

ING Spain & Model Bank

Crafting our future mobile banking model

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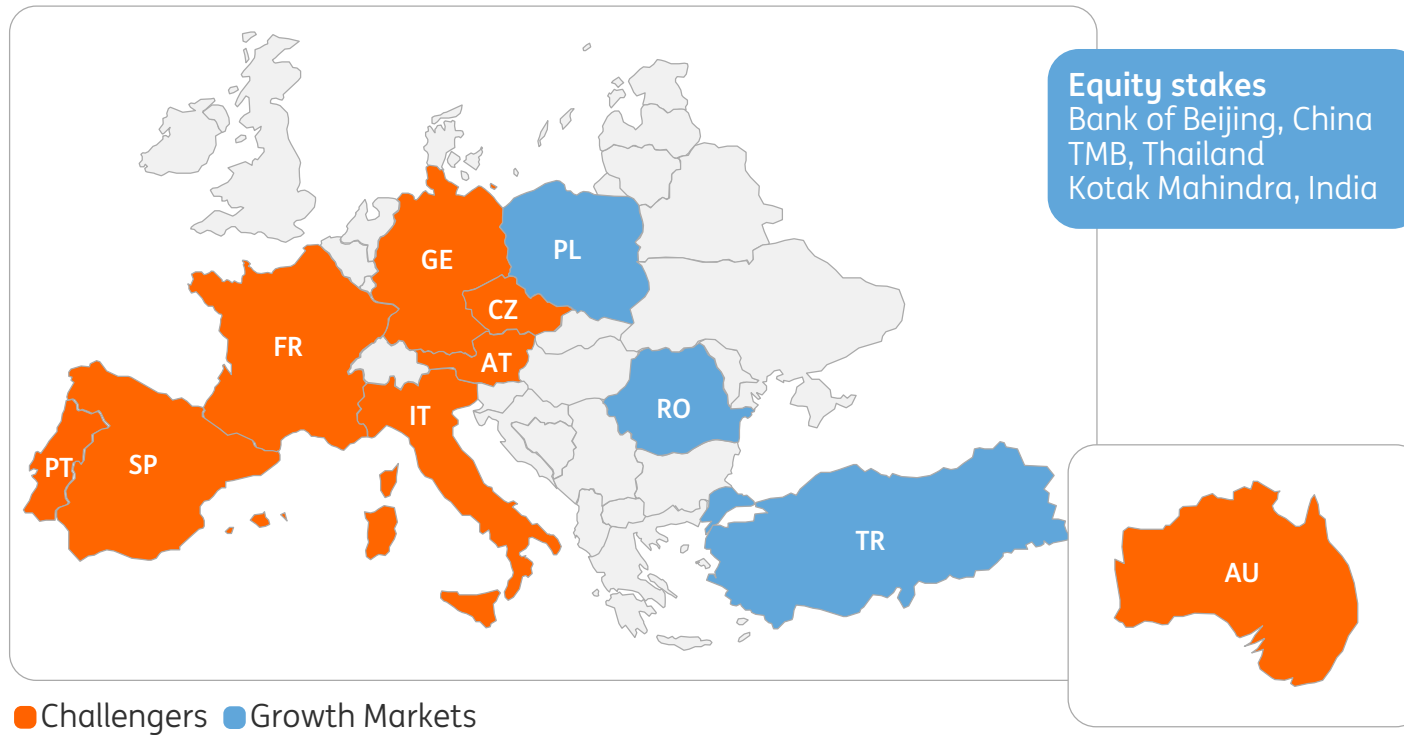
London • 2 March 2017

thinkforward



C&GM serves 25 million customers in 10 different countries

Challengers & Growth Markets footprint



Number of customers (in mln)

Since 2013



+3.7 mln total customers
+1.5 mln primary customers

Net Promoter Scores (NPS)

As per 4Q16

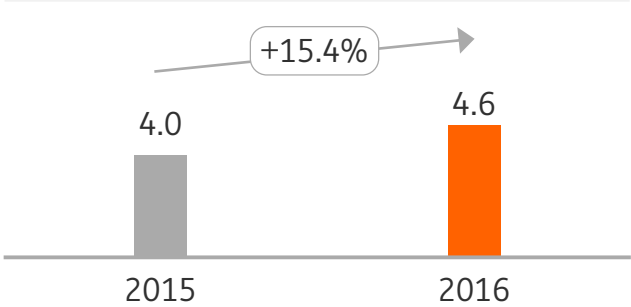


#1 in **7** of 10 C&G countries

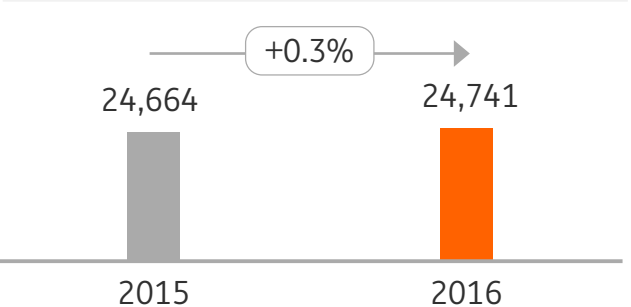


Think Forward priorities deliver tangible results in C&GM

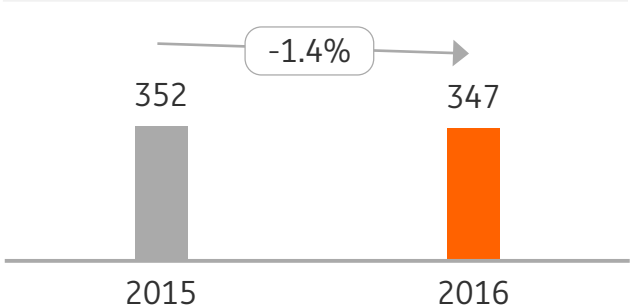
Primary customer growth (in mln)



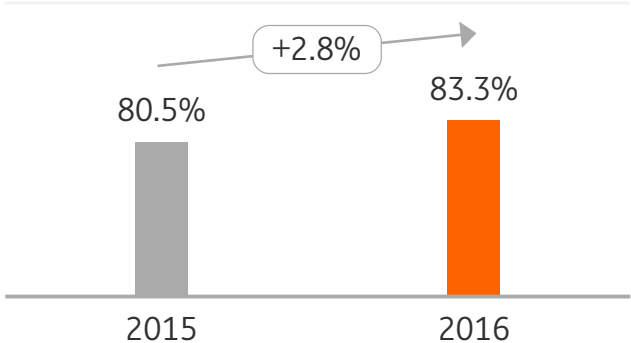
Headcount flat (FTEs)



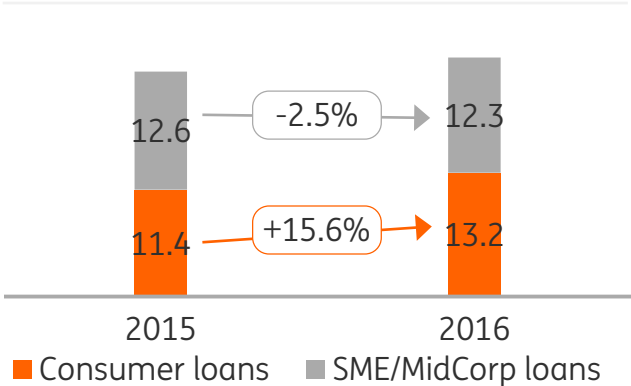
Risk costs well-controlled (in EUR mln)



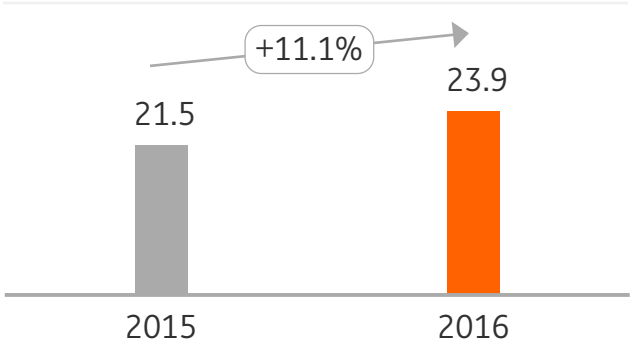
LtD ratio improving (in %)



