

**Opening Statement by Ralph Hamers, CEO of ING Group,
Round Table Session, Lower House of the Dutch Parliament, 21 November 2013**

- Chairman,
- First of all: thank you very much for inviting me here today to talk about the future of the financial sector.
- I very much appreciate this opportunity because we cannot shape the future of the financial sector without a constructive dialogue between all stakeholders.
- A mutual understanding of what drives and motivates us is crucial.

Restructuring of ING almost complete

- First of all, I would like to dedicate a few words to ING and how we view our role in the Dutch economy.
- As you will no doubt be aware, a fully independent ING is fortunately now in sight.
- ING is still very grateful to the Netherlands for the support we received in 2008 and 2009.
- Fortunately, we are close to making the final repayments, including, and rightly so, an appropriate return for the taxpayer.
- Today's ING is very different from the ING of 2008.
- We have substantially simplified the business, we have improved numerous processes, we have amended our remuneration policy, and last but not least, we have significantly strengthened our capital and liquidity position.
- Thanks to a prudent risk policy, the spread of our positions and operations in a number of global markets and the economies of scale of our combined retail and commercial operations, we have been well-placed to absorb the sharply increased risk costs in the recession in our domestic market as well as in other markets.
- And to translate this into hard figures: our core Tier 1 ratio has been raised from 6.5% in 2008 to just over 12%, we have reduced our bank balance

sheet by approximately 20% and our leverage ratio, which was just 2.0% in 2008 is now 3.9%.

- In brief: our bank is well-positioned to take on the huge challenges faced by the banking sector.

Furthermore, we're still an important player in the Netherlands plc – and beyond

- ING is securely rooted in its domestic market and from this position plays a significant role in the Dutch economy with a wide range of products and services.
- At the same time, however, we are also a bank with a strong global presence and orientation.
- Thanks to this diversified profile, we are a stable bank that is not dependent on the economy of a single country or region, a particular currency or a type of business model.
- Partly as a result of this profile, we are in a good position to
 - raise sufficient funds on the global markets to facilitate lending in the Netherlands, too;
 - access the tools, technology and know-how and to fund the large-scale investments needed to ensure that payment transactions and other basic services are safe and efficient.
 - retain the expertise, experience and infrastructure needed to support complex financing and investment projects in sectors such as healthcare and infrastructure.
- These ING operations are to a large extent for the benefit of the Dutch economy.
- This is an economy, which as we know, is currently experiencing major difficulties.
- Households, businesses and the government are still contending with the aftermath of the crisis, as a result of which all economic sectors are in the middle of a process of restructuring and deleveraging.
- And while the government is trying to boost competitiveness with wide-ranging measures, we also know that we face significant social challenges that involve major funding issues.
- In addition of course, we have a very globally-oriented business sector that needs banks with a cross-border network and sufficient economies of scale to provide specialist services efficiently and at relatively favourable rates.
- ING is still willing and able to make important contributions in all these areas.

- Our global, diversified business model offers us great opportunities to contribute to economic recovery.
- You will therefore understand that retaining the position we have now is not just about self-interest.

Major changes in supervision and regulation are putting economic recovery under pressure

- Against this background, I view the Dutch discussion of the banking sector with some concern.
- There is a fairly widespread call in Dutch society for even stricter supervision and even tougher regulation in addition to what has been put in place in recent years, if necessary in anticipation of the developments in Europe.
- I fully understand the concerns underlying this, but I would like to emphasise that an awful lot has changed in the financial sector since 2008.
- There are new rules on capital, liquidity and risk management: the bail-in of bank debt is being introduced.
- These are important developments that contribute to the financial stability and actually minimise the risks for the taxpayer.
- However, it is crucial that we do not over-restrict the effectiveness of banks in supporting the fragile economic recovery by pushing all the buttons at once.

Importance of level playing field in Europe sometimes forgotten – whereas this is primarily in NL's interest

- At the same time, I would like to stress that any further measures that impact the structure and operations of banks are taken in line with what is happening elsewhere in Europe.
- An increase in the leverage ratio to 5%, for example, in the most extreme cases, could mean that Dutch banks would either have to raise their capital by almost 20 billion or reduce their assets by hundreds of billions by selling or by radically cutting back on lending.
- Essentially, a measure like this would have a huge impact on the lending capacity of banks and by extension on the real economy.
- It is also important that we do not lose sight of the competitive position of Dutch banks on the European market.
- With a view to financial stability and because of the role that banks play in the real economy, it is therefore vital that we have a European framework that is compatible with the globally intertwined financial markets.
- At ING we are therefore a great supporter of the move towards a European Banking Union. We welcome the efforts of the Dutch government to take the

necessary steps as quickly as possible, for example, for a European resolution mechanism and the resolution fund.

- Because if we really want banks to be able to play their role as financiers of the economy as effectively and efficiently as possible and to contribute once more to growth and employment, it is essential that we ensure that there is convergence, a level playing field and the free movement of capital and liquidity in Europe.
- Not least because, as I said, the measures already put in place in terms of capital, liquidity and the bail-in of deposits [by the way, this is particularly pertinent on the Netherlands with its large banks!], are ensuring that there is considerably more financial stability and minimisation of risks for the taxpayer.
- Assuming that we want to continue down this path, it is important, however, that the European mechanisms, later in the European Banking Union, are able to do their job.
- There is no harm in being aware that the Dutch economy is largely financed with funds from other European countries.
- Ladies and gentlemen, as you know, the European Commission has said that it would respond to the Liikanen proposals before the end of the year.
- It has also said that it will take account of the impact these proposals on growth in Europe.
- Essentially, it looks as though we are heading in the right direction, but your support is still much needed if we are to succeed.

Finally

- Chairman, I would like to draw to a close.
- Fundamental change of an entire sector is a long-term process, a process that needs time.
- I believe that it is very important in a process like this that everybody involved is aware that genuine change does not come from above, but actually from within.
- A lot has happened in the sector over the past few years, not least at ING.
- I hope therefore that I have made it clear that we are doing all we can to move forward and to build on a strong, service-oriented bank for our customers, in the Netherlands and beyond.
- Thank you very much for listening.