

Growth and cross-border scalability: the value in Challengers & Growth Markets

Investor Day 2019

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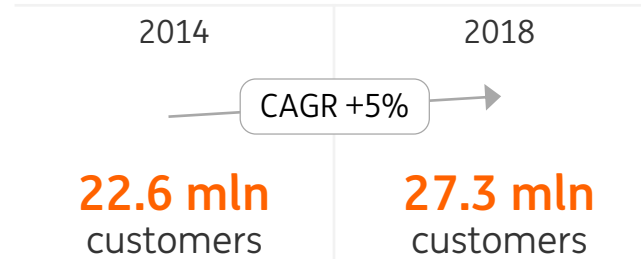
Frankfurt • 25 March 2019

Key points

- Since 2014, Retail Challengers & Growth Markets (C&GM) have successfully delivered on our primary banking strategy
- There is still significant growth potential embedded in the current businesses by improving cross-border scalability
- Our Growth Markets are expanding their digital product offering, while optimising their cost-to-serve
- Model Bank will deliver a standardised banking platform for >7 million customers with improved customer interaction capabilities, improving operating leverage and driving growth
- Partnership with AXA represents an opportunity to disrupt the digital insurance market and drive an increase in fee income
- ING Germany benefits from successful completion of Welcome and the launch of OneApp, while sustaining business growth

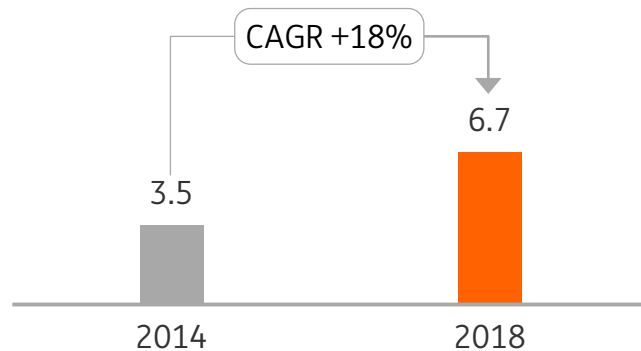
C&GM serves 27 million customers in 10 countries

C&GM total customer base continues to grow...



