



ING Direct USA

Ahead of the game in a challenging environment

Arkadi Kuhlmann
CEO, ING Direct USA

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www.ing.com

BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES

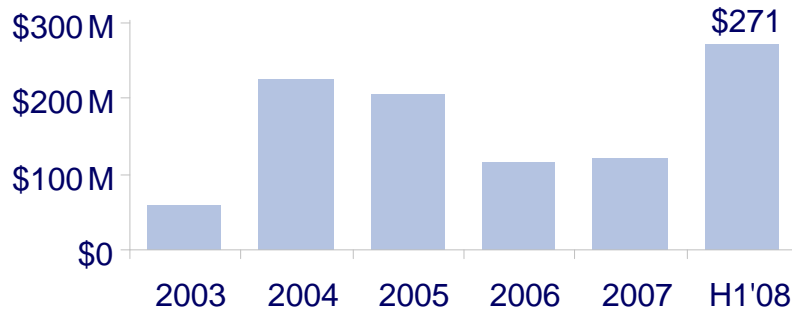


Key points

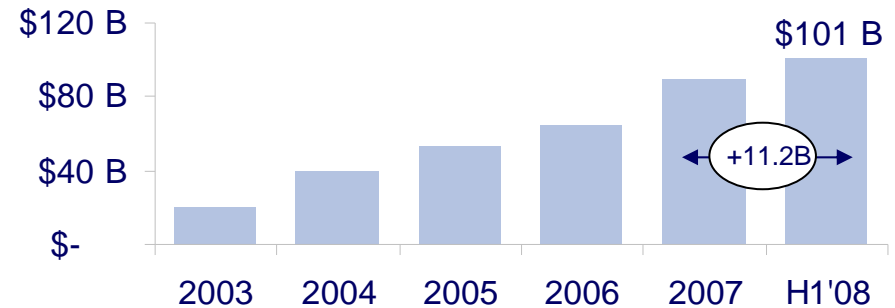
- Leadership position in a challenging environment
- Staying ahead of the competition by changing the customer experience
- Three sources of long-term growth

High quality growth solidifies our leadership position in direct banking

Pre-tax profits¹



Client Retail Balances



- **#1** U.S. Direct Bank
- **#2** U.S. Savings Bank (by Deposits)
- **#11** Direct Mortgage Originator²
- **#17** U.S. Bank³ (by Domestic Deposits)

- **#1** Preferred Financial Service⁴ (Deposit Products)
- **77%** Aided Brand Awareness⁵
- **58%** Net Promoter Score
- **13** Footprint Markets

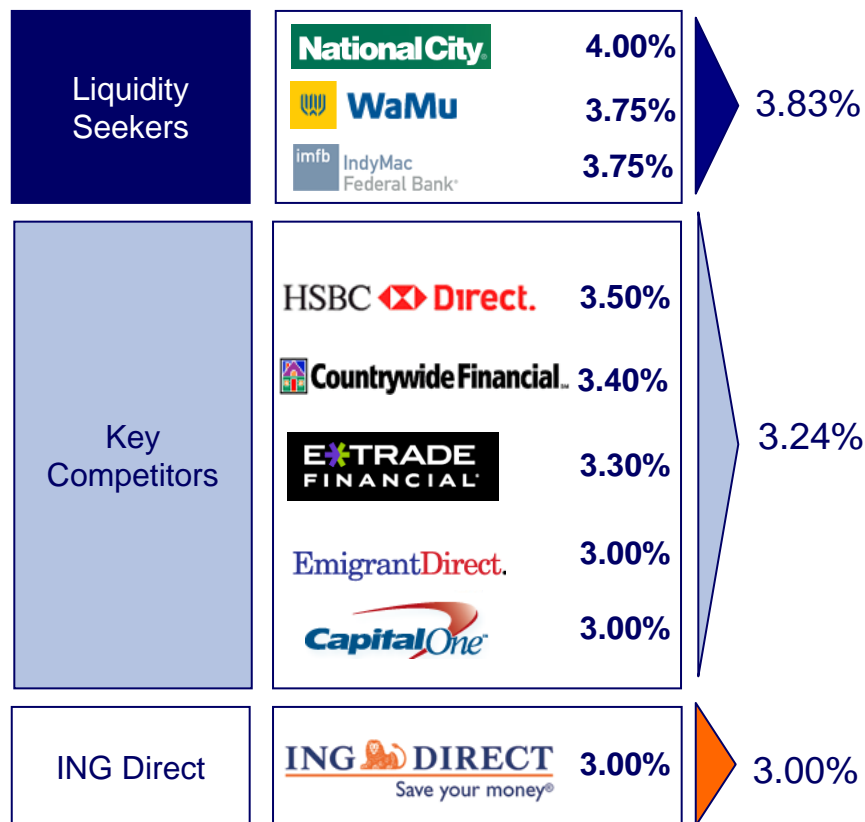
1. Results in local currency, before Group overhead and ING Direct Head Office costs

Sources: 2. Mortgage Banking News; 3. FDIC; 4. Phoenix Marketing International; 5. Research International "2007 Global Brand Tacking Survey"



Competition for savings has increased

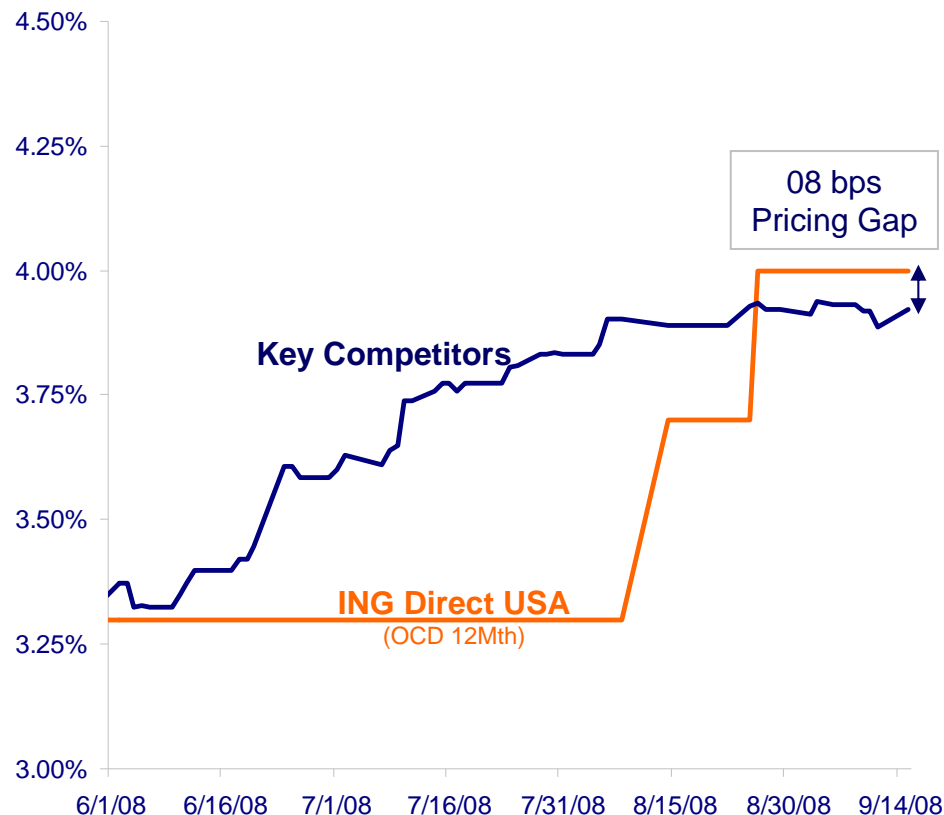
ING Direct variable savings vs. competition
(September 15, 2008)



