

How our customer focus drives shareholder value in Retail

Investor Day 2019

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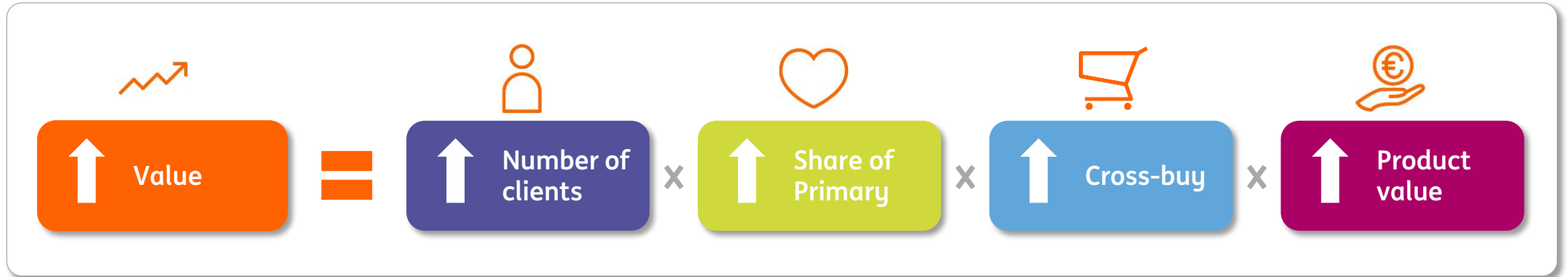
thinkforward



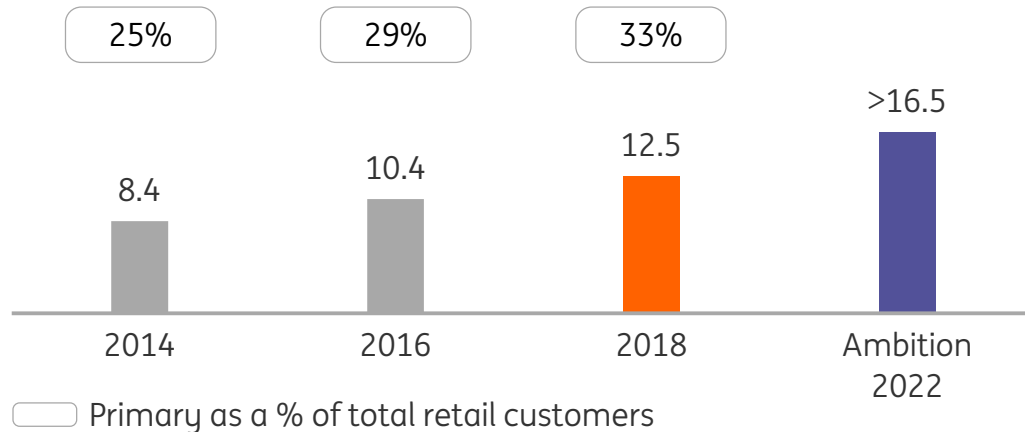
Key points

- ING Retail has been successful in growing primary relationships, which accelerates long-term value creation in our retail franchise
 - Growth in customers and digital traffic translates into sales, higher revenues and strong financial results
 - Digital leadership is reflected in the success of the digital model as we know how to engage with our customers also in a mobile-first world
- There is still a lot of value potential within the Retail countries
- To tap into this potential and keep up with customer expectations, we need to offer a best-in-class digital customer experience and move to a more efficient and scalable model

Sustained primary customer growth in Retail



Primary customers* ING Retail (in mln)



Growing by **~1 mln** primary customers per year

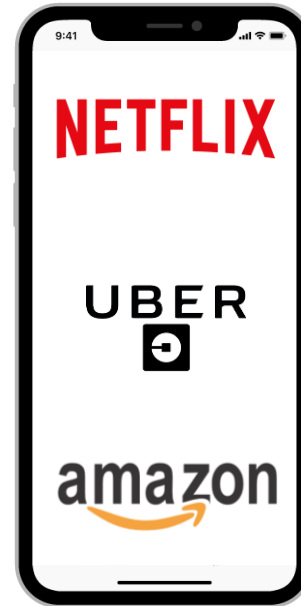
* Definition: active payment customers with recurring income and at least one extra active product category

Customers increasingly expect more in a mobile-only world

Mobile is becoming the primary channel, also in banking...

