

Benelux: creating value and ready for the future

ING Investor Day

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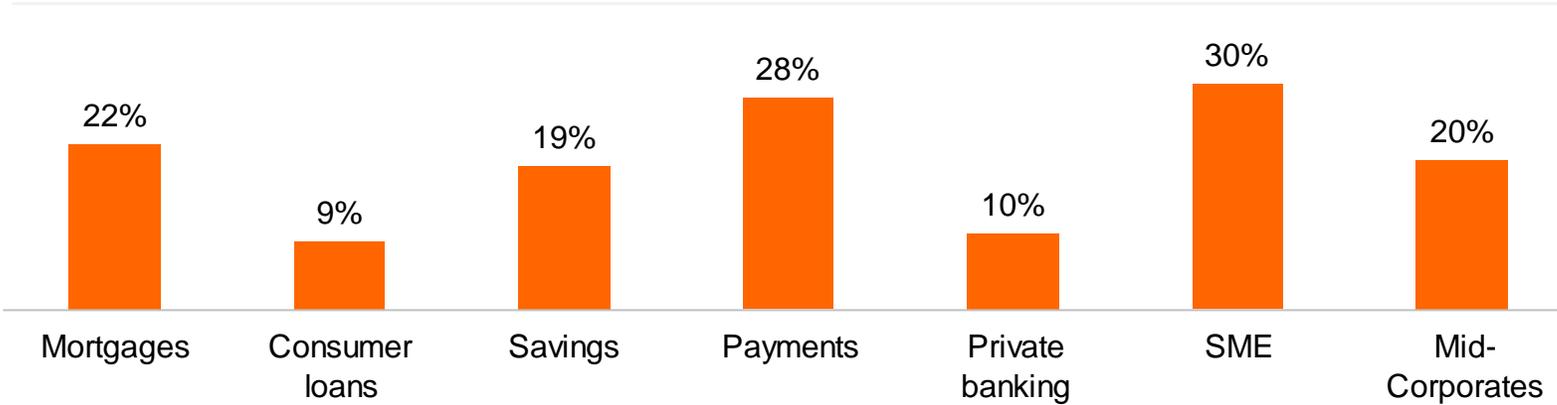
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www.ing.com

Key messages

- Customer satisfaction improved significantly; we strive to further improve NPS
- ING has a strong franchise in the Benelux with a solid performance
- We continue to deliver on our cost-reduction programmes...
- ...and strive for further operational excellence
- ROE well within the targeted range

ING has improved its market position in the Benelux

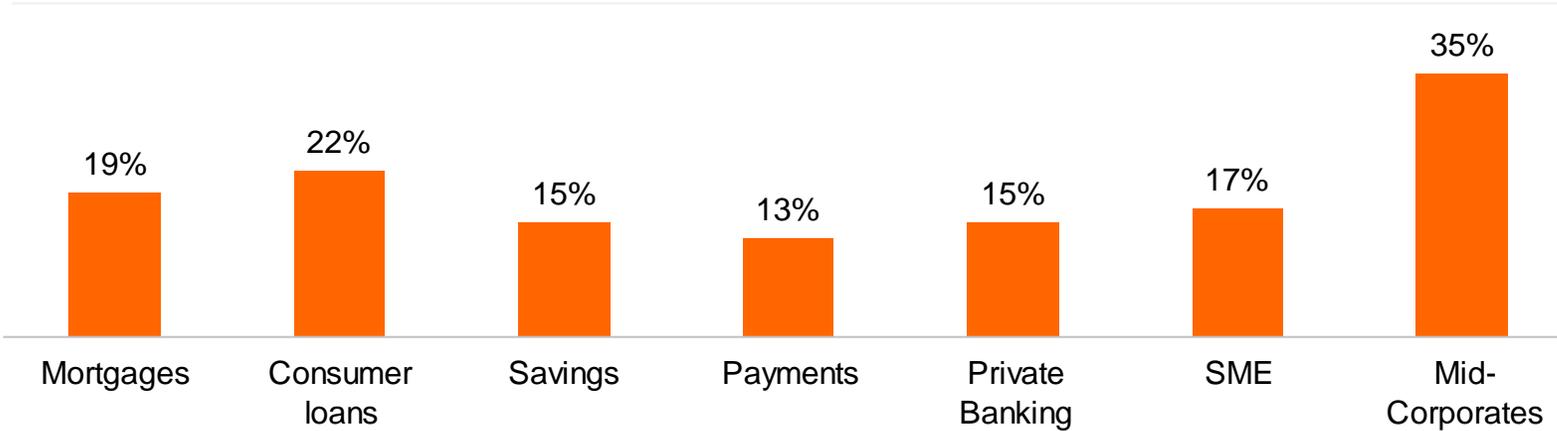
Market shares in the Netherlands remained stable



Netherlands

- # 2 bank in NL
- Stable number of customers at 8.7 million

ING moved to nr 3 position in Belgium



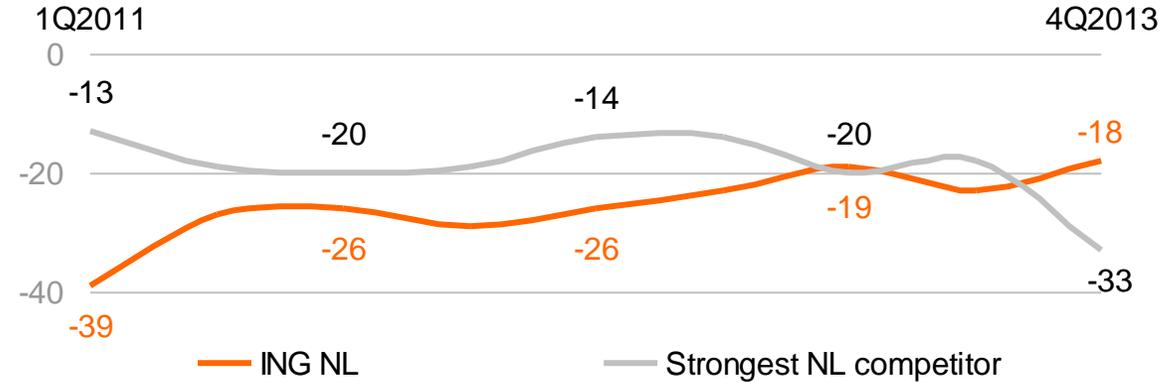
Belgium

- We are now the # 3 bank in Belgium, up from # 4 in 2012
- Number of customers increased to 3.1 million

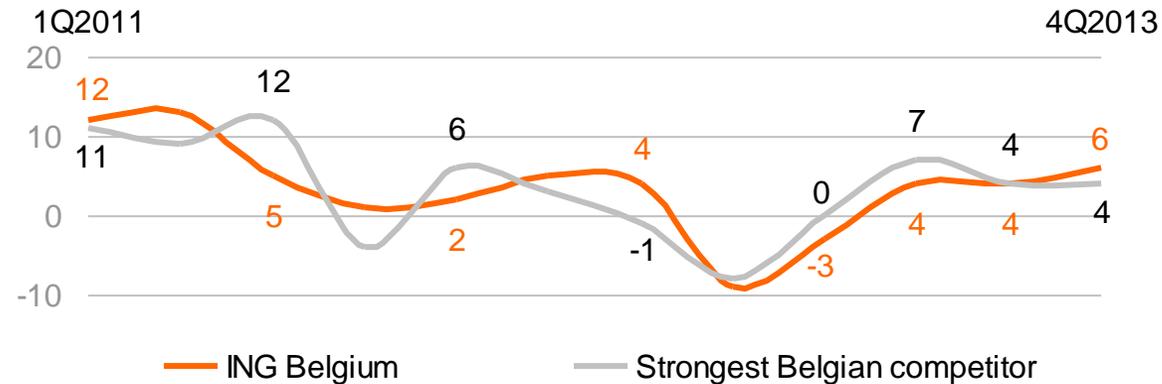
Customer satisfaction has increased...

