

Accelerating Think Forward

Bank of America Merrill Lynch 22nd Annual Financials CEO Conference

Ralph Hamers, CEO ING Group

London • 26 September 2017

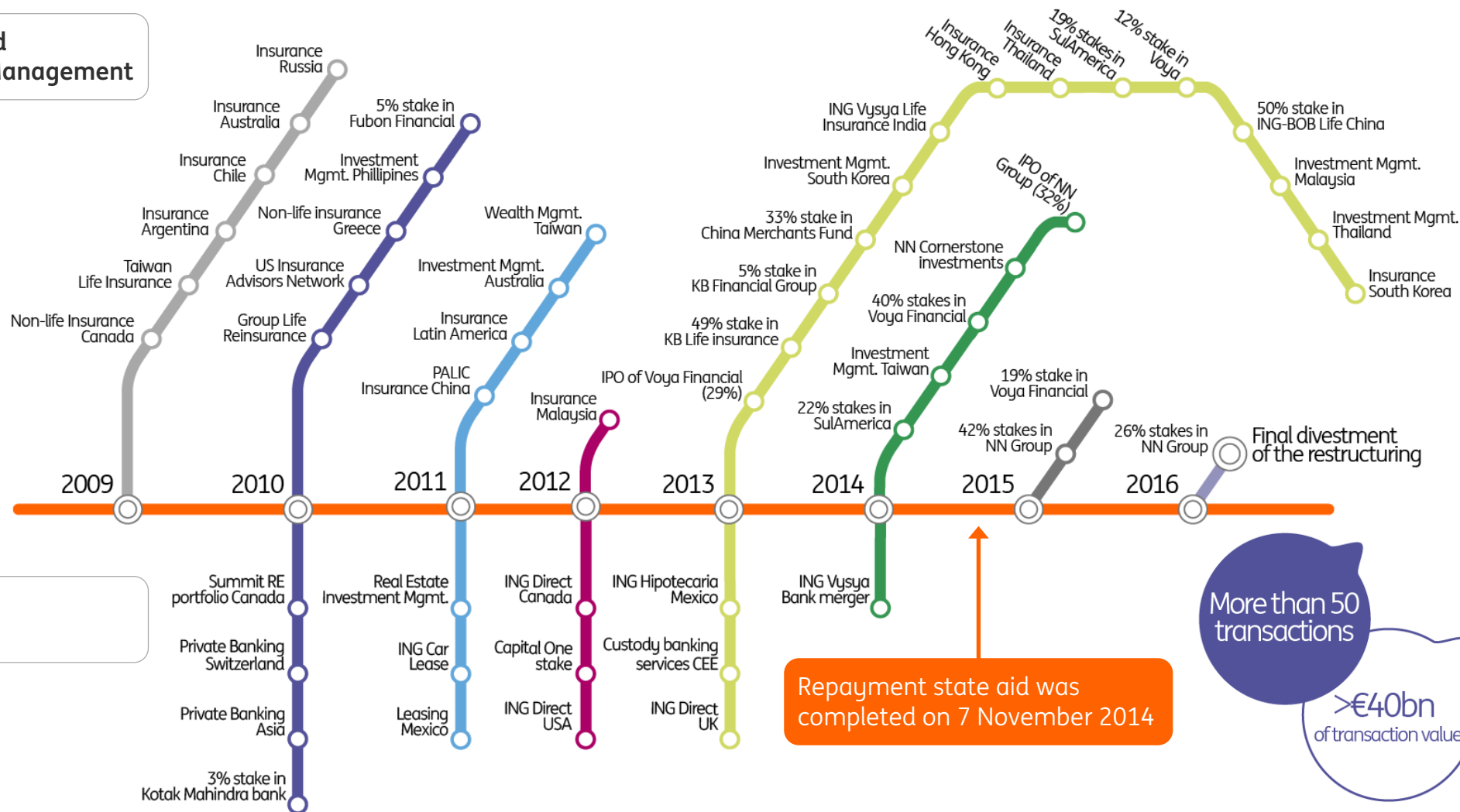
thinkforward



The global financial crisis 10 years on

EC restructuring successfully completed in 2016; ING fully repositioned as a bank