Consumer & SME lending* (in EUR bln)



AuM increasing** (in EUR bln)

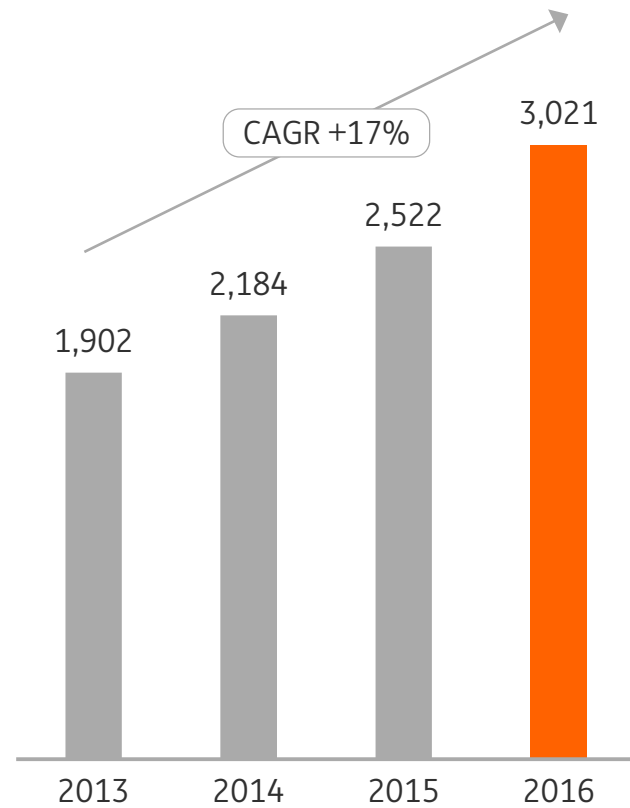


All numbers based on Challengers & Growth Markets (Retail Banking and Wholesale Banking combined)
 * Decline in SME/MidCorp lending mostly caused by negative FX impacts (especially in Turkey)
 ** Combination of mutual funds and Execution only/E-Brokerage

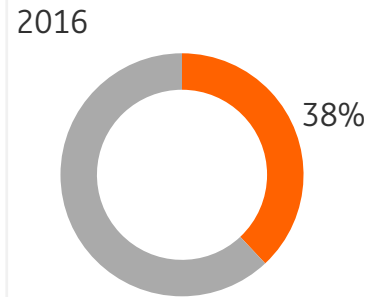
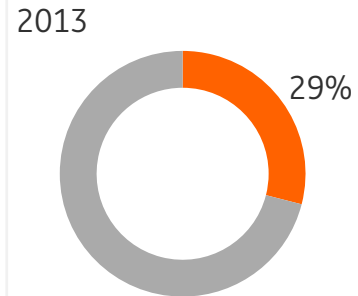
C&GM's rising contribution to ING Group profits

Underlying result before risk costs (in EUR mln)

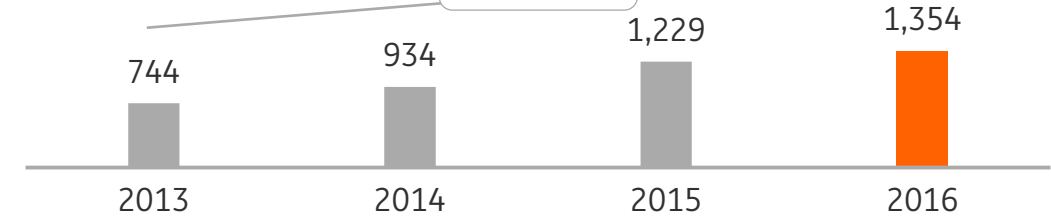
Challengers & Growth Markets



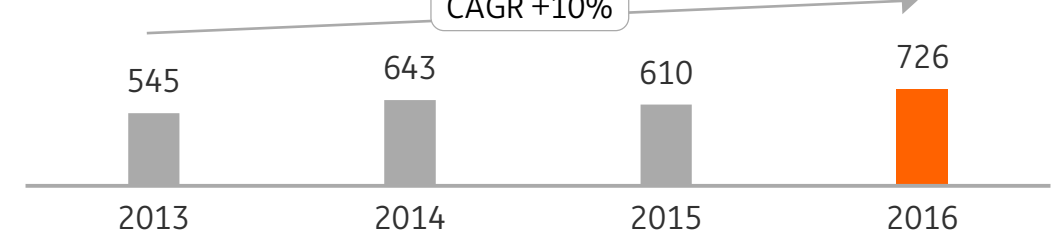
% of total Bank



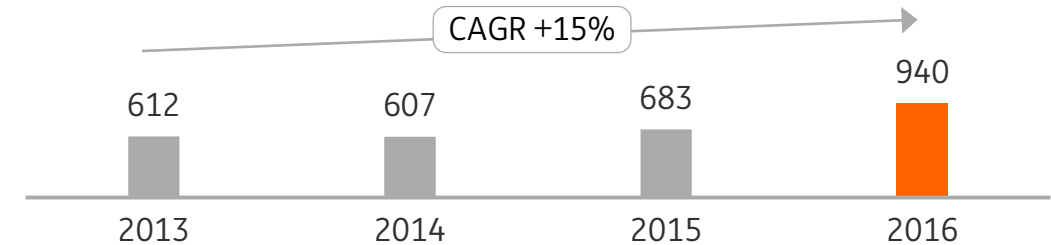
Germany*



Other Challengers



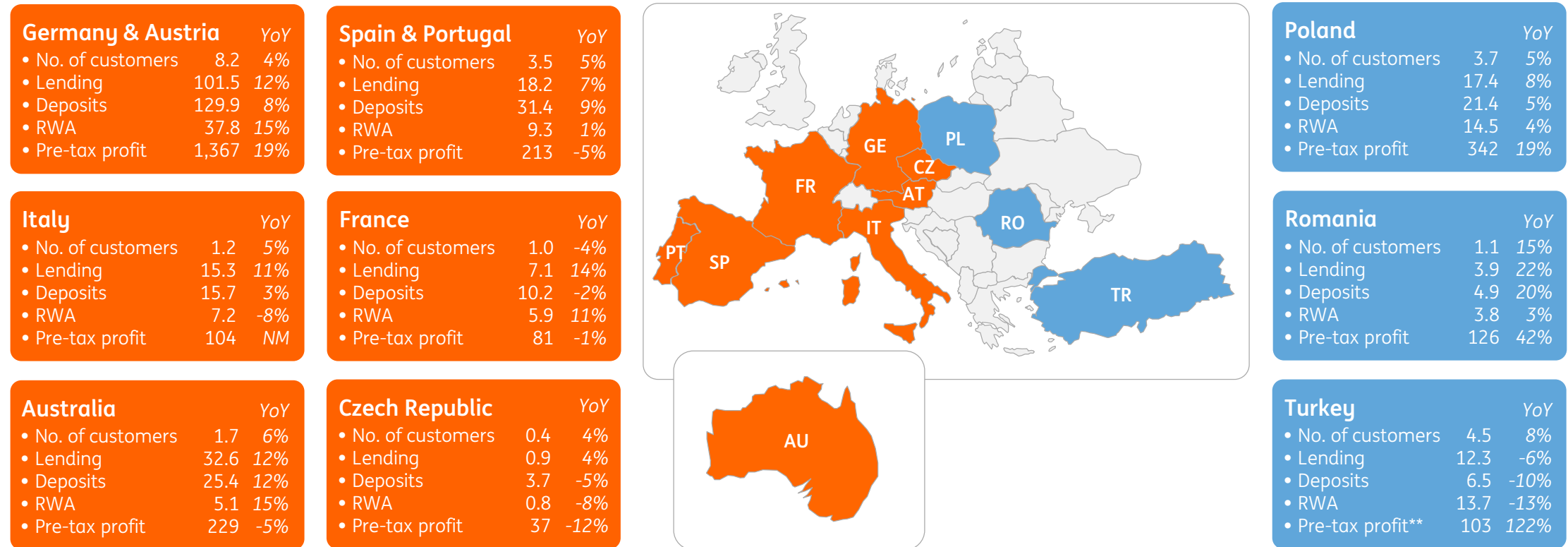
Growth Markets



2013 and 2014 numbers are excluding ING Vysya
 * Includes ING Germany, Austria and Interhyp