Benelux Net Promoter Scores ahead of competition

Netherlands



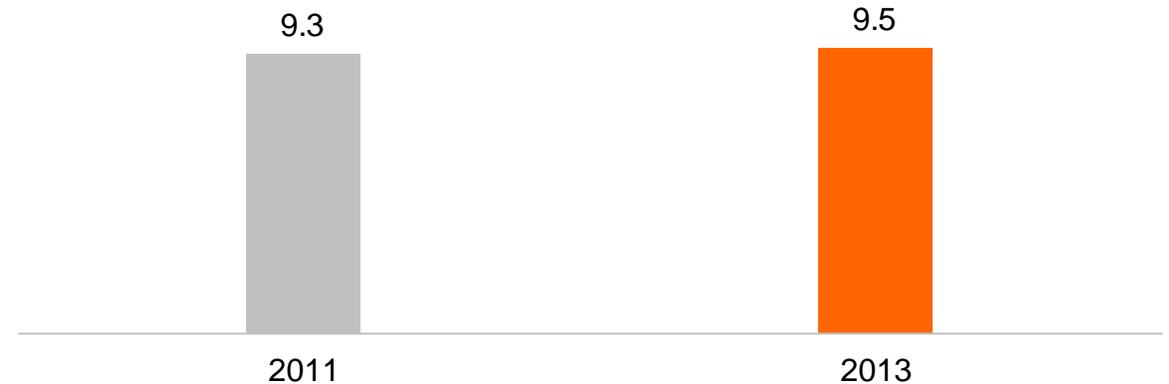
Belgium



Customers are more satisfied

- NPS improved significantly in the Netherlands
- We are now #1 in both the Netherlands and Belgium based on NPS
- Number of active customers increased from 9.3 million to 9.5 million

Our (active) customer base is up (in mln)



...through process optimisation in the Netherlands

Initiatives

Washing lanes	All operational processes pass through 'washing lanes' to redesign them into the ideal operational customer process within two weeks <ul style="list-style-type: none">• Examples: debit cards, credit cards and account opening
Real-time	Real time approachable single source of customer data which can be modified by the customer to ensure up-to-date data, direct and flawless service
Paperless	Providing customers with the right and suitable communication, using modern channels and digital delivery

Result

Less processes

- From 1,800 to 200 processes

Less drop-outs

- 50% less drop-outs

Less complaints

- KPIs based on causes instead of number of complaints

Less status calls

- 50% less status calls

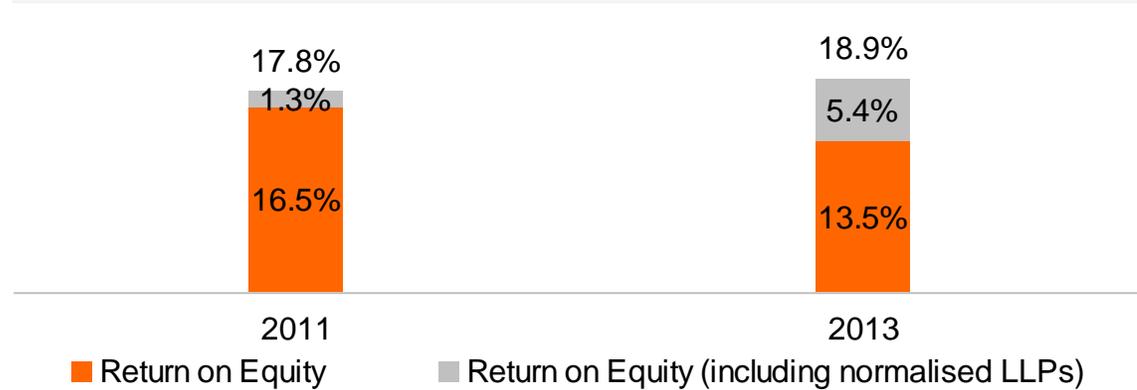
Less paper

- 95% system letter reduction, from 141 to 6 envelopes per client

- As a result, we increased transparency, uniformity, service and have more satisfied customers

The Benelux continues to deliver a strong return

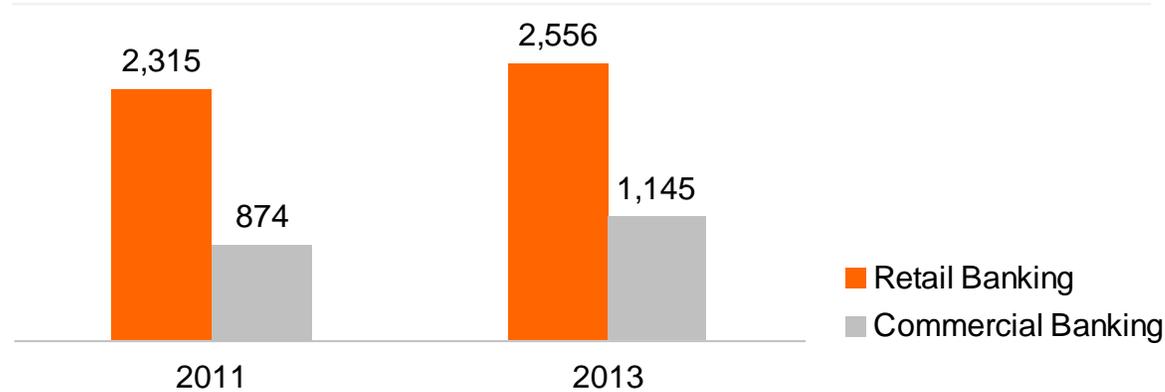
Return on Equity (based on CET 1 ratio of 10%) Benelux



