

Non-GAAP measures

ING Group evaluates its results using a financial performance measure called underlying result. Underlying result is used to monitor the performance of ING Group at a consolidated level and by segment. The Executive Board and Management Board of ING Bank consider this measure to be relevant to an understanding of the Group's financial performance because it gives better insight into the commercial developments of the company. Underlying result is derived by excluding from IFRS the following: special items; the impact of divestments and Legacy Insurance.

Special items include items of income or expense that are significant and arise from events or transactions that management consider distinct from the regular operating activities. These may either be recurring or non-recurring in nature but must be of a significant size to qualify as a special item. Disclosures on comparative periods also reflect the impact of current period's divestments. Legacy Insurance consists of the intercompany eliminations between ING Bank and NN Group until deconsolidation of NN Group at the end of May 2015, the results from Insurance Other and the results from discontinued operations. Insurance Other reflects (former) insurance related activities that are not part of the discontinued operations.

The items excluded from the GAAP measures in 2016 are:

- Restructuring charges and impairments related to the intended digital transformation programmes amounting to EUR -799 million after tax
- Results of Insurance other, primarily consisting of the results of the Voya- and NN warrants, amounting to EUR 33 million after tax
- Results from discontinued operations, primarily consisting of the results of the sale of the remaining NN shares, amounting to EUR 441 million after tax

Underlying result is a non-GAAP financial measure and is not a measure of financial performance under IFRS. Because underlying result is not determined in accordance with IFRS, underlying result as presented by ING may not be comparable to other similarly titled measures of performance of other companies. Note that underlying ratios are also impacted by the items above when calculated using the individual income or expense line item to which the items relate.

Below table shows a comparison of GAAP versus non-GAAP of the most important measures used by ING.

Reconciliation between IFRS and Underlying				
		2016	2015	change
Net result attributable to ING Group's shareholders	(a)	4,651	4,010	16%
-/- Net result from divestments/special items		-799	309	
-/- Net result insurance other and eliminations ING Bank/NN Group		33	-63	
-/- Net result from discontinued operations		441	-456	
Underlying net result Banking	(b)	4,976	4,219	18%
Shareholders' equity ING Group (year-end)		49,793	47,832	
Shareholders' equity ING Group (average*)	(c)	49,038	49,259	
Shareholders' equity ING Bank (year-end)		43,540	40,857	
Shareholders' equity ING Bank (average*)	(d)	42,949	39,197	
ING Group's total return on equity	(a/c)	9.5%	8.1%	
ING Group's underlying return on equity	(b/c)	10.1%	8.6%	
ING Bank's underlying return on equity	(b/d)	11.6%	10.8%	
Total income (continuing operations)	(e)	17,491	16,845	
-/- Net result from divestments/special items			367	
-/- Net result insurance other and eliminations ING Bank/NN Group		33	-73	
Underlying income	(f)	17,458	16,552	
Staff expenses (continuing operations)		5,039	4,972	
Other operating expenses (continuing operations)		5,575	4,354	
Total operating expenses (continuing operations)	(g)	10,614	9,326	
-/- Net result from divestments/special items		1,157	77	
-/- Net result insurance other and eliminations ING Bank/NN Group			3	
Underlying operating expenses	(h)	9,456	9,246	
Cost/income ratio (continuing operations)	(g/e)	60.7%	55.4%	
Underlying cost/income ratio	(h/f)	54.2%	55.9%	

* average calculated based on quarter-end figures