Note: Orange Savings Account ranked # 31 in rate table

Source: Bankrate.com as of 15 Sep 2008

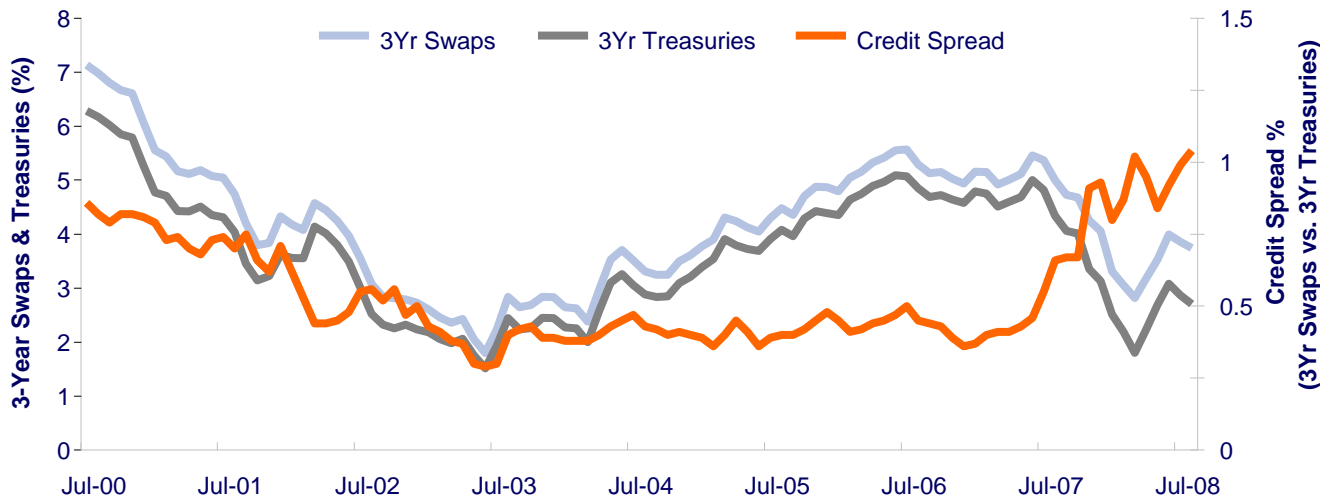
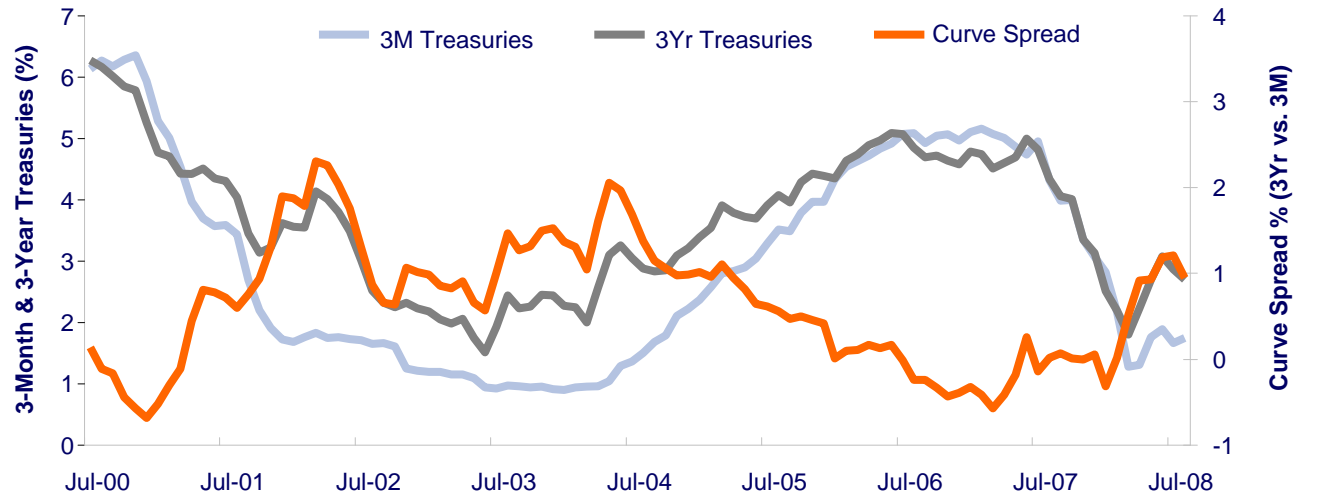
ING Direct fixed savings vs. competition – 12-mth CD
(September 15, 2008)