26%
of customers is already
mobile-only
and growing fast*

...and in mobile other players set customer expectations



Personal
Instant
Relevant
Seamless

* Based on active customers with at least one contact with ING in 4Q18

The key to grow primary relationships and create value, is to reinforce a 'virtuous circle' of customer engagement



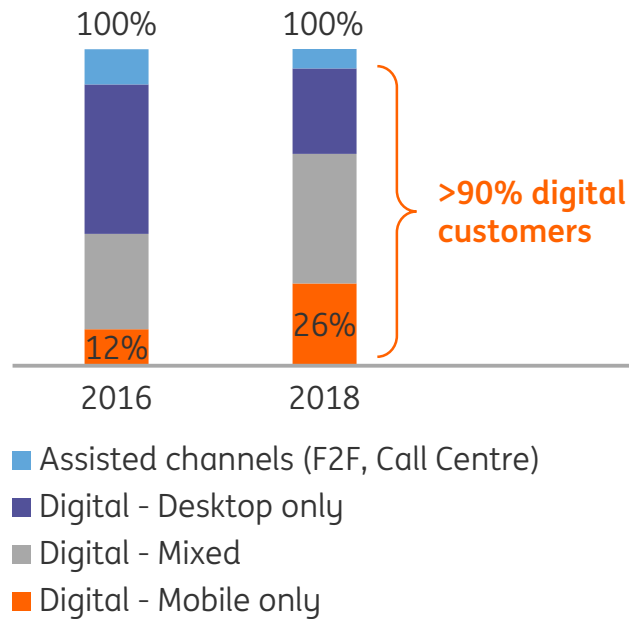
- Each customer interaction is an opportunity to offer a relevant product or service to our customer...
- ...and to get to know the customer better
- A superior digital and personalised customer experience is the differentiating factor for continuous engagement
- This drives how successful we are in deepening our relationships and cross-buy, and growing our primary customer base



We convert growth in digital interactions into digital sales...

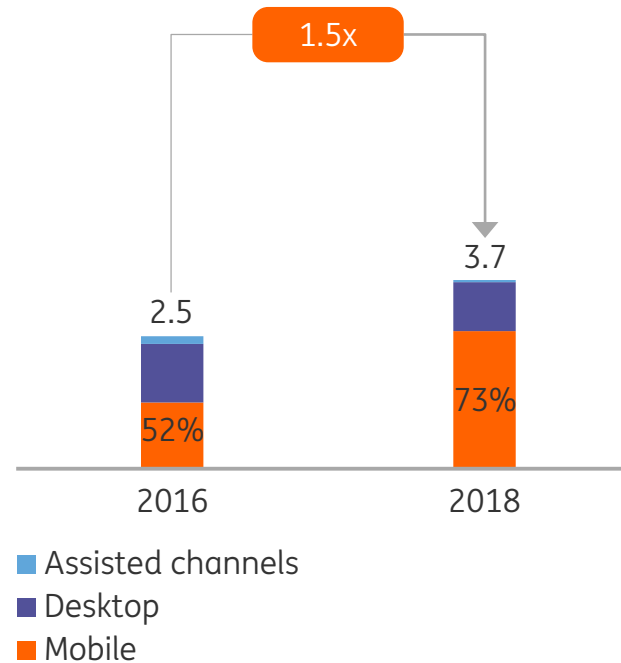
Customer behaviour changes drastically...

Channel mix* among active customers who contact us



...mobile interactions grow fast...

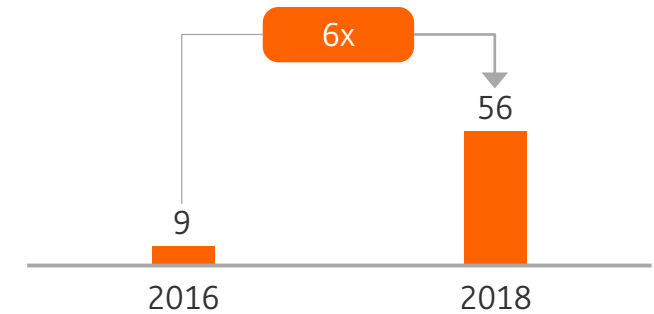
Customer interactions with ING per channel (in bln)



