Credit Update 2Q16

Amsterdam ▪ 3 August 2016

thinkforward

ING

Key points

- ING Bank records underlying 2Q16 net profit of EUR 1,417 mln, up 26.7% from 2Q15 and 68.3% higher versus 1Q16. This leads to a RoE of 10.8% over the first half of 2016 for ING Bank
- Strong results boosted by steady growth in net interest income, improved performance in Financial Markets and moderate risk costs
- Results further supported by one-time gain on sale of Visa shares; other one-off expense items largely offsetting each other
- ING Group fully-loaded CET1 ratio of 13.1%, excluding EUR 2,552 million net profit for the first half of 2016. This already compares well to our 2019 fully-loaded CET1 requirement of 12.5%
- ING declares 2016 interim cash dividend of EUR 0.24 per ordinary share, in line with last year
- Think Forward priority of new innovations keeps improving customer experience; focus on sustainability as we aim to drive sustainable progress

On track to deliver on our Ambition 2017

ING Group

	2014	2015	1H16	Guidance
CET1 (CRD IV)	10.5%	12.7%	13.1%	• Over time, we will maintain a comfortable buffer above the prevailing fully-loaded requirements
Leverage ratio*	3.4%	4.4%	4.4%	
Group dividend	EUR 0.12	EUR 0.65		• We are committed to maintaining a healthy Group CET1 ratio in excess of prevailing fully-loaded CET1 requirements, currently 12.5%, and to returning capital to our shareholders
Of which interim		EUR 0.24	EUR 0.24	• We aim to pay a progressive dividend over time

ING Bank

	2014	2015	1H16	Ambition 2017	Guidance
CET1 (CRD IV)	11.4%	11.6%	12.2%	>10%	• Bank capital levels will gradually migrate towards Group capital levels
Leverage ratio*	3.6%	4.1%	4.1%	~4%	
C/I**	58.7%	55.9%	56.4%	50-53%	• If the expected 2016 regulatory costs were equally distributed over the 4 quarters of 2016, then the 2Q16 cost/income ratio would have been 55.2%
RoE** (IFRS-EU equity)	9.9%	10.8%	10.8%	10-13%	• If the expected 2016 regulatory costs were equally distributed over the 4 quarters of 2016, then the 1H16 RoE would have been 11.1%

* The leverage exposure of 4.4% for ING Group and 4.1% for ING Bank at 30 June 2016 is based on the Delegated Act. The leverage ratio based on the published IFRS-EU balance sheet is 4.5% for ING Bank at 30 June 2016

** The reported cost/income and RoE in the first half of 2016 is significantly impacted by regulatory costs that are to a large extent booked in the first quarter of 2016

Business profile and strategy

ING is uniquely positioned and continues to build on its strengths

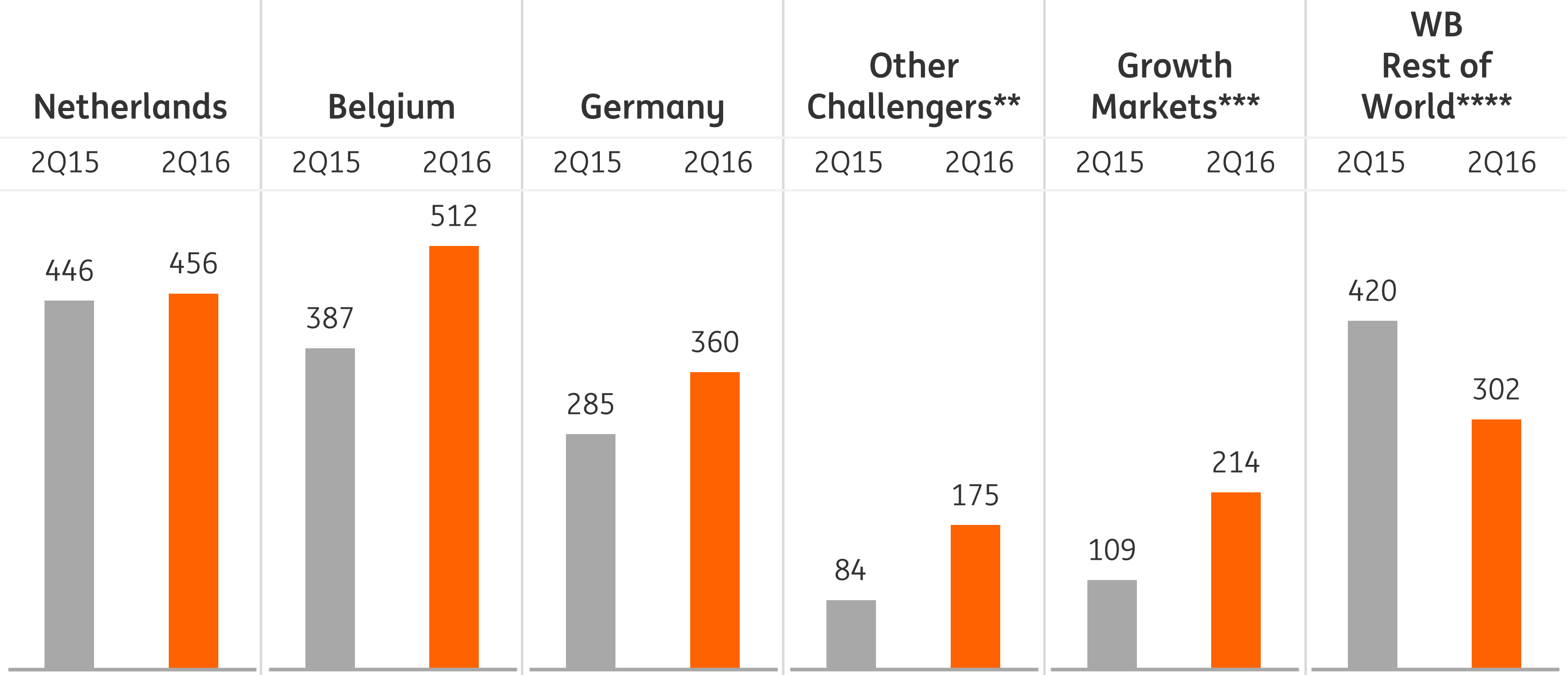
Effective business model	▪ Strong deposit gatherer across Europe ▪ Leading 'digital first' bank in Europe ▪ Client-focused Wholesale Bank supported by leading Industry Lending franchise ▪ Recognised as an industry leader in sustainability
Track record of delivery	▪ Disciplined cost management ▪ Solid balance sheet ▪ Consistent capital generator
Significant upside potential	▪ Mix of mature and growth businesses ▪ Increasingly strong positions in "Challenger" countries ▪ Well placed to benefit from the European Banking Union

Market Leaders	Challengers	Growth Markets
Netherlands, Belgium / Luxembourg	Germany / Austria, Czech Republic*, Spain, Italy, France and Australia	Poland, Turkey, Romania and Asian stakes
Wholesale Banking International Network		

* Our retail presence in Czech Republic (400,000 retail customers) was allocated/booked under Wholesale Banking and is booked under Retail Challengers as of 1 January 2016

ING has a well-diversified business portfolio and a conservative risk profile

Underlying Result before Tax*



	Netherlands 2Q15	Netherlands 2Q16	Belgium 2Q15	Belgium 2Q16	Germany 2Q15	Germany 2Q16	Other Challengers** 2Q15	Other Challengers** 2Q16	Growth Markets*** 2Q15	Growth Markets*** 2Q16	WB Rest of World**** 2Q15	WB Rest of World**** 2Q16
Risk costs in bps of average RWA	83	45	28	73	20	19	10	55	52	38	27	9

* As per Geographical split Banking; segment "Other" not shown on slide. The Underlying result before tax for this segment was EUR -10 mln in 2Q16 and EUR -130 mln in 2Q15
** Including Australia, Czech Republic, France, Italy, Spain, UK Legacy run-off portfolio
*** Including Poland, Romania, Turkey, Asian stakes
**** Decrease in underlying pre-tax result largely explained by a negative CVA/DVA swing of EUR 90 mln year-on-year

Ability to deliver an outstanding banking experience boosts primary customer numbers and commercial growth

Think Forward strategy continues to improve customer experience and drive commercial growth