Note: Key CD competitors include E*Trade, IndyMac and Countrywide



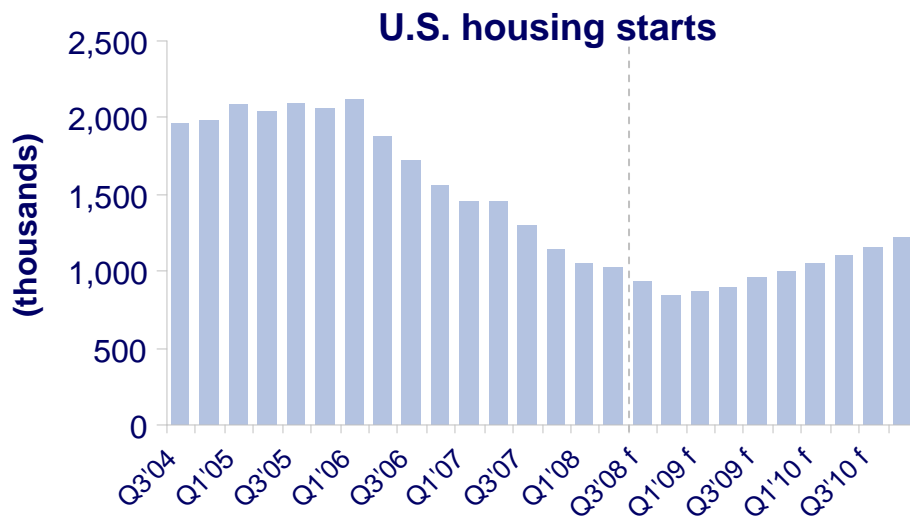
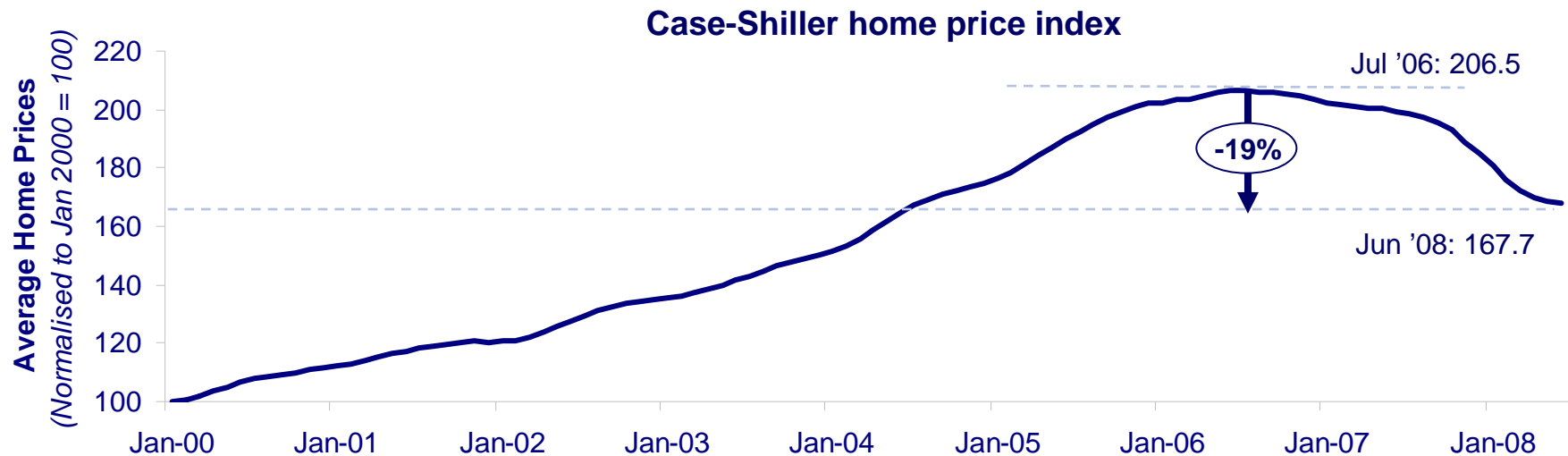
Interest rate environment offers margin opportunities



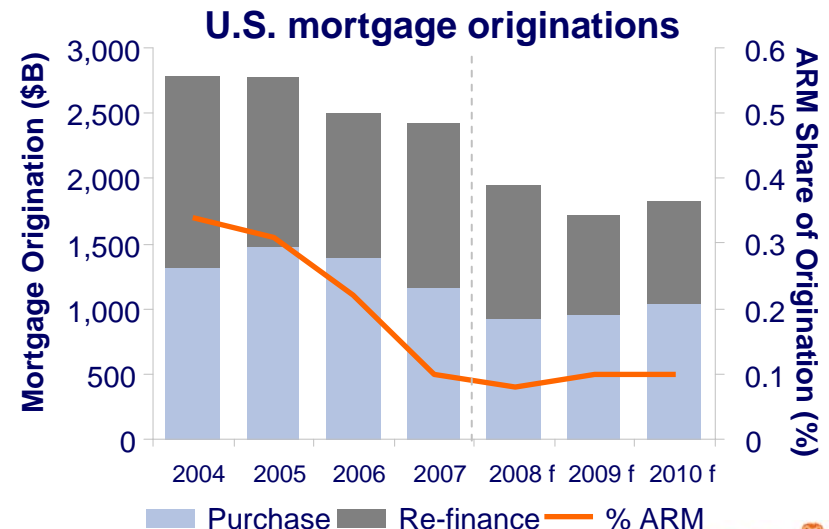
Source: Federal Reserve

- 2008 is offering margin opportunities for banks with available balance sheet capacity, strong liquidity and limited wholesale market exposure.
- A steepening of the yield curve coupled with widening credit spreads creates a favourable margin environment.

Downturn in US housing market leads to decline in home prices and higher delinquencies



Source: Mortgage Bankers Association. Sep 2008



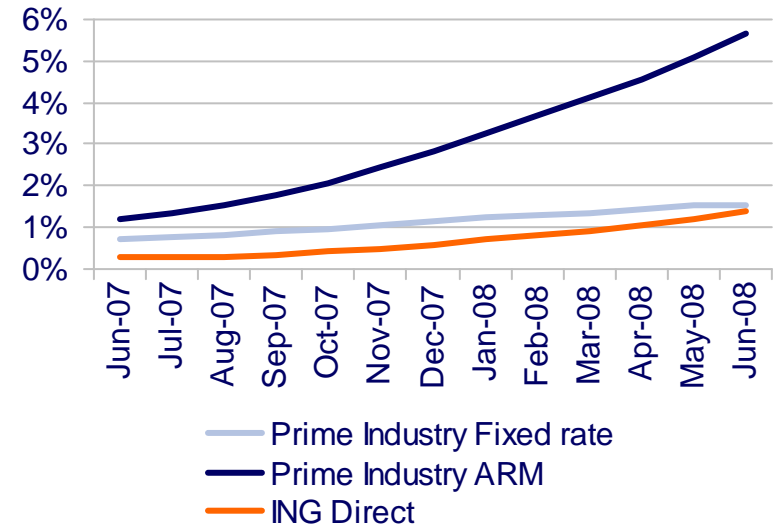
Source: Mortgage Bankers Association



Conservative mortgage underwriting at ING Direct

EUR 19 billion US residential mortgages of which majority is hybrid ARMs (5/1)

	Total book	2008 production
Avg. FICO	• 743	• 756
Avg. LTV	• 70%	• 66%
Avg. CLTV	• 73%	• 67%
Owner occupied	• 98%	• 98%



Source: ING, Loan Performance

- Non-performing loans have increased, reflecting the US housing market deterioration
- ING Direct applies strict underwriting and monitoring policies, resulting in quality customers
- ING Direct's non-performing loans (90+ day delinquent) have risen to 1.4% compared to a US industry average of 5.7% for prime ARMs as of 30 June 2008
- Pro-active alignment of our credit policy has further improved the profile of self-originated mortgages

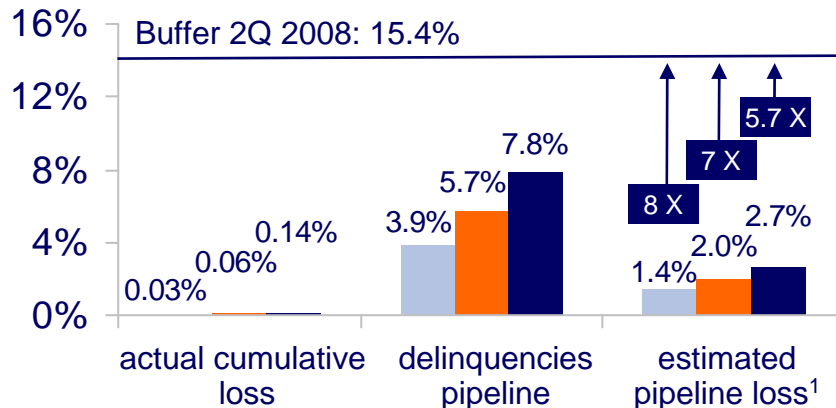
Note: USA's own originated portfolio is 100% Hybrid ARMs, with the majority being 5-year hybrids (5-year fixed rate and 25-year variable with annual resets).



