Third quarter 2017 Results

ING Group 3Q17 net profit of EUR 1,376 million

Ralph Hamers, CEO ING Group

Amsterdam ▪ 2 November 2017

thinkforward

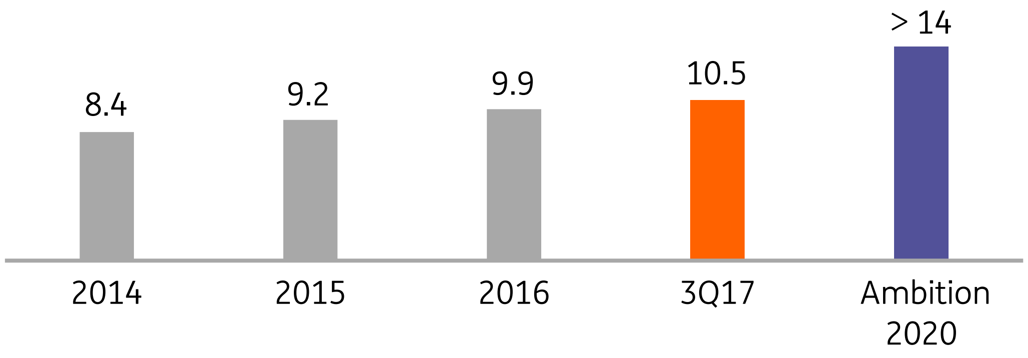
ING

Key points

- ING posted 3Q17 net profit of EUR 1,376 mln
- Primary customers increased to 10.5 mln with most countries contributing to the quarterly growth
- We recorded net core lending growth of EUR 8.0 bln in the quarter; net interest margin remains resilient
- Our geographic footprint and product diversity enable us to continue to capture profitable growth
- Another benign quarter for risk costs on the back of strong macroeconomic conditions in most of our markets
- On a four-quarter rolling average basis, ING Group's underlying return on equity was up slightly at 11.0%
- Fully loaded CET1 ratio remained stable at 14.5%

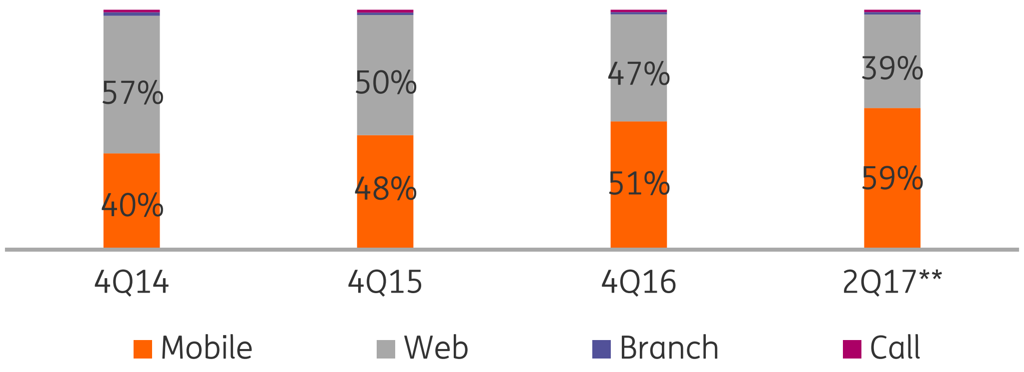
Primary customers drive cross-buy in an ever more mobile world

Primary customer growth on target (in mln)*



Share of mobile contacts growing fast

Based on all ING retail contacts per channel



Core lending

3Q17 net growth

EUR **+8.0** bln

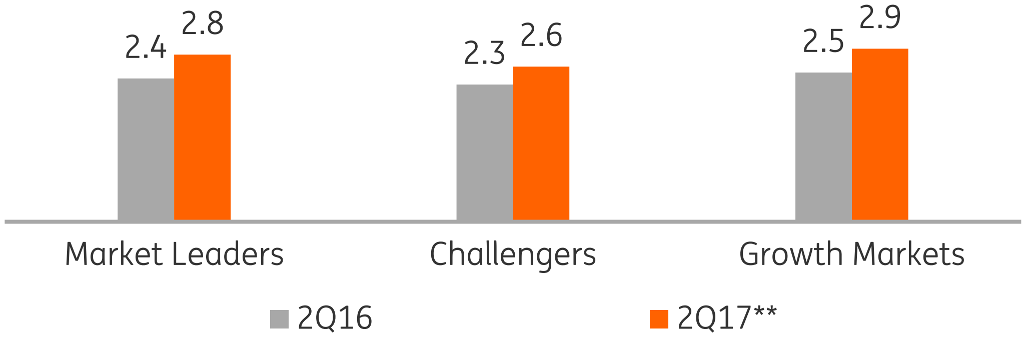
Customer deposits

3Q17 net growth

EUR **+4.2** bln

Cross-buy ratio makes good progress

Average number of products per primary customer***



* 200k additional primary customers due to restatement in 3Q17 in Poland, historical numbers have been restated as of 2015
** 3Q17 numbers not available yet
*** Defined as customers with active payment account and recurring income including one additional product

Accelerating our cooperation with fintechs

ING Ventures launched

- ING announced ING Ventures, a EUR 300 mln fund to accelerate the pace of innovation as well as manage our fintech partnerships (currently ~115)
- Over the next four years, the fund will focus on start-ups and companies that already gained some market traction
- As we are not a venture capital firm, each investment will be strictly aligned with our strategy and needs to support services that create a differentiating customer experience

Current fintech investments snapshot

Robo advice partnership

- On 15 September, we started the collaboration with robo advisor Scalable Capital to offer online wealth management services in Germany
- More than 1,000 customers onboarded every week since the start

Preparing our businesses for the world of tomorrow

Material passport for buildings

ING has joined with Madaster, a platform that's devised digital "material passports" for office buildings, which fits within ING's circular economy programme

Sustainability recognition

Dow Jones Sustainability Indexes

Scored **89** out of 100 by DJSI; ING included in the DJSI World Index and Europe Index for banks

CDP A LIST 2017 CLIMATE

ING again awarded a position on this year's **Climate A List**; recognised as global leader in the corporate response to climate change

Recent notable deals and awards

- ING acted as joint mandated lead arranger in the GBP 250 mln bond for Anglian water, the first sterling (GBP) green bond in the public utility sector. ING was also part of the banking syndicate that is providing project financing for one of Australia's largest solar plants
- ING received an award from GlobalCapital for its innovative financing solution for Philips which was the first-ever loan where the interest rate is linked to the company's sustainability performance and rating. Recently, we successfully used a similar deal structure for Bpost, a leading postal operator in Belgium

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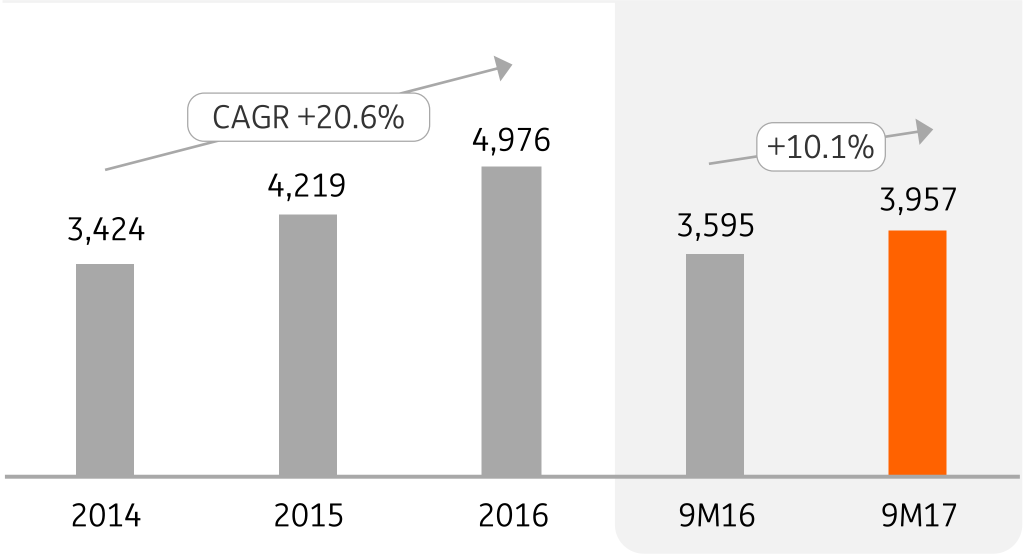
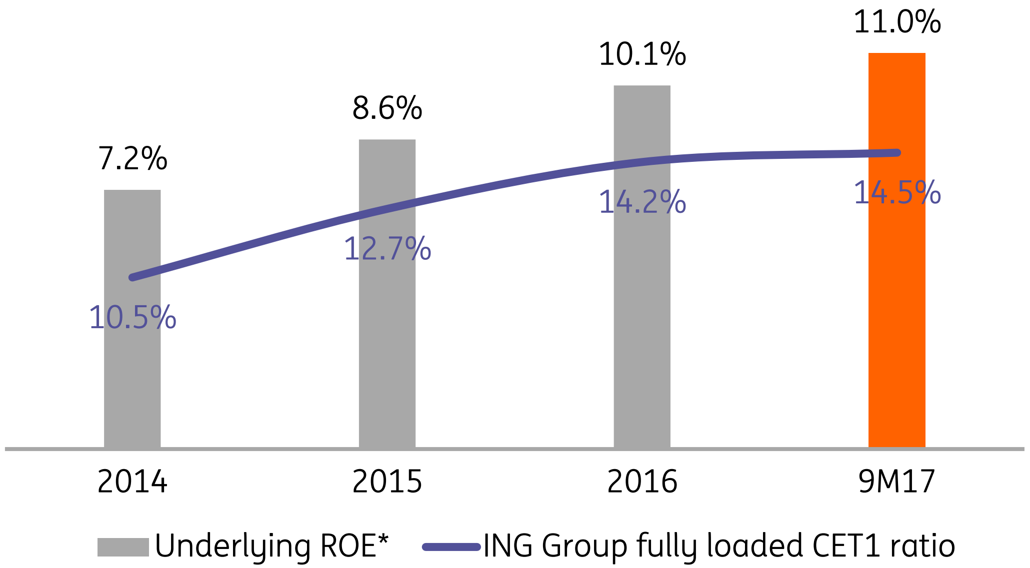
Strong results delivered 11% underlying return on equity