Purpose

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

Customer Promise

Clear and Easy | Anytime, Anywhere | Empower | Keep Getting Better

Strategic Priorities

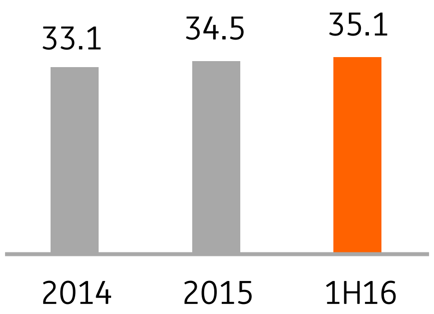
Creating a differentiating customer experience

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

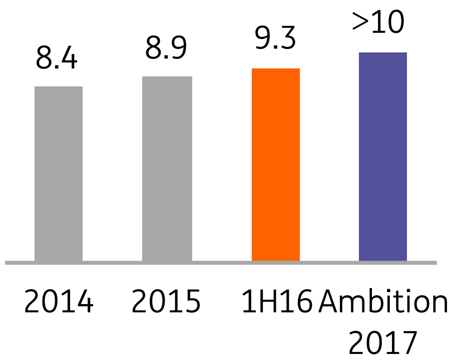
Enablers

Simplify & Streamline | Operational Excellence | Performance Culture | Lending Capabilities

+650,000 individual customers* (in mln)



+350,000 primary customers (in mln)



ING Bank core lending businesses 1H16

Net growth

+21.9 bln

Net Promoter Scores (NPS)

#1 in **7** of 13 countries

* Historical numbers for the Netherlands have been adjusted

ING

Recognition for ING as an industry leader in sustainability

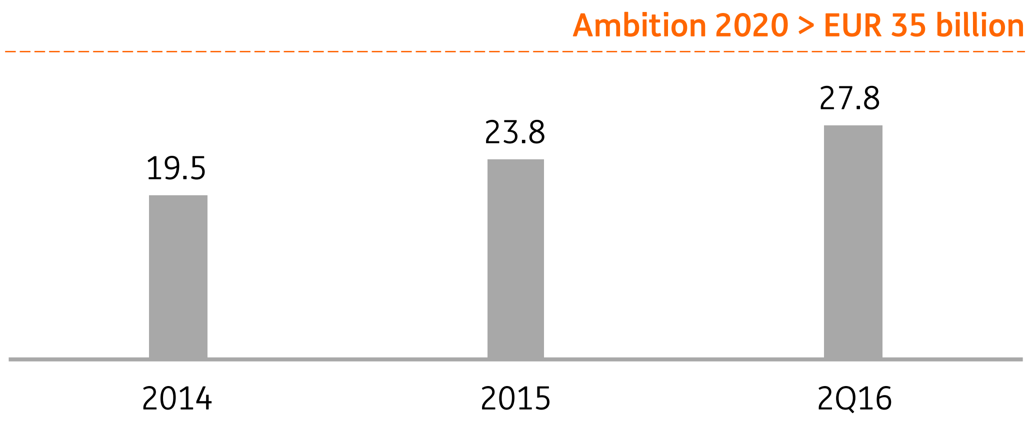
Industry awards and memberships

ING is ranked 21st out of 500 of the world's largest publicly traded companies in the 2016 Newsweek Green Rankings, up from 27th last year

ING joined the Ellen MacArthur Foundation as an official Circular Economy 100 (CE100) corporate member in June 2016

ING received the 'bond of the year' and 'biggest issuer' awards at the Environmental Finance's Green Bond Awards

Sustainable transitions financed* (in EUR bln)



Notable deals in 2Q16

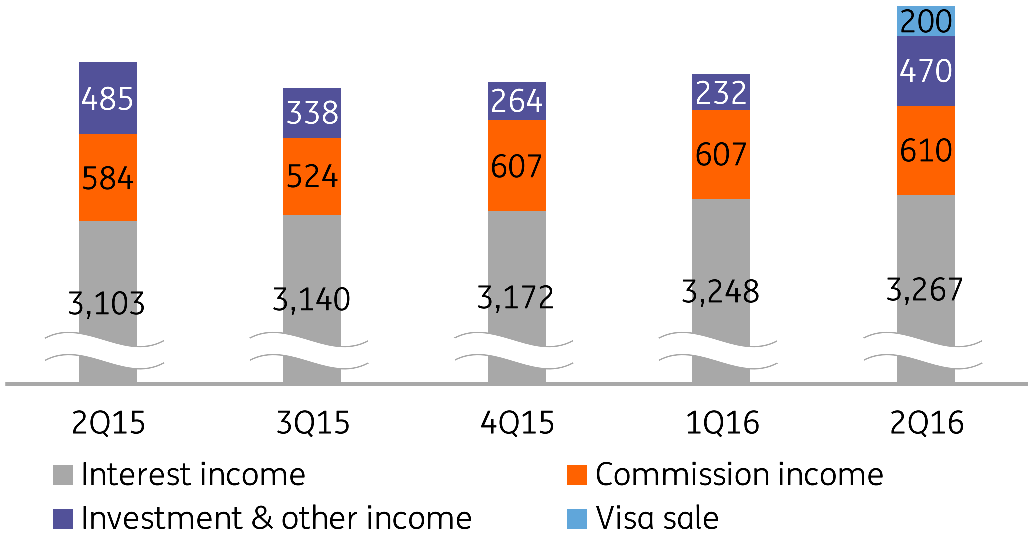
- ING was joint bookrunner in the GBP 2.6 bln financing of the Beatrice offshore windfarm in Scotland, one of the largest private investments ever made in Scottish infrastructure
- ING was sole lender for two Dutch distribution centres for supermarket company Lidl NL. These distribution centres have been recognised for their exceptional sustainability performance by BREEAM, the world's leading sustainability assessment method for buildings, with "Outstanding" and "Excellent" certificates

* Sustainable transitions financed (STF) describes all the business that we do with clients that are environmental outperformers in their sectors and projects that provide sustainable solutions

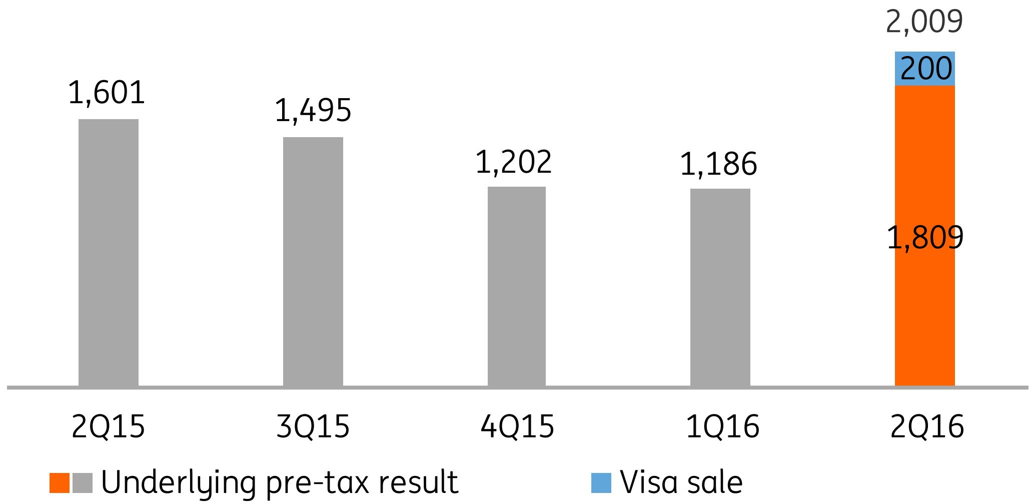
Update 2Q16 results

Very strong second-quarter results boosted by loan growth at resilient margins

Underlying income ING Bank (in EUR mln)



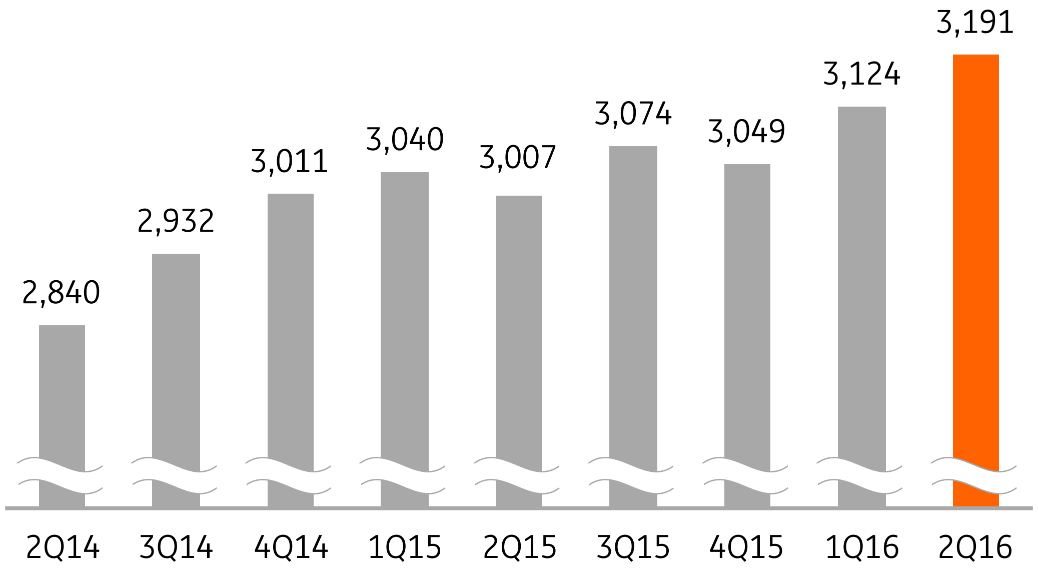
Underlying pre-tax result ING Bank (in EUR mln)