Nearly all C&G countries show strong results progression

Challengers & Growth Markets footprint (full year 2016)*



● Challengers ● Growth Markets

* Total Bank results per country (Retail and Wholesale combined), no. of customers (total retail customers) in mln, lending (excl. LLP), deposits and RWA in EUR bln, pre-tax profit in EUR mln
 ** Per local accounting, pre-tax profit of Turkey is EUR 231 mln

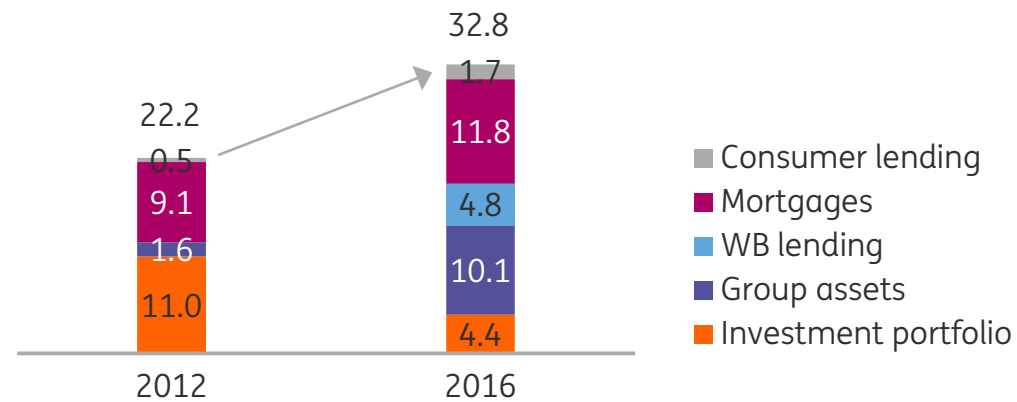
ING Spain

Key points

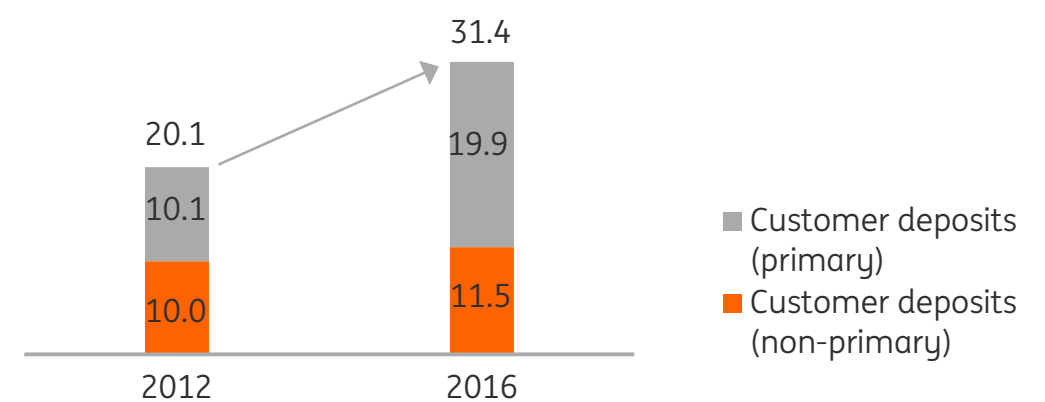
- ING Spain has achieved sustainable organic growth at a faster pace than our competitors
- We have an outstanding client centric approach that is reflected in:
 - Our #1 NPS score
 - Being the most recommended bank in Spain for 10 years running
- Strong loan and deposit generation have created a stable and diversified balance sheet
- Mobile interactions with customers keep increasing and offer further opportunities for growth
- Our leading innovation capabilities fulfil customers' changing needs and differentiate us from peers

Organic growth driven by strong loan and deposit generation

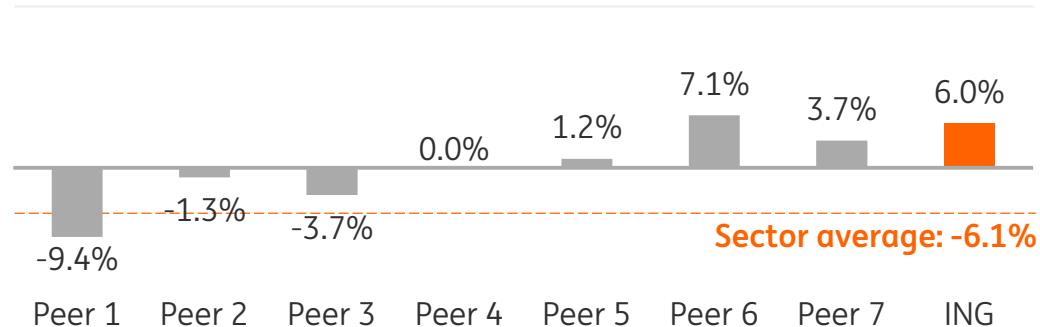
ING Spain total assets* (in EUR bln)



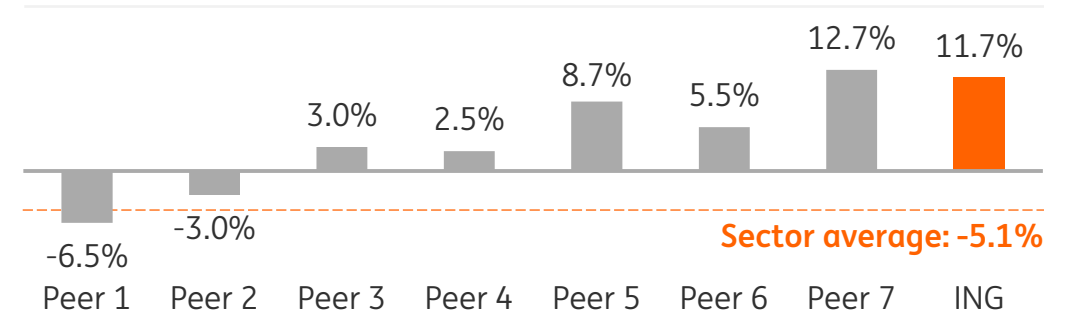
ING Spain total customer deposits (in EUR bln)



Assets CAGR 2012-2016**



Customer deposits CAGR 2012-2016**

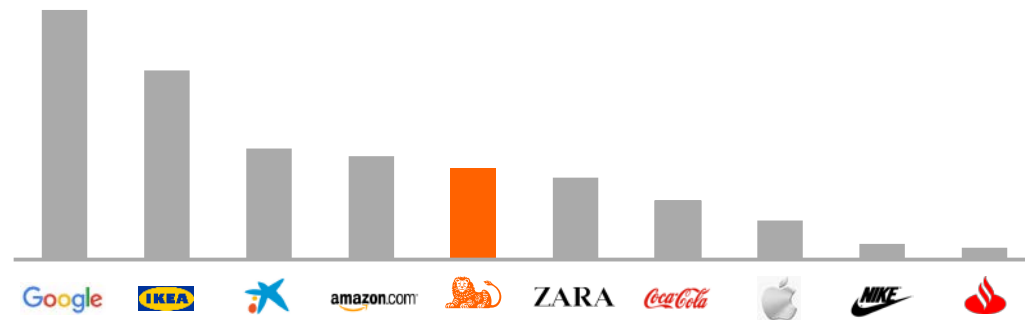


* Based on external assets, WB lending only visible upon introduction of One Bank Strategy (2014 for Spain, includes Portugal) and excluded from Assets CAGR

