

First quarter 2017 Results

ING Group 1Q17 net profit of EUR 1,143 million

Ralph Hamers, CEO ING Group

Amsterdam • 10 May 2017

thinkforward



Key points

- ING recorded 1Q17 net profit of EUR 1,143 mln; underlying pre-tax result up 39.3% from 1Q16 to EUR 1,652 mln
- Strong results reflect continued loan growth, good cost control and low risk costs
- Wholesale Banking results were particularly strong, led by higher income from Financial Markets and commissions
- In the quarter, we attracted 150,000 new primary bank customers; differentiating customer experience drives leading Net Promoter Scores in our retail markets
- On a four-quarter rolling average basis, ING Group's underlying return on equity was 10.8% and the cost/income ratio improved to 53.1%
- ING Group's fully-loaded CET1 ratio rose to 14.5%, well above prevailing fully-loaded regulatory requirements

Our focus on primary customer relationships drives value

1Q17 net customer growth



+300k
total customers
+150k
primary customers

1Q17 core lending growth



EUR **+5.7** bln

1Q17 Net Promoter Scores (NPS)



#1 in 8 of
13 retail countries

Consumer lending

Retail C&GM

EUR **+2.1** bln
+18% YoY

Assets under management

Retail C&GM

EUR **+4.5** bln
+21% YoY

Commission income

Retail C&GM

EUR **+30** mln
+28% YoY



Transformation programmes on track

Four major digital transformation programmes

Orange Bridge*



- Agreement on a Social Plan with trade union partners in Belgium
- Transformation governance in place

Model Bank



- Ramp up of central IT team in Madrid (> 100 FTE)
- Multi-currency/language functionality in production

Welcome



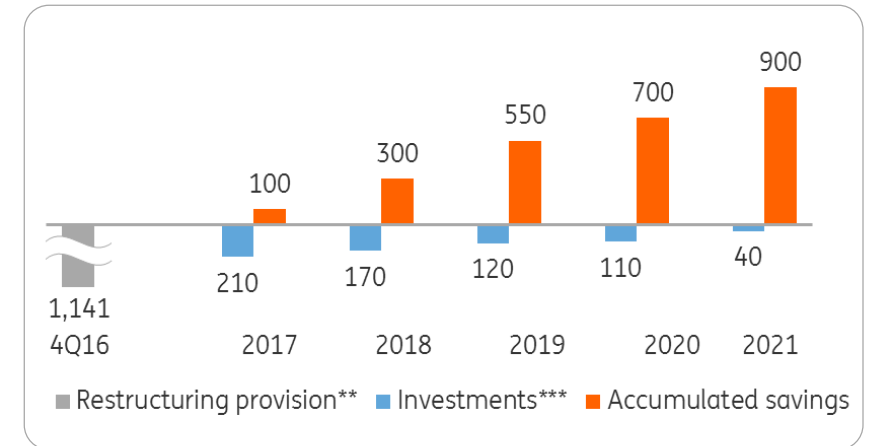
- New digital current account opening process
- Faster processing of consumer loans via new digital income check

WTOM



- InsideBusiness, the WB client portal, now live in 15 countries

Estimated impact of digital transformation programmes (in EUR mln)



* Initiatives have been submitted to the relevant regulatory authorities and are under review

** Booked in 4Q16 as a special item

*** Defined as incremental expenses from newly announced programmes on 3 October 2016

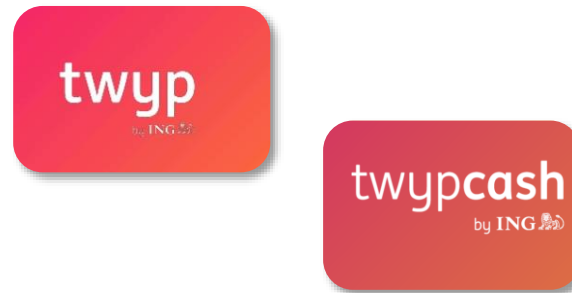
New innovations developed internally and with fintechs

Payconiq launch in the Netherlands



- **Mobile payments platform** created by ING
- Launched in Belgium in 2015; **> 25,000** activated merchants and 2 major Belgian banks joined
- After this success, intention to **launch in the Netherlands** this summer with 5 other Dutch banks

TWYP/TWYP Cash > 530,000 users



- TWYP is **peer-to-peer payment app** in Spain
- TWYP Cash is **cashback app** allowing customers to withdraw cash using their smartphones
- TWYP Cash can be used at **3,500 retailers and petrol stations**, completely for free

We are working with 94 fintechs

- Scaling up in-house initiatives



- Active fintech partnerships



- Pilots and proof of concept



1Q17 results

First quarter results re-confirm our strategic roadmap

2016-2020 roadmap – 3 October 2016 Investor Day

	Market Leaders	Challengers & Growth Markets	Wholesale Banking	Ambition 2020
Income	-	↑↑	↑	Focus on higher margin lending and fees
Costs	↓	↑	-	Up in countries where we grow, supported by efficiency programmes
C/I ratio	↓	↓	↓	50-52%
ROE	↑	↑	↑	Awaiting regulatory clarity

Improve ROE and generate capital	Manage for sustainable and profitable growth
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- Absolute cost savings clearly visible in Retail Benelux, particularly in the Netherlands
- Retail C&GM grows revenues fast; upfront investment to attract primary customers and further digitalise the business
- Wholesale Banking delivers solid growth on the back of low-risk lending with positive jaws versus expense line

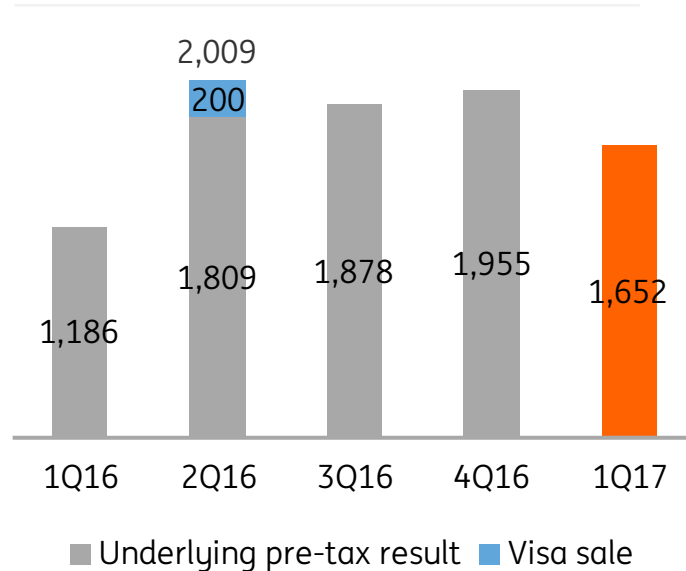
Underling results by segment (in EUR mln)

	Underlying income			Underlying expenses excl. regulatory costs		
	1Q16	1Q17		1Q16	1Q17	
Retail Benelux	1,707	1,721	+0.8%	930	836	-10.1%
Retail Challengers & Growth Markets	1,108	1,192	+7.6%	578	623	+7.8%
Wholesale Banking*	1,316	1,545	+17.4%	573	608	+6.1%

* If Financial Markets is excluded (relatively large YoY swing), underlying income growth is 13.5%

Strong pre-tax result despite seasonally high regulatory costs

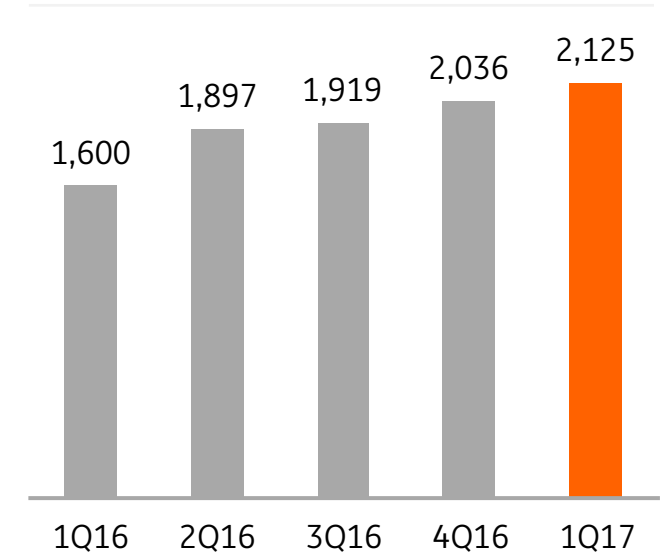
Underlying pre-tax result
(in EUR mln)