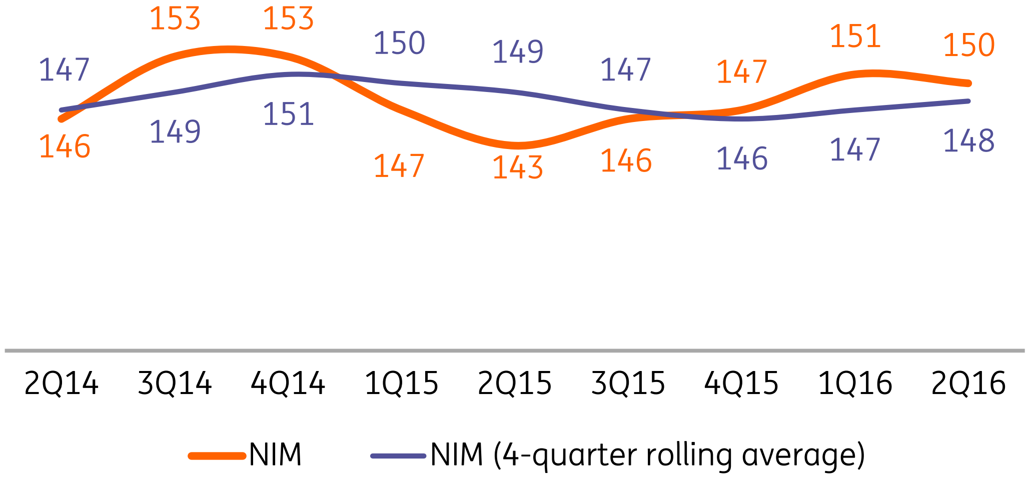
- 2Q16 underlying banking income is up 9.0% year-on-year and 11.3% higher versus the previous quarter with all individual income line items recording an increase
- The 2Q16 pre-tax result was up strongly from 2Q15 and 1Q16:
  - Underlying result was supported by strong customer lending growth, relatively stable margins and better performance of Financial Markets due to higher client activity as well as the one-time gain on the Visa sale
  - Risk costs increased slightly on 1Q16 to EUR 307 mln, or 39 bps of average RWA, but remain well controlled
  - Excluding Visa gain, several one-off income and expense items in the quarter effectively offset each other (see slide 25 for more detail)

Consistent growth in net interest income reflects the positive momentum in the business

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



Net interest margin broadly stable over past two years (in bps)



- Net interest income (excluding Financial Markets) increased 6.1% from 2Q15. Compared to 1Q16, the increase was 2.1% driven by:
  - Further growth in customer lending with lending margins being slightly higher, while margins on savings and current accounts were lower
  - Bank Treasury interest income down slightly on 1Q16, but Corporate Line interest income up

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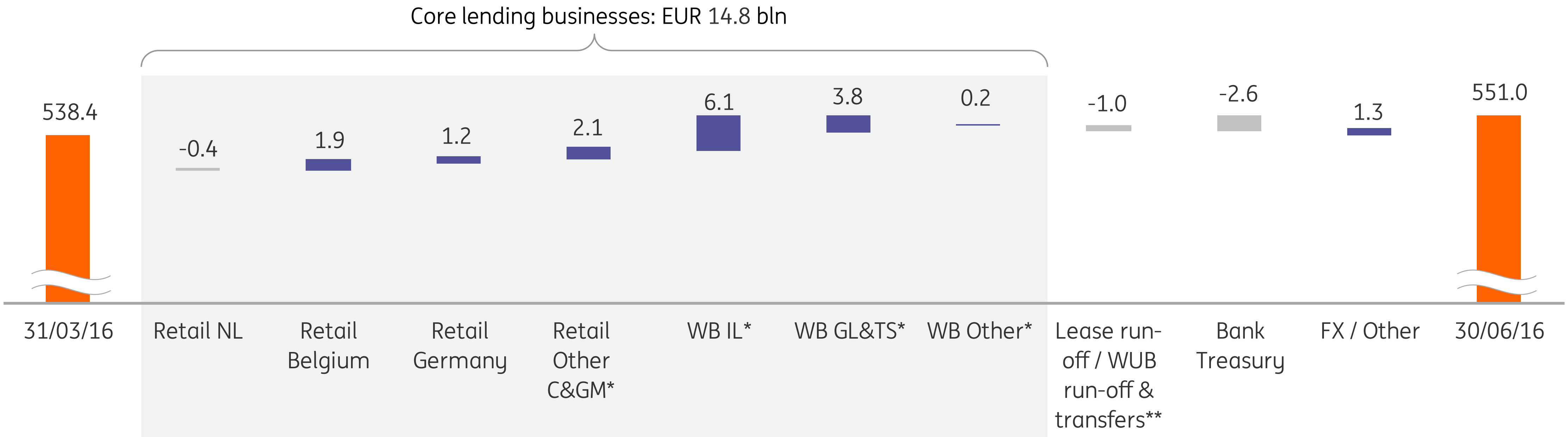
Our core lending franchises grew by EUR 14.8 bln in 2Q16

Customer lending ING Bank 2Q16 (in EUR bln)

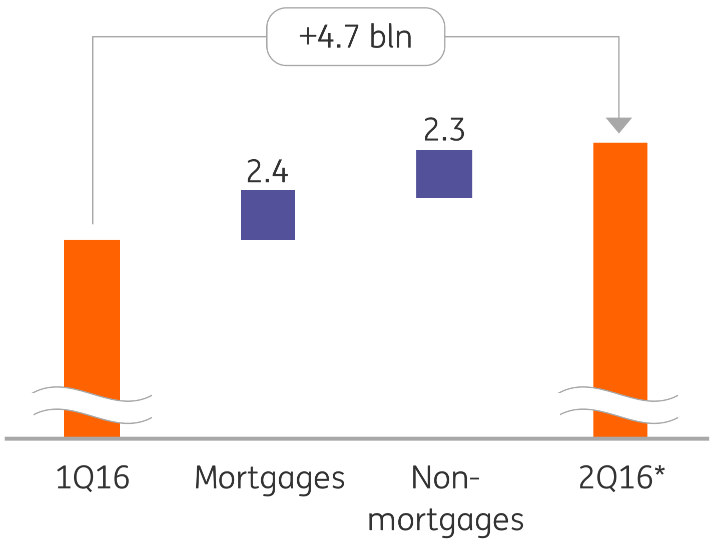


- Our core lending franchises grew by EUR 14.8 bln in 2Q16:
  - Wholesale Banking increased by EUR 10.1 bln driven by both Industry Lending and General Lending & Transaction Services
  - Retail Banking increased by EUR 4.7 bln, which continues to be principally generated outside of the Netherlands

