



The future of Retail Banking

ING Investor Day

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Key messages

- Consumer trends, which are the basis of our strategy to strive for simplicity, convenience and cost leadership, remain unchanged
- The crisis reinforced these trends while adding risk and capital dimension
- Two years ago we combined our strengths into a new distinctive model that became the basis of our strategy
- Transformation initiatives in the Benelux are underway and give ING a head-start on competitors
- In CEE markets ING is evolving to the same model to ultimately reach leadership positions
- The short term emphasis is on costs, derisking and deleveraging
- ING Retail: large, stable profit contribution from the Benelux

Consumer trends, which are the basis of our strategy to strive for simplicity, convenience and cost leadership, remain unchanged

Customers are in charge

- Need for simple products and easy transactions
- Need for transparent pricing
- Is becoming less loyal
- Increasingly uses internet

Technology

- Changes the way we interact: 24 hour access, no time zone via internet
- Gives more power to the consumer
- Creates new opportunities to decrease costs

Regulation and compliance

- Compliance as way of life
- Customer protection is key
- Need for transparency and disclosure
- Quality of advice

Socio-demographic changes

- Consumers are getting older
- Higher pension requirements



- Convenience
- Cost leadership
- Easier products and processes

The crisis reinforced these trends while adding a risk and capital dimension

Credit Crisis

Liquidity Crisis

Trust Crisis

Customer

- Priority to safety
- Mistrust towards banks' sale practices
- Request:
 - Easy transactions
 - Simple products
 - Fair price
- Increasing use of internet

Regulator

Increasing regulation:

- One regulator to protect against systemic risk
- Supervision of non-banks
- Higher capital requirements
- Anti-cyclical provisioning

Banks

- Lower margin on savings (fight for retail deposit)
- Less risk or better priced
 - Higher margins on lending
 - Less maturity mismatch
 - Less leverage
- Higher capital

Government

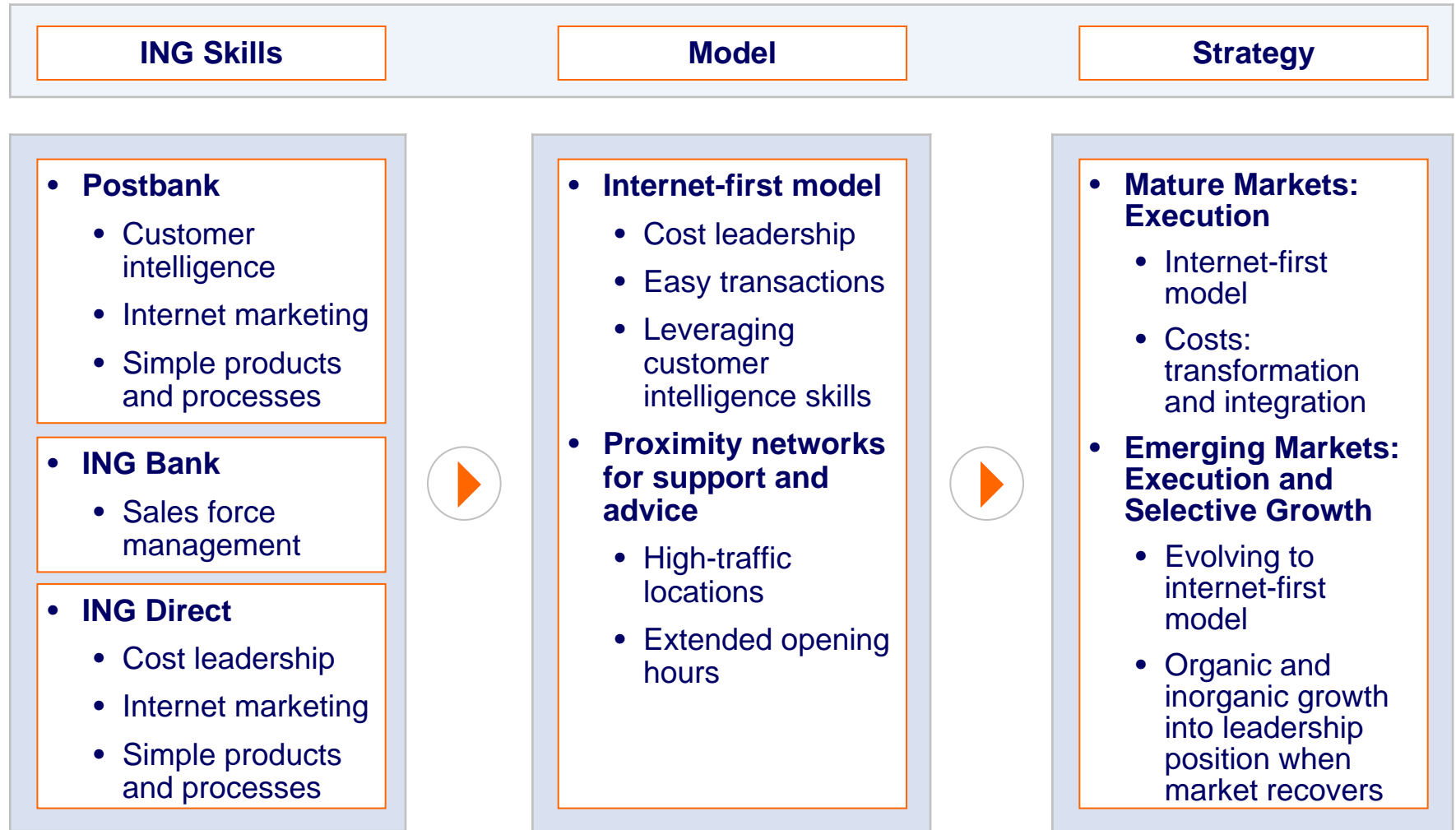
- Fair sales practices
- Ban on rewards for risk taking
- Cap on performance related pay; no bonuses for non-performance