Underlying net result improved further (in EUR mln)



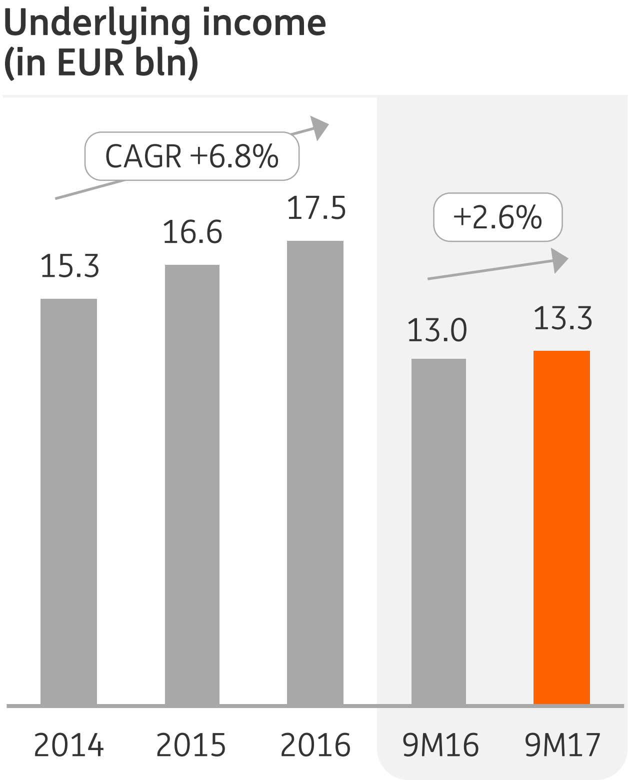
Underlying return on equity reached 11%

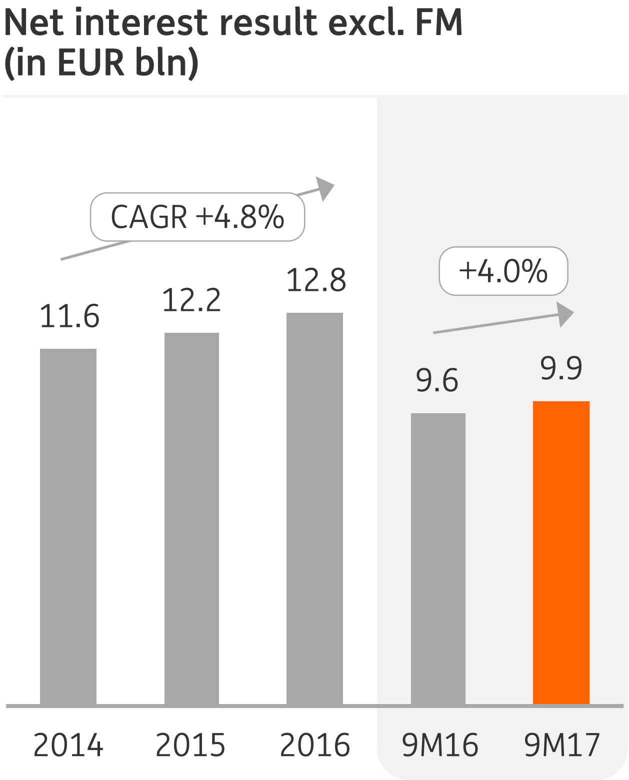


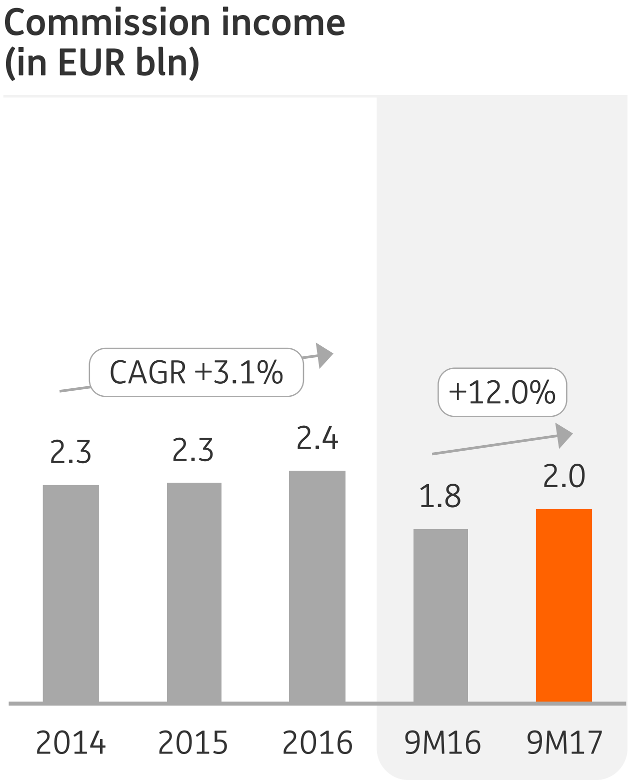
- ING recorded underlying net profit for the first nine months of 2017 of EUR 3,957 mln, up 10.1% on 9M16
- The four-quarter rolling underlying return on equity improved further to 11.0% despite a fully loaded CET1 ratio of 14.5%

* 9M17 underlying ROE based on four-quarter rolling average

Healthy income progression on higher NII and commissions...