Volatile items and regulatory costs
(in EUR mln)

	1Q16	2Q16	3Q16	4Q16	1Q17
CVA/DVA	35	-54	-72	14	30
Capital gains/losses	62	165	66	36	45
Hedge ineffectiveness	-15	59	30	78	-74
Other items*		17			
Total volatile items	82	187	24	128	1
Regulatory costs	-496	-75	-65	-209	-474

Pre-tax result excl. volatile items
and regulatory costs (in EUR mln)

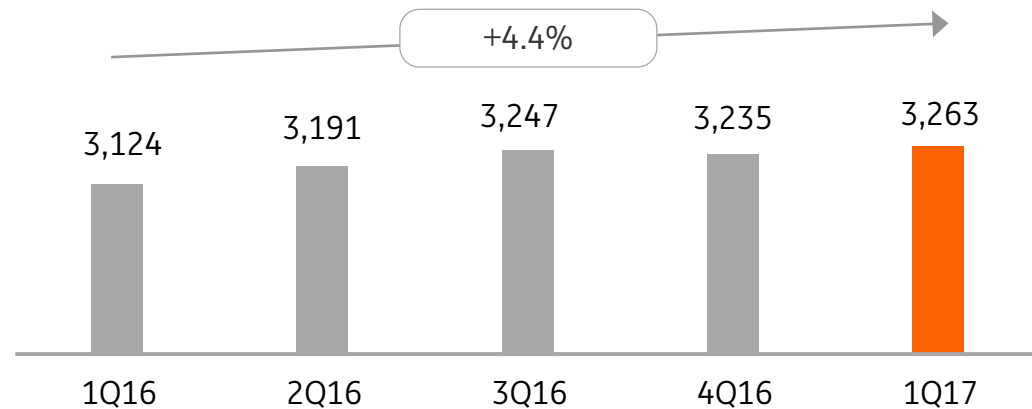


- Excluding volatile items and regulatory costs, 1Q17 pre-tax result up strongly from 1Q16 and modestly higher than 4Q16:
 - Steady net interest income progression and a good quarter for Financial Markets
 - Stable underlying expenses and low risk costs of EUR 133 mln or 17 bps of average RWA

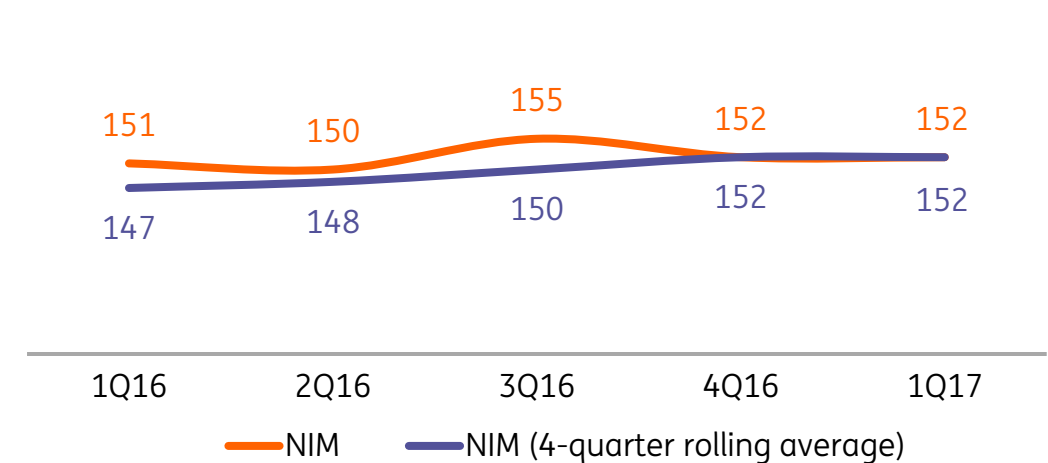
* Other items in 2Q16 consisted of procured cost savings in Belgium (EUR 116 mln), provision for SME and REF clients in the Netherlands with interest rate derivatives (EUR -137 mln) and of Visa gains recorded under Other income (EUR 38 mln)

Robust NII result supported by margin resilience

Net interest income excl. Financial Markets (in EUR mln)



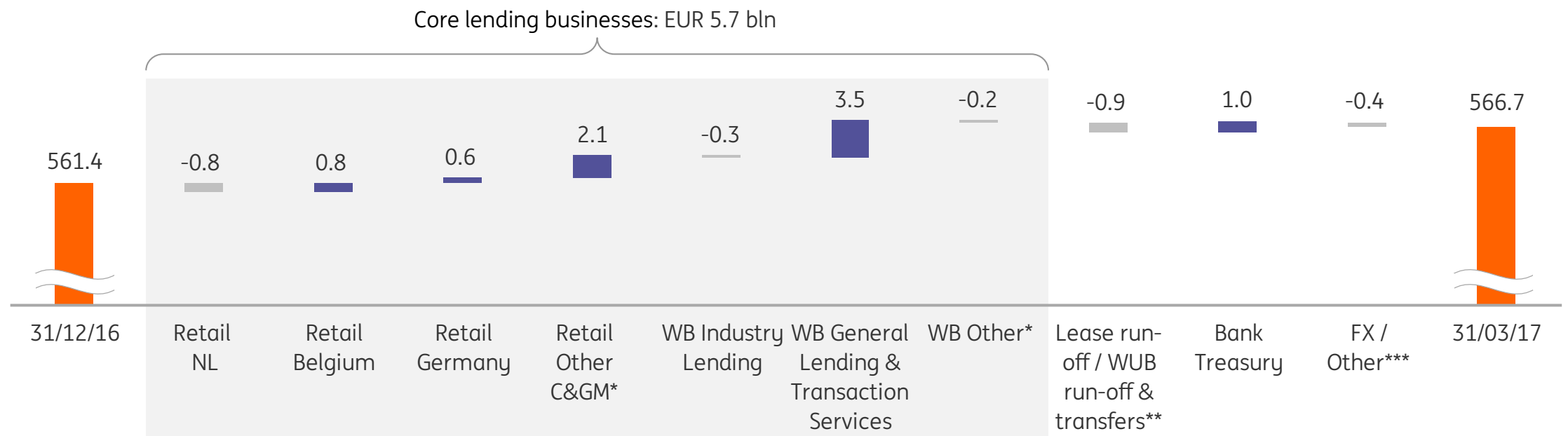
Net interest margin remains stable (in bps)



- Net interest income was up 4.4% versus 1Q16 and up slightly on the previous quarter:
 - Continued volume growth in mortgages as well as Retail and Wholesale Bank lending
 - Stable lending margins year-on-year, despite pressure from the persistently low interest rate environment
 - Higher interest income in Bank Treasury and benefits from balance sheet optimisation
- Net interest margin is stable on 4Q16, despite a 1 bp negative impact from lower interest income within Financial Markets

Our core lending franchises grew by EUR 5.7 bln in 1Q17

Customer lending ING Group 1Q17 (in EUR bln)



- Our core lending franchises grew by EUR 5.7 bln in 1Q17:
 - Wholesale Banking increased by EUR 3.0 bln which was fully driven by General Lending & Transaction Services
 - Retail Banking increased by EUR 2.7 bln, mainly in the Other Challengers & Growth Markets which was almost equally split between mortgages and other customer lending

