Second Quarter 2012 Results

ING posts 2Q12 underlying net profit of EUR 1,045 million

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CEO

Amsterdam - 8 August 2012
www.ing.com

Key points

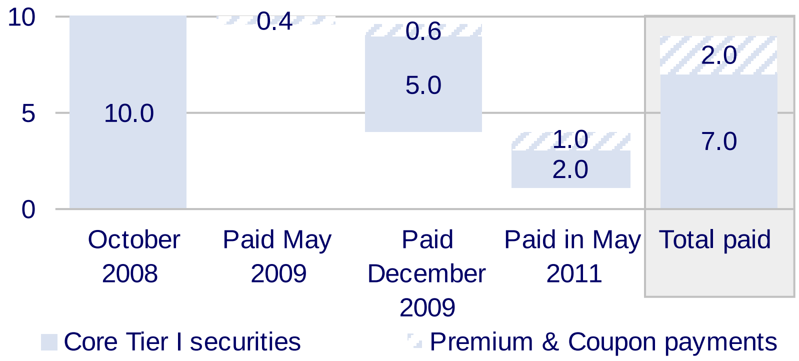
- ING is maintaining strong momentum on restructuring
- ING Bank is making good progress on balance sheet integration, and ING accelerated de-risking efforts given deterioration in the eurozone in 2Q12
- ING Group posted an underlying net profit of EUR 1,045 mln in a challenging economic environment
- ING Bank posted robust 2Q12 results despite losses from proactive de-risking, pressure on the NIM and elevated risk costs, with underlying profit before tax of EUR 995 mln
- Insurance operating results improved from 1Q12 to EUR 304 mln. Underlying results before tax were EUR 229 mln including hedge gains in US VA and the negative change in the provision for separate account pension contracts in the Benelux

ING is maintaining momentum in restructuring

Delivering on EC restructuring

	Action
• Separation Bank/Insurance	✓
• Sell ING Direct USA	✓
• Sell Insurance Latin America	✓
• Insurance/IM Asia	Exploring sale
• Insurance/IM US	Base case IPO
• Insurance/IM Europe	Base case IPO
• Divesting WUB	Discussing alternatives

EUR 9 bln paid to the Dutch State



ING and the Dutch State are in discussions with the EC

- Together with the Dutch State, we are discussing adjustments to the restructuring plans with the European Commission, and discussions will resume after the summer recess
- In the meantime, in order to safeguard its legal rights, ING filed an appeal with EU General Court against the EC decision of 11 May 2012 which reinstated the 2009 restructuring plan
- ING remains committed to repay the Dutch State as soon as possible, while maintaining strong capital ratios given the uncertain economic outlook

Divestment of Asian Insurance & IM on track

- The sales process for the Asian Insurance/IM businesses is on track and they are now classified as Held For Sale/Discontinued Operations under IFRS
- Interest received for all units and divestment may take place through multiple transactions

Continued strong performance

Pre-tax results (in EUR mln)	2Q12	2Q11	1Q12
Insurance Asia/Pacific	160	135	248
Corporate Line Asia	5	62	-33
IIM Asia	-2	2	1
Total	163	199	216

- Insurance Asia/Pacific posted another solid quarter with pre-tax results rising EUR 25 mln from the prior year
- Results down from a seasonally strong 1Q12 which included EUR 20 mln of non-recurring items

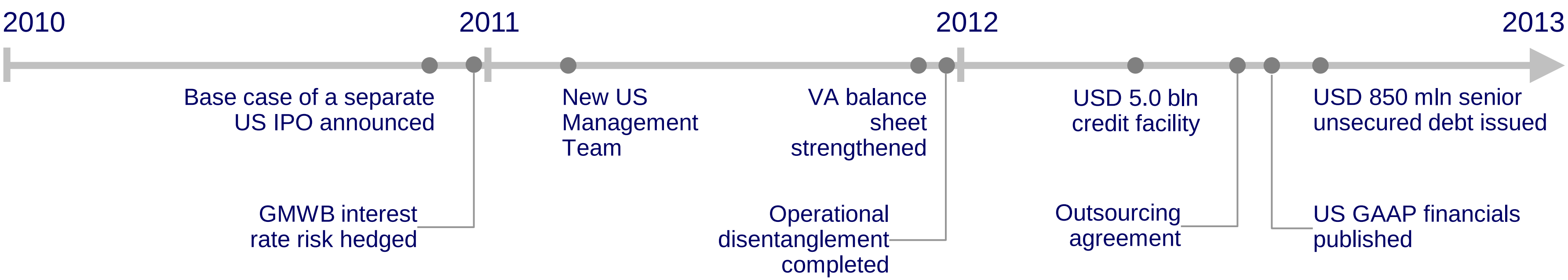
Multiple transactions possible

Key Figures – 2Q12 (in EUR bln)

Country	2011 Pre-tax P/L (EUR mln)	IFRS Book Value	Tangible Book
Japan	263	2.1	2.1
Korea	243	2.5	2.3
SE Asia	124	1.5	1.5
JV's	7	0.3	0.2
IIM Asia	3	0.2	0.2
Total	639	6.6	6.4

- Book value reflects YTD currency movements/bond revaluations (EUR 0.4 bln) and net results (EUR 0.3 bln) as well as the full write-off (EUR 180 mln) of goodwill at IIM Korea
- EUR 1.0 bln of additional capital is held in ING Re NL related to internally reinsured VA Japan guarantees

ING US progressing towards planned IPO

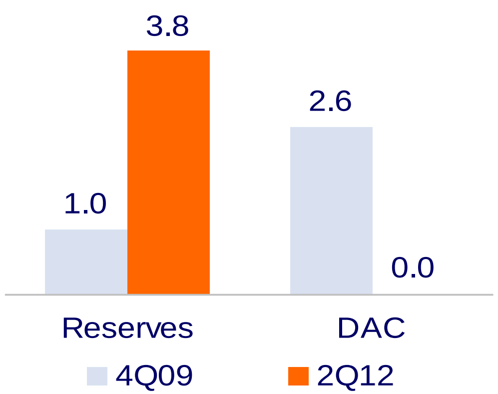


Improved funding & liquidity (EUR bln)

Insurance	9.9	Equity	10.1
CB VA	2.5	Loan ING-V	0.4
US IIM	0.3	Other Debt	2.7
CL/other	0.5		
	13.2		13.2

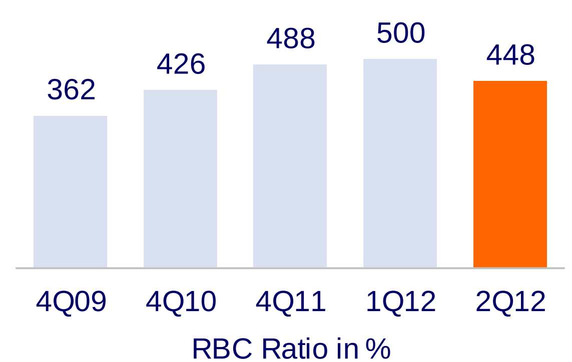
- EUR 1.85 bln of internal funding and ING-V guaranteed CP replaced by external debt YTD

VA B/S strengthened (EUR bln)



- VA reserves have been strengthened and all DAC written off

Improved capitalization



- RBC ratio comfortably above 425% despite transfer of USD 500 mln to SLDI and USD 300 mln to US holding company in 2Q12

Reviewing options for ING Direct Canada & UK

- As announced on 2 August, ING is reviewing strategic options for ING Direct Canada and ING Direct UK
- ING Direct in Australia, Austria, France, Germany, Italy and Spain are not affected

ING DIRECT save your money®

Canada

In EUR bln	30 June
# Customers (31/12/11)	1,798K
Residential mortgages	22.8
Other lending	0.3
Funds entrusted	23.4
Underlying pre-tax result (FY11; mln)	110
Equity	1.4
Total Assets	32.1
RWA	4.0

UK

In EUR bln	30 June
# Customers (31/12/11)	1,456K
Residential mortgages	6.7
Other lending	-
Funds entrusted	13.3
Underlying pre-tax result (FY11; mln)	-89
RWA	4.1

- ING Direct remains a key pillar of the strategy of the bank: strong deposit gathering ability, innovation in distribution, operational excellence, customer centricity
- ING Direct is transforming the ING asset mix to a larger proportion of own originated assets, including an integration with assets from other parts of ING Bank
- At the same time, ING is investing in ING Direct to offer a full range of basic banking products with easy access, fair pricing and low costs