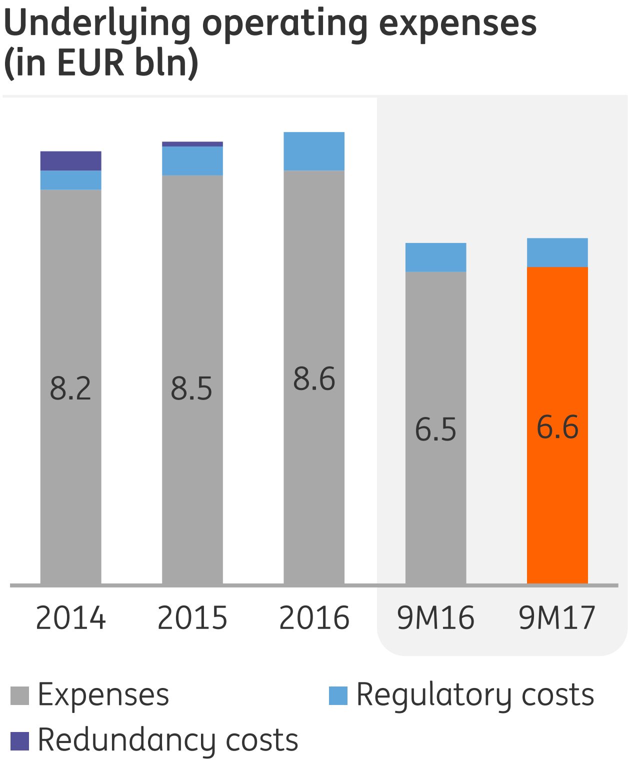


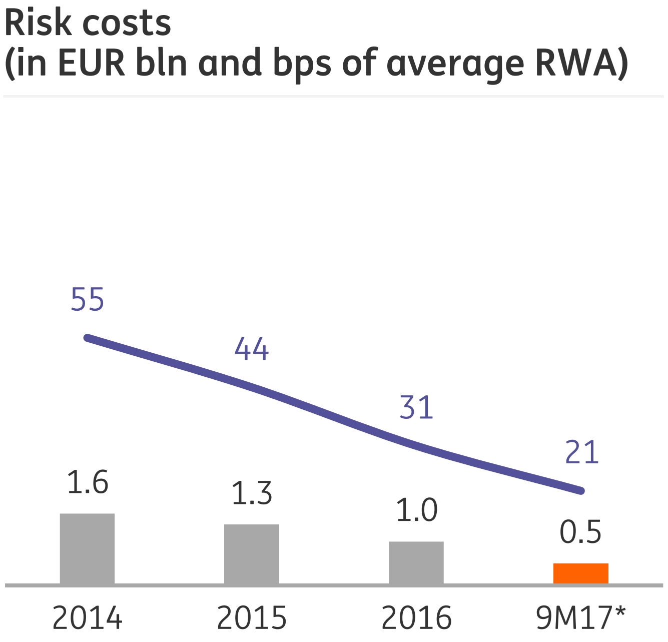


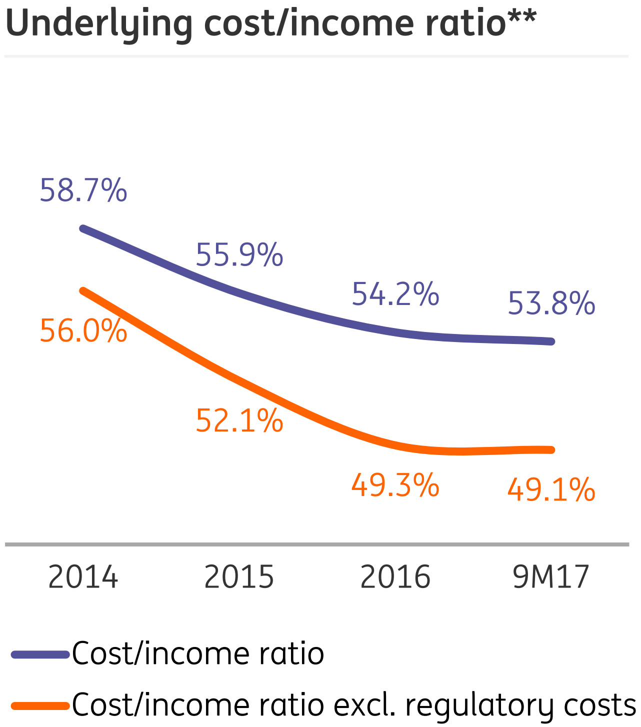


- Underlying income grew 2.6% in the first nine months of 2017 versus the same period last year largely driven by a steady increase in net interest income with net core lending growth equating to EUR 20.1 bln (or 3.6% year to date)
- Our primary customer focus underpinned solid commission growth in the first nine months of 2017, up 12.0% year-on-year

...as well as a relatively stable expense base and low risk costs







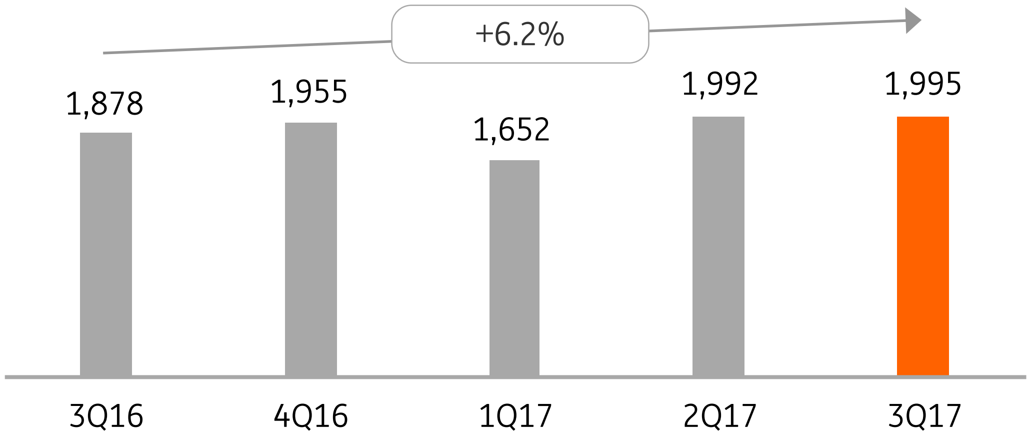
- Underlying operating expenses have remained broadly flat due a combination of digital investments and higher expenses to support business growth, largely offset by ongoing cost saving initiatives
- Risk costs declined to a low level of EUR 486 mln in the first nine months of 2017, or 21 bps* of average RWA

* 9M17 risk costs over average RWA (in bps) are annualised
** 9M17 cost/income ratio based on four-quarter rolling average

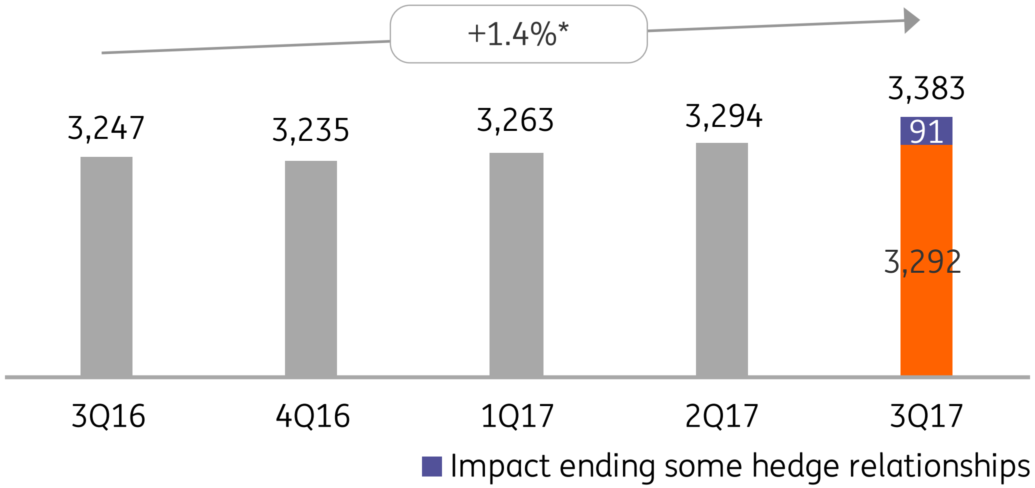
3Q17 results

Strong third-quarter results underpinned by resilient NII

Underlying pre-tax result (in EUR mln)



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

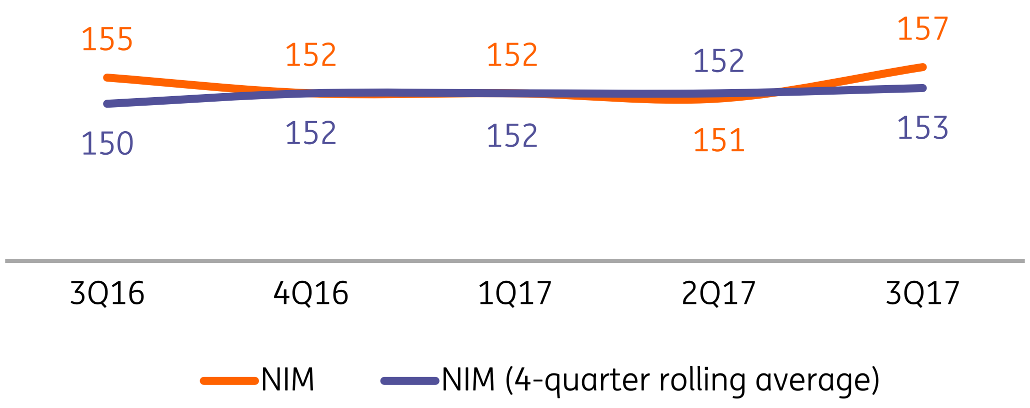


- Underlying result before tax of EUR 1,995 mln, mainly attributable to continued loan growth at stable margins, solid commission income, the annual dividend from Bank of Beijing and low risk costs
- Adjusted for the decision to end some hedge relationships (EUR 91 mln, which was offset by similar decline in other income), NII excluding FM was up 1.4% versus 3Q16 and flat on 2Q17:
  - Higher lending volumes were offset by a lower overall lending margin (but stabilising in 3Q17)
  - Slight decrease in the interest result on customer deposits offset by funding costs in Corporate Line benefiting from the maturity of high-cost legacy bonds

* Adjusted for the decision to end some hedge relationships

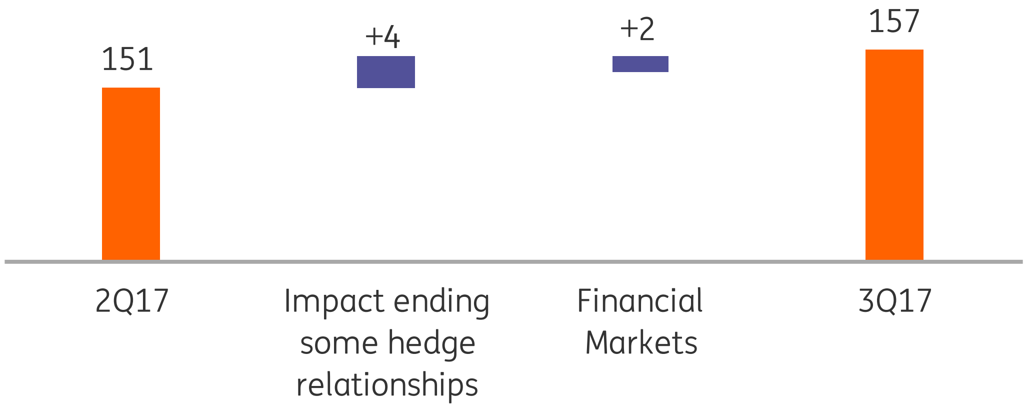
Net interest margin up from 2Q17 due to accounting

Net interest margin up quarter-on-quarter… (in bps)

