



ING Belgium

Adapting to a changing market

ING Investor Day

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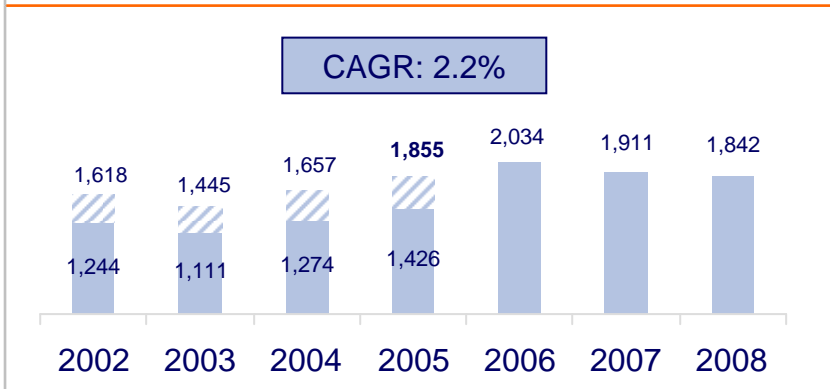
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Key Messages

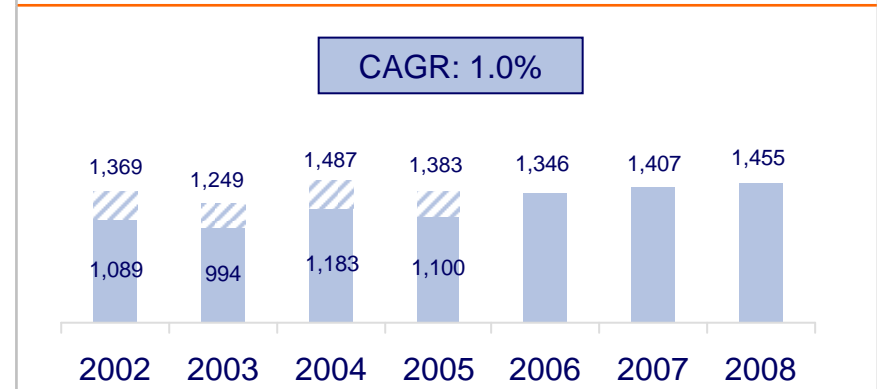
- Changing market conditions and customer behaviour led to a shift in the business model
- Direct where possible, advice when needed
- Positive contribution expected from 2009
- New channels and product innovation resulted in market share gains

ING Belgium Retail: cost containment in a highly competitive market

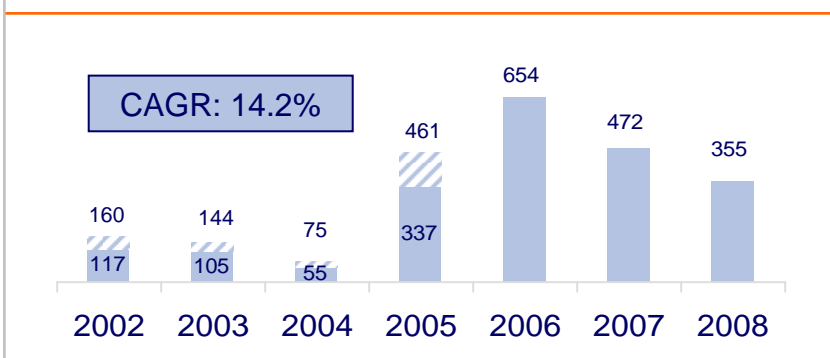
Revenue ING Retail SWE '02-'08 * (EUR mln)



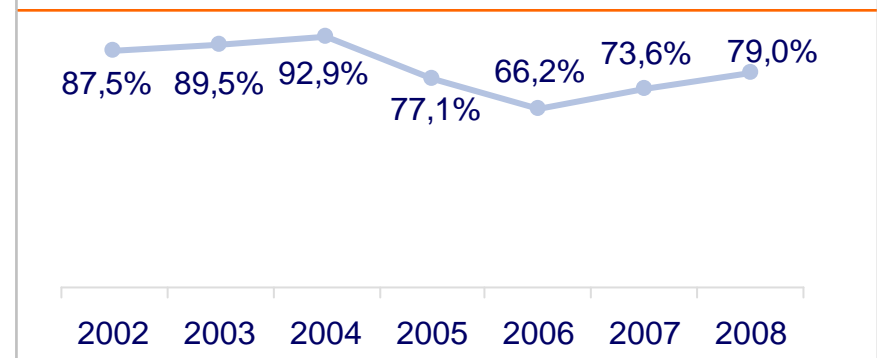
Cost ING Retail SWE '02-'08 * (EUR mln)