* C&GM is Challengers & Growth Markets; WB Other includes Financial Markets

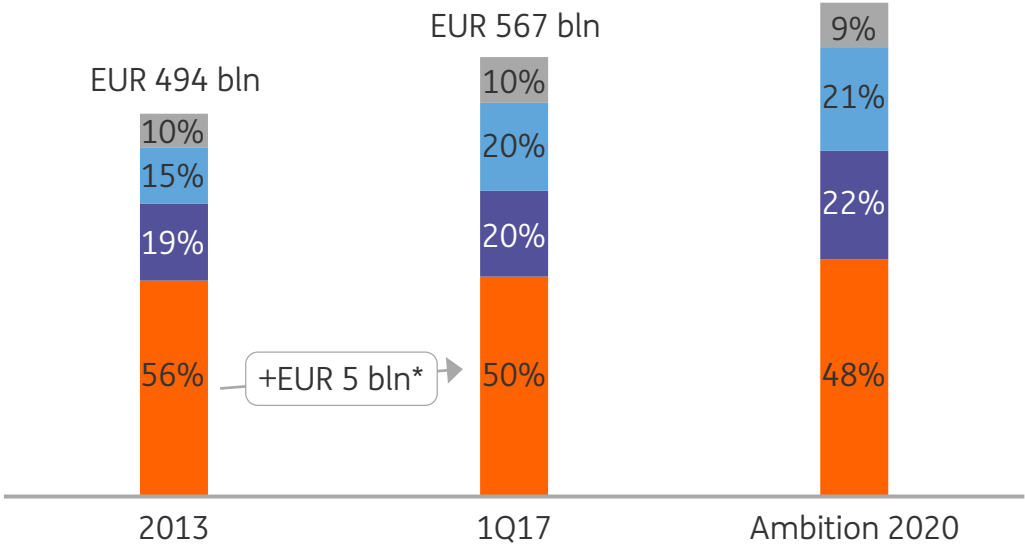
** Lease run-off was EUR -0.1 bln, WUB run-off was EUR -0.5 bln and WUB transfer to NN was EUR -0.3 bln

*** FX impact was EUR +0.8 bln and Other EUR -1.2 bln

Think Forward strategy delivers on changing asset mix

Mortgage concentration down to 50%

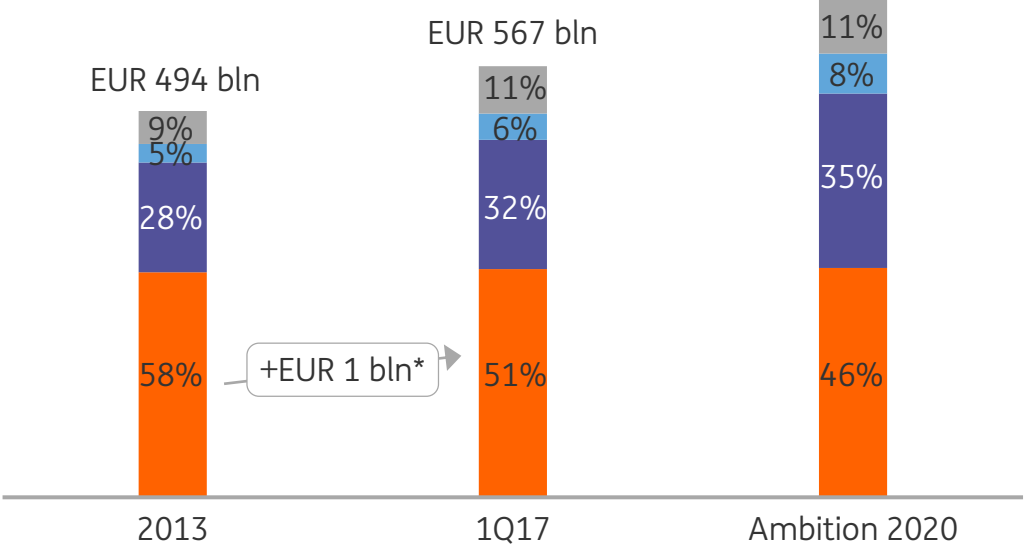
Total customer lending



- Mortgages
- SME/Midcorp/Consumer lending
- Industry Lending
- General Lending & Transaction Services

C&GM growth leads to better matched balance sheets

Total customer lending



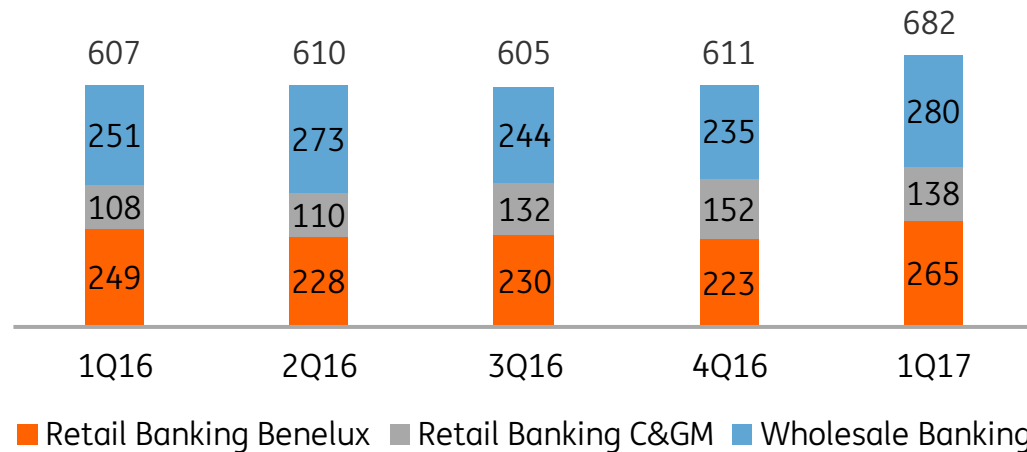
- Market Leaders
- Challengers
- Growth Markets
- Rest of World

* Adjusted for WUB transfers/run-off, customer lending growth in mortgages was EUR 15 bln and growth in Market Leaders was EUR 13 bln

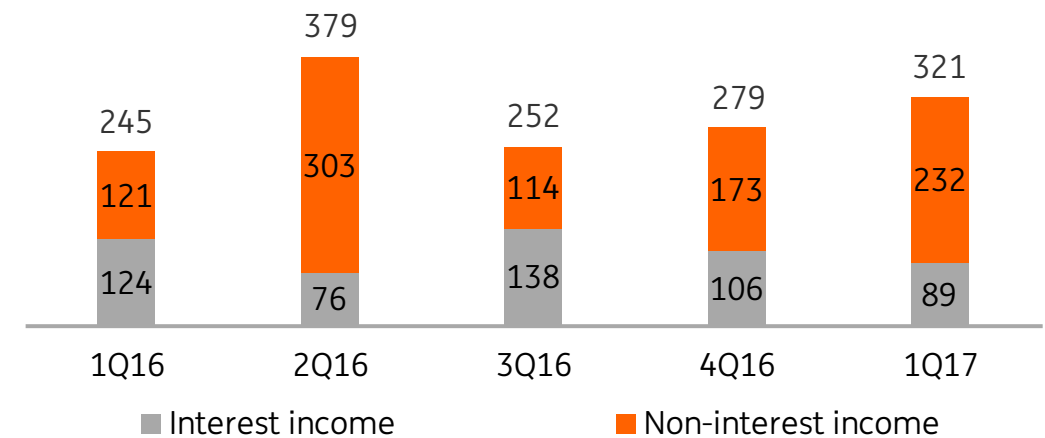


Commission income records solid gains; FM has good 1Q17

Commission income strong on WB fee growth
(in EUR mln)



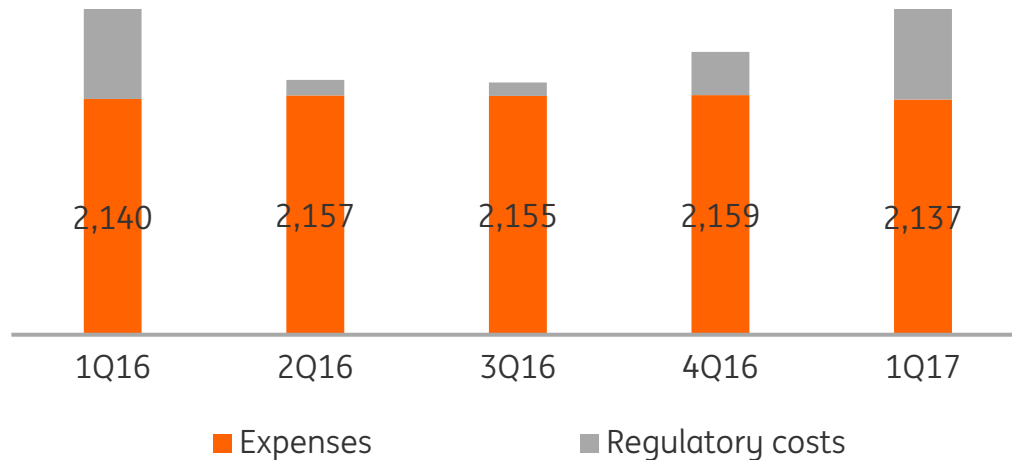
Underlying income Financial Markets excl. CVA/DVA
(in EUR mln)