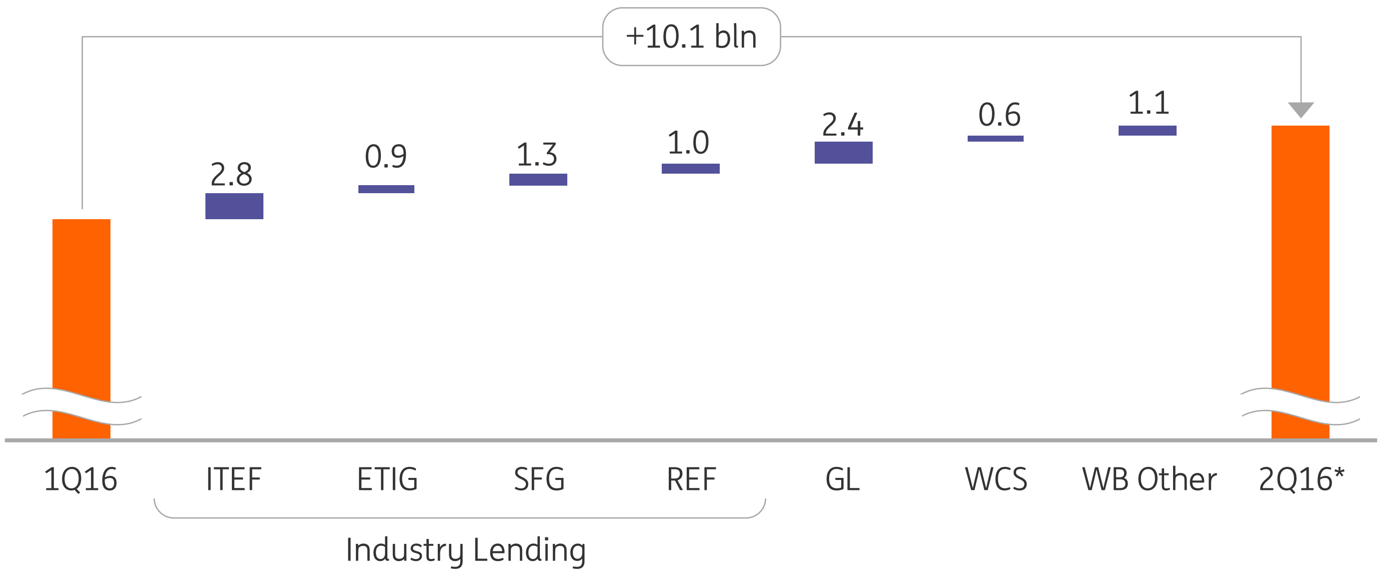
* C&GM is Challengers & Growth Markets; IL is Industry Lending; GL&TS is General Lending & Transaction Services; Other includes Financial Markets
** Lease run-off was EUR -0.2 bln, WUB run-off was EUR -0.5 bln and WUB transfer to NN was EUR -0.3 bln

New core customer lending well diversified across Retail and Wholesale Banking

Retail Banking core loan growth split by product (in EUR bln)



Wholesale Banking* core loan growth split by product (in EUR bln)



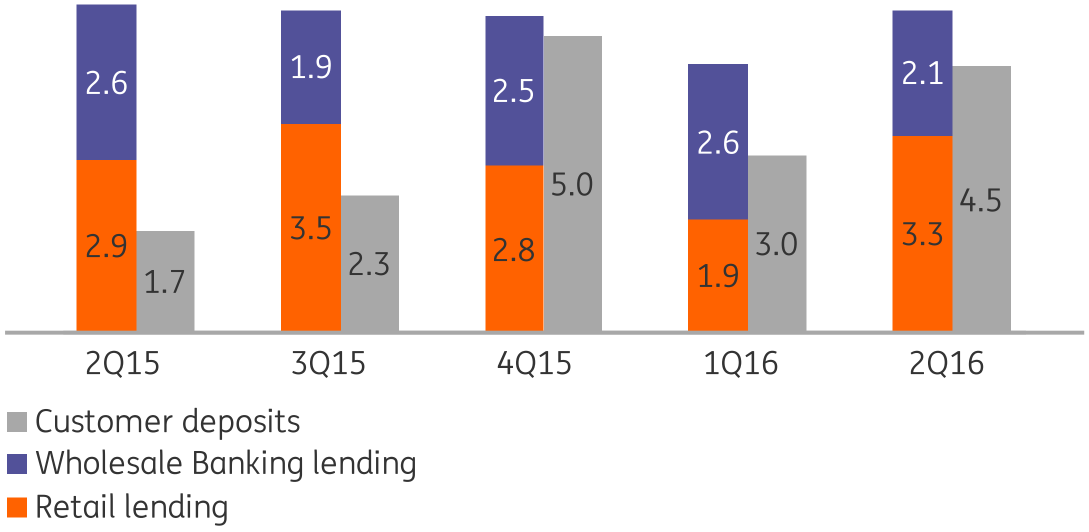
- 2Q16 core lending growth of EUR 4.7 bln within Retail Banking was almost equally split between mortgages and higher-yielding non-mortgage lending
- In Wholesale Banking, the growth is evenly spread across products, sectors and geographies

* ITEF is International Trade & Export Finance; ETIG is Energy, Transport & Infrastructure Group; SFG is Specialised Financing Group; REF is Real Estate Finance; GL is General Lending; WCS is Working Capital Solutions

Core lending continues to outpace net customer deposits, leading to more efficient balance sheet usage

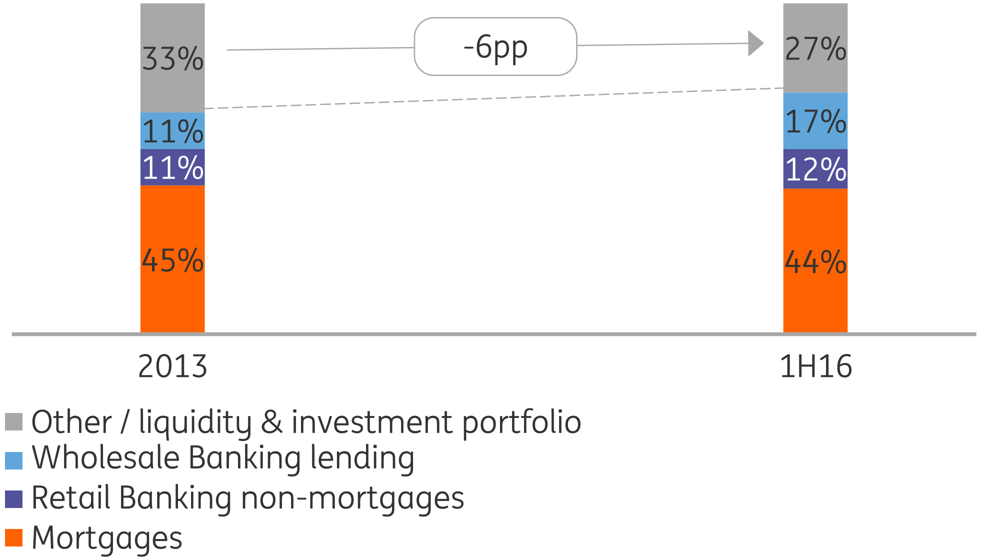
2Q16 core lending and net customer deposit growth (in EUR bln)

Challengers & Growth Markets



Balance sheet optimization

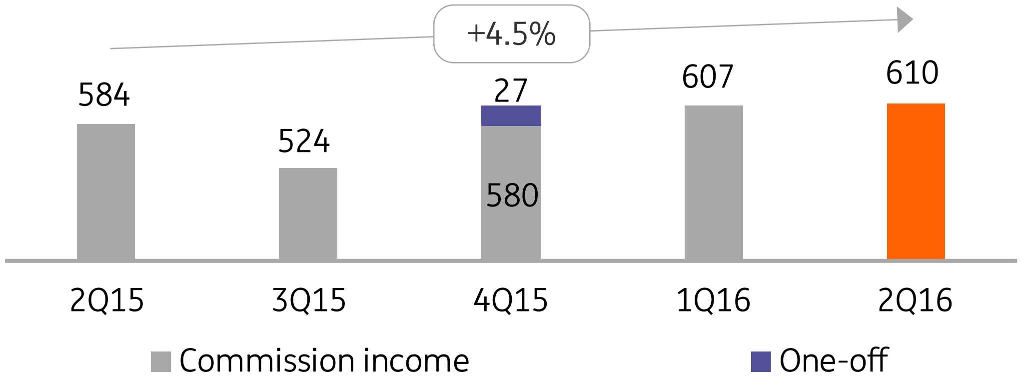
Challengers & Growth Markets (based on external assets)