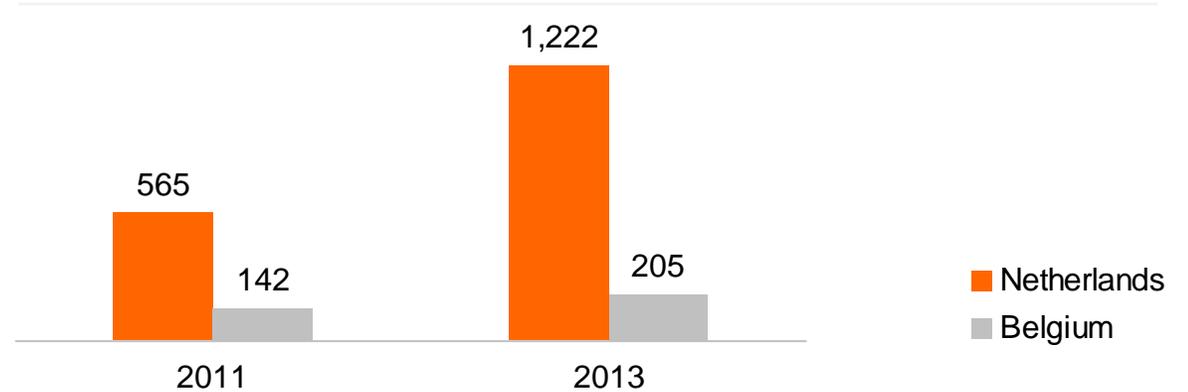
Recent trends

- RoE at 13.5% in 2013 in the targeted 10-13% range
- Gross result up in 2013 driven by higher income
- Loan loss provisions increased due to a weakening economic environment
- A normalisation of loan losses to 40-45 bps would bring the RoE to almost 19%

Gross result Benelux improved strongly...
(in EUR mln)



...while higher risk costs reflect the recession in the Netherlands
(in EUR mln)

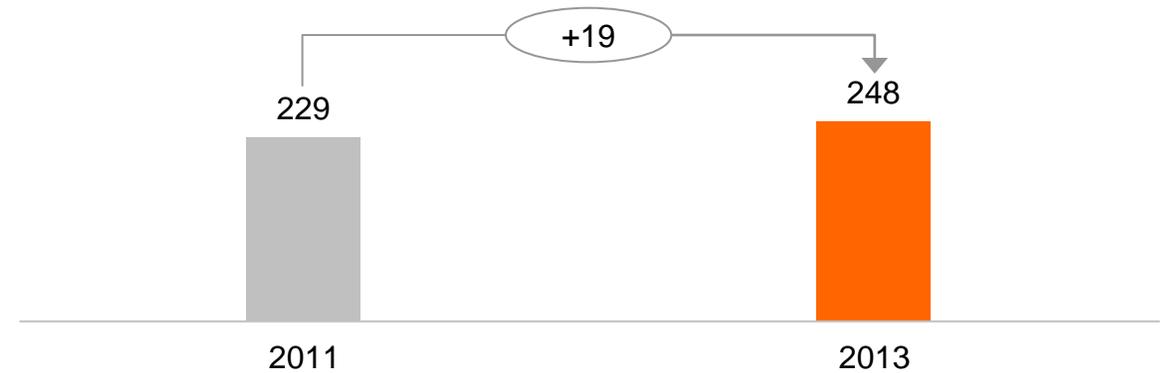


Income benefitted from lower funding costs...

ING continued to grow funds entrusted while reducing deposit rates

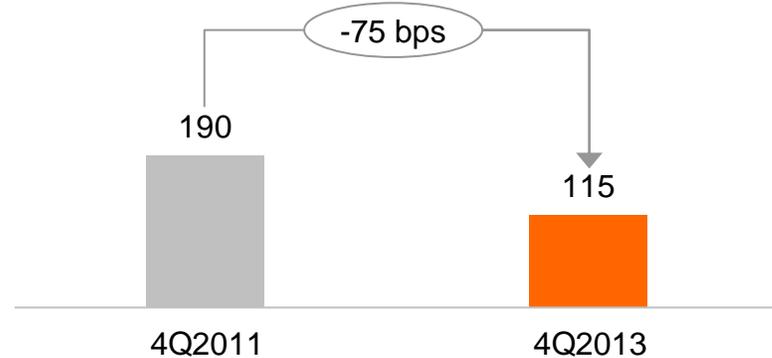
- The deposit base continued to increase, primarily driven by Retail Banking
- Deposit rates have been lowered in consecutive steps to track lower ECB rates

Continued growth in funds entrusted (in EUR bln)

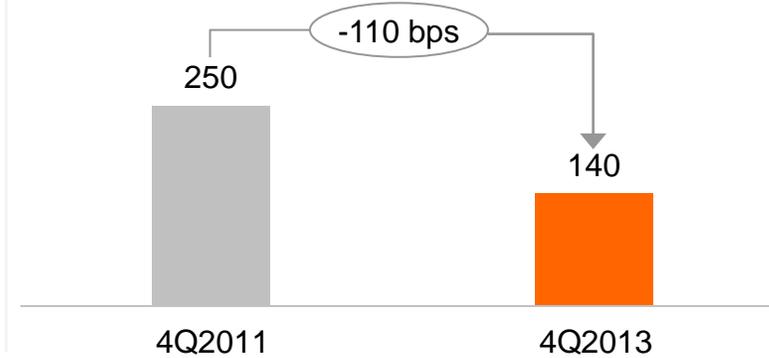


Lower funding costs (bps)

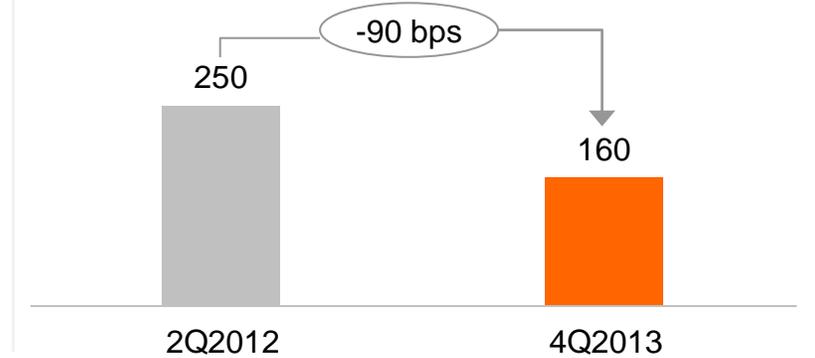
SME (average) in NL



Netherlands (profijtrekening)



Belgium (lion premium)

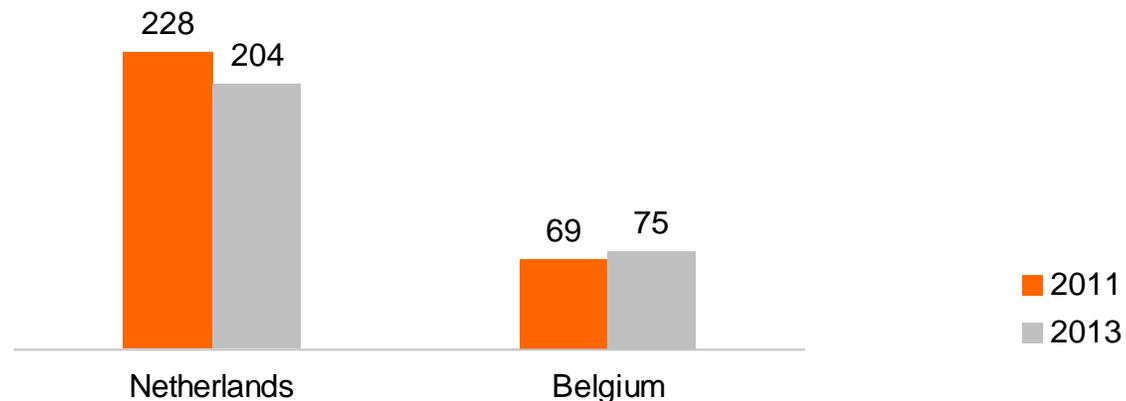


...and re-pricing of assets

The asset base declined reflecting low demand for credit

- A lower lending base in the Netherlands reflects the impact from the recession and transfer/sale of WUB mortgages
- We continued to grow lending in Belgium reflecting a more benign economic environment and gaining market share
- Throughout the crisis, we continued to focus on profitability preservation as we re-priced the asset base