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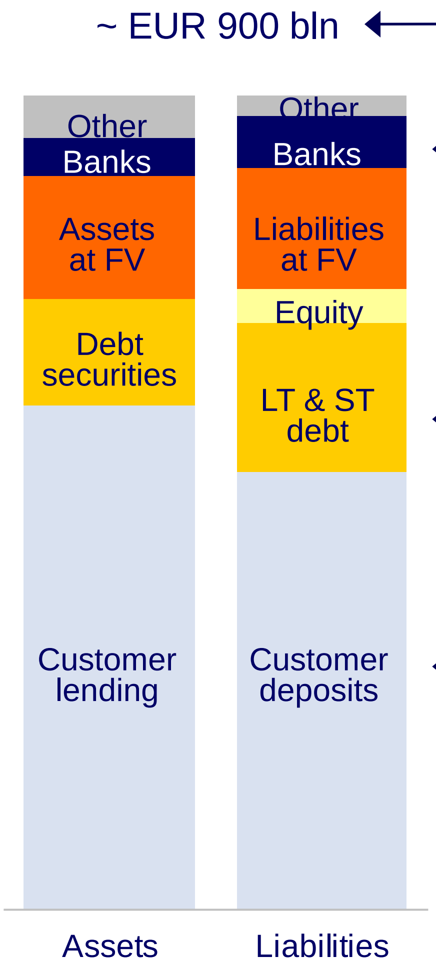
Bank B/S reduced to EUR 900 bln through optimisation

Change versus 1Q12

Cash and balances at central banks reduced by EUR 30 bln

Debt securities flat while de-risking measures accelerated

Customer lending grew by EUR 2 bln FX adjusted without total balance sheet growth



Total Balance Sheet reduced to EUR 900 bln target level

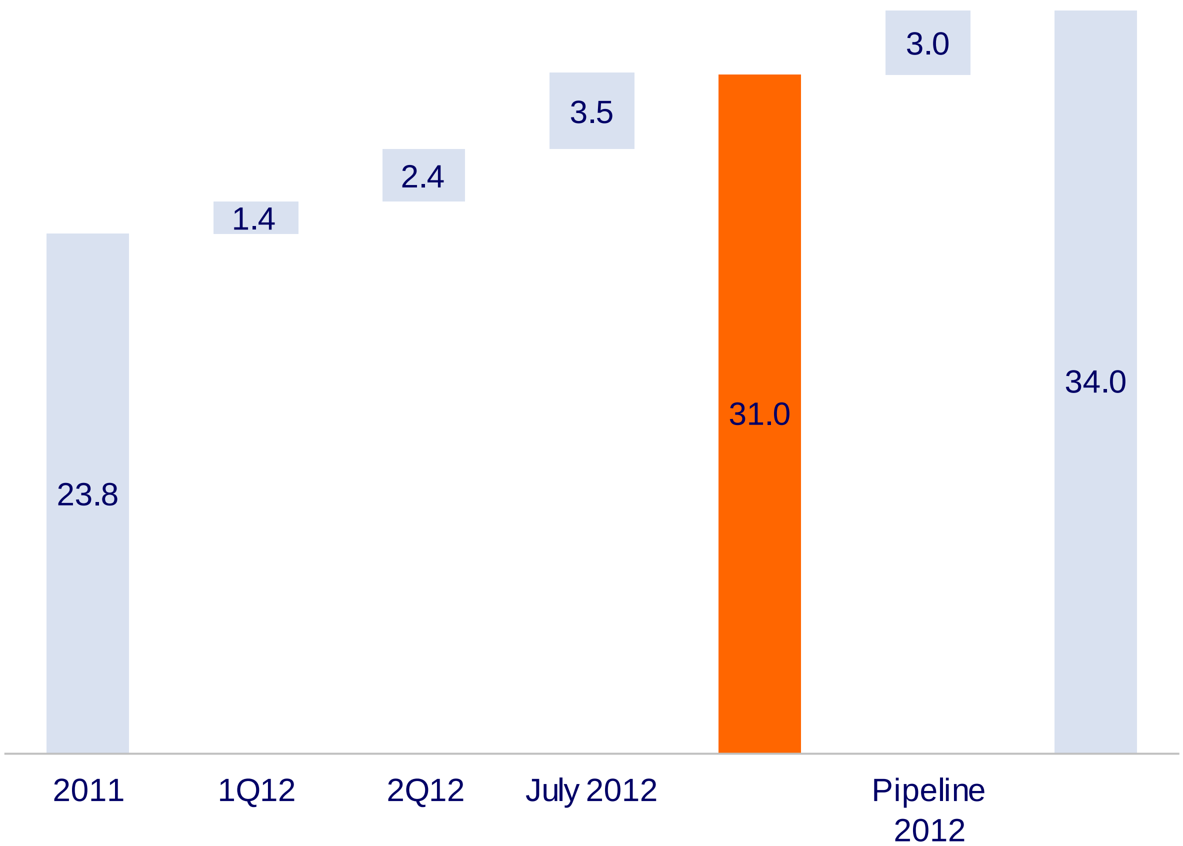
Amount due to Banks declined by EUR 10 bln

Short-term debt reduced by EUR 8 bln and long-term debt increased by EUR 2 bln

EUR 4 bln of retail funds entrusted inflow in 2Q12, following EUR 11 bln inflow in 1Q12

EUR 31.0 bln Balance Sheet integration completed

Balance Sheet integration progressing

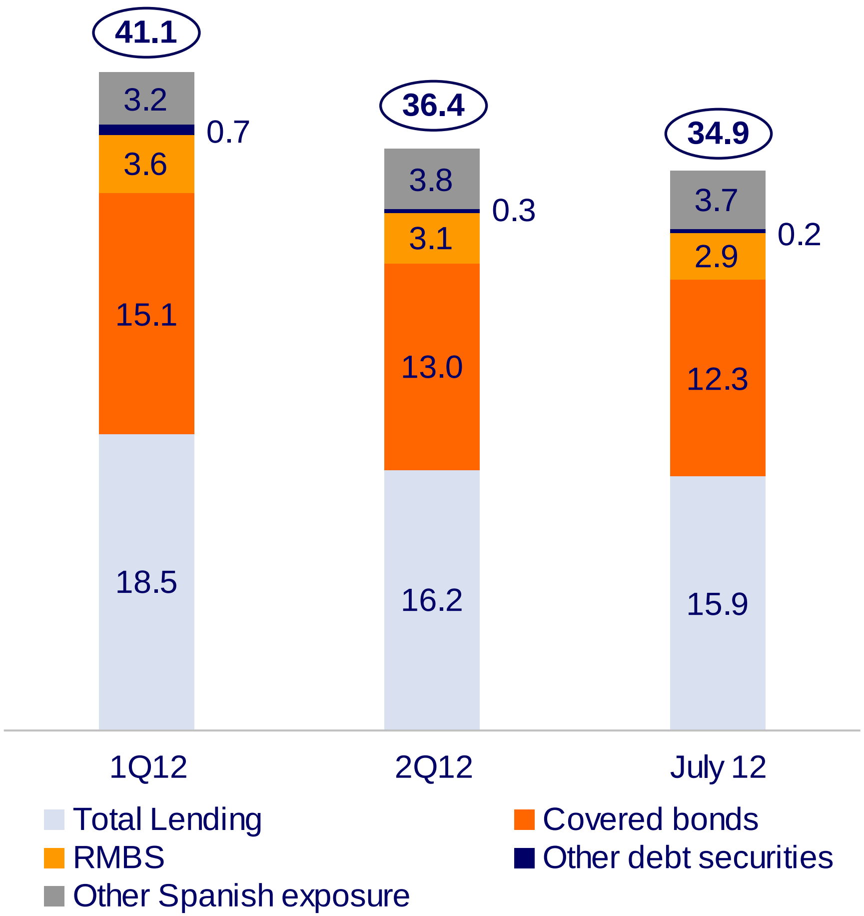


Recent initiatives

- EUR 2.4 bln achieved in 2Q12 through transfer of EUR 1.7 bln of Real Estate Finance assets and EUR 0.7 bln of Commercial Banking lending assets from NL legal entity to funding rich entities
- EUR 3.5 bln achieved in July through transfer of EUR 1.9 bln securitised Dutch mortgages, EUR 0.2 bln of CB lending assets and EUR 1.4 bln of Lease assets from NL legal entity to other countries
- Pipeline remainder of 2012: EUR 3.0 bln
- Further potential being investigated

Spanish Bank exposure reduced by EUR 6.2 bln in the four months period ended July

Spanish exposure reduced (in EUR bln)



Funding mismatch reduced to EUR 12.3 bln

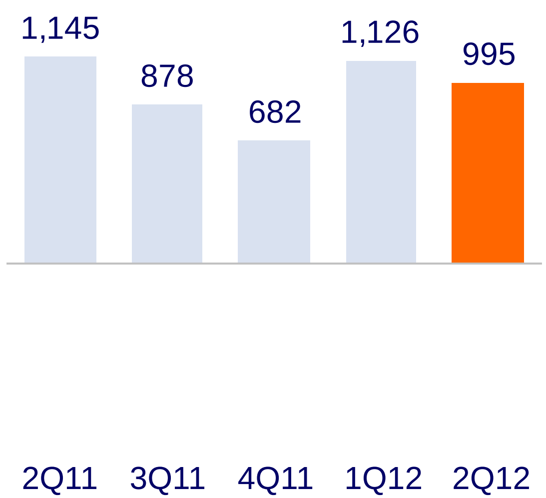
Spain: total assets outstanding minus local funding