- Commission income rose by 12.4% to EUR 682 mln year-on-year. The increase was driven by almost all segments and products, with more than average growth in Retail C&GM and Industry Lending
- Financial Markets recorded a relatively strong quarter due to supportive market conditions for our Credit, Equities and Capital Markets businesses

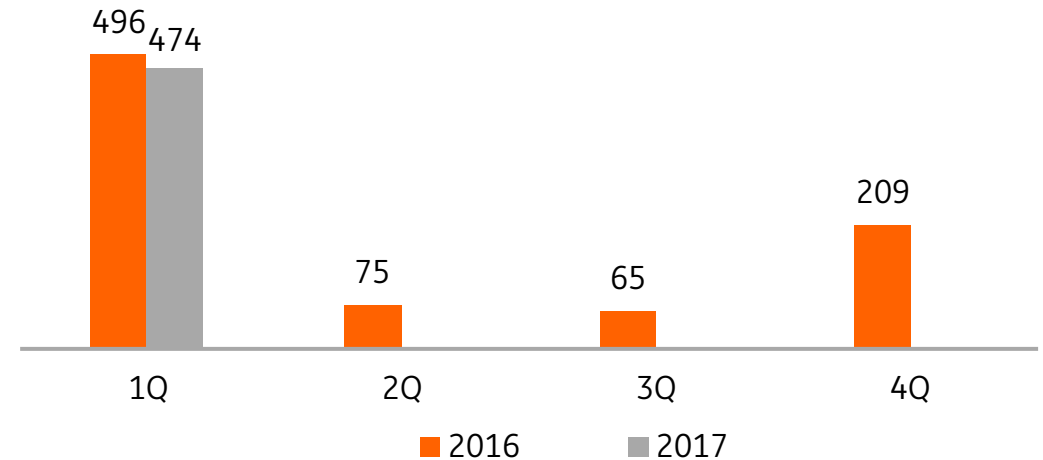
Operating expenses stable; seasonally high regulatory costs

Underlying operating expenses (in EUR mln)

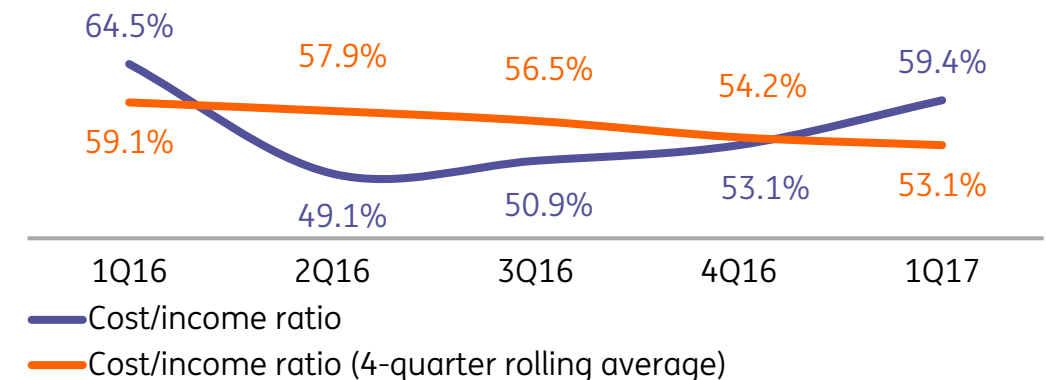


- Underlying expenses remained stable as business growth is offset by ongoing cost-saving initiatives
- 1Q17 regulatory costs were in line with last year and are seasonally high due to contributions to the European single resolution fund and annual bank taxes in Belgium

Regulatory costs experience seasonality (in EUR mln)

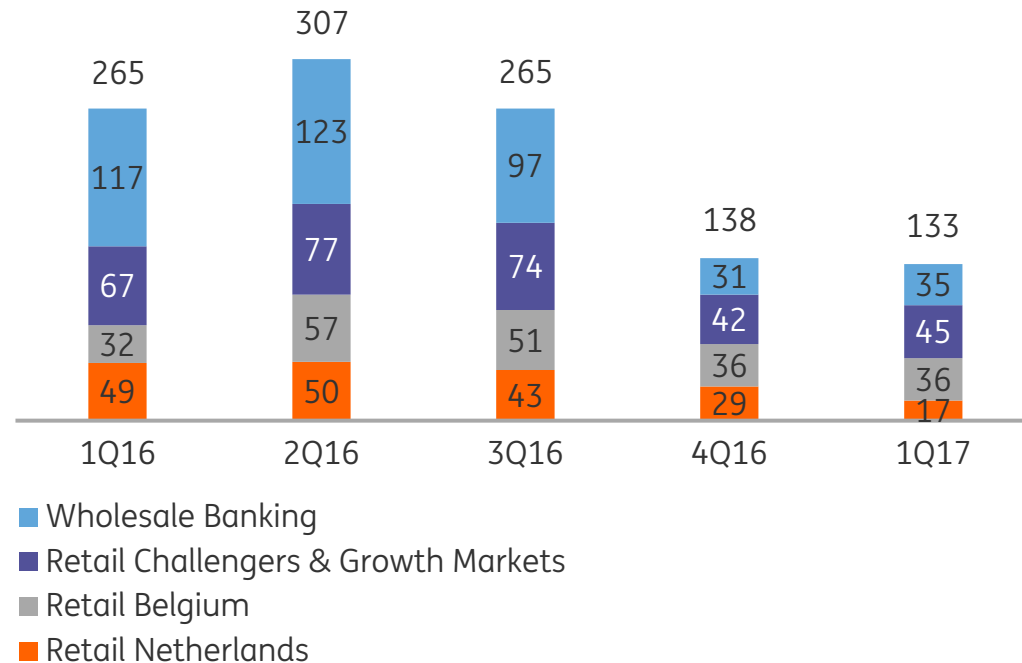


Cost/income ratio improving further

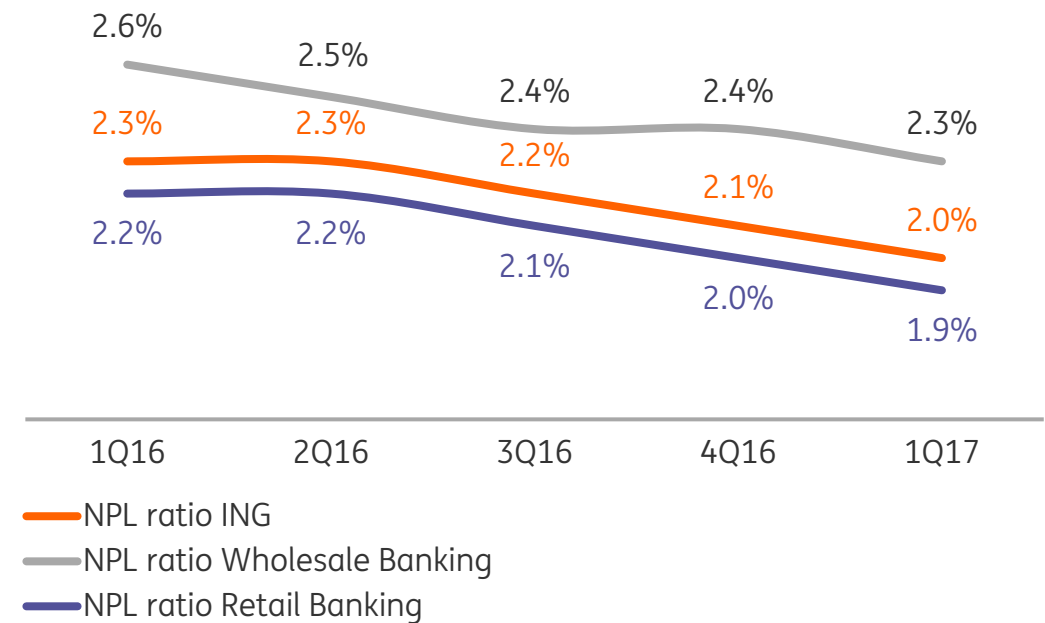


Risk environment remains benign; NPLs trending down

Risk costs (in EUR mln)



NPL ratio



- 1Q17 risk costs were EUR 133 mln, or 17 bps of average RWA, well below the 40-45 bps through-the-cycle average
- Retail Netherlands risk costs declined in line with the improving economic backdrop; Retail C&GM risk costs were mainly related to Turkey, Poland and Spain, whereas Italy recorded a release
- Wholesale Banking saw low risk costs on the back of releases in the Netherlands, Asia and Latin America