Continued lending growth in Belgium (in EUR bln)



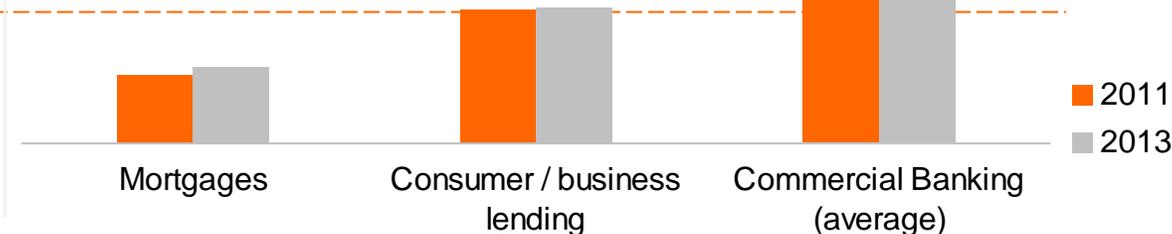
We re-priced our lending assets

Netherlands

NIM 150-155 bps

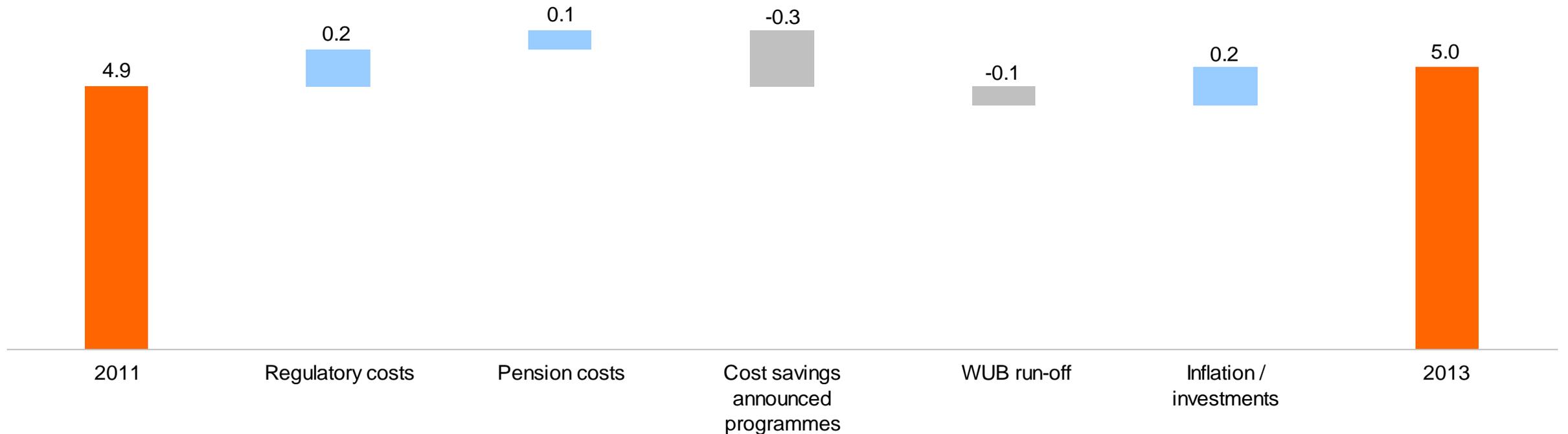


Belgium



Operational excellence absorbed higher pension and restructuring costs

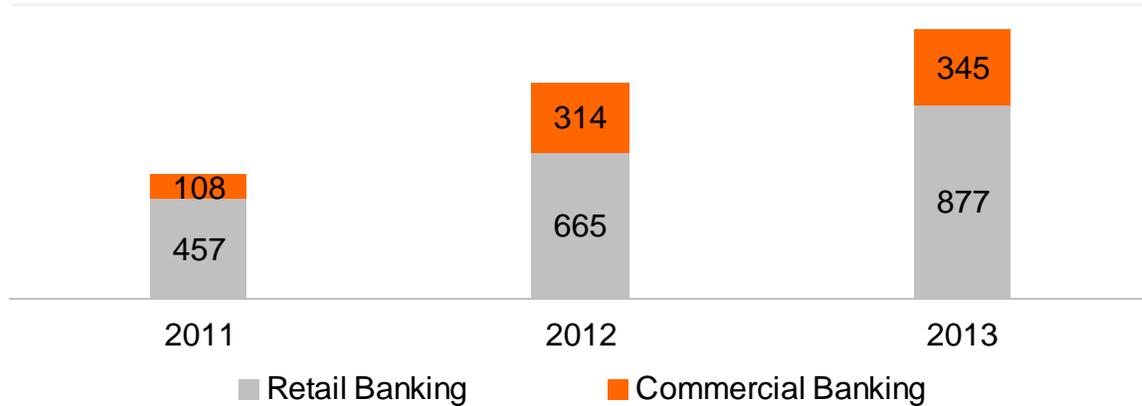
Operational excellence in Benelux absorbed higher pension expenses and restructuring charges (in EUR bln)



- EUR 400 million of additional savings from running efficiency programmes still to be realised
- Dutch DGS implementation expected in 2015 and Single Resolution Fund at a later stage
- We continue to seek for further efficiency gains especially in the area of IT, Procurement and other inflationary costs

Risk costs in Netherlands are elevated, but economy is improving

Risk costs in Commercial Banking stabilised (in EUR mln)



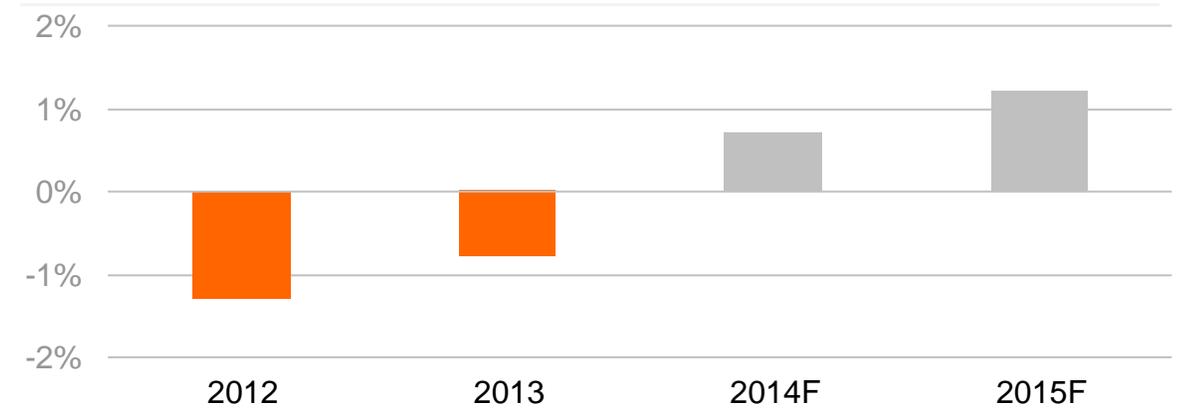
Early signs of stabilisation in Dutch economy