ING Direct's Alt-A RMBS: no impairments to date, but delinquencies are increasing

- EUR 18.7 billion portfolio, market price 81.9% at 30 June 2008
- No impairments to date as the high credit enhancements in the RMBS tranches more than adequately cover losses in underlying mortgage pools
- However, US Alt-A delinquencies have risen. As a result the average coverage ratio of credit enhancement over estimated pipeline loss declined from 8 times at year-end 2007 to 5.7 times at 30 June 2008

ING Direct's Alt-A RMBS and underlying mortgages (30 June 2008)



Delinquencies in the underlying mortgage pools have risen to 7.8% at 30 June 2008

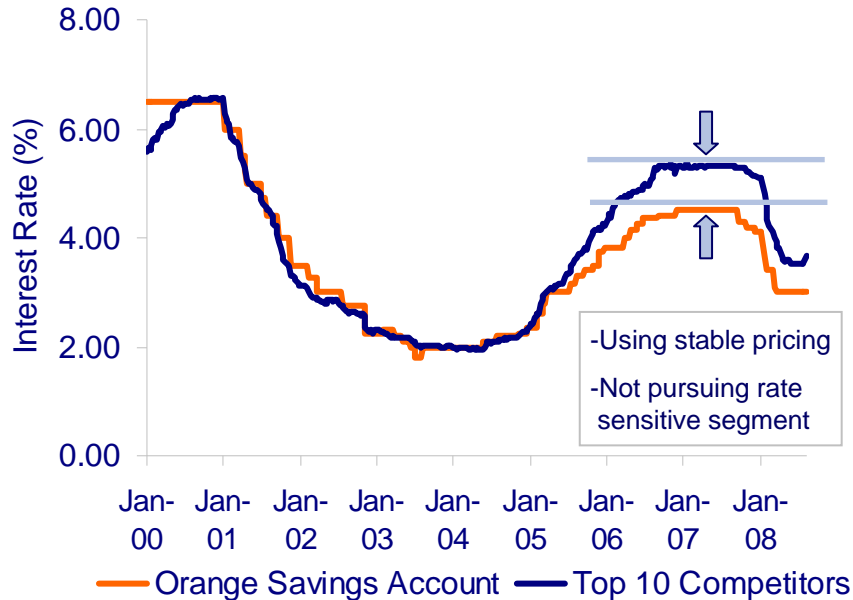
Average credit enhancement can absorb 5.7x pipeline losses in underlying Alt-A mortgages

Key points

- Leadership position in a challenging environment
- Staying ahead of the competition by changing the customer experience
- Three sources of long-term growth

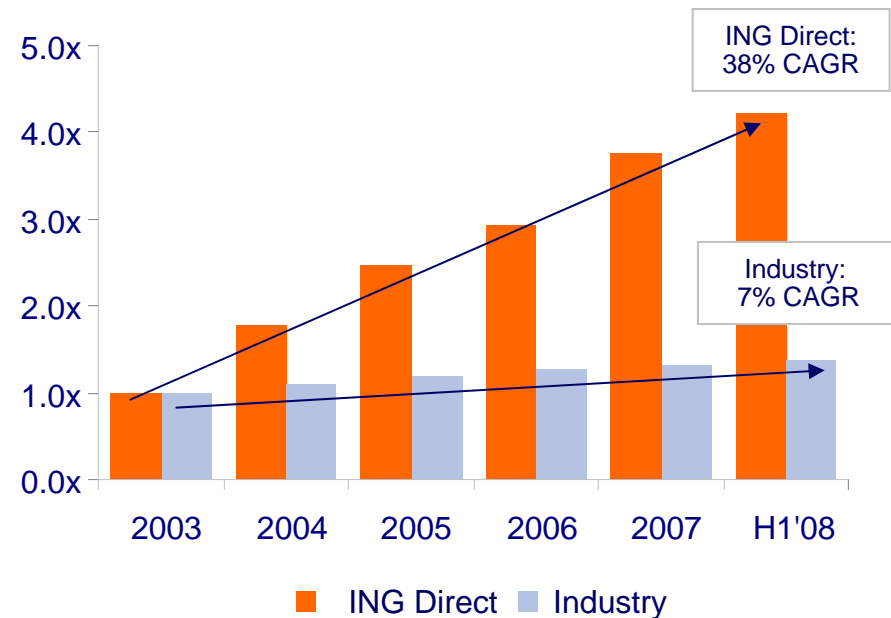
Staying ahead of competition in a challenging environment

**Establish market presence through Pricing;
Sustain differentiation through Brand &
Execution**



Source: Bankrate.com as of 15 Sep 2008

**Relative deposit growth vs. industry
(Base Year 2003)**



Source: FDIC

- As competitive pressures increase, we emphasize brand and experience-based differentiation and develop the next generation of products
- Brand and best-in-class execution sustain deposit growth despite avoidance of rate sensitive customers



Technology enhances the customer experience

IT excellence drives Advocacy

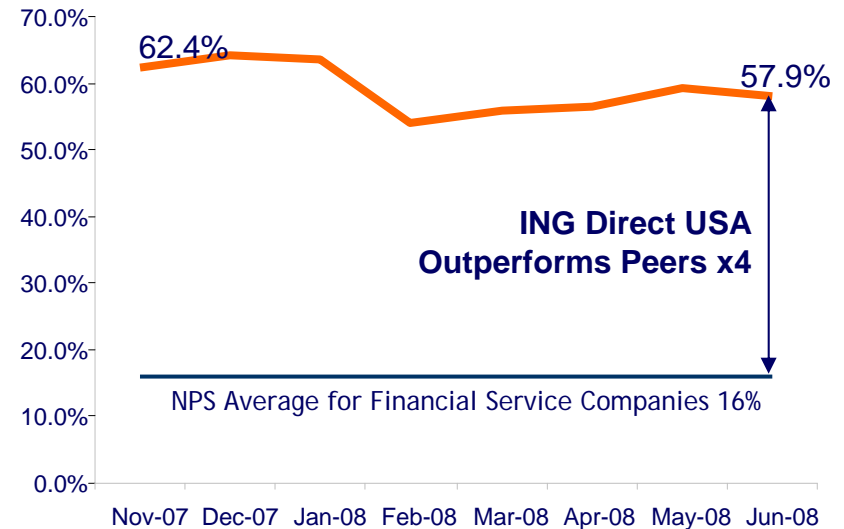
"America's Safest Bank"
UC Berkeley, 2008

"Best Online Checking"
Kiplinger, 2008

"Best of the Web"
Forbes, 2007

"Innovator of the Year"
NetBanker, 2006

Net Promoter Score (% promoters - % detractors)



- **Technology company** breaking the paradigm of traditional retail banking
 - **Innovation:** 6 Sigma, Customer Connection and Innovation Pipeline
 - **Customer Experience:** Simple & Secure
 - **Efficiency:** Automation (80% online account opening) drives best-in-class assets-per-staff ratio (\$36M vs. \$6M for peers)
 - **Security:** Emphasis on ID Theft Prevention & Opt-in Privacy Rule