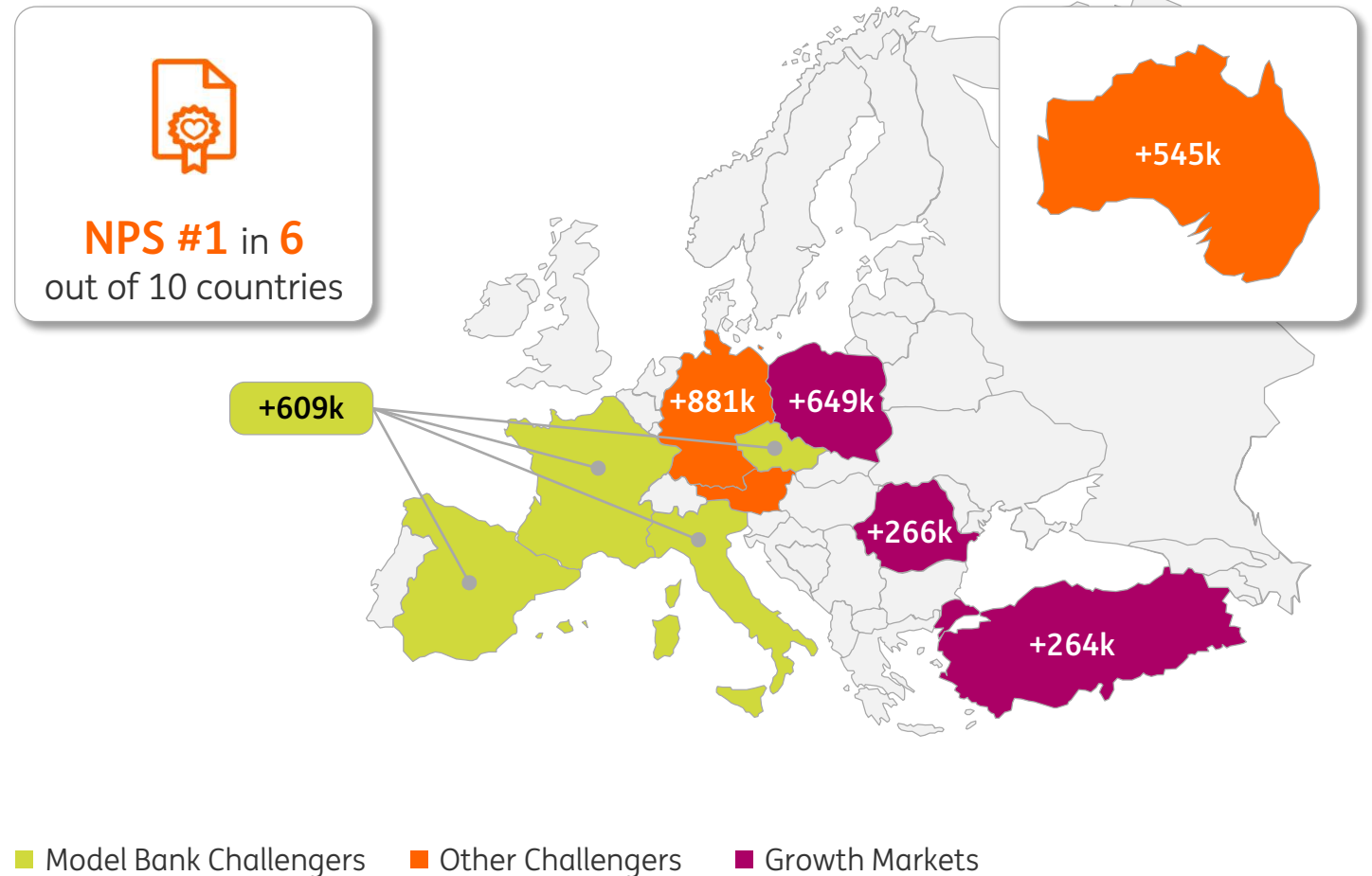
...especially primary customers

Total number of primary customers (in mln)



Primary customer growth is well diversified

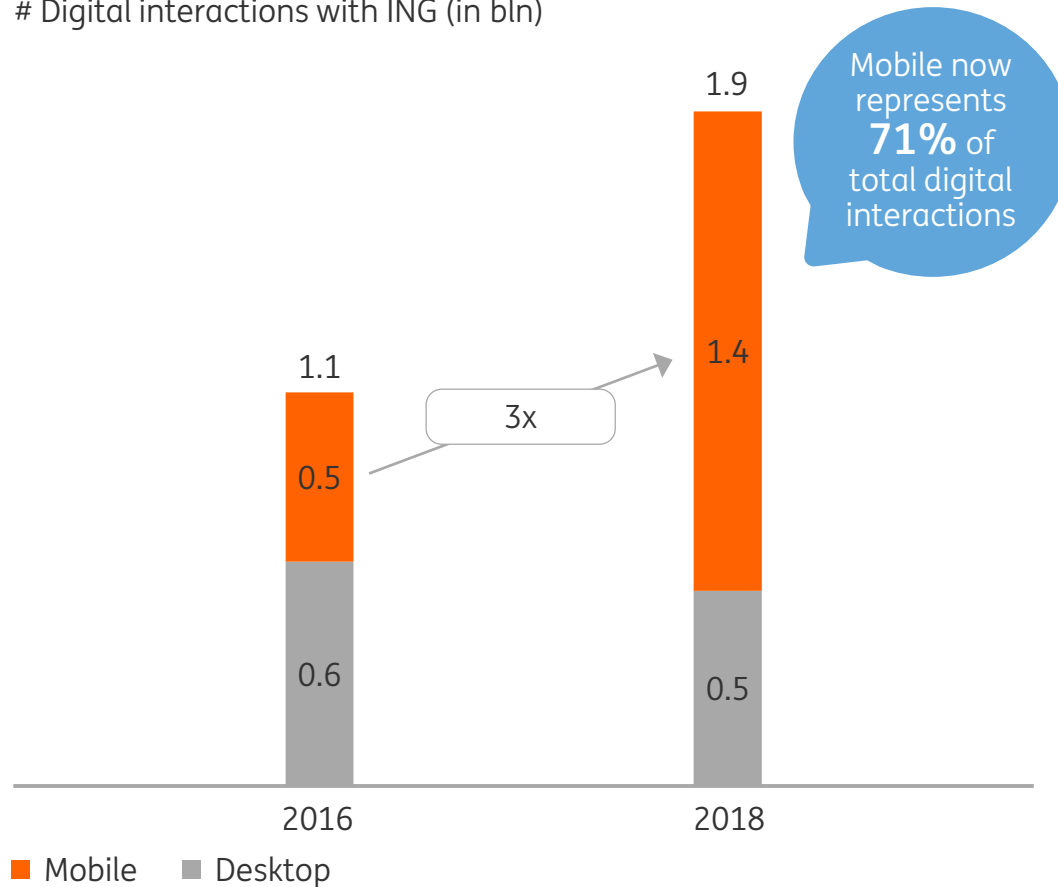
Primary customer growth (2014-2018) and NPS 2018



Primary customer growth drives strong increase in interactions...