Think Forward strategy at work in Australia

NPS aided by expanded product range



#1 NPS Score in Australia
(+27 points vs. best major competitor)



Digital platform enhanced



Launch of Android & Apple Pay

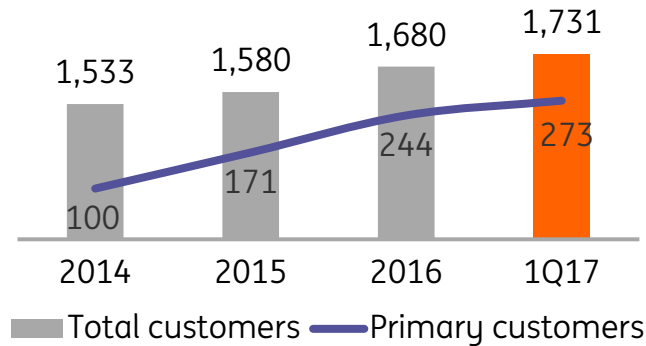


First sales of Home & Contents insurance

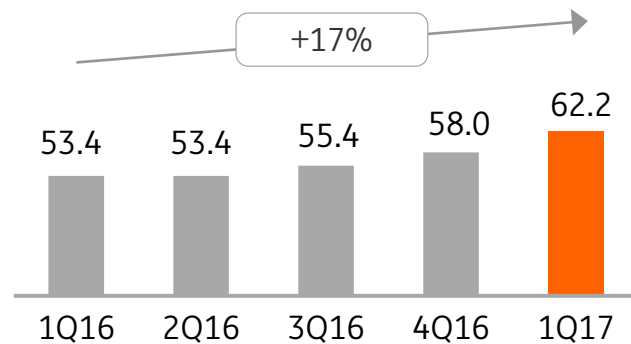


Enhanced superannuation funds proposition

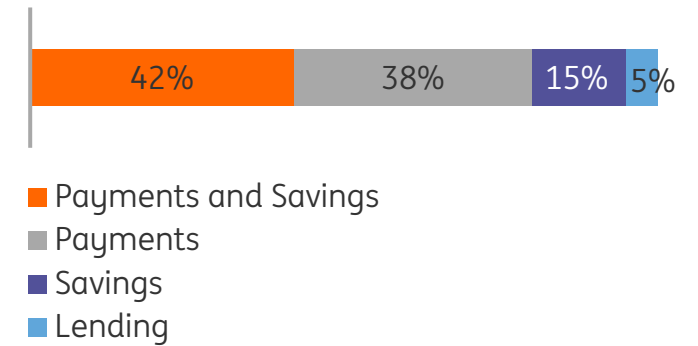
Primary customer growth (in 000s)



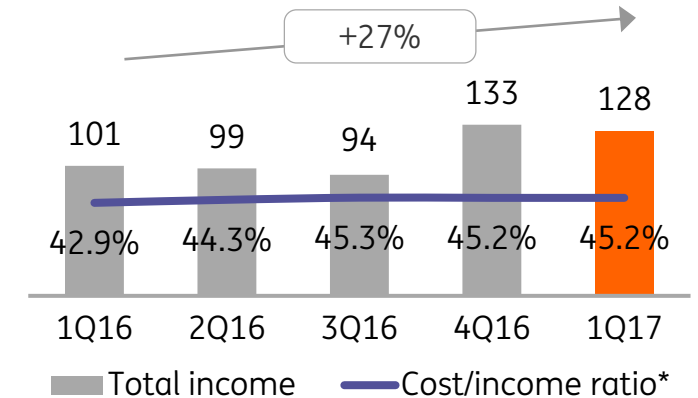
Customer balances (in EUR bln)



1Q17 customer acquisition by product



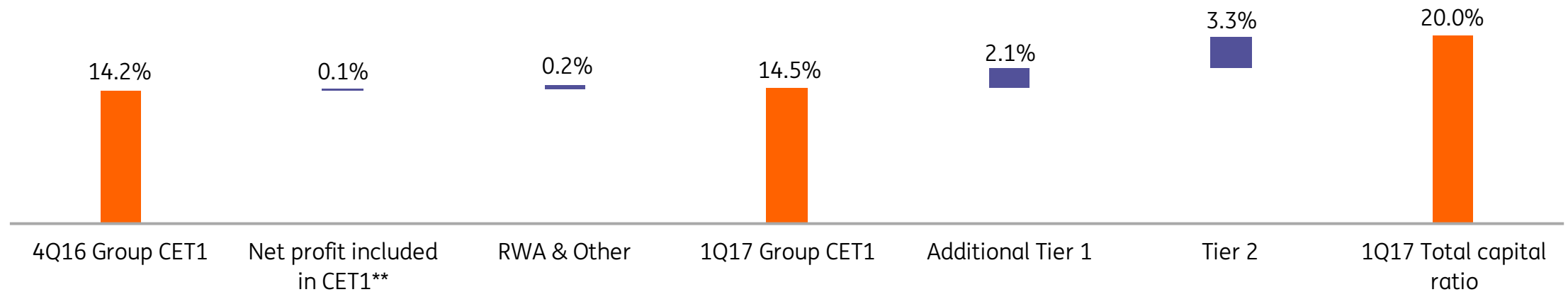
Good cost/income profile (in EUR mln)



All disclosed financials concern ING Group management accounting figures, which might deviate from local disclosures
* Based on 4-quarter rolling average

Group CET1 ratio up to 14.5%; interim profits partly reserved

ING Group 1Q17 fully-loaded capital ratios*



- ING Group's 1Q17 fully-loaded CET1 ratio rose to 14.5% mainly due to a reduction in RWA and partial profit inclusion in capital
- ING has decided to reserve an amount equal to one third of the 2016 total dividend in each of the first three quarters of 2017:
 - Consistent with ING's aim to pay a progressive dividend over time
 - A smoother quarterly development of ING Group's capital position
- We have made significant progress on TLAC/MREL by issuing more than EUR 5 billion of Group senior debt in the first quarter

* ING Group fully-loaded capital ratios are based on RWAs of EUR 310 bln and include grandfathered securities

** 1Q17 Group net profit of EUR 1,143 mln of which EUR 853 mln set aside for dividends and the remainder added to CET1 capital (EUR 290 mln)

Ambition 2020 – ING Group Financial Targets

		Actual 2016	Actual 1Q17	Ambition 2020*
Capital	• CET1 ratio (%)	14.2%	14.5%	> Prevailing fully-loaded requirements**
	• Leverage ratio (%)	4.8%	4.5%	> 4%
Profitability	• Underlying C/I ratio (%)***	54.2%	53.1%	50-52%
	• Underlying ROE (%)*** (IFRS-EU Equity)	10.1%	10.8%	Awaiting regulatory clarity
Dividend	• Dividend (per share)	EUR 0.66	-	Progressive dividend over time

* Ambition 2020 financial targets based on assumption of low-for-longer interest rate environment in the Eurozone

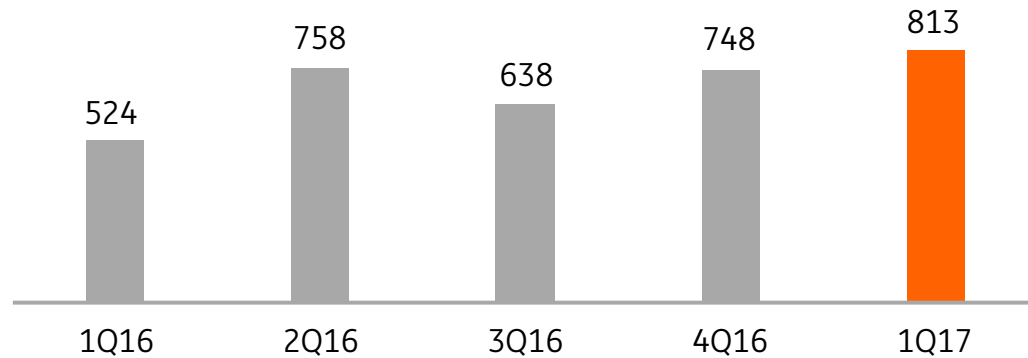
** Currently estimated to be 11.77%, plus a comfortable management buffer (to include Pillar 2 Guidance)