- Covered bonds reduced by EUR 2.9 bln
- RMBS portfolio reduced by EUR 0.7 bln
- Loss on sales of Spanish debt securities amounted to EUR 156 mln in 2Q12 and EUR 78 mln in July
- EUR 0.8 bln of REF/CB lending assets and EUR 2.3 bln investments/bonds have been transferred to ING Direct Spain

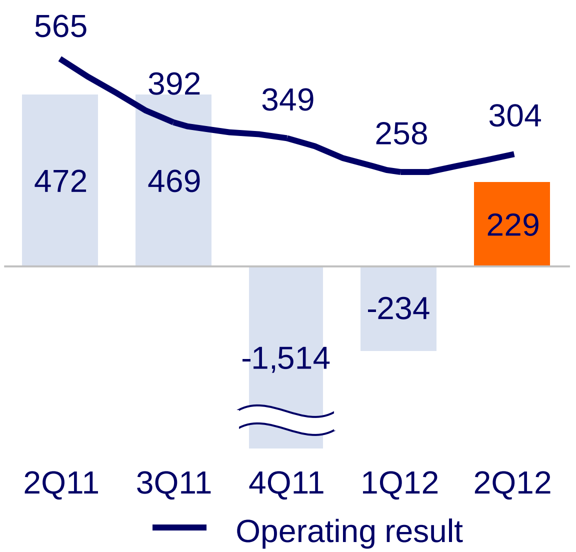
Second quarter 2012 results

ING Group posted underlying net result of EUR 1,045 mln

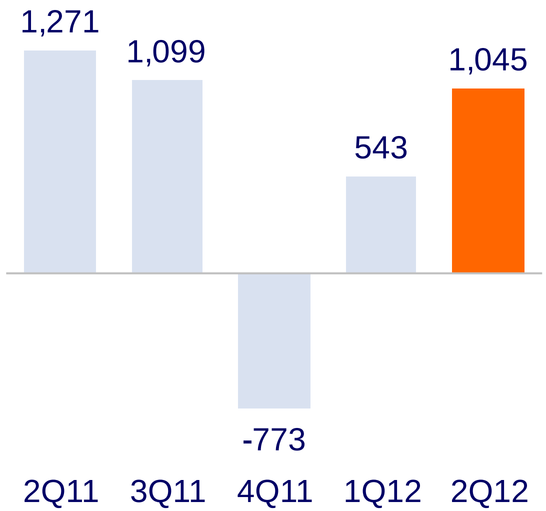
Bank underlying pre-tax result
(in EUR mln)



Insurance underlying pre-tax result
(in EUR mln)



ING Group underlying net result
(in EUR mln)

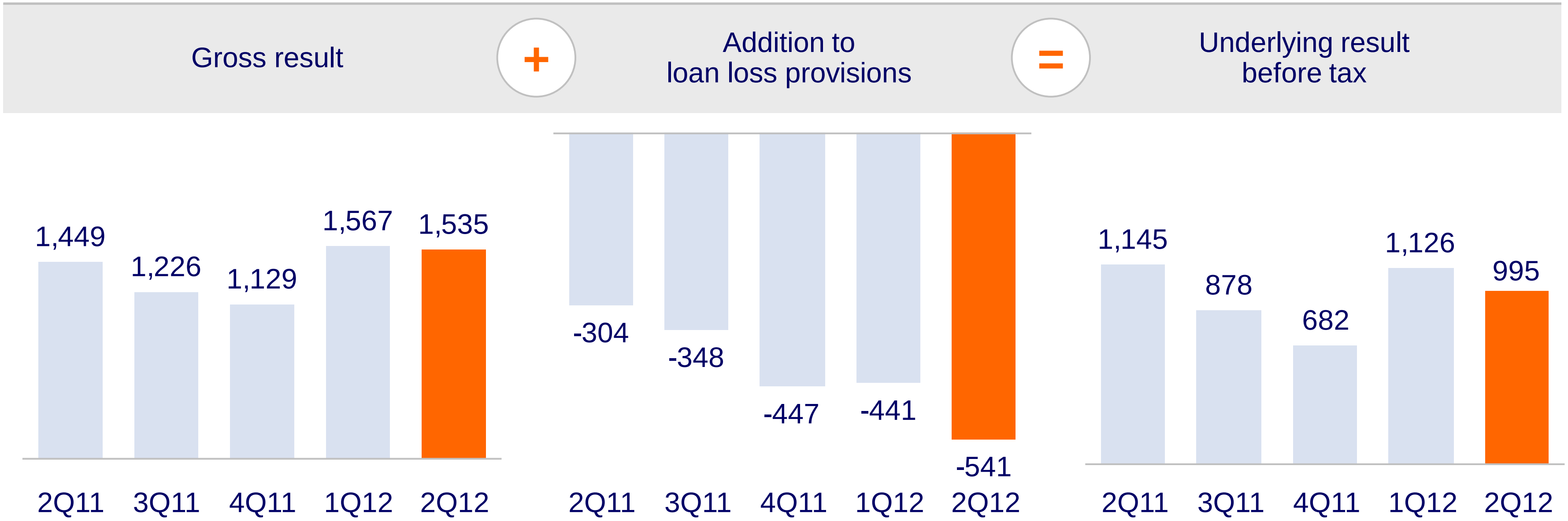


- ING Bank posted robust 2Q12 results despite losses from proactive de-risking, pressure on the NIM and elevated risk costs
- Insurance operating results improved versus 1Q12 to EUR 304 mln. Underlying results before tax included hedge gains in US VA and a negative change in the provision for separate account pension contracts in the Benelux

ING Bank

Bank results robust despite higher provisioning

Bank results (in EUR mln)



- Gross results stable as lower income was largely offset by lower expenses
- Risk costs increased from 1Q12, driven by higher risk costs in Commercial Banking and to a lesser extent Retail NL

Second quarter results impacted by de-risking measures

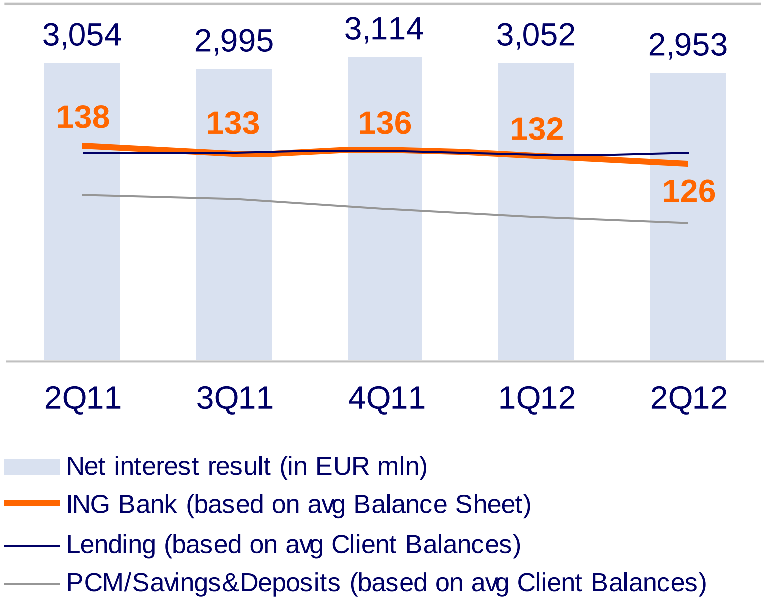
Gross result (in EUR mln)

	2Q2012	2Q2011	% Change	1Q2012	% Change
Reported gross result	1,535	1,449	5.9%	1,567	-2.0%
Impairments					
Impairments on Greek government bonds	0	-187		0	
Other impairments on debt / equity securities	-16	-14		-5	
RED development projects	-44	-33		-59	
De-risking					
Realised losses on de-risking	-178	-44		-39	
Other					
Credit Adjustments Commercial Banking	-20	-36		-198	
Fair value changes own Tier 2 debt	37	-8		-106	
Other market impacts	100	-15		119	
Adjusted gross result	1,656	1,787	-7.3%	1,854	-10.7%

- De-risking losses mainly related to reduction of Spanish exposure by EUR 4.8 bln in 2Q12
- EUR 198 mln decline of adjusted gross result versus 1Q12 mainly due to seasonally lower FM income

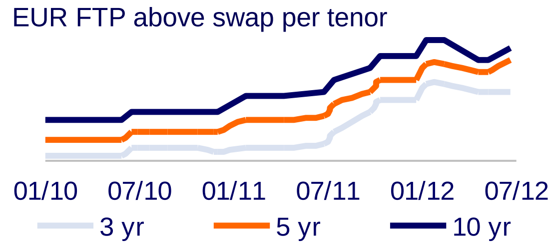
Net interest result declined by 3.2% versus 1Q12