Digital interactions in C&GM show accelerated growth

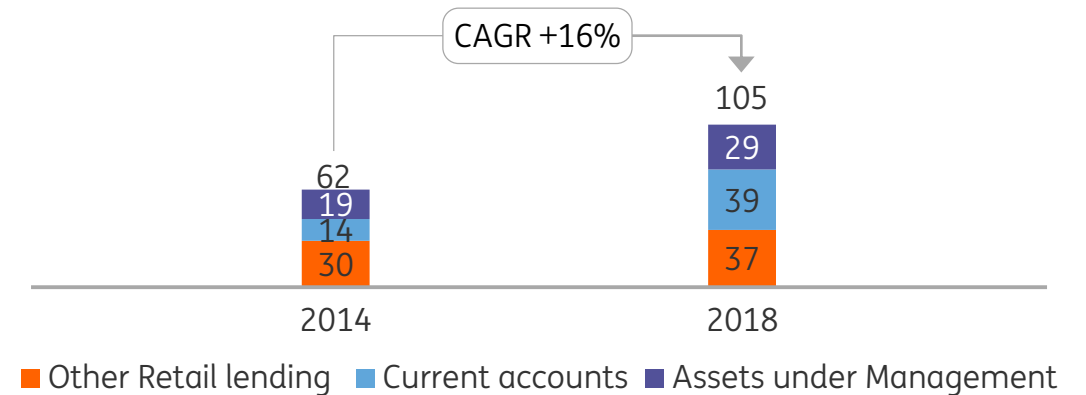
Digital interactions with ING (in bln)



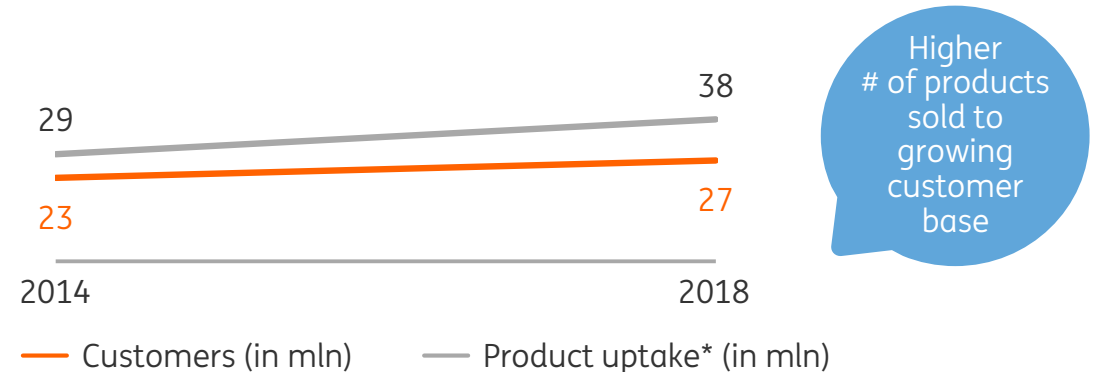
Note: all financials in this presentation represent Retail Challengers & Growth Markets
* Total number of product categories actively used by customers

Leading to more growth beyond mortgages and savings

Customer balances excl. mortgages and savings (in € bln)



