

Transformation update

Investor Day 2019

Roel Louwhoff, COO/CTO

Frankfurt • 25 March 2019

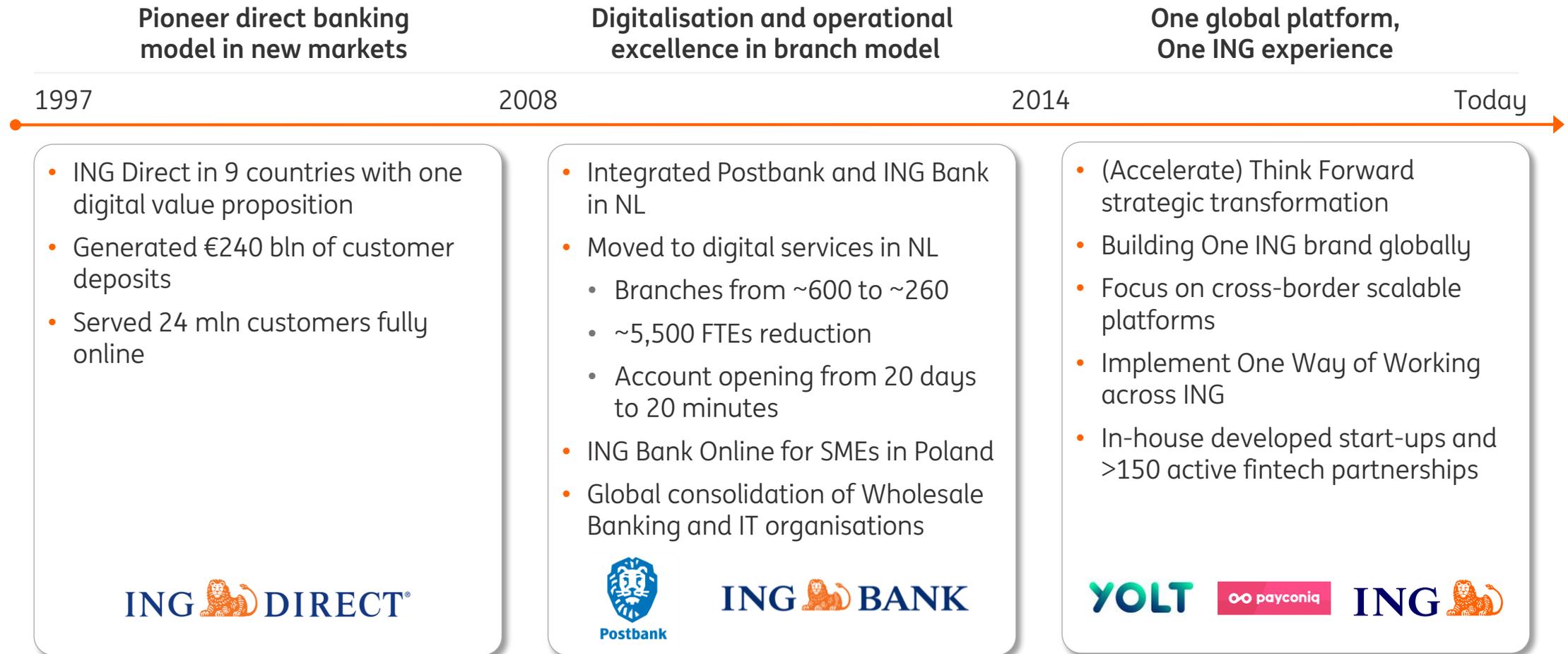
thinkforward



Key points

- Digital banking, innovation and transformation is in our DNA
- Being digital guides our investments and transformation efforts
- All our initiatives are geared towards creating one, efficient and safe ING worldwide
- We have realised structural savings while also servicing an increased demand aimed at regulatory compliance
- We have achieved major milestones in the past two years while at the same time successfully transforming our Technology function
- We continue to realise efficiencies needed to fund our investments in digitalisation and customer solutions

Digital banking, innovation and transformation are in our DNA



ING  DIRECT®



ING  BANK

YOLT

 payconiq

ING 

From local entrepreneurship...