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



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



* 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

Branches	Self'Bank	ING.be	Home'bank	Call Centre
				
786 branches & 34 mio operations	83 mio identifications (contacts) & 107 mio operations	8,6 mio visits	0,5 mio active users; 1 mio customers; 76 mio sessions (contacts)	0,8 mio contacts (inbound & outbound calls & mails)
=> ~ 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

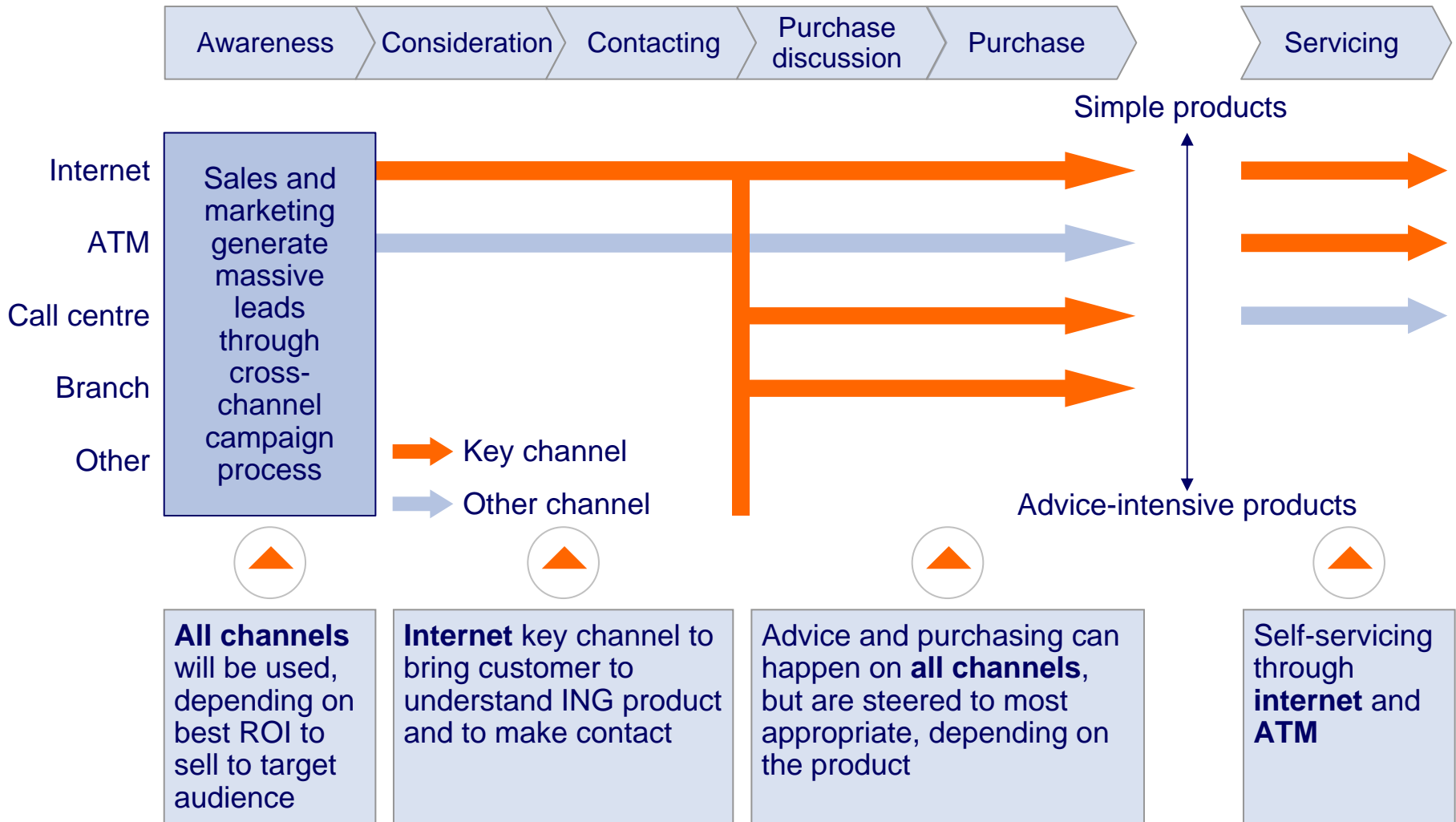
Direct where possible: 50% of simple products on the internet