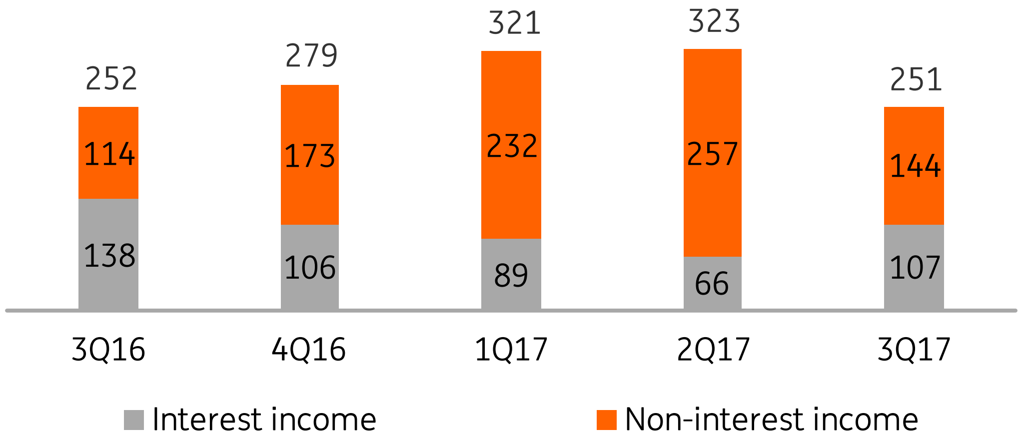


- Interest margin up from 2Q17 by 6 bps, of which 4 bps was caused by the decision to end some hedge relationships and 2 bps by a higher interest result in Financial Markets
- The interest margin on lending activities stabilised in the quarter, while the margin on savings and current accounts narrowed slightly due to the continued negative impact from the low interest rate environment

…but move largely explained by technicalities



Underlying income Financial Markets* (in EUR mln)



* Excl. CVA/DVA

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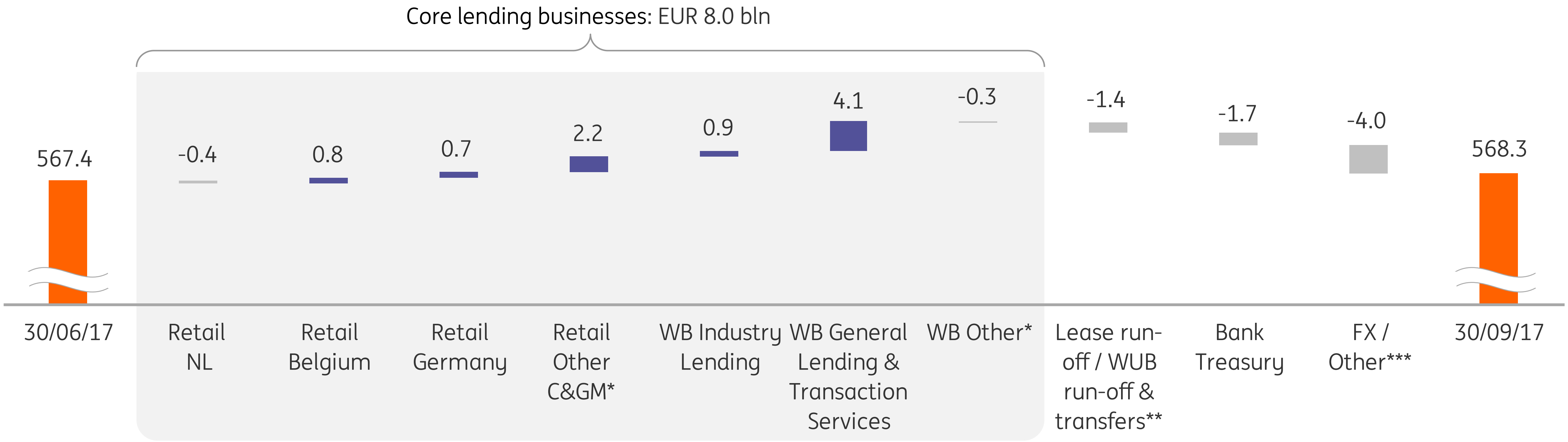
Core lending grew by EUR 8.0 bln in 3Q17

Customer lending ING Group 3Q17 (in EUR bln)



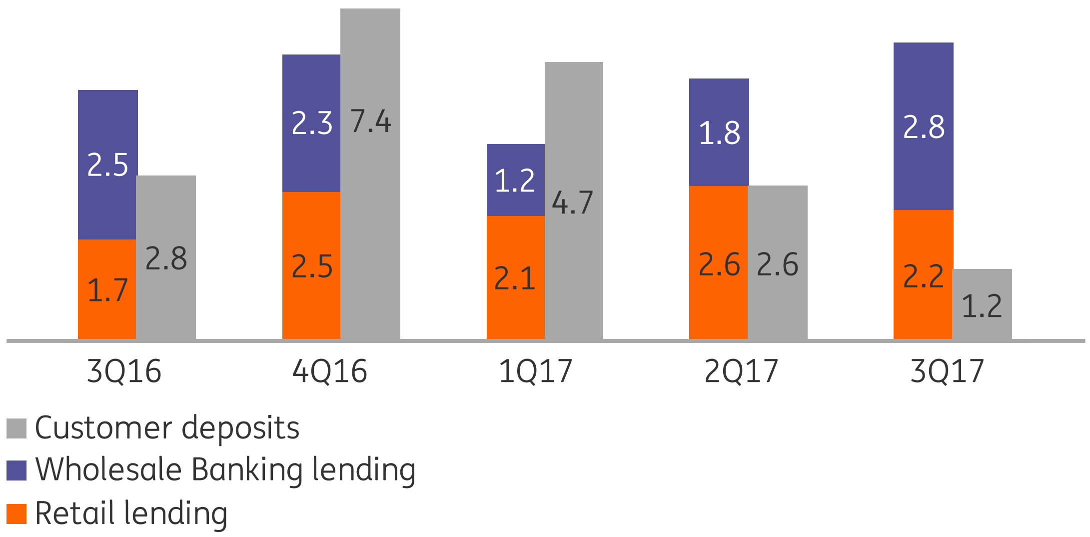
- Our core lending franchises grew by EUR 8.0 bln in 3Q17:
  - Retail Banking increased by EUR 3.3 bln, mainly in mortgages outside the Netherlands
  - Wholesale Banking increased by EUR 4.7 bln, largely attributable to General Lending & Transaction Services and to a lesser extent Real Estate Finance

* C&GM is Challengers & Growth Markets; WB Other includes Financial Markets
** Lease run-off was EUR -0.1 bln, WUB run-off was EUR -0.4 bln and WUB transfers to NN were EUR -0.8 bln
*** FX impact was EUR -3.8 bln and Other EUR -0.2 bln

Efficiency gains through balance sheet optimisation in C&GM

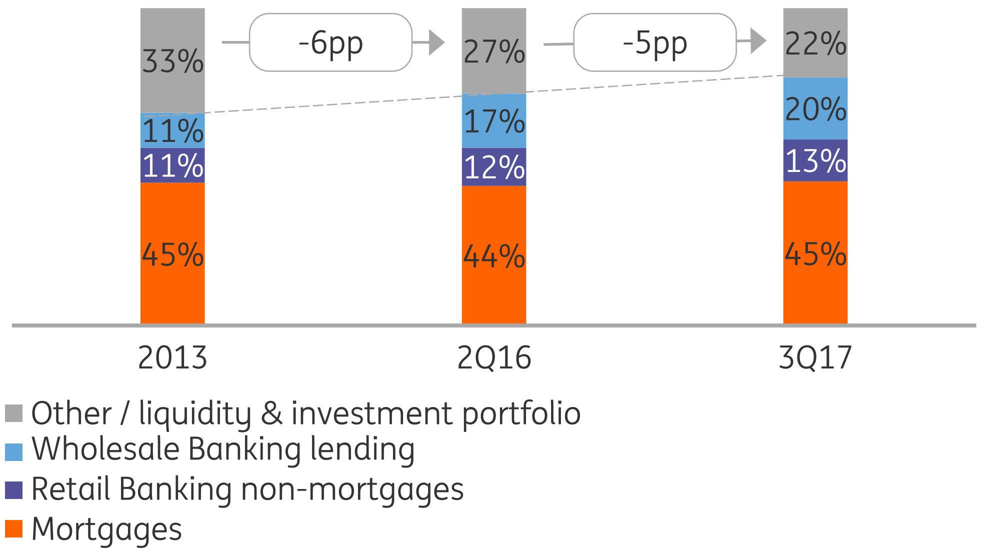
Core lending and net customer deposit growth (in EUR bln)