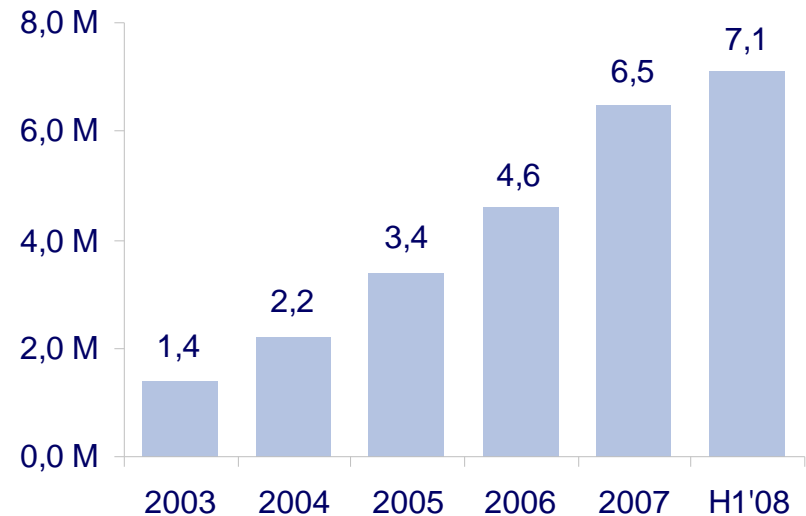


Marketing – Key differentiator to build brand strength and advocacy in a volatile environment



- Largest “**Community Bank**” in the US
 - Orange Days of Giving
 - Localized brand messaging
- Strong **Customer Advocacy** enables efficient acquisition (30% from referral¹)
 - Escheatment Awareness Initiative
 - 2008 Environment Stewardship Award
- **Innovative Marketing**
 - Creative & experiential marketing
 - You Tube & Google TV Ads
- 77% aided **Brand Awareness**

Number of customers



Source: 1. Millward Brown. Jun 2008



Key points

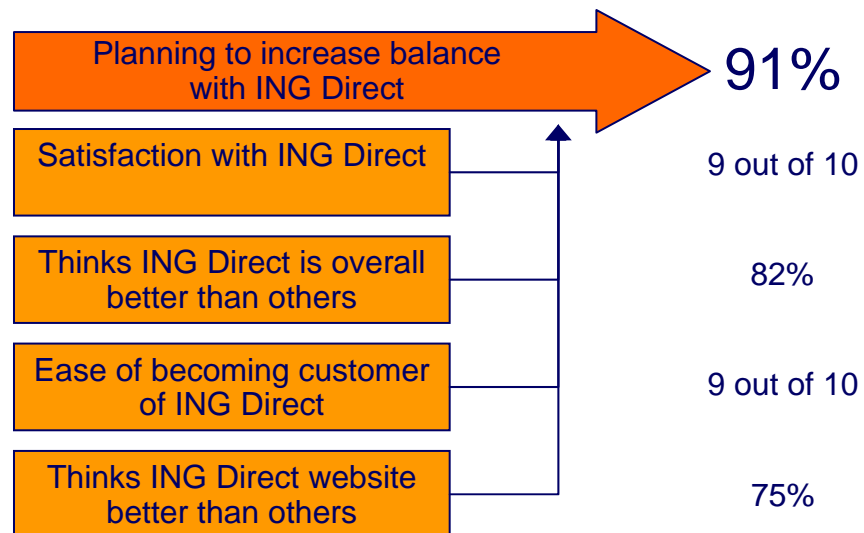
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Long-term growth & value creation from 3 sources

- 1 **Continued savings growth** from existing customers
- 2 Moving customers to **primary & high-value products**
 - Mortgages
 - Payments
 - Investments
- 3 **Expanding our footprint**

Growth from existing customers

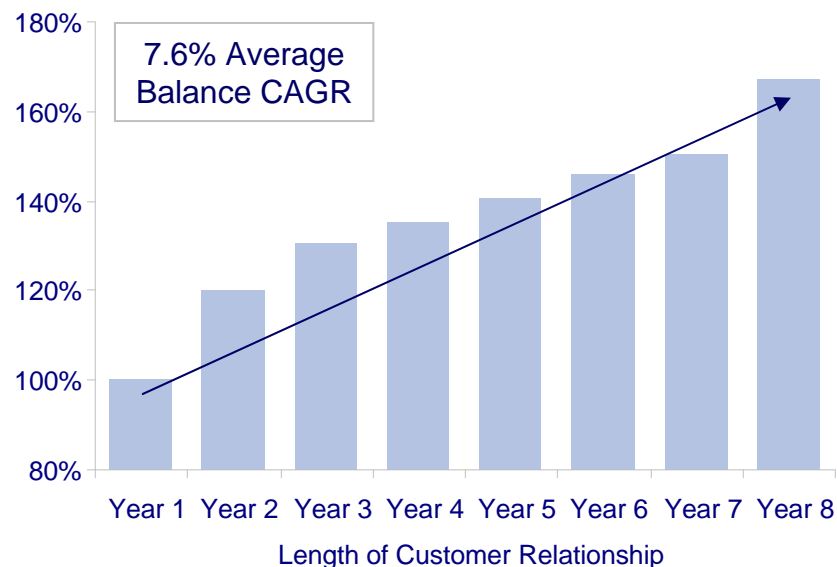
Delivering on brand promise wins new business



Source: Millward Brown. Jun 2008

Customers consistently grow their balances

Growth of deposit balance (% Year 1 balance)



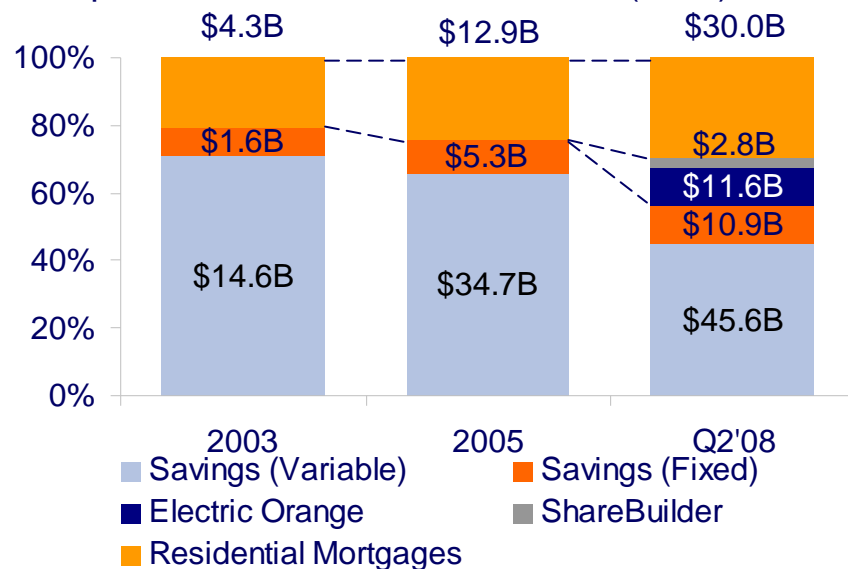
- **Technology** and **Marketing** company breaking traditional banking paradigm
- Focus on **Value**, **Simplicity** and **Convenience**
- Existing customers keep growing their balances



