ING

Press release

Corporate Communications

Amsterdam, 2 August 2017

# ING posts 2Q17 net result of EUR 1,371 million

**ING records continued commercial growth and further progress on accelerating Think Forward strategic priorities**
- ING grew retail customer base in 1H17 by 700,000 to 36.5 million, and primary relationships increased by 400,000 to 10.1 million
- Net core lending in 2Q17 increased by EUR 6.4 billion; net customer deposit inflow amounted to EUR 5.3 billion

**ING 2Q17 underlying pre-tax result of EUR 1,992 million; ING declares interim cash dividend of EUR 0.24 per ordinary share**
- Strong result reflects volume growth at resilient margins, higher commission income and a gain on the sale of an equity stake
- ING Group 2Q17 four-quarter rolling ROE was 10.8%; ING Group fully loaded common equity Tier 1 (CET1) ratio stable at 14.5%

## CEO statement

"At ING, we are passionate about providing a differentiating experience to our customers, who are at the heart of everything we do," said Ralph Hamers, CEO of ING Group. "Banking and technology keep changing faster and faster. We keep pace by continuously adapting and improving to meet customers' needs, and we aim to exceed their expectations. Our strategy drives our consistent and sustainable growth, as evidenced by the strong increase in our worldwide customer base in the first six months of the year to 36.5 million, of which 10.1 million are considered primary customers."

"Innovation is in our DNA and our diverse capabilities in this area constantly enhance the customer experience. During the second quarter of 2017, we introduced the 'Banking to go' app in Germany which includes new technologies that make banking easier and more personal. 'Banking to go' was co-created by a team from Germany and the Netherlands, using customer feedback. The app demonstrates how countries and teams are uniting across ING to meet our ambition to provide a uniform customer experience in all of our markets, anywhere and anytime. This goal of uniting services is also reflected in our vision of ING for the future: offering a single, borderless digital platform with a clear and easy experience wherever you are in the world. A platform where ING products and services are supplemented by third-party offerings, and where all of our customers' financial needs can be satisfied."

"During the second quarter, we made important strides in establishing the internal operational framework for our digital transformation. We also realised further progress on our commercial ambitions, with EUR 6.4 billion of net core lending growth at stable margins, despite aggressive competition in some of our markets, and a EUR 5.3 billion increase in net customer deposits. In the second quarter of 2017, ING Group's underlying pre-tax result was EUR 1,992 million, driven by the continued volume growth at resilient interest margins, higher commission income and a one-time gain on the sale of an equity stake in the real estate run-off portfolio. Operating expenses remained under control, supported by the benefits from ongoing cost-saving initiatives, but they edged up higher due to a one-off legal provision related to a business that was discontinued in Luxembourg around the year 2000. On a four-quarter rolling basis, ING Group's underlying return on equity improved to 10.8% from 8.8% a year ago."

"ING Group's fully loaded CET1 ratio remained strong at 14.5% at the end of June 2017. We are committed to maintaining a capital position in excess of prevailing fully loaded requirements and to providing an attractive return to shareholders. In the second quarter, we reserved EUR 0.9 billion of the quarterly net profit for future dividend payments, as we did with the first-quarter net profit. Today, we declare an interim cash dividend of EUR 0.24 per ordinary share over the first half of 2017, which is equal to the amount paid over the first half of 2016."

"Our second-quarter performance confirms that the core elements of our strategy are as relevant as ever in the fast-changing worlds of banking and technology, and that we are able to execute steadily on our priorities. We're on the right track to achieve our strategic milestones while continuing to support our growing customer base as we build the bank of the future."


**Investor enquiries**
T: +31 (0)20 576 6396
E: investor.relations@ing.com

**Press enquiries**
T: +31 (0)20 576 5000
E: media.relations@ing.com


**Investor conference call**
2 August 2017 at 9:00 am CET
+31 (0)20 341 8255 (NL)
+44 203 365 3209 (UK)
+1 866 349 6092 (US)
Live audio webcast at www.ing.com

**Media conference call**
2 August 2017 at 11:00 am CET
+31 (0)20 531 5871 (NL)
+44 203 365 3210 (UK)
Live audio webcast at www.ing.com

# Share Information

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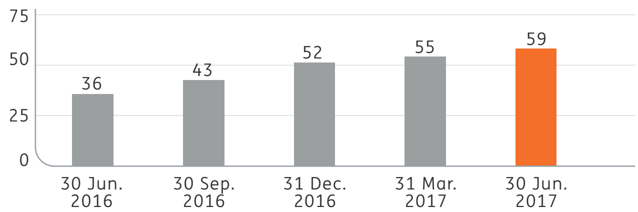
| Financial calendar | |
|---|---|
| Ex-date for interim dividend 2017 (Euronext Amsterdam): | Friday, 4 August 2017 |
| Record date for interim dividend 2017 entitlement (Euronext Amsterdam): | Monday, 7 August 2017 |
| Record date for interim dividend 2017 entitlement (NYSE): | Monday, 14 August 2017 |
| Payment date interim dividend 2017 (Euronext Amsterdam): | Monday, 14 August 2017 |
| Payment date interim dividend 2017 (NYSE): | Monday, 21 August 2017 |
| Publication results 3Q2017: | Thursday, 2 November 2017 |

*All dates are provisional*

| Share information | 2Q2016 | 3Q2016 | 4Q2016 | 1Q2017 | 2Q2017 |
|---|---|---|---|---|---|
| **Shares (in millions, end of period)** | | | | | |
| Total number of shares | 3,878.0 | 3,878.1 | 3,878.5 | 3,883.3 | 3,885.3 |
| - Treasury shares | 1.1 | 0.8 | 0.7 | 0.9 | 0.6 |
| - Shares outstanding | 3,876.9 | 3,877.3 | 3,877.8 | 3,882.4 | 3,884.7 |
| Average number of shares | 3,875.8 | 3,877.1 | 3,877.6 | 3,878.6 | 3,884.0 |
| **Share price (in euros)** | | | | | |
| End of period | 9.18 | 10.99 | 13.37 | 14.17 | 15.10 |
| High | 11.47 | 11.45 | 13.72 | 14.62 | 15.75 |
| Low | 8.61 | 8.54 | 10.88 | 12.93 | 13.65 |
| Net result per share (in euros) | 0.33 | 0.35 | 0.19 | 0.29 | 0.35 |
| Shareholders' equity per share (end of period in euros) | 12.66 | 12.75 | 12.84 | 13.07 | 12.79 |
| Dividend per share (in euros) | 0.24 | n.a. | 0.42 | n.a. | 0.24 |
| Price/earnings ratio[1] | 8.1 | 9.1 | 11.1 | 12.1 | 12.7 |
| Price/book ratio | 0.73 | 0.86 | 1.04 | 1.08 | 1.18 |

[1] Four-quarter rolling average

**Market capitalisation (in EUR billion)**




## Listing information

The ordinary shares of ING Group are listed on the exchanges of Amsterdam, Brussels and New York (NYSE).

| Stock exchanges | Tickers (Bloomberg, Reuters) | Security codes (ISIN, SEDOL1) |
|---|---|---|
| Euronext Amsterdam and Brussels | INGA NA, INGA.AS | NL0011821202, BZ57390 |
| New York Stock Exchange | ING US, ING.N | US4568371037, 2452643 |

## American Depositary Receipts (ADRs)

For questions related to the ING ADR program, please visit J.P. Morgan Depositary Receipts Services at www.adr.com, or contact:

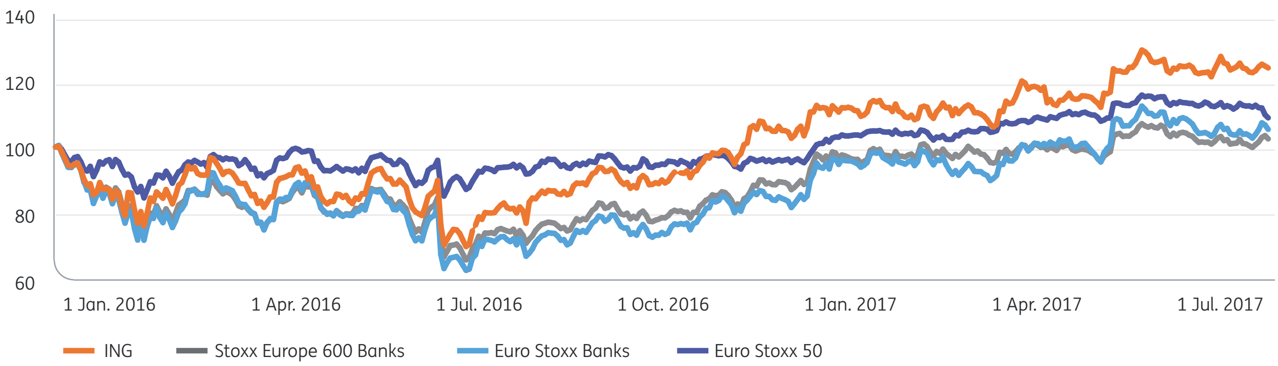
**Broker/Institutional Investors please contact:**
J.P. Morgan Chase Bank, N.A.
Depositary Receipts
4 New York Plaza, Floor 12
New York, NY 10004
In the US: (866) JPM-ADRS
Outside the US: +1 866 576-2377

**ADR Shareholders can contact J.P. Morgan Transfer Agent Service Center:**
J.P. Morgan Chase Bank, N.A.
P.O. Box 64504
St. Paul, MN 55164-0504
In the US: +1 800 990 1135
Outside the US: +1 651 453 2128
Email: jpmorgan.adr@wellsfargo.com

Shareholders or holders of ADRs can request a hard copy of ING's audited financial statements, free of charge, at www.ing.com/publications.htm

## Relative share price performance

**1 January 2016 to 30 June 2017**



# Business & Sustainability Highlights

In the second quarter ING made further progress accelerating our Think Forward strategy with the purpose to empower people to stay a step ahead in life and in business.

To continue delivering a differentiating customer experience, we are increasing innovation and accelerating our own digital transformation to keep pace with rapid changes in technology and customer behaviour. The goal is to provide a uniform experience in all our markets based on our clear and easy, anytime/anywhere Customer Promise. To support this, we are evolving toward one globally scalable digital banking platform that is capable of integrating into other online platforms that our customers use and that is open to third-party services that add value for our customers.

## Innovation that empowers customers

The banking sector is being impacted by major changes in technology and customer behaviour. ING's strategic focus on innovation plays an important part in helping us to continuously improve the customer experience and meet customers' changing expectations.

During the second quarter, ING introduced its 'Banking to go' app in Germany, which allows customers to create their own PIN and authorise transfers using touch ID, making daily banking easier and faster. 'Banking to go' was created by an international team from Germany and the Netherlands that incorporated extensive customer feedback into the development. This demonstrates how teams are uniting across ING to improve the customer experience and how customer feedback is driving innovation at ING.

In Belgium, we partnered with other banks and with telecommunications companies to launch 'Itsme', an app that provides a digital ID that customers can use to access their bank accounts and authorise transactions, and to gain other online access, such as to government agencies and for e-commerce. Itsme is an example of partnering with outside parties to co-create solutions that add value for customers.

ING also launched a trade matching prototype for foreign exchange transactions using blockchain technology, demonstrating how this technology can facilitate faster and more efficient transactions. The matching technology achieves a new level of efficiency by replacing human intervention and manual reconciliation while also meeting banking requirements in areas like security. It was developed in collaboration with the R3 consortium, where ING and other global financial institutions collaborate to develop blockchain solutions for the financial services industry.

## Open platforms

ING continued to develop the Yolt app in the UK market in the second quarter. The aggregation app gives users a better grip on their finances by allowing them to see the balances of all their accounts and credit cards across multiple financial providers in one place. Yolt has now been released in Open Beta in the Apple App store and in Google Play, attracting thousands of new users. ING sees Yolt as a step toward banking of the future and an improved customer experience through open platforms.

ING is also accelerating the pace of its own innovation through partnerships with external fintechs. We recently entered into an investment in Fintonic. Fintonic's aggregation app, available in Spain, provides advice to empower people in their financial planning and decision-making.

## Sustainable progress

ING's commitment to sustainability includes promoting sustainable progress in the communities where we are active. In July, we broke ground on a new global head office in Amsterdam. With scheduled completion in 2019, it is expected to be one of the most sustainable buildings in the Netherlands. Together with four existing ING buildings, it will form part of a campus integrated with the surrounding community with green spaces for flexible working and collaboration, playing sports and holding events and gatherings.

ING believes that banking must play a significant role in facilitating society's shift to sustainability. One way we do this is by financing sustainable projects and clients that are environmental and social outperformers in their sectors.

In the first quarter, ING collaborated with client Royal Philips in the role of sustainability coordinator as part of the issue of the first-ever syndicated loan with an interest rate linked to a company's sustainability rating. In the second quarter, we took part in similar sustainable loans whereby the interest rate is pegged to sustainability ratings for clients, including loans for Barry Callebaut and EDF.

We also served as joint bookrunner for the first Austrian social covered bond. It was issued by Kommunalkredit Austria AG, a specialist bank that acts as a bridge between developers and institutional investors in areas including social infrastructure. The covered bond will finance hospitals, nursing homes, schools, universities and public building projects. In addition to this, ING has lead managed six other green bonds so far this year and has been mandated to issue another two in 2017.

We usually report on our Sustainable Transitions Financed ('STF') bi-annually. As part of an update of our Sustainability Direction and STF targets, and to ensure we are continually improving, we are revising and further strengthening our measurement methodology. Our upcoming Annual Report 2017 will provide more details.

# Consolidated Results

| Consolidated results | 2Q2017 | 2Q2016 | Change | 1Q2017 | Change | 1H2017 | 1H2016 | Change |
|---|---|---|---|---|---|---|---|---|
| **Profit or loss (in EUR million)** | | | | | | | | |
| Net interest income | 3,359 | 3,267 | 2.8% | 3,352 | 0.2% | 6,711 | 6,515 | 3.0% |
| Net commission income | 714 | 610 | 17.0% | 682 | 4.7% | 1,396 | 1,217 | 14.7% |
| Investment income | 43 | 172 | -75.0% | 48 | -10.4% | 91 | 243 | -62.6% |
| Other income | 415 | 498 | -16.7% | 314 | 32.2% | 729 | 659 | 10.6% |
| **Total underlying income** | **4,532** | **4,547** | **-0.3%** | **4,396** | **3.1%** | **8,928** | **8,634** | **3.4%** |
| Staff expenses | 1,309 | 1,258 | 4.1% | 1,271 | 3.0% | 2,580 | 2,525 | 2.2% |
| Regulatory costs[1] | 69 | 75 | -8.0% | 474 | -85.4% | 543 | 571 | -4.9% |
| Other expenses | 933 | 898 | 3.9% | 865 | 7.9% | 1,799 | 1,772 | 1.5% |
| **Underlying operating expenses** | **2,311** | **2,231** | **3.6%** | **2,611** | **-11.5%** | **4,922** | **4,868** | **1.1%** |
| **Gross result** | **2,221** | **2,316** | **-4.1%** | **1,785** | **24.4%** | **4,005** | **3,766** | **6.3%** |
| Addition to loan loss provisions[2] | 229 | 307 | -25.4% | 133 | 72.2% | 362 | 571 | -36.6% |
| **Underlying result before tax** | **1,992** | **2,009** | **-0.8%** | **1,652** | **20.6%** | **3,644** | **3,195** | **14.1%** |
| Taxation | 565 | 569 | -0.7% | 456 | 23.9% | 1,022 | 898 | 13.8% |
| Non-controlling interests | 23 | 23 | 0.0% | 21 | 9.5% | 44 | 39 | 12.8% |
| **Underlying net result** | **1,403** | **1,417** | **-1.0%** | **1,175** | **19.4%** | **2,578** | **2,259** | **14.1%** |
| Special items after tax | 0 | 0 | | 0 | | 0 | -13 | |
| Net result Insurance Other | -32 | -58 | | -32 | | -64 | -136 | |
| **Net result from continuing operations** | **1,371** | **1,359** | **0.9%** | **1,143** | **19.9%** | **2,514** | **2,110** | **19.1%** |
| Net result from discontinued operations | 0 | -64 | | 0 | | 0 | 442 | |
| **Net result ING Group** | **1,371** | **1,295** | **5.9%** | **1,143** | **19.9%** | **2,514** | **2,552** | **-1.5%** |
| Net result per share (in EUR) | 0.35 | 0.33 | | 0.29 | | 0.65 | 0.66 | |
| **Capital ratios (end of period)** | | | | | | | | |
| ING Group shareholders' equity (in EUR billion) | | | | 51 | -2.1% | 50 | 49 | 1.2% |
| ING Group common equity Tier 1 ratio fully loaded[3] | | | | 14.5% | | 14.5% | 13.1% | |
| ING Group common equity Tier 1 ratio phased in | | | | 14.5% | | 14.5% | 13.2% | |
| **Customer lending/deposits (end of period, in EUR billion)** | | | | | | | | |
| Residential mortgages | | | | 283.6 | -0.4% | 282.4 | 281.1 | 0.5% |
| Other customer lending | | | | 283.1 | 0.7% | 285.0 | 270.6 | 5.3% |
| Customer deposits | | | | 533.7 | -0.1% | 533.2 | 512.8 | 4.0% |
| **Profitability and efficiency** | | | | | | | | |
| Underlying interest margin | 1.51% | 1.50% | | 1.52% | | 1.51% | 1.50% | |
| Underlying cost/income ratio | 51.0% | 49.1% | | 59.4% | | 55.1% | 56.4% | |
| Underlying return on equity on IFRS-EU equity[4] | 11.7% | 11.6% | | 9.6% | | 10.6% | 9.3% | |
| Employees (internal FTEs, end of period) | | | | 51,464 | -0.2% | 51,342 | 51,833 | -0.9% |
| **Four-quarter rolling average key figures** | | | | | | | | |
| Underlying interest margin | 1.52% | 1.48% | | 1.52% | | | | |
| Underlying cost/income ratio | 53.6% | 57.9% | | 53.1% | | | | |
| Underlying return on equity on IFRS-EU equity[4] | 10.8% | 8.8% | | 10.8% | | | | |
| **Risk** | | | | | | | | |
| Non-performing loans/total loans (end of period) | | | | 2.0% | | 2.1% | 2.3% | |
| Stock of provisions/provisioned loans (end of period) | | | | 39.9% | | 39.7% | 40.9% | |
| Underlying risk costs in bps of average RWA | 30 | 39 | | 17 | | 23 | 36 | |
| Risk-weighted assets (end of period, in EUR billion) | | | | 309.8 | 0.2% | 310.3 | 319.1 | -2.8% |

[1] Regulatory costs represent bank taxes and contributions to the deposit guarantee schemes ('DGS') and the (European) single resolution fund ('SRF').
[2] The amount presented in 'Addition to loan loss provisions' (which is equivalent to risk costs) includes write-offs and recoveries on loans and receivables not included in the stock of provision for loan losses.
[3] Interim profit not included in CET1 capital in 1H17 amounting to EUR 1,706 million (1H16: EUR 2,552 million; 1Q17: EUR 2,482 million).
[4] Annualised underlying net result divided by average IFRS-EU shareholders' equity excluding declared dividend and interim profit not included in CET1 capital as from 1Q2017.
Note: Underlying figures are non-GAAP measures. These are derived from figures according to IFRS-EU by excluding the impact from divestments, special items, Insurance Other, and discontinued operations. See the Appendix for a reconciliation between GAAP and non-GAAP figures.