Challengers & Growth Markets



Balance sheet optimisation

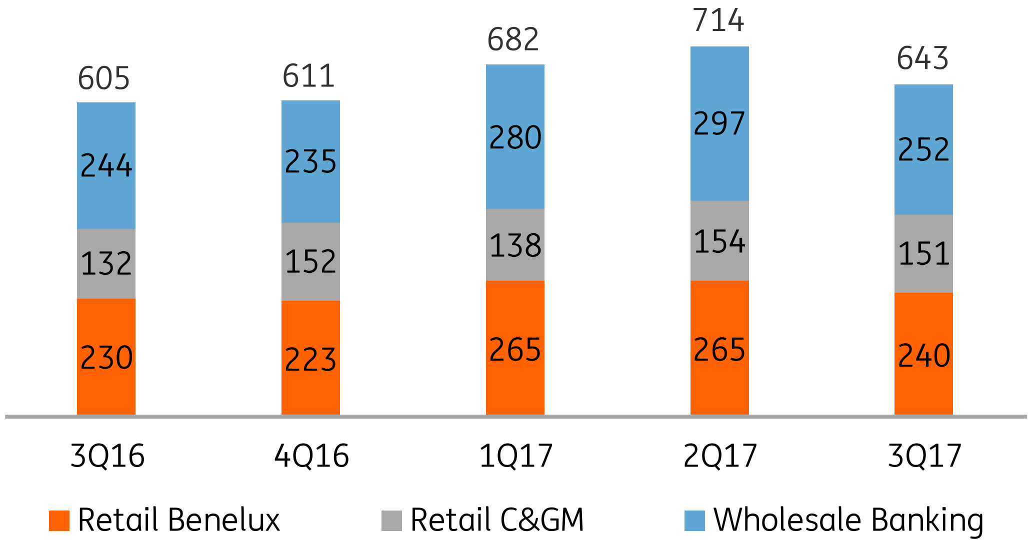
Challengers & Growth Markets (based on external assets)



- In many of our markets, ING's core lending growth outpaced growth in customer deposits in the previous quarters
- This growth in customer lending helps us to create more sustainable country balance sheets and supports the NIM as we see continued margin pressure from the low rate environment
- Slower net growth in customer deposits does not disrupt momentum in customer acquisition

Bank-wide focus on commission income pays off

Solid commission income across segments (in EUR mln)



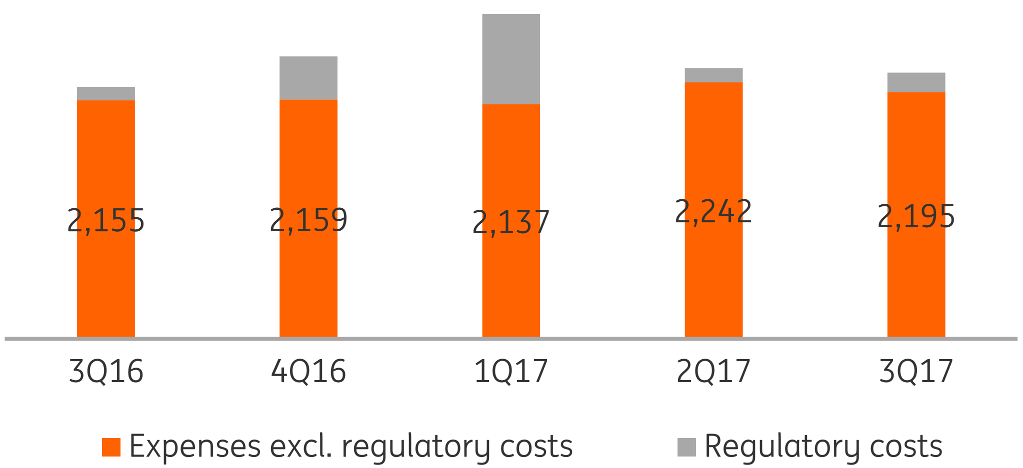
- Commission income rose 6.3% year-on-year to EUR 643 mln. The increase was driven by almost all segments and products, with the relatively strongest growth in Retail Challengers & Growth Markets and Retail Netherlands
- 2Q17 was an exceptionally strong quarter for Retail Belgium (investment products) and Wholesale Banking

Initiatives to drive fee income growth

Lending fees	• Acceleration of Consumer Lending • Volume growth in SME/MidCorp • Wholesale Banking growth in Industry Lending and General Lending
Fee products	• Offer more investment products, e.g. via robo advice • Insurance distribution linked to lending and stand-alone via mobile • Increase Financial Markets fee revenue via Debt Capital Markets
Payment fees	• Review of daily banking fees across our different markets • Selectively increase lending and payment fees to corporate clients
New sources	• E.g. referral of loans to third parties, comparison engines, attracting third parties to our platforms

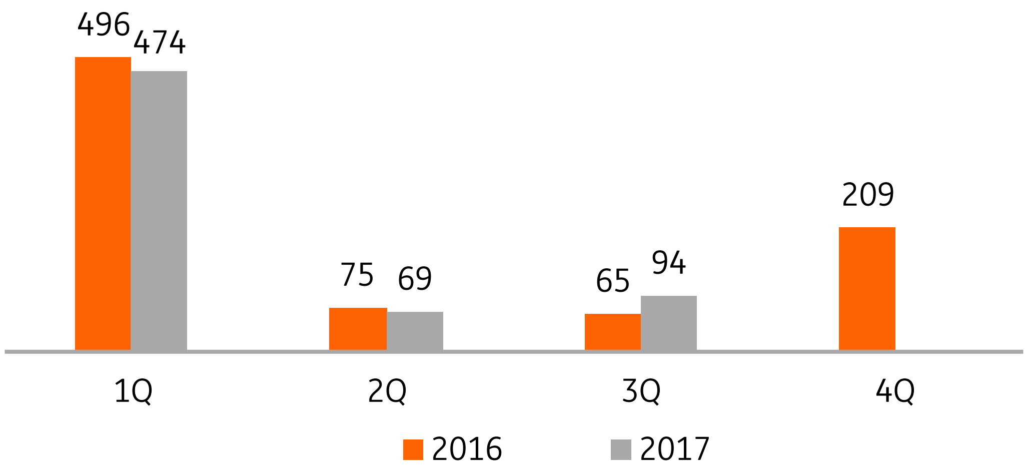
Operating expenses down quarter-on-quarter

Underlying operating expenses (in EUR mln)

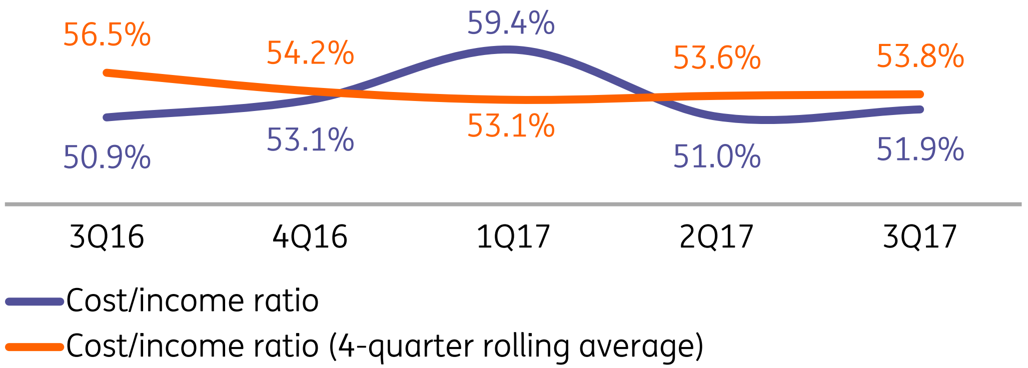


- Compared to the second quarter of 2017, total expenses declined by EUR 22 mln, or 1.0% despite a EUR 25 mln increase in regulatory costs
- Regulatory costs were EUR 29 mln higher than in 3Q16 which included a release of DGS contributions in Germany

Regulatory costs experience seasonality (in EUR mln)

