

Report of the Executive Board for 2017

Annual General Meeting: “Empowering people”

Ralph Hamers, CEO ING Group
Amsterdam • 23 April 2018

Think Forward: still as relevant as ever

Purpose



Empowering people to stay a step ahead in life and in business.

Customer Promise



Clear and Easy



Anytime, Anywhere



Empower



Keep Getting Better

Strategic Priorities



Creating a differentiating customer experience

1. Earn the primary relationship
2. Develop analytics skills to understand our customers better
3. Increase the pace of innovation to serve changing customer needs
4. Think beyond traditional banking to develop new services and business models

Enablers



Simplify & Streamline

Operational Excellence

Performance Culture

Lending Capabilities

37.4 million customers in more than 40 countries (end-2017)

Net Promoter Score (NPS)



#1

in 7 of 13 countries:
**Australia, Austria,
France, Germany,
Poland, Romania
and Spain**

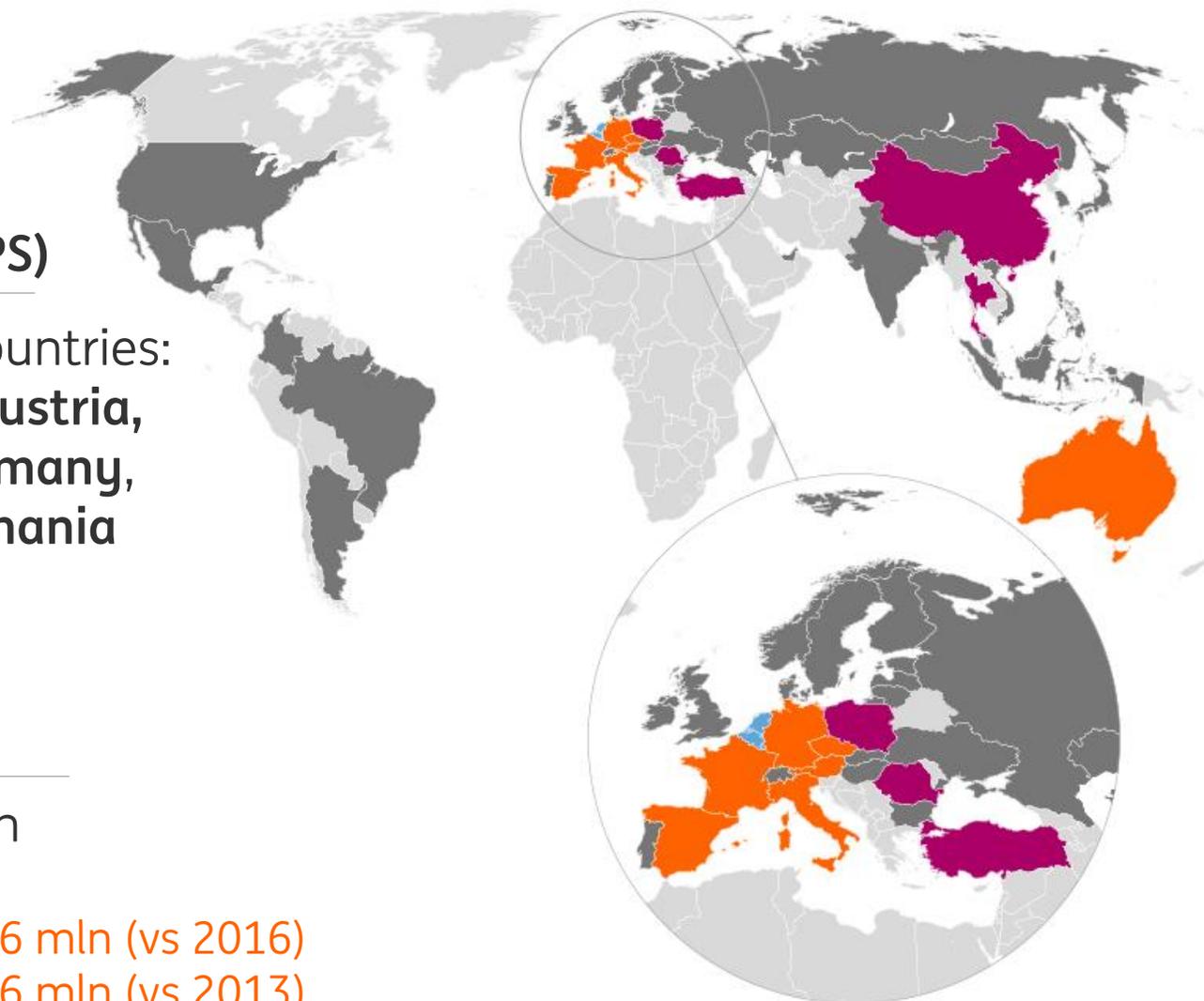


Customers

37.4 mln

+1.6 mln (vs 2016)

+5.6 mln (vs 2013)



■ Market Leaders

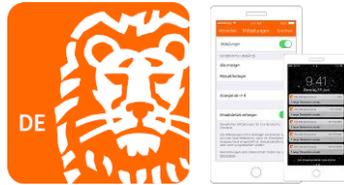
■ Challengers

■ Growth Markets

■ Wholesale Banking
activities only

... attracted by innovative, clear and easy products and services

Best-in-class banking app 



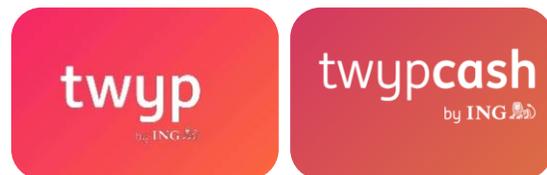
"Banking to go"

Digital identity management 



to prove it's you

Peer-to-peer payments + cashback 



Aggregation + Advice 



Robo advice partnership 



Instant lending for SMEs 



Blockchain-based trade finance

EASY TRADING connect

Artificial intelligence for bond trading



Multibank aggregation platform (corp. clients)



Our focus on primary customer relationships drives value

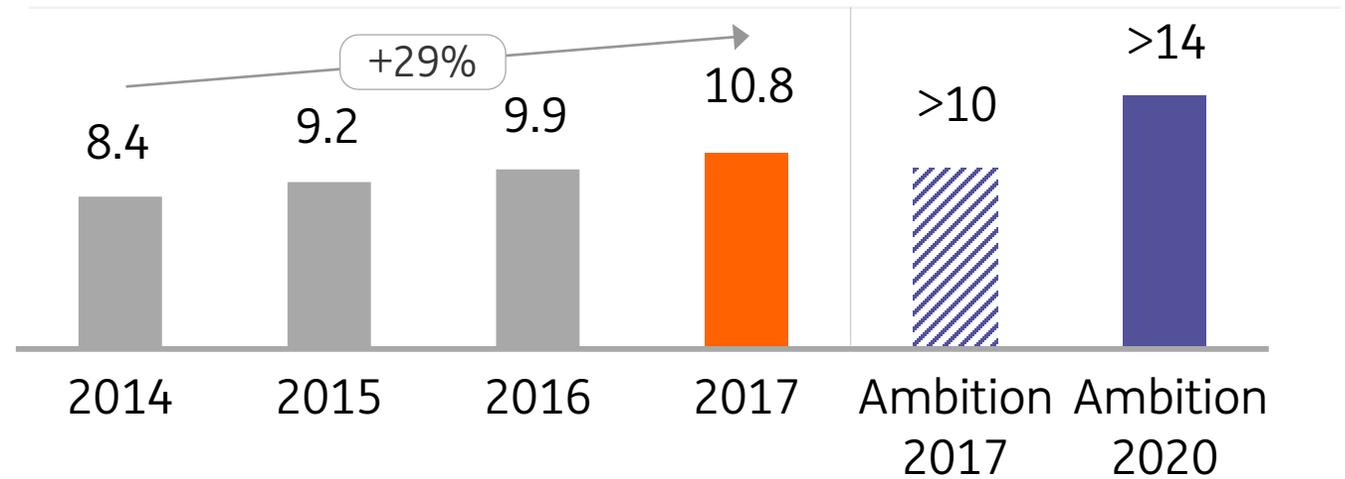


Primary relationships



+9%
10.8 mln

Above target on way to 14 mln primary customers by 2020 (in mln)