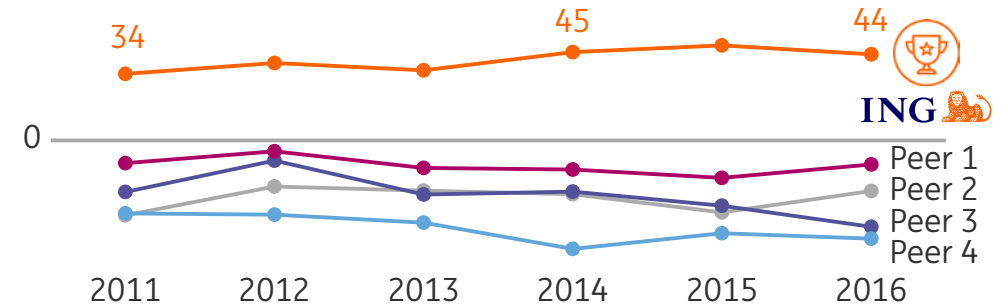
** Peers reported: Banco Popular, Banco Sabadell, Bankia, Bankinter, BBVA, Caixabank, Santander. Source: Bank of Spain data as of November 2016

Our client-centric approach shows in high customer satisfaction...

ING is a very powerful retail brand for Spanish consumers*

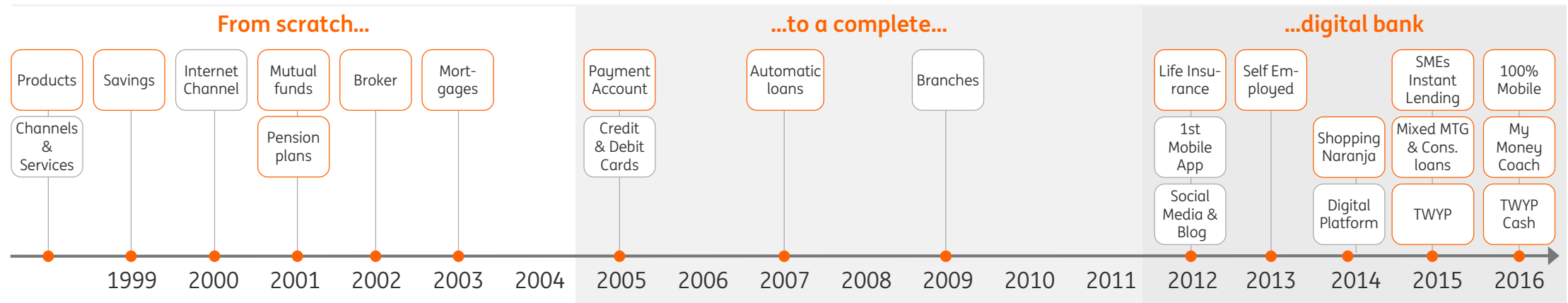


#1 NPS score and most recommended bank for 10 years



Peers reported: Bankinter, BBVA, Caixabank, Santander

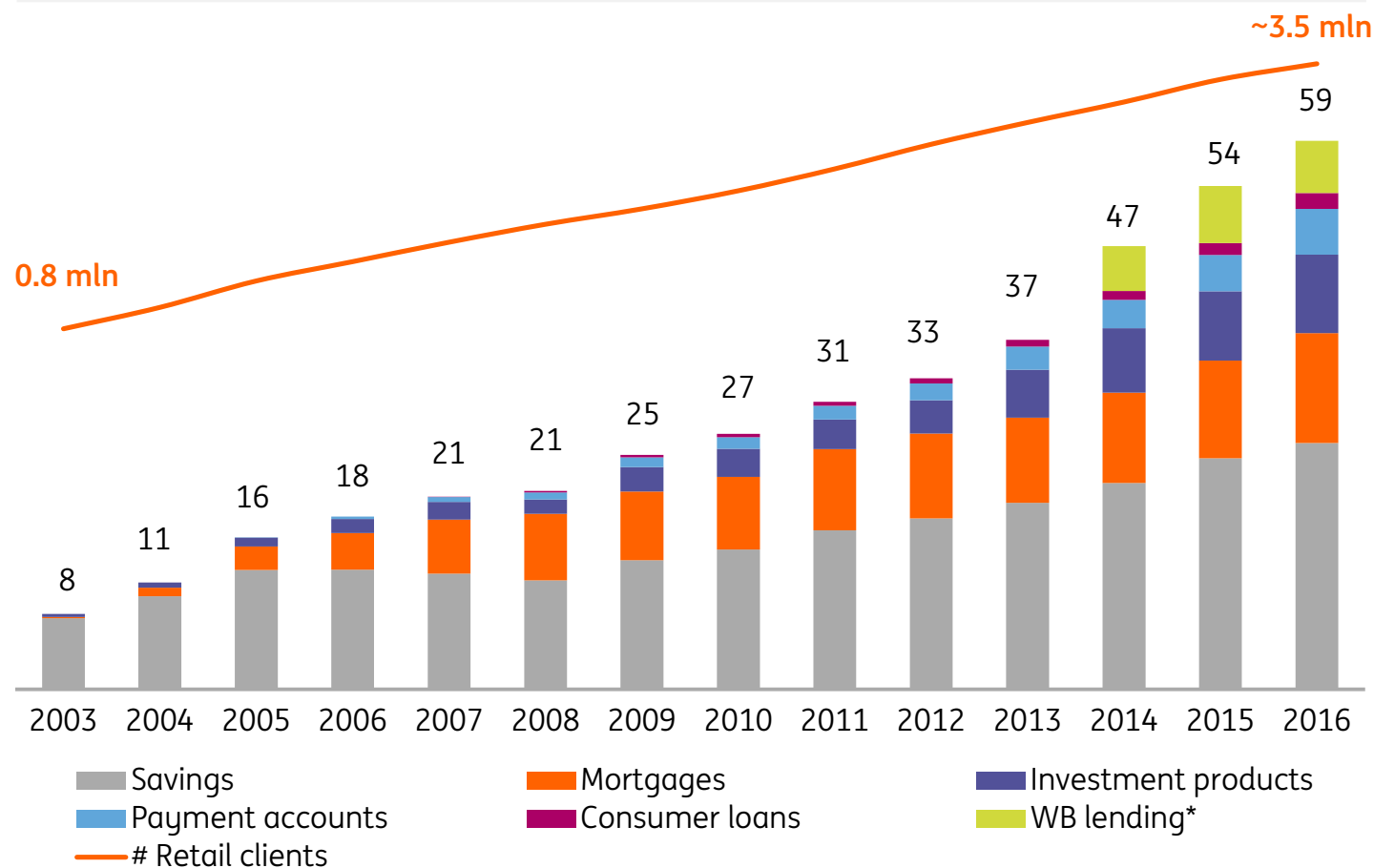
Continuous introduction of new products and channels to meet customer needs



* Source: Brand Tracking 2016, Bufete de Marketing: "Thinking about people, not only about its own profit"

...and leads to a more sustainable and diversified balance sheet

Customer balances (in EUR bln) and customer numbers (in mln) ING Spain

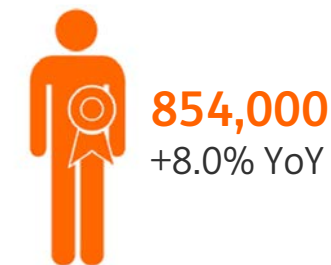


Key market shares December 2016**

Payment accounts	5.5%
Customer deposits	4.1%
Mortgages (portfolio)	2.2%
Mortgages (monthly new production)	7.0%
Mutual funds	1.2%
Pension plans	3.2%
Consumer loans (portfolio)	2.0%
Consumer loans (monthly new production)	4.4%