Diversification reduces reliance on interest income

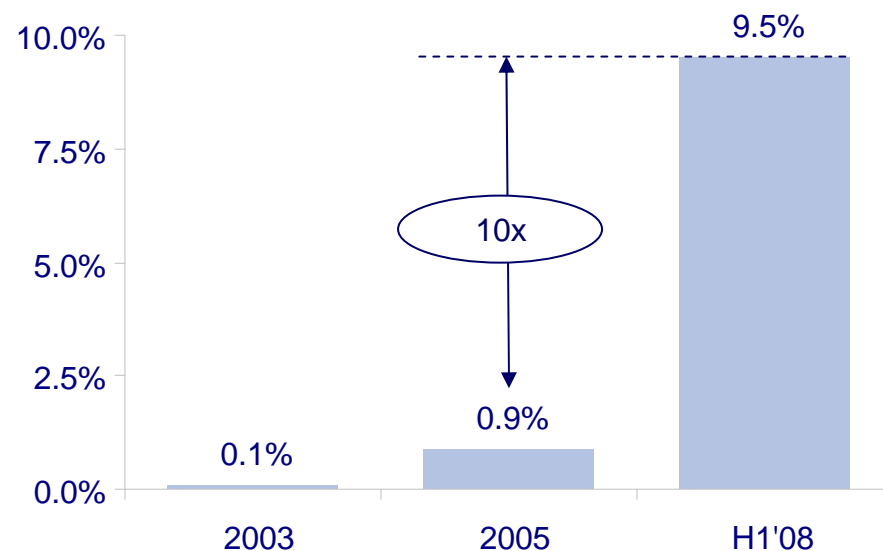
Diversification of balance sheet

Composition of Client Retail Balance (CRB)



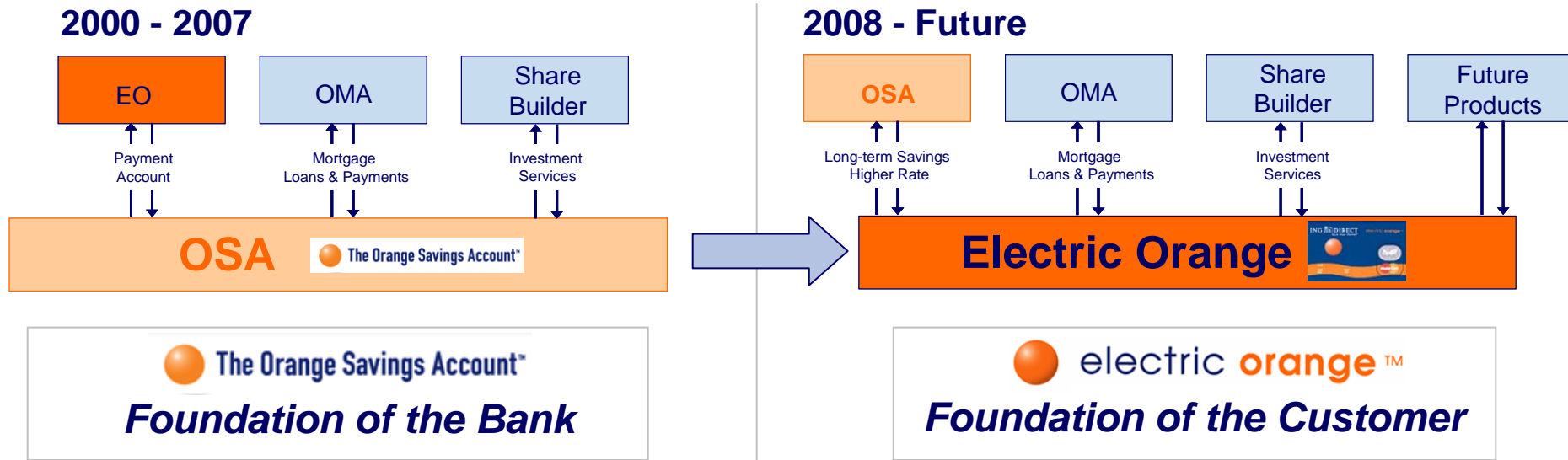
Diversification of Income

Non-Interest Income as % of total Income





- **Electric Orange** (payment account) and **ShareBuilder** (investment account): Elevating ING Direct to next level of growth
- **Then:** Strong market entry with savings
Now: Sustained growth from 4 core products

Electric Orange: The “Game Changer”



- Form the foundation for customers and serve as primary link
- Connect ING Direct's core products by adding utility
- Increase pricing flexibility
- Diversify composition of income

Electric Orange: Leapfrogging traditional benchmarks

		
Low Fees	<ul style="list-style-type: none"> No account minimum No monthly fees No checking fees 	<ul style="list-style-type: none"> \$1,500 minimum, otherwise <ul style="list-style-type: none"> \$7.50 – \$9.50 (geography based) \$0.50 per check (geography based)
High Interest Paid	<ul style="list-style-type: none"> Up to 3.40% interest (APY) 	<ul style="list-style-type: none"> 0% interest
Easy to Use	<ul style="list-style-type: none"> Electronic. No paper checks Simple, transparent, fully electronic 	<ul style="list-style-type: none"> Check books at a charge Traditional, cluttered (6 tiers with little distinctions)

“Best Checking Account”

- Kiplinger. Nov 2007

“You make it so simple, without any long tedious forms, and without fees! ... And on top of it all it EARNs INTEREST TOO! It doesn’t get ANY better!”

- Customer. May 2007

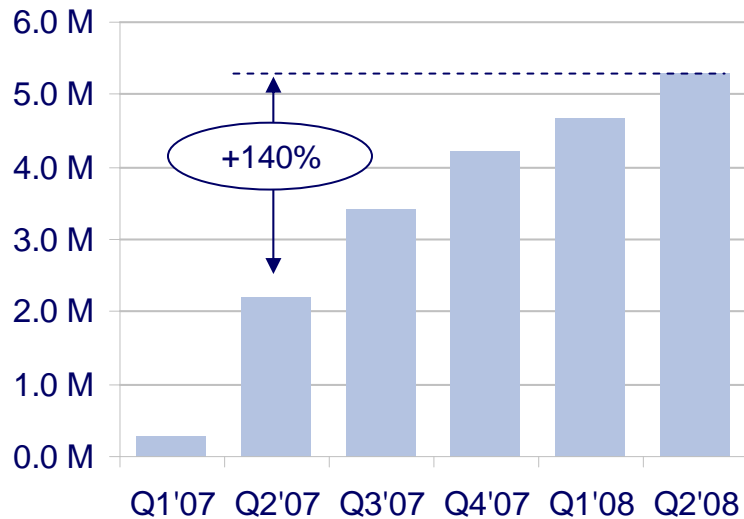
“ING Direct’s Electric Orange account shakes things up a bit more. For one thing, ING does not send a check book.”