ING Bank core lending

2017 net growth



+4.8%
EUR +26.9 bln

ING Bank customer deposits

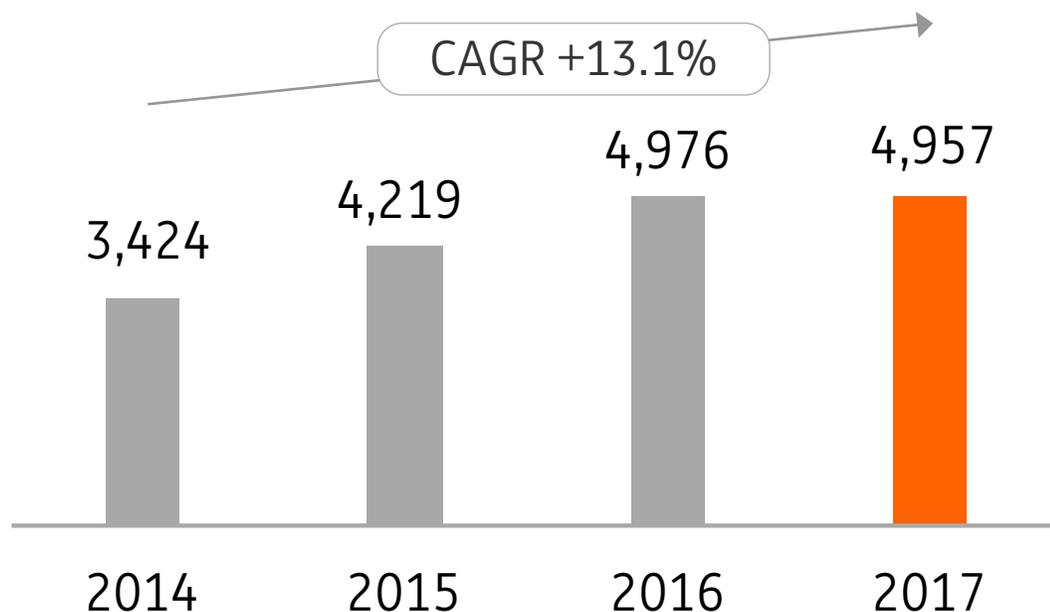
2017 net growth



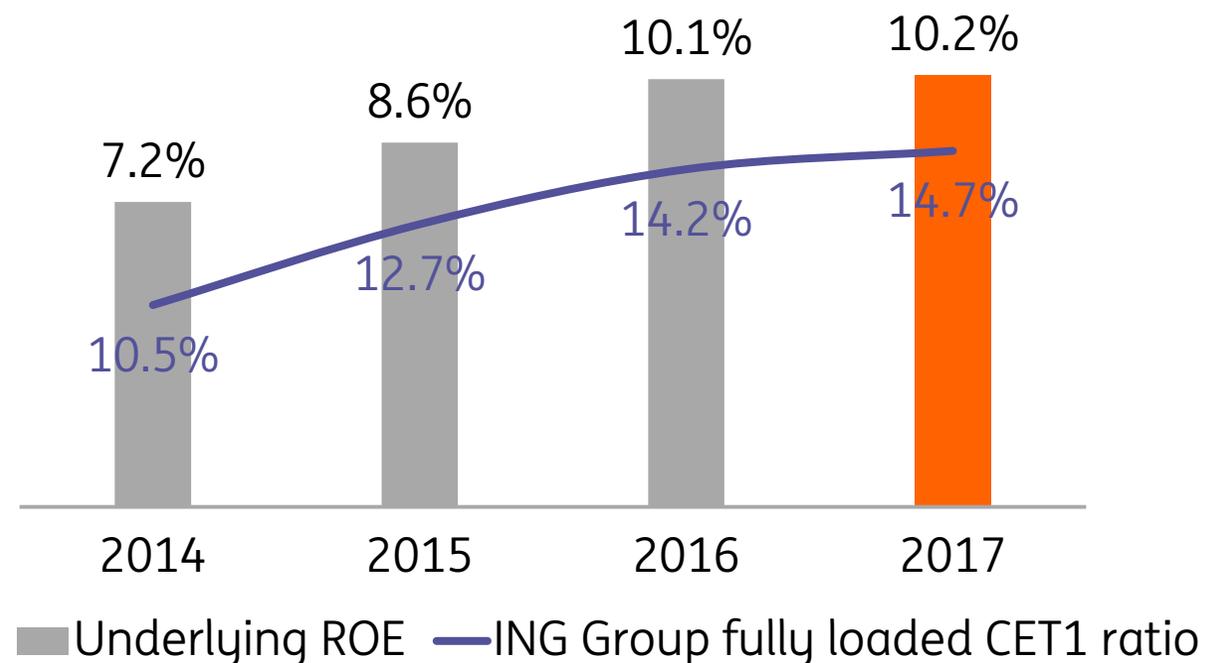