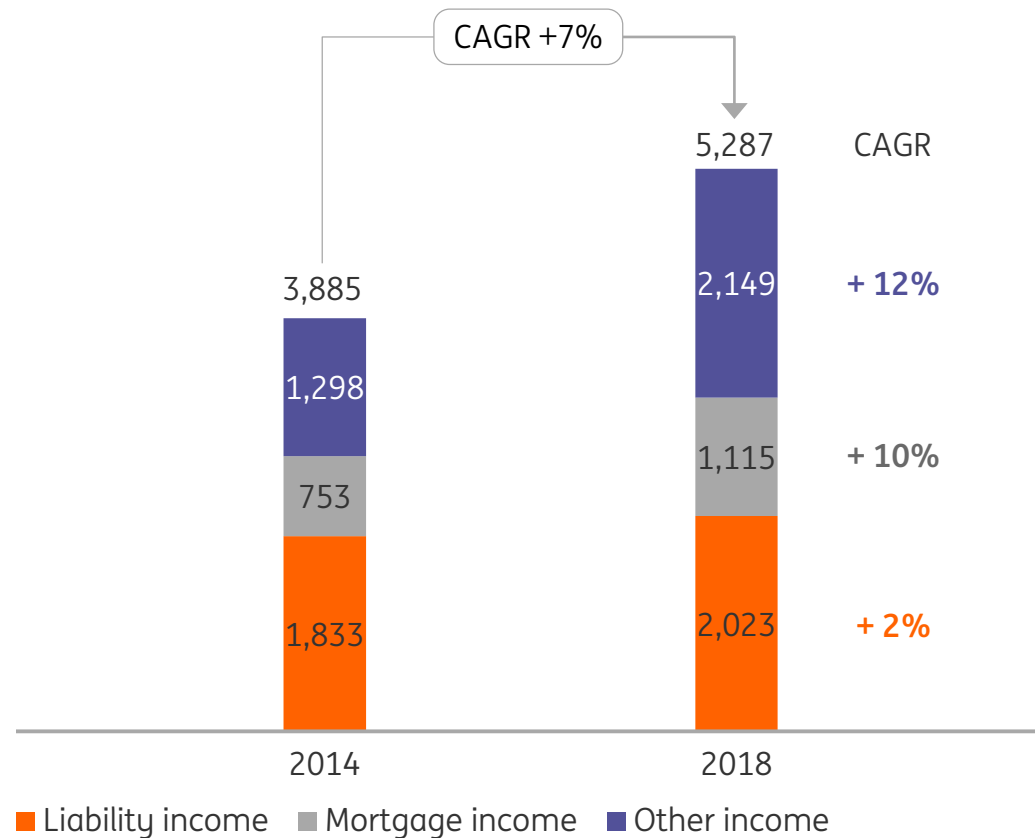
Cross-buy growth



...resulting in increased profits despite higher regulatory costs

Non-liability income growing to >60% of income

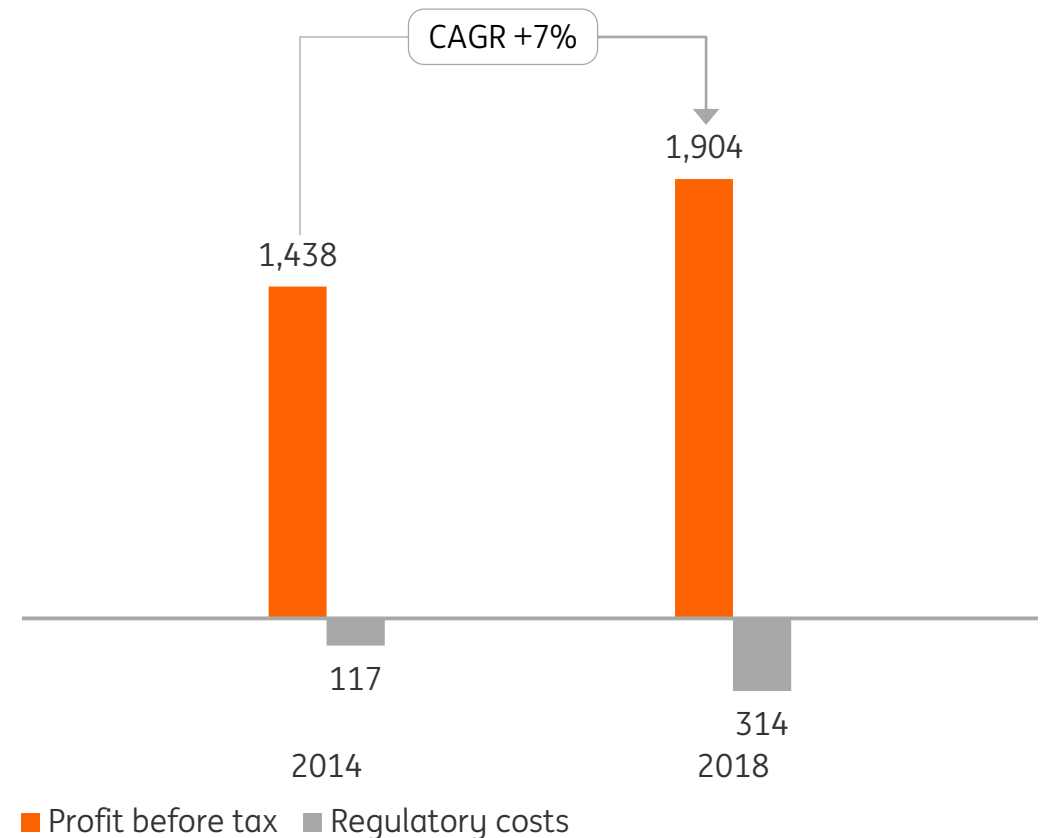
Income* (in € mln)