Insurance and Investment Management

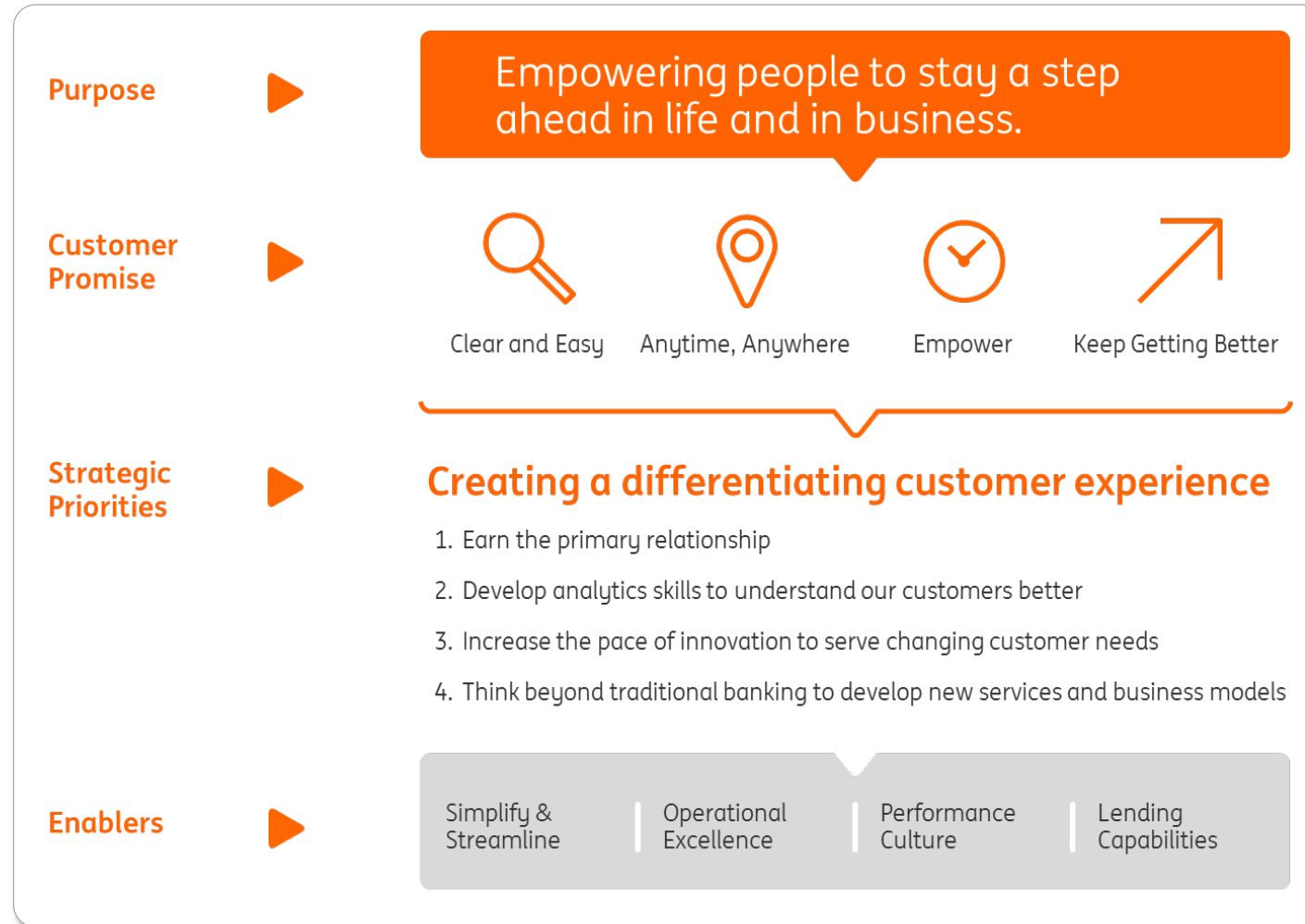


Banking

Repayment state aid was completed on 7 November 2014

More than 50 transactions
 >€40bn of transaction value

Our Think Forward strategy on a page

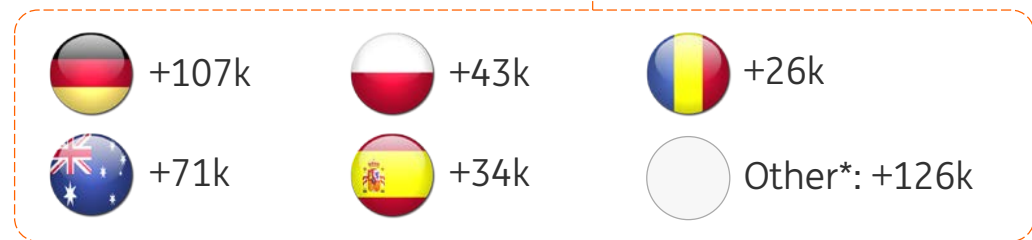
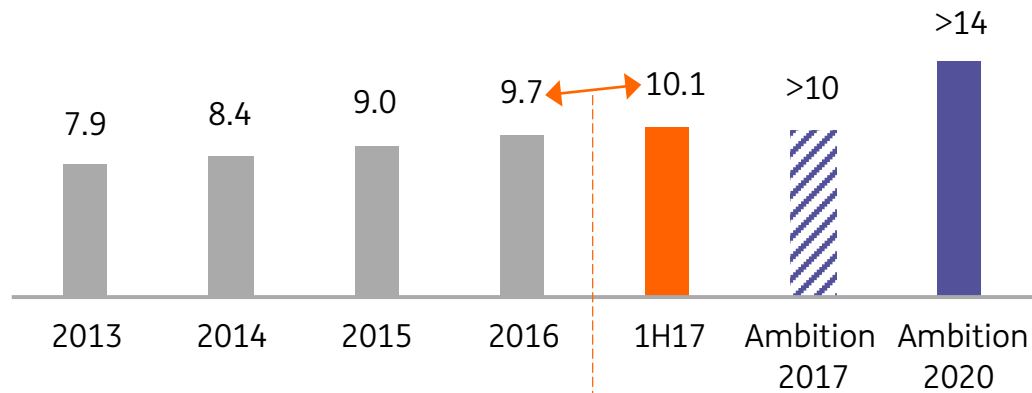