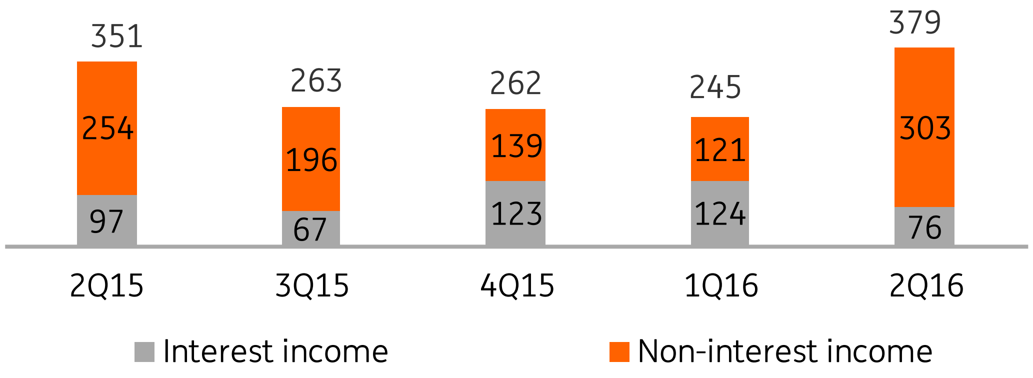
- In nearly all of our markets, ING's core lending growth is outpacing growth in customer deposits. This growth in customer lending helps us to create more sustainable country balance sheets and supports the NIM
- The sole exception is the Netherlands, where the reduction in loan growth is by design in order to reduce the wholesale funding gap and mitigate concentration risk

Commission income increasing; strong rebound in Financial Markets income due to increased client activity

Commission income increasing (in EUR mln)

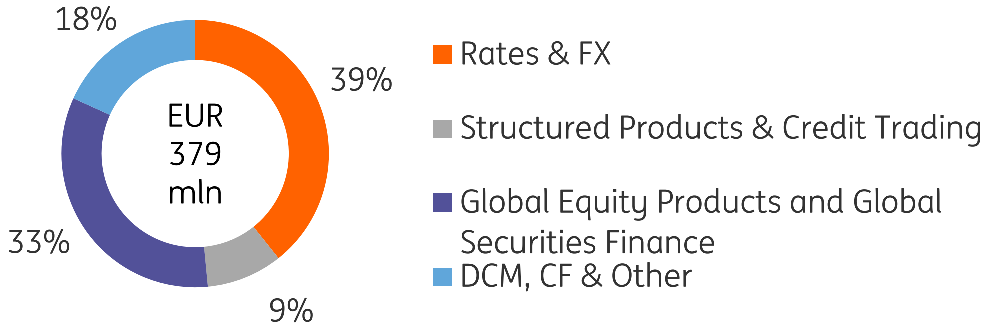


Financial Markets income excl. CVA/DVA has rebounded in 2Q16 (in EUR mln)



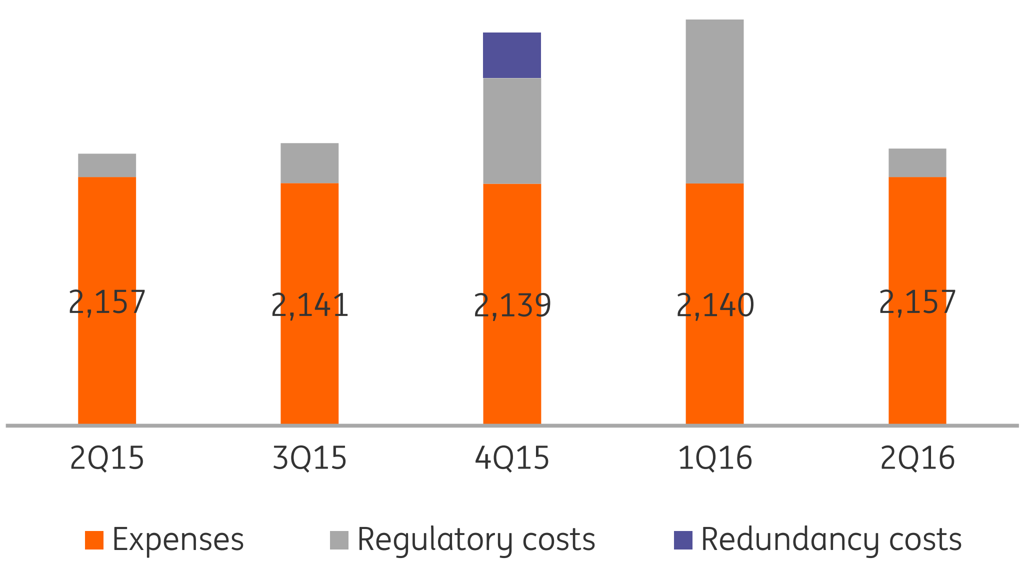
- Commission income has grown over the past quarters. Compared with 1Q16, there was a slight increase in Wholesale Banking which was largely offset by a decline in Retail Belgium, mainly due to lower income on investment products as a result of a seasonally high 1Q16
- Financial Markets income excluding CVA/DVA increased 54.7% compared with 1Q16 as client activity rebounded, mainly due to higher income in Rates and Equity Trading

2Q16 Financial Markets income well diversified by product

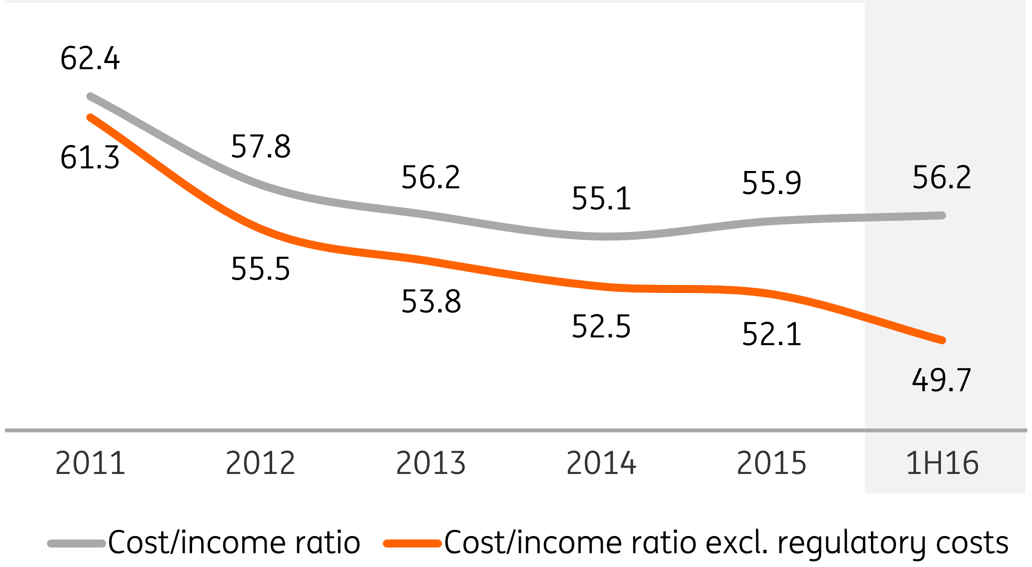


Underlying operating expenses stable year-on-year

Underlying operating expenses (in EUR mln)



Cost/income ratio impacted by regulatory costs (in %)*



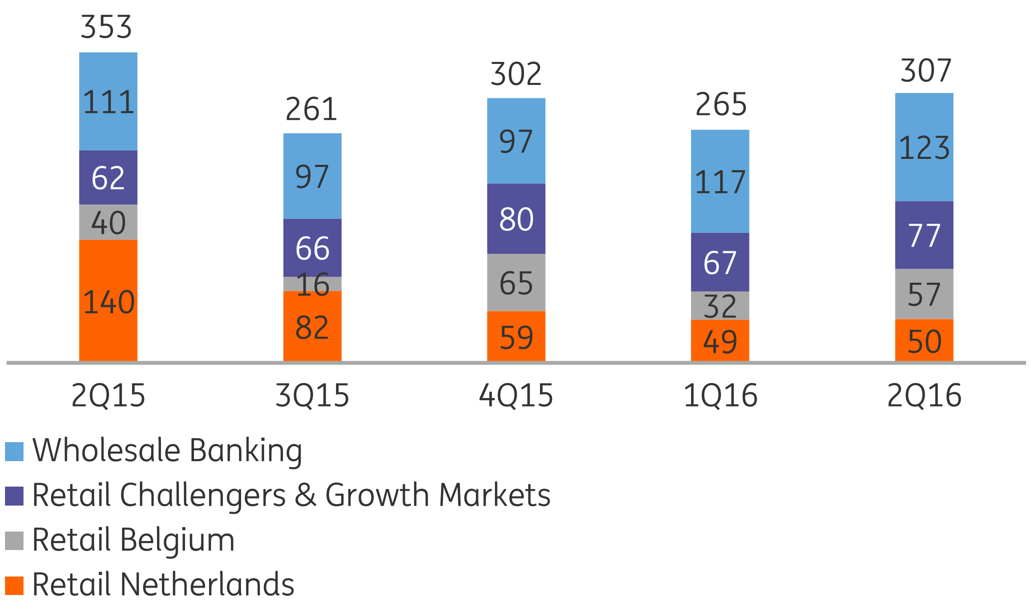
- Underlying operating expenses stable year-on-year
- This quarter included a EUR 137 mln addition to the provision for compensation of interest rate derivatives, which was largely offset by certain other one-off cost savings
- Regulatory costs were EUR 75 mln (versus EUR 110 mln prior estimate) for the quarter. Our expectation for regulatory costs for the full-year 2016 has been revised slightly downwards to around EUR 940 mln total