+3.6%
EUR +19.0 bln

Think Forward delivers stable profits despite low-interest pressures

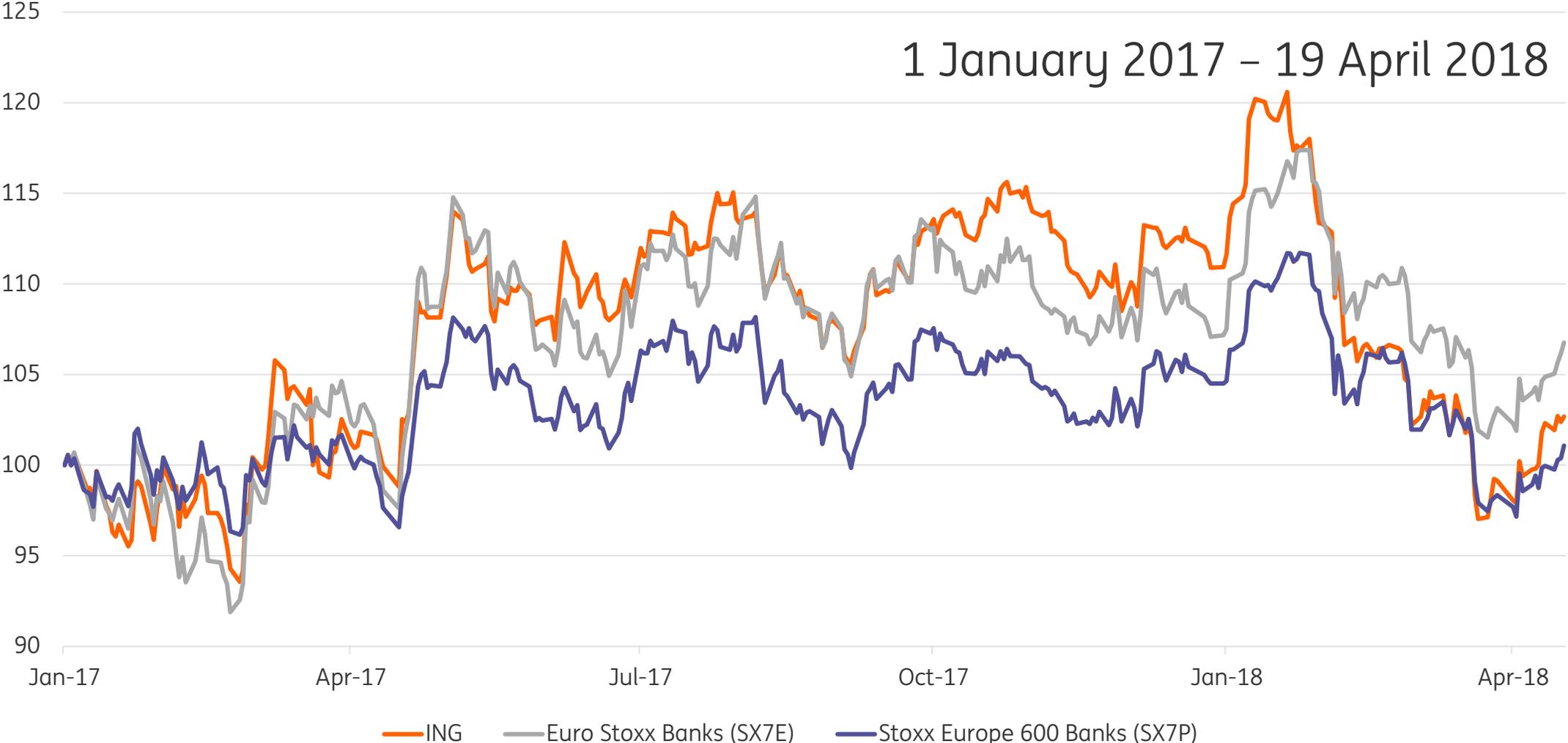
Underlying net result stable YoY
(in EUR mln)