- Think Forward strategy was launched in 2014
- Focus on earning the primary relationship
- Creating a differentiating customer experience with a customer promise of clear and easy banking
- Building sustainable balance sheets in the countries and focus on own-originated lending

Think Forward strategy at work

Our focus on primary customer relationships drives value

10 mln primary customers; many countries contributing



* Of which Netherlands 37k and BeLux 35k

Core lending

1H17 net growth

EUR **+12.1** bln

Commission income

1H17

EUR **1.4** bln
+14.7% YoY

Customer deposits

1H17 net growth

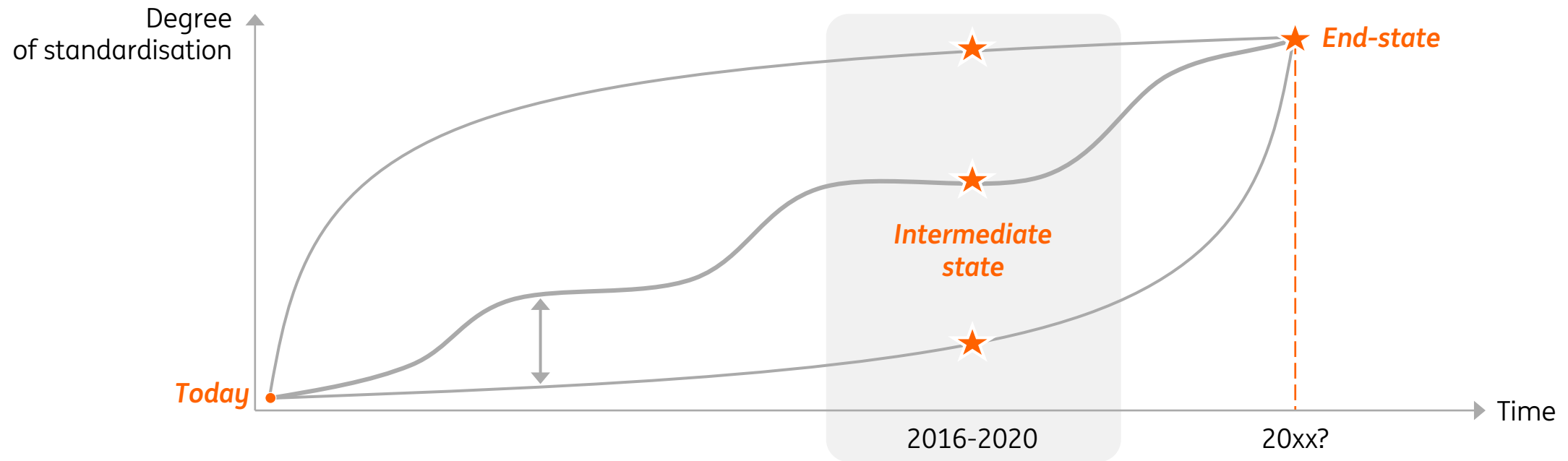
EUR **+12.1** bln

Net Promoter Scores (NPS)