* Figures 2014 are excluding ING Bank Vysya

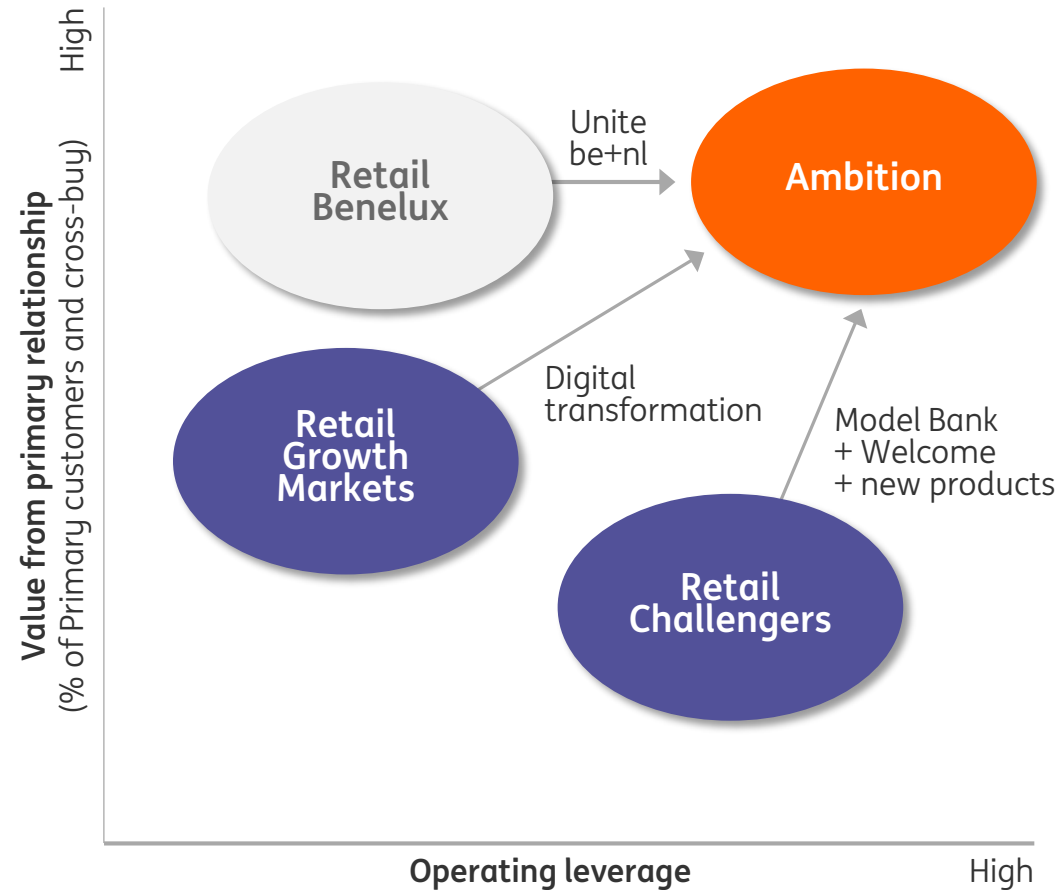
Increased profits despite higher strategic investments and regulatory cost growth

Retail profit before tax* (in € mln)



Improving cross-border scalability brings value in C&GM

Across markets, we are at different stages...



...we are working to capture untapped value

Retail Challengers

Deepening customer relationships
to increase cross-buy, improve cross-border scalability
and accelerate time-to-volume

Retail Growth Markets

Focus on growth
while digitalising service model
and improving cost efficiency

Poland, Romania and Australia continue to grow while building digital capabilities

	Number of branches		Primary customers (in mln)		Digital interactions (in mln)		Profit before tax (in € mln)	
	2014	2018	2014	2018	2016	2018	2014	2018
	409	337	1.1	1.7	383	514	218	349
	-18%		+61%		x1.3		+60%	
	187	158	0.2	0.5	42	111	39	131
	-16%		+98%		x2.6		+236%	
	0	0	0.1	0.6	89	249	227	279
			+546%		x2.8		+23%	

Challengers: Model Bank to deliver a standard customer experience and scalable platform for >7 million customers



To be live in: SP, IT, FR and CZ



>7 million customers on one platform



Half a billion digital interactions yearly with one customer experience



Faster time to market and volume for new products and services



Run with less Retail and IT FTEs;
Retail C/I ratio of 55%



Ready to scale combining
end-state foundations (Touch
Point Architecture, Data Lake)