- We see early signs of a stabilising Dutch economy with rising consumer confidence and PMI consistently above 50
- House prices are nearing the bottom while unemployment is stable

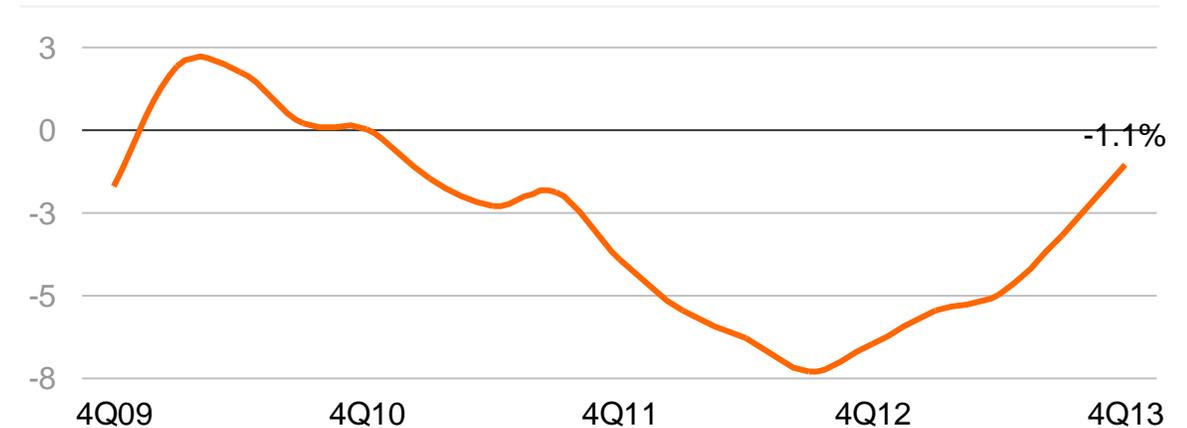
* Source: ING Economic Bureau

** Source: NVM

Dutch GDP growth improves* (in %)



Dutch house prices in 4Q13 down 1.1% y-o-y**

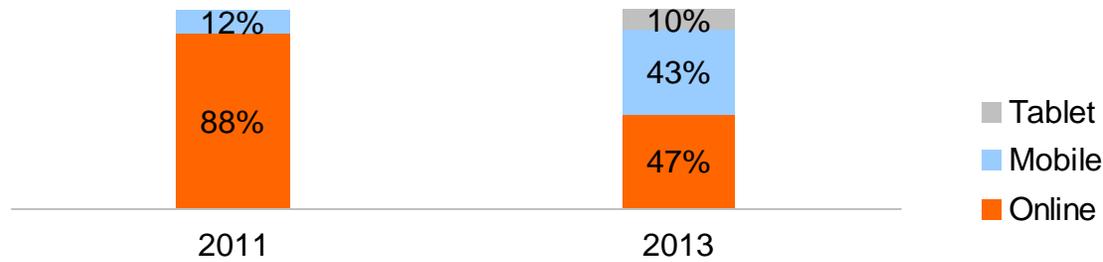




Leverage our strong market position

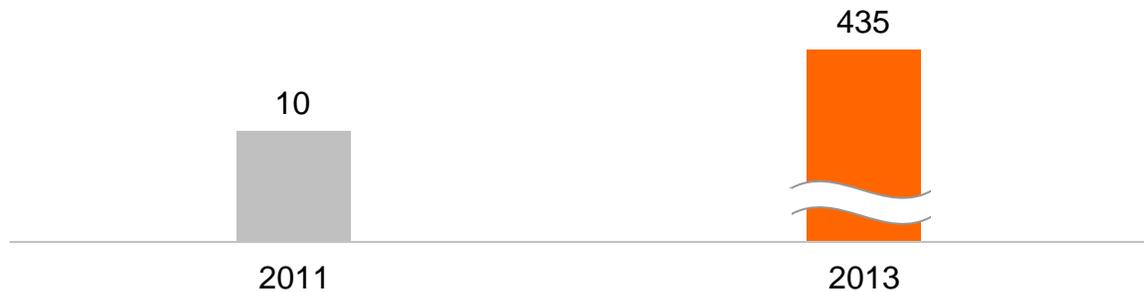
Silent revolution towards digital

Mobile banking app usage structurally exceeds Internet banking in NL

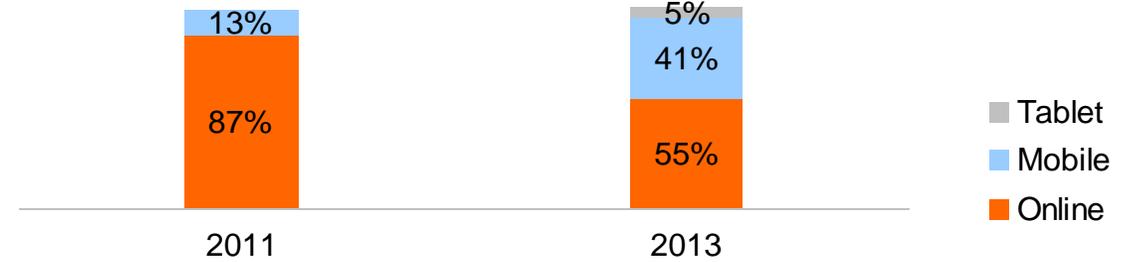


- In 1Q14, 60% of sessions are already via mobile devices (including tablet)
- Total number of online and mobile sessions increased 36% between 2011 and 2013

Mobile app logins show massive increase in the Netherlands... (in mln)