1H17

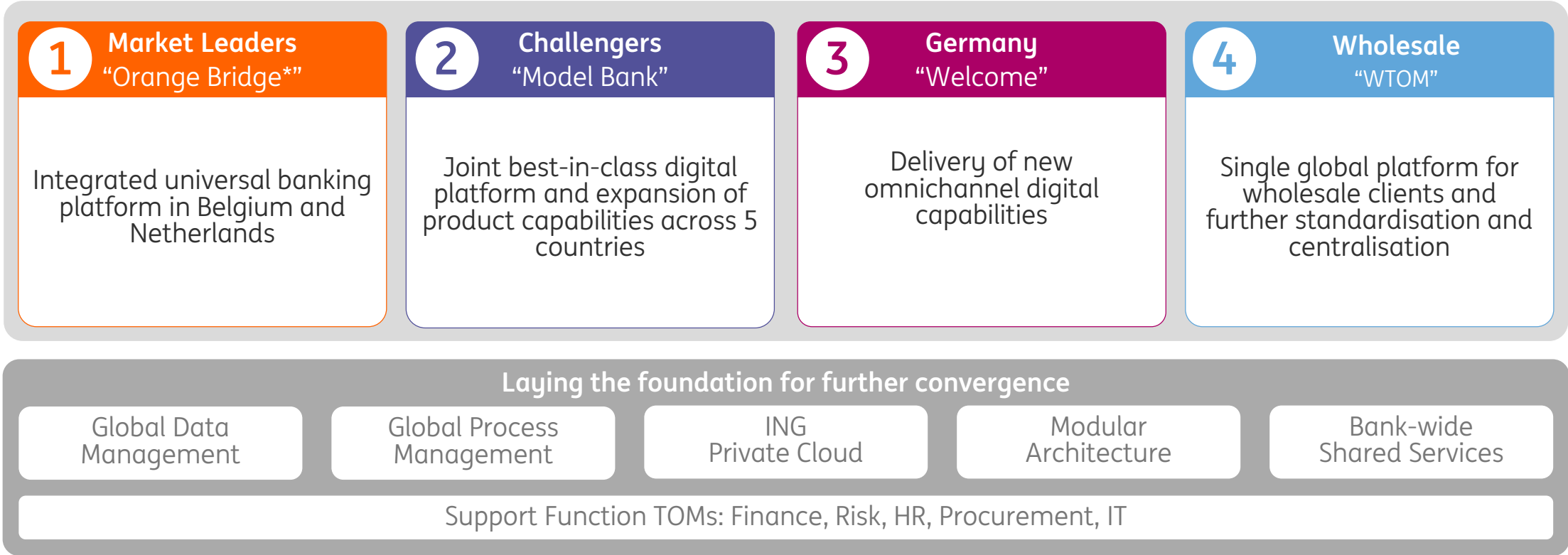
#1
in **7** of 13 retail countries

We will start moving towards an intermediate state...



...in order to create a globally scalable banking platform

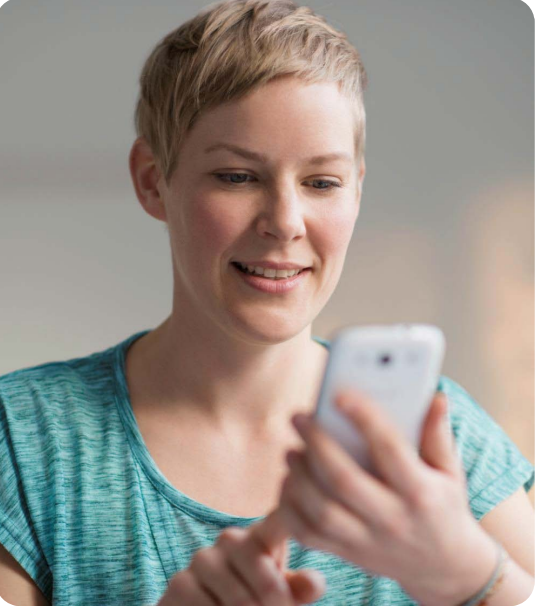
- Empowering people to stay a step ahead in life and in business
- The ING brand
- Creating a differentiating customer experience



* Subject to and under relevant regulatory review

Case study Germany: further digitising our offering via Welcome

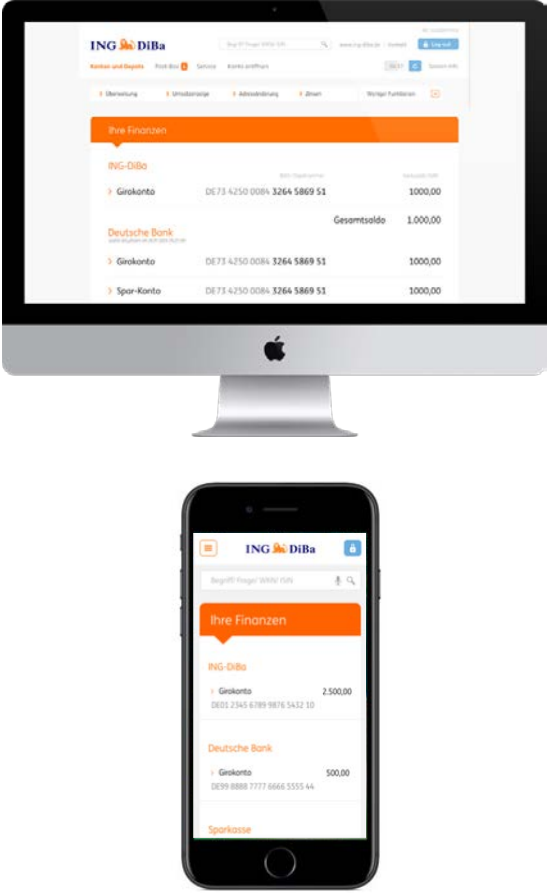
Digital current account opening



A woman with short blonde hair is smiling while looking at her smartphone. Below her is a four-step process diagram for digital account opening:

1. Laptop icon with a person silhouette.
2. Laptop icon with a hand pointing at the screen.
3. Person icon with a laptop and a card.
4. Laptop icon with a checkmark.