# Consolidated Results

ING recorded strong second-quarter 2017 results, primarily driven by continued business volume growth at resilient interest margins, higher commission income and a one-time gain on the sale of an equity stake. The net result rose to EUR 1,371 million from EUR 1,295 million in the second quarter of 2016, which included a EUR -64 million net result from the discontinued operations of NN Group. The net result from continuing operations rose 0.9% to EUR 1,371 million from a very strong second quarter of 2016, which was supported by a EUR 200 million one-time gain on the sale of Visa shares. Risk costs increased to more normalised levels as there were fewer releases than in the previous quarter, but they stayed well below our through-the-cycle guidance of 40-45 basis points. ING Group's fully loaded CET1 ratio remained unchanged at 14.5%, as we again reserved EUR 0.9 billion of the net profit for future dividend payments as we did in the first quarter.

The underlying net result, defined as the net result from continuing operations excluding special items after tax and excluding the result on warrants on NN Group and Voya shares, declined slightly to EUR 1,403 million from EUR 1,417 million in the second quarter of 2016, which included the Visa gain. The underlying return on ING Group's IFRS-EU equity rose to 11.7% from 9.6% in the first quarter of 2017, which was impacted by seasonally high regulatory costs. On a four-quarter rolling basis, the underlying return on equity remained stable at 10.8%.

Commercial performance was again robust in the second quarter of 2017: At comparable FX rates and excluding Bank Treasury, ING grew net core lending by EUR 6.4 billion and attracted EUR 5.3 billion of net customer deposits despite aggressive competition in some of our markets. Operating expenses remained under control, supported by the benefits from ongoing cost-saving initiatives; but they were higher, mainly due to a legal provision related to a discontinued business. The second quarter C/I ratio was 51.0%, whereas the four-quarter rolling average C/I ratio increased slightly to 53.6%. Sequentially, underlying net result rose 19.4%, predominantly due to lower regulatory costs. Net interest income and commission income were also up, driven by commercial growth.

## Underlying results

The strong second-quarter 2017 underlying result before tax of EUR 1,992 million was mainly attributable to continued loan growth at resilient interest margins and higher commission income. Furthermore, results were supported by a one-time gain on the sale of an equity stake from the real estate run-off portfolio and relatively low risk costs. Regulatory expenses were EUR 69 million and broadly in line with a year ago, but they were substantially lower than the EUR 474 million recorded in the first quarter of 2017. Risk costs were EUR 229 million, or 30 basis points of average risk-weighted assets. Year-on-year the underlying result before tax declined marginally by 0.8%, as the year-ago quarter was supported by the gain on the sale of Visa shares. Compared with the first quarter of 2017, the underlying result before tax rose 20.6%; this is largely explained by the aforementioned impact from regulatory expenses.

## Total underlying income

Total underlying income was resilient at EUR 4,532 million compared with EUR 4,547 million a year ago. The second quarter of 2016 included a one-time EUR 200 million gain on the sale of Visa shares, whereas the current quarter included a EUR 97 million one-off gain on the sale of an equity stake from the real estate run-off portfolio. Excluding both of these items, income rose 2.0% year-on-year. The increase was supported by a 2.8% rise in net interest income, which largely reflects volume growth in both customer lending and deposits, and a 17.0% increase in net commission income, which was visible in most segments and products. When excluding the one-off gains, investment and other income declined by EUR 109 million, or -23.2%. This decline was mainly recorded in Financial Markets (compared with the very strong quarter in the prior year) and the Corporate Line (which included the release of a hedge reserve in the second quarter of 2016).

Compared with the first quarter of 2017, total underlying income rose by EUR 136 million, or 3.1%. Apart from the EUR 97 million one-off gain in the real estate run-off portfolio, the increase was supported by most segments. Financial Markets revenues declined, mainly due to a negative swing in credit and debt valuation adjustments (CVA/DVA), but the underlying income was resilient considering low volatility in the markets. Total CVA/DVA impacts in Wholesale Banking and the Corporate Line were EUR -42 million in the second quarter of 2017 compared with EUR -54 million one year ago and EUR 30 million of positive impacts in the first quarter of 2017. Retail Germany revenues were slightly lower due to lower Bank Treasury results and lower mortgage prepayment fees, more than offsetting the impact from a higher margin on savings after the core rate adjustment in March.

Total customer lending rose by EUR 0.7 billion in the second quarter of 2017 to EUR 567.4 billion, as volume growth was largely offset by negative currency impacts. However, adjusted for currency impacts and excluding Bank Treasury

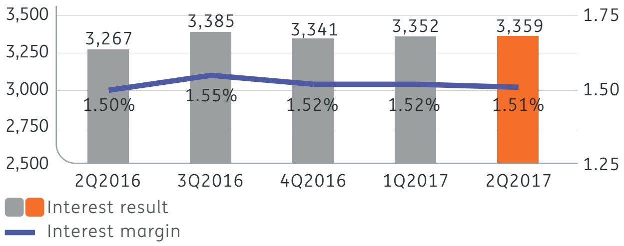
# Consolidated Results

and the run-off portfolios, net growth in the core lending book of Retail and Wholesale Banking was EUR 6.4 billion. Second-quarter net core lending growth was well diversified across Retail and Wholesale Banking. Residential mortgages increased by EUR 1.7 billion, as a further decline in Retail Netherlands was more than offset by mortgage growth in most other countries. Other net core lending grew by EUR 4.7 billion, of which EUR 2.7 billion was in Retail Banking. In Wholesale Banking, other net core lending grew by EUR 2.0 billion and was largely attributable to Industry Lending.

Customer deposits decreased slightly by EUR 0.5 billion to EUR 533.2 billion in the second quarter of 2017. The net growth of customer deposits in Retail and Wholesale Banking (excluding a decline in Bank Treasury and adjusted for currency impacts) was EUR 5.3 billion. Retail Banking generated a net inflow of EUR 8.1 billion, with growth in all segments. In Wholesale Banking, net customer deposits declined by EUR 2.8 billion.

Underlying net interest income rose 2.8% to EUR 3,359 million from EUR 3,267 million in the second quarter of 2016. Net interest income excluding Financial Markets increased by 3.2% in the same period. Net interest income on customer lending activities rose, driven by higher volumes in both mortgages and other customer lending, but the increase was partly offset by a lower overall lending margin. The interest result on customer deposits declined slightly compared with a year ago as volume growth was more than offset by margin pressure on both savings and current accounts due to lower reinvestment yields. The development of the interest result was furthermore supported by higher interest results from Bank Treasury activities and the Corporate Line. The net interest income at Financial Markets, which is volatile in nature, declined by EUR 10 million year-on-year. Compared with the first quarter of 2017, total net interest income increased slightly by 0.2%, as higher interest results in the Retail Growth Markets as well as in the Corporate Line outpaced small declines in most other segments. Excluding Financial Markets, the net interest income increased 0.9% sequentially.

**Interest result (in EUR million) and interest margin (in %)**




The second-quarter 2017 underlying net interest margin was 1.51% compared with 1.52% in the first quarter of 2017, due to a one-basis-point negative impact from the lower interest result in Financial Markets. Sequentially, the interest margin on lending activities narrowed somewhat, especially in Retail Banking. The interest margin on savings and current accounts improved slightly due to a further lowering of client savings rates in a number of countries, which offset the negative impact from the low interest rate environment. In the second quarter of 2017, client savings rates were reduced further in the Netherlands, Italy, France and Australia.

Net commission income rose 17.0% to EUR 714 million from EUR 610 million in the second quarter of 2016. The increase was recorded in all segments and products, with the relatively strongest growth in Retail Challengers & Growth Markets. Compared with the first quarter of 2017, commission income grew by EUR 32 million, or 4.7%, predominantly in Financial Markets and the Retail Growth Markets.

Investment income fell to EUR 43 million from EUR 172 million in the second quarter of 2016, which had been supported by EUR 163 million of gains on the sale of Visa shares related to ING's direct memberships in Visa Europe. Compared with the first quarter of 2017, investment income was EUR 5 million lower.

Other income declined to EUR 415 million from EUR 498 million in the second quarter of 2016. The current quarter included a EUR 97 million one-off gain on the sale of an equity stake from the real estate run-off portfolio, whereas the year-ago quarter included EUR 38 million of gains on the sale of Visa shares related to ING's indirect memberships in Visa Europe. Excluding both of these items, other income declined by EUR 143 million, mainly in the Corporate Line, which benefited from the release of a hedge reserve in the year-ago quarter, as well as lower revenues from Financial Markets and Bank Treasury-related items. Sequentially, other income rose by EUR 101 million, primarily due to the aforementioned one-off gain in the real estate run-off portfolio.

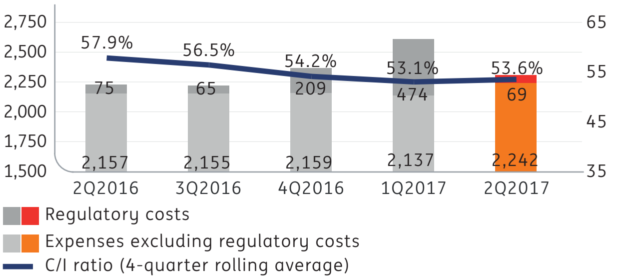
## Operating expenses

Underlying operating expenses increased by EUR 80 million, or 3.6%, compared with the second quarter of 2016. Regulatory expenses were EUR 69 million, which is EUR 6 million lower than a year ago and supported by a downward adjustment of the 2017 contribution to the Belgian deposit guarantee scheme. Expenses excluding regulatory costs rose by EUR 86 million, or 3.9%, to EUR 2,242 million, mainly due to a legal provision in Wholesale Banking Luxembourg related to a business that was discontinued around the year 2000, as well as higher expenses in Retail Challengers & Growth Markets and Wholesale Banking's Industry Lending to support business growth. Cost savings and favourable currency impacts compensated for the impact of the one-offs recorded in the second quarter of 2016 (which had mainly been related to the EUR 137 million addition to the provision for Dutch SME and Real Estate Finance clients with interest rate derivatives, additional restructuring costs in Retail Netherlands and the EUR -116 million expense adjustment in Belgium).

# Consolidated Results

Compared with the first quarter of 2017, expenses dropped by EUR 300 million, or 11.5%. This decline was fully attributable to the seasonality in regulatory costs, which dropped to EUR 69 million from EUR 474 million in the first quarter of 2017, as ING is required to recognise certain annual charges (such as contributions to the European single resolution fund and bank taxes in Belgium) in full in the first quarter of the year. Expenses excluding regulatory costs increased by EUR 105 million, or 4.9%, mainly due to the aforementioned legal provision in Wholesale Banking as well as higher expenses in Retail Benelux.

**Operating expenses (in EUR million) and cost/income ratio (in %)**




ING's second-quarter underlying cost/income ratio was 51.0% compared with 49.1% one year ago and 59.4% in the previous quarter. On a four-quarter rolling basis, which reduces the seasonal impact of the regulatory costs, the underlying cost/income ratio improved to 53.6% from 57.9% one year ago, but was slightly higher than the 53.1% in the previous four-quarter rolling period.

The total number of internal staff declined in the second quarter by 122 FTEs to 51,342 FTEs at the end of June 2017. Declines in internal staff were mainly recorded in the Benelux, Turkey and France. They were partly offset by FTE increases in the other Challengers & Growth Markets and in the international network of Wholesale Banking in order to support commercial growth.

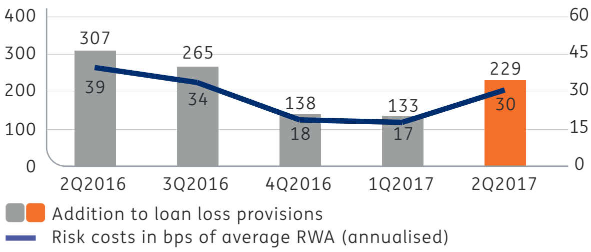
## Addition to loan loss provisions

ING recorded EUR 229 million of risk costs in the second quarter of 2017, down from EUR 307 million a year ago, but up from EUR 133 million in the previous quarter. The increase compared with the first quarter was mainly caused by lower releases.

Net additions to loan loss provisions in Wholesale Banking were EUR 135 million, up slightly from EUR 123 million in the second quarter of 2016, but significantly higher than the EUR 35 million recorded in the previous quarter. The increase compared with the first quarter of 2017 was mainly caused by higher risk costs for some larger files in Structured Finance, combined with lower releases, whereas the net additions for the Italian lease run-off book remained at a high level.

Risk costs in Retail Netherlands declined further in line with improved macroeconomic conditions and positive momentum in the Dutch housing market. Second-quarter risk costs were EUR 12 million compared with EUR 17 million in the previous quarter and EUR 50 million in the second quarter of 2016. In Retail Belgium, risk costs were EUR 13 million, which is also substantially lower than in previous quarters. Net additions in the Retail Challengers & Growth Markets were EUR 68 million, down from EUR 77 million one year ago, but up from EUR 45 million in the previous quarter, which benefited from a release due to a model update for mortgages in Italy.

**Addition to loan loss provisions (in EUR million)**

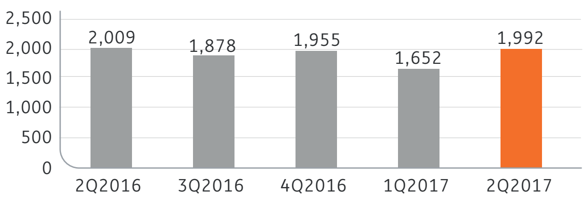



The non-performing loan (NPL) ratio of ING Group was 2.1% compared with 2.0% at the end of March 2017. Total second-quarter risk costs were 30 basis points of average risk-weighted assets (RWA) versus 17 basis points in the first quarter of 2017 and 39 basis points in the second quarter of 2016, which is well below ING's through-the-cycle guidance range for risk costs of 40-45 basis points of average RWA.

## Underlying result before tax

ING's second-quarter 2017 underlying result before tax was EUR 1,992 million, down slightly from EUR 2,009 million one year ago, as lower risk costs compensated for higher expenses, while income was almost stable compared with the second quarter of 2016. Quarter-on-quarter, the underlying result before tax rose 20.6%, predominantly due to lower regulatory costs. Net interest income and commission income were also up, driven by commercial growth.

**Underlying result before tax (in EUR million)**




## Underlying net result

ING's underlying net result amounted to EUR 1,403 million, slightly lower than the EUR 1,417 million in the second quarter of 2016, but up 19.4% from EUR 1,175 million in the first quarter of 2017. The effective underlying tax rate was almost stable at 28.4% compared with 28.3% a year ago, and slightly higher than 27.6% in the previous quarter.

# Consolidated Results

## Net result ING Group

ING Group's second-quarter net result increased to EUR 1,371 million from EUR 1,295 million in the second quarter of 2016 and EUR 1,143 million in the first quarter of 2017. The net result of ING Group also includes the net result from Insurance Other (included under continuing operations) and – when applicable - special items after tax and the net result from discontinued operations.

In the second quarter of 2017, ING Group's net result from Insurance Other recorded a loss of EUR 32 million. The loss reflects a lower valuation of warrants on Voya and NN Group shares compared with the end of March 2017, as well as the result on the sale of 6.5 million warrants on Voya shares in June 2017. In the year-ago quarter, the lower valuation of warrants on NN Group and Voya shares resulted in a loss of EUR 58 million. This was followed by profits of EUR 12 million and EUR 158 million in the third and fourth quarters of 2016, respectively, due to higher valuations, whereas the first quarter of 2017 included a loss of EUR 32 million on the valuation of the warrants.