Underlying return on equity > 10%

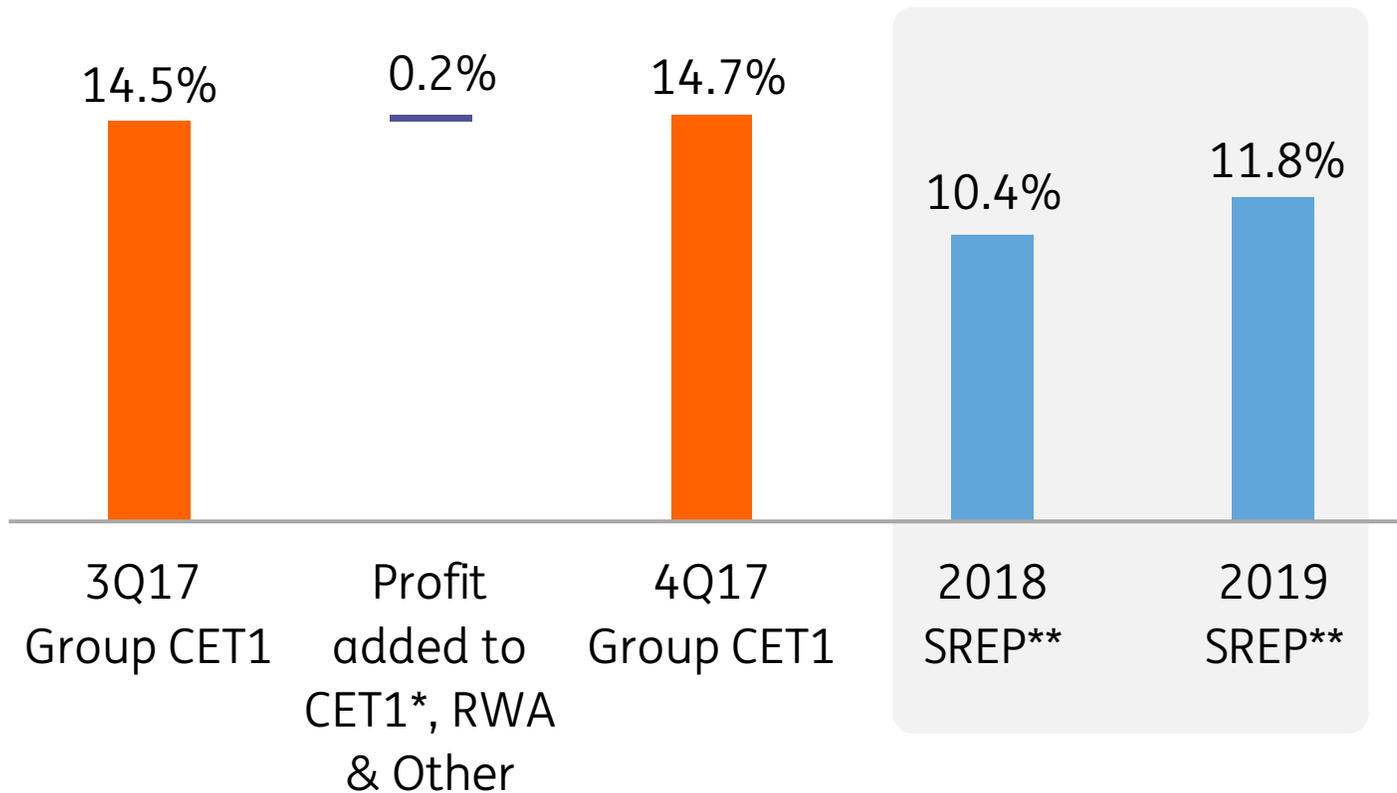


ING share performance



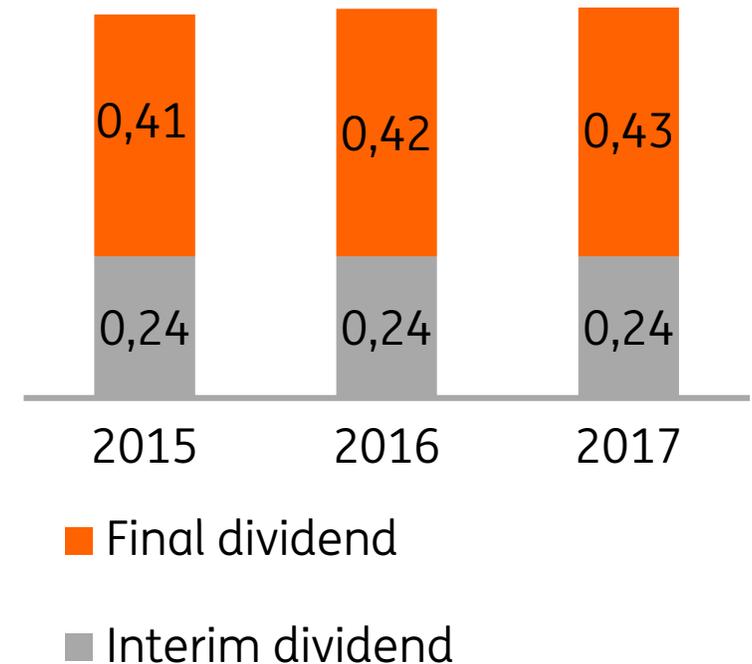
ING Group CET1 ratio 14.7%; ING proposes EUR 0.67 dividend

ING Group fully-loaded CET1 ratio development



We propose to pay a full-year dividend of EUR 0.67 per share

EUR 0.65 EUR 0.66 **EUR 0.67**