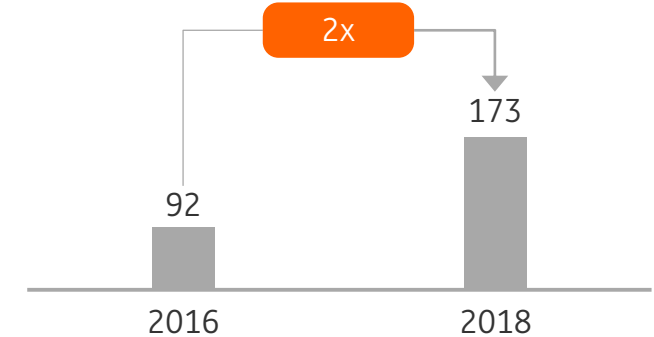
...which we convert into digital sales

Annual non-deposit sales per 1,000 active customers

Mobile



Digital

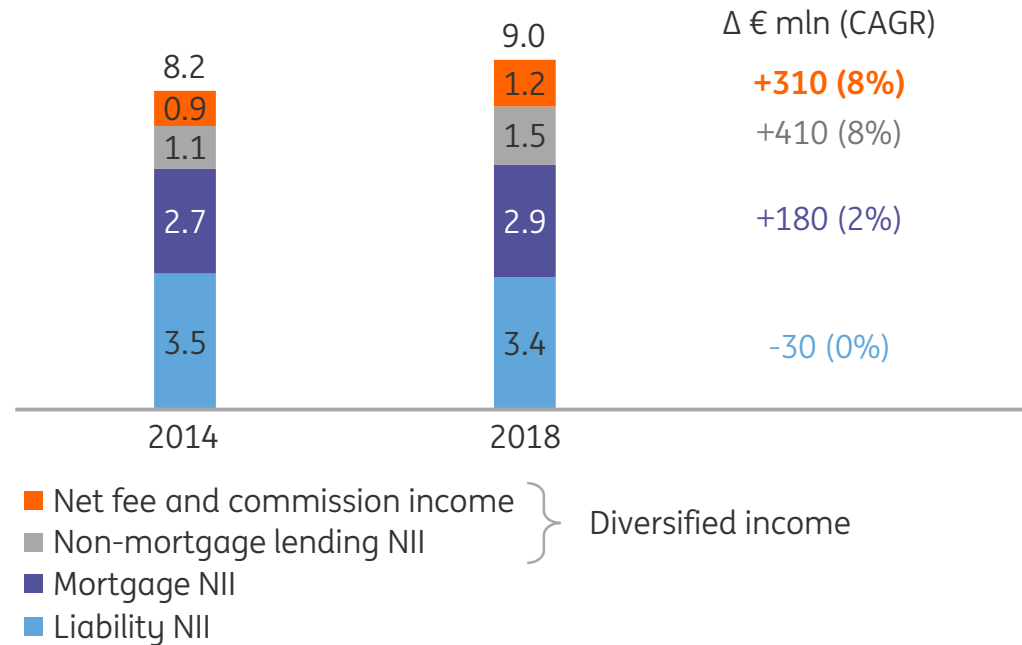


* Definition: customers who used the channel at least once in the last quarter

...resulting in income diversification and higher ROE

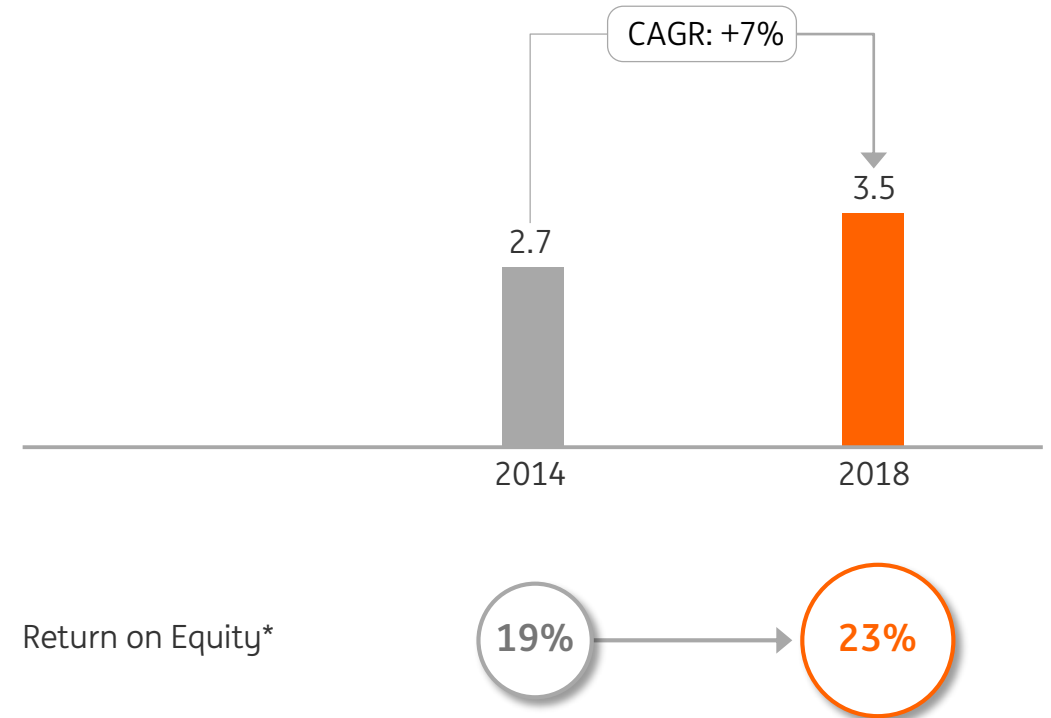
Diversification is driving income growth...

Retail income (in € bln, private individuals only)