Back-to-basics bank

- Simple, straight-forward products
- Fair pricing

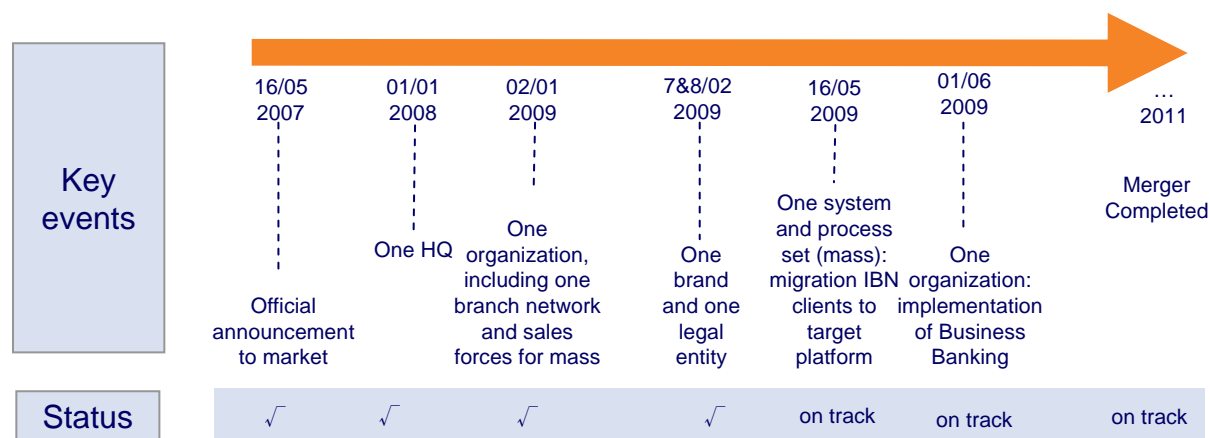
- Cost Leadership
- Safe and strongly capitalised
- Balanced risk/reward

Two years ago we combined our strengths into a new distinctive model that became the basis of our strategy



Transformation initiatives in the Benelux are underway and give ING a head-start on competitors

The Netherlands: Merging ING Bank and Postbank



Benefits

- Lean and flexible cost structure
- Further income upside
- Transformation is ahead of schedule

Belgium: Domestic Transformation Program

- **Branch restructuring half-way:** 130 Proxi branches opened in 2008, 130 scheduled for 2009
- **New online products:** Auto.be, Lion Account, Lion Deposit, Lion Fidelity Account
- **Direct Marketing Campaigns**
- **FTE savings:** reduction of 1,000 FTEs Front over 5 years ahead of schedule

Benefits

- Further income upside through new innovative products
- Increased focus on direct channels results in lower costs



In CEE markets ING is evolving to the same model to ultimately reach leadership positions

Poland - Optimising distribution

- New branches/visualisation
- Self service zoning
- Franchise/self banking/non cash and capacity enlargement
- ING website is visited by 1.5 million unique users per month (average in 2008)
- 58% increase in number of web visits in 2008
- 15% of total mortgages sold on-line
- The best Polish Banking website according to Marketing & More

Romania – An innovative business model

- Fairly priced products covering the basic needs and addressing the customer convenience gap
- Leveraging ING's core skills: mass marketing and simplicity
- Each ING office has two service areas
 - Advice service area
 - Fully automated SelfBank area
- Franchise model
 - Flexible cost base and commission-based
- Internet Banking
 - Homebank/Clients ratio increased to 20% due to internet banking
 - Ten-fold increase in monthly ING website visits to 735,000 in a year time

Turkey – Integrating in ING Group

- Multi-channel marketing with strong branch and direct sales capabilities
- Leverage on ING's Internet expertise
- A distribution network expansion program – expected to finalise in 2012
 - Aiming to reach 600 branches
 - Revised regional model
 - Corporate centers in selected areas
 - Third-party partnerships
 - Strong online banking