...towards global digital leadership

Being digital guides our investments and transformation efforts

Our principles to be a digital player...



Customer experience first: personal, instant, relevant and seamless



Adapting fast, while remaining fully safe, secure and compliant



Digital is end-to-end, not just a customer interaction layer

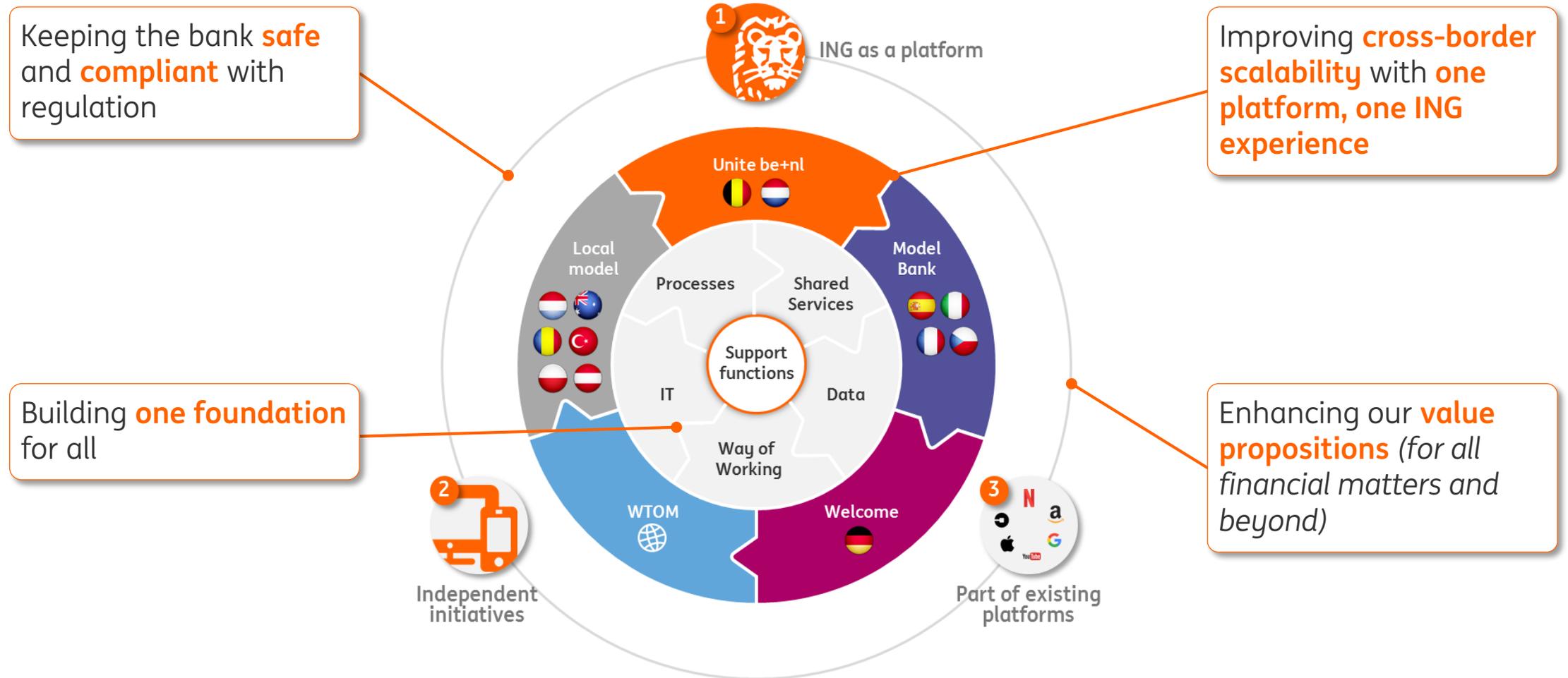


Being truly data driven, leveraging Artificial Intelligence and Analytics



Open, modular, scalable, global architecture

Our transformation supports all key components of our strategy

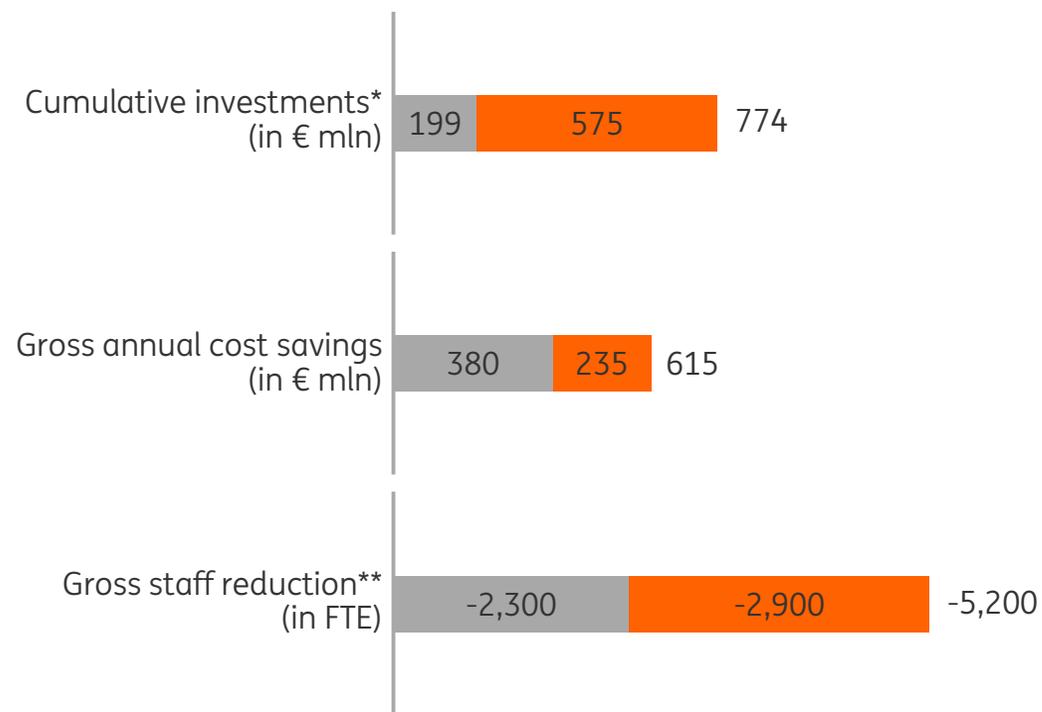


Cost savings realised while servicing increased demand for regulatory compliance

Increased regulatory demand impacts resources, investments and timelines

- Regulatory requirements translate into additional change demand for regulatory deliverables
- Regulatory requirements take precedent and we manage the prioritisation of change demand through quarterly business review cycles
- In some cases this additional change demand impacts the delivery of our global roadmap
- The complexity of interdependencies between deliverables is managed closely

Status of investments, cost savings and impact on FTEs (2016 – 2018)



- Efficiency programmes initiated before 2016
- Accelerating Think Forward transformation programmes

* Defined as incremental expenses from efficiency programmes initiated before 2016 and the Accelerating Think Forward transformation programmes (as announced in 2016) and includes project expenses, depreciation and amortisation of new IT assets, as well as impacts from impairments of legacy IT systems and other assets

** Internal and external FTEs excluding temporary backfill staffing

Unite be+nl will deliver same digital channels for retail customers in 2019



Prioritisation based on customers and safety first

Achievements to date

- Integration of Record Bank in BE
- New customer service organisation across both countries
- Cross-border Ops & Tech organisation
- Harmonised cross-border value proposition designed

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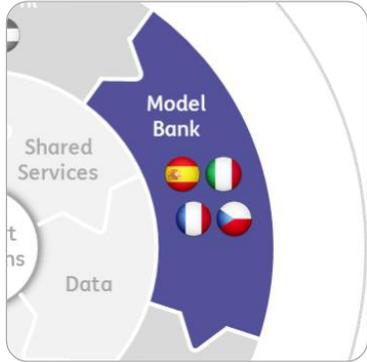
Next steps