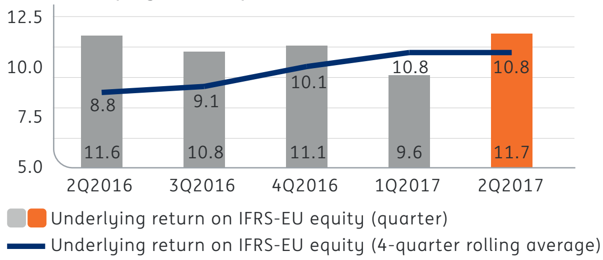
At the end of June 2017, ING Group held warrants for approximately 35 million shares in NN Group at an exercise price of EUR 40.00 per share, and warrants for almost 20 million shares in Voya at an exercise price of USD 48.75 per share. The combined book value of these warrants was EUR 103 million at quarter-end.

In the first two quarters of 2017, there were no special items. In 2016, special items after tax were only recorded in the first quarter (EUR -13 million, related to older restructuring programmes in Retail Netherlands) and in the fourth quarter of the year (EUR -787 million, fully related to the transformation programmes as announced at ING's Investor Day in October 2016).

Currently, there are no discontinued operations. In the second quarter of 2016, ING Group recorded a net result of EUR -64 million on the discontinued operations of NN Group, predominantly reflecting the loss on the sale of ING's final 14.1% stake in NN Group on 14 April 2016.

In the second quarter of 2017, ING Group's underlying return on IFRS-EU equity was 11.7%. This is in line with the reported 11.6% over the second quarter of 2016, but up strongly from 9.6% in the previous quarter, which was negatively affected by seasonally high regulatory costs charged in the first quarter. On a four-quarter rolling basis, which eliminates this timing impact, the underlying return on ING Group's average IFRS-EU equity improved to 10.8% from 8.8% one year ago, and was stable compared with the previous four-quarter rolling period. With effect from the end of the first quarter of 2017, ING Group's return on equity is calculated using IFRS-EU shareholders' equity after excluding 'interim profit not included in CET1 capital'. As of 30 June 2017, this amounted to EUR 1,706 million, or two-thirds of the dividend paid over 2016, following ING's decision to reserve one-third of the aggregate prior-year dividend in each of the first three quarters of the financial year.

**Return on equity ING Group (in %)**




ING Group's net result per share was EUR 0.35 in the second quarter of 2017, based on an average number of shares outstanding of 3,884 million during the quarter.

## Dividend

ING will pay an interim cash dividend of EUR 0.24 per ordinary share over the first half of 2017. This is equal to the interim dividend paid over the first half of 2016. ING is committed to maintaining a CET1 ratio above the prevailing fully loaded requirement, currently estimated to be 11.8%, plus a comfortable management buffer to accommodate for factors such as Pillar 2 Guidance. ING aims to pay a progressive dividend over time. The Board's final dividend proposal will be made at year-end and will reflect considerations including expected future capital requirements, growth opportunities available to the Group, net earnings, and regulatory developments.

## Other events

On 1 August 2017, ING annouced that it will redeem a USD 0.5 billion Additional Tier 1 instrument in September 2017.

# Segment Reporting: Retail Banking

| Retail Benelux: Consolidated profit or loss account | | | | | | |
|---|---|---|---|---|---|---|
| | Retail Benelux | | Netherlands | | Belgium | |
| In EUR million | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 |
| **Profit or loss** | | | | | | |
| Net interest income | 1,359 | 1,413 | 889 | 908 | 470 | 505 |
| Net commission income | 265 | 228 | 150 | 132 | 115 | 96 |
| Investment income | 20 | 17 | 5 | 11 | 16 | 6 |
| Other income | 126 | 120 | 73 | 29 | 53 | 91 |
| **Total underlying income** | **1,770** | **1,778** | **1,117** | **1,080** | **654** | **698** |
| Expenses excl. regulatory costs | 870 | 927 | 520 | 697 | 350 | 231 |
| Regulatory costs | 5 | 18 | 19 | 8 | -13 | 9 |
| **Operating expenses** | **875** | **945** | **539** | **705** | **336** | **240** |
| **Gross result** | **895** | **833** | **578** | **375** | **317** | **458** |
| Addition to loan loss provisions | 25 | 107 | 12 | 50 | 13 | 57 |
| **Underlying result before tax** | **870** | **726** | **565** | **325** | **304** | **401** |
| **Customer lending/deposits (end of period, in EUR billion)[1]** | | | | | | |
| Residential mortgages | 154.2 | 159.6 | 117.4 | 124.8 | 36.9 | 34.8 |
| Other customer lending | 78.8 | 77.8 | 36.8 | 37.5 | 42.0 | 40.3 |
| Customer deposits | 221.0 | 219.2 | 138.3 | 137.2 | 82.7 | 82.0 |
| **Profitability and efficiency[1]** | | | | | | |
| Cost/income ratio | 49.4% | 53.2% | 48.3% | 65.3% | 51.4% | 34.4% |
| Return on equity based on 12.0% common equity Tier 1[2] | 25.2% | 19.6% | 29.0% | 14.9% | 19.7% | 27.7% |
| Employees (internal FTEs, end of period) | 17,137 | 17,972 | 8,750 | 9,271 | 8,387 | 8,701 |
| **Risk[1]** | | | | | | |
| Risk costs in bps of average RWA | 12 | 49 | 10 | 37 | 15 | 70 |
| Risk-weighted assets (end of period, in EUR billion) | 85.5 | 86.5 | 50.7 | 53.6 | 34.8 | 32.9 |

[1] Key figures based on underlying figures.
[2] Underlying after-tax return divided by average equity based on 12.0% CET1 ratio (annualised).

## Retail Benelux

*"As previously announced, we reached an agreement with the trade unions in March regarding a social plan related to our transformation plan in Belgium. Since then, we have initiated many processes to lay the foundation for our integrated banking platform in the Netherlands and Belgium. We are convinced that our digital transformation in Market Leaders is the right way forward to deliver a differentiating customer experience by using one brand, one set of product offerings, one customer approach and one integrated network of systems.*

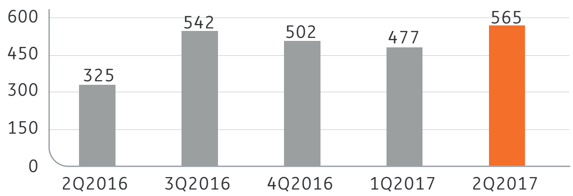
*I am delighted to see our colleagues collaborating to make our digital transformation a reality, while continuing to place their highest priority on our customers. Positive business momentum was visible in Belgium with higher lending volumes and commission income. Despite the low interest rate environment, pre-tax result in Belgium rose 10.1% from the second quarter of 2016, excluding one-off items recorded in that quarter. In the Netherlands, the lending mix improved sequentially as business lending volumes gained pace. The pre-tax result of the Netherlands was up 73.8% year-on-year, mainly as expenses fell due to last year's one-offs, while income was resilient."*

**Roland Boekhout,** Member Management Board Banking, Head of Market Leaders

### Retail Netherlands

The second-quarter underlying result before tax of Retail Netherlands was EUR 565 million, up 73.8% from the second quarter of 2016 and 18.4% higher than in the previous quarter. Income was resilient versus a year ago due to higher margins on savings accounts and higher Bank Treasury revenues, which largely offset the impact of lower lending volumes. Underlying expenses were EUR 166 million lower than a year ago, mainly reflecting one-off impacts (including additional redundancy provisions and a EUR 117 million specific provision taken for the SME segment in the second quarter of 2016) and benefits from cost-saving programmes coming through. Risk costs further improved: they fell to 10 basis points of average risk-weighted assets, reflecting positive economic conditions in the Netherlands. The return on equity, based on a 12% common equity Tier 1 ratio, rose to 29.0% for the quarter.

**Underlying result before tax - Retail Netherlands (in EUR million)**




Total underlying income increased 3.4% year-on-year to EUR 1,117 million. The increase was mainly attributable to higher income from savings accounts and Bank Treasury,

# Segment Reporting: Retail Banking

which more than offset the impact from lower volumes in mortgages (due to customers' repayments and run-off in the WUB portfolio) and lower margins in business lending. The margin pressure on current accounts was offset by higher fee income.

Customer lending increased by EUR 0.6 billion in the second quarter to EUR 154.2 billion, of which EUR 1.6 billion was in Bank Treasury-related items and EUR -0.7 billion in the WUB run-off portfolio. Excluding these items, net core lending decreased by EUR 0.3 billion, as EUR 0.4 billion of other lending growth was more than offset by a EUR 0.7 billion decrease in mortgages. Net customer deposits (excluding Bank Treasury) grew by EUR 3.1 billion.

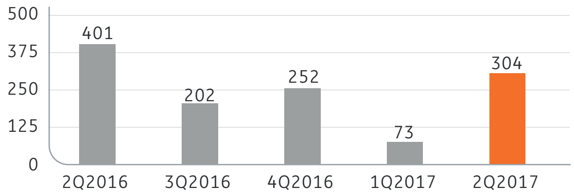
Underlying operating expenses fell 23.5% from a year ago to EUR 539 million. The decline in expenses was mainly caused by one-offs in the second quarter of 2016 (a EUR 117 million provision for potential compensation to Dutch SME clients with interest rate derivatives and some additional redundancy provisions), but was also supported by benefits coming through from the ongoing cost-saving initiatives. Sequentially, expenses declined 7.4%, due to lower regulatory costs. Excluding regulatory costs, expenses were up 4.8%, mainly due to higher IT expenses and some smaller one-off items.

Second-quarter 2017 risk costs decreased to EUR 12 million, or 10 basis points of average risk-weighted assets, compared with EUR 50 million one year ago and EUR 17 million in the previous quarter. Risk costs are low for both mortgages and business lending, reflecting the positive macroeconomic conditions in The Netherlands.

Risk-weighted assets increased by EUR 3.8 billion in the second quarter of 2017 to EUR 50.7 billion, mainly reflecting a model update for Dutch mortgages. The increase was partly offset by positive risk migration in both the mortgage and business lending portfolios.

**Retail Belgium**
Retail Belgium, including Luxembourg, posted a strong second-quarter 2017 underlying result before tax of EUR 304 million, despite continued margin pressure. The positive business momentum was reflected in higher lending volumes and higher commission income, both year-on-year and sequentially. The underlying result before tax was EUR 97 million lower than in the second quarter of 2016, which had benefited from a EUR -95 million one-off procured cost savings and a EUR 30 million gain on the sale of Visa shares. Excluding the one-off items, the pre-tax result rose by EUR 28 million, or 10.1%, mainly due to lower risk costs. Sequentially, the underlying result before tax was EUR 231 million higher than in the first quarter, predominantly due to lower regulatory costs and lower risk costs. The return on equity, based on a 12% common equity Tier 1 ratio, rose to 19.7% for the quarter.

**Underlying result before tax - Retail Belgium (in EUR million)**




Total underlying income was EUR 654 million, or 6.3% lower than a year ago, mainly due to the EUR 30 million Visa gain in the second quarter of 2016. Excluding this gain, income decreased 2.1%, mainly because of margin compression on customer deposits due to the low interest rate environment, as well as lower prepayment and renegotiation fees on mortgages. Compared with the first quarter of 2017, underlying income rose 1.4%, driven by higher investment income, while commission income remained at the same high level. Net interest income declined slightly as higher business volumes did not fully compensate for the impact from margin pressure. A further decline in savings margins is expected, as customer savings rates have already reached the legal floor in Belgium.

Underlying operating expenses were EUR 336 million, up 40.0% from a year ago, as the second quarter of 2016 had included a one-off procured cost savings of EUR -95 million. Excluding the expense adjustment, expenses increased 0.3% year-on-year. Sequentially, expenses decreased 37.3% due to lower regulatory costs as the full-year contributions to the European single resolution fund, the Belgian deposit guarantee scheme (DGS) and Belgian bank taxes were recorded in full in the first quarter of 2017. The second quarter of 2017 included a downward adjustment of the DGS contribution. Excluding regulatory costs, expenses increased 2.9% sequentially, mainly due to accelerated depreciation for the branch network related to the announced transformation programme.

Customer lending increased by EUR 1.3 billion in the second quarter to EUR 78.8 billion. Net core lending, which excludes Bank Treasury products, grew by EUR 1.2 billion, of which EUR 0.7 billion was in mortgages and EUR 0.5 billion in other customer lending. Customer deposits increased by EUR 1.9 billion to EUR 82.7 billion, with inflows primarily in current accounts.

Second-quarter 2017 risk costs were EUR 13 million, or 15 basis points of average risk-weighted assets, compared with EUR 57 million a year ago and EUR 36 million in the previous quarter. The decline was mainly due to lower risk costs in business lending.

Risk-weighted assets in the second quarter of 2017 decreased by EUR 0.2 billion to EUR 34.8 billion.

# Segment Reporting: Retail Banking

**Retail Challengers & Growth Markets: Consolidated profit or loss account**

| In EUR million | Retail Challengers & Growth Markets 2Q2017 | Retail Challengers & Growth Markets 2Q2016 | Germany 2Q2017 | Germany 2Q2016 | Other 2Q2017 | Other 2Q2016 |
|---|---|---|---|---|---|---|
| **Profit or loss** | | | | | | |
| Net interest income | 1,013 | 920 | 405 | 408 | 607 | 512 |
| Net commission income | 154 | 110 | 51 | 42 | 103 | 69 |
| Investment income | 18 | 139 | 0 | 44 | 18 | 95 |
| Other income | 18 | 78 | -2 | 14 | 20 | 63 |
| **Total underlying income** | **1,203** | **1,247** | **455** | **508** | **748** | **740** |
| Expenses excl. regulatory costs | 623 | 567 | 222 | 200 | 401 | 367 |
| Regulatory costs | 55 | 54 | 15 | 15 | 40 | 39 |
| **Operating expenses** | **679** | **621** | **237** | **215** | **441** | **406** |
| **Gross result** | **525** | **627** | **218** | **293** | **307** | **334** |
| Addition to loan loss provisions | 68 | 77 | 5 | 14 | 63 | 63 |
| **Underlying result before tax** | **457** | **550** | **214** | **279** | **243** | **271** |
| **Customer lending/deposits (end of period, in EUR billion)[1]** | | | | | | |
| Residential mortgages | 127.2 | 120.1 | 69.3 | 67.4 | 57.9 | 52.7 |
| Other customer lending | 35.9 | 33.0 | 11.0 | 10.3 | 24.9 | 22.7 |
| Customer deposits | 250.2 | 232.9 | 132.8 | 123.6 | 117.3 | 109.4 |
| **Profitability and efficiency[1]** | | | | | | |
| Cost/income ratio | 56.4% | 49.8% | 52.1% | 42.3% | 59.0% | 54.9% |
| Return on equity based on 12.0% common equity Tier 1[2] | 14.8% | 18.8% | 19.6% | 27.1% | 12.4% | 14.5% |
| Employees (internal FTEs, end of period) | 22,617 | 22,427 | 4,645 | 4,392 | 17,972 | 18,035 |
| **Risk[1]** | | | | | | |
| Risk costs in bps of average RWA | 37 | 42 | 7 | 23 | 51 | 51 |
| Risk-weighted assets (end of period, in EUR billion) | 74.2 | 74.2 | 24.5 | 25.1 | 49.7 | 49.0 |

[1] Key figures based on underlying figures.
[2] Underlying after-tax return divided by average equity based on 12.0% CET1 ratio (annualised).

## Retail Challengers & Growth Markets

*"In the second quarter of 2017, Retail Challengers & Growth Markets maintained strong momentum in acquiring new clients, particularly in Australia and Germany. We grew our total customer base by 300,000 to 25.9 million customers, of which almost five million are primary relationships. This strong commercial performance is a testament to our ability to deliver a differentiating customer experience in today's fast-paced digital banking environment.*

*I am pleased that – despite the difficult interest rate environment – Retail Challengers & Growth Markets continued to maintain its positive trend in interest income growth, recording 10% growth year-on-year. Our strategic focus on income diversification is yielding strong results and we grew fee income by 40% compared with a year ago.*

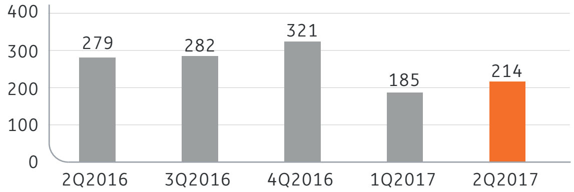
*Looking ahead, we will remain focused on optimising the cost base and delivering on our Think Forward priorities, while working on the transformation in five of our Challengers countries towards a Model Bank."*

**Aris Bogdaneris**, Member Management Board Banking, Head of Challengers & Growth Markets

**Retail Germany**

The second-quarter 2017 underlying result before tax of Retail Germany, including Austria, was EUR 214 million, down from EUR 279 million in the second quarter of 2016. The decrease was largely attributable to the one-time gain on the sale of Visa shares realised a year ago (EUR 44 million), whereas the current quarter included higher expenses from investments in Project Welcome and higher staff costs to support business growth. Compared with the first quarter of 2017, the result before tax increased by EUR 29 million. The increase was mainly driven by lower regulatory expenses, which were only slightly offset by lower income and higher risk costs. Business momentum remained strong as ING Germany grew the number of primary customers by more than 50,000 in the quarter. The return on equity, based on a 12% common equity Tier 1 ratio, was a healthy 19.6% for the quarter.