Digital transactions grow rapidly in Belgium, primarily driven by mobile banking

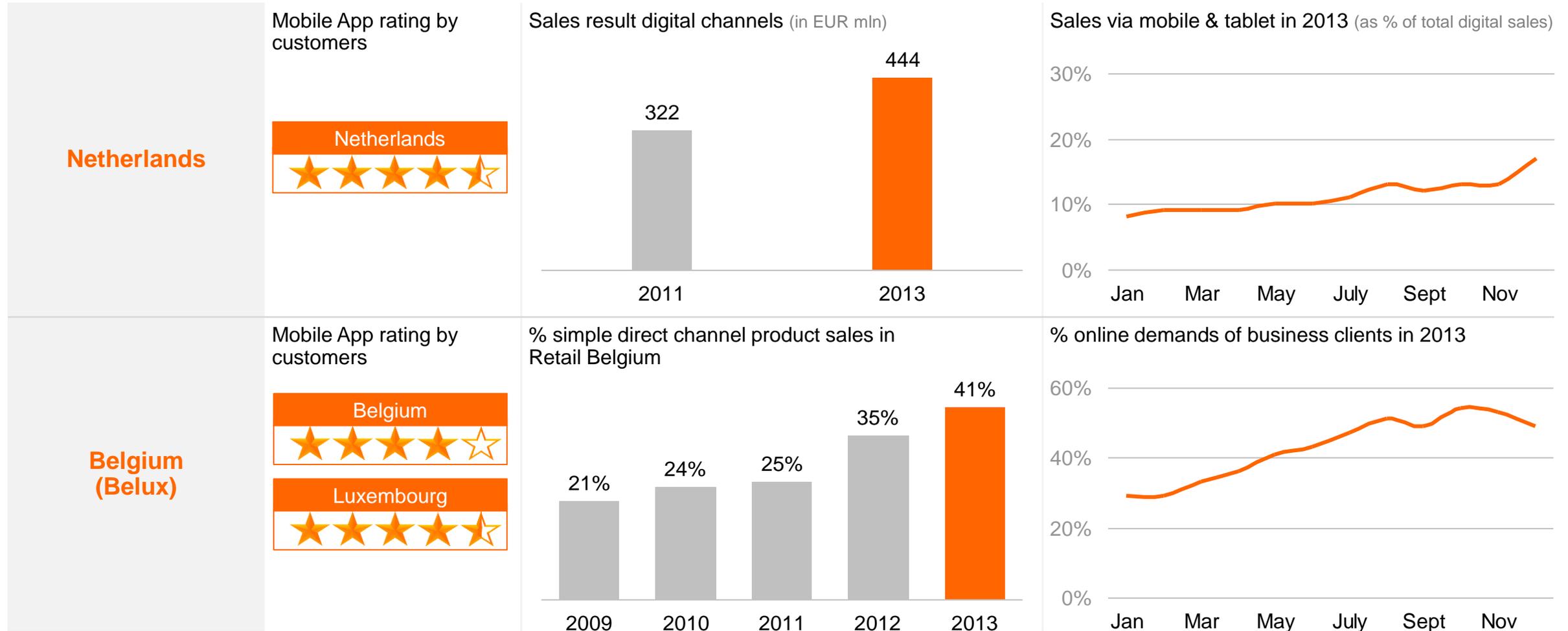


- Clear trend towards mobile banking

...as well as in Belgium (in mln)



Our Apps are highly rated and generate traffic



We continue to improve our online and mobile channels, increasing the number of client touch points...

Success of 'Smart Banking' for tablets in Belgium



Launch of Private Banking services in Smart Banking app in Belgium



- Demos are available in separate break out sessions

In the Netherlands, we will increase the number of customer contacts to cross-buy

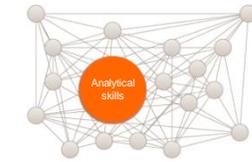
Develop digital/online channels



Optimise sales force

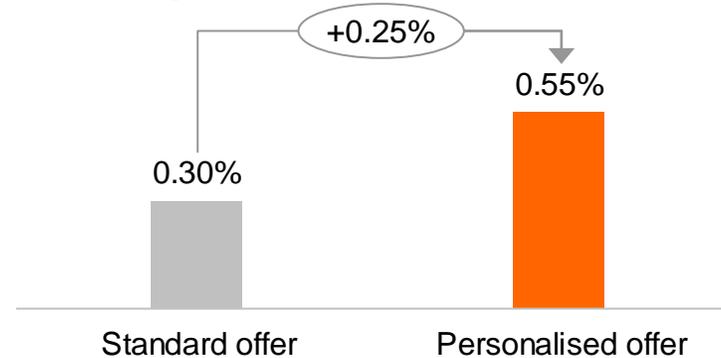


Invest in intelligence

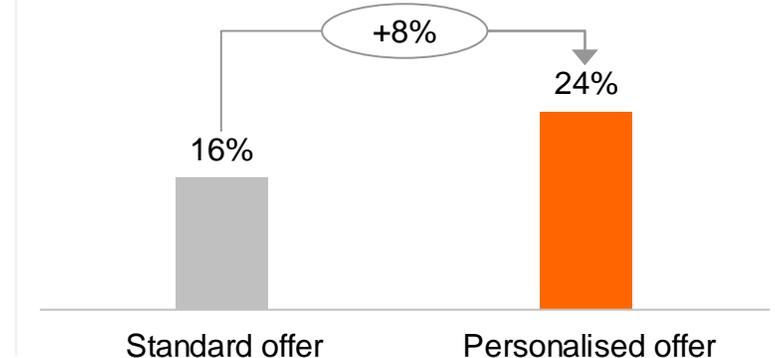


Conversion rates

Click through rate



Offer acceptance Contact center and Branches

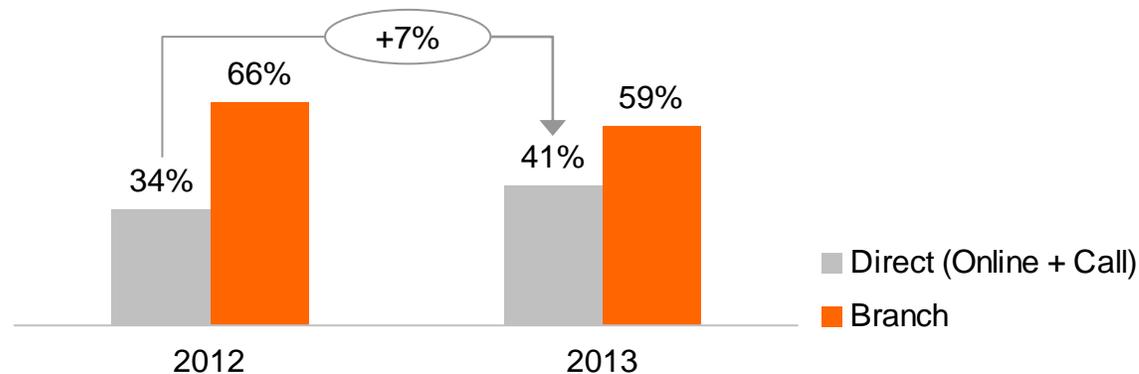


- The Netherlands focusses on increasing the quality and number of customer contacts to provide better services and improve offer acceptance

While Belgium is further developing the 'direct if possible, advice when needed' strategy to maintain high cross-buy

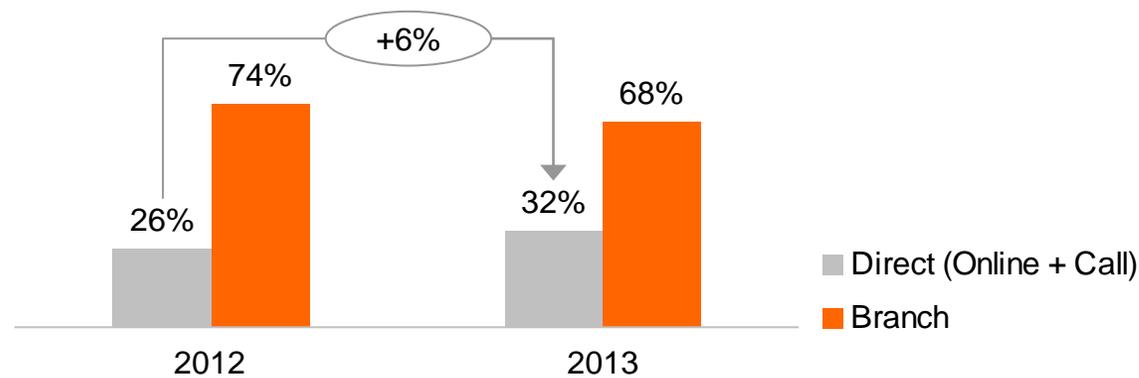
Direct product sales increase...