Multibanking feature




The desktop monitor shows the ING DIBa website interface with the following table:

Ihre Finanzen		
ING-DiBa	DE 73 4250 0084 3264 5869 51	1000,00
		Gesamtsumme 1.000,00
Deutsche Bank		
Girokonto	DE 73 4250 0084 3264 5869 51	1000,00
Spar-Konto	DE 73 4250 0084 3264 5869 51	1000,00

The smartphone shows the same interface with different account balances:

Ihre Finanzen			
ING-DiBa		2.500,00	
Girokonto	DE02 2345 6789 9876 5432 10		
Deutsche Bank			
Girokonto	DE99 8888 7777 6666 5555 44	500,00	
Spar-Konto			

Third party solutions



The Yareto logo is at the top, with an illustration of two men looking at a laptop displaying a table of data. Below it is the CLARK logo, with an illustration of a laptop and two smartphones displaying insurance-related information.

Innovations empower our clients to stay a step ahead

Money management platforms



Digital financial advisor will be live in 10 European countries by year-end

Money management app Yolt has gone 'open beta' in the UK



Robo advice partnership

Fintech partnership with Robo advisor Scalable in Germany



Mobile payments platform



After tremendous success in Belgium, mobile payments platform to be rolled out in Netherlands and Luxembourg

Artificial Intelligence (AI) & Robotics

Partnership with Axyon AI to use deep learning techniques in the syndicated loans market



As one of the first banks, we introduce chatbots in the wholesale banking domain



ING Wholesale Banking's Chatbot Bill

Agile a Dutch success story; to be rolled out in other countries

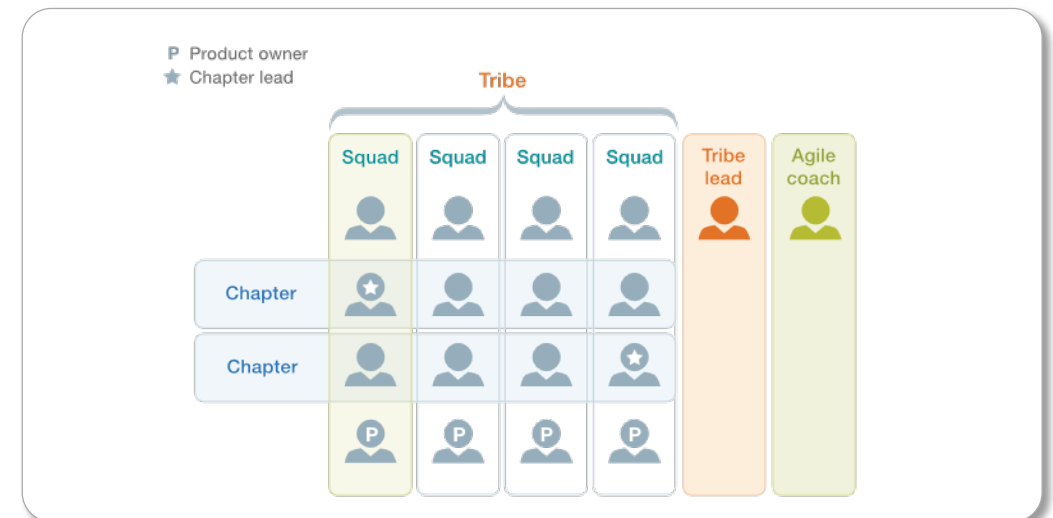


Why switch to Agile way of working?

- More efficient: less obstacles and handovers to empower employees
- Shorter time-to-market
- More competitive as well as more motivated and passionate employees
- Agile way of working introduced in the Netherlands and Poland. Projects are under way in Belgium, Germany and Romania