Interest margin by quarter (in bps)



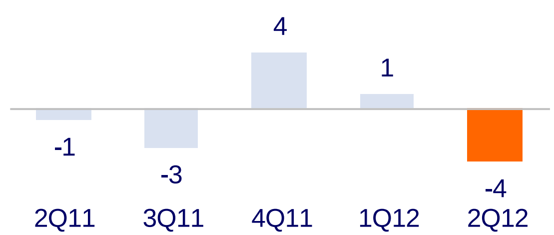
- Net interest result was robust, declining by 3%
- NIM shows larger decline due to average B/S extension
- Savings margin down due to derisking, low interest rates while competition for savings started to ease

Funding costs priced through in lending (in bps)



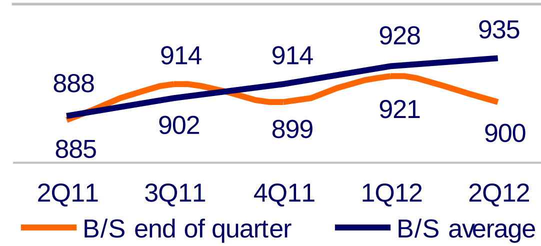
Lending margins remained stable while pricing in higher funding costs

Financial markets impact on NIM Q-on-Q



Financial Markets contribution to NIM can be volatile

Balance Sheet (in EUR bln)



NIM impacted by higher average B/S in Q2, despite decline by quarter end

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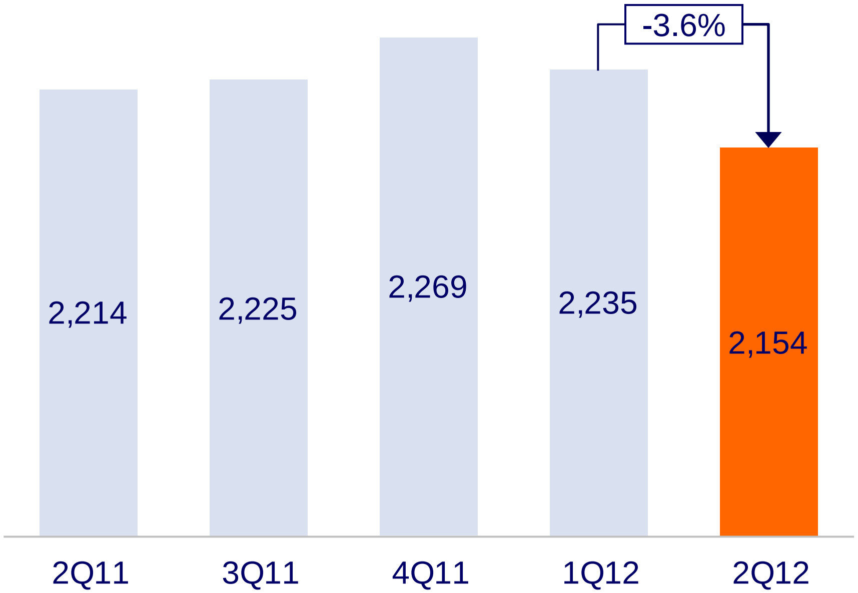
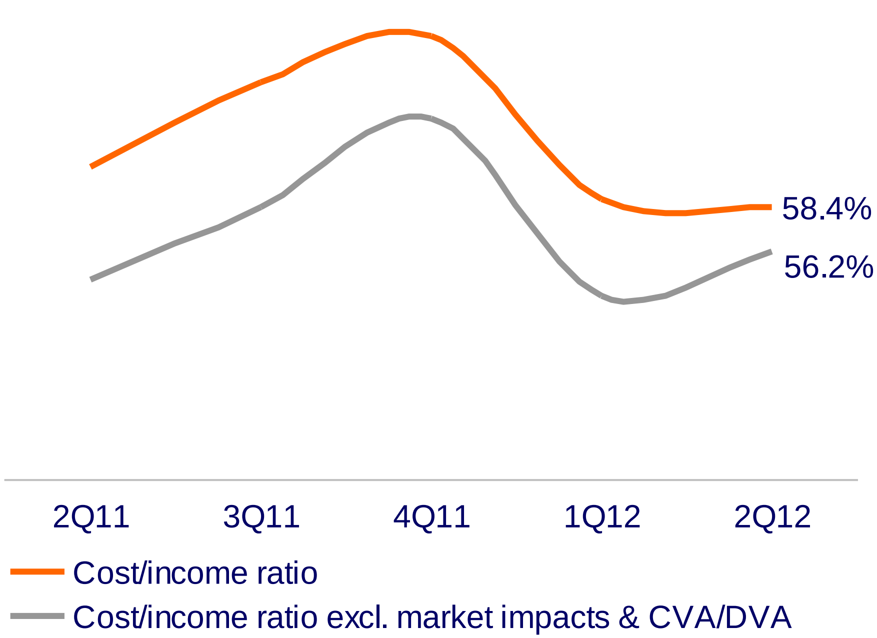
Operating expenses down on both quarters

Operating expenses (in EUR mln)



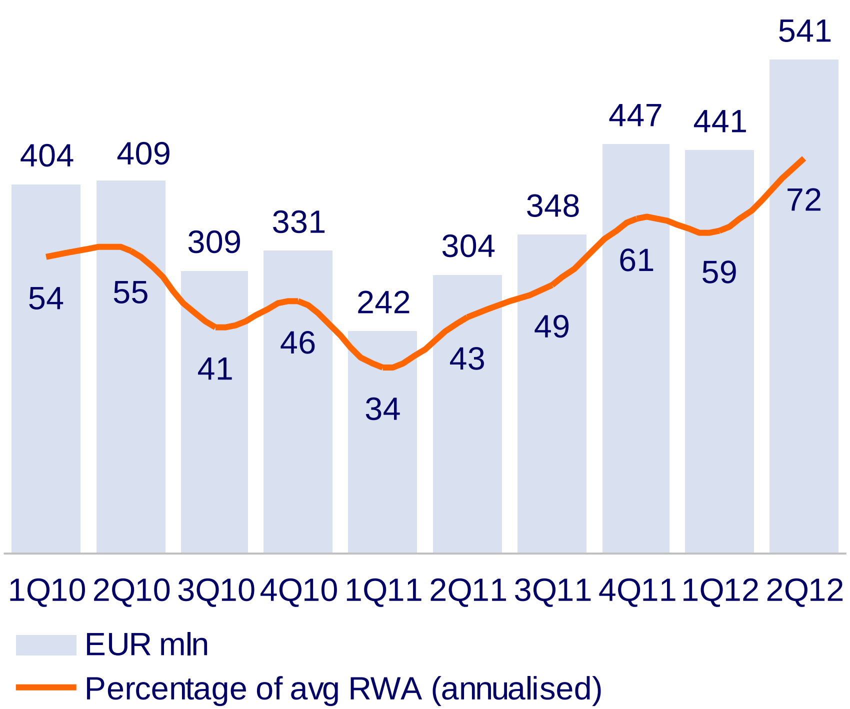
Underlying cost/income ratio (%)



- Cost control stepped up as income comes under pressure
- Operating expenses declined 3.6% versus 1Q12, mainly due to lower performance-related personnel expenses and EUR 38 mln reimbursement from old DGS in Belgium
- Cost/income ratio adjusted for market impacts & CVA/DVA rose to 56.2%

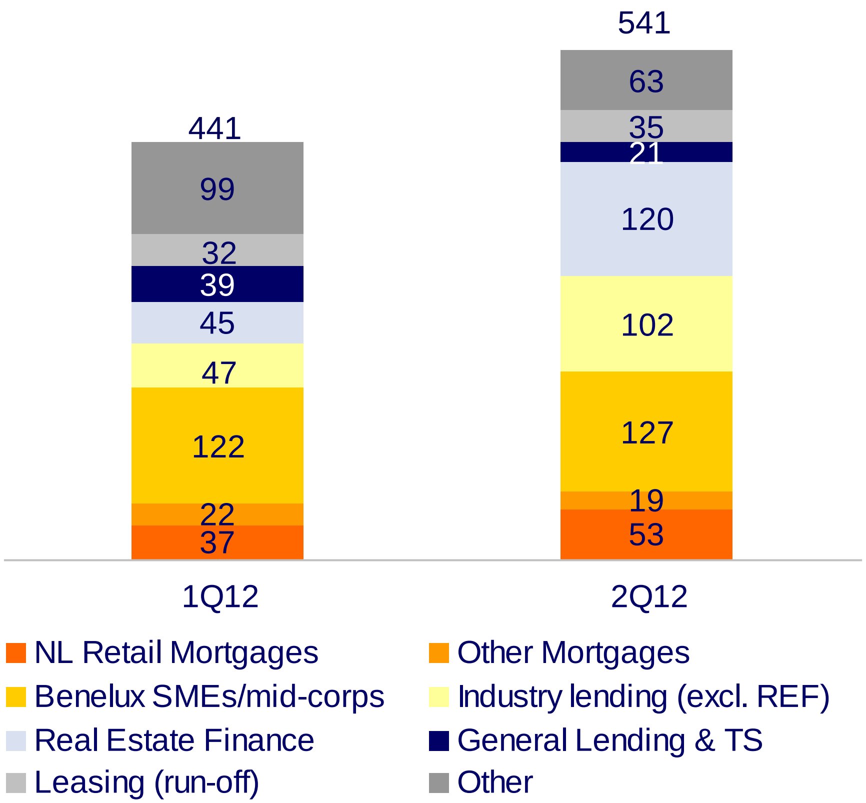
Risk costs increased as economy weakened