- OneApp and OneWeb for all retail customers in NL and BE
- Migration of BE retail customers with a de-risked phased approach
- Same data and assisted channels platform
- Harmonised products fully in place across NL and BE
- Initiate data centre migration for BE

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

Model Bank will deliver a platform for >7 million retail customers



Best in-class digital financial platform across multiple countries

Achievements to date

- Platform live in Czech Republic, built and running on global components
- Harmonised value propositions and processes for Savings & Daily Banking

~400k
customers
migrated in
Czech
Republic

ING
Cloud
and
Data
Lake

Model
Bank
team
established
in Madrid

Next steps

- Live in 4 countries with migration of ~7 million customers in 2021
- Product and process harmonised for all retail products
- One Way of Working implemented across France, Italy, Spain and Czech Republic

~7 mln
customers
migrated

Fully
digital
product
offering

Faster
time to
volume
& value

Project Welcome has increased efficiency in Germany



Achievements to date

- New mobile app (OneApp) rolled-out in DE (and NL)
- Go2Place platform launched including digital must-haves:
 - Digital on-boarding, e-signature, easy authentication
 - Multi-banking account overview, forecasting, personalisation, web-chat
 - Digital tax and other 3rd party services
- End-to-end digital process for account opening, consumer loans and mortgages

**12%
FTEs**
reduced in
Operations
& Service

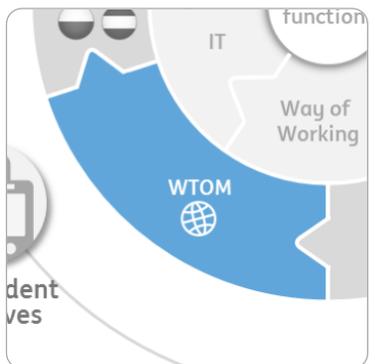
~800k
fewer calls
due to
digitalisation

50%
faster
mortgage
processing

Project successfully finished



Wholesale TOM delivering efficiencies



Single global platform for Wholesale clients worldwide

Achievements to date

- Single IT platform for payments, loans and trade finance across multiple countries
- Single account opening process in 18 countries
- Shared Service centres hosting >1,500 WB operations experts
- Consolidated FM Trading franchise

>18,000
subscriptions
on Inside
Business

>700 IT
applications
decom-
missioned*

~680
FTEs
reduced
since 2016

Next steps

- Product IT platforms rolled-out globally
- Major client service processes for Trade Finance, Lending and PCM** digitalised
- Automation of client service requests via Artificial Intelligence & Native Language Processing
- Continued migration of activities and FTE to Shared Service centres (>600 FTEs by 2021)

5%
additional
cost savings
at end 2021

Full digital
offering on
Inside
Business

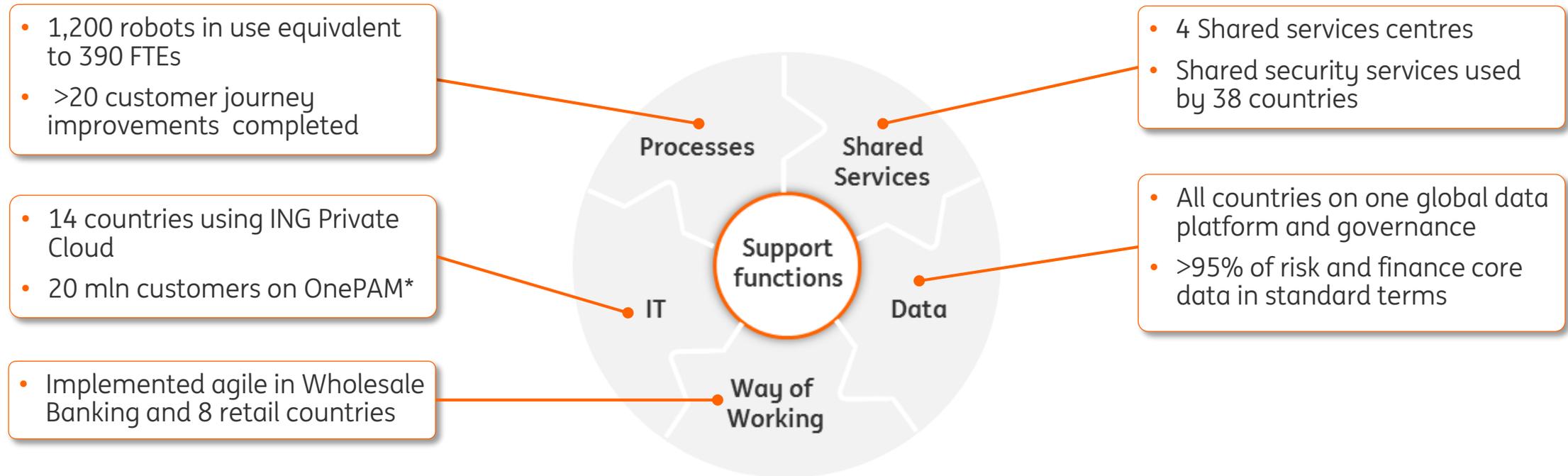
575
customers
served by
Pan
European
desk