*** Based on 4-quarter rolling average; with effect from 1Q17, the ING Group ROE is calculated using IFRS-EU shareholders' equity after excluding 'interim profit not included in CET1 capital'. As at 31 March 2017, this comprised the final 2016 dividend of EUR 1,629 mln and the 1Q17 interim profit not included in CET1 capital of EUR 853 mln

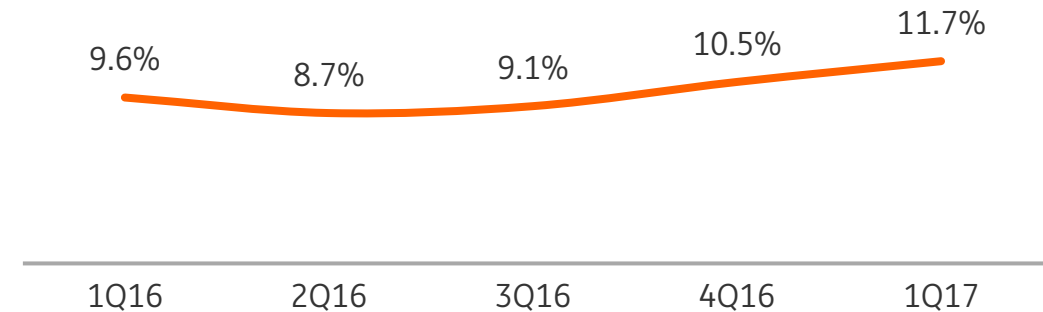
Wholesale Banking

Wholesale Banking delivers excellent quarterly result

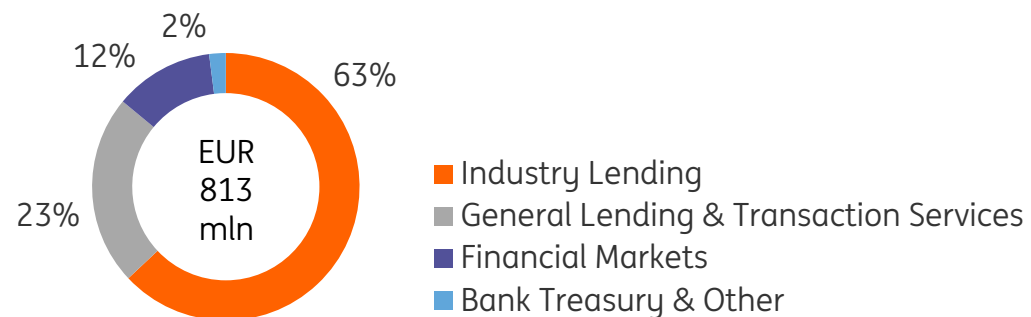
Underlying pre-tax result (in EUR mln)



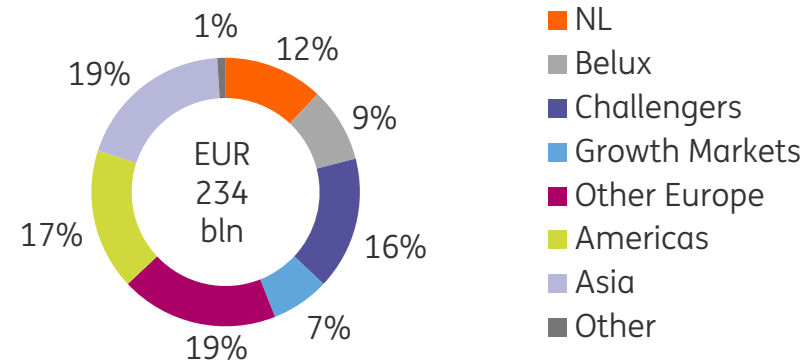
Underlying return on equity* (4-quarter rolling average)



1Q17 underlying pre-tax result by product group



1Q17 lending credit outstandings by region**

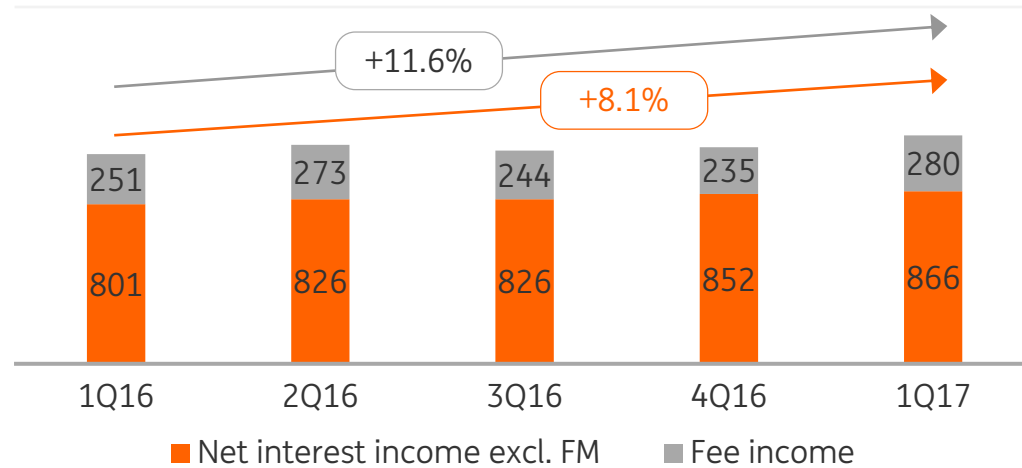


* Based on 12.0% CET1 ratio

** Data is based on country of residence; Lending Credit O/S include guarantees and letters of credit

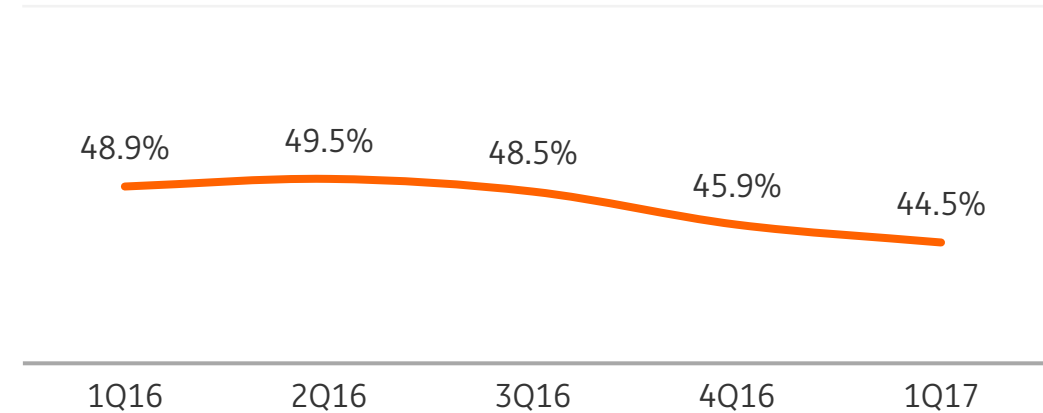
WB lending growth and low risk costs underpin performance

NII and fee income (in EUR mln)

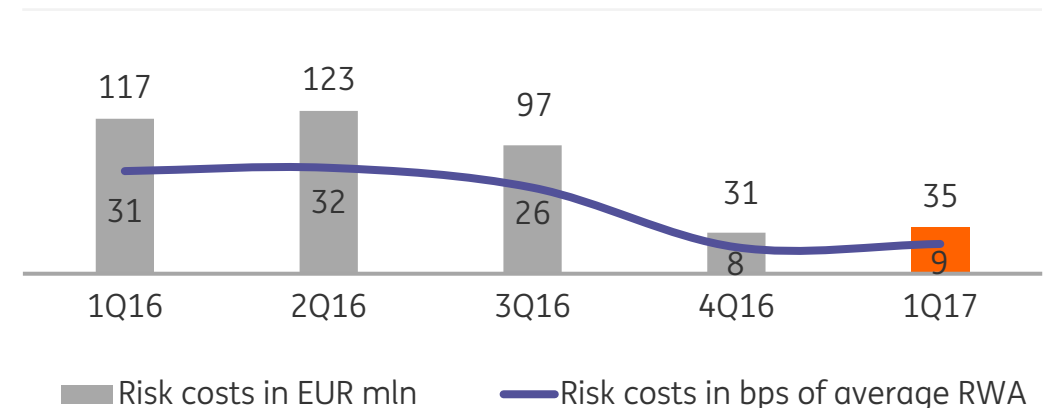


- NII excl. FM in 1Q17 was up 8.1% year-on-year
- Commissions were strong this quarter, mainly in Industry Lending
- Cost-saving initiatives drive cost/income ratio lower
- No compromise on risk discipline