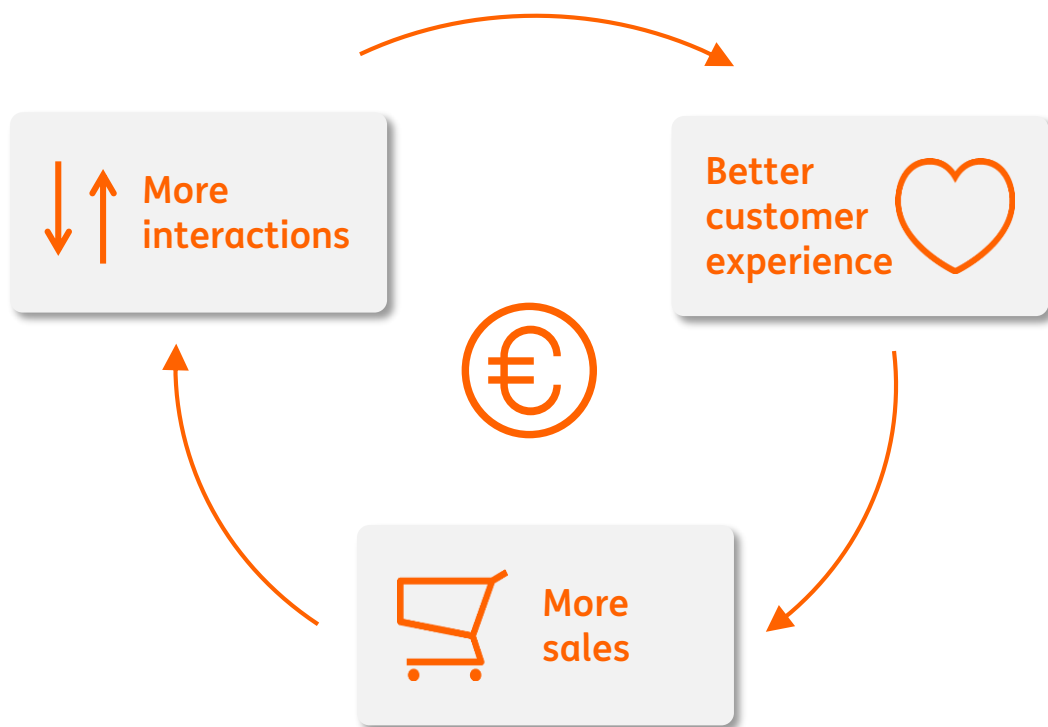


Ready for "Open Banking"



Challengers: customer engagement is key accelerator for Model Bank

A superior customer experience is the key to success in Retail



Model Bank delivers enhanced customer interactions across countries

					
Easy					
Digital on-boarding	●	●	●	●	●
Mobile-first channels	●	●	●	●	●
Personal					
Personalised interactions	●	●	●	●	●
Remote Advice	●	●	●	●	●
Smart					
Personalised interactions	●	●	●	●	●
Innovation at global scale	●	●	●	●	●

Challengers: important milestones have already been reached

~400k customers on-boarded in Czech Republic...



Centre of expertise established in Madrid



First release to Czech Republic, migrated ~400k clients onto a new omni-channel platform



A multi-country platform architecture based on ING Global foundation delivered as first technical MVP



Defined migration strategy

...remaining customers to follow by 2021



Agile cross-country product tribes with end-to-end responsibility harmonising retail products



Migration of the remaining customers



A best-in-class customer engagement retail platform across countries



Innovation at global scale leading to faster time-to-volume

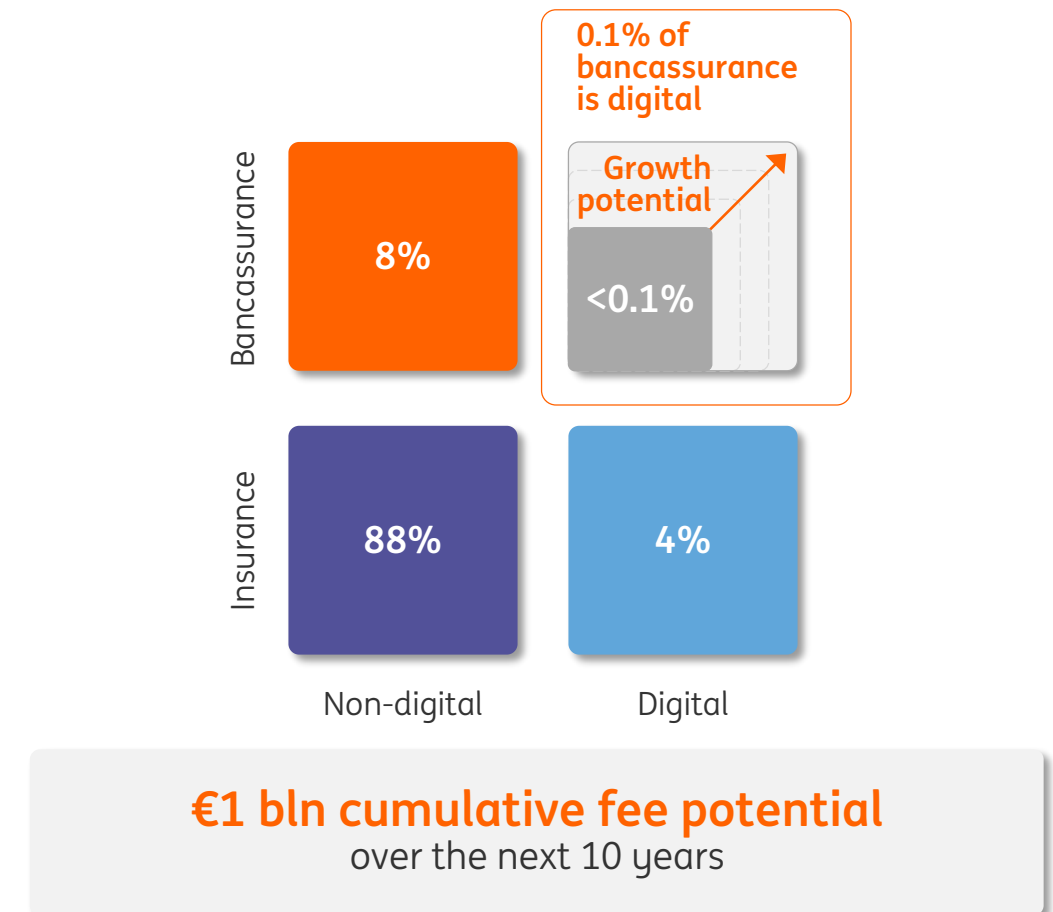
Challengers: digital bancassurance market represents a large untapped opportunity