* In the period 2014-2019

** Payments & Cash Management

We are building one common foundation & approach for all...

Highlights of achievements to date



* OnePAM = Customer, Agreement and Reference Data Management

...while in parallel we transform our IT function

We are transforming our IT function while generating savings...

Reduced, consolidated and simplified

- From 16 to 4 data centres in NL, BE and FR*
- 70% of applications removed from mainframe NL
- Decommissioned >700 IT applications in Wholesale Banking*

Renewed, modernised and standardised

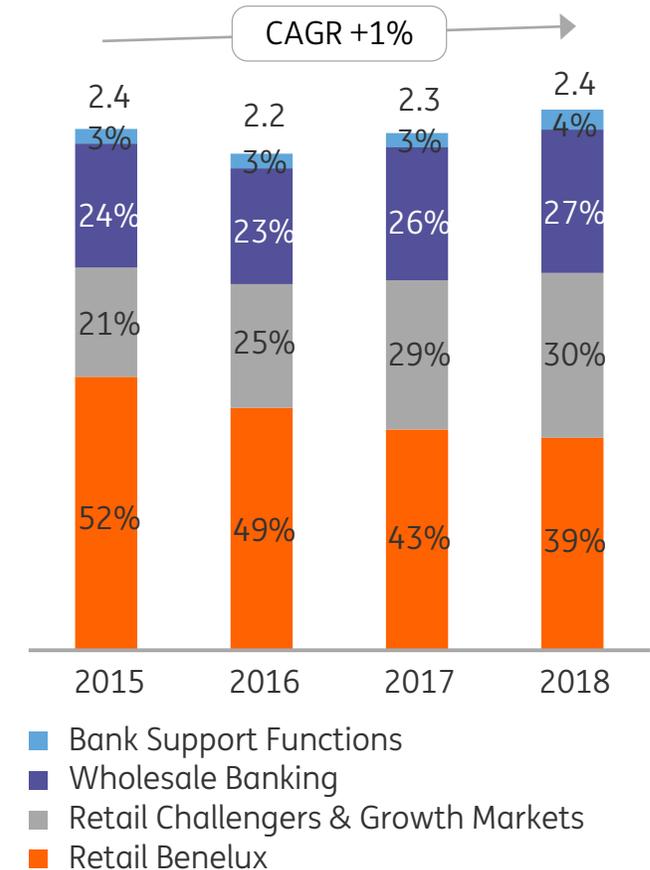
- Core banking systems upgraded in NL, CZ and RO
- Service availability 99.7% for Retail and 99.9% for Wholesale Banking
- Deployment of IT infrastructure reduced from 10 days to minutes by ING Private Cloud

One global IT workforce

- 80% of tech talent assessed on our 'Engineering Profile'
- >45% of IT workforce works on cross-border solutions
- Strategic partnerships embedding external talent in ING DevOps agile teams

* In the period 2014-2019

...to keep IT cost base flat (in € bln)



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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