Simple product sales per channel (in %)



...but branches still dominate cross-buy

All product sales per channel (in %)



Develop direct first model, while leveraging cross-buy strength through branch network

Develop digital channels

- Prioritising simple sales products
- Offering value-added services online for Personal Finance Management

Invest in intelligence

- Customised marketing to offer the right product/service
- Extending analytical skills to all segments
- Scrum processes to obtain use of (un)structured data

Sales and acquisition

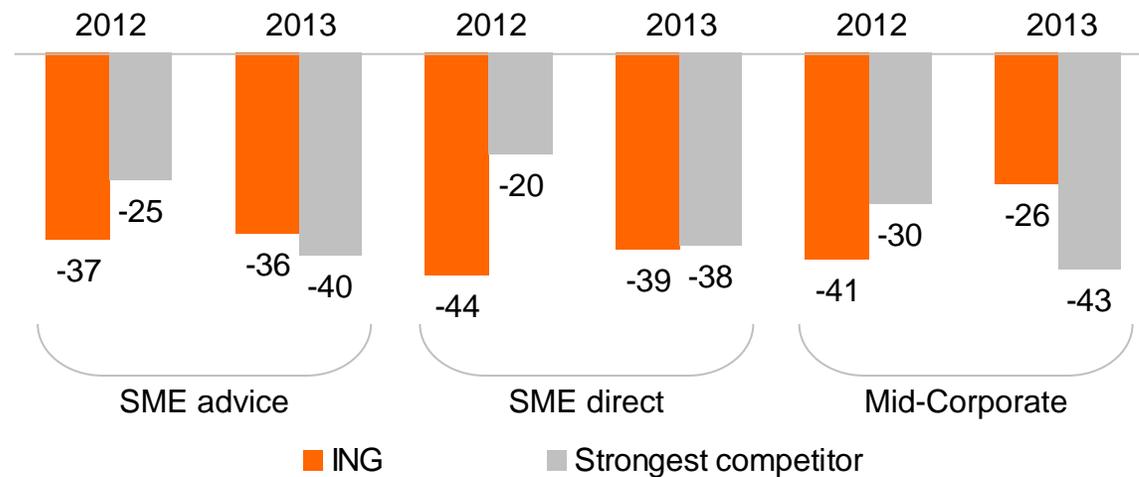
- Branches remain the crossing between digital channels and advice, via centrally generated sales
- Continue growing the customer base

We will selectively grow the SME / Mid-Corporate portfolio

ING NL will support the real economy while improving RoE

- Further improve NPS in both SME and Mid-Corporate segments
- Improve cross-buy via better aligned channels and new propositions
- Focus on efficiency and apply risk-based pricing models
- Support clients with their international ambitions via our international network