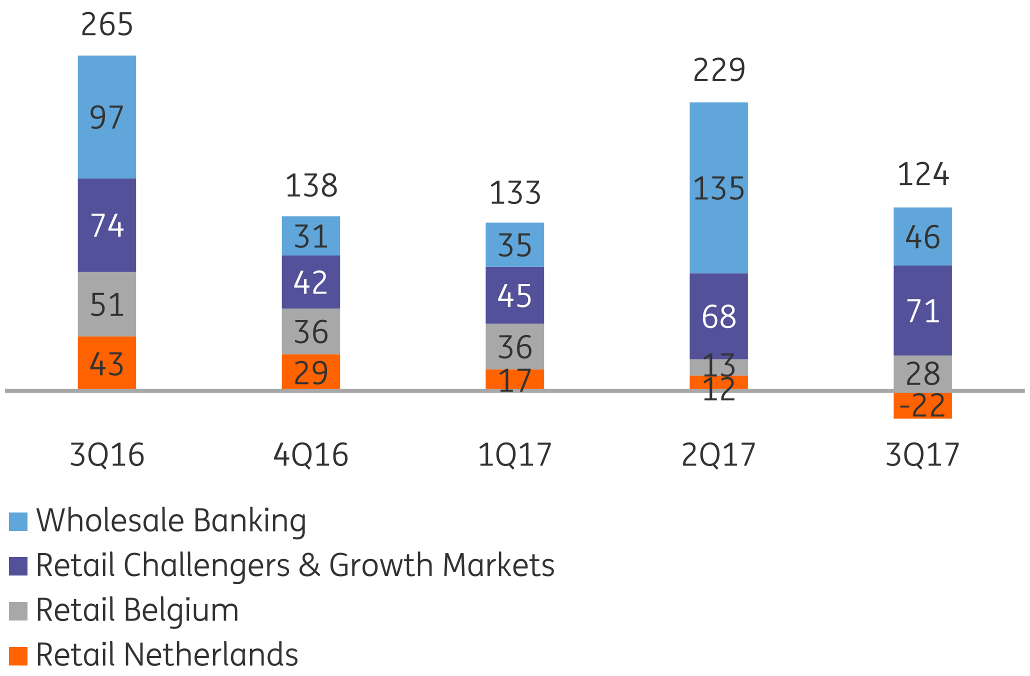


4-quarter rolling cost/income ratio broadly stable

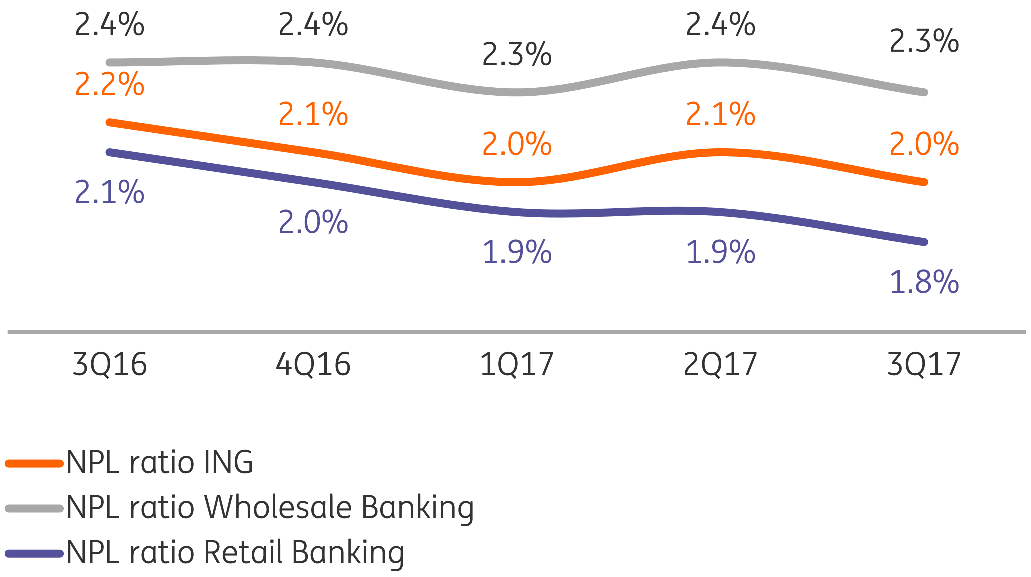


Risk costs down in 3Q17; NPLs remain favourably low

Risk costs (in EUR mln)



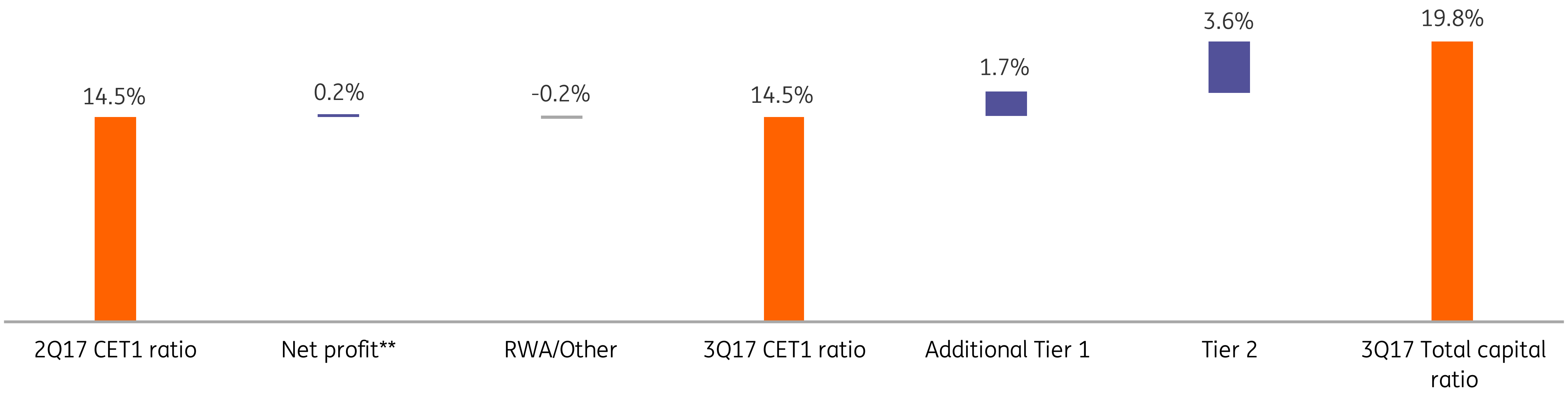
NPL ratio



- 3Q17 risk costs were EUR 124 mln, or 16 bps of average RWA, well below the 40-45 bps through-the-cycle average
- Retail Benelux risk costs were substantially lower again due to improved macro-economic and housing market conditions
- In Wholesale Banking, risks costs decreased quarter-on-quarter as a result of a limited number of increases, partially offset by some significant releases

ING's capital position a strong foundation for the future

ING Group 3Q17 fully loaded capital ratios*



- ING Group's 3Q17 fully loaded CET1 ratio was stable at 14.5% as the inclusion of EUR 0.5 bln of net profit and positive risk migration was offset by an increase in risk-weighted assets due to lending growth and higher operational RWA
- Like in the previous two quarters, ING reserved an amount equal to one third of the 2016 total dividend
- The final dividend proposed will reflect considerations including expected future capital requirements, growth opportunities, net earnings and regulatory developments

* ING Group fully loaded capital ratios are based on RWAs of EUR 311.0 bln and include grandfathered securities
** 3Q17 Group net profit of EUR 1,376 mln of which EUR 853 mln set aside for dividends and the remainder (EUR 523 mln) added to CET1 capital

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Ambition 2020 – ING Group Financial Targets

		Actual 2016	**Actual 9M17**	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%	**53.8%**	50-52%
	• Underlying ROE (%)*** (IFRS-EU Equity)	10.1%	**11.0%**	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 11.8%, plus a comfortable management buffer (to include Pillar 2 Guidance)
*** Based on 4-quarter rolling average; the ING Group ROE is calculated using IFRS-EU shareholders' equity after excluding 'interim profit not included in CET1 capital'. As at 30 September 2017, this comprised EUR 2,559 mln of the 9M17 interim profits (which is equal to the dividend paid over 2016) minus the interim dividend of EUR 933 mln paid in August

Wrap up

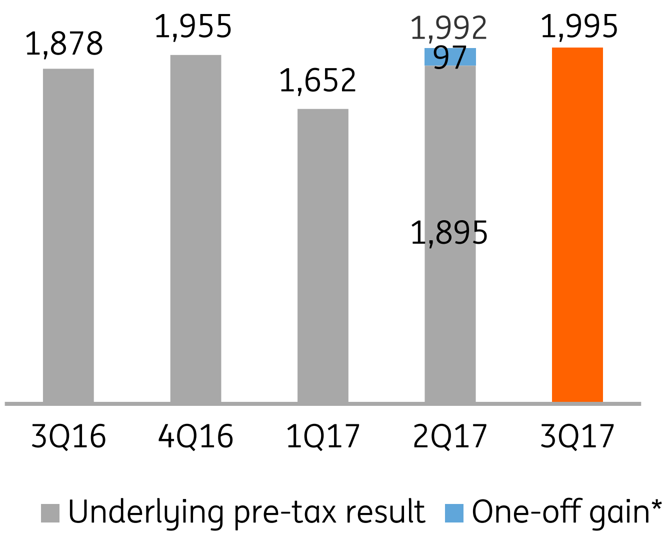
Wrap up

- ING posted 3Q17 net profit of EUR 1,376 mln
- Primary customers increased to 10.5 mln with most countries contributing to the quarterly growth
- We recorded net core lending growth of EUR 8.0 bln in the quarter; net interest margin remains resilient
- Our geographic footprint and product diversity enable us to continue to capture profitable growth
- Another benign quarter for risk costs on the back of strong macroeconomic conditions in most of our markets
- On a four-quarter rolling average basis, ING Group's underlying return on equity was up slightly at 11.0%
- Fully loaded CET1 ratio remained stable at 14.5%

Appendix

Strong 3Q17 result; volatile items broadly neutral in the quarter

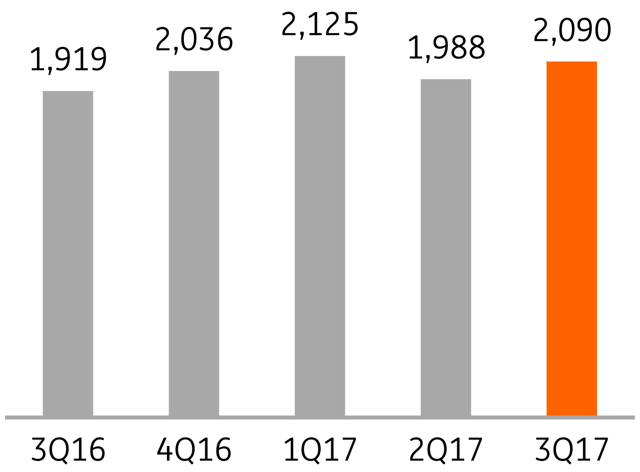
Underlying pre-tax result (in EUR mln)