* EUR 971 mln which consists of 4Q17 Group net profit of EUR 1,015 mln minus EUR 44 mln set aside for the one cent progressiveness of the dividend

** Plus a comfortable management buffer (to include Pillar 2 Guidance)

In 2017 ING was named Best Bank in the World



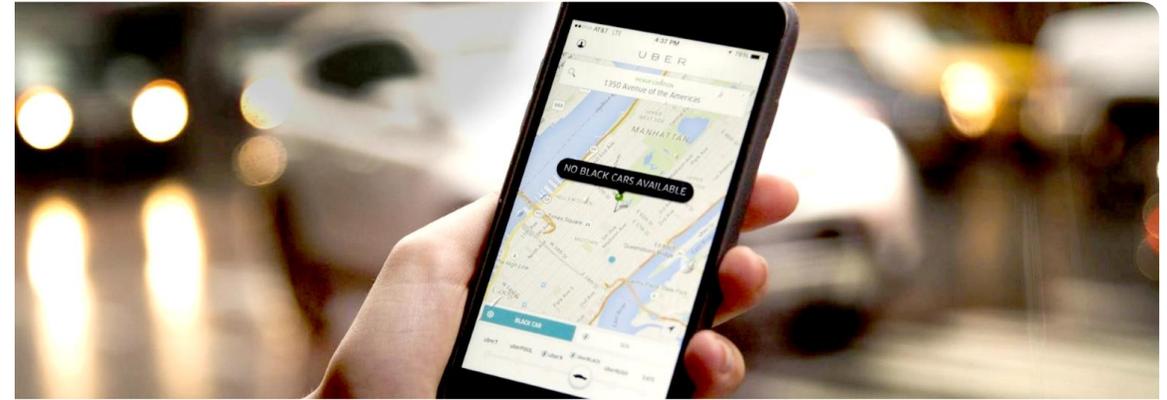
... but how do we maintain this position of strength?