...leading to strong growth in profitability and returns

Retail underlying profit before tax (in € bln, private individuals only)



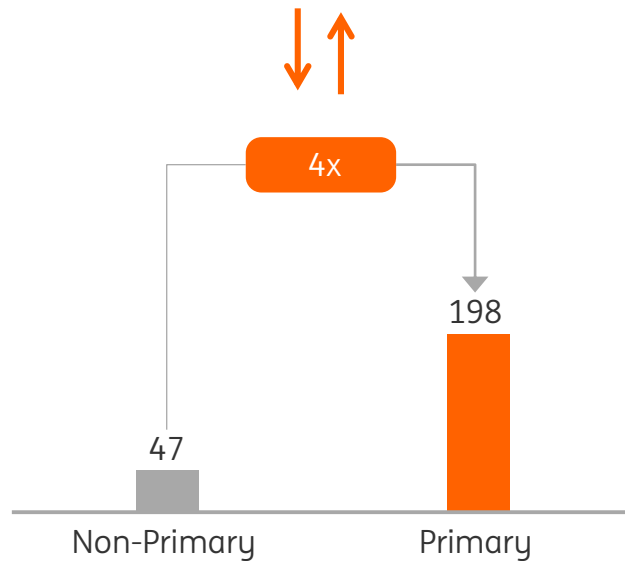
* Based on a 12% CET1 ratio

Note: scope of financials in this presentation is Retail Banking excl. SME/Midcorps, Asian bank stakes and Bank Treasury, based on flexed FX rates

Primary customer relationships reinforce the 'virtuous circle'...

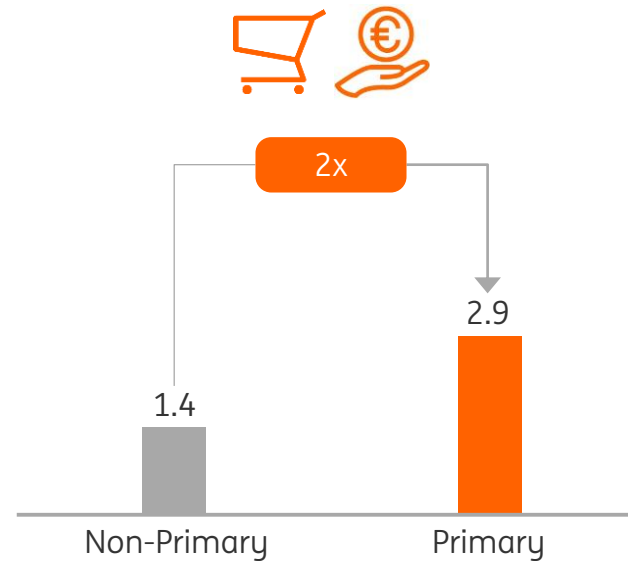
Primary customers interact more...