Primary customers

End-2016



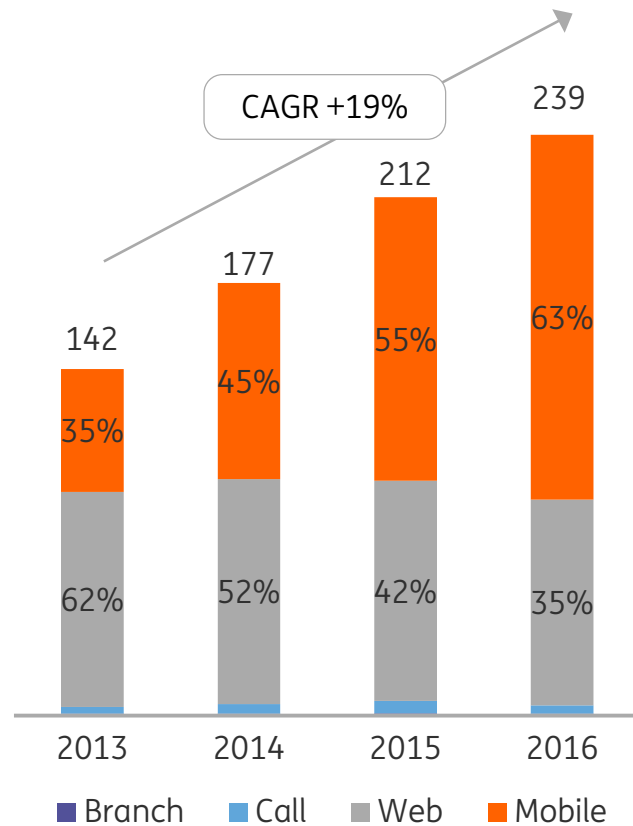
* WB lending only visible upon introduction of One Bank strategy

** Source: Bank of Spain Statistical Bulletin, for mutual funds and pension plans Inverco Statistics

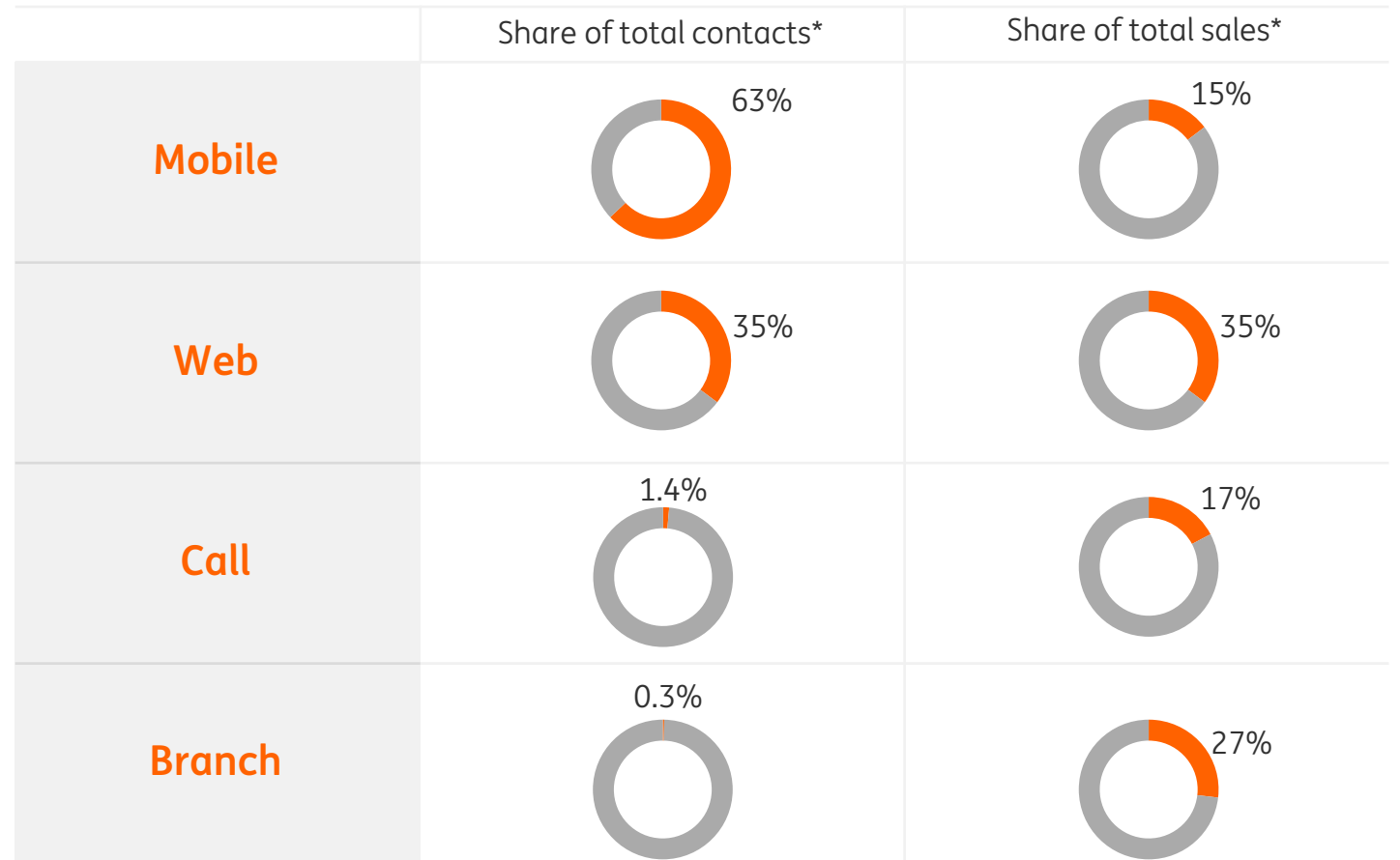
Mobile traffic in Spain continues to gain pace...

Mobile traffic grows rapidly...

Total contacts per channel (in mln)