**Underlying result before tax - Germany (in EUR million)**



# Segment Reporting: Retail Banking

Total underlying income was EUR 455 million, down 10.4% from the second quarter of 2016, which included a EUR 44 million one-time gain on the sale of Visa shares. Excluding the Visa gain, total income was down 1.9% year-on-year, mainly due to negative hedge ineffectiveness results and lower margins on savings and deposits. Commission income grew by 21.4%. Compared with the first quarter of 2017, total income decreased 1.7% due to lower Bank Treasury revenues related to the low interest rate environment. Although the margin on savings and deposits improved after the adjustment of the core savings rate in March, net interest income for Retail Germany declined mainly due to the impact of Bank Treasury and lower mortgage prepayment fees. This was partly offset by continued volume growth.

Total customer lending rose by EUR 0.8 billion in the second quarter of 2017 to EUR 80.3 billion. Net core lending, which excludes Bank Treasury products, increased by EUR 0.9 billion, of which EUR 0.6 billion was attributable to residential mortgages and EUR 0.3 billion to consumer lending. Customer deposits, excluding Bank Treasury, recorded net growth of EUR 1.1 billion in the quarter.

Operating expenses rose 10.2% from a year ago to EUR 237 million. Excluding regulatory costs, operating expenses were EUR 222 million, up 11.0% year-on-year. The increase was mainly attributable to higher headcount to support business growth, higher costs related to the acquisition of primary customers, and investments in Project Welcome, which aims to digitise Germany's banking platform further and open it up to third-party product providers as well. Compared with the previous quarter, expenses excluding regulatory costs decreased 1.3%.

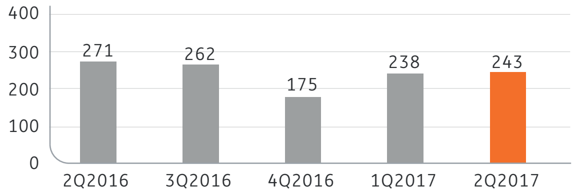
Risk costs were EUR 5 million compared with EUR 14 million in the second quarter of 2016 and EUR 2 million in the first quarter of 2017. Second-quarter 2017 risk costs were low at 7 basis points of average risk-weighted assets, reflecting the benign credit environment in Germany.

Risk-weighted assets rose by EUR 0.3 billion in the second quarter to EUR 24.5 billion, mainly due to lending growth.

**Retail Other Challengers & Growth Markets**

The underlying result before tax of Retail Other Challengers & Growth Markets decreased to EUR 243 million from EUR 271 million in the second quarter of 2016. The decrease was mainly attributable to the EUR 109 million one-time gain on the sale of Visa shares that was realised last year. Excluding the Visa gain, the underlying result before tax increased by EUR 81 million, reflecting business and revenue growth in most countries, partly offset by higher expenses to support business growth. Compared with the first quarter of 2017, which included a EUR 21 million release in risk costs due to a model update, the underlying result before tax increased by EUR 5 million due to higher income and lower regulatory expenses. The return on equity, based on 12% common equity Tier 1 ratio, was 12.4% in the current quarter.

**Underlying result before tax - Retail Other Challengers & Growth Markets (in EUR million)**




Total underlying income rose to EUR 748 million from EUR 740 million in the second quarter of 2016. When adjusting for the Visa gain, total income was up by EUR 117 million, or 18.5%. This increase was driven by improved commercial results across most of the countries, reflecting continued customer and volume growth. Income was furthermore supported by the lowering of core savings rates in Italy, Australia and France in the second quarter of 2017. Compared with the first quarter of 2017, underlying income increased by EUR 19 million, supported by growth in both interest and commission income.

Customer lending grew by EUR 0.3 billion in the second quarter to EUR 82.8 billion. Excluding currency impacts and Bank Treasury, net core lending grew by EUR 2.6 billion and was mainly generated in Poland, Australia, Spain and Turkey. Of the total growth, EUR 1.1 billion was in mortgages and EUR 1.5 billion in other lending. Net customer deposits, excluding currency impacts and Bank Treasury, increased by EUR 2.0 billion, primarily reflecting net inflows from customers in Australia and Spain.

Operating expenses rose by EUR 35 million, or 8.6%, year-on-year to EUR 441 million. Excluding regulatory costs, operating expenses were EUR 401 million, up 9.3% year-on-year. This was due to higher marketing and staff expenses in most of the countries to support business growth, as well as higher investments related to strategic projects. Compared with the first quarter of 2017, operating expenses excluding regulatory costs increased 0.8%.

Risk costs remained stable at EUR 63 million compared with the second quarter of 2016. On a sequential basis, they increased by EUR 20 million as first-quarter 2017 risk costs included a release of EUR 21 million to reflect model updates for mortgages in Italy.

Risk-weighted assets increased by EUR 1.1 billion in the second quarter of 2017 to EUR 49.7 billion, mainly reflecting lending volume growth and model updates, partly offset by currency impacts and a lower value of our stake in Bank of Beijing.

# Segment Reporting: Wholesale Banking

| Wholesale Banking: Consolidated profit or loss account | Total Wholesale Banking | | Industry Lending | | General Lending & Transaction Services | | Financial Markets | | Bank Treasury & Other | |
|---|---|---|---|---|---|---|---|---|---|---|
| In EUR million | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 |
| **Profit or loss** | | | | | | | | | | |
| Net interest income | 941 | 902 | 549 | 520 | 284 | 250 | 66 | 76 | 42 | 56 |
| Net commission income | 297 | 273 | 156 | 150 | 103 | 95 | 39 | 29 | -1 | -2 |
| Investment income | 11 | 15 | 1 | -2 | 0 | 0 | 0 | 2 | 10 | 15 |
| Other income excl. CVA/DVA | 378 | 338 | 10 | 9 | 9 | 10 | 218 | 272 | 141 | 47 |
| Underlying income excl. CVA/DVA | 1,627 | 1,528 | 716 | 678 | 396 | 354 | 323 | 379 | 192 | 117 |
| CVA/DVA | -39 | -57 | | | | | -39 | -57 | | |
| **Total underlying income** | **1,588** | **1,471** | **716** | **678** | **396** | **354** | **285** | **322** | **192** | **117** |
| Expenses excl. regulatory costs | 667 | 587 | 174 | 157 | 190 | 185 | 220 | 219 | 84 | 26 |
| Regulatory costs | 7 | 2 | 0 | -1 | 1 | 5 | 2 | -12 | 4 | 11 |
| **Operating expenses** | **675** | **590** | **174** | **156** | **191** | **191** | **222** | **207** | **88** | **37** |
| **Gross result** | **914** | **881** | **542** | **522** | **205** | **164** | **63** | **115** | **104** | **80** |
| Addition to loan loss provisions | 135 | 123 | 94 | 60 | 5 | 50 | 1 | -1 | 36 | 14 |
| **Underlying result before tax** | **778** | **758** | **448** | **462** | **200** | **114** | **63** | **116** | **68** | **66** |
| **Customer lending/deposits (end of period, in EUR billion)**[1] | | | | | | | | | | |
| Residential mortgages | 1.0 | 1.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 1.4 |
| Other customer lending | 170.2 | 159.1 | 110.8 | 106.0 | 51.0 | 44.7 | 1.1 | 1.3 | 7.3 | 7.1 |
| Customer deposits | 62.4 | 60.8 | 1.6 | 1.3 | 47.4 | 45.4 | 5.0 | 4.9 | 8.4 | 9.2 |
| **Profitability and efficiency**[1] | | | | | | | | | | |
| Cost/income ratio | 42.5% | 40.1% | 24.4% | 23.0% | 48.2% | 53.8% | 77.8% | 64.2% | 45.8% | 31.4% |
| Return on equity based on 12.0% common equity Tier 1[2] | 12.7% | 10.8% | 16.5% | 18.7% | 10.5% | 6.4% | 4.9% | 8.3% | 16.0% | -9.1% |
| Employees (internal FTEs, end of period) | 11,586 | 11,431 | | | | | | | | |
| **Risk**[1] | | | | | | | | | | |
| Risk costs in bps of average RWA | 36 | 32 | 54 | 38 | 4 | 45 | 1 | -1 | 148 | 51 |
| Risk-weighted assets (end of period, in EUR billion) | 148.0 | 153.7 | 68.0 | 64.7 | 45.8 | 45.8 | 24.6 | 32.4 | 9.6 | 10.8 |

[1] Key figures based on underlying figures.
[2] Underlying after-tax return divided by average equity based on 12.0% CET1 ratio (annualised).

## Wholesale Banking

*"We maintained positive business momentum in the second quarter, recording EUR 2.0 billion of net core lending growth generated mainly in Industry Lending. Income was strong and reflected a higher interest result consistent with portfolio growth, and a gain on the sale of an equity stake in the real estate run-off portfolio. This gain offset negative CVA/DVA impacts and a one-off provision for a discontinued business in Luxembourg. Risk costs were 36 basis points of average RWA, which is within our through-the-cycle guidance.*

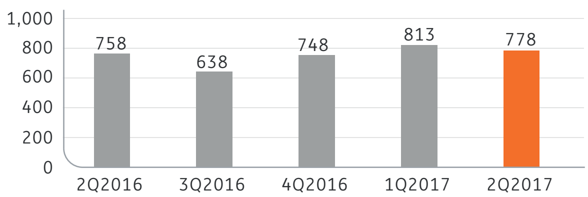
*We made further progress on our target operating model objectives by streamlining and centralising various front office processes, which will increase productivity. Our innovation efforts also continued – using blockchain, we launched a trade matching prototype for FX transactions, which demonstrated how this technology can facilitate faster and more efficient transactions.*

*In the previous quarter, we issued the first-ever syndicated loan with an interest rate linked to a company's sustainability rating. We are pleased to have issued similar loans this quarter for our clients, including Barry Callebaut and EDF, as we support their sustainable ambitions."*

**Isabel Fernandez**, Member Management Board Banking, Head of Wholesale Banking

Wholesale Banking delivered a solid quarterly underlying profit before tax of EUR 778 million, up 2.6% on the strong second quarter in 2016. The result reflects strong performance in General Lending & Transaction Services and Industry Lending, while income in Financial Markets held up despite low volatility. The current second-quarter result included some non-recurring and volatile items (sale of an equity stake, negative CVA/DVA in income and higher legal claims in operating expenses) that largely offset each other. Risk costs for Wholesale Banking, at 36 basis points of average RWA, reverted back to more normalised levels as the impact from releases was smaller than in prior quarters; but risk costs remained below our through-the-cycle guidance of 40-45 basis points. The Wholesale Bank maintained positive business momentum, with EUR 2.0 billion of net core lending growth in the second quarter and a return on equity, based on a 12% common equity Tier 1 ratio, of 12.7%.

**Underlying result before tax - Wholesale Banking (in EUR million)**




Total underlying income was 8.0% higher than in the second

# Segment Reporting: Wholesale Banking

quarter of 2016 and 2.8% higher than in the previous quarter. Credit and debt valuation adjustments (CVA/DVA) amounted to EUR -39 million for the current quarter compared with EUR -57 million in the same quarter of last year and EUR 36 million in the first quarter.

Total underlying income excluding CVA/DVA impacts improved 7.7% compared with the first quarter of 2017 and was up 6.5% year-on-year. The year-on-year increase was mainly related to the EUR 97 million gain on the sale of an equity stake in the real estate run-off portfolio and higher revenues from General Lending & Transaction Services and Industry Lending. These factors combined more than compensated for lower Financial Markets results. Sequentially, the income increase was mainly related to the aforementioned equity stake sale and stronger General Lending & Transaction Services revenues.

The interest result grew 4.3% from the second quarter of 2016, as stronger interest results in General Lending & Transaction Services and Industry Lending were only partly offset by lower interest results in Financial Markets and Bank Treasury. On a sequential basis, the interest result was down 1.5% due to lower interest results in Financial Markets and Industry Lending.

Commission income was up 8.8% from the same quarter of last year and up 6.1% from the previous strong quarter. Compared with the second quarter of 2016, commission income increased, mainly in Corporate Finance and General Lending & Transaction Services. Sequentially, stronger commission income was mainly reported in Financial Markets (notably Corporate Finance and Global Capital Markets) and General Lending & Transaction Services.

Investment income declined to EUR 11 million from EUR 15 million in the second quarter of 2016. Compared with the first quarter of 2017, which included the gain on the sale of an equity stake in Corporate Investments, investment income fell by EUR 12 million.

Total other income amounted to EUR 340 million, up from EUR 281 million in the second quarter of 2016 and EUR 287 million in the previous quarter. The increase was mainly due to resilient Financial Markets income and the aforementioned sale of an equity stake in the real estate run-off portfolio. Excluding CVA/DVA impacts, other income was EUR 378 million, or EUR 281 million when excluding the sale of the equity stake.

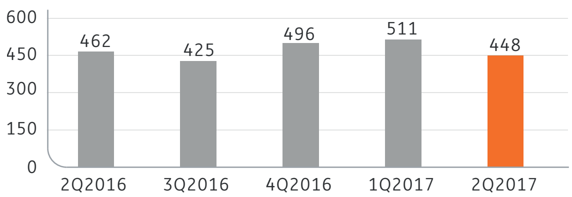
Operating expenses increased to EUR 675 million from EUR 590 million in the second quarter of 2016. A large part of the increase is explained by a provision for a litigation related to a business that was discontinued in Luxembourg around the year 2000. The remaining year-on-year cost growth was due to higher headcount to support business growth, wage inflation and a EUR 5 million increase in regulatory costs. Sequentially, operating expenses decreased to EUR 675 million from EUR 698 million in the first quarter of 2017 due to lower regulatory costs. In the current quarter, regulatory expenses were EUR 7 million, while in the previous quarter an amount of EUR 91 million was recognised, largely related to the annual contributions to the European single resolution fund and to the full-year Belgian bank taxes. Excluding regulatory costs, expenses increased by EUR 59 million, or 9.7%, predominantly due to the aforementioned provision for litigation.

Risk costs for Wholesale Banking amounted to EUR 135 million, or 36 basis points of average RWA, which is higher than the EUR 123 million in the second quarter of 2016 and EUR 35 million in the previous quarter, but below our through-the-cycle guidance of 40-45 basis points. The low risk costs in the first quarter were supported by net releases for larger clients in the Netherlands, Asia and Latin America.

Risk-weighted assets decreased by EUR 3.9 billion in the second quarter to EUR 148.0 billion, mainly reflecting currency impacts and lower market risk-weighted assets.

## Industry Lending

**Underlying result before tax - Industry Lending (in EUR million)**




Industry Lending posted an underlying result before tax of EUR 448 million, down 3.0% from the second quarter of 2016 due to higher risk costs. Compared with the first quarter of 2017, the underlying result before tax declined 12.3% as a result of higher risk costs.

Income increased 5.6% from the same quarter of last year, driven by continued and robust volume growth in Structured Finance and Real Estate Finance. Portfolio growth, excluding FX effects, totalled EUR 6.7 billion year-on-year, of which EUR 4.6 billion was related to Structured Finance and EUR 2.1 billion attributable to Real Estate Finance. In the second quarter of 2017, net core lending grew by EUR 1.5 billion.

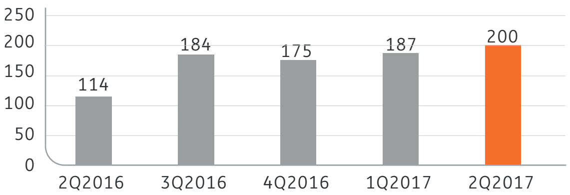
Expenses rose 11.5% from the second quarter of 2016, mainly due to personnel-related expenses and investments in business growth. However, expenses decreased 2.2% sequentially as the first quarter of 2017 included EUR 17 million of regulatory costs. Excluding regulatory costs, expenses were up 8.1%.

Risk costs amounted to EUR 94 million and primarily included some larger Structured Finance files in Rest of the World. Second-quarter risk costs were up higher than the EUR 60 million in the second quarter of 2016 and EUR 17 million in the previous quarter.

# Segment Reporting: Wholesale Banking

## General Lending & Transaction Services

**Underlying result before tax - General Lending & Transaction Services (in EUR million)**




The underlying result before tax from General Lending & Transaction Services was EUR 200 million, up 75.4% from one year ago as a result of stronger income and lower risk costs. Compared with the first quarter of 2017, the underlying result before tax rose 7.0% due to stronger income and lower regulatory expenses.

Income rose 11.9% year-on-year, attributable to almost all products. Both General Lending and Working Capital Solutions income grew due to continued portfolio growth. Stronger income in Payments & Cash Management was primarily the result of higher net interest income as well as increased commissions. Trade Finance Services income grew on the back of a strong increase in committed off-balance assets. Bank Mendes Gans recorded higher income as margins improved along with higher volumes. Sequentially, total income from General Lending & Transaction Services rose 4.5%, driven by the strong performance in most products.

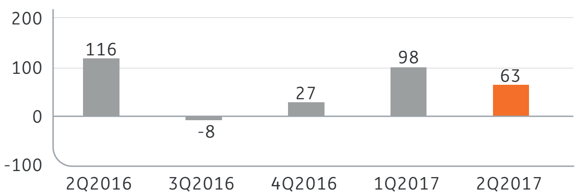
Year-on-year, net customer lending (excluding currency effects) grew by EUR 6.6 billion, of which EUR 1.9 billion was attributable to General Lending and EUR 4.1 billion to Working Capital Solutions. In the second quarter of 2017, net core lending growth was EUR 0.4 billion.

Operating expenses, excluding regulatory costs, increased 2.7% from the second quarter of 2016, mainly reflecting higher staff-related costs. Sequentially, expenses excluding regulatory costs increased 1.6%.

Risk costs showed a net addition of EUR 5 million for the quarter versus a net addition of EUR 50 million in the second quarter of 2016 and a net release of EUR 13 million in the previous quarter.

