

Commercial Banking



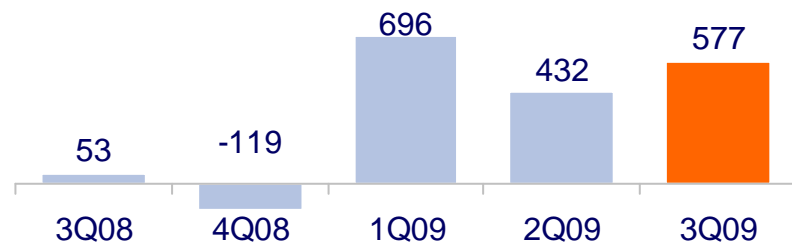
- Underlying result of EUR 267 million despite EUR -455 million negative market impacts
- Income rises 28% from 3Q08 driven by Financial Markets
- Excluding real estate impairments, expenses decline 16% from 3Q08

Commercial Banking excluding ING Real Estate performed well

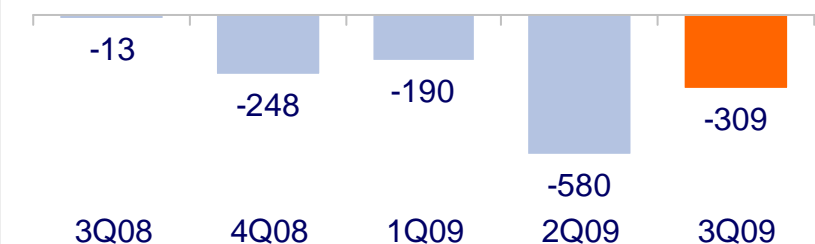
Commercial Banking in 3Q09

- Commercial Banking excl. ING Real Estate made EUR 577 million underlying PBT
- ING Real Estate reported an underlying result before tax of EUR -309 million, impacted by EUR -240 million negative revaluations and EUR -183 million of impairments

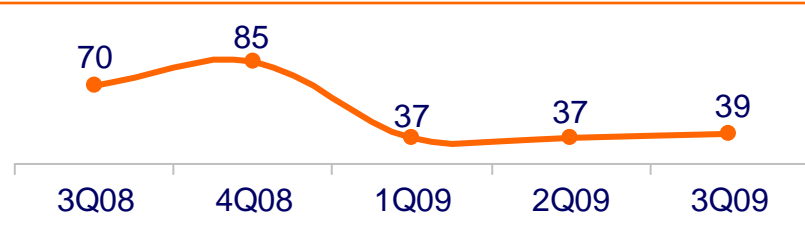
CB underlying result before tax excl. Real Estate (in EUR million)



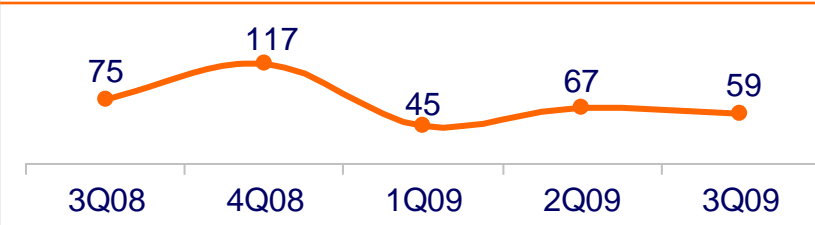
ING Real Estate underlying result before tax (in EUR million)



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



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



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 developing markets, (iii) 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, (iv) the frequency and severity of insured loss events, (v) mortality and morbidity levels and trends, (vi) persistency levels, (vii) interest rate levels, (viii) currency exchange rates (ix) general competitive factors, (x) changes in laws and regulations, (xi) changes in the policies of governments and/or regulatory authorities, (xii) conclusions with regard to purchase accounting assumptions and methodologies, (xiii) ING's ability to achieve projected operational synergies and (xiv) the implementation of ING's restructuring plan, including the planned separation of banking and insurance operations. ING assumes no obligation to update any forward-looking information contained in this document.

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction. If you are a US person, ING will arrange to send you, when the rights offering is launched, the prospectus it expects to file with the Securities and Exchange Commission if you request it by writing to ING Group Investor Relations, Location code IH 07.362, P.O. Box 810, 1000 AV Amsterdam or by calling +31 20 541 5419.

www.ing.com