Underlying additions to loan loss provisions
(in EUR mln and bps avg RWA)



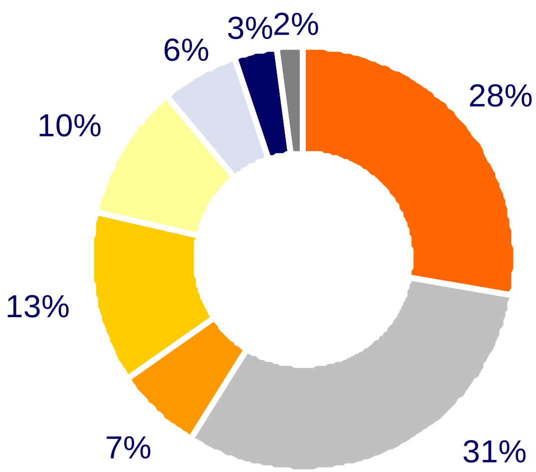
- Strong increase risk costs driven by Commercial Banking and to a lesser extent Retail NL
- ING expects risk costs to remain elevated, reflecting the weakening of the economic climate

Underlying additions to loan loss provisions
(in EUR mln)



NPL ratio increased slightly to 2.3%

ING Bank's loan book (in %)



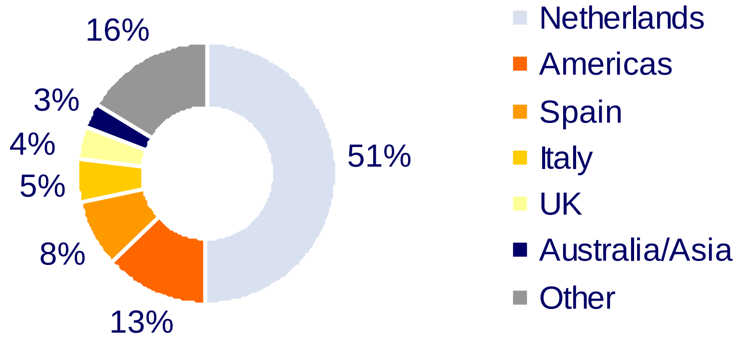
NPL ratio

	2Q12	1Q12
Residential mortgages		
- Netherlands	1.2	1.2
- Other	1.0	1.0
Commercial lending		
- Corporate loans	3.6	2.6
- Mid-corps/SMEs	4.5	4.4
- Structured Finance	2.4	2.5
- RE Finance	7.3	5.7
- Leasing	6.8	6.3
- Other	0.8	0.4
Total / average	2.3	2.1

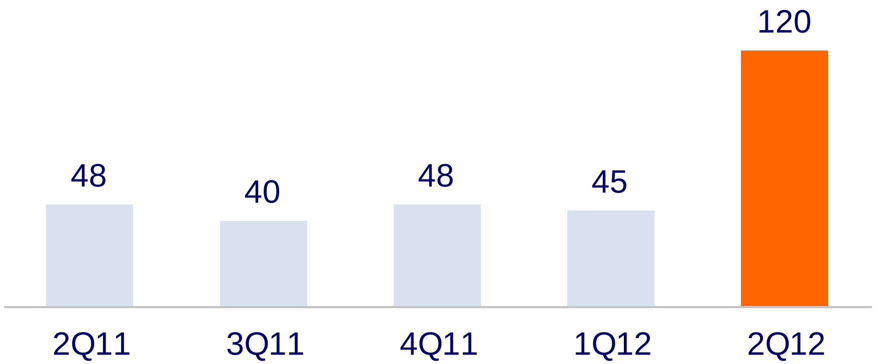
- The NPL ratios in Mid-corps/SMEs, Real Estate Finance and Leasing (run-off) remained relatively high in the second quarter

Strong increase of risk costs Real Estate Finance

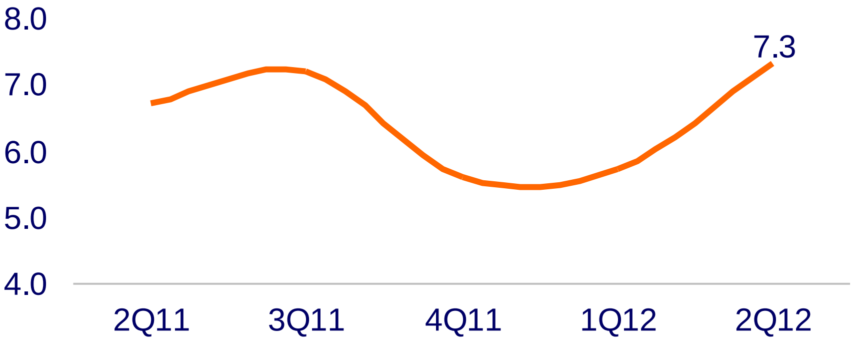
Real Estate Finance portfolio by country of residence



Risk costs (in EUR mln)



Non-performing loans ratio (%)

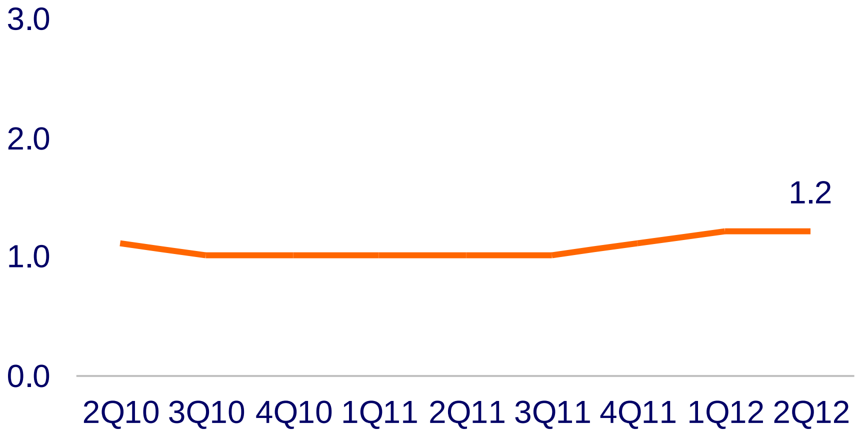


Risk costs expected to remain elevated

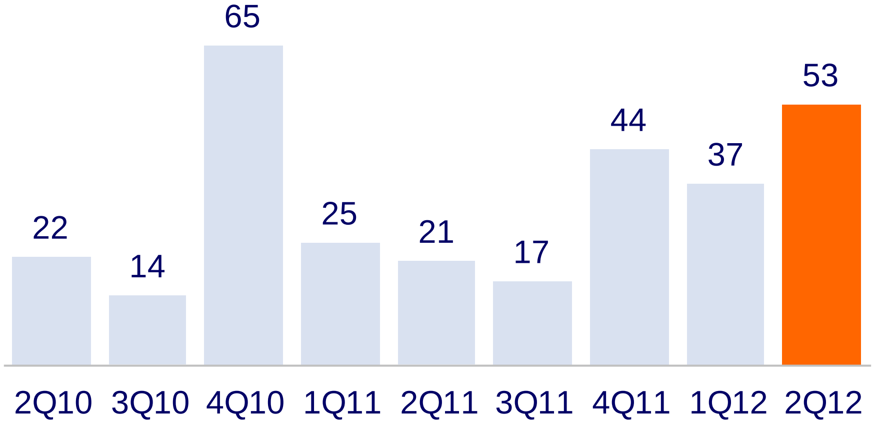
- Increase risk costs Real Estate Finance driven by NL, UK and Australia
- NPL ratio increased to 7.3% driven by the Netherlands and the UK
- Risk costs in REF are expected to remain elevated given uncertainty in European commercial real estate markets
- ING REF lending assets decreased by EUR 1.0 bln at constant FX in 2Q12 to EUR 31.7 bln. ING will selectively reduce its Real Estate Finance portfolio further