Average number of interactions per customer, 2017



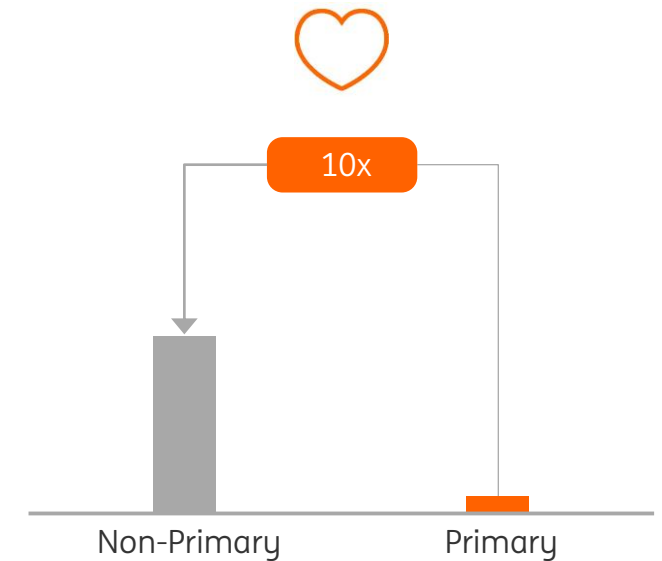
...buy more products...

Average number of products per customer, 2017



...and are more sticky

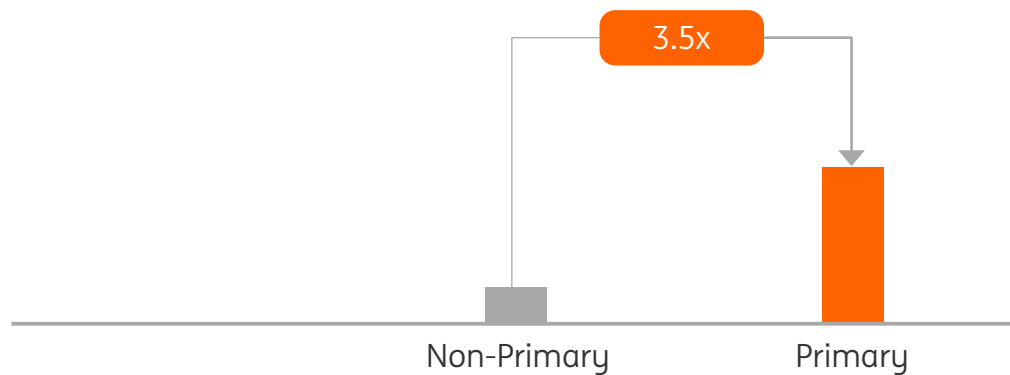
% of active customers that left ING per segment, 2017



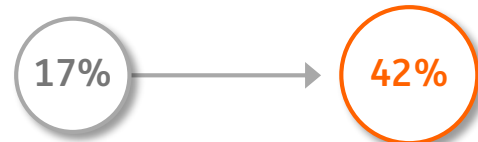
...which drives profitability, reinforced by our digital model

Primary customers generate superior returns

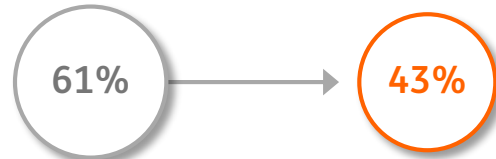
Profit before tax, per average private individual customer, 2017 (in €)