ING aims to do more in the protection space

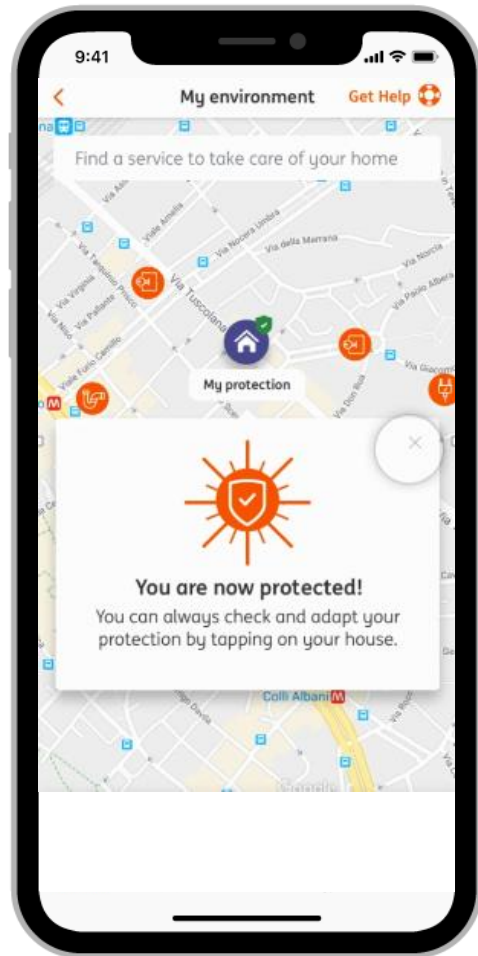
	Insurance income (as a % of Retail income)	Credit-linked protection (policies as a % of loans)	
		Consumer	Mortgage
AXA Scope*	 0.4%	22%	4%
	 0.3%	-	47%
	 0.3%	-	-
	 -	-	-
	 -	-	-
	 -	-	-

* In Australia and Austria with the support of local insurance partners

Together with AXA we aim to disrupt the bancassurance market



Challengers: AXA partnership to reach 13 million customers with a scalable digital insurance proposition