The NPL ratio for Dutch mortgages stable at 1.2%

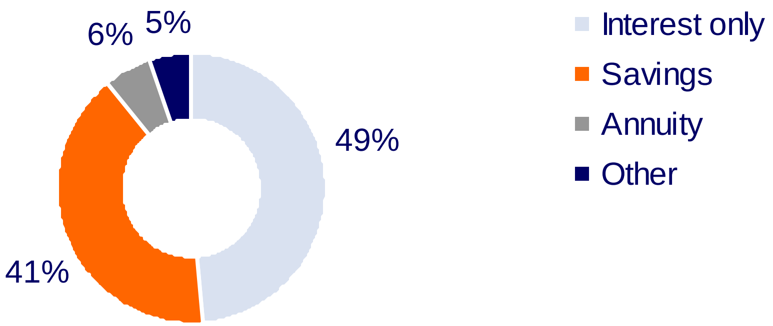
Non-performing loans ratio (%)



Risk costs (in EUR mln)



Mortgage type (new production, 2Q2012)



Risk costs expected to remain elevated

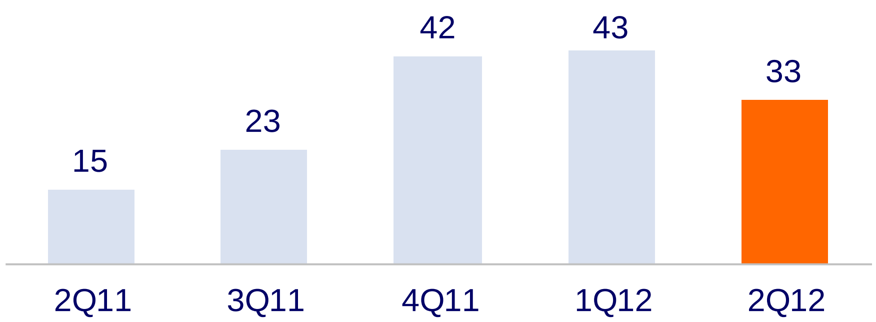
- Risk costs up to EUR 53 mln, driven by declining house prices
- Arrears remained stable in the second quarter
- Further decline in Dutch house prices and increase in unemployment would lead to higher risk costs on mortgages, but we do not expect a dramatic increase

Spanish lending portfolio is holding up well

Bank lending to Spain 2Q2012 (in EUR bln)

	1Q12 O/S	2Q12 O/S	2Q12 NPL%	Coverage ratio
Retail mortgages	8.7	8.8	0.7%	19%
Other retail lending	0.5	0.5	3.7%	132%
Real Estate Finance	2.7	2.7	18.2%	36%
Business Lending	2.1	1.7	4.0%	24%
Structured Finance	1.4	1.2	16.1%	85%
Leasing (run-off)	0.7	0.6	25.9%	39%
Fin. Inst. Lending	2.3	0.3	0.0%	
Other lending	0.1	0.4	0.0%	
Total lending	**18.5**	**16.2**	**6.4%**	**44%**

Risk costs total lending Spain (in EUR mln)



Lending decreased by 12%

- Lending reduced by EUR 2.3 bln or 12% versus 1Q12, driven by Financial Institutions Lending, Business Lending and Structured Finance
- NPL ratio rose from 5.7% to 6.4%. Coverage ratio increased from 39% to 44% to 2Q12

Residential mortgages

- NPL ratio remained flat at 0.7% versus market average of 3.3%.
- Average LTV increased from 60% to 64%
- Client base is healthy (primary residences, urban area, saving account clients)

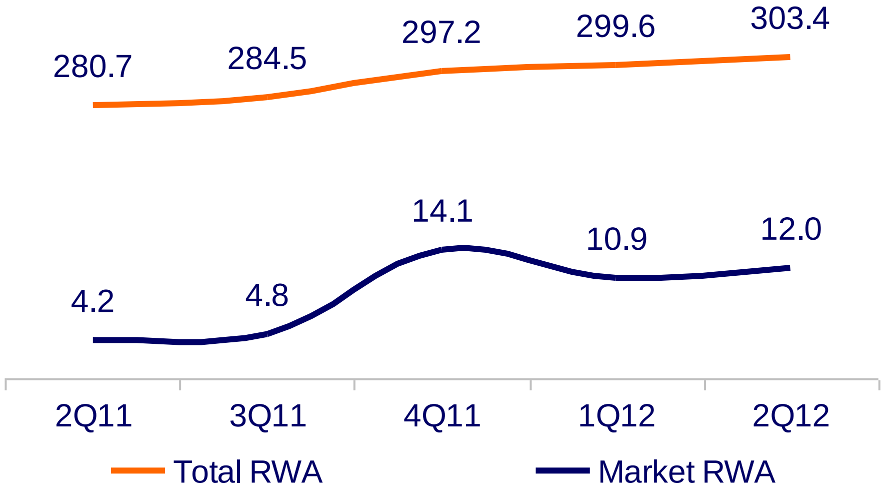
Commercial Real Estate

- Real Estate Finance in Spain has seen elevated NPLs for the past two years
- Construction is EUR 42 mln, or 1.6% of REF portfolio
- NPL ratio remained stable at a relatively high 18%
- Provisions are expected to remain elevated given ongoing deterioration in the market

Core Tier 1 ratio rose to 11.1% despite higher RWAs

ING Bank core Tier 1 ratio (%)

RWA, adjusted for divestments (in EUR bln)



Further strengthening of core Tier 1 ratio

- Core Tier 1 ratio increased to 11.1%
- RWA increased 1.3% to EUR 303.4 bln in June, mainly due to currency effects
- The impact of credit migration remained limited to EUR 1 bln due to de-risking measures taken
- Market risk weighted assets rose as volatility in the financial markets increased

Pro-forma Basel III Core Tier 1 ratio 10%

Impact Basel III (excluding IAS 19R)

	IR day (3Q11 data)	2Q12
Risk-weighted assets (Basel 2.5)	331,200	303,400
Basel III impact on RWAs	+31,400	+32,600
Basel III RWAs	362,600	336,000
Core Tier 1 (Basel 2.5)	30,685	33,717
Revaluation reserve debt securities	+277	+178
Minorities	-409	-421
Core Tier 1 Basel III (per 2013)	30,553	33,474
Core Tier 1 ratio (Basel 2 – Reported)	9.6%	
(Basel 2.5)	9.3%	11.1%
Basel III impact 2013	-80 bps	-115 bps
Pro-forma Core Tier 1 ratio	8.5%	10.0%
Phased-in impact (2014-2018)	-60 bps	-60 bps
Total Impact Basel III	-140 bps	-175 bps
Pro-forma Core Tier 1 ratio (fully loaded)	7.9%	9.4%
Management actions	+25 bps	+35 bps

Basel III

- The impact of Basel III is manageable
- On a like-for-like basis, the impact on RWAs is little changed (higher impact in bps in 2013 reflects lower base of RWAs following sale of ING Direct USA)
- Management actions are expected to reduce RWAs by EUR 15 billion, of which EUR 3 billion has been achieved so far.
- Impact excludes DTAs which are expected to be used prior to BIII implementation

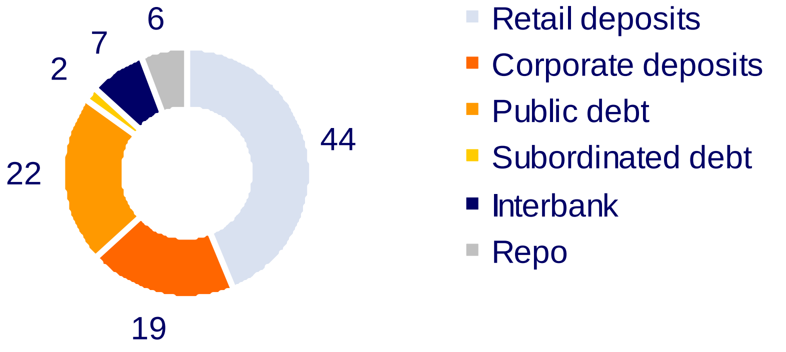
IAS 19R

- IAS 19R will change the timing of the Basel III impact: any unrealised actuarial gains/losses on DB pensions will be recognised through equity on 1/1/2013
- This will bring forward the related Basel III impact, and the remaining pension assets will be deducted from capital gradually from 2014-2018
- This accounting change will make capital ratios more volatile going forward

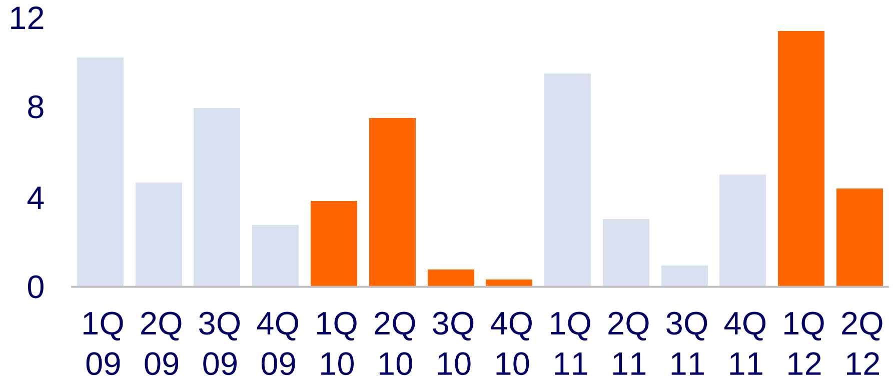
ING

ING Bank has strong funding position

Conservative funding mix per 30 June 2012 (%)