...and reflects significant sales potential



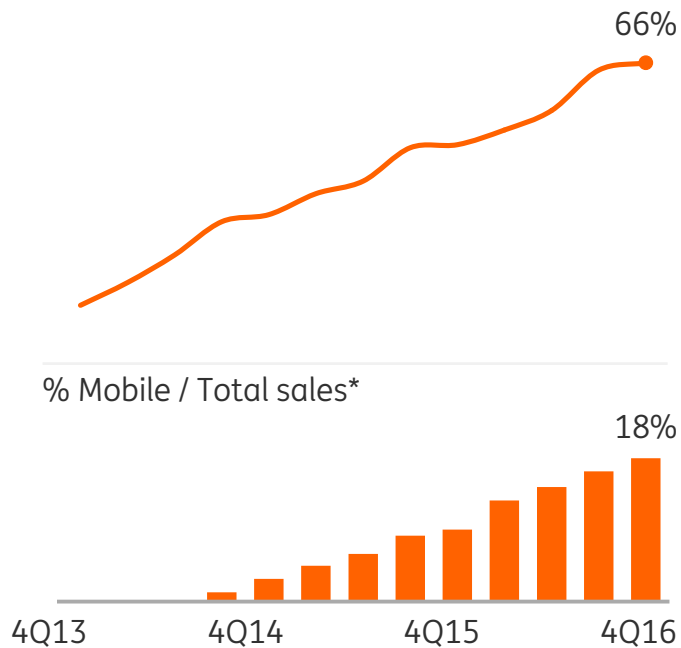
Data based on annual figures

* There are some miscellaneous contacts that are not included in the pie charts

...and driving a larger share of sales

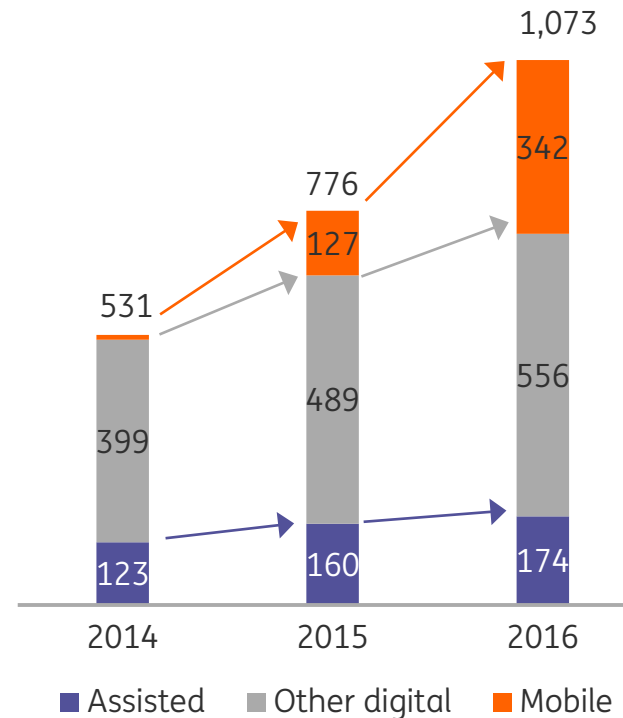
Mobile is becoming the channel of choice...

% Mobile / Total contacts*

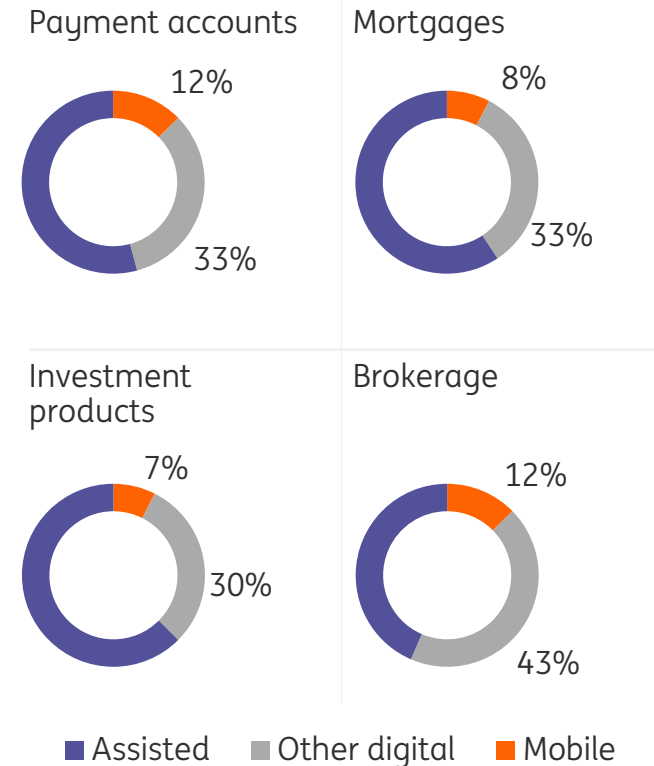


...for consumer lending...

Gross production (in EUR mln)



...and contributing significantly to our primary bank strategy



- Currently, **17% of new customers** are acquired through mobile and **1 out of 4** clients are **mobile-only** users

* Data based on quarterly figures

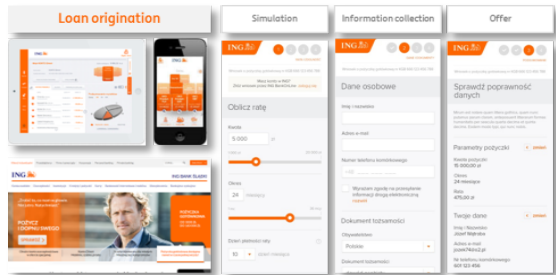
As mobile redefines the primary customer relationship...

	Non-primary relationship		Primary relationship - not mobile		Primary relationship - mobile
Contacts per client per month	4.5	→ X 1.6 →	7.4	→ X 2.5 →	18.2
Lending sales per 1,000 clients	1.4	→ X 3.6 →	5.0	→ X 3.4 →	16.8
Investment sales per 1,000 clients	1.3	→ X 1.8 →	2.3	→ X 1.6 →	3.7
Promoters	37%	→ X 1.2 →	44%	→ X 1.0 →	45%

...we continuously innovate to empower our customers

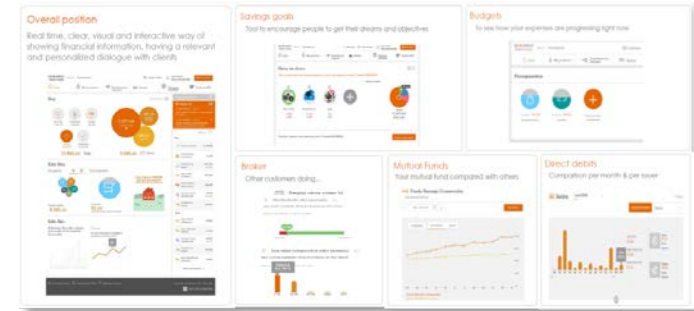
Instant Lending

- Using screen scraping tools to capture information from clients' other bank accounts for a behavioural risk assessment



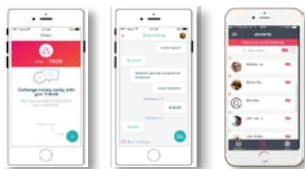
100% in control

- Delivering seamless customer experience on mobile, tablet and PC



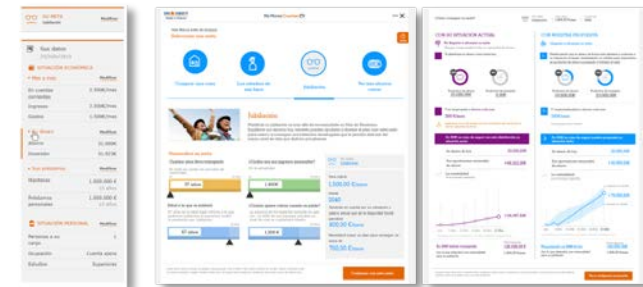
Twyp and Twyp Cash

- Twyp: enhancing payment experience via innovation
- > 400K payments
- Twyp Cash: introducing new ways to get cash
- >200K registered users and >3,500 retailers