* Excluding CVA/DVA (all years) and disclosed redundancy provisions in 2013, 2014 and 4Q15

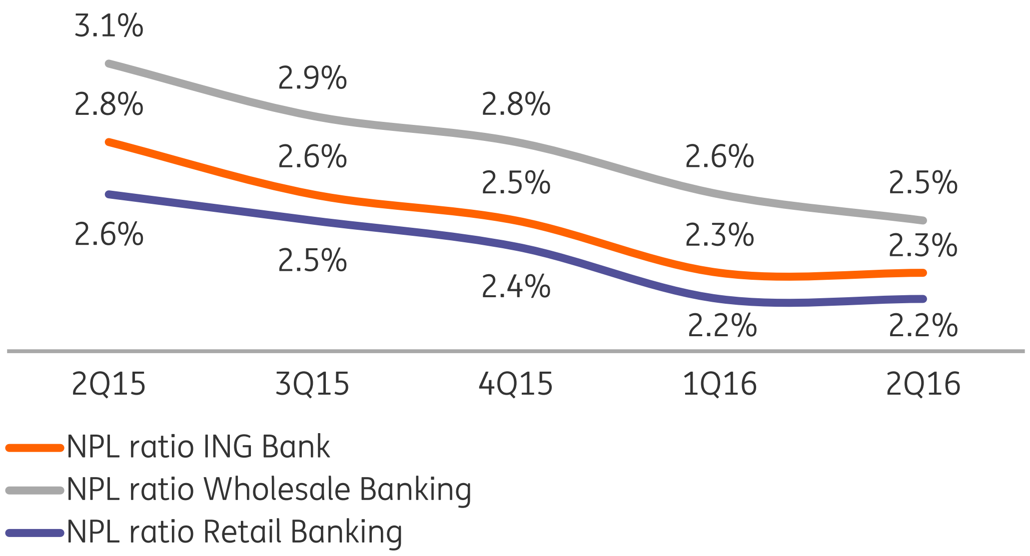
Asset quality

Risk costs remain well below the through-the-cycle average of ING Bank; NPLs keep trending down

Risk costs (in EUR mln)



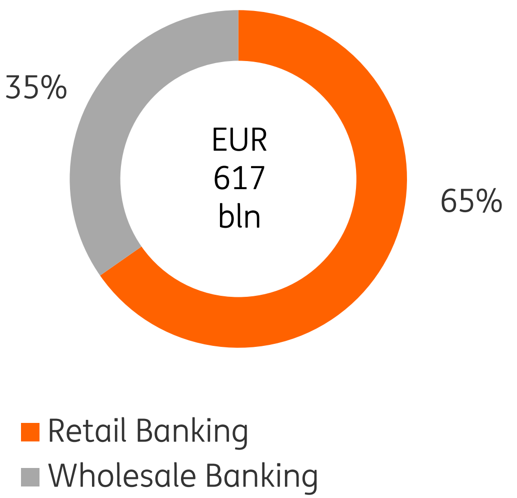
NPL ratio



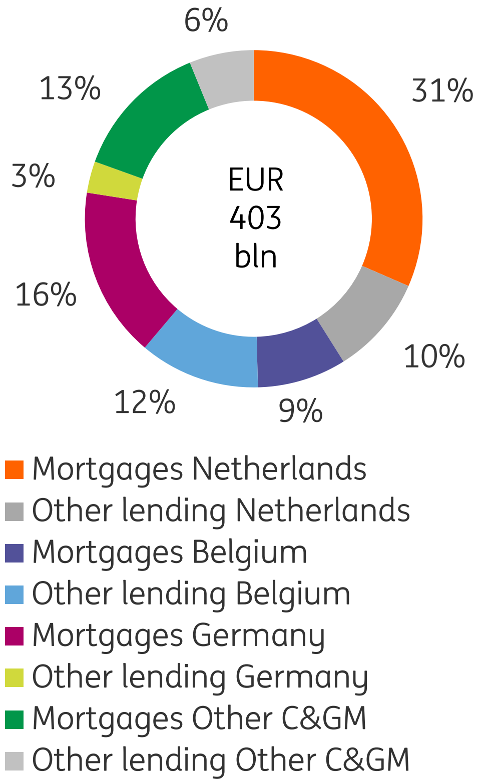
- Risk costs were EUR 307 mln, or 39 bps of RWA, below the 40-45 bps through-the-cycle average
- NPL ratio was roughly flat at 2.3%, with some improvements in certain Retail Banking and Wholesale Banking portfolios
- NPL ratio of oil & gas related exposure increased to 2.8%, from 2.1% in 1Q16

Lending credit outstandings ING Bank are well diversified, two-thirds is retail

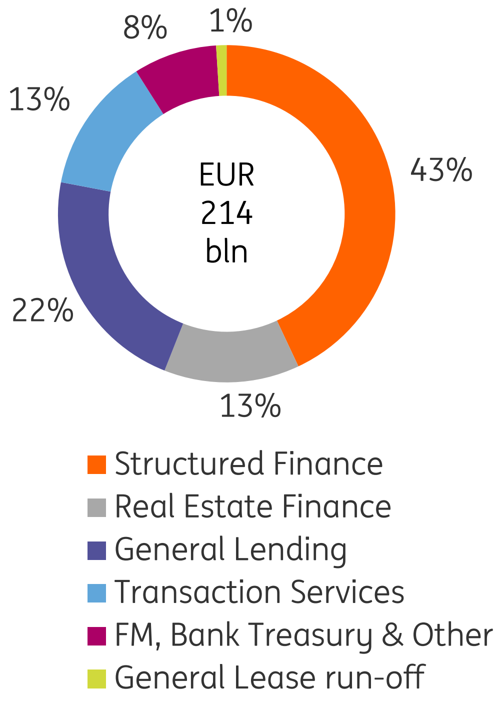
ING Bank*



Retail Banking*



Wholesale Banking*



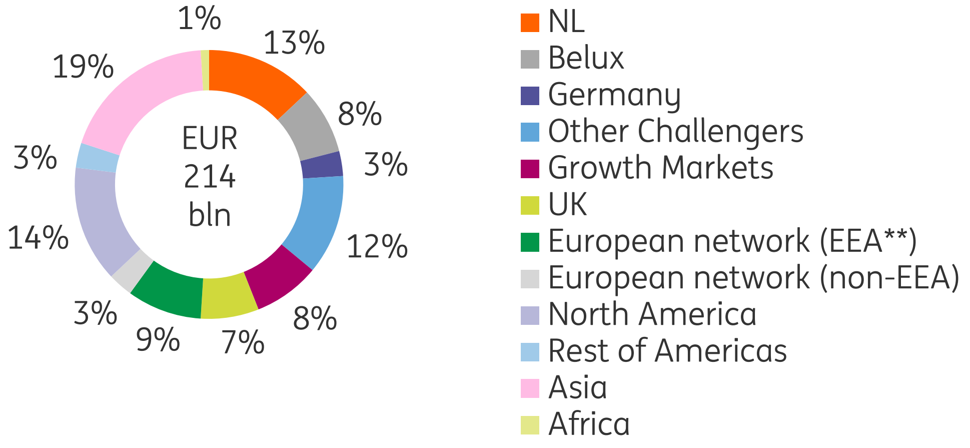
- ING Bank has a well-diversified and collateralised loan book with a strong focus on own-originated mortgages
- 65% of the portfolio is retail-based

* 30 June 2016 lending and money market credit risk outstanding, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)

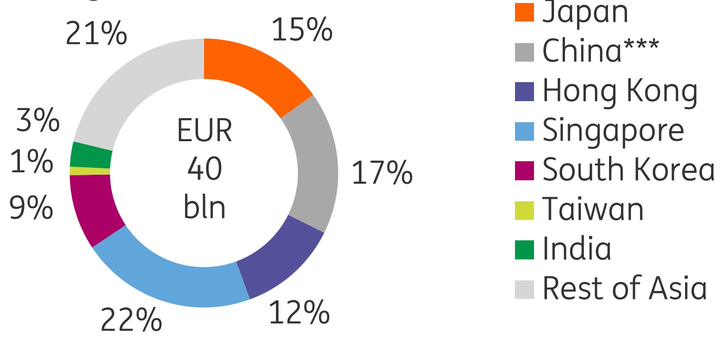
Lending credit outstandings Wholesale Banking well diversified by geography and sector

Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (2Q16)*

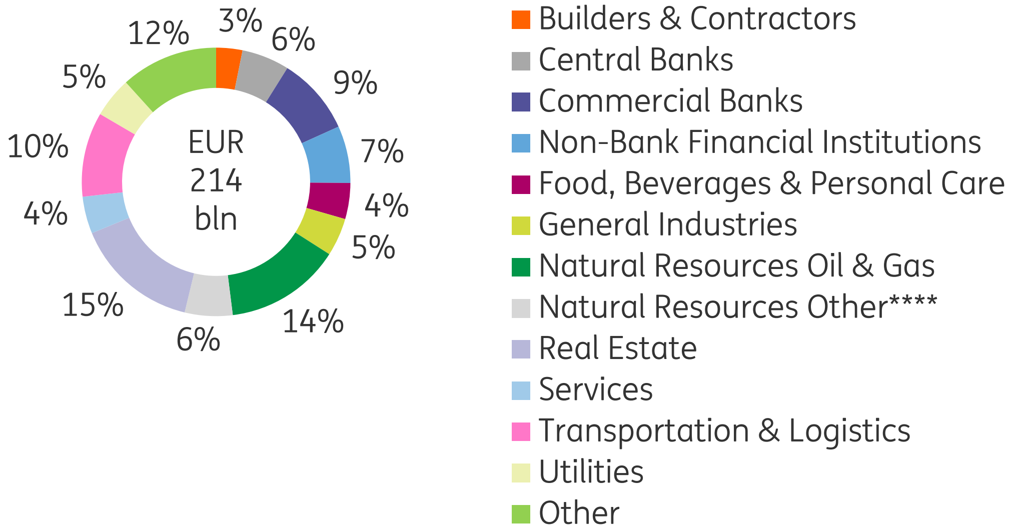


Lending Credit O/S Asia (2Q16)*



…and sectors

Lending Credit O/S Wholesale Banking (2Q16)*



- Oil & gas was 14% and 5% of Wholesale Banking and total Bank lending credit O/S, respectively
- NPL ratio of oil & gas related exposure increased to 2.8%

* Data is based on country of residence, Lending Credit O/S include guarantees and letter of credit
** Member countries of the European Economic Area (EEA)
*** Excluding our stake in Bank of Beijing (EUR 2.5 bln at 30 June 2016)
**** Mainly metals and mining

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Lending to the broader oil & gas industry is largely short-term

Lending Credit O/S ING Bank to oil & gas industry (in EUR bln)

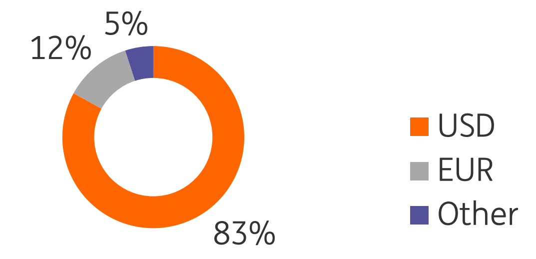
	2Q16	2Q15	Change 2Q-2Q	1Q16	Change 2Q-1Q
Total Lending Credit O/S	30.8	30.2	0.6	28.1	2.7

NPL ratio and Coverage ratio oil & gas

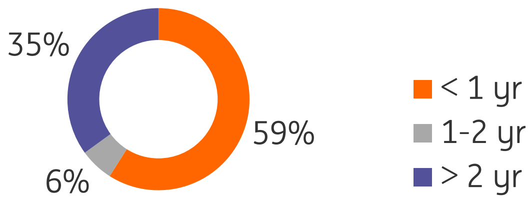
	2Q16	2Q15	1Q16
NPL ratio	2.8%	1.3%	2.1%
Coverage ratio	23%	13%	22%

- Risk costs and the NPL ratio increased in 2Q16
- Our non-investment grade portfolio is mostly senior secured and debt service ranks ahead of other debt and equity

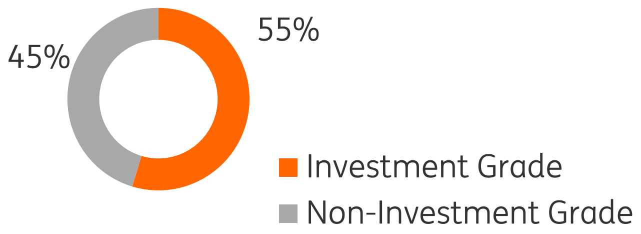
Lending outstanding per currency



Lending breakdown by maturity



Lending outstanding by rating



Lending to the oil & gas industry is well diversified and oil price risk is manageable

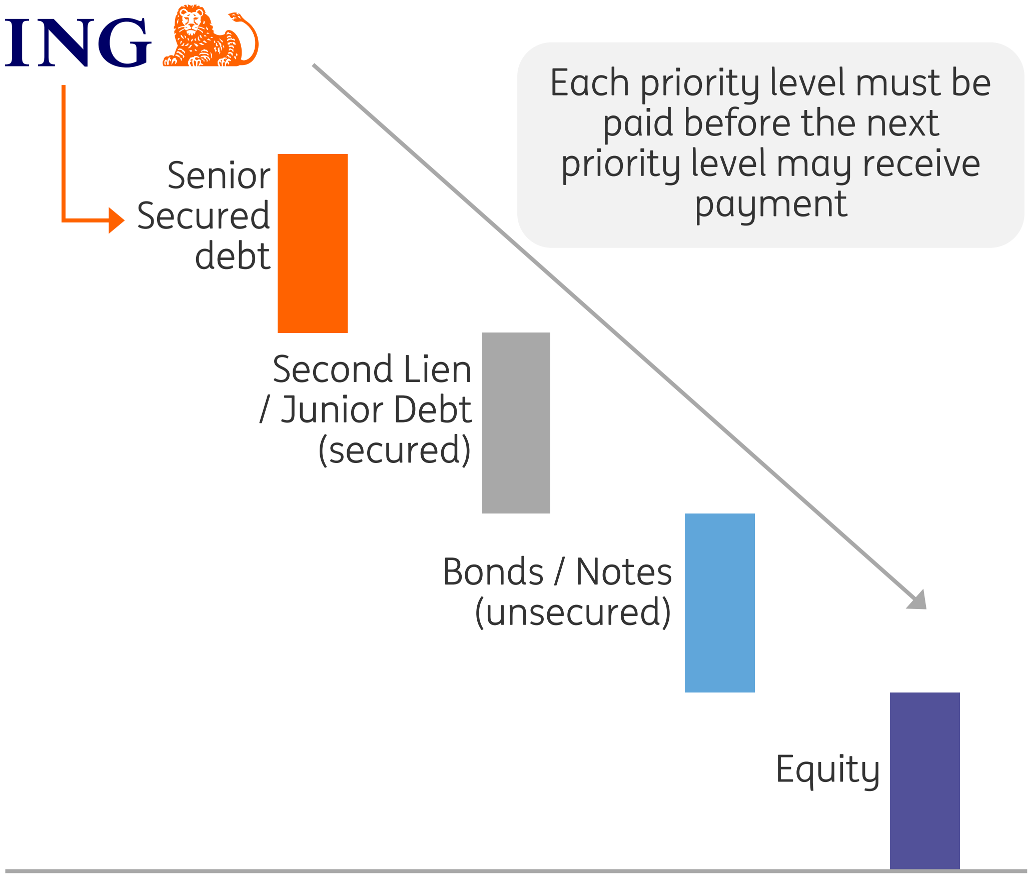
		Lending credit O/S In EUR bln	In %	
Trade and Commodity Finance	• Trade-related exposure; short-term self-liquidating trade finance, generally for major trading companies, either pre-sold or price hedged, not exposing the Bank to oil price risk	13.7	44%	85% of lending is not directly exposed to oil price risk
Export Finance	• ECA covered loans in oil & gas: typically 95-100% credit insured	1.7	6%	
Corporate Lending	• Corporate Loans in oil & gas sector: predominantly loans to investment grade integrated oil companies	5.6	18%	
Midstream	• E.g. pipelines, tank farms, LNG terminals, etc.: these assets typically generate revenues from long-term tariff-based contracts, not affected by oil price movements	5.3	17%	
Other Offshore Services Companies	• Diversified portfolio of companies active in pipe laying, heavy lifting, subsea services, etc. Corporate guaranteed	0.7	2%	Somewhat exposed to oil price risk
Offshore Drilling Companies	• Loans to finance drilling rigs, generally backed by 2-5 yr charter contracts and corporate guaranteed	1.0	3%	On EUR 3.8 bln of exposure, we may see higher loan losses due to the oil price decline in the past year
Reserve Based Lending*	• Financing based on borrower's oil & gas assets. Loans secured by reserves of oil & gas. Includes smaller independent oil & gas producers	2.8	9%	
Total Oil & Gas related exposure		EUR 30.8 bln		