Retail Banking net inflow in funds entrusted (in EUR bln)



Eligible asset buffer (In EUR bln)

Liquidity Coverage Ratio (In %)

ING Insurance

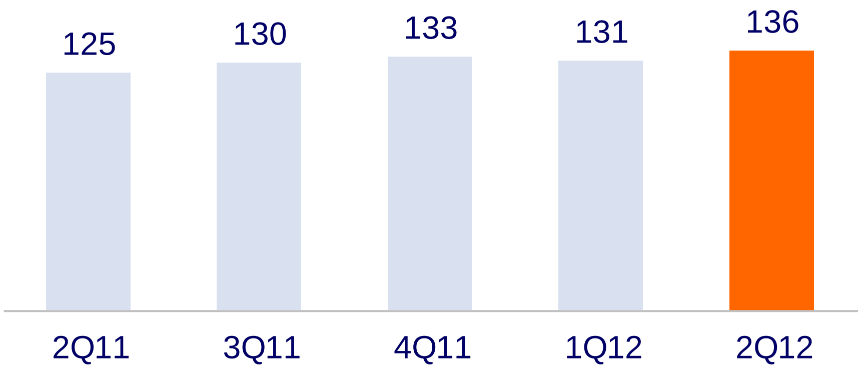
Insurance results improved from the first quarter

Insurance result (in EUR mln)

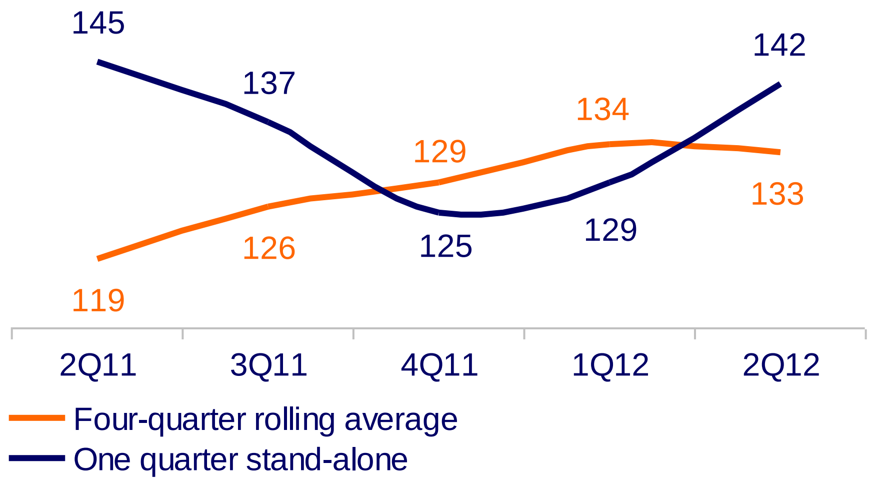
- Both operating and underlying results improved from 1Q12 reflecting seasonally higher investment margin and positive results on regulatory capital hedges in US Closed Block VA
- Results declined from 2Q11 driven in part by EUR 98 mln of positive non-recurring items in the prior year as well as pressure on non-life results in the current quarter

Investment spread remained resilient

Life general account invested assets (in EUR bln)



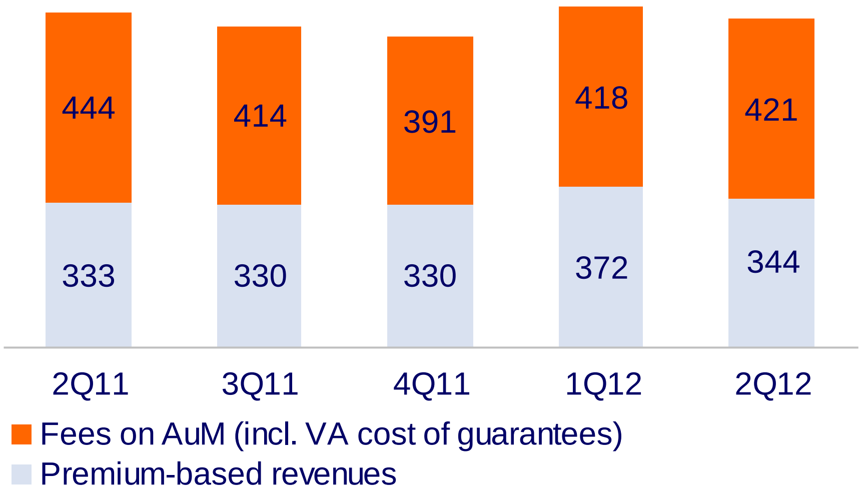
Investment spread (in bps) Life GA



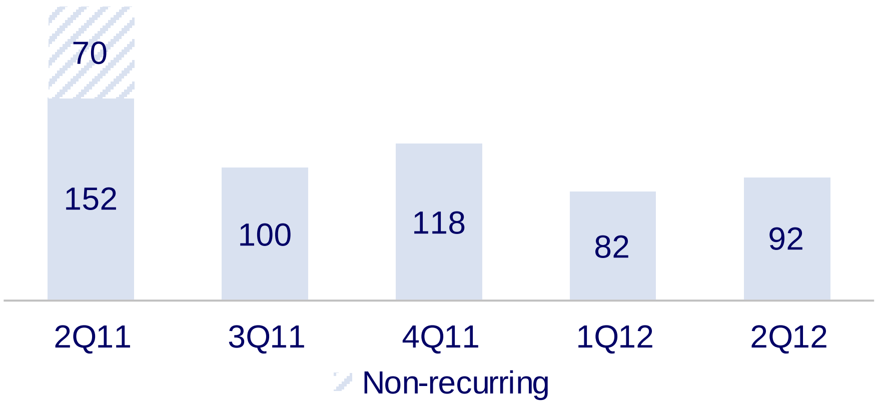
- Investment spread increased to 133 bps, from 119 bps in 2Q11, but fell slightly from 1Q12 driven by the impact of de-risking in the Benelux in the second half of 2011
- The investment spread is expected to decline gradually in 2012, mainly reflecting ongoing de-risking of the investment portfolio in the Benelux

Technical margin remains under pressure

Fees and premium-based revenues (in EUR mln)



Technical margin (in EUR mln)

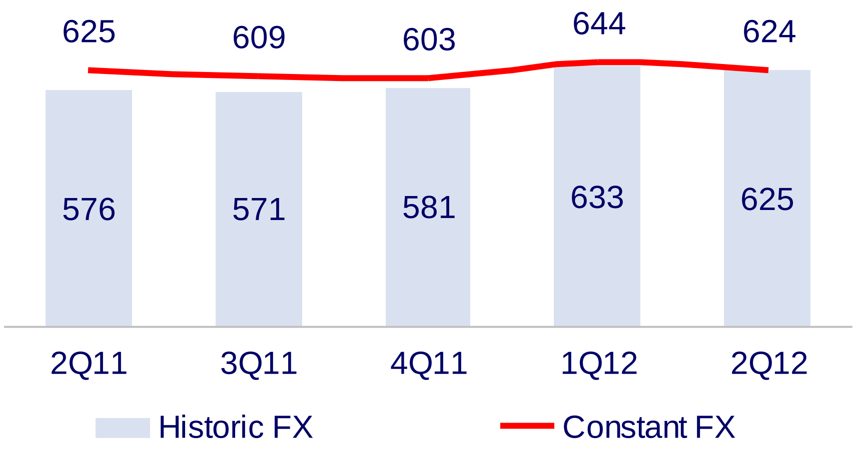


- Fees and premium-based revenues down 1.5% from 2Q11 excluding FX, reflecting lower results in US Closed Block VA, on higher hedging and reserve costs and lower AuM
- Decline vs. 1Q12 reflects seasonality in Benelux sales

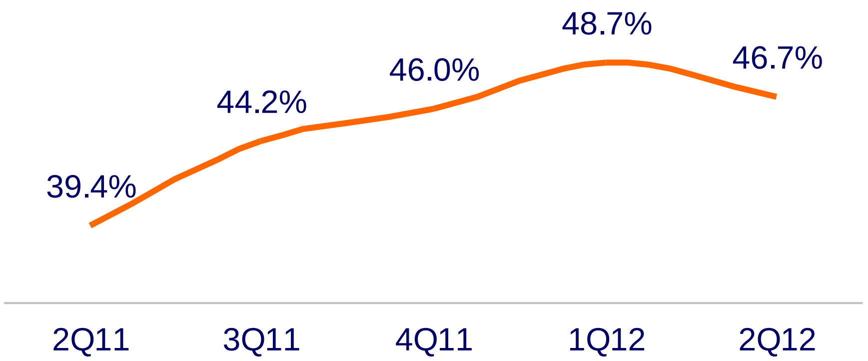
- Technical margin declined from 2Q11 as the prior year reflected a EUR 70 mln nonrecurring gain in the Netherlands related to the early surrender of a pension contract
- The current quarter reflects poor mortality results in the US