Volatile items and regulatory costs (in EUR mln)

	3Q16	4Q16	1Q17	2Q17	3Q17
CVA/DVA	-72	14	30	-42	-1
Capital gains/losses	66	36	45	25	27
Hedge ineffectiveness	30	78	-74	-7	-27
Other items*				97	
Total volatile items	24	128	1	73	-1
Regulatory costs	-65	-209	-474	-69	-94

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



- Excluding volatile items and regulatory costs, 3Q17 pre-tax result up 8.9% from 3Q16 and 5.1% versus 2Q17:
  - Robust net interest income and solid fee income progression (albeit fees lower than in the exceptionally strong previous quarter)
  - Relatively stable underlying expenses and low level of risk costs of EUR 124 mln or 16 bps of average RWA

* 2Q17 one-time gain relates to the sale of an equity stake in the real-estate run-off portfolio (EUR 97 mln)

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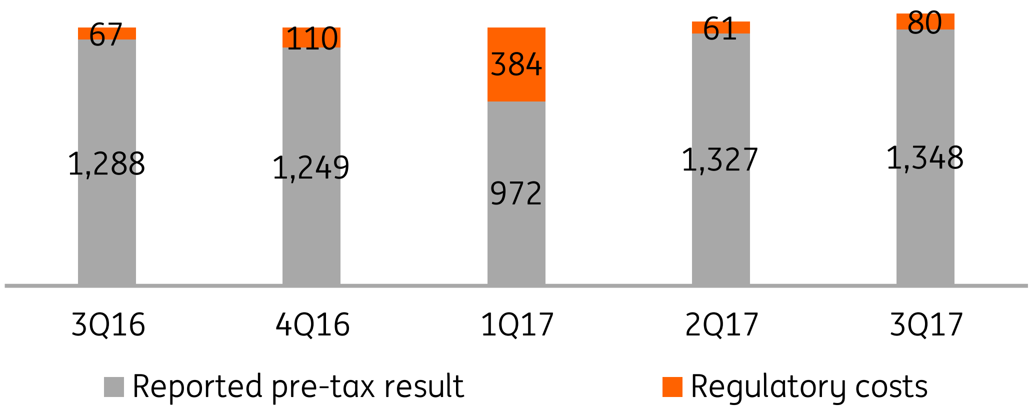
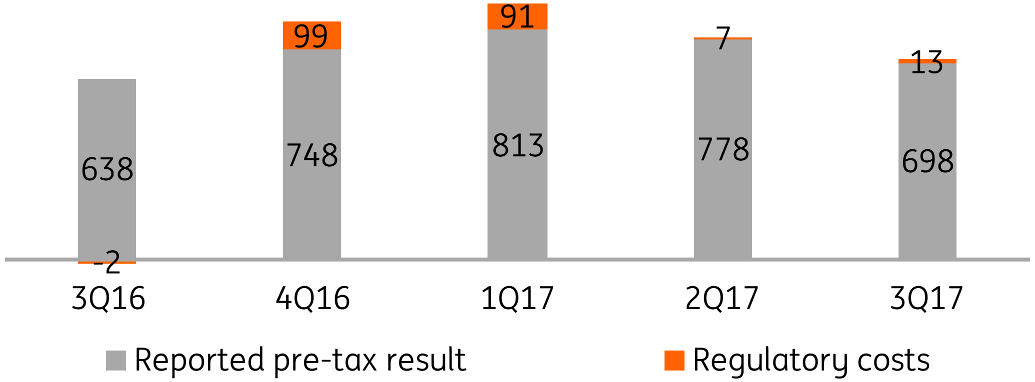
Retail and Wholesale Banking show resilient performance

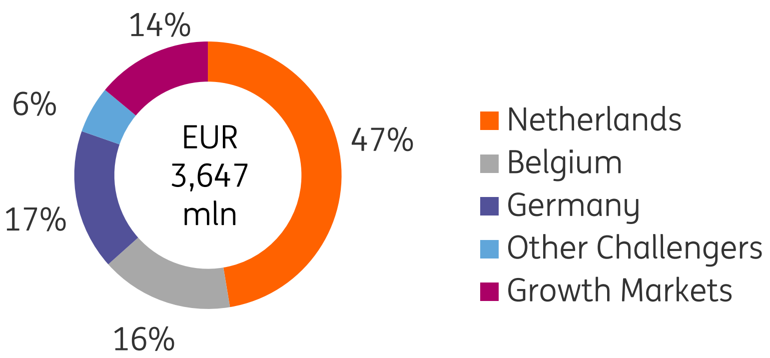
Underlying pre-tax result Retail Banking (in EUR mln)



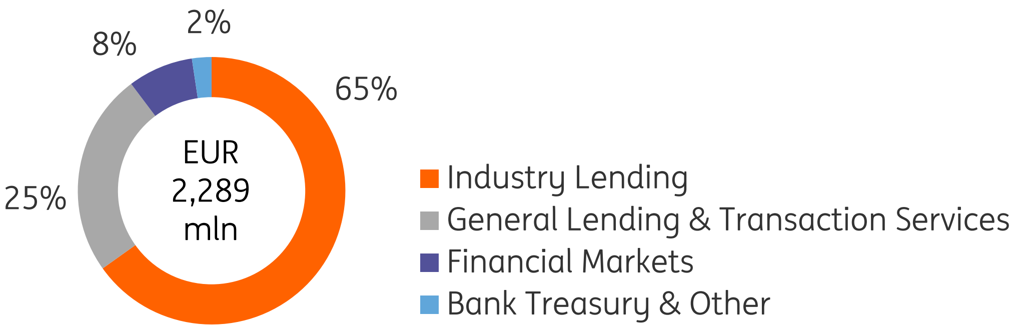
Underlying pre-tax result Wholesale Banking (in EUR mln)



9M17 underlying pre-tax result by Retail Banking segment



9M17 underlying pre-tax result by Wholesale Banking segment



Group CET1 ratio at 14.5% and Group ROE at 11.0%

Group fully loaded CET1 ratio development during 3Q17 (amounts in EUR bln and %)

	Capital	RWA	Ratio	Change
Actuals June 2017	44.9	310.3	14.5%	
Net profit included in CET1*	0.5			+0.17%
Equity stakes	-0.1	-0.2		-0.02%
FX	-0.3	-2.6		+0.04%
RWA & Other**		3.5		-0.18%
Actuals September 2017	45.0	311.0	14.5%	+0.01%

Changes to Group ROE calculation in 3Q17 (in EUR mln)

As of 30 September 2017	
IFRS-EU shareholders' equity	49,770
deduct: Interim profit not included in CET1 capital***	1,626
Adjusted shareholders' equity	**48,144**
Adjusted shareholders' equity (4Q-rolling average)	48,706
Underlying net result (last four quarters)	5,338
Group ROE (4Q-rolling average)****	11.0%

* 3Q17 Group net profit (EUR 1,376 mln) partly reserved for dividends (EUR 853 mln) and remainder included in Group CET1 capital (EUR 523 mln)
** Group CET1 includes the negative impact of volume growth (-16 bps), Operational RWA (-13 bps), model updates (-8 bps) and other items (-2 bps) which were only partly offset by the positive impact from risk migration (+17 bps) and lower Market RWA (+4 bps)
*** The 9M17 interim profit not included in CET1 (EUR 1,626 million) which equals the dividend paid over 2016 (EUR 2,559 mln) minus the interim dividend paid in August (EUR 933 mln)
**** Impact of the adjustment of shareholders' equity, by deducting interim profit not included in CET1 capital in 3Q17, is approx. 27 bps on the 4Q-rolling average Group ROE

Further client savings rate adjustments in our home markets

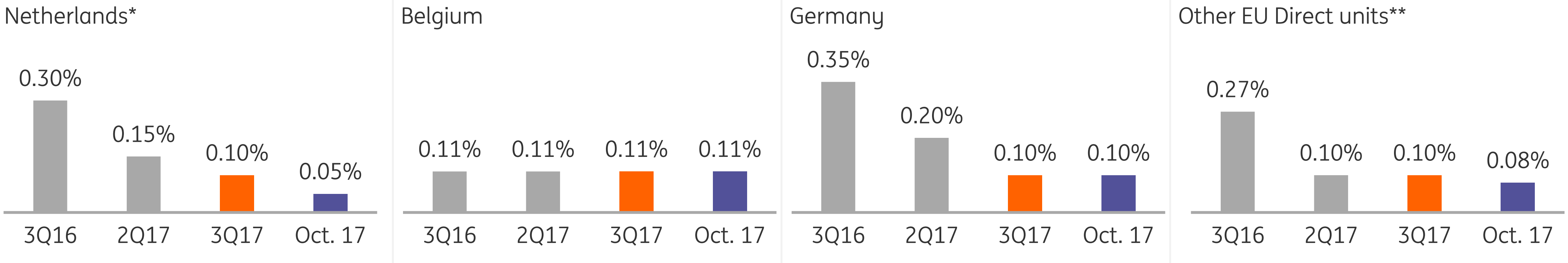
Few more savings rate adjustments in the quarter…