- The EUR 2.7 bln quarter-on-quarter increase in oil & gas exposure was largely accounted for by Trade & Commodity Finance
- ING has very limited activity in oil field services sector in the US, our Reserve Based Lending portfolio is almost entirely senior secured and debt service ranks ahead of other debt and equity

* Individual RBL clients have different combinations of oil and gas but overall portfolio composition is approximately 60% oil and 40% gas

Our Reserve Based Lending portfolio is senior secured debt

Priority Ranking Capital Structure & Debt Service



Capital structure supports senior lenders

- Our Reserve Based Lending portfolio is almost entirely senior secured and debt service ranks ahead of other debt and equity
- Senior secured debt ranks before junior debt, high yield bonds and equity that would take the first hit

Lending to metals & mining industry is well diversified

Lending Credit O/S ING Bank to metals & mining (in EUR bln)

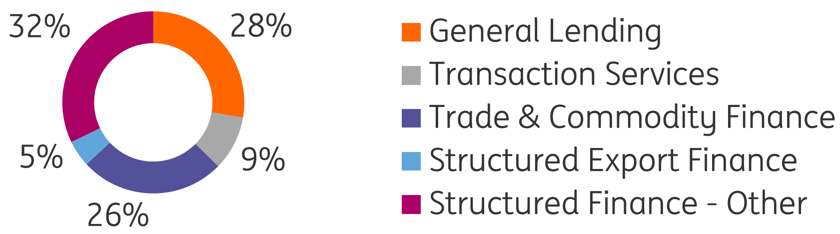
	2Q16	2Q15	Change 2Q-2Q	1Q16	Change 2Q-1Q
Total Lending Credit O/S*	14.5	13.2	1.3	14.1	0.4

NPL ratio and Coverage ratio metals & mining

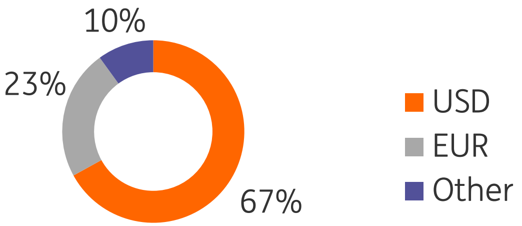
	2Q16	2Q15	1Q16
NPL ratio	5.9%	7.2%	6.0%
Coverage ratio	47%	40%	46%

- Metals & mining lending portfolio is well diversified in terms of underlying commodities, type of product, type of exposures, structures and duration
- Around 25% is short-term self-liquidating trade finance and not sensitive to price risk
- Around 5% is export finance and covered by Export Credit Agencies
- Focus is and has always been on high credit quality names, low cost producers and industry leaders
- Around 70% of the NPLs are related to our exposure to the Ukraine (around 50%) and Russia (around 20%)
- Excluding the Ukrainian and Russian exposure, the NPL ratio is 2.0%

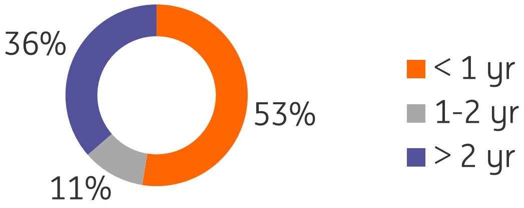
Lending outstanding by segment



Lending outstanding per currency



Lending breakdown by maturity



* Approximately EUR 2 bln is Retail Banking

The quality of our Russian portfolio remains strong

Exposure ING Bank to Russia (in EUR mln)

	2Q16	2Q15	Change 2Q-2Q	1Q16	Change 2Q-1Q
Total Lending Credit O/S	5,851	5,842	11	5,528	323
Other*	583	691	-108	438	145
Total outstanding	**6,434**	**6,534**	**-100**	**5,966**	**468**
Undrawn committed Facilities	570	972	-402	606	-36

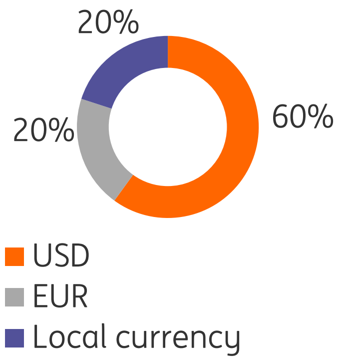
Note: data based on country of residence

NPL ratio and Coverage ratio Russia

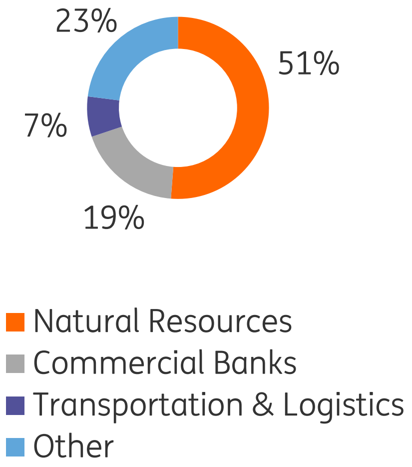
	2Q16	2Q15	1Q16
NPL ratio	3%	3%	3%
Coverage ratio	17%	16%	17%

- Total outstanding to Russia decreased by EUR 0.1 bln from 2Q15 and increased by EUR 0.5 bln from 1Q16, EUR 0.4 bln of which is short-term FI lending
- The lending exposure to Russia covered by Export Credit Agencies (ECA) is approximately EUR 0.9 bln
- Focus on mitigated exposures; ECA-covered, pre-export facilities, offshore collateralized and shorter tenors
- The quality of the portfolio remains strong with the NPL ratio stable at 3%

Lending outstanding per currency



Lending breakdown by Industry



* Other includes Investments, trading exposure and pre-settlement

The quality of our Ukraine portfolio continues to be under pressure, but manageable

Exposure ING Bank to Ukraine (in EUR mln)

	2Q16	2Q15	Change 2Q-2Q	1Q16	Change 2Q-1Q
Total Lending Credit O/S	1,223	1,252	-29	1,236	-13
Other*	-2	5	-7	-2	0
Total outstanding	**1,221**	**1,257**	**-36**	**1,234**	**-13**
Undrawn committed Facilities	49	37	12	36	13

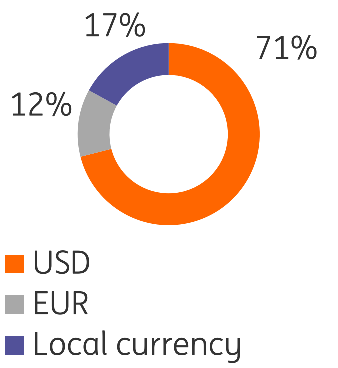
Note: data based on country of residence

NPL ratio and Coverage ratio Ukraine

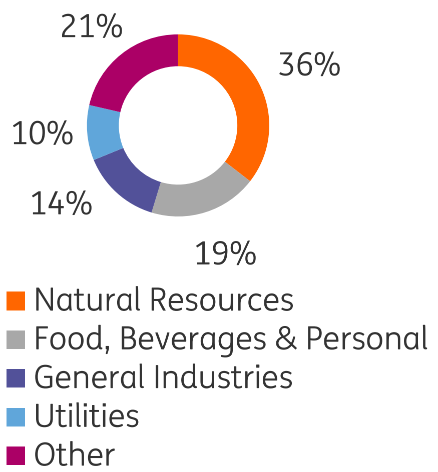
	2Q16	2Q15	1Q16
NPL ratio	57%	52%	55%
Coverage ratio	64%	51%	66%

- The NPL ratio increased slightly to 57% in 2Q16, reflecting the still challenging economic situation in Ukraine
- The coverage ratio decreased to 64% in 2Q16 from 66% in 1Q16

Lending outstanding per currency



Lending breakdown by Industry