My Money Coach

- First digital financial advisor for customers, launched in June 2016

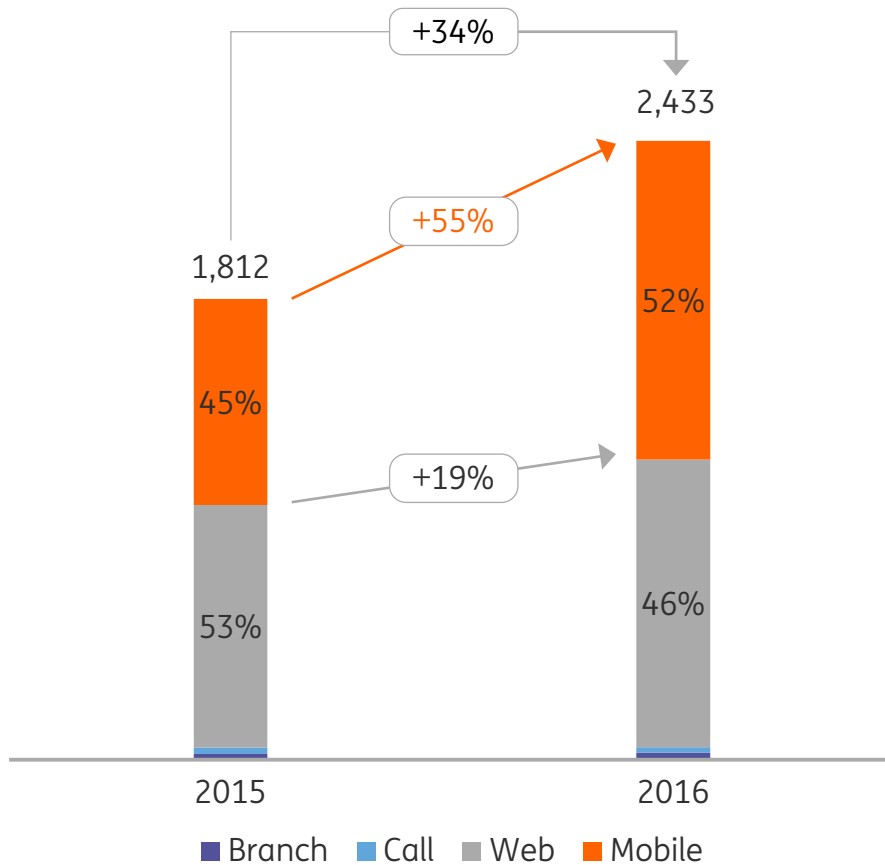


Model Bank

Convergence in customer behaviour trends in all countries

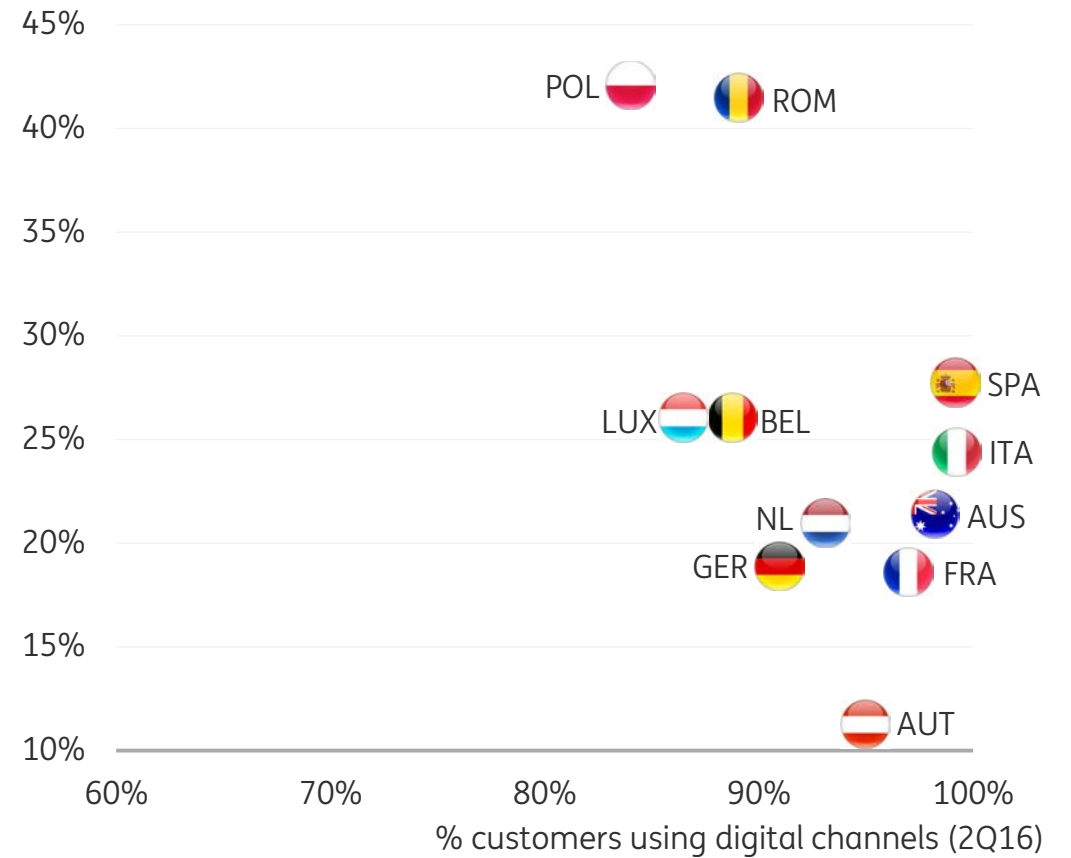
Mobile interactions picking up pace...

Contacts per channel in millions per year (Retail only)



...while digital channel use is consistent across our markets

% customers using assisted channels (2Q16)



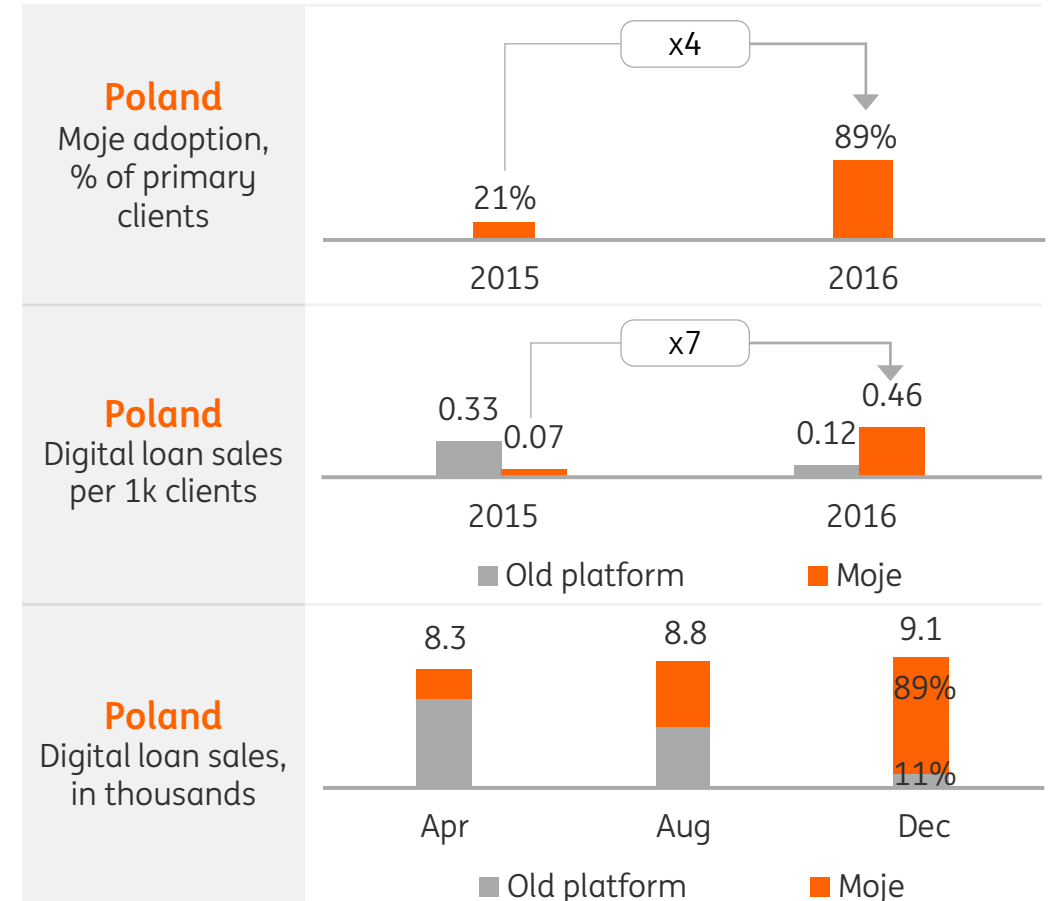
Spanish-inspired digital platform in Poland had immediate impact

Leveraging Spain's digital platform contributes to reduced time to market and cost of development...