Underlying cost/income ratio (4-quarter rolling average)



Risk costs (in EUR mln and bps of average RWA)



ING leading the way in Wholesale Banking innovation

Easy Trading Connect on the verge of digitalising an age-old sector

- ING successfully completed the first test of a large oil trade using blockchain technology, in cooperation with one of our clients and a major French bank
- Easy Trading Connect proves that the commodity trade finance sector, where processes are largely paper-based and labour intensive, can be digitalised



Philips and ING collaborate on sustainable loan

- ING acted as Sustainability Coordinator for an innovative new loan for Royal Philips which is the first syndicated loan where the pricing is linked to the client's Sustainalytics rating



ING continues to contribute to a sustainable world

- We financed the Green Highland Hydro project, a portfolio of 10 hydroelectric power projects in rivers in Scotland which, when completed, will generate clean electricity equivalent to the consumption of 20,000 households



- ING supported the launch of the market's first corporate green hybrid bond issued by Dutch electricity transmission system operator TenneT. Proceeds will be used to finance the client's green investment portfolio



Wrap up

Wrap up

- ING recorded 1Q17 net profit of EUR 1,143 mln; underlying pre-tax result up 39.3% from 1Q16 to EUR 1,652 mln
- Strong results reflect continued loan growth, good cost control and low risk costs
- Wholesale Banking results were particularly strong, led by higher income from Financial Markets and commissions
- In the quarter, we attracted 150,000 new primary bank customers; differentiating customer experience drives leading Net Promoter Scores in our retail markets
- On a four-quarter rolling average basis, ING Group's underlying return on equity was 10.8% and the cost/income ratio improved to 53.1%
- ING Group's fully-loaded CET1 ratio rose to 14.5%, well above prevailing fully-loaded regulatory requirements

Appendix

Group CET1 ratio at 14.5% and Group ROE at 10.8%

Group fully-loaded CET1 ratio development during 1Q17 (amounts in EUR bln and %)

	Capital	RWA	Ratio	Change
Actuals December 2016	44.6	314.3	14.2%	
Net profit included in CET1*	0.3			+0.09%
Equity stakes	0.1	0.6		+0.02%
FX		-0.5		+0.01%
RWA & Other**		-4.6		+0.21%
Actuals March 2017	45.0	309.8	14.5%	+0.33%

Changes to Group ROE calculation in 1Q17 (in EUR mln)

As of 31 March 2017	
IFRS-EU shareholders' equity	50,741
deduct: Interim profit not included in CET1 capital***	2,482
Adjusted shareholders' equity	48,259
Adjusted shareholders' equity (4Q-rolling average)	49,214
Underlying net result (last four quarters)	5,310
Group ROE (4Q-rolling average)****	10.8%

* 1Q17 Group net profit (EUR 1,143 mln) partly reserved for dividends (EUR 853 mln) and remainder included in Group CET1 capital (EUR 290 mln)

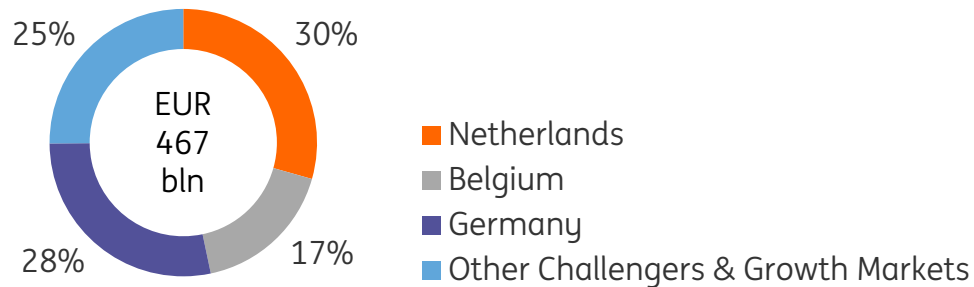
** Group CET1 includes the positive impact from positive risk migration (+11 bps), model updates (+6 bps), lower Operational RWA (+7 bps) which were only partly offset by volume growth and other items which includes the positive impact from the repayment of subordinated debt by NN Group (-3 bps)

*** The interim profit not included in CET1 is the final dividend over 2016 of EUR 1,629 million, and the interim profit not included in CET1 capital in 1Q17 amounting to EUR 853 million

**** Impact of the adjustment of shareholders' equity, by deducting interim profit not included in CET1 capital in 1Q17, is approx. 10 bps on the 4Q-rolling average Group ROE

Further client savings rate adjustments in our home markets

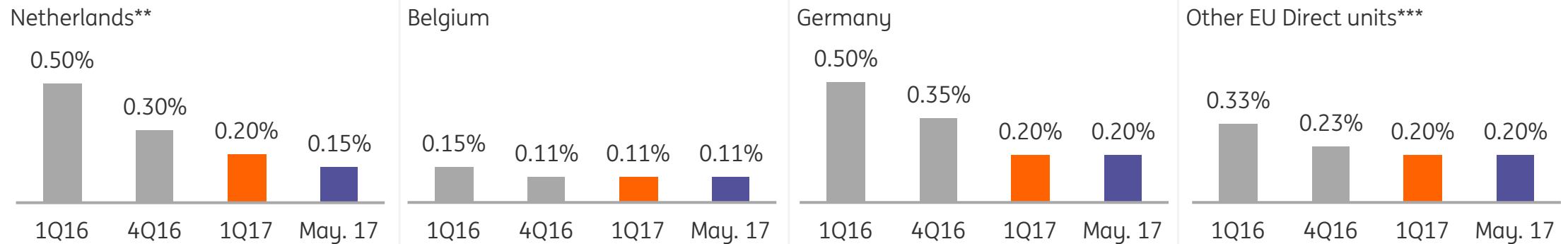
1Q17 retail customer deposits, breakdown by segment*



Core savings rate reductions skewed towards quarter-end

- In 1Q17, we reduced Dutch savings rates twice by 5 bps (January and March). There was another 5 bps cut on 9 May
- On 1 January, we reduced the savings rates in Spain by 10 bps. The savings rates in Germany was reduced by 15 bps in March

Core client savings rates



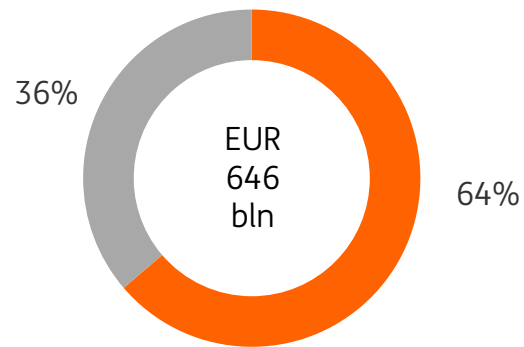
* Around 80% are savings/deposits and around 20% are current accounts

** Rate for savings up to EUR 75,000 is 15 bps, for savings volumes between EUR 75,000 and EUR 1,000,000 it is 20 bps

*** Unweighted average core savings rates in France, Italy and Spain

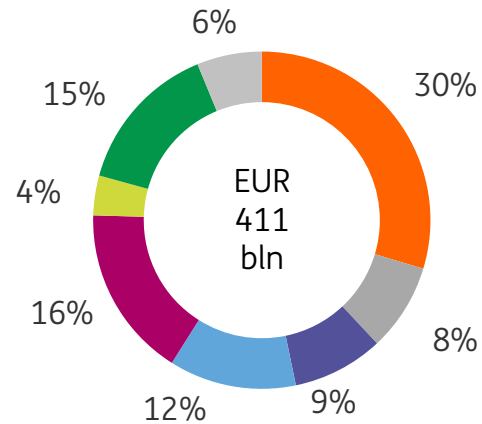
Lending credit outstandings are well-diversified

ING Group*



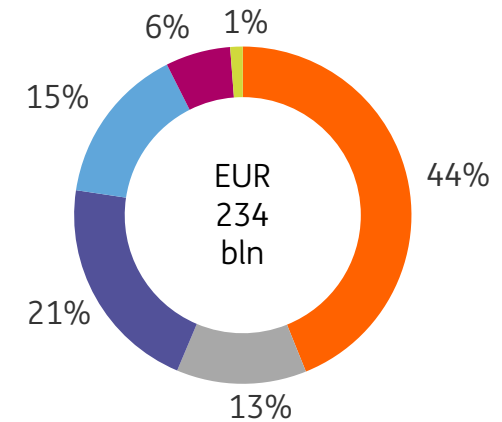
- Retail Banking
- Wholesale Banking

Retail Banking*



- Mortgages Netherlands
- Other lending Netherlands
- Mortgages Belgium
- Other lending Belgium
- Mortgages Germany
- Other lending Germany
- Mortgages Other C&GM
- Other lending Other C&GM

