Uniting Belgium and the Netherlands

Investor Day 2019

Roland Boekhout, Head of Market Leaders

Frankfurt • 25 March 2019
Key points

• A more robust KYC environment in place in the Netherlands
• Improving cross-border scalability brings value in the Benelux
• The rationale to unite Belgium and the Netherlands is even more relevant today than in 2016
• Since 2016, we have reached important milestones in Unite: all our retail customers will be on the same digital channels already in 2019
• While executing this complex transformation we delivered strong financial and commercial results
• Our agile way of working helped to improve efficiency and to maintain our digital leadership in the Netherlands
• We’re extending our platform with third party offerings in banking and beyond
### A more robust KYC environment in the Benelux

#### Five pillars

<table>
<thead>
<tr>
<th>Policy &amp; Risks</th>
<th>Global KYC digital service</th>
<th>Governance</th>
<th>Monitoring &amp; Screening</th>
<th>Mindset</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global KYC risk appetite statements</td>
<td>Develop global tooling</td>
<td>Set up of central KYC organisation</td>
<td>Enhanced client activity &amp; transaction monitoring</td>
<td>Continuous communication, training &amp; awareness initiatives</td>
</tr>
<tr>
<td>Global KYC policy</td>
<td></td>
<td>Dedicated KYC committees &amp; functions</td>
<td>Third-party partnerships</td>
<td>Set up of behavioural risk department</td>
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</table>
Improving cross-border scalability brings value in the Benelux

Across markets, we are at different stages...

...with different key accelerators to capture value potential

Retail Benelux
- Improve (digital) service model
to improve **cross-border scalability**
and **cost efficiency**

**Retail Benelux**

- Unite be+nl
- Operating leverage: High
- Value from primary relationship (% of Primary customers and cross-buy)
- Retail Growth Markets
  - Digital transformation
  - Model Bank + Welcome + new products
- Retail Challengers
Rationale to unite is even more relevant today

One integrated banking platform to serve >11 million customers and 17 million prospects

- Integrated Banking Platform
- One Organisation
- One Strategy
- One Value Proposition
- One Culture
- One set of Systems

...but with 2 legal entities
2 balance sheets
2 ledgers

To offer best-in-class customer experience...

All our customers:
- Experience “one ING” across Belgium and the Netherlands
- Can perform all of their daily banking activities online
- Benefit from the best-rated banking app
- Experience an increased pace of innovation
- Receive pro-active contacts through use of analytics skills
- Get first-time-right response for queries without handovers
- Retain branch access, with staff fully focused on advice
- Experience multi-language online capabilities

...and leverage scale

- Combined scale and high level of standardisation across countries will allow us to:
  - Amortise (IT) investments over 11 million customers
  - Share operating costs
  - Bring innovations faster to market

Note: recap Investor Day 2016
Unite be+nl will deliver same digital channels for retail customers in 2019

<table>
<thead>
<tr>
<th>Achievements to date</th>
<th>Next steps</th>
</tr>
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<tbody>
<tr>
<td>• Integration of Record Bank in BE</td>
<td>• OneApp and OneWeb for all retail customers in NL and BE</td>
</tr>
<tr>
<td>• New customer service organisation across both countries</td>
<td>• Migration of BE retail customers with a de-risked phased approach</td>
</tr>
<tr>
<td>• Cross-border Ops &amp; Tech organisation</td>
<td>• Same data and assisted channels platform</td>
</tr>
<tr>
<td>• Harmonised cross-border value proposition designed</td>
<td>• Harmonised products fully in place across NL and BE</td>
</tr>
</tbody>
</table>

- ~600k Record Bank customers migrated
- ~600 branches closed
- ~2,000 FTEs reduced*

- OneApp live for 20 mln** customers
- ~60% harmonised retail product offering
- 3,500 total FTEs reduction end-2021*

Prioritisation based on customers and safety first

* Internal and external FTEs excluding temporary backfill staffing and in scope of Accelerating Think Forward plans  ** ~20 mln customers for the Netherlands, Belgium and Germany
We delivered strong results during this complex transformation.

Strong operating leverage in Belgium and the Netherlands...

- Underlying income
- Underlying expenses (excl. regulatory costs)

...supported by strong commercial momentum

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary customer growth (in thousands)*</th>
<th>Net core lending growth (in € bln)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>100</td>
<td>1.8</td>
</tr>
<tr>
<td>2015</td>
<td>102</td>
<td>-1.3</td>
</tr>
<tr>
<td>2016</td>
<td>129</td>
<td>0.7</td>
</tr>
<tr>
<td>2017</td>
<td>110</td>
<td>2.2</td>
</tr>
<tr>
<td>2018</td>
<td>164</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Note: All financials shown are related are Retail; figures Belgium include Luxembourg
* Primary customer growth in Belgium excludes impact integration of Record Bank (approx. 80k)
** Excluding Bank Treasury and WUB run-off portfolio
Our agile way of working helped to improve efficiency...

We transformed to an agile organisation in the Netherlands and Belgium...

**Agile structures and processes**
- Multi-disciplinary teams
- End-to-end responsibility
- Delayered organisation

**Agile mindset**
- Customers are the starting point
- High level of autonomy: empowerment
- Focus on development craftsmanship

...which contributes to value creation

- Faster time-to-volume
- Improve efficiency
- Increase engagement
...and to maintain our digital leadership in the Netherlands

ING app has very high market penetration in NL...

Top 10 smartphone-apps*

- WhatsApp
- Google Maps
- Facebook
- YouTube
- Facebook Messenger
- Google Search
- Gmail
- Google Play
- Drive
- ING

...and our customers love it

- 1 mln new app users in 2018
- 5.4 mln interactions per day
- >80% of digital customers use app

App users (in mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.0</td>
<td>2.4</td>
<td>2.9</td>
<td>3.4</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Best rated banking app in NL

iOS

4.6 ⭐⭐⭐⭐⭐ (42,262 votes)

Android

4.4 ⭐⭐⭐⭐⭐ (44,177 votes)

* Stichting Internet Domeinregistratie Nederland 2018
We are extending our platform with third party offerings in banking and beyond

**ING Shop** (repositioned in 2018)
Shopping platform for customers to increase loyalty and drive digital interactions, partnering with trusted A-brands

- >1,200 3rd party offerings
- 1 mln products sold in 2018
- ~€30 mln turnover in 2018

**ING+ deals** (launched 4Q18)
Cash-back platform with discounts for customers, thanks to exclusive deals ING has negotiated with various A-brands

- ~50,000 users so far

**Makelaarsland** (acquired 1Q18)
Innovative broker evolving into housing platform to connect with customers for all housing needs throughout their life

- Best Real Estate Broker NL last 4 years
- 2 mln interactions in 2018
- ~40,000 house viewings in 2018

**Funding Options** (launched 1Q19)
Platform to empower entrepreneurs to start, run and grow their business with various funding options (e.g. crowdfunding, factoring)

- >1,400 leads in 2019 YTD
- ~40% non-ING customers

~50,000

~1,200

~40,000

~30 mln

~2 mln

~40,000

~1,400

~40,000

~30 mln

~2 mln
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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