- Kiplinger. Jun 2008

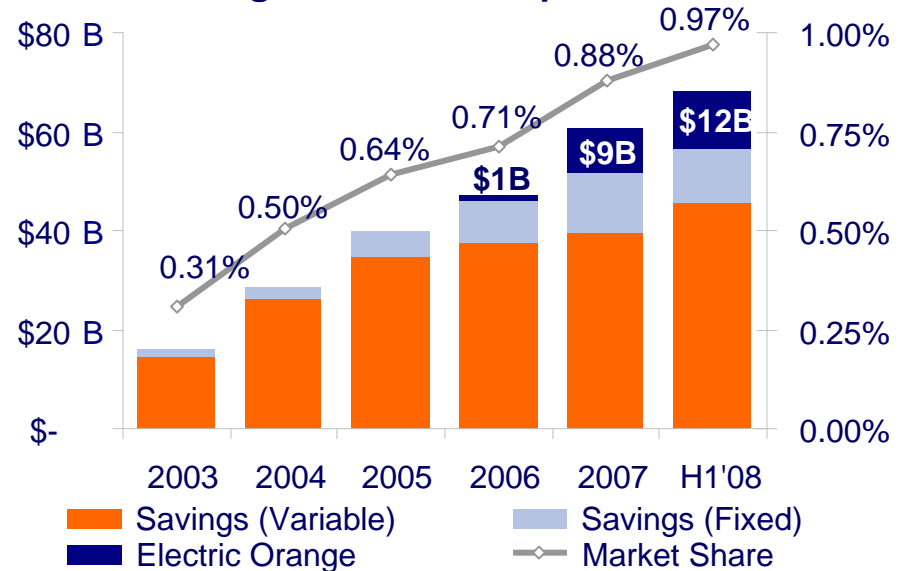


Electric Orange: Firmly established as 3rd core product

Total # of Electric Orange card transactions



Electric Orange diversifies deposit base



- **Adoption**

- 5.2% cross-sell rate (366k out of 7.1 million ING Direct USA customers have an EO account)

- **Balances**

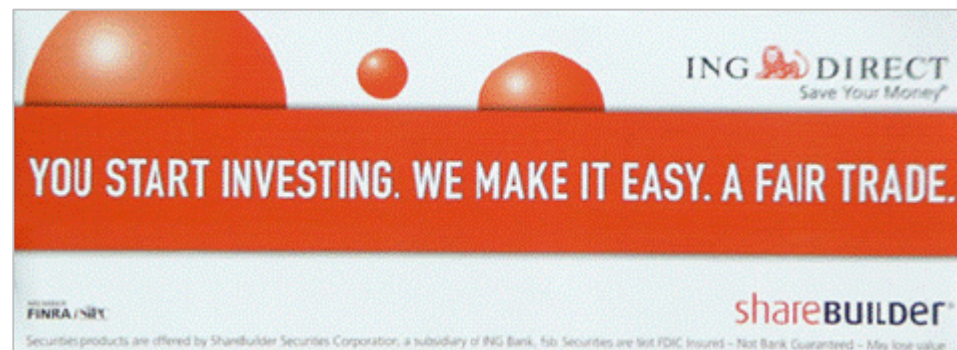
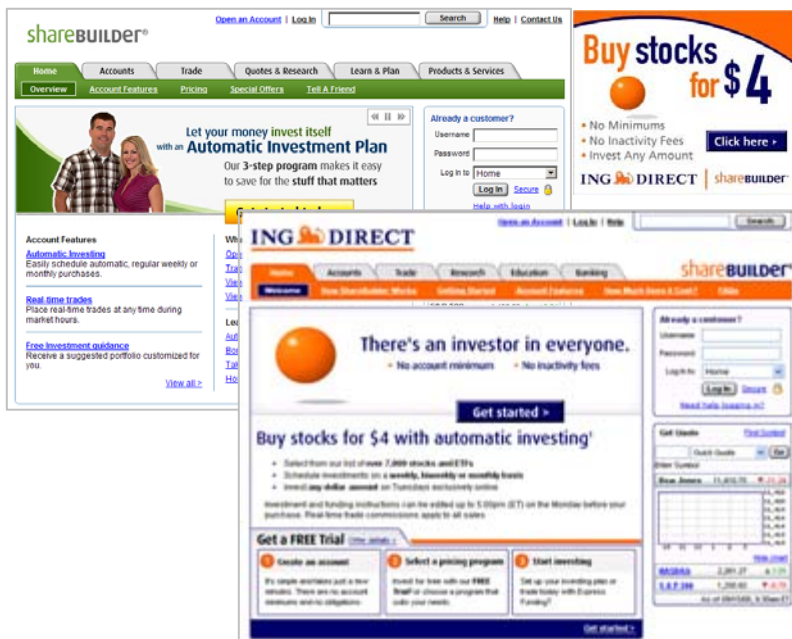
- \$11.6B in EO deposit balances (representing 17% of total deposits)

- **Transactions**

- 492,000 EO debit cards issued
- 10 million EO debit card transactions in H1, 2008
- 2.7 million electronic check and bill payments in H1, 2008



ShareBuilder: Innovative value proposition



- “Leading Americans Back to Saving” and build “Most Preferred Consumer Bank”
- Redefine saving by offering dollar-based investment savings plans
- Acquire new customers by focusing on early stage, long-term investors
- Drive diversification of income
- Platform for retirement and wealth accumulation products

ShareBuilder: THE destination for long-term investors

	shareBUILDER®	TD AMERITRADE
Low Cost	<ul style="list-style-type: none"> Min. \$4.00 including Automatic Investment Plan No account minimum 	<ul style="list-style-type: none"> Min. \$9.99 Tiered minimums for various services
Simple	<ul style="list-style-type: none"> Intuitive customer interface Tailored for long-term investing 	<ul style="list-style-type: none"> Requires trading experience Tailored for active investing & speculation
Flexible	<ul style="list-style-type: none"> Dollar-based investing 	<ul style="list-style-type: none"> Fixed lot investing

Top 3 Brokerage Firm Homepage

- eMonitor Report. Jun 2008

Best Online Broker for Novice

"This is one of the few sites that allows customers to set up automatic investment for stock trades...it fills a niche for those who want low-cost automatic investments."

- Consumer Search. Dec 2007

Forbes "Best of the Web" Pick: Brokers

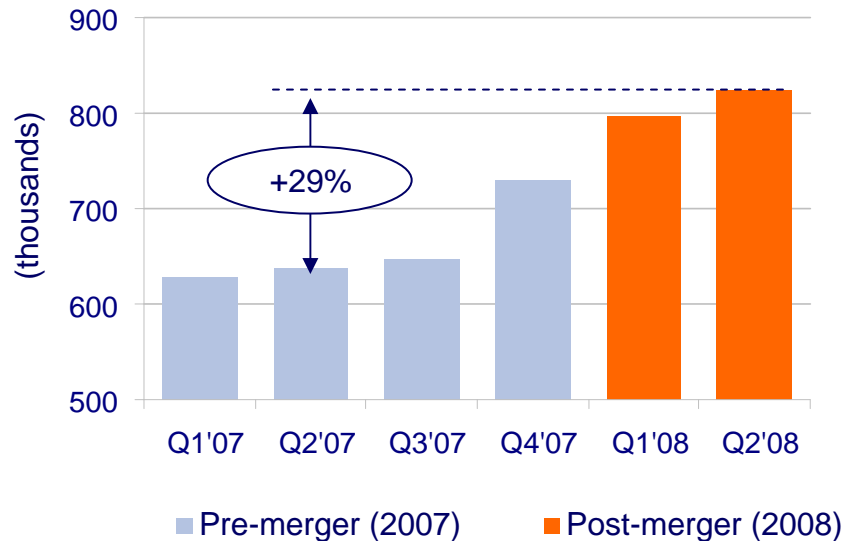
"It is a great place for a gift account, building up a college savings plan or for the starter investor."