Goal

To reach leadership position in CEE countries where we have a sustainable position, thanks to organic and inorganic growth

The short-term emphasis is on costs, derisking and deleveraging

Costs

- Group wide cost reduction program in 2009: EUR 1 billion
 - Contribution of Retail Banking: EUR 150 million
 - Decrease in FTEs: 800 in Retail Banking
 - 550 FTE reduction already realised

Funding

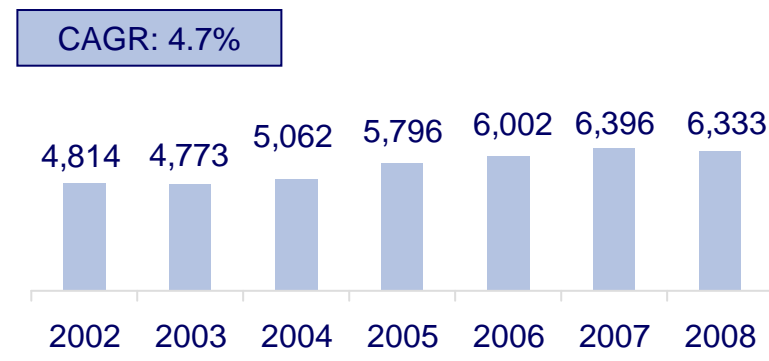
- Prioritise to deposit growth
- Maximum growth in RWAs: EUR 2.6 billion in 2009

Risk

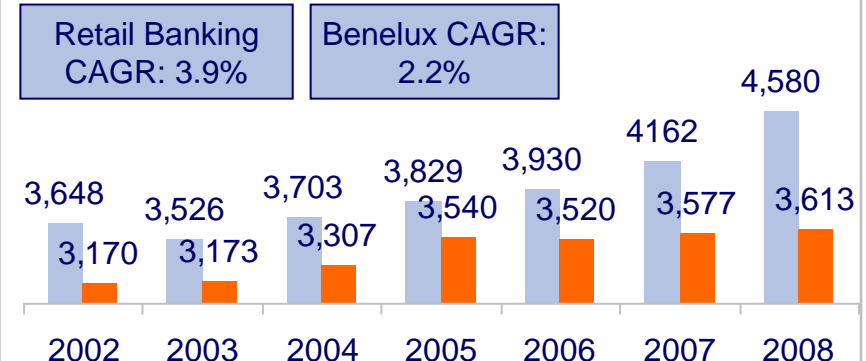
- Stop on FX mortgage loans
- Strict acceptance
- Rigorous monitoring of portfolio

ING Retail: large, stable profit contribution from the Benelux

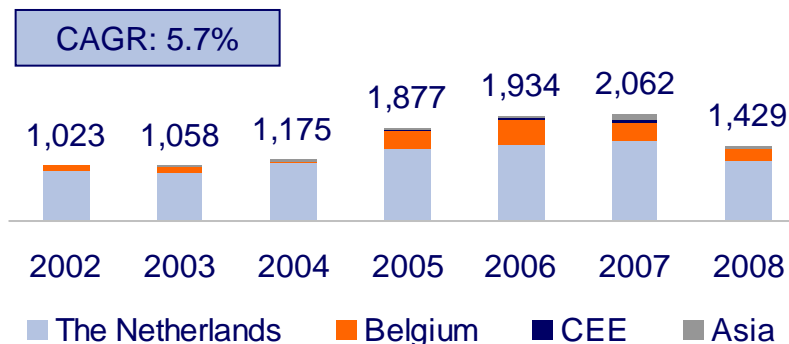
Revenue ING Retail '02-'08 *



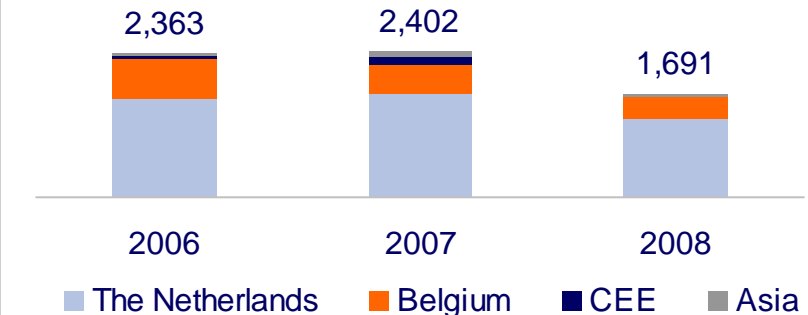
Cost ING Retail '02-'08 *



Profit Before Tax ING Retail '02-'08 *



Profit Before Tax ING Retail '06-'08 (incl. Mid Corps)



* Figures 2002/2008 do not include Mid-Corporates



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