Mobile first, digital only



Straight-through processing



Meeting wider life needs and services



Personal, instant, relevant and seamless



Diagnostic – assess the right level of insurance per customer

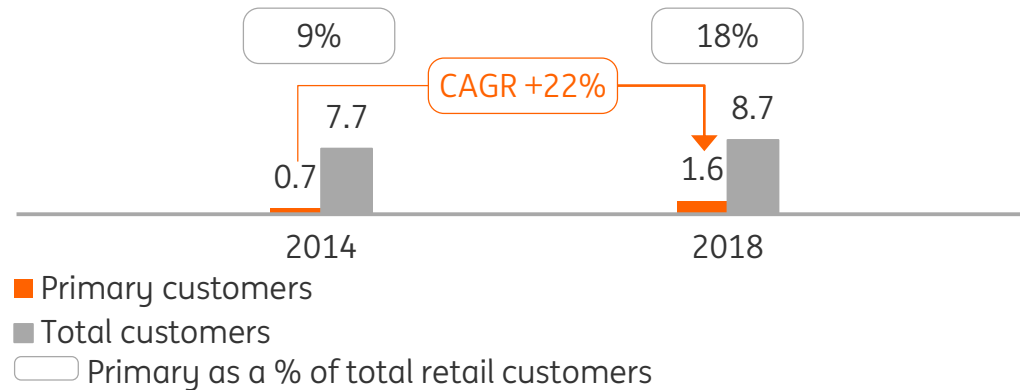


Forward looking – assess all future insurance needs

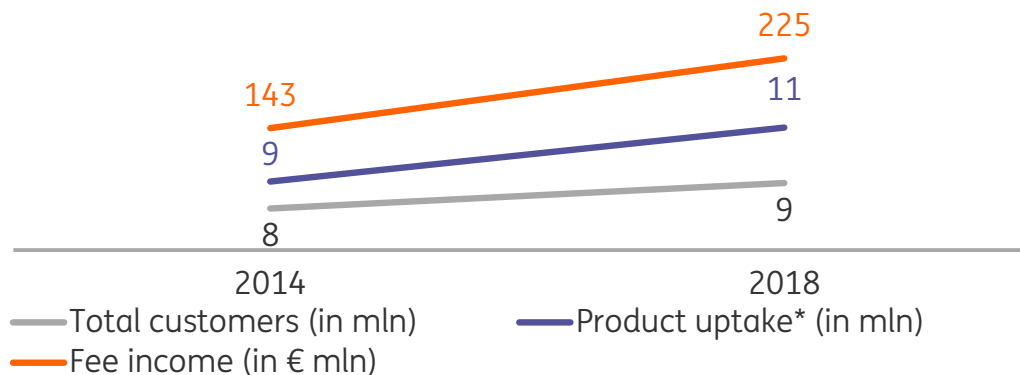
Challengers: Germany is a continuing success story

Accelerated primary customer growth

Total number of (primary) customers (in mln)



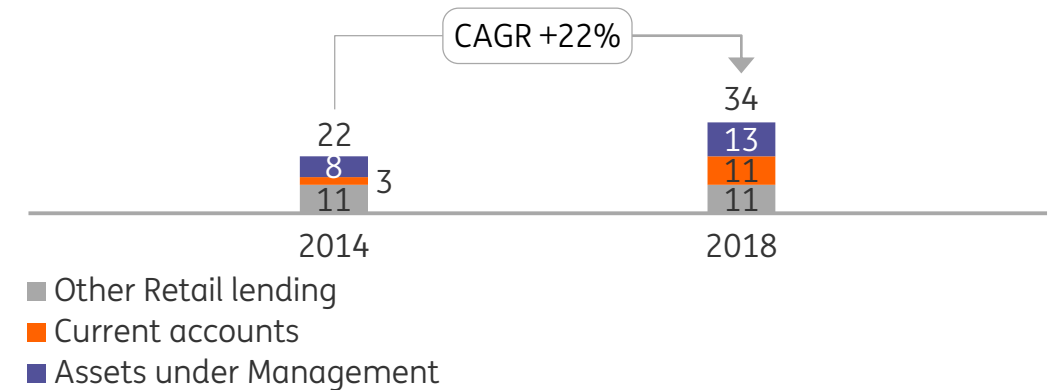
Cross-buy and consequently fee income increased



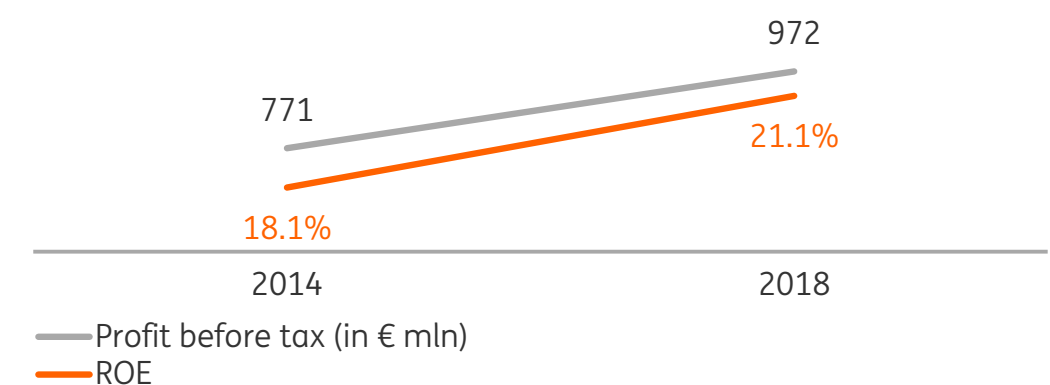
* Total number of product categories actively used by customers

Growth beyond savings and mortgages

Customer balances excluding savings and mortgages (in € bln)



Driving higher pre-tax profit and ROE improvement



Important legal information

ING Group's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this document, except as described otherwise, the same accounting principles are applied as in the 2018 ING Group consolidated annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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