Accelerating Think Forward

Bank of America Merrill Lynch 22nd Annual Financials CEO Conference

Ralph Hamers, CEO ING Group

London • 26 September 2017
The global financial crisis 10 years on
EC restructuring successfully completed in 2016; ING fully repositioned as a bank

Repayment state aid was completed on 7 November 2014
Our Think Forward strategy on a page

- Think Forward strategy was launched in 2014
- Focus on earning the primary relationship
- Creating a differentiating customer experience with a customer promise of clear and easy banking
- Building sustainable balance sheets in the countries and focus on own-originated lending

Purpose

Empowering people to stay a step ahead in life and in business.

Customer Promise

- Clear and Easy
- Anytime, Anywhere
- Empower
- Keep Getting Better

Strategic Priorities

Creating a differentiating customer experience

1. Earn the primary relationship
2. Develop analytics skills to understand our customers better
3. Increase the pace of innovation to serve changing customer needs
4. Think beyond traditional banking to develop new services and business models

Enablers

- Simplify & Streamline
- Operational Excellence
- Performance Culture
- Lending Capabilities
Think Forward strategy at work
Our focus on primary customer relationships drives value

10 mln primary customers; many countries contributing

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>1H17</th>
<th>Ambition 2017</th>
<th>Ambition 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>7.9</td>
<td>8.4</td>
<td>9.0</td>
<td>9.7</td>
<td>10.1</td>
<td>&gt;10</td>
<td>&gt;14</td>
</tr>
</tbody>
</table>

Core lending
1H17 net growth
EUR +12.1 bln

Commission income
1H17
EUR 1.4 bln
+14.7% YoY

Customer deposits
1H17 net growth
EUR +12.1 bln

Net Promoter Scores (NPS)
1H17
#1
in 7 of 13 retail countries

Customer value = Number of customers × Share of primary × Cross-buy × Product value

* Of which Netherlands 37k and BeLux 35k

Other*: +126k
+107k
+43k
+26k
+71k
+34k

ING
We will start moving towards an intermediate state...

- Starting point:
  - Different Retail models with limited standardisation
  - WB building towards 1 model

- In coming 5 years:
  - Countries with similar value proposition will converge by cluster, developing harmonised business model and shared operating model
  - Infrastructure, data and support functions will converge across all countries and business lines, laying foundation for further convergence

- End state:
  - Convergence towards a single model to provide the best client experience and cost efficiency in all countries
...in order to create a globally scalable banking platform

Empowering people to stay a step ahead in life and in business

The ING brand

Creating a differentiating customer experience

1. Market Leaders “Orange Bridge”
   - Integrated universal banking platform in Belgium and Netherlands

2. Challengers “Model Bank”
   - Joint best-in-class digital platform and expansion of product capabilities across 5 countries

3. Germany “Welcome”
   - Delivery of new omnichannel digital capabilities

4. Wholesale “WTOM”
   - Single global platform for wholesale clients and further standardisation and centralisation

Laying the foundation for further convergence

- Global Data Management
- Global Process Management
- ING Private Cloud
- Modular Architecture
- Bank-wide Shared Services

Support Function TOMs: Finance, Risk, HR, Procurement, IT

* Subject to and under relevant regulatory review
Case study Germany: further digitising our offering via Welcome

Digital current account opening

Multibanking feature

Third party solutions
Innovations empower our clients to stay a step ahead

<table>
<thead>
<tr>
<th>Money management platforms</th>
<th>Mobile payments platform</th>
<th>Artificial Intelligence (AI) &amp; Robotics</th>
<th>Robo advice partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital financial advisor will be live in 10 European countries by year-end</td>
<td>After tremendous success in Belgium, mobile payments platform to be rolled out in Netherlands and Luxembourg</td>
<td>Partnership with Axyon AI to use deep learning techniques in the syndicated loans market</td>
<td>Fintech partnership with Robo advisor Scalable in Germany</td>
</tr>
</tbody>
</table>

钱管理平台

- Money management app Yolt has gone ‘open beta’ in the UK

移动支付平台

- After tremendous success in Belgium, mobile payments platform to be rolled out in Netherlands and Luxembourg

人工智能与机器人

- Partnership with Axyon AI to use deep learning techniques in the syndicated loans market

- As one of the first banks, we introduce chatbots in the wholesale banking domain

财富管理合作伙伴

- Fintech partnership with Robo advisor Scalable in Germany

金融科技合作伙伴与Robo顾问Scalable在德国

ING Wholesale Banking's Chatbot Bill
Agile a Dutch success story; to be rolled out in other countries

Why switch to Agile way of working?