## Financial Markets

**Underlying result before tax - Financial Markets (in EUR million)**



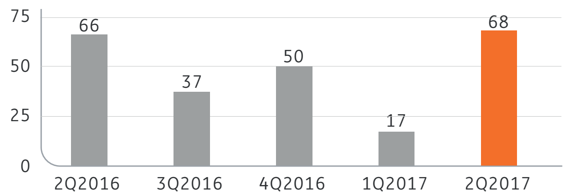

Financial Markets posted an underlying result before tax of EUR 63 million, down from EUR 116 million in the strong second quarter of 2016 and EUR 98 million in the previous quarter. The result in the current quarter included EUR -39 million of CVA/DVA impacts compared with EUR -57 million of CVA/DVA impacts a year ago and EUR 36 million in the previous quarter.

Income excluding CVA/DVA impacts decreased 14.8% year-on-year, mainly due to lower income in the Equities and Rates businesses. The Rates business was affected by the lower volatility in the market. Sequentially, income excluding CVA/DVA impacts was resilient and rose 0.6%, supported by higher income in the Structured Rates, Corporate Finance and Securitisation businesses.

Operating expenses increased 7.2% year-on-year due to higher regulatory expenses. Excluding regulatory costs, expenses increased 0.5% year-on-year, reflecting higher investments in IT infrastructure. Compared with the first quarter of 2017, expenses decreased 14.0%, due to lower regulatory costs.

## Bank Treasury & Other

**Underlying result before tax - Bank Treasury & Other (in EUR million)**




Bank Treasury & Other recorded an underlying result before tax of EUR 68 million compared with EUR 66 million in the second quarter of 2016 and EUR 17 million in the previous quarter. Total income rose by EUR 75 million to EUR 192 million compared to a year ago. This was mainly caused by the EUR 97 million gain on the sale of an equity stake in the real estate run-off portfolio, partly offset by lower income from Corporate Investments. Bank Treasury income also increased year-on-year due to higher capital gains. Sequentially, total income rose by EUR 88 million.

Operating expenses rose by EUR 51 million year–on–year and by EUR 31 million sequentially, mainly due to a one-off litigation provision related to a discontinued business. Risk costs, predominantly related to the Italian lease run-off portfolio, were EUR 36 million versus EUR 14 million one year ago and EUR 31 million in the first quarter of 2017.

# Segment Reporting: Corporate Line Banking

| Corporate Line: Consolidated profit or loss account | | |
|---|---|---|
| In EUR million | 2Q2017 | 2Q2016 |
| **Profit or loss** | | |
| Net interest income | 46 | 31 |
| Net commission income | -2 | -1 |
| Investment income | -6 | 1 |
| Other income | -68 | 20 |
| **Total underlying income** | **-30** | **51** |
| Expenses excl. regulatory costs | 82 | 76 |
| Regulatory costs | 1 | 1 |
| **Operating expenses** | **82** | **76** |
| **Gross result** | **-113** | **-25** |
| Addition to loan loss provisions | 1 | 0 |
| **Underlying result before tax** | **-113** | **-25** |
| of which: | | |
| Income on capital surplus | 23 | 36 |
| Financing charges | -25 | -14 |
| Other Capital Management | 35 | 73 |
| Capital Management excl. DVA | 34 | 95 |
| Bank Treasury excl. DVA | -90 | -59 |
| DVA | -3 | 3 |
| Other excl. DVA | -54 | -64 |

Corporate Line Banking posted an underlying result before tax of EUR -113 million in the second quarter of 2017 compared with EUR -25 million in the same quarter of 2016. The underlying pre-tax result decreased due to lower income and slightly higher expenses. Underlying income fell to EUR -30 million from EUR 51 million one year ago; this was due to higher costs for net investment hedging, negative DVA and a higher income allocation to the business units. Expenses were EUR 6 million higher than a year ago, mainly due to higher financing charges and share-based payments, which were only partly offset by lower shareholder expenses.

The Capital Management-related result, excluding DVA, was EUR 34 million in the second quarter of 2017 compared with EUR 95 million in the same quarter of last year.

Within the Capital Management-related results, income on capital surplus was EUR 23 million compared with EUR 36 million in the second quarter of 2016. The EUR 13 million lower result was due to lower income on capital, higher solvency cost and updated capital benefit allocations to the business units. The result of Other Capital Management declined to EUR 35 million from EUR 73 million in the same quarter of last year. This decrease was mainly caused by the higher cost of net investment hedging, as well as negative results on equity participations.

Bank Treasury-related results primarily include the isolated legacy costs (mainly negative interest results) due to the replacement of short-term funding with long-term funding during 2012 and 2013. The second-quarter 2017 result amounted to EUR -90 million compared with EUR -59 million one year ago. The result declined mainly due to the positive impact of the release of the TLTRO hedge reserve in the second quarter of 2016. This was only partly compensated by maturing high-cost legacy bonds and the switch to the new TLTRO facility at negative rates, the impact of which was not fully allocated to the business units.

DVA on own-issued debt was EUR -3 million compared with EUR 3 million in the second quarter of 2016. The negative quarterly result was due to some tightening of credit spreads in the second quarter of 2017 versus a widening in the same quarter of the previous year.

The ‘Other’ result, which comprises items such as overhead costs and non-allocated general and regulatory expenses, improved by EUR 10 million. This was mainly driven by lower charges for supervision by regulators as well as lower shareholder expenses.

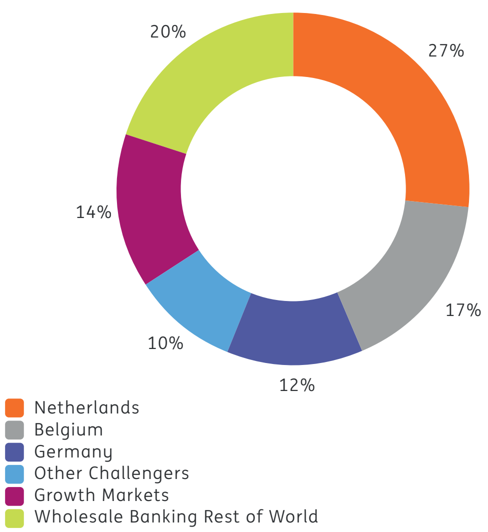
# Segment Reporting: Geographical Split

**Geographical split: Consolidated profit or loss account**

| In EUR million | Netherlands 2Q2017 | Netherlands 2Q2016 | Belgium 2Q2017 | Belgium 2Q2016 | Germany 2Q2017 | Germany 2Q2016 | Other Challengers 2Q2017 | Other Challengers 2Q2016 | Growth Markets 2Q2017 | Growth Markets 2Q2016 | Wholesale Banking Rest of World 2Q2017 | Wholesale Banking Rest of World 2Q2016 | Other[1] 2Q2017 | Other[1] 2Q2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Profit or loss** | | | | | | | | | | | | | | |
| Net interest income | 1,129 | 1,136 | 528 | 553 | 522 | 484 | 373 | 354 | 384 | 303 | 376 | 407 | 47 | 31 |
| Net commission income | 224 | 203 | 148 | 127 | 65 | 61 | 57 | 34 | 88 | 70 | 133 | 114 | -2 | -1 |
| Investment income | 8 | 29 | 20 | 3 | 0 | 44 | 3 | 11 | 22 | 84 | -4 | -1 | -6 | 1 |
| Other income excl. CVA/DVA | 144 | 92 | 137 | 228 | 3 | 24 | 5 | 28 | 35 | 67 | 102 | 80 | 31 | 33 |
| **Underlying income excl. CVA/DVA** | **1,506** | **1,459** | **834** | **912** | **590** | **614** | **439** | **427** | **528** | **524** | **608** | **600** | **69** | **65** |
| CVA/DVA [2] | -23 | -8 | -12 | -17 | 0 | 0 | 0 | 0 | 0 | 0 | -3 | -33 | -3 | 3 |
| **Underlying income** | **1,482** | **1,452** | **822** | **895** | **590** | **614** | **439** | **427** | **529** | **524** | **604** | **567** | **66** | **68** |
| Expenses excl. regulatory costs | 686 | 886 | 481 | 285 | 250 | 223 | 235 | 202 | 244 | 232 | 261 | 251 | 84 | 77 |
| Regulatory costs | 19 | 7 | -13 | 6 | 15 | 14 | 15 | 14 | 31 | 34 | 2 | -1 | 1 | 1 |
| **Operating expenses** | **705** | **893** | **468** | **291** | **265** | **237** | **250** | **216** | **275** | **266** | **263** | **250** | **85** | **78** |
| **Gross result** | **777** | **558** | **354** | **604** | **325** | **376** | **189** | **211** | **253** | **257** | **341** | **318** | **-19** | **-10** |
| Addition to loan loss provisions | 17 | 103 | 19 | 93 | 2 | 16 | 57 | 37 | 57 | 43 | 76 | 15 | 1 | 0 |
| **Underlying result before tax** | **760** | **456** | **335** | **512** | **322** | **360** | **132** | **175** | **197** | **214** | **265** | **302** | **-19** | **-10** |
| Retail Banking | 565 | 325 | 304 | 401 | 214 | 279 | 84 | 102 | 159 | 169 | 0 | 0 | 0 | 0 |
| Wholesale Banking | 195 | 131 | 30 | 111 | 109 | 81 | 48 | 72 | 37 | 45 | 265 | 302 | 94 | 15 |
| Corporate Line | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -113 | -25 |
| **Underlying result before tax** | **760** | **456** | **335** | **512** | **322** | **360** | **132** | **175** | **197** | **214** | **265** | **302** | **-19** | **-10** |
| **Customer lending/deposits (end of period, in EUR billion)[3]** | | | | | | | | | | | | | | |
| Residential mortgages | 118.3 | 126.0 | 36.9 | 34.9 | 69.4 | 67.5 | 49.6 | 45.3 | 8.3 | 7.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other lending | 76.9 | 76.2 | 57.8 | 54.6 | 35.2 | 27.7 | 26.6 | 24.6 | 27.6 | 26.2 | 60.8 | 60.5 | 0.1 | 0.8 |
| Customer deposits | 164.5 | 162.2 | 98.0 | 97.7 | 133.8 | 124.4 | 88.9 | 82.6 | 34.0 | 32.4 | 14.5 | 13.7 | -0.3 | -0.2 |
| **Profitability and efficiency[3]** | | | | | | | | | | | | | | |
| Cost/income ratio | 47.6% | 61.5% | 56.9% | 32.5% | 45.0% | 38.7% | 57.0% | 50.5% | 52.0% | 50.8% | 43.5% | 44.0% | 128.1% | 114.6% |
| Return on equity based on 12.0% common equity Tier 1[4] | 23.4% | 12.7% | 14.1% | 22.7% | 19.2% | 25.3% | 10.3% | 15.7% | 11.5% | 12.6% | 10.0% | 8.2% | -10.0% | 17.1% |
| Employees (internal FTEs, end of period) | 12,306 | 12,672 | 9,875 | 10,347 | 4,952 | 4,673 | 4,153 | 4,009 | 15,782 | 16,119 | 4,267 | 4,007 | 8 | 7 |
| **Risk[3]** | | | | | | | | | | | | | | |
| Risk costs in bps of average RWA | 8 | 45 | 15 | 73 | 3 | 19 | 77 | 55 | 52 | 38 | 48 | 9 | 7 | 0 |
| Risk-weighted assets (end of period, in EUR billion) | 82.5 | 89.8 | 51.6 | 51.3 | 38.0 | 34.7 | 29.7 | 26.4 | 43.9 | 46.1 | 61.5 | 65.8 | 3.0 | 5.1 |

[1] Region Other consists of Corporate Line and Real Estate run-off portfolio.
[2] CVA/DVA reported within Wholesale Banking and Corporate Line.
[3] Key figures based on underlying figures.
[4] Underlying after-tax return divided by average equity based on 12.0% CET1 ratio (annualised).

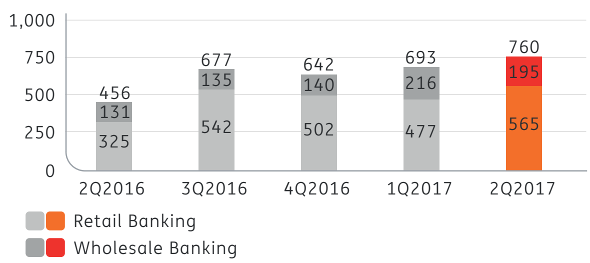
**Risk-weighted assets - 2Q2017**
**Geographical split (in percentages) excluding Other**




## The Netherlands

Underlying result before tax was EUR 760 million, up from EUR 456 million one year ago. The increase was driven by lower expenses, mainly reflecting ongoing cost savings, whereas the second quarter of 2016 included additional redundancy costs and a provision for Dutch SME and Real Estate Finance clients with interest rate derivatives. Risk costs fell due to improved macroeconomic conditions. Income rose 2.1%, driven by higher commission and other income. Net interest income declined slightly due to margin pressure on current accounts and non-mortgage lending combined with lower mortgage volumes, partly offset by a higher margin on savings.

**Underlying result before tax - Netherlands (in EUR million)**

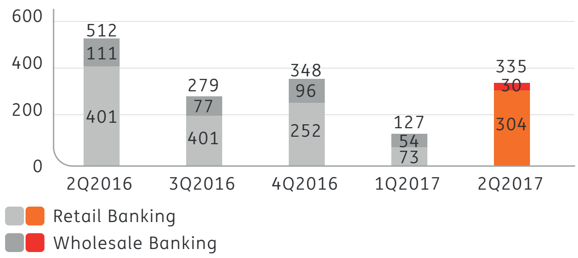


# Segment Reporting: Geographical Split

## Belgium

Belgium, including ING Luxembourg, recorded an underlying result before tax of EUR 335 million versus EUR 512 million in the second quarter of 2016. The decline was caused by EUR 177 million of higher expenses, mainly due to a litigation provision related to a discontinued business in Luxembourg, whereas the year-ago quarter included a EUR -116 million one-off procured cost saving. Total income fell by EUR 73 million, or 8.2%, mainly due to lower Financial Markets revenues and the EUR 30 million gain from the sale of Visa shares in the second quarter of 2016. The decline in income was offset by a EUR 74 million decline in risk costs, which was attributable to both Retail and Wholesale Banking.

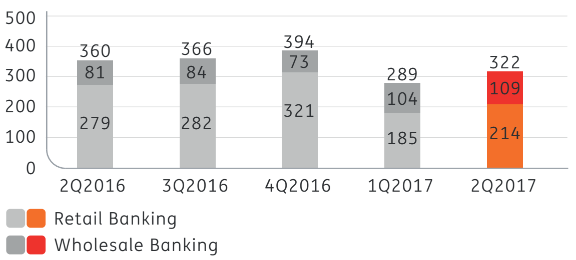
**Underlying result before tax - Belgium (in EUR million)**




## Germany

The underlying result before tax of Germany, including ING Austria, decreased 10.6% year-on-year to EUR 322 million from EUR 360 million in the second quarter of 2016, which included a EUR 44 million one-time gain on the sale of Visa shares. Excluding the Visa gain, total income increased 3.5%, mainly reflecting higher net interest income from Wholesale Banking, stemming from volume growth. Expenses increased by EUR 28 million, or 11.8%, mainly due to higher headcount to support business growth as well as investments in Project Welcome. Risk costs were negligible at EUR 2 million, down from EUR 16 million in the second quarter of 2016.

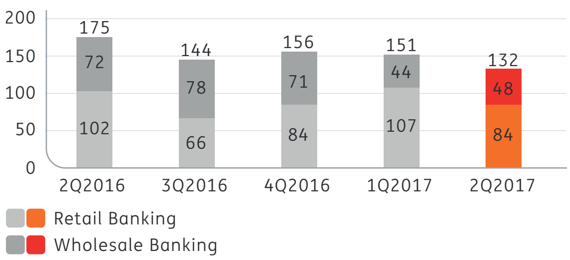
**Underlying result before tax - Germany (in EUR million)**




## Other Challengers

The segment Other Challengers includes ING's activities in Australia, France, Italy, Spain & Portugal and the Czech Republic. The second-quarter 2017 result before tax declined 24.6% to EUR 132 million from EUR 175 million in the second quarter of 2016, which included a EUR 27 million one-time Visa gain. Excluding the Visa gain, income rose by EUR 39 million, or 9.8%, due to improved commercial results in most countries. This was mostly offset by EUR 34 million of higher expenses, mainly due to higher marketing and staff costs to support business growth. Risk costs increased by EUR 20 million to EUR 57 million, mainly related to the Italian lease run-off portfolio.

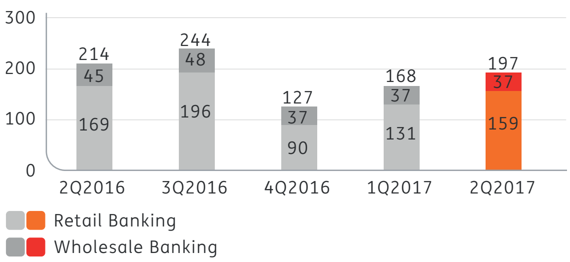
**Underlying result before tax - Other Challengers (in EUR million)**




## Growth Markets

The segment Growth Markets consists of ING's activities in Poland, Romania and Turkey, as well as the Asian bank stakes. The underlying result before tax decreased by EUR 17 million to EUR 197 million compared with EUR 214 million in the second quarter of 2016, which included a EUR 82 million gain from the sale of Visa shares. Excluding the Visa gain, the result before tax increased by EUR 65 million, or 49.2%, driven by higher income due to strong commercial results in Poland, Turkey and Romania. These impacts were partly offset by 3.4% higher expenses and EUR 14 million of higher risk costs.