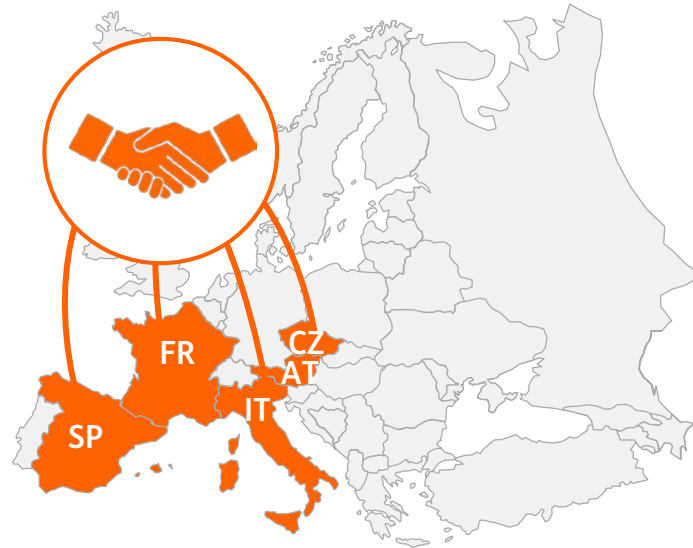
- **Accelerating time to market** - saves up to one year of work
- **Lower cost of development** - more efficient FTE usage

...as well as quick adoption and growth realisation in an early stage



We will extend the digital collaboration to other Challengers...

Building on our Poland-Spain experiences...



✓ Enhanced digital capabilities

- One user experience across countries
- Enabling digital sales growth

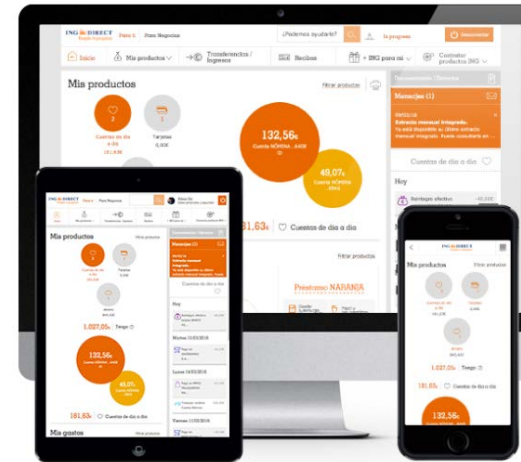
✓ Increased agility

- Enabling the launch of new products
- One set of business priorities

✓ Increased speed

- Improve time to market of innovative solutions

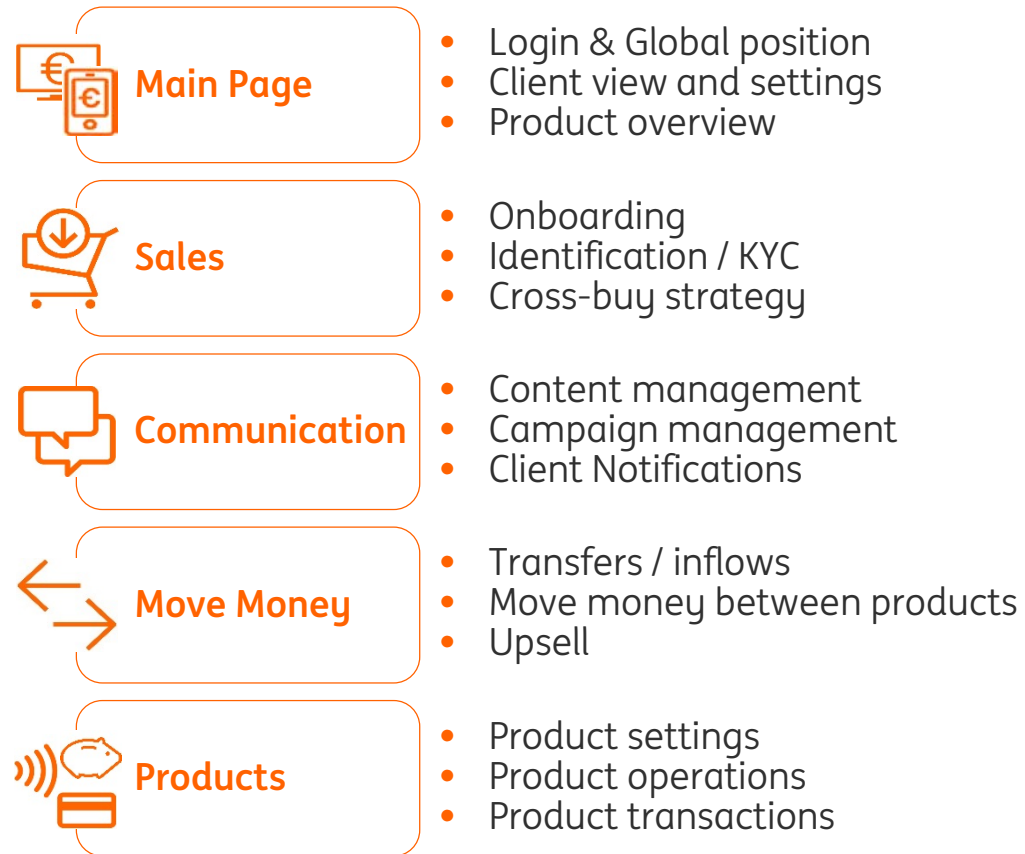
...will extend our collaboration to share, innovate and collaborate faster



Harmonised
“digital platforms”

...and harmonise our digital retail capabilities

Digital retail capabilities built on five pillars...



...with high degree of harmonisation expected to be possible



Guiding principle: “Retail proposition to be harmonised, unless the value vs. effort of differentiation is clear”

Model Bank will enable primary customer growth

6 million customers

Common front-end / Central platform

Harmonised value proposition

Shared delivery organisation (Madrid)

Standardised back-end (Bucharest)

Centralised infrastructure (ING Private Cloud)



Spain



Italy



France



Czech Republic



Austria

The Model Bank platform...



Enhanced digital capabilities



Increased agility

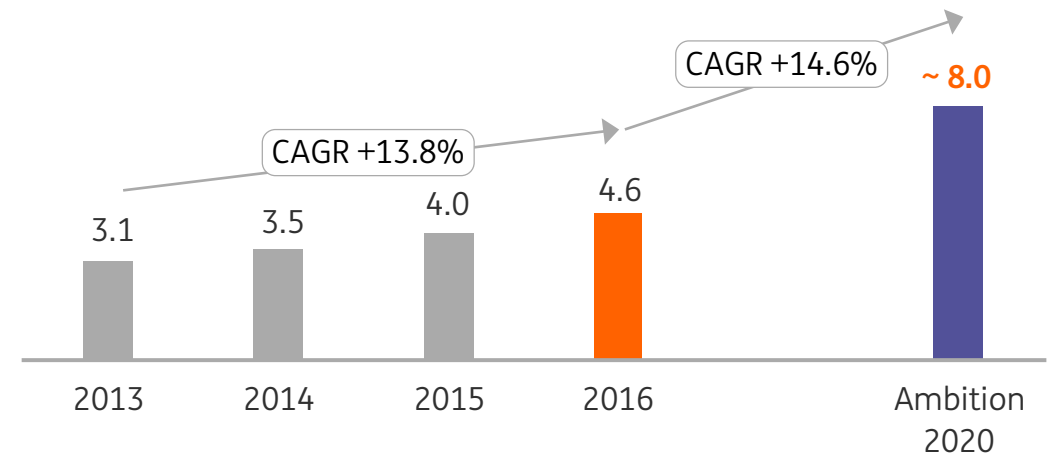


Enables accelerating additional income



...will help deliver primary customer growth plans (in mln)

C&GM primary customers



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 2015 ING Group consolidated annual accounts. The Final statements for 2016 are in progress and may be subject to adjustments from subsequent events. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) potential consequences of European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (6) changes affecting interest rate levels, (7) changes affecting currency exchange rates, (8) changes in investor and customer behaviour, (9) changes in general competitive factors, (10) changes in laws and regulations, (11) changes in the policies of governments and/or regulatory authorities, (12) conclusions with regard to purchase accounting assumptions and methodologies, (13) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (14) changes in credit ratings, (15) ING's ability to achieve projected operational synergies and (16) the other risks and uncertainties detailed in the most recent annual report of ING Groep N.V. (including the Risk Factors contained therein) and ING's more recent disclosures, including press releases, which are available on www.ing.com. Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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