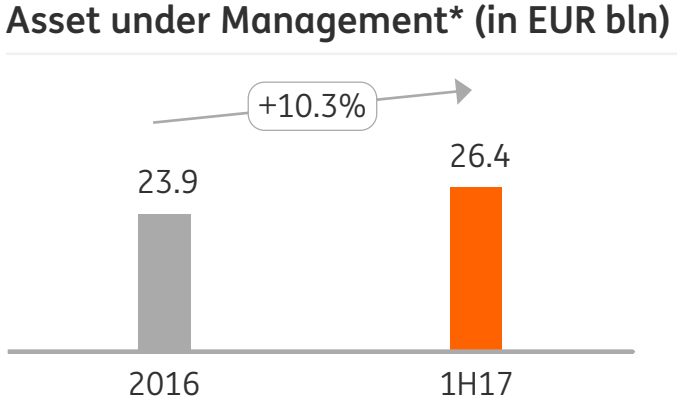
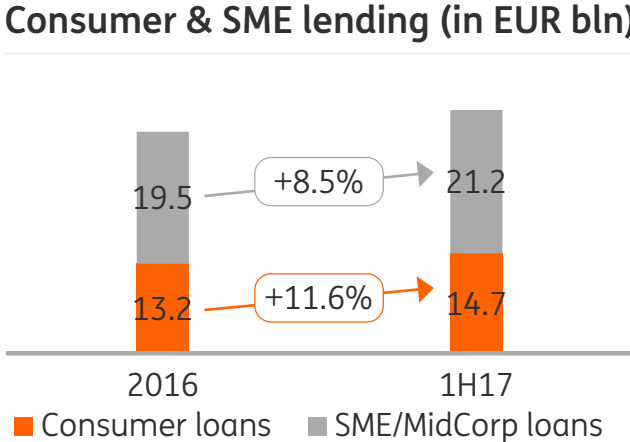
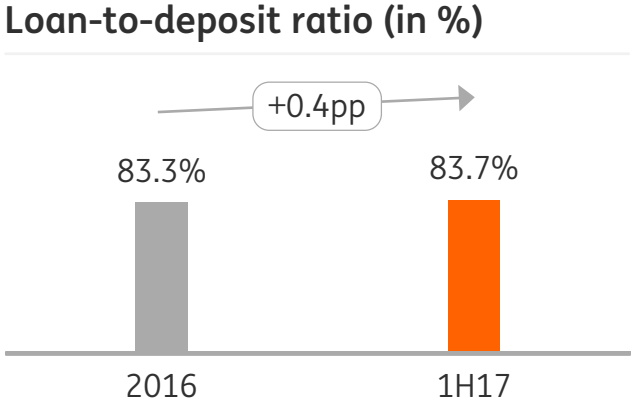
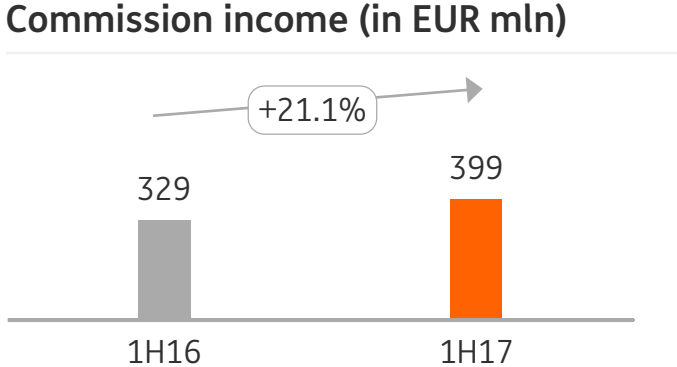
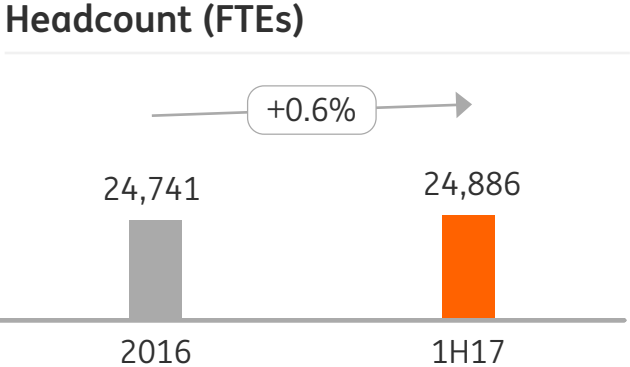
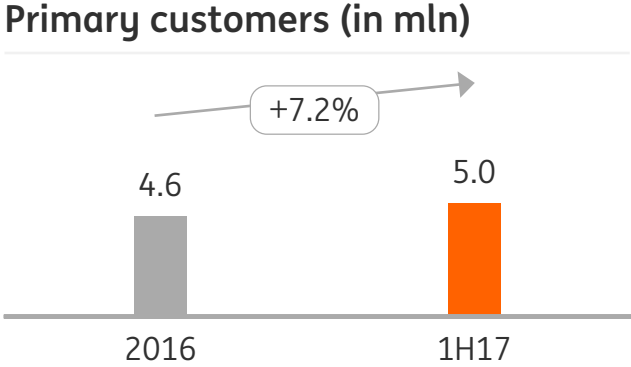
How does it work?