- 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



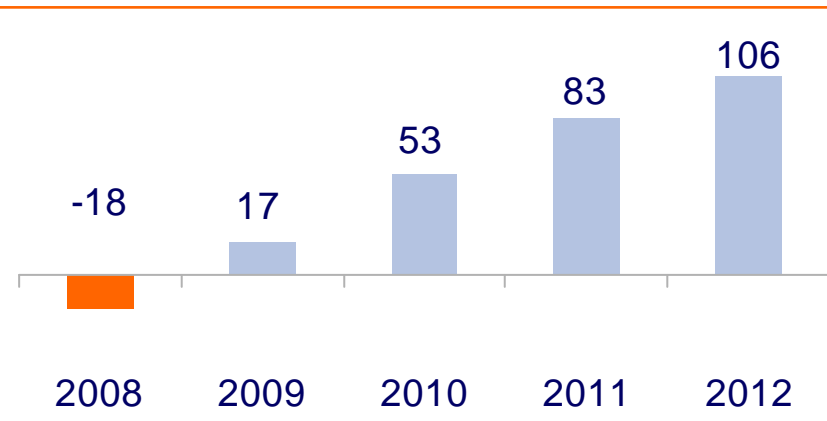
While maintaining proximity



The proximity concept: easy to deal with at low cost

Positive contribution expected from 2009

P&L impact before tax (EUR mln)



Annual financial impact of integration programme (EUR mln)

Plan	2008	2009	2010	2011	2012
Cost savings	11	38	55	67	79
Investments	-59	-49	-55	-57	-63
Additional revenues	5	27	53	73	91
Profit impact	-43	17	53	83	106

First evidence is positive

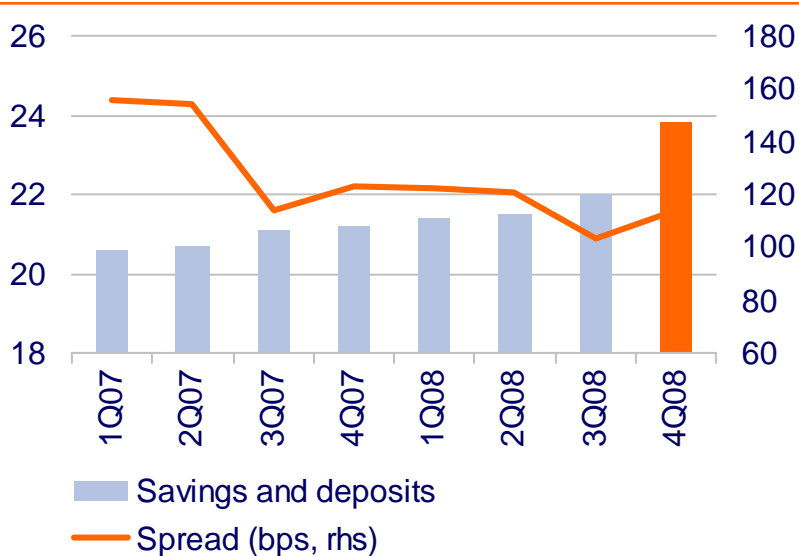
- Cost savings ahead of schedule due to faster FTE reductions than scheduled (EUR 21 mln vs EUR 11 mln)
- Product innovation via Internet has increased market share in the savings market
- 21% of total new sales production via direct channels

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

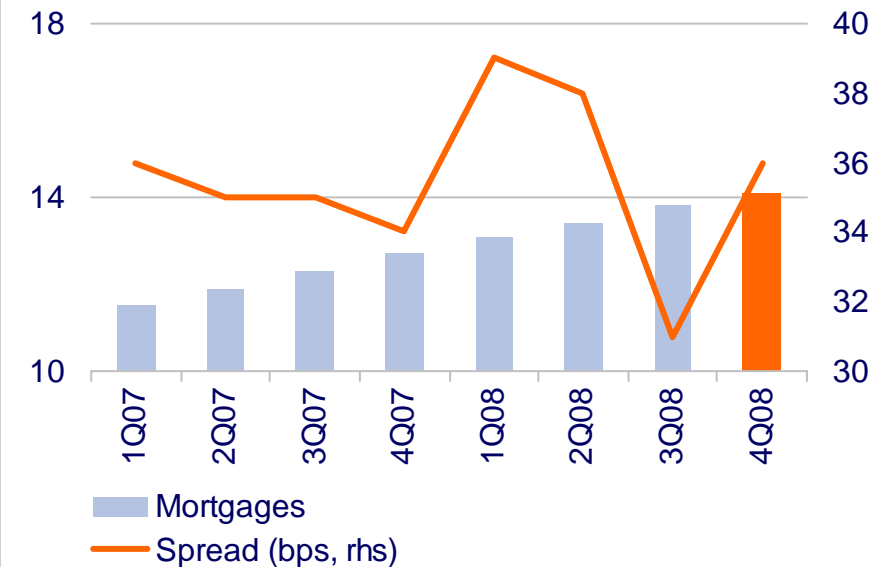
Savings and Deposits ING Bank Belgium (EUR bln)