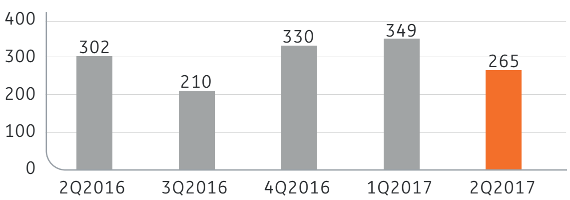
**Underlying result before tax - Growth Markets (in EUR million)**




## Wholesale Banking Rest of World

Wholesale Banking Rest of World includes ING's activities in the UK, Americas, Asia and other countries in Central and Eastern Europe. This segment recorded an underlying result before tax of EUR 265 million, down from EUR 302 million in the second quarter of 2016. The decline year-on-year was mainly caused by higher risk costs related to some larger clients in the Americas and Asia. The gross result (excluding risk costs) rose by 7.2% to EUR 341 million. Income was up EUR 37 million, of which EUR 30 million was caused by lower negative CVA/DVA impacts. Expenses increased by EUR 13 million, or 5.2%, mainly due to increased personnel costs.

**Underlying result before tax - WB Rest of World (in EUR million)**



# Consolidated Balance Sheet

| ING Group: Consolidated balance sheet | | | | | | | |
|---|---|---|---|---|---|---|---|
| in EUR million | 30 Jun. 17 | 31 Mar. 17 | 31 Dec. 16 | | 30 Jun. 17 | 31 Mar. 17 | 31 Dec. 16 |
| Assets | | | | Liabilities | | | |
| Cash and balances with central banks | 17,894 | 40,466 | 18,144 | Deposits from banks | 39,248 | 39,182 | 31,964 |
| Loans and advances to banks | 27,987 | 30,857 | 28,858 | Customer deposits | 533,210 | 533,737 | 522,942 |
| Financial assets at fair value through profit or loss | 143,143 | 136,536 | 122,093 | - savings accounts | 323,023 | 320,810 | 315,697 |
| - trading assets | 135,246 | 129,332 | 114,504 | - credit balances on customer accounts | 177,827 | 175,694 | 173,230 |
| - non-trading derivatives | 2,926 | 2,356 | 2,490 | - corporate deposits | 31,174 | 35,746 | 32,687 |
| - designated as at fair value through profit or loss | 4,971 | 4,848 | 5,099 | - other | 1,186 | 1,487 | 1,328 |
| Investments | 83,441 | 87,310 | 91,663 | Financial liabilities at fair value through profit or loss | 103,202 | 110,116 | 98,974 |
| - debt securities available-for-sale | 69,199 | 74,082 | 78,888 | - trading liabilities | 88,677 | 95,330 | 83,167 |
| - debt securities held-to-maturity | 10,306 | 9,083 | 8,751 | - non-trading derivatives | 2,939 | 3,070 | 3,541 |
| - equity securities available-for-sale | 3,936 | 4,145 | 4,024 | - designated as at fair value through profit or loss | 11,586 | 11,716 | 12,266 |
| Loans and advances to customers | 568,237 | 569,065 | 563,660 | Other liabilities | 20,724 | 20,584 | 20,345 |
| - customer lending | 567,436 | 566,739 | 561,367 | Debt securities in issue | 98,968 | 113,048 | 103,234 |
| - securities at amortised cost | 5,835 | 7,426 | 7,471 | Subordinated loans | 16,340 | 16,752 | 17,223 |
| - provision for loan losses | -5,034 | -5,100 | -5,178 | **Total liabilities** | **811,692** | **833,419** | **794,682** |
| Investments in associates and joint ventures | 1,066 | 1,180 | 1,141 | Equity | | | |
| Property and equipment | 1,938 | 1,990 | 2,002 | Shareholders' equity | 49,685 | 50,741 | 49,793 |
| Intangible assets | 1,491 | 1,477 | 1,484 | Non-controlling interests | 674 | 655 | 606 |
| Other assets | 16,854 | 15,934 | 16,036 | **Total equity** | 50,359 | **51,396** | **50,399** |
| **Total assets** | **862,051** | **884,815** | **845,081** | **Total liabilities and equity** | **862,051** | **884,815** | **845,081** |

ING Group's total assets decreased by EUR 22.8 billion in the second quarter to EUR 862.1 billion, including EUR 11.0 billion of negative currency impacts. The decrease was mostly due to lower cash and balances with central banks. On the liability side, the balance sheet decrease was mainly visible in debt securities in issue and trading liabilities. Customer lending and customer deposits were relatively stable compared with the end of March 2017. However, adjusted for currency impacts and excluding Bank Treasury, net core lending increased by EUR 6.4 billion and net growth in customer deposits was EUR 5.3 billion. ING Group's loan-to-deposit ratio remained stable at 1.05 compared with the end of March 2017.

## Cash and balances with central banks

Cash and balances with central banks decreased by EUR 22.6 billion to EUR 17.9 billion. This was related to lower debt securities in issue, the temporary placement at central banks of the proceeds of ING's TLTRO participation in March 2017 and the higher reverse repo activity in the quarter.

## Loans and advances to and deposits from banks

Loans and advances to banks decreased by EUR 2.9 billion to EUR 28.0 billion. Deposits from banks slightly increased by EUR 0.1 billion to EUR 39.2 billion.

## Financial assets/liabilities at fair value

Financial assets at fair value through profit or loss increased by EUR 6.6 billion to EUR 143.1 billion, mainly due to higher reverse repo activity, which was partly offset by lower trading derivatives. Financial liabilities at fair value through profit or loss decreased by EUR 6.9 billion, mainly due to lower trading derivatives and securities, and lower repo activity. Financial assets and liabilities at fair value consist predominantly of derivatives, securities and (reverse) repos, and are mainly used to facilitate client needs.

## Investments

Investments decreased by EUR 3.9 billion to EUR 83.4 billion, mainly due to bond sales and redemptions.

## Loans and advances to customers

Loans and advances to customers decreased by EUR 0.8 billion to EUR 568.2 billion. This was mainly due to EUR 1.6 billion of lower securities at amortised cost, partly offset by a EUR 0.7 billion increase in customer lending. When adjusted for EUR 7.3 billion of negative currency impacts, customer lending increased by EUR 8.0 billion. This was mainly due to EUR 6.4 billion of net core lending growth and a EUR 2.8 billion increase in short-term Bank Treasury lending, which were offset by a further decline in the run-off portfolios of WUB and Lease. Retail Banking grew its net core lending assets by EUR 4.4 billion, despite a small decline in the Netherlands. The growth in Retail Banking was in both residential mortgages and other customer lending. The EUR 2.0 billion net growth in Wholesale Banking was mainly generated by Industry Lending.

## Debt securities in issue

Debt securities in issue decreased by EUR 14.1 billion to EUR 99.0 billion. The decrease was mainly caused by EUR 9.3 billion of lower CD/CPs. Other debt securities, mainly long-term debt, declined by EUR 4.7 billion because maturities and redemptions exceeded issuances.

# Consolidated Balance Sheet

## Customer deposits

Customer deposits decreased by EUR 0.5 billion to EUR 533.2 billion. Adjusted for EUR 2.4 billion of negative currency impacts and a EUR 3.5 billion decline in Bank Treasury deposits, the net production of customer deposits was EUR 5.3 billion. Retail Banking recorded EUR 8.1 billion of net production, of which EUR 6.4 billion was in PCM/current accounts and EUR 1.7 billion in savings deposits. Growth was visible in most countries, particularly in the Netherlands, Belgium and Germany. In Wholesale Banking, net customer deposits decreased by EUR 2.8 billion.

## Shareholders’ equity

Shareholders’ equity decreased by EUR 1.1 billion to EUR 49.7 billion in the second quarter. The decrease was mainly attributable to the EUR 1.6 billion payment of the final dividend over 2016, a EUR 0.4 billion decline in the currency translation reserve and a EUR 0.2 billion decline in the cashflow hedge reserve. These impacts were partly offset by the EUR 1.4 billion net result for the quarter.

Shareholders’ equity per share decreased to EUR 12.79 as per 30 June 2017 from EUR 13.07 as per 31 March 2017.

**ING Group: Change in shareholders’ equity**

| in EUR million | 2Q2017 | 1Q2017 |
|---|---|---|
| **Shareholders' equity beginning of period** | **50,741** | **49,793** |
| Net result for the period | 1,371 | 1,143 |
| Unrealised revaluations of equity securities | -136 | 154 |
| Unrealised revaluations of debt securities | -24 | -102 |
| Realised gains/losses equity securities transferred to profit or loss | -20 | -8 |
| Realised gains/losses debt securities transferred to profit or loss | -13 | -28 |
| Change in cashflow hedge reserve | -183 | -212 |
| Other revaluations | 298 | -202 |
| Defined benefit remeasurement | 1 | 9 |
| Exchange rate differences | -722 | 171 |
| Changes in treasury shares | 3 | -4 |
| Employee stock options and share plans | 6 | 27 |
| Dividend | -1,632 | |
| Other | -5 | |
| **Total changes** | **-1,056** | **948** |
| **Shareholders' equity end of period** | **49,685** | **50,741** |

**ING Group: Shareholders’ equity**

| in EUR million | 30 Jun. 17 | 31 Mar. 17 |
|---|---|---|
| Share premium/capital | 17,042 | 17,036 |
| Revaluation reserve equity securities | 2,647 | 2,802 |
| Revaluation reserve debt securities | 1,007 | 1,044 |
| Revaluation reserve cashflow hedge | 382 | 565 |
| Other revaluation reserves | 199 | 203 |
| Defined benefit remeasurement reserve | -361 | -362 |
| Currency translation reserve | -1,221 | -801 |
| Treasury shares | -10 | -12 |
| Retained earnings and other reserves | 27,486 | 29,123 |
| Net result year to date | 2,514 | 1,143 |
| **Total** | **49,685** | **50,741** |

| ING Group: Loan book[1] | | | | | | |
|---|---|---|---|---|---|---|
| | Credit outstandings | | Non-performing loans | | NPL% | |
| in EUR million | 30 Jun. 2017 | 31 Mar. 2017 | 30 Jun. 2017 | 31 Mar. 2017 | 30 Jun. 2017 | 31 Mar. 2017 |
| Residential mortgages Netherlands | 120,487 | 121,983 | 1,366 | 1,376 | 1.1% | 1.1% |
| Other lending Netherlands | 33,607 | 34,468 | 1,997 | 2,101 | 5.9% | 6.1% |
| *of which business lending Netherlands* | 24,245 | 24,637 | 1,761 | 1,855 | 7.3% | 7.5% |
| Residential mortgages Belgium | 36,411 | 35,880 | 1,007 | 1,033 | 2.8% | 2.9% |
| Other lending Belgium | 48,660 | 50,187 | 1,364 | 1,357 | 2.8% | 2.7% |
| *of which business lending Belgium* | 37,799 | 37,372 | 1,081 | 1,065 | 2.9% | 2.8% |
| **Retail Benelux** | **239,165** | **242,518** | **5,734** | **5,867** | **2.4%** | **2.4%** |
| Residential mortgages Germany | 68,496 | 67,877 | 467 | 490 | 0.7% | 0.7% |
| Other lending Germany | 14,748 | 15,679 | 203 | 197 | 1.4% | 1.3% |
| Residential mortgages Other C&G Markets | 59,019 | 59,650 | 365 | 390 | 0.6% | 0.7% |
| Other lending Other C&G Markets | 26,272 | 25,638 | 914 | 903 | 3.5% | 3.5% |
| **Retail Challengers & Growth Markets** | **168,535** | **168,844** | **1,949** | **1,980** | **1.2%** | **1.2%** |
| Industry Lending | 127,907 | 131,979 | 3,333 | 3,181 | 2.6% | 2.4% |
| of which: Structured Finance | 98,084 | 102,826 | 2,752 | 2,473 | 2.8% | 2.4% |
| of which: Real Estate Finance | 29,823 | 29,153 | 581 | 708 | 1.9% | 2.4% |
| General Lending & Transaction Services | 83,389 | 84,793 | 1,096 | 1,160 | 1.3% | 1.4% |
| FM, Bank Treasury, Real Estate & Other | 14,270 | 17,403 | 887 | 932 | 6.2% | 5.4% |
| of which General Lease run-off | 2,749 | 2,838 | 828 | 872 | 30.1% | 30.7% |
| **Wholesale Banking** | **225,566** | **234,175** | **5,316** | **5,273** | **2.4%** | **2.3%** |
| **Total loan book** | **633,266** | **645,537** | **12,999** | **13,120** | **2.1%** | **2.0%** |

[1] Lending and money market credit outstandings, including guarantees and letters of credit but excluding undrawn committed exposures (off-balance positions).

ING Group's non-performing loans (NPL) ratio slightly increased to 2.1% in the second quarter of 2017 as a reduction in credit outstandings more than offset the lowered NPL amounts. ING Group's fully loaded common equity Tier 1 ratio remained strong at 14.5%.

## Credit risk management

ING Group's non-performing loans ratio increased compared with the previous quarter as the decline in NPL amounts was more than offset by the decrease in credit outstandings, especially in Structured Finance and Bank Treasury.

Within Retail Netherlands, the NPL ratio for residential mortgages remained flat at 1.1% compared with the previous quarter. The decrease of the portfolio size of the business lending portfolio in the Netherlands was outstripped by the decline in NPLs, resulting in a continued decline in the NPL ratio to 7.3% from 7.5% in the first quarter of 2017. For Retail Belgium, the NPL ratio for the residential mortgage portfolio came down to 2.8% from 2.9% in the previous quarter, while the NPL ratio of the business lending portfolio increased to 2.9% from 2.8%. For Retail Challengers & Growth Markets, the NPL ratio remained flat at 1.2%.

In Wholesale Banking, the NPL ratio increased slightly to 2.4% from 2.3% in the previous quarter, mainly due to a few files in Structured Finance. The NPL ratio for Real Estate Finance continued its improving trend, decreasing to 1.9% from 2.4% in the first quarter of 2017.

ING Group's stock of provisions remained stable at EUR 5.2 billion in the second quarter, as net additions were fully offset by amounts written off. Although ING Group's provision coverage ratio at consolidated level hardly moved, at business line level some modest changes were observable. ING Group's

| ING Group: Stock of provisions[1] | | | | | |
|---|---|---|---|---|---|
| in EUR million | Retail Benelux | Retail Challengers & Growth Markets | Wholesale Banking | Total[2] 2Q 2017 | Total 1Q 2017 |
| **Stock of provisions at beginning of period** | **1,818** | **1,268** | **2,146** | **5,232** | **5,308** |
| Changes in composition of the Bank | | | | 0 | 0 |
| Amounts written off | -109 | -41 | -91 | -241 | -235 |
| Recoveries of amounts written off | 12 | | -5 | 7 | 25 |
| Increases in loan loss provisioning | 134 | 98 | 202 | 435 | 424 |
| Releases from loan loss provisioning | -109 | -30 | -67 | -206 | -291 |
| Net addition to loan loss provisions | 25 | 68 | 135 | 229 | 133 |
| Exchange or other movements | 6 | -1 | -73 | -69 | 1 |
| **Stock of provisions at end of period** | **1,752** | **1,294** | **2,112** | **5,159** | **5,232** |
| **Coverage ratio 2Q 2017** | **30.6%** | **66.4%** | **39.7%** | **39.7%** | |
| Coverage ratio 1Q 2017 | 31.0% | 64.0% | 40.7% | 39.9% | |

[1] At the end of June 2017, the stock of provisions included provisions for amounts due from banks (EUR 13 million) and provisions for contingent liabilities recorded under Other Provisions (EUR 112 million).

[2] Net addition to the loan loss provisions includes EUR 1 million at Corporate Line

loan portfolio consists predominantly of asset-based and/or well-secured loans, including residential mortgages, Structured Finance and Real Estate Finance.

## Securities portfolio

ING Group's overall exposure to debt securities decreased to EUR 85.5 billion in the second quarter from EUR 90.8 billion in the first quarter, mainly due to bond sales and redemptions. The main decreases were in government bonds and covered bonds, down EUR 2.5 billion and EUR 1.9 billion respectively. The revaluation reserve of debt securities remained stable at EUR 1.0 billion after tax.

**ING Group: Debt securities[1)]**

| in EUR billion | 30 Jun. 17 | 31 Mar. 17 |
|---|---|---|
| Government bonds | 45.7 | 48.2 |
| Sub-sovereign, supranationals and agencies (SSA) | 20.1 | 20.8 |
| Covered bonds | 9.9 | 11.8 |
| Financial institutions[2)] | 2.4 | 2.6 |
| Corporate bonds | 2.2 | 2.2 |
| ABS | 5.3 | 5.2 |
| **Total** | **85.5** | **90.8** |

[1)] Excluding positions at fair value through the P&L but including securities classified as Loans & Receivables.
[2)] Including Central Bank bills.

**Breakdown government bonds**

| in EUR billion | 30 Jun. 17 | 31 Mar. 17 |
|---|---|---|
| The Netherlands | 8.2 | 9.2 |
| Belgium | 6.0 | 6.6 |
| United States | 5.8 | 4.4 |
| Poland | 5.6 | 6.3 |
| Germany | 5.1 | 5.7 |
| Austria | 3.8 | 3.8 |
| France | 3.1 | 4.0 |
| Finland | 2.2 | 2.2 |
| Spain | 2.2 | 2.6 |
| Romania | 0.7 | 0.6 |
| Turkey | 0.6 | 0.6 |
| Other | 2.2 | 2.2 |
| **Total** | **45.7** | **48.2** |

## Funding and liquidity

In the second quarter, ING Group issued EUR 1.4 billion of RMBS, senior debt and Tier 2 instruments. As the maturities and redemptions strongly exceeded this amount, long-term debt securities decreased by EUR 4.7 billion. As already announced in the 1Q17 press release, EUR 1.0 billion of ING Bank Tier 2 bonds were exchanged for ING Group Tier 2 notes at similar terms. ING Group's loan-to-deposit ratio, excluding securities recognised at amortised cost, remained stable at 1.05 compared with the end of March 2017. The liquidity position was above the minimum requirements.

