ING Belgium
Adapting to a changing market

ING Investor Day

Jan Op de Beeck
CEO ING Retail Belgium

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www.ing.com
Key Messages

- Changing market conditions and customer behaviour led to a shift in the business model
- Direct where possible, advice when needed
- Positive contribution expected from 2009
- New channels and product innovation resulted in market share gains
ING Belgium Retail: cost containment in a highly competitive market

Revenue ING Retail SWE '02-'08 * (EUR mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,618</td>
<td>1,445</td>
<td>1,657</td>
<td>1,855</td>
<td>2,034</td>
<td>1,911</td>
<td>1,842</td>
</tr>
</tbody>
</table>
CAGR: 2.2%

Profit ING Retail SWE '02-'08 * (EUR mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>117</td>
<td>105</td>
<td>75</td>
<td>337</td>
<td>461</td>
<td>472</td>
<td>355</td>
</tr>
</tbody>
</table>
CAGR: 14.2%

Cost ING Retail SWE '02-'08 * (EUR mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,369</td>
<td>1,249</td>
<td>1,487</td>
<td>1,383</td>
<td>1,346</td>
<td>1,407</td>
<td>1,455</td>
</tr>
</tbody>
</table>
CAGR: 1.0%

Cost/Income ratio ING Retail SWE '02-'08 *

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>87.5%</td>
<td>89.5%</td>
<td>92.9%</td>
<td>77.1%</td>
<td>66.2%</td>
<td>73.6%</td>
<td>79.0%</td>
</tr>
</tbody>
</table>

* 2006, 2007 and 2008 including mid-corporates CAGR calculated including mid-corporates in proportion of 2006
Change in customer behaviour and a high cost structure drives to change the business model

<table>
<thead>
<tr>
<th>Branches</th>
<th>Self‘Bank</th>
<th>ING.be</th>
<th>Home’bank</th>
<th>Call Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>786 branches &amp; 34 mio operations</td>
<td>83 mio identifications (contacts) &amp; 107 mio operations</td>
<td>8,6 mio visits</td>
<td>0,5 mio active users; 1 mio customers; 76 mio sessions (contacts)</td>
<td>0,8 mio contacts (inbound &amp; outbond calls &amp; mails)</td>
</tr>
</tbody>
</table>

=> ~ 10% of total operations in 2008 (from ~ 18% in 2005)  
=> ~ 44% of total operations in 2008 (from ~ 54% in 2005)  
=> ~ 44% of total operations in 2008 (from ~ 26% in 2005)  
=> ~ 2% of total operations (stable)

The Domestic Transformation Programme implemented in 2007 in response to changing customer behaviour and the need for a lower cost structure
Direct where possible, advice when needed

Direct where possible: 50% of simple products on the internet

- Key initiatives:
  - Investment in technology, including upgrading of internet platform
  - Redesign of core product offerings: Fidelity and Lion on-line accounts
  - Enhanced marketing intelligence, generating leads on-line

Advice when needed: 70% of client meetings through the internet

- Key initiatives:
  - Branch network conversion: 784 branches (2007) transformed into 552 Proxi (i.e., scaled-down) branches and 242 full-service branches
  - Service offering complimented by access to specialists
Internet channel becomes first channel: from information to sales

**Source:** ABC study on network, Retail results

**Key channel**

- Internet
- ATM
- Call centre
- Branch
- Other

**Simple products**

- Internet
- Sales and marketing generate massive leads through cross-channel campaign process

**All channels will be used, depending on best ROI to sell to target audience**

- Internet key channel to bring customer to understand ING product and to make contact

**Advice-intensive products**

- Advice and purchasing can happen on all channels, but are steered to most appropriate, depending on the product

- Self-servicing through internet and ATM

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**Purchase discussion**

**Contacting**

**Consideration**

**Awareness**

**Servicing**

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**Internet**

**ATM**

**Call centre**

**Branch**

**Other**

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**Simple products**

**Advice-intensive products**
While maintaining proximity

The proximity concept: easy to deal with at low cost
Positive contribution expected from 2009

P&L impact before tax (EUR mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-18</td>
<td>17</td>
<td>53</td>
<td>83</td>
<td>106</td>
</tr>
</tbody>
</table>

First evidence is positive

- Cost savings ahead of schedule due to faster FTE reductions than scheduled (EUR 21 mln vs EUR 11 mln)
- Product innovation via Internet has increased market share in the savings market
- 21% of total new sales production via direct channels

Annual financial impact of integration programme (EUR mln)

<table>
<thead>
<tr>
<th>Plan</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost savings</td>
<td>11</td>
<td>38</td>
<td>55</td>
<td>67</td>
<td>79</td>
</tr>
<tr>
<td>Investments</td>
<td>-59</td>
<td>-49</td>
<td>-55</td>
<td>-57</td>
<td>-63</td>
</tr>
<tr>
<td>Additional revenues</td>
<td>5</td>
<td>27</td>
<td>53</td>
<td>73</td>
<td>91</td>
</tr>
<tr>
<td>Profit impact</td>
<td>-43</td>
<td>17</td>
<td>53</td>
<td>83</td>
<td>106</td>
</tr>
</tbody>
</table>

Domestic Transformation Programme

- Cost savings will be realised by introducing branch self-service functions and central sales steering
- Additional revenues will mainly be captured through Personal Banking and New Professional Banking
Savings margins bottoming out

Current developments
- Volume of savings and deposits increased significantly at the end of 2008, which continued in 2009
- Spreads bottomed out in 3Q08 with the end of the savings war, improving profitability

Mortgages ING Bank Belgium (EUR bln)
- Market share of new production stable at 20%
- Total mortgage book EUR 20 bln
- LTV is 80%
- Spreads stable
Gains in market share - from new channels and products

- Core products have been successfully redesigned, and online products have been launched
- Product innovation and trust in the brand evidenced by a rise in market share to 13.8% (2007: 12.4%)
- Savings volumes from individuals over the last 6 months were driven by on-line offerings like the ING Lion Fidelity and ING Lion Deposit accounts
- The savings & deposit portfolio is managed towards a 135 bps margin target
Retail Belgium is a net provider of liquidity

- With EUR 10 bln of excess funding, Retail Belgium is a net provider of liquidity
- Lending grew at a disciplined pace over the course of 2008
- The loan-to-deposit ratio remains well below 100%

Note: Data on MidCorp not included in above historical serie. End of Dec’08, Total Deposits Midcorp stood at EUR 16,6 bn or EUR 1,9 bn above level of Total Loans (EUR 14,7 bn).
A market leading position in mid-corporates

Very strong commercial 2008 contributing one-third of Belgium’s profit, despite negative impacted of impairments

Main bank for 27% of the market

Adding direct capabilities to Professional Banking in order to capture larger part of the Flemish market

Risk costs remain under control

Risk costs are managed via continuous screening of the portfolio and procedures

Prioritising of the most risky and significant exposures in different phases

- Run database analysis to build sector heatmap
- Run sector stress scenarios
- Screening guidelines & checklist for frontline
- Frontline screens companies
- Organise screening committee
Key messages

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- Direct where possible, advice when needed
- New channels and product innovation resulted in market share gains
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