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)

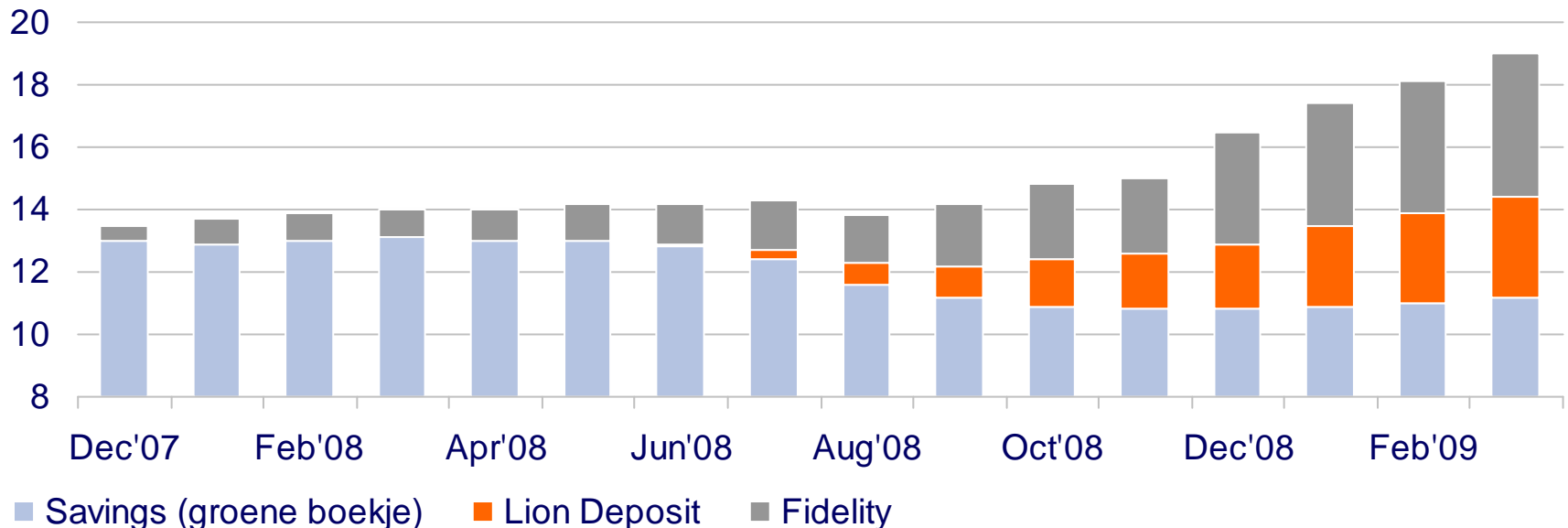


Current developments

- 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

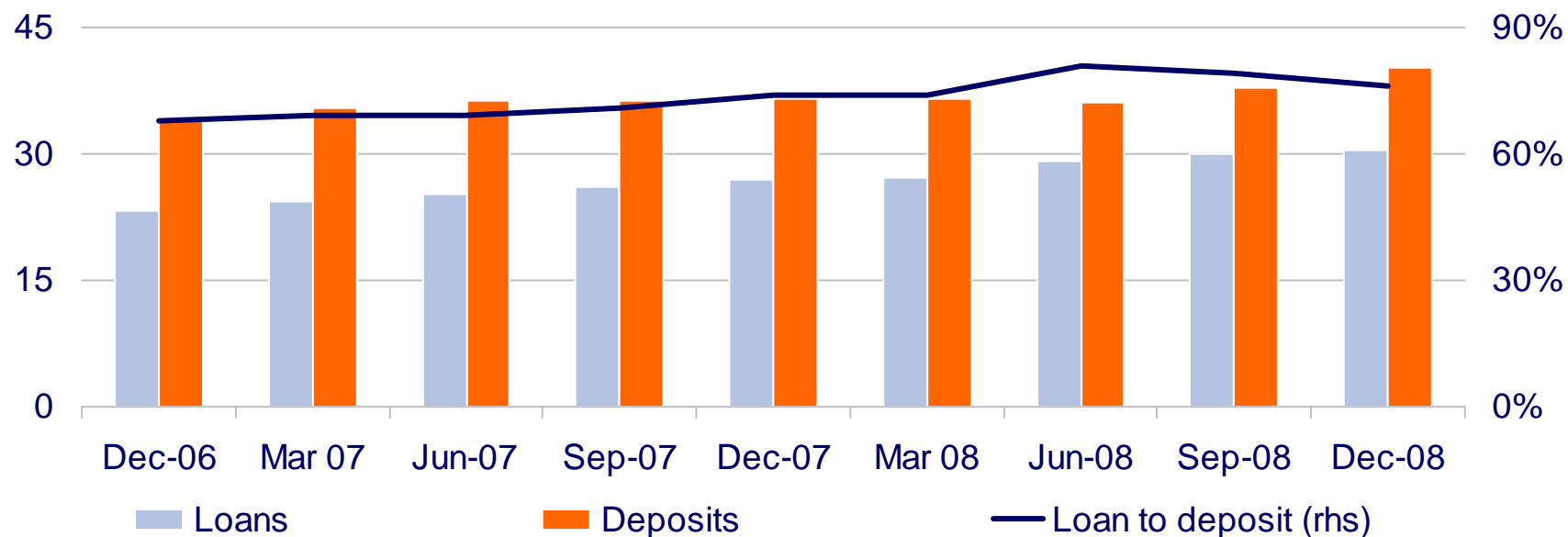
Savings ING Bank Belgium (EUR bln)



- 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

Loan-to-Deposit ratio Retail



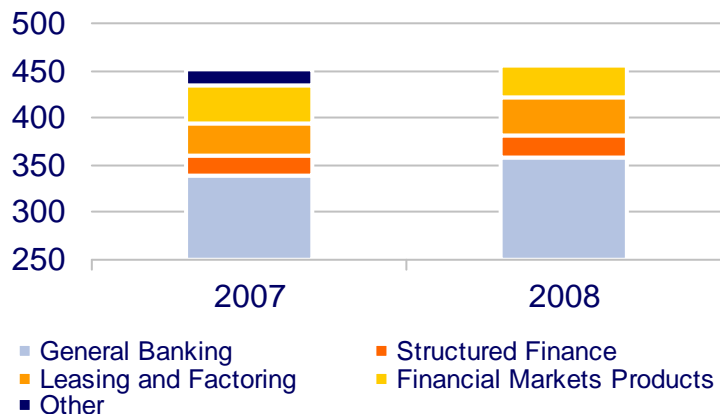
- With EUR 10 bln of excess funding, Retail Belgium is a net provider of liquidity
- Lending grew at a disciplined pace over the course of 2008
- The loan-to-deposit ratio remains well below 100%

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).



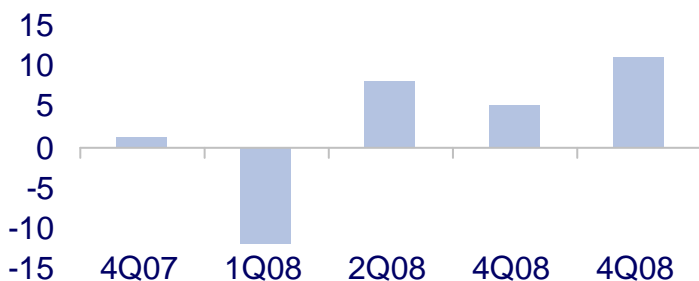
A market leading position in mid-corporates

Total Income Mid Corporates (in EUR mln)

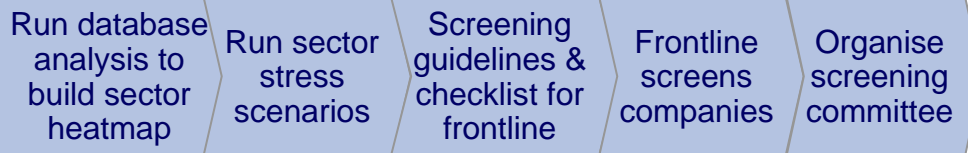


- Very strong commercial 2008 contributing one-third of Belgium's profit, despite negative impacted of impairments
- Main bank for 27% of the market
- Adding direct capabilities to Professional Banking in order to capture larger part of the Flemish market

Risk costs remain under control (EUR mln)



- Risk costs are managed via continuous screening of the portfolio and procedures
- Prioritising of the most risky and significant exposures in different phases



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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