Return on Equity*



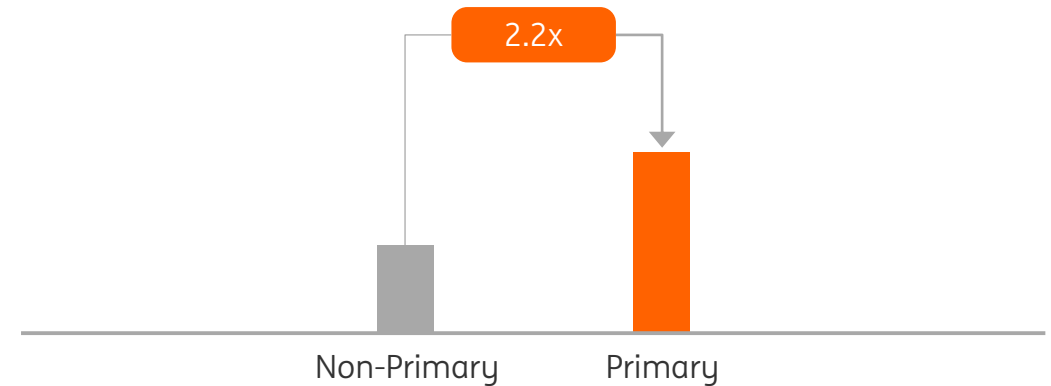
Cost/income ratio



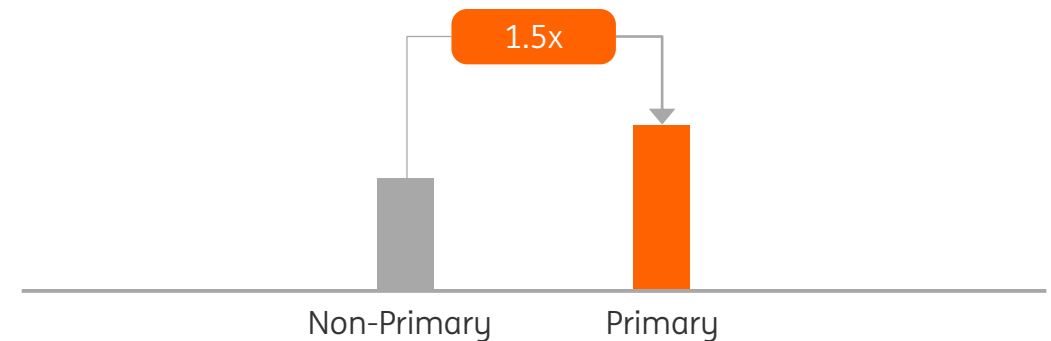
* Based on a 12% CET1 ratio

Digital customer engagement enables strong returns and low costs to serve

Income per average private individual customer, 2017 (in €)



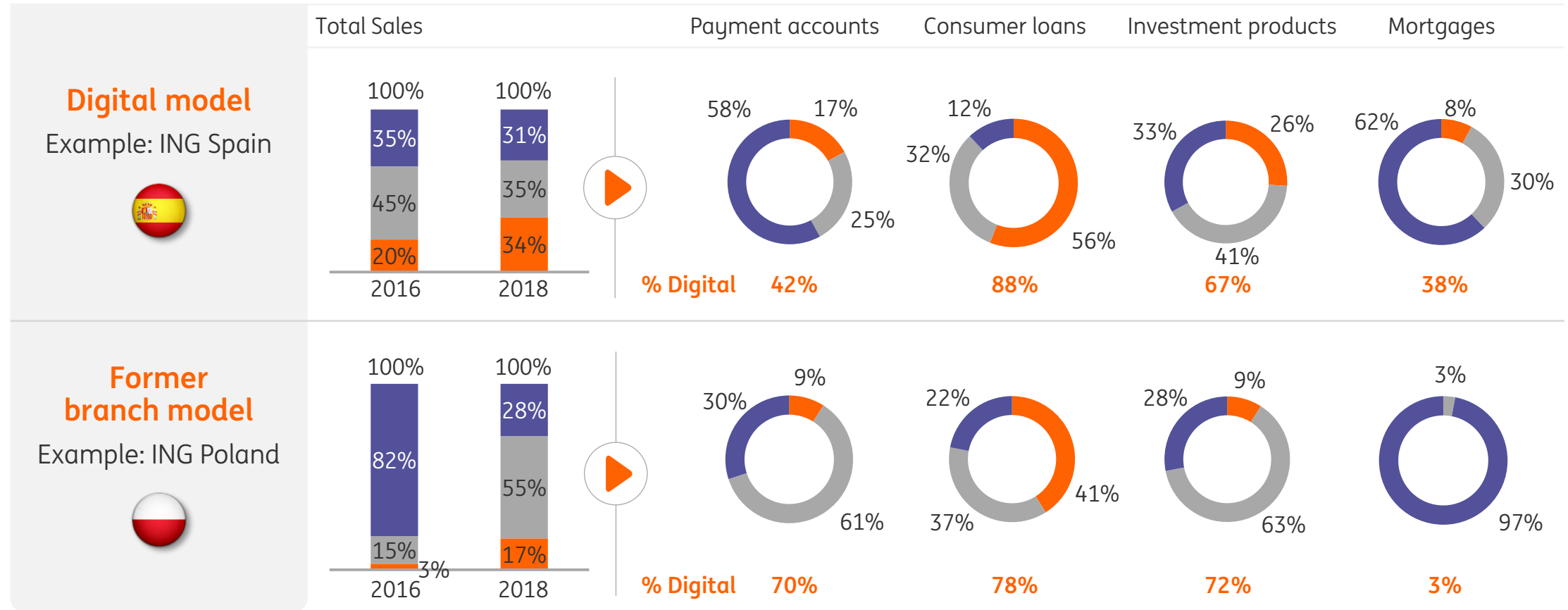
Costs per average customer, 2017 (in €)