## Market risk

In the second quarter, the average Value-at-Risk (VaR) remained stable at EUR 7 million for the third quarter in a row. The minimum and maximum of the total overnight VaR for ING Group's trading portfolio remained unchanged compared with the previous quarter and fluctuated between EUR 6 million and EUR 9 million.

**ING Group: Consolidated VaR trading books**

| in EUR million | Minimum | Maximum | Average | Quarter-end |
|---|---|---|---|---|
| Foreign exchange | 1 | 3 | 2 | 2 |
| Equities | 2 | 4 | 3 | 2 |
| Interest rate | 3 | 5 | 4 | 4 |
| Credit spread | 5 | 7 | 6 | 5 |
| Diversification | | | -8 | -7 |
| **Total VaR[1)]** | **6** | **9** | **7** | **7** |

[1)] The total VaR for the columns Minimum and Maximum cannot be calculated by taking the sum of the individual components since the observations for both the individual markets as well as for total VaR may occur on different dates.

# Risk & Capital Management

| ING Group: Capital position | | | | |
|---|---|---|---|---|
| | 2019 rules (fully loaded) | | 2017 rules (phased in) | |
| in EUR million | 30 June 17 | 31 Mar. 17 | 30 June 17 | 31 Mar. 17 |
| Shareholders' equity (parent) | 49,685 | 50,741 | 49,685 | 50,741 |
| - Interim profit not included in CET1 capital [1] | -1,706 | -2,482 | -1,706 | -2,482 |
| - Other regulatory adjustments | -3,119 | -3,299 | -3,092 | -3,321 |
| Regulatory adjustments | -4,825 | -5,781 | -4,798 | -5,803 |
| **Available common equity Tier 1 capital** | **44,860** | **44,960** | **44,888** | **44,939** |
| Additional Tier 1 securities [2] | 6,212 | 6,598 | 6,212 | 6,598 |
| Regulatory adjustments additional Tier 1 | 0 | 0 | -434 | -401 |
| **Available Tier 1 capital** | **51,072** | **51,559** | **50,666** | **51,136** |
| Supplementary capital - Tier 2 bonds [3] | 10,212 | 10,186 | 10,212 | 10,186 |
| Regulatory adjustments Tier 2 | 115 | 106 | 21 | 10 |
| **Available BIS capital** | **61,399** | **61,851** | **60,899** | **61,332** |
| Risk-weighted assets | 310,336 | 309,796 | 310,336 | 309,796 |
| **Common equity Tier 1 ratio** | **14.5%** | **14.5%** | **14.5%** | **14.5%** |
| Tier 1 ratio | 16.5% | 16.6% | 16.3% | 16.5% |
| Total capital ratio | 19.8% | 20.0% | 19.6% | 19.8% |
| **Leverage Ratio** | **4.6%** | **4.5%** | **4.6%** | **4.5%** |

[1] The interim profit not included in CET1 capital included EUR 1,706 million for YTD June 2017.
[2] Including EUR 2,827 million, which is CRR/CRD IV-compliant (Q1 2017: EUR 3,018 million), and EUR 3,386 million to be replaced as capital recognition is subject to CRR/CRD IV grandfathering rules (Q1 2017 EUR 3,580 million).
[3] Including EUR 8,122 million, which is CRR/CRD IV-compliant (Q1 2017: EUR 8,047 million), and EUR 2,090 million to be replaced as capital recognition is subject to CRR/CRD IV grandfathering rules (Q1 2017: EUR 2,139 million).

## Capital ratios

ING Group's fully loaded common equity Tier 1 ratio remained strong at the end of the second quarter of 2017 at 14.5%, which was stable compared to the end of March 2017. Similarly, common equity Tier 1 capital has remained approximately constant at EUR 44.9 billion. This is mainly due to the inclusion of EUR 0.5 billion of net profit stemming from second-quarter earnings, offset by a EUR 0.4 billion reduction in FX reserves and a EUR 0.2 billion reduction in debt and equity reserves. The remaining quarterly profit of EUR 0.9 billion has been reserved for future dividend payments. This follows the decision to reserve one third of the aggregate prior-year dividend in each of the first three quarters of the financial year. This treatment of interim profits is in line with ING's aim to pay a progressive dividend over time, and facilitates a smoother quarterly capital development. The 2016 final dividend payment of EUR 1,632 million on 18 May 2017 did not have an impact on the common equity Tier 1 ratio.

The development of the common equity Tier 1 ratio was further impacted by a slight increase of EUR 0.5 billion in risk-weighted assets (RWA), primarily due to a rise in credit RWA.

ING Group's fully loaded Tier 1 ratio (including grandfathered securities) decreased slightly from 16.6% to 16.5% compared to the end of March 2017. This is the result of changes in common equity Tier 1 capital (as explained above) as well as foreign currency movements, resulting in a EUR 0.5 billion decrease in the Available Tier 1 capital base. On 1 August 2017, ING has announced that it will redeem a USD 0.5 billion Additional Tier 1 instrument in September 2017. The redemption is in line with ING's strategy to continuously optimise its capital structure. The fully loaded total capital ratio (including grandfathered securities) decreased to 19.8% at the end of June 2017 from 20.0% in the previous quarter. The development primarily reflects the change in the fully loaded Tier 1 ratio, as Tier 2 capital remained approximately stable. This is attributable to negative FX movements, largely neutralising the EUR 0.3 billion ING Group Tier 2 private placements issued during the quarter.

ING Group's phased-in common equity Tier 1 ratio remained stable at 14.5% compared to the first quarter of 2017. The phased-in Tier 1 ratio decreased to 16.3%, and the phased-in total capital ratio decreased to 19.6%. The developments in the phased-in capital ratios largely mirror trends in the fully loaded capital ratios in combination with the application of the transitional rules under CRR/CRDIV. All ratios remain significantly ahead of regulatory requirements.

The leverage ratio of ING Group according to the Delegated Act (including grandfathered securities) takes into account the impact of grossing up the notional cash pool activities. The leverage ratio on 30 June 2017 was 4.6%, up 0.1 percentage point compared to the end of March 2017. This is attributable to the decrease in the total exposure measure, which more than offsets the reduction in Tier 1 capital.

## Risk-weighted assets (RWA)

At the end of June 2017, ING Group's total RWA were EUR 310.3 billion, EUR 0.5 billion higher than at the end of the previous quarter. The increase includes a EUR 4.5 billion decrease as a result of foreign currency movements that were mainly caused by the depreciation of the US dollar. At comparable FX rates, the increase was primarily due to a rise in credit risk-weighted assets amounting to EUR 5.7 billion; this mainly reflects RWA growth related to volume growth and a model update for Dutch mortgages. These impacts were partially offset by positive risk migration in the Retail Benelux portfolio and lower RWA for ING's equity stakes. Market risk-weighted assets decreased by EUR 0.8 billion to

EUR 5.8 billion, while operational risk-weighted assets were broadly stable at EUR 39.3 billion.

| ING Group: Composition of RWA | | |
|---|---|---|
| in EUR billion | 30 June 17 | 31 Mar. 17 |
| Credit RWA | 265.2 | 264.1 |
| Operational RWA | 39.3 | 39.1 |
| Market RWA | 5.8 | 6.6 |
| **Total RWA** | **310.3** | **309.8** |

## Dividend

ING's dividend policy aims to pay a progressive dividend over time, while maintaining a healthy Group common equity Tier 1 ratio above the prevailing fully loaded requirement, plus a comfortable management buffer to accommodate for factors such as Pillar 2 Guidance. As part of its dividend policy, ING also aims to pay an interim dividend with its half-year results. The cash interim dividend has been set at EUR 0.24 per ordinary share, which is the same amount per share as in 2015 and 2016. The interim dividend will be paid in August 2017. The Board's final dividend proposal will be made at year-end, and will reflect considerations including expected future capital requirements, growth opportunities available to the Group, net earnings, and regulatory developments.

## Ratings

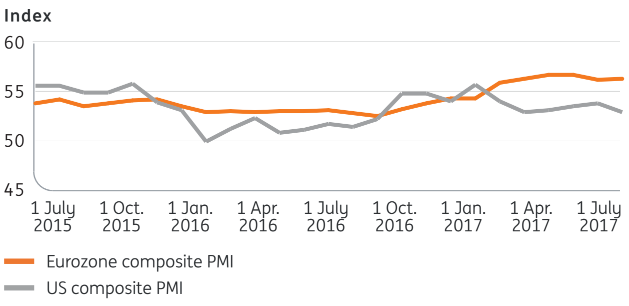
During the second quarter of 2017, the ratings and outlook from S&P, Moody's and Fitch remained unchanged. On 26 July 2017, S&P upgraded the long-term ratings for ING Bank N.V. to A+ (from A). The upgrade reflects S&P's expectation that in the coming years ING will build a sizable buffer of bail-inable debt protecting ING Bank senior creditors, while maintaining strong capital adequacy metrics thanks to resilient financial performance, supportive internal capital generation, and a broadly similar risk profile.

| Main credit ratings of ING on 2 August 2017 | | | | | | |
|---|---|---|---|---|---|---|
| | Standard & Poor's | | Moody's | | Fitch | |
| | Rating | Outlook | Rating | Outlook | Rating | Outlook |
| ING Groep N.V. | A- | Stable | Baa1 | Stable | A+ | Stable |
| ING Bank N.V. | A+ | Stable | A1 | Positive | A+ | Stable |

# Economic Environment

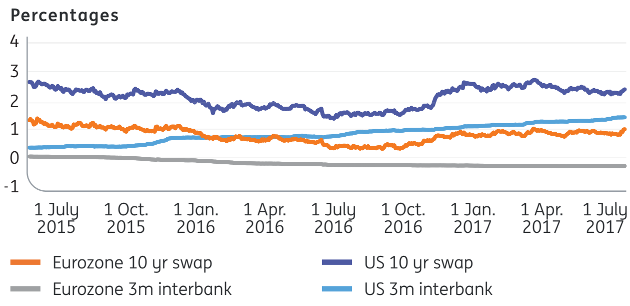
## Economic activity

Businesses continue to be upbeat about the eurozone economy, and the eurozone composite PMI is the strongest among the world's most important economies. In fact, in the second quarter the PMI was the strongest in six years, despite a small decline in June. Even though the PMI for the US strengthened in the second quarter and US growth has improved, US economic data have still been relatively soft recently. The PMIs are regarded as timely indicators of underlying trends in economic activity.



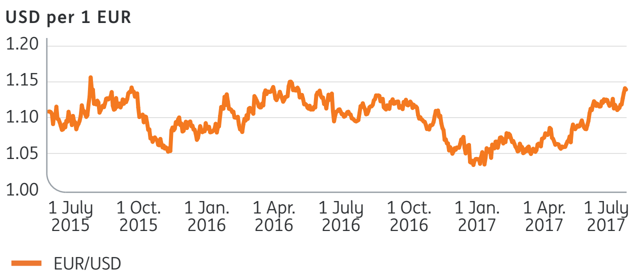

## Interest rates

In the US, the 3-month Libor has been increasing quickly following the increase in the Fed funds rate in both March and June. The ECB is expected to keep rates unchanged for the moment and only to start tapering in January. This, together with diminished political risk and stronger growth, is causing the long end of the curve to increase, while the short end remains negative for now.



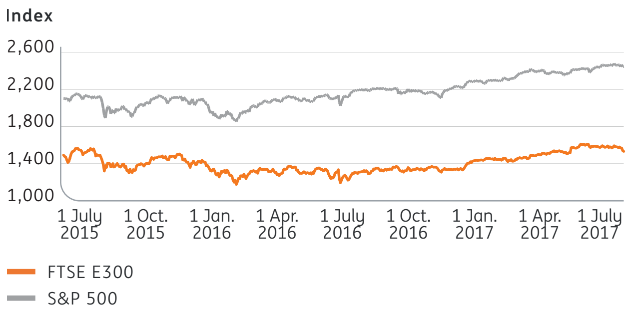

## Currency markets

The euro strengthened significantly over the past few months because of a strong domestic economy and speculation about the end of asset purchases by the ECB. At the same time, expectations of rate hikes in the US declined somewhat as economic output indicators came in on the soft side, causing dollar weakness.



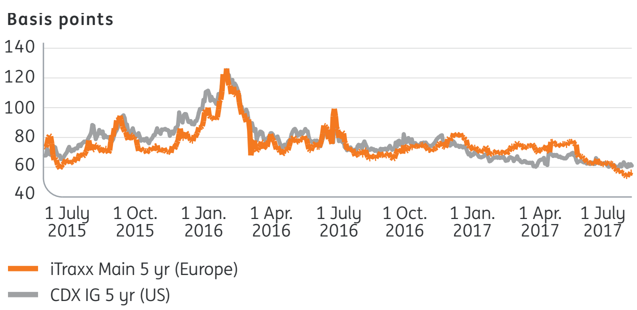

## Stock markets

The pace of stock market gains has fallen significantly in the US, with a small loss for the S&P 500 in the second quarter. The Euro Area FTSE 300 Index outperformed its American counterpart by 2.6% growth during the second quarter. Continued strength in the economy, political risks that are not materialising, and continued monetary support from the ECB boosted equities during the past quarter.



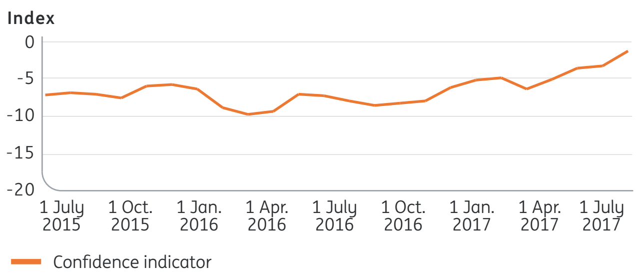

## Credit markets

Credit spreads tightened during the past quarter in both the US and Europe. In the eurozone, this was mainly caused by subsiding political risk while economic growth improved.




## Consumer confidence

In June, eurozone consumer confidence surged to its highest reading since 2001. This optimism can largely be explained by improving job growth. The declining inflation rate, following lower oil prices, also helped real wage growth to improve.





Source: ING Economics Department

# Appendix

## Consolidated profit or loss account: ING Group

**ING Group: Consolidated profit or loss account**

| | Total ING Group | | of which: Divestments/Special Items | | of which: Insurance Other | | of which: Underlying Banking | |
|---|---|---|---|---|---|---|---|---|
| In EUR million | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 |
| Net interest income | 3,359 | 3,267 | | | - | - | 3,359 | 3,267 |
| Net commission income | 713 | 610 | | | -1 | - | 714 | 610 |
| Investment income | 43 | 172 | | | - | - | 43 | 172 |
| Other income | 384 | 440 | | | -31 | -58 | 415 | 498 |
| **Total income** | **4,500** | **4,489** | **-** | **-** | **-32** | **-58** | **4,532** | **4,547** |
| Expenses excl. regulatory costs | 2,242 | 2,157 | | - | - | | 2,242 | 2,157 |
| Regulatory costs | 69 | 75 | | - | - | | 69 | 75 |
| **Operating expenses** | **2,311** | **2,231** | **-** | **-** | **-** | **-** | **2,311** | **2,231** |
| **Gross result** | **2,189** | **2,258** | **-** | **-** | **-32** | **-58** | **2,221** | **2,316** |
| Addition to loan loss provisions | 229 | 307 | | | - | - | 229 | 307 |
| **Result before tax** | **1,960** | **1,951** | **-** | **-** | **-32** | **-58** | **1,992** | **2,009** |
| Taxation | 565 | 569 | | - | - | | 565 | 569 |
| Non-controlling interests | 23 | 23 | | | - | | 23 | 23 |
| **Net result from continuing operations** | **1,371** | **1,359** | **-** | **-** | **-32** | **-58** | **1,403** | **1,417** |
| Net result from discontinued operations | - | -64 | | | | | | |
| **Net result ING Group** | **1,371** | **1,295** | | | | | | |

**ING Group: Underlying profit or loss account**

| | Total ING Group | | of which: Retail Banking | | of which: Wholesale Banking | | of which: Corporate Line Banking | |
|---|---|---|---|---|---|---|---|---|
| In EUR million | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 |
| Net interest income | 3,359 | 3,267 | 2,372 | 2,333 | 941 | 902 | 46 | 31 |
| Net commission income | 714 | 610 | 419 | 339 | 297 | 273 | -2 | -1 |
| Investment income | 43 | 172 | 39 | 156 | 11 | 15 | -6 | 1 |
| Other income | 415 | 498 | 144 | 197 | 340 | 281 | -68 | 20 |
| **Total underlying income** | **4,532** | **4,547** | **2,974** | **3,025** | **1,588** | **1,471** | **-30** | **51** |
| Expenses excl. regulatory costs | 2,242 | 2,157 | 1,493 | 1,494 | 667 | 587 | 82 | 76 |
| Regulatory costs | 69 | 75 | 61 | 72 | 7 | 2 | 1 | 1 |
| **Operating expenses** | **2,311** | **2,231** | **1,554** | **1,566** | **675** | **590** | **82** | **76** |
| **Gross result** | **2,221** | **2,316** | **1,420** | **1,459** | **914** | **881** | **-113** | **-25** |
| Addition to loan loss provisions | 229 | 307 | 93 | 184 | 135 | 123 | 1 | 0 |
| **Underlying result before tax** | **1,992** | **2,009** | **1,327** | **1,275** | **778** | **758** | **-113** | **-25** |
| Taxation | 565 | 569 | 369 | 346 | 208 | 266 | -12 | -42 |
| Non-controlling interests | 23 | 23 | 20 | 19 | 3 | 4 | - | - |
| **Underlying net result** | **1,403** | **1,417** | **938** | **911** | **566** | **489** | **-101** | **17** |
| Special items after tax | - | - | - | - | - | - | - | - |
| **Net result Banking** | **1,403** | **1,417** | **938** | **911** | **566** | **489** | **-101** | **17** |
| Net result Insurance Other | -32 | -58 | | | | | | |
| **Net result from continuing operations** | **1,371** | **1,359** | | | | | | |
| Net result from discontinued operations | - | -64 | | | | | | |
| **Net result ING Group** | **1,371** | **1,295** | | | | | | |

**ING Group: Profitability and efficiency**

| | ING Group | | Retail Banking | | Wholesale Banking | | Corporate Line Banking | |
|---|---|---|---|---|---|---|---|---|
| In EUR million | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 |
| Cost/income ratio (continuing operations) | 51.4% | 49.7% | | | | | | |
| Underlying cost/income ratio | 51.0% | 49.1% | 52.3% | 51.8% | 42.5% | 40.1% | n.a. | n.a. |
| ING Group's total return on IFRS-EU equity[1] | 11.4% | 10.6% | | | | | | |
| ING Group's underlying return on IFRS-EU equity[1] | 11.7% | 11.6% | | | | | | |

[1] Annualised (underlying) net result divided by average IFRS-EU shareholders' equity excluding declared dividend and interim profit not included in CET1 capital as from 1Q2017.