- Small multidisciplinary, self-directed teams ('squads') organised around a central client goal
- Once specific assignment is completed, squad is discontinued
- Tribes are a collection of squads with interconnected missions
- Product development follows lean start-up method; client feedback is used constantly to improve product offering



1H17 results

Think Forward delivers on growth and cross-buy in C&GM

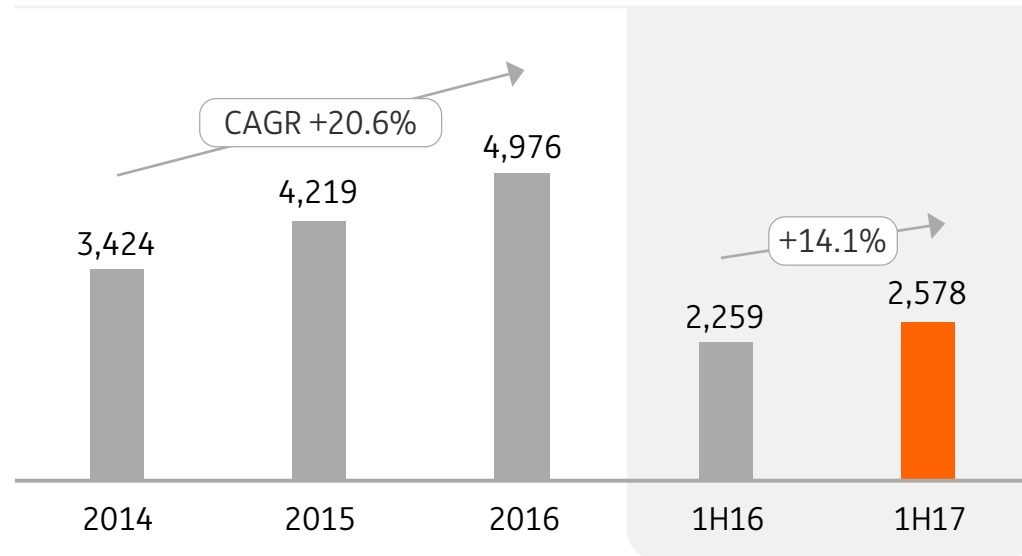


All numbers based on Challengers & Growth Markets (Retail Banking and Wholesale Banking)
 * Mutual funds only

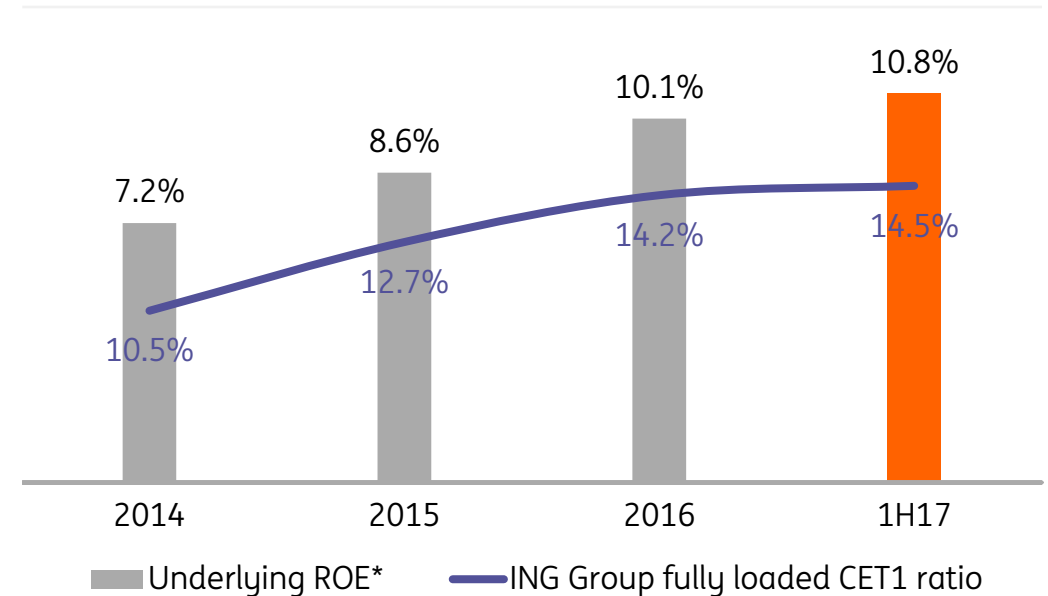


Strong results deliver > 10% underlying ROE at Group level...

Underlying net result improves further (in EUR mln)