We have successfully extended relationships into the digital world

Digital sales are picking up strongly across countries – also for more complex products

Channel mix for non-deposit sales (in % of total)

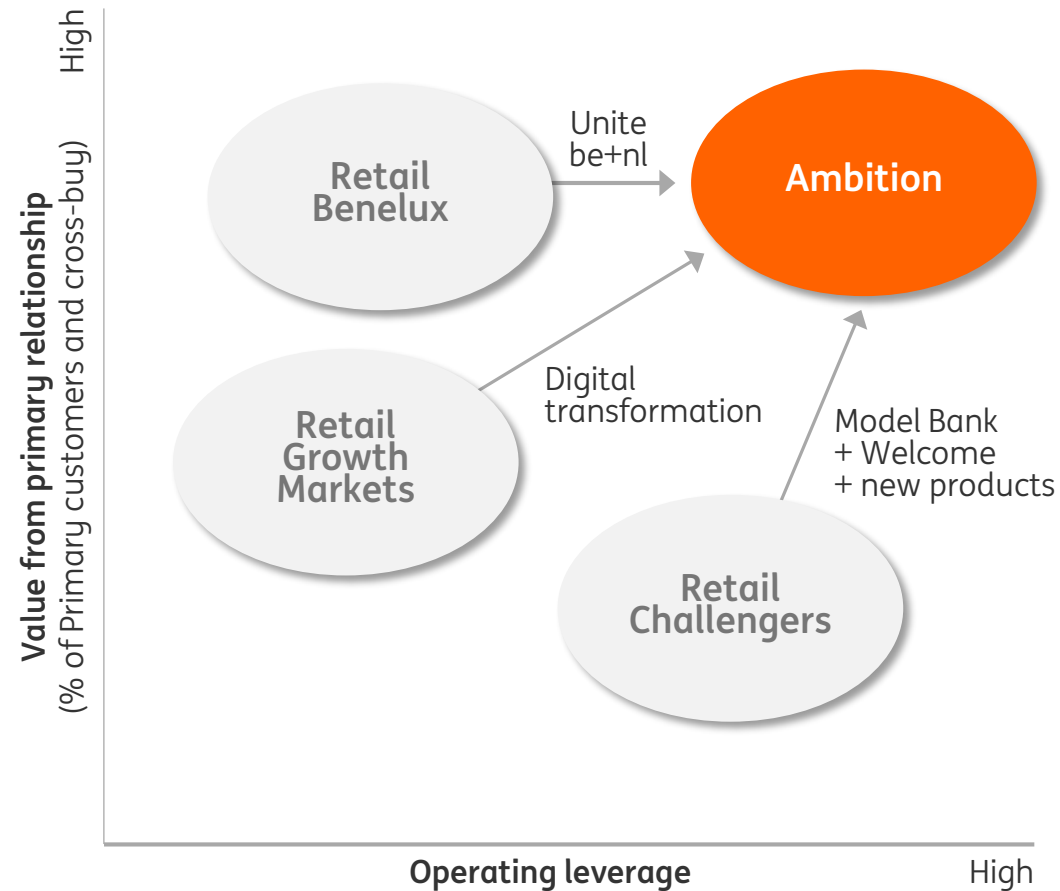


Note: Channel mix per product is based on 4Q18

■ Mobile
 ■ Desktop
 ■ Assisted channels

We will capture significant untapped value across retail markets

Across markets, we are at different stages...



...with different key accelerators to capture value potential

Provide best-in-class customer experience to grow (primary) customers

Expand product and service capabilities to increase cross-buy and fees

Leverage cross-border scalability and digital model to improve cost efficiency and reduce time-to-volume

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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