Wholesale Banking*



- Structured Finance
- Real Estate Finance
- General Lending
- Transaction Services
- FM, Bank Treasury & Other
- General Lease run-off

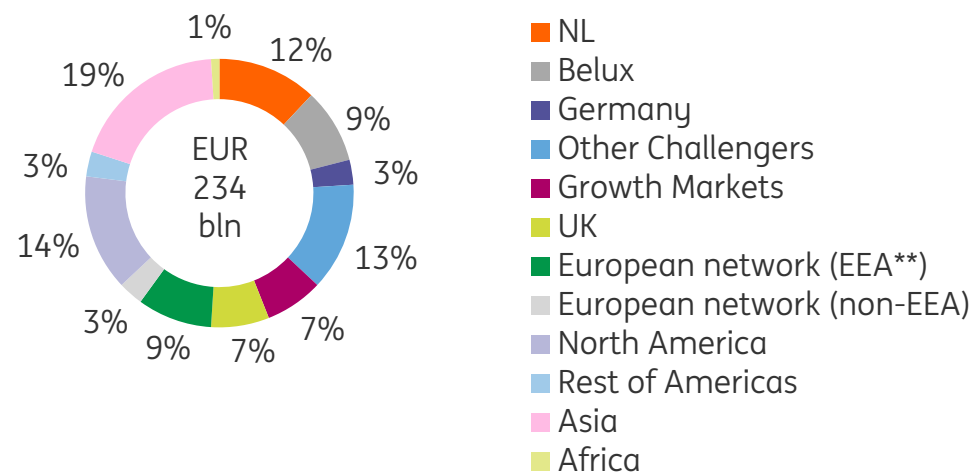
- ING has a well-diversified and collateralised loan book with a strong focus on own-originated mortgages
- 64% of the portfolio is retail-based

* 31 March 2017 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)

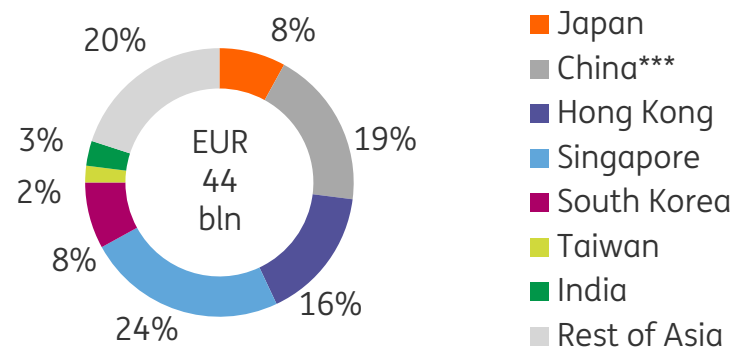
Lending credit outstandings Wholesale Banking well-diversified by geography and sector

Loan portfolio is well diversified across geographies...

Lending Credit O/S Wholesale Banking (1Q17)*

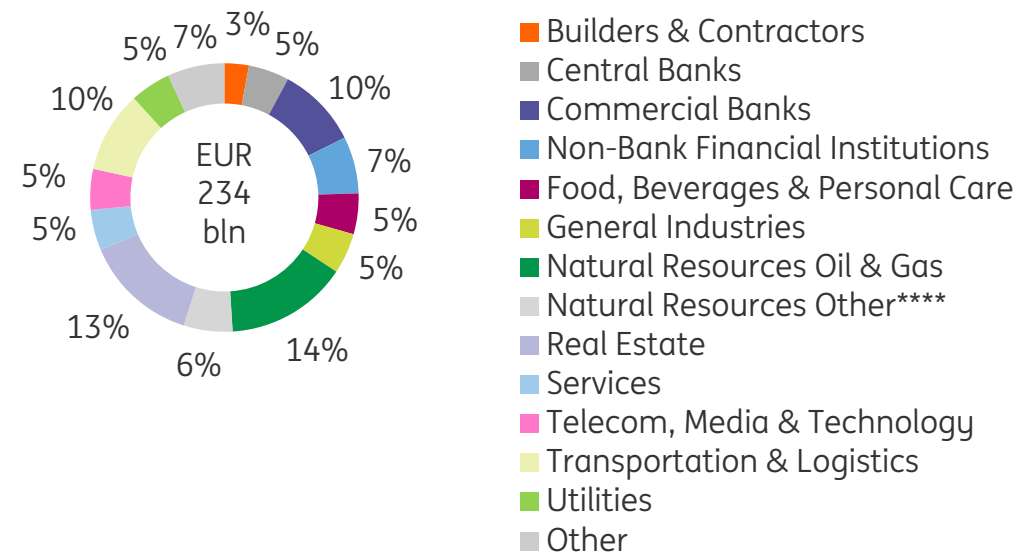


Lending Credit O/S Asia (1Q17)*



...and sectors

Lending Credit O/S Wholesale Banking (1Q17)*



* Data is based on country of residence; Lending Credit O/S include guarantees and letters of credit

** Member countries of the European Economic Area (EEA)

*** Excluding our stake in Bank of Beijing (EUR 2.7 bln at 31 March 2017)

**** Mainly Metals & Mining

Detailed NPL disclosure on selected lending portfolios

Selected lending portfolios

	Lending credit O/S 1Q17	NPL ratio 1Q17	Lending credit O/S 4Q16	NPL ratio 4Q16	Lending credit O/S 1Q16	NPL ratio 1Q16
Wholesale Banking	234,175	2.3%	224,916	2.4%	204,240	2.6%
Industry Lending	131,979	2.4%	131,221	2.4%	111,549	2.6%
Of which Structured Finance	102,826	2.4%	102,084	2.3%	84,589	2.3%
Of which Real Estate Finance	29,153	2.4%	29,137	2.7%	26,960	3.6%
Selected industries*						
Oil & Gas related	36,495	2.7%	36,277	2.1%	28,051	2.1%
Metals & Mining**	15,485	4.4%	14,892	5.0%	14,128	6.0%
Shipping & Ports***	14,384	6.6%	14,668	5.3%	12,281	4.1%
Selected countries						
Turkey****	17,524	2.4%	18,262	3.1%	18,875	2.1%
China*****	8,544	0.0%	7,021	0.0%	6,554	0.0%
Russia	5,117	3.1%	5,100	3.2%	5,528	2.8%
Ukraine	1,077	48.5%	1,162	44.8%	1,236	55.0%

* Includes WB Industry Lending, General Lending (CFIL) and Transaction Services

** Excluding Ukrainian and Russian Metals & Mining exposure, the NPL ratio would be just 0.9%

*** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, NPL ratio is only 3.0%

**** Turkey includes Retail Banking activities (EUR 9.1 bln)

***** China exposure is excluding Bank of Beijing stake

Important legal information

Projects may be subject to regulatory approvals. Insofar as they could have an impact in Belgium, all projects described are proposed intentions of the bank. No formal decisions will be taken until the information and consultation phases with the Work Council have been properly finalised.

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.

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 a number of factors, including, 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) potential consequences of European Union countries leaving the European Union or a break-up of the euro, (4) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit and capital markets generally, including changes in borrower and counterparty creditworthiness, (5) changes affecting interest rate levels, (6) changes affecting currency exchange rates, (7) changes in investor and customer behaviour, (8) changes in general competitive factors, (9) changes in laws and regulations and the interpretation and application thereof, (10) geopolitical risks and policies and actions of governmental and regulatory authorities, (11) changes in standards and interpretations under International Financial Reporting Standards (IFRS) and the application thereof, (12) conclusions with regard to purchase accounting assumptions and methodologies, and other changes in accounting assumptions and methodologies including changes in valuation of issued securities and credit market exposure, (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) the outcome of current and future legal and regulatory proceedings, (16) ING's ability to achieve its strategy, including projected operational synergies and cost-saving programmes and (17) 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. Many of those factors are beyond ING's control.

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. This document does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the United States or any other jurisdiction.