# Appendix

## Consolidated profit or loss account: ING Group

**ING Group: Consolidated profit or loss account**

| | Total ING Group | | of which: Divestments/Special Items | | of which: Insurance Other | | of which: Underlying Banking | |
|---|---|---|---|---|---|---|---|---|
| In EUR million | 6M2017 | 6M2016 | 6M2017 | 6M2016 | 6M2017 | 6M2016 | 6M2017 | 6M2016 |
| Net interest income | 6,711 | 6,515 | | | - | - | 6,711 | 6,515 |
| Net commission income | 1,395 | 1,217 | | | -1 | - | 1,396 | 1,217 |
| Investment income | 91 | 243 | | | - | - | 91 | 243 |
| Other income | 666 | 522 | | | -62 | -136 | 729 | 659 |
| **Total income** | **8,864** | **8,498** | **-** | **-** | **-64** | **-136** | **8,928** | **8,634** |
| Expenses excl. regulatory costs | 4,379 | 4,314 | | 17 | - | | 4,379 | 4,297 |
| Regulatory costs | 543 | 571 | | - | - | | 543 | 571 |
| **Operating expenses** | **4,922** | **4,884** | **-** | **17** | **-** | **-** | **4,922** | **4,868** |
| **Gross result** | **3,942** | **3,613** | **-** | **-17** | **-64** | **-136** | **4,005** | **3,766** |
| Addition to loan loss provisions | 362 | 571 | | | - | | 362 | 571 |
| **Underlying result before tax** | **3,580** | **3,042** | **-** | **-17** | **-64** | **-136** | **3,644** | **3,195** |
| Taxation | 1,022 | 893 | | -4 | - | | 1,022 | 898 |
| Non-controlling interests | 44 | 39 | | | - | | 44 | 39 |
| **Net result from continuing operations** | **2,514** | **2,110** | **-** | **-13** | **-64** | **-136** | **2,578** | **2,259** |
| Net result from discontinued operations | - | 442 | | | | | | |
| **Net result ING Group** | **2,514** | **2,552** | | | | | | |

**ING Group: Underlying profit or loss account**

| | Total ING Group | | of which: Retail Banking | | of which: Wholesale Banking | | of which: Corporate Line Banking | |
|---|---|---|---|---|---|---|---|---|
| In EUR million | 6M2017 | 6M2016 | 6M2017 | 6M2016 | 6M2017 | 6M2016 | 6M2017 | 6M2016 |
| Net interest income | 6,711 | 6,515 | 4,743 | 4,663 | 1,896 | 1,827 | 71 | 25 |
| Net commission income | 1,396 | 1,217 | 822 | 695 | 577 | 524 | -3 | -2 |
| Investment income | 91 | 243 | 66 | 213 | 34 | 30 | -9 | 1 |
| Other income | 729 | 659 | 255 | 270 | 627 | 406 | -153 | -17 |
| **Total underlying income** | **8,928** | **8,634** | **5,887** | **5,840** | **3,134** | **2,787** | **-93** | **7** |
| Expenses excl. regulatory costs | 4,379 | 4,297 | 2,952 | 3,002 | 1,275 | 1,161 | 152 | 134 |
| Regulatory costs | 543 | 571 | 444 | 466 | 98 | 104 | 1 | 1 |
| **Operating expenses** | **4,922** | **4,868** | **3,397** | **3,467** | **1,373** | **1,265** | **152** | **135** |
| **Gross result** | **4,005** | **3,766** | **2,490** | **2,373** | **1,761** | **1,522** | **-245** | **-128** |
| Addition to loan loss provisions | 362 | 571 | 191 | 331 | 170 | 240 | 1 | -0 |
| **Underlying result before tax** | **3,644** | **3,195** | **2,299** | **2,041** | **1,591** | **1,282** | **-246** | **-128** |
| Taxation | 1,022 | 898 | 636 | 553 | 438 | 416 | -53 | -71 |
| Non-controlling interests | 44 | 39 | 37 | 32 | 7 | 6 | - | - |
| **Underlying net result** | **2,578** | **2,259** | **1,626** | **1,456** | **1,145** | **860** | **-193** | **-57** |
| Special items after tax | - | -13 | - | -13 | - | - | - | - |
| **Net result Banking** | **2,578** | **2,246** | **1,626** | **1,443** | **1,145** | **860** | **-193** | **-57** |
| Net result Insurance Other | -64 | -136 | | | | | | |
| **Net result from continuing operations** | **2,514** | **2,110** | | | | | | |
| Net result from discontinued operations | - | 442 | | | | | | |
| **Net result ING Group** | **2,514** | **2,552** | | | | | | |

**ING Group: Profitability and efficiency**

| | ING Group | | Retail Banking | | Wholesale Banking | | Corporate Line Banking | |
|---|---|---|---|---|---|---|---|---|
| In EUR million | 6M2017 | 6M2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 |
| Cost/income ratio (continuing operations) | 55.5% | 57.5% | | | | | | |
| Underlying cost/income ratio | 55.1% | 56.4% | 57.7% | 59.4% | 43.8% | 45.4% | n.a. | n.a. |
| ING Group's total return on IFRS-EU equity[1)] | 10.4% | 10.5% | | | | | | |
| ING Group's underlying return on IFRS-EU equity[1)] | 10.6% | 9.3% | | | | | | |

1) Annualised (underlying) net result divided by average IFRS-EU shareholders' equity excluding declared dividend and interim profit not included in CET1 capital as from 1Q2017.

# Appendix

## Consolidated profit or loss account: Geographical split

**Geographical split: Consolidated profit or loss account**

| | Total ING Group | | Netherlands | | Belgium | | Germany | | Other Challengers | | Growth Markets | | Wholesale Banking Rest of World | | Other | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| In EUR million | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 | 2Q2017 | 2Q2016 |
| Net interest income | 3,359 | 3,267 | 1,129 | 1,136 | 528 | 553 | 522 | 484 | 373 | 354 | 384 | 303 | 376 | 407 | 47 | 31 |
| Net commission income | 714 | 610 | 224 | 203 | 148 | 127 | 65 | 61 | 57 | 34 | 88 | 70 | 133 | 114 | -2 | -1 |
| Investment income | 43 | 172 | 8 | 29 | 20 | 3 | 0 | 44 | 3 | 11 | 22 | 84 | -4 | -1 | -6 | 1 |
| Other income | 415 | 498 | 120 | 84 | 125 | 211 | 3 | 24 | 5 | 28 | 35 | 67 | 99 | 47 | 27 | 36 |
| **Total underlying income** | **4,532** | **4,547** | **1,482** | **1,452** | **822** | **895** | **590** | **614** | **439** | **427** | **529** | **524** | **604** | **567** | **66** | **68** |
| Expenses excl. regulatory costs | 2,242 | 2,157 | 686 | 886 | 481 | 285 | 250 | 223 | 235 | 202 | 244 | 232 | 261 | 251 | 84 | 77 |
| Regulatory costs | 69 | 75 | 19 | 7 | -13 | 6 | 15 | 14 | 15 | 14 | 31 | 34 | 2 | -1 | 1 | 1 |
| **Operating expenses** | **2,311** | **2,231** | **705** | **893** | **468** | **291** | **265** | **237** | **250** | **216** | **275** | **266** | **263** | **250** | **85** | **78** |
| **Gross result** | **2,221** | **2,316** | **777** | **558** | **354** | **604** | **325** | **376** | **189** | **211** | **253** | **257** | **341** | **318** | **-19** | **-10** |
| Addition to loan loss provisions | 229 | 307 | 17 | 103 | 19 | 93 | 2 | 16 | 57 | 37 | 57 | 43 | 76 | 15 | 1 | 0 |
| **Underlying result before tax Banking** | **1,992** | **2,009** | **760** | **456** | **335** | **512** | **322** | **360** | **132** | **175** | **197** | **214** | **265** | **302** | **-19** | **-10** |
| Retail Banking | 1,327 | 1,275 | 565 | 325 | 304 | 401 | 214 | 279 | 84 | 102 | 159 | 169 | - | - | - | - |
| Wholesale Banking | 778 | 758 | 195 | 131 | 30 | 111 | 109 | 81 | 48 | 72 | 37 | 45 | 265 | 302 | 94 | 15 |
| Corporate Line | -113 | -25 | - | - | - | - | - | - | - | - | - | - | - | - | -113 | -25 |
| **Underlying result before tax** | **1,992** | **2,009** | **760** | **456** | **335** | **512** | **322** | **360** | **132** | **175** | **197** | **214** | **265** | **302** | **-19** | **-10** |
| Taxation | 565 | 569 | 191 | 110 | 117 | 165 | 107 | 101 | 42 | 49 | 45 | 41 | 73 | 143 | -9 | -39 |
| Non-controlling interests | 23 | 23 | - | - | 2 | -1 | 1 | 0 | - | - | 21 | 23 | - | - | - | - |
| **Underlying net result Banking** | **1,403** | **1,417** | **569** | **346** | **216** | **347** | **215** | **259** | **90** | **126** | **131** | **150** | **192** | **159** | **-10** | **29** |
| Special items after tax | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Net result Banking** | **1,403** | **1,417** | **569** | **346** | **216** | **347** | **215** | **259** | **90** | **126** | **131** | **150** | **192** | **159** | **-10** | **29** |
| Net result Insurance Other | -32 | -58 | | | | | | | | | | | | | | |
| **Net result from continuing operations** | **1,371** | **1,359** | | | | | | | | | | | | | | |
| Net result from discontinued operations | - | -64 | | | | | | | | | | | | | | |
| **Net result ING Group** | **1,371** | **1,295** | | | | | | | | | | | | | | |

# Appendix

## Consolidated profit or loss account: Geographical split

**Geographical split: Consolidated profit or loss account**

| | Total ING Group | | Netherlands | | Belgium | | Germany | | Other Challengers | | Growth Markets | | Wholesale Banking Rest of World | | Other | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| In EUR million | 6M2017 | 6M2016 | 6M2017 | 6M2016 | 6M2017 | 6M2016 | 6M2017 | 6M2016 | 6M2017 | 6M2016 | 6M2017 | 6M2016 | 6M2017 | 6M2016 | 6M2017 | 6M2016 |
| Net interest income | 6,711 | 6,515 | 2,256 | 2,318 | 1,079 | 1,087 | 1,050 | 989 | 748 | 701 | 742 | 600 | 763 | 796 | 72 | 25 |
| Net commission income | 1,396 | 1,217 | 448 | 401 | 288 | 268 | 125 | 120 | 113 | 72 | 161 | 137 | 264 | 221 | -3 | -1 |
| Investment income | 91 | 243 | 39 | 61 | 27 | 39 | 12 | 48 | 6 | 11 | 23 | 91 | -6 | -5 | -9 | -2 |
| Other income | 729 | 659 | 190 | 95 | 267 | 225 | -3 | 28 | 22 | 42 | 99 | 135 | 200 | 128 | -46 | 5 |
| **Total underlying income** | **8,928** | **8,634** | **2,933** | **2,875** | **1,661** | **1,618** | **1,184** | **1,186** | **889** | **826** | **1,025** | **963** | **1,221** | **1,140** | **14** | **27** |
| Expenses excl. regulatory costs | 4,379 | 4,297 | 1,350 | 1,646 | 909 | 702 | 502 | 439 | 472 | 417 | 477 | 472 | 512 | 482 | 156 | 139 |
| Regulatory costs | 543 | 571 | 124 | 118 | 212 | 202 | 69 | 117 | 37 | 36 | 74 | 60 | 26 | 36 | 1 | 1 |
| **Operating expenses** | **4,922** | **4,868** | **1,474** | **1,764** | **1,122** | **904** | **571** | **556** | **509** | **454** | **551** | **532** | **538** | **517** | **157** | **139** |
| **Gross result** | **4,005** | **3,766** | **1,459** | **1,110** | **539** | **713** | **613** | **629** | **380** | **372** | **474** | **431** | **684** | **623** | **-143** | **-112** |
| Addition to loan loss provisions | 362 | 571 | 6 | 194 | 78 | 126 | 2 | 22 | 97 | 66 | 110 | 102 | 69 | 61 | 1 | -0 |
| **Underlying result before tax Banking** | **3,644** | **3,195** | **1,453** | **916** | **462** | **588** | **611** | **607** | **283** | **306** | **364** | **329** | **614** | **562** | **-143** | **-112** |
| Retail Banking | 2,299 | 2,041 | 1,043 | 661 | 377 | 507 | 398 | 452 | 191 | 175 | 290 | 246 | - | - | - | - |
| Wholesale Banking | 1,591 | 1,282 | 410 | 255 | 85 | 81 | 213 | 155 | 92 | 131 | 74 | 82 | 614 | 562 | 103 | 16 |
| Corporate Line | -246 | -128 | - | - | - | - | - | - | - | - | - | - | - | - | -246 | -128 |
| **Underlying result before tax** | **3,644** | **3,195** | **1,453** | **916** | **462** | **588** | **611** | **607** | **283** | **306** | **364** | **329** | **614** | **562** | **-143** | **-112** |
| Taxation | 1,022 | 898 | 365 | 225 | 161 | 183 | 204 | 186 | 85 | 94 | 79 | 62 | 174 | 215 | -47 | -67 |
| Non-controlling interests | 44 | 39 | - | - | 3 | -1 | 1 | 1 | - | - | 40 | 39 | - | - | - | - |
| **Underlying net result Banking** | **2,578** | **2,259** | **1,088** | **691** | **297** | **406** | **406** | **421** | **198** | **213** | **245** | **228** | **441** | **346** | **-96** | **-46** |
| Special items after tax | - | -13 | - | -13 | - | - | - | - | - | - | - | - | - | - | - | - |
| **Net result Banking** | **2,578** | **2,246** | **1,088** | **679** | **297** | **406** | **406** | **421** | **198** | **213** | **245** | **228** | **441** | **346** | **-96** | **-46** |
| Net result Insurance Other | -64 | -136 | | | | | | | | | | | | | | |
| **Net result from continuing operations** | **2,514** | **2,110** | | | | | | | | | | | | | | |
| Net result from discontinued operations | - | 442 | | | | | | | | | | | | | | |
| **Net result ING Group** | **2,514** | **2,552** | | | | | | | | | | | | | | |

## ING profile

ING is a global financial institution with a strong European base, offering banking services through its operating company ING Bank. The purpose of ING Bank is empowering people to stay a step ahead in life and in business. ING Bank's more than 51,000 employees offer retail and wholesale banking services to customers in over 40 countries.

ING Group shares are listed on the exchanges of Amsterdam (INGA NA, INGA.AS), Brussels and on the New York Stock Exchange (ADRs: ING US, ING.N).

Sustainability forms an integral part of ING's strategy, which is evidenced by the number one position among 395 banks ranked by Sustainalytics. ING Group shares are being included in the FTSE4Good index and in the Dow Jones Sustainability Index (Europe and World) where ING is among the leaders in the Banks industry group.

## Further information

All publications related to ING's 2Q17 results can be found at www.ing.com/2q17, including a video with Ralph Hamers. The video is also available on YouTube.

Additional financial information is available at www.ing.com/qr:
- ING Group historical trend data
- ING Group analyst presentation (also available via SlideShare)

For further information on ING, please visit www.ing.com. Frequent news updates can be found in the Newsroom or via the @ING_news Twitter feed. Photos of ING operations, buildings and its executives are available for download at Flickr. Footage (B-roll) of ING is available via ing.yourmediakit.com or can be requested by emailing info@yourmediakit.com. ING presentations are available at SlideShare.

## Important legal information

Elements of this press release contain or may contain information about ING Groep N.V. and/ or ING Bank N.V. within the meaning of Article 7(1) to (4) of EU Regulation No 596/ 2014.

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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