• More efficient: less obstacles and handovers to empower employees
• Shorter time-to-market
• More competitive as well as more motivated and passionate employees
• Agile way of working introduced in the Netherlands and Poland. Projects are under way in Belgium, Germany and Romania

How does it work?

• Small multidisciplinary, self-directed teams (‘squads’) organised around a central client goal
• Once specific assignment is completed, squad is discontinued
• Tribes are a collection of squads with interconnected missions
• Product development follows lean start-up method; client feedback is used constantly to improve product offering
1H17 results
# Think Forward delivers on growth and cross-buy in C&GM

<table>
<thead>
<tr>
<th>Primary customers (in mln)</th>
<th>Headcount (FTEs)</th>
<th>Commission income (in EUR mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016: 4.6</td>
<td>2016: 24,741</td>
<td>1H16: 329</td>
</tr>
<tr>
<td>1H17: 5.0</td>
<td>1H17: 24,886</td>
<td>1H17: 399</td>
</tr>
</tbody>
</table>

- **Primary customers (in mln)**: +7.2%
- **Headcount (FTEs)**: +0.6%
- **Commission income (in EUR mln)**: +21.1%

## Loan-to-deposit ratio (in %)

<table>
<thead>
<tr>
<th>2016</th>
<th>1H17</th>
</tr>
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<tbody>
<tr>
<td>83.3%</td>
<td>83.7%</td>
</tr>
</tbody>
</table>

- **Loan-to-deposit ratio (in %)**: +0.4pp

## Consumer & SME lending (in EUR bln)

<table>
<thead>
<tr>
<th>2016</th>
<th>1H17</th>
</tr>
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<tbody>
<tr>
<td>19.5</td>
<td>21.2</td>
</tr>
</tbody>
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- **Consumer & SME lending (in EUR bln)**: +8.5%

## Asset under Management* (in EUR bln)

<table>
<thead>
<tr>
<th>2016</th>
<th>1H17</th>
</tr>
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<tbody>
<tr>
<td>23.9</td>
<td>26.4</td>
</tr>
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- **Asset under Management* (in EUR bln)**: +10.3%

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All numbers based on Challengers & Growth Markets (Retail Banking and Wholesale Banking)

* Mutual funds only
Strong results deliver > 10% underlying ROE at Group level...

ING recorded underlying net profit for the first six months of 2017 of EUR 2,578 mln, up 14.1% on 1H16

Despite a higher fully loaded ING Group CET1 ratio of 14.5%, the four-quarter rolling underlying return on equity rose to 10.8%

* 1H17 underlying ROE based on four-quarter rolling average
...supported by healthy NII and fee income growth

- Underlying income grew 3.4% in 1H17 versus 1H16 largely driven by a steady increase in NII
- Our primary customer focus is underpinning strong 1H17 growth in commissions which are up 14.7% year-on-year
Wrap up

- ING recorded 1H17 underlying net result of EUR 2,578 mln, up 14.1% from the same period last year
- Strong results reflect continued loan growth at resilient margins and relatively low risk costs
- Think Forward strategy a strong boost for fees; 1H17 commission income up 14.7% versus 1H16
- On a four-quarter rolling average basis, ING Group’s underlying return on equity rose to 10.8% in 1H17
- In the second quarter, we welcomed our 10 millionth primary bank customer
- New product innovations in Retail and Wholesale Banking drive differentiating customer experience
- Implementation of Agile way of working improves efficiency and reduces time to market
Projects may be subject to regulatory approvals.

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 2016 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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