Underlying ROE progression despite higher CET1 capital

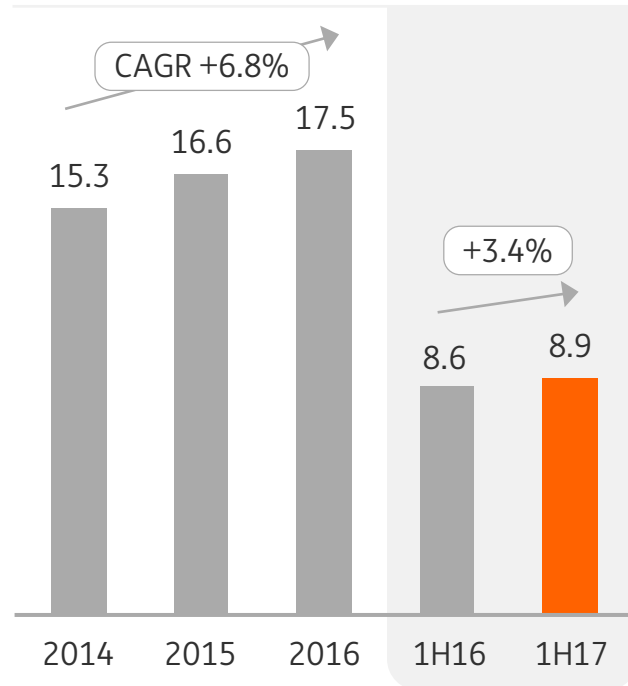


- ING recorded underlying net profit for the first six months of 2017 of EUR 2,578 mln, up 14.1% on 1H16
- Despite a higher fully loaded ING Group CET1 ratio of 14.5%, the four-quarter rolling underlying return on equity rose to 10.8%

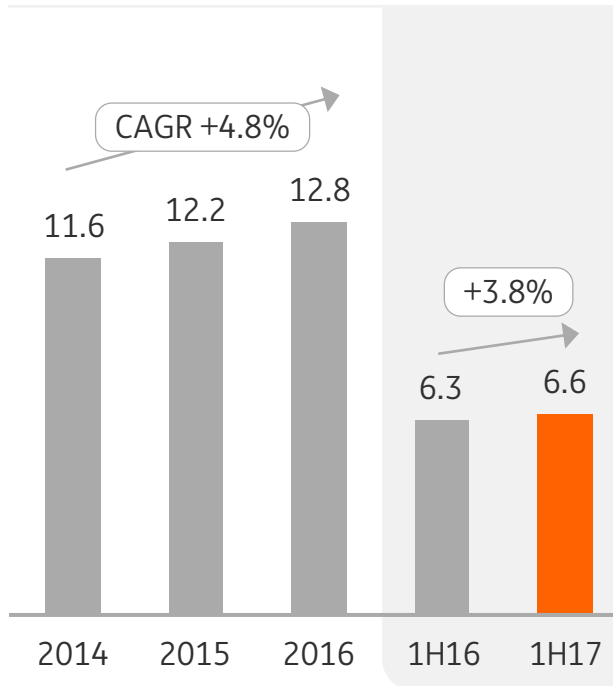
* 1H17 underlying ROE based on four-quarter rolling average

...supported by healthy NII and fee income growth

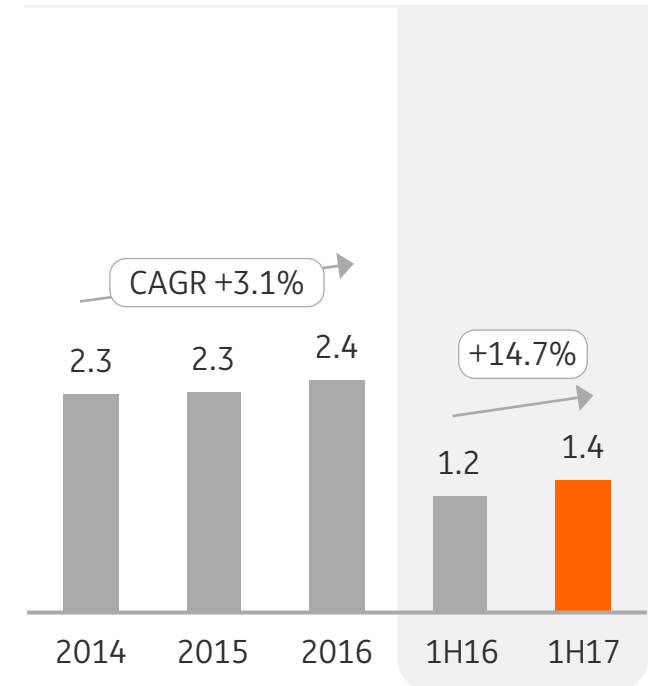
Underlying income
(in EUR bln)



Net interest result excl. FM
(in EUR bln)



Commission income
(in EUR bln)



- Underlying income grew 3.4% in 1H17 versus 1H16 largely driven by a steady increase in NII
- Our primary customer focus is underpinning strong 1H17 growth in commissions which are up 14.7% year-on-year

Wrap up

- ING recorded 1H17 underlying net result of EUR 2,578 mln, up 14.1% from the same period last year
- Strong results reflect continued loan growth at resilient margins and relatively low risk costs
- Think Forward strategy a strong boost for fees; 1H17 commission income up 14.7% versus 1H16
- On a four-quarter rolling average basis, ING Group's underlying return on equity rose to 10.8% in 1H17
- In the second quarter, we welcomed our 10 millionth primary bank customer
- New product innovations in Retail and Wholesale Banking drive differentiating customer experience
- Implementation of Agile way of working improves efficiency and reduces time to market

Important legal information

Projects may be subject to regulatory approvals.

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.

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