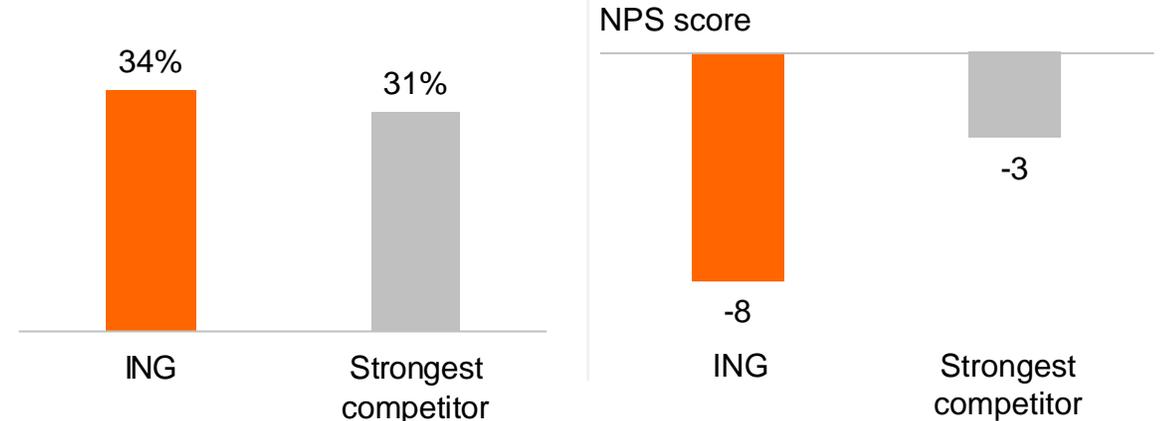
#1 Net Promoter Scores in NL



ING Belgium will grow market share and improve performance

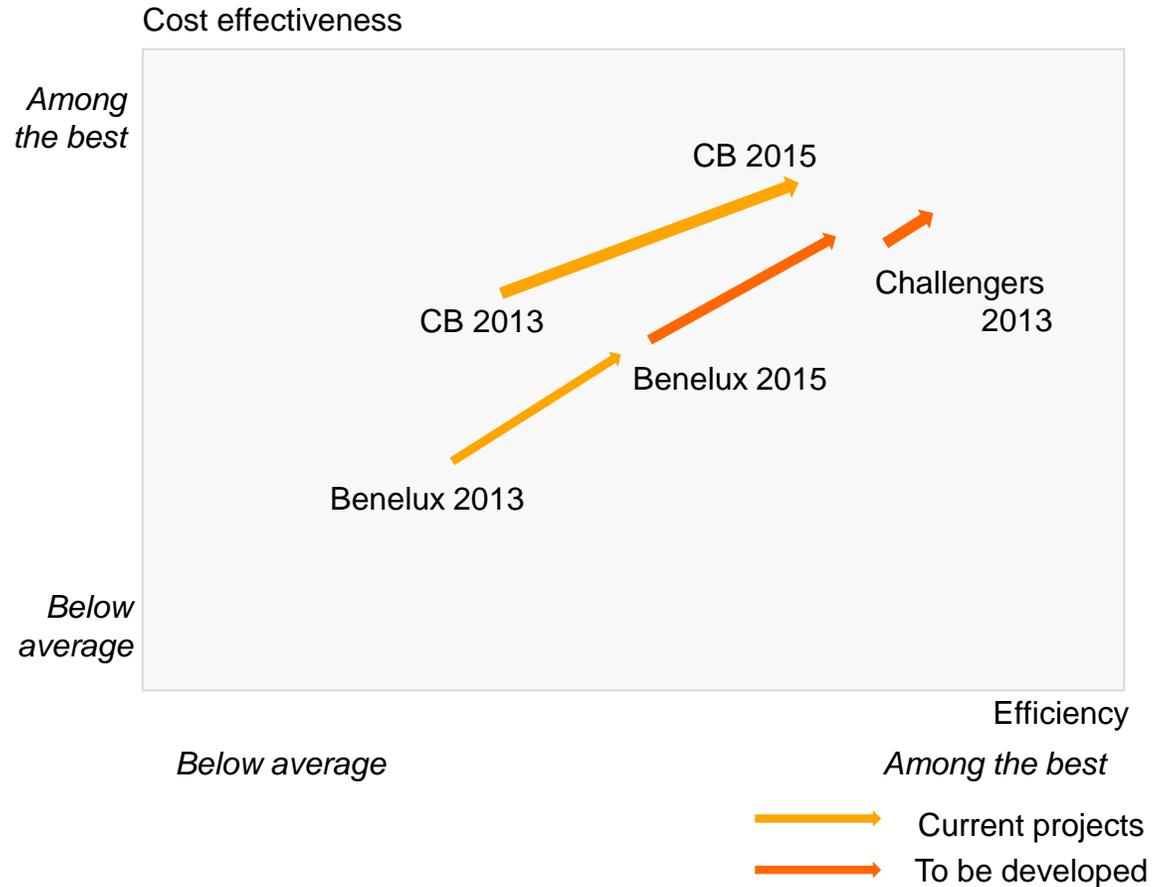
- Solidify our main bank positions, improving our NPS and become #1 in all segments
- Grow the Institutional segment with prudent pricing
- Further leverage on our online offering
- Growing via usage of our International Network

Main Bankership within the Mid-Corporate segment, NPS to improve



Reduction IT complexity is key priority in the Benelux

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



Main objectives in reducing IT complexity

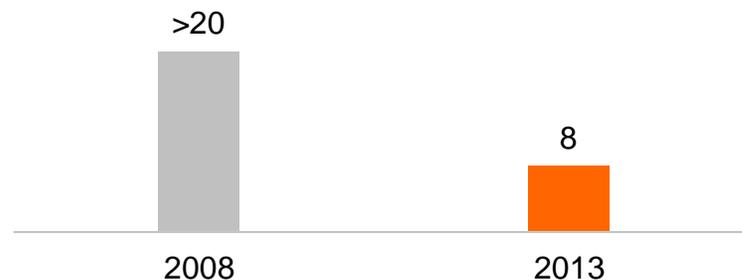
- Reduce IT spend mainly in Benelux Retail Banking and Commercial Banking
- Improve efficiency of IT organisation, e.g. 'straight-through-processing'

This journey is well under way in both the Netherlands and Belgium

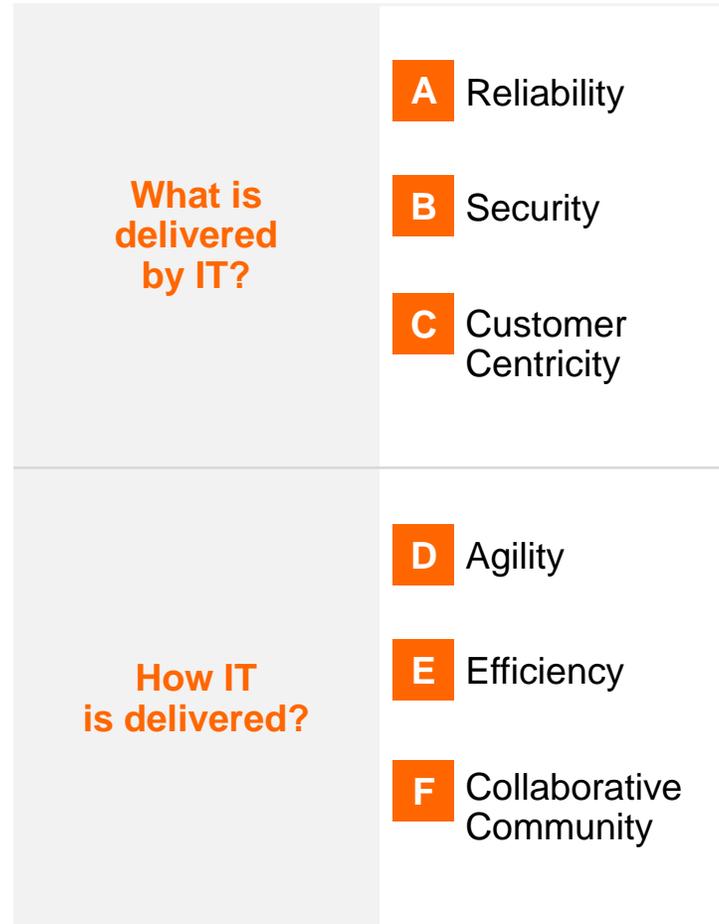
Accomplishments 2010-2013 Retail NL

- Significantly reduced incidents in 2013 with 18%; Payments incidents are the core of what is addressed today
- 76% reduction in eBanking fraud since 2011; 62% reduction in Skimming since 2011; proven DDOS measures in place
- Transformed IT organisation from traditional waterfall into agile-scrum
- Reduced Application management & development with 17% since 2010
- Data centre consolidation well under way

Reduced number of data centres in Benelux



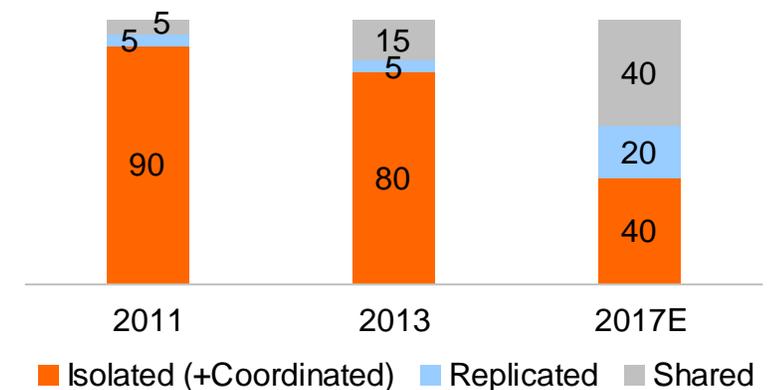
ING IT Strategy contains 6 pillars



The way forward

- Information, sales and transaction offering in an integrated way through every channel
- Real-time bank and predictive bank architecture
- Complexity reduction by rationalizing our IT landscape, reduce costs and improve time to market

Focus to increase shared IT applications



Key messages

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- ING has a strong franchise in the Benelux with a solid performance
- We continue to deliver on our cost-reduction programmes...
- ...and strive for further operational excellence
- ROE well within the targeted range
- The way forward is digital

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.

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