- In 3Q17, we reduced Dutch savings rates by 5 bps after earlier adjustments in the first two quarters of the year
- In addition, there was a core savings rate adjustment in Austria on 1 August (-15 bps) and in Germany (-10 bps) mid-August
- Further adjustments in 4Q17 in Netherlands (-5 bps) on 1 October and in Spain (-5 bps) on 1 November

…and we have several other levers to stabilise NIM

- Continue growth in higher margin lending without changing our risk appetite
- Further balance sheet optimisation
- Asset repricing may provide support in future years

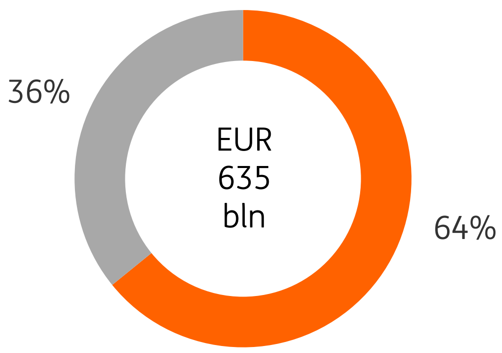
Core client savings rates



* Rate for savings up to EUR 75,000 is 5 bps, for savings volumes between EUR 75,000 and EUR 1,000,000 it is 10 bps
** Unweighted average core savings rates in France, Italy and Spain; incorporates core savings rate adjustment (-5 bps) in Spain on 1 November

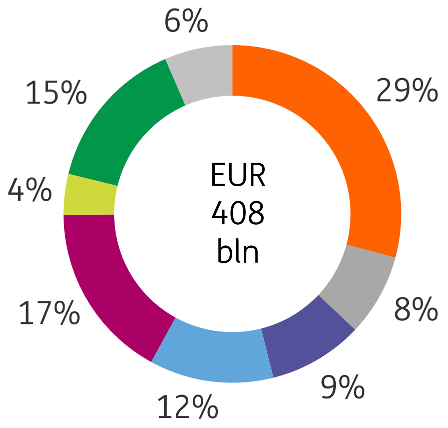
Lending credit outstandings are well-diversified

ING Group*



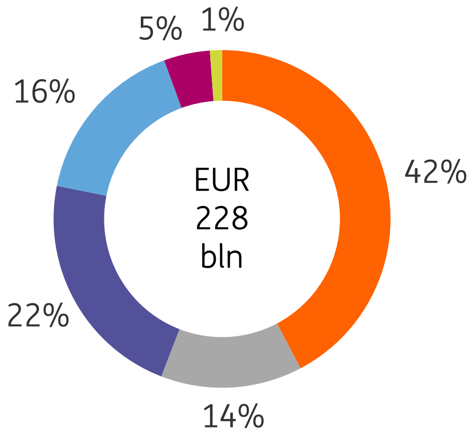
- Retail Banking
- Wholesale Banking

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

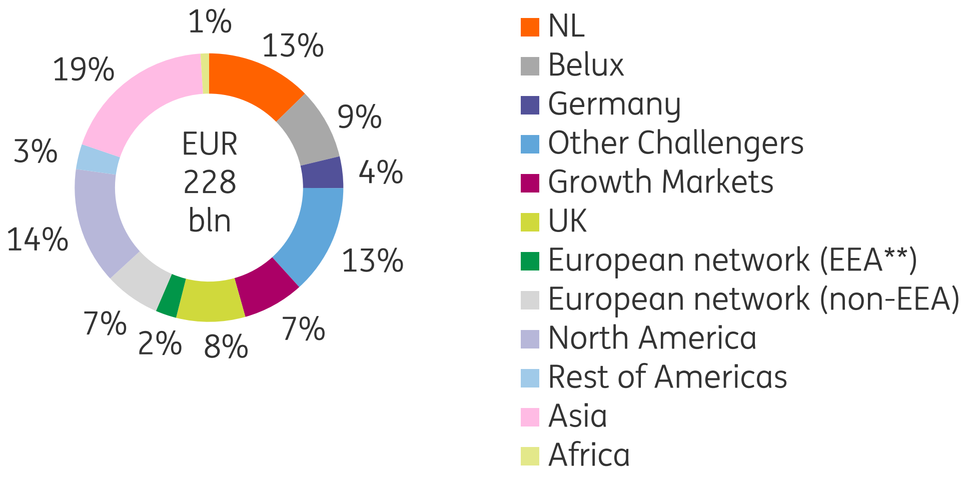
- ING has a well-diversified and collateralised loan book with a strong focus on own-originated mortgages
- 64% of the portfolio is retail-based

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

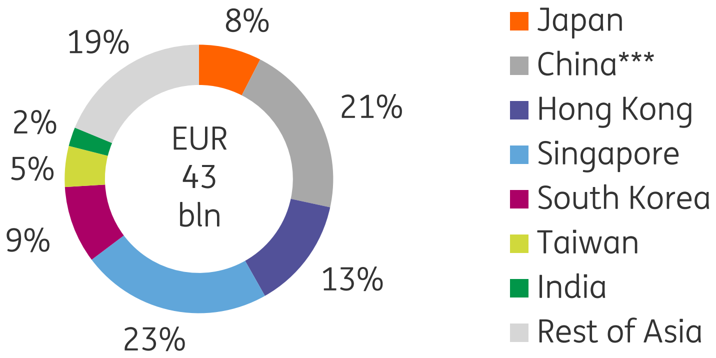
Wholesale Banking lending credit outstandings well-diversified by geography and sector

Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (3Q17)*

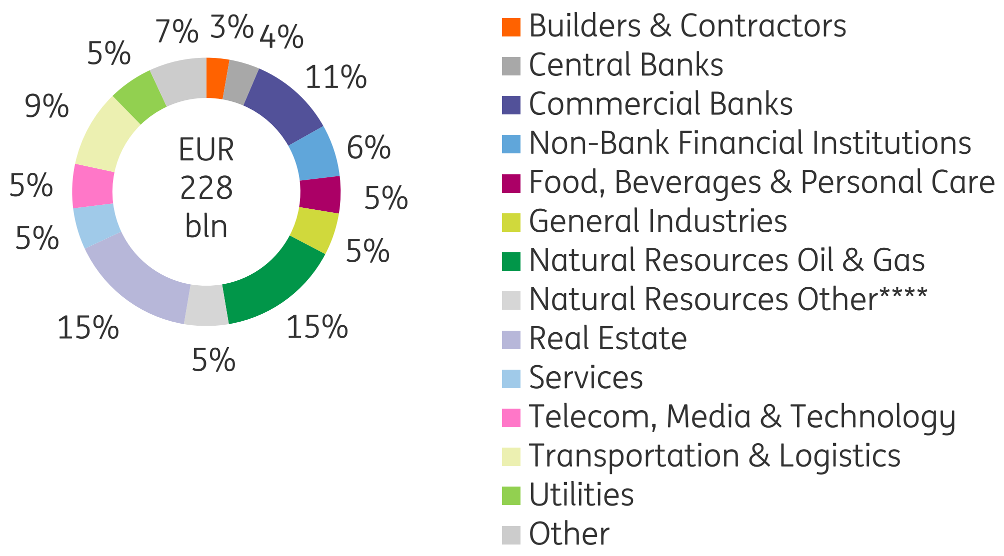


Lending Credit O/S Asia (3Q17)*



…and sectors

Lending Credit O/S Wholesale Banking (3Q17)*



* 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 2.4 bln at 30 September 2017)
**** Mainly Metals & Mining

Detailed NPL disclosure on selected lending portfolios

Selected lending portfolios

	Lending credit O/S 3Q17	NPL ratio 3Q17	Lending credit O/S 2Q17	NPL ratio 2Q17	Lending credit O/S 3Q16	NPL ratio 3Q16
Wholesale Banking	**227,714**	**2.3%**	**225,566**	**2.4%**	**215,779**	**2.4%**
Industry Lending	127,232	2.6%	127,907	2.6%	121,257	2.4%
Of which Structured Finance	96,289	2.9%	98,084	2.8%	92,941	2.3%
Of which Real Estate Finance	30,943	1.6%	29,823	1.9%	28,316	2.9%
Selected industries*						
Oil & Gas related	34,041	3.8%	34,287	3.6%	31,335	2.5%
Metals & Mining**	14,535	5.2%	14,529	5.0%	13,885	5.6%
Shipping & Ports***	12,756	6.5%	13,452	6.8%	13,498	4.9%
Selected countries						
Turkey****	16,876	2.6%	17,035	2.5%	18,875	2.5%
China*****	8,910	0.0%	7,934	0.0%	6,148	0.0%
Russia	4,778	2.8%	4,946	3.0%	5,614	2.8%
Ukraine	939	50.6%	953	51.6%	1,138	56.1%

* Includes WB Industry Lending, General Lending (CFIL) and Transaction Services
** Excluding Ukrainian and Russian Metals & Mining exposure, the NPL ratio would be 2.1%
*** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, NPL ratio is 3.6%
**** Turkey includes Retail Banking activities (EUR 8.9 bln)
***** China exposure is excluding Bank of Beijing stake

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.

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.