Administrative expenses flat excluding FX

Life & IM administrative expenses (in EUR mln)



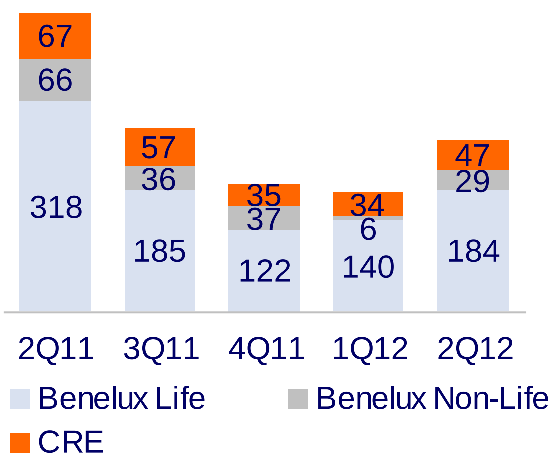
Life & IM administrative expenses/operating income ratio (%)



- Administrative expenses were flat from a year ago, excluding currency effects, reflecting strong cost control throughout Insurance
- The ratio of administrative expenses to operating income deteriorated as the prior year reflected stronger operating income

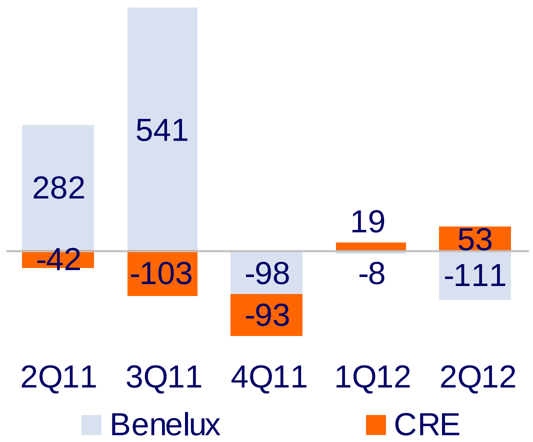
Operating result in Europe improved from 1Q12

Operating result (in EUR mln)



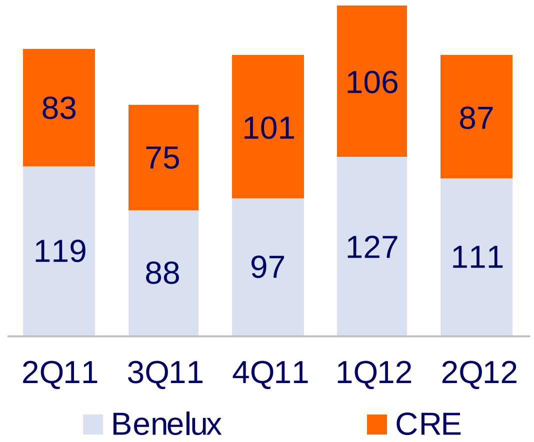
- Operating result up from 1Q12 on seasonally higher investment margin and the 1Q12 Hungarian FI tax
- Decline from prior year driven by lower non-Life results and EUR 98 mln non-recurring items in 2Q11

Underlying result (in EUR mln)



- Benelux underlying result of EUR -111 mln reflects a EUR -241 mln change in the provision for separate account pension contracts
- 2Q12 also includes losses from de-risking and equity impairments

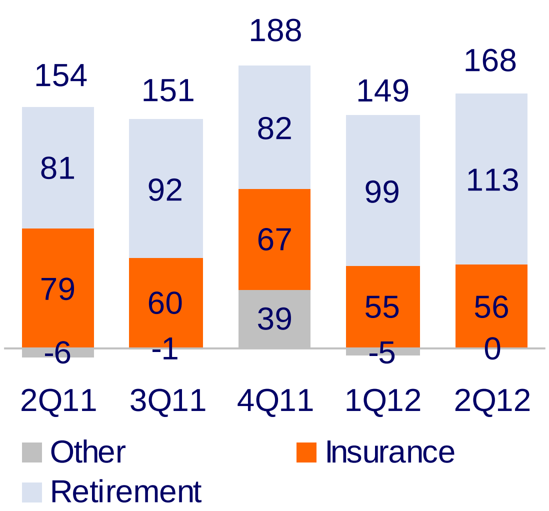
Sales (APE, in EUR mln)



- CRE sales up 8.8% over prior year driven by Czech Republic and Turkey
- Benelux sales fell 6.7% from 2Q11 on lower individual life sales in the Netherlands

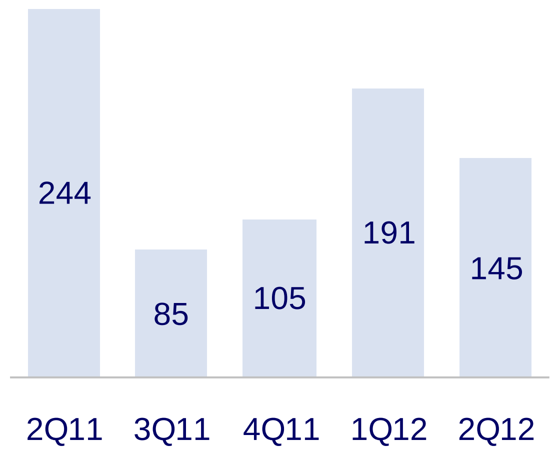
US benefited from strong investment margin

Operating result (in EUR mln)



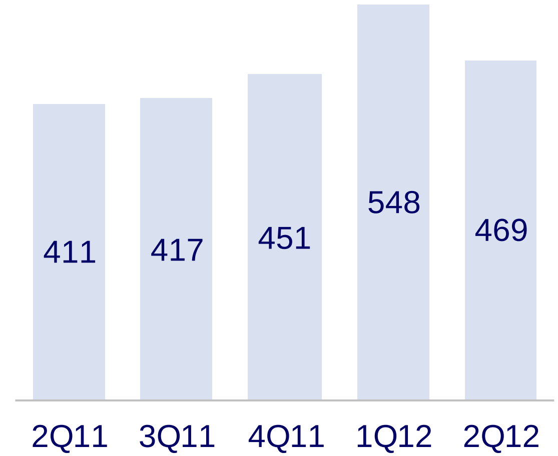
- Retirement results driven by positive net flows and improved investment margin
- Insurance results reflect a lower technical margin in Individual Life

Underlying result (in EUR mln)



- 2Q12 result of EUR 145 mln includes EUR -73 mln related to the sale of alternative assets to reduce capital requirements and earnings volatility

Sales (APE, in EUR mln)



- Sales up 1.1% from 2Q11, excluding FX, on higher Full Service Retirement, Individual Life and Employee Benefits sales
- 1Q12 sales were seasonally higher

US Closed Block VA: Focus on Capital Protection

Regulatory capital sensitivities (EUR mln)

Equity Market Return	Impact Before Hedging	Hedge Result	Impact After Hedging
-25%	-2,750	2,500	-250
-15%	-1,550	1,450	-100
-5%	-450	400	-50
+5%	450	-550	-100
+15%	1,300	-1,350	-50
+25%	2,000	-1,950	50

- Regulatory capital is well protected across a broad range of equity market scenarios
- The focus on capital protection leads to IFRS earnings volatility due to differences between the IFRS and the regulatory capital accounting regimes

Estimated IFRS earnings sensitivities for 3Q12 (EUR mln)

Equity Market Return	Impact After Hedging
-25%	200
-15%	150
-5%	50
+5%	-400
+15%	-800
+25%	-1,200

- Earnings sensitivity changes relative to the prior quarter primarily reflects a slight decline in reserve adequacy, to the 59% confidence level, as well as currency impacts

Wrap up

Wrap up

- ING is maintaining strong momentum on restructuring
- ING Bank is making good progress on balance sheet integration, and ING accelerated de-risking efforts given deterioration in the eurozone in 2Q12
- ING Group posted an underlying net profit of EUR 1,045 mln in a challenging economic environment
- ING Bank posted robust 2Q12 results despite losses from proactive de-risking, pressure on the NIM and elevated risk costs, with underlying profit before tax of EUR 995 mln
- Insurance operating results improved from 1Q12 to EUR 304 mln. Underlying results before tax were EUR 229 mln including hedge gains in US VA and the negative change in the provision for separate account pension contracts in the Benelux

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 2011 ING Group Annual 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) 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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