- Forbes. 2007

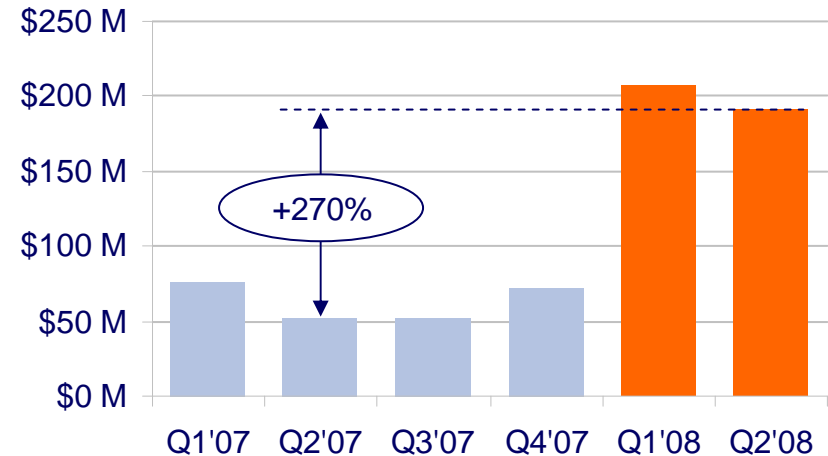


ShareBuilder: Accelerated growth since acquisition

Total funded accounts



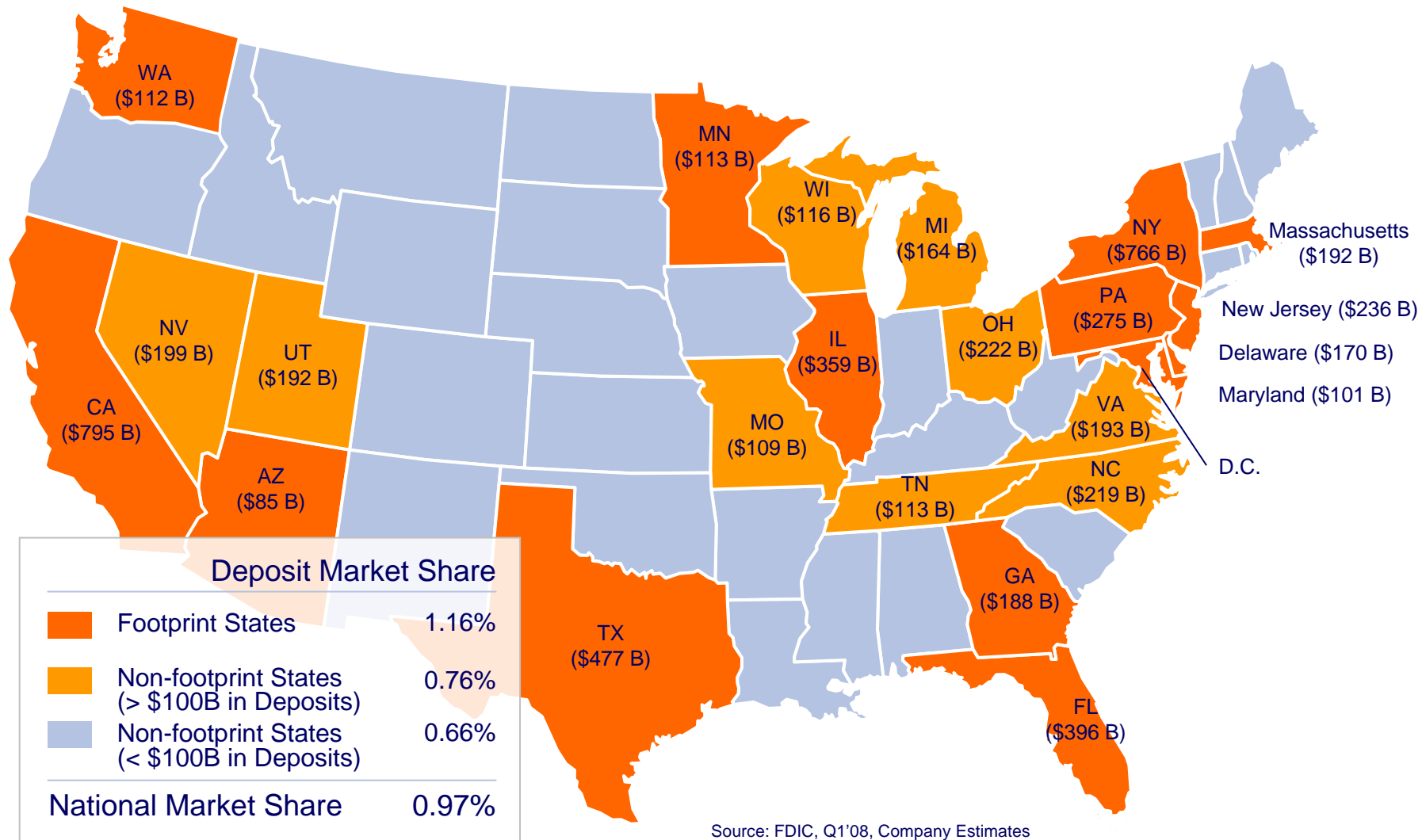
Net inflows



Note: ShareBuilder acquired in Nov 2007

- **Adoption**
 - 825k total funded accounts
 - 123k Automatic Investment Plan subscribers
- **Balance**
 - \$2.8B in total Assets Under Management (AUM)
- **Diversification**
 - 9,900 daily real-time trades
 - 11% of trades via Individual Retirement Accounts (IRA)

Further growth from geographic expansion



Conclusions

- Leadership position in a challenging environment
 - High quality and balanced retail growth (#1 direct bank and #2 savings bank in U.S.)
 - Strong balance sheet and prudent risk management offer sustainable growth opportunities
- Staying ahead of the competition by changing the customer experience
 - Leverage brand and customer experience as key sources of differentiation
 - Efficient customer acquisition through IT excellence and superior marketing execution
- Three sources of long-term growth
 - Existing customers keep growing their balances
 - Next generation game changers: Electric Orange and ShareBuilder
 - Geographic expansion and further market penetration

Certain of the statements contained in this release are statements of future expectations and other forward-looking statements. These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those in such statements due to, among other things, (i) general economic conditions, in particular economic conditions in ING's core markets, (ii) 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, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates, (viii) general competitive factors, (ix) changes in laws and regulations, and (x) changes in the policies of governments and/or regulatory authorities. ING assumes no obligation to update any forward-looking information contained in this document.

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