Trends in the banking landscape continue to evolve...

Regulations and low interest rates



Expectations set by tech giants, not banks



Banking products are now commodities



People live their lives on smartphones



... with platforms as the likely winners

The winners we see share key attributes:



Frictionless and personal digital experience

The bar is set by players outside the industry: personal, instant, relevant & seamless



What does this mean for us?

Deliver a differentiating experience by being clear, easy, transparent, empowering, always on, real-time and relevant



Own the customer interaction

The primary relationship will be all about the frequency of contact



Offer a differentiating experience and become a true love brand, to be the go-to place for financial & finance-related decisions



Connecting value chains

Leveraging data across value chains to provide true insight



Leverage in-house and external data to build relationships and enable faster decision-making and better client solutions



Open platforms

Connecting buyers and sellers, including offering products of third parties



Think beyond banking, driving traffic to our platform and we need to be where our customers are on other platforms

Our platform ambition: the “go to place” for finance-related needs

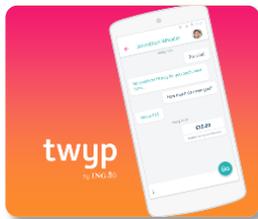
Re-inventing our ING platforms... also with the help of Fintechs & partners

Developing new ventures

Financial advice



Payments



Artificial intelligence bond trading tool “Katana”

Instant lending

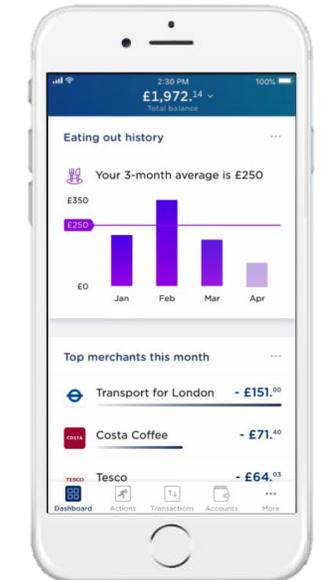


Payments



Credit Suisse and ING execute first live securities trade on a blockchain platform

YOLT



Transformation progress in 2017

Four major digital transformation programmes

Orange Bridge



- ~5,000 staff have gone through redeployment process in 2017
- Cross-border agile Way of Working implemented
- ING Belgium and Record Bank on track for 2Q18 merger

Model Bank



- New multi-country customer interaction platform being reviewed
- PSD2 architectural design completed

Welcome



- Launch of fully digital current account opening
- Increased back office & call centre automation (300,000 call reductions)

WTOM



- Consolidation of FM trading activities on track
- Rollouts for a common global IT lending platform continuing

Estimated financial impact of digital transformation programmes



~EUR 450 mln still to be invested until 2021

EUR 206 mln invested in 2017



To achieve **gross annual cost savings of EUR 900 mln** by 2021



In order to meet Ambition 2020 **cost/income ratio target of 50-52%**

With sustainability embedded in everything we do



Our new Sustainability Direction

All of our sustainability initiatives will help contribute to a low-carbon or self-reliant society



EUR **14.6** bln
Climate Finance



EUR **4.8** bln
Sustainable Assets under
Management (SAuM)



EUR **0.5** bln
Social Impact
Finance



25.4 mln
customers felt
financially empowered



Recognition as
sustainability leader



Building for the future



Follow us to stay a step ahead

ING.com



@ING_News



LinkedIn.com/company/ING



SlideShare.net/ING



Facebook.com/ING



YouTube.com/ING



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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 2017 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) operational risks, such as system disruptions or failures, breaches of security, cyber attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (17) the inability to protect our intellectual property and infringement claims by third parties, (18) the inability to retain key personnel, (19) business, operational, regulatory, reputation and other risks in connection with climate change, (20) ING's ability to achieve its strategy, including projected operational synergies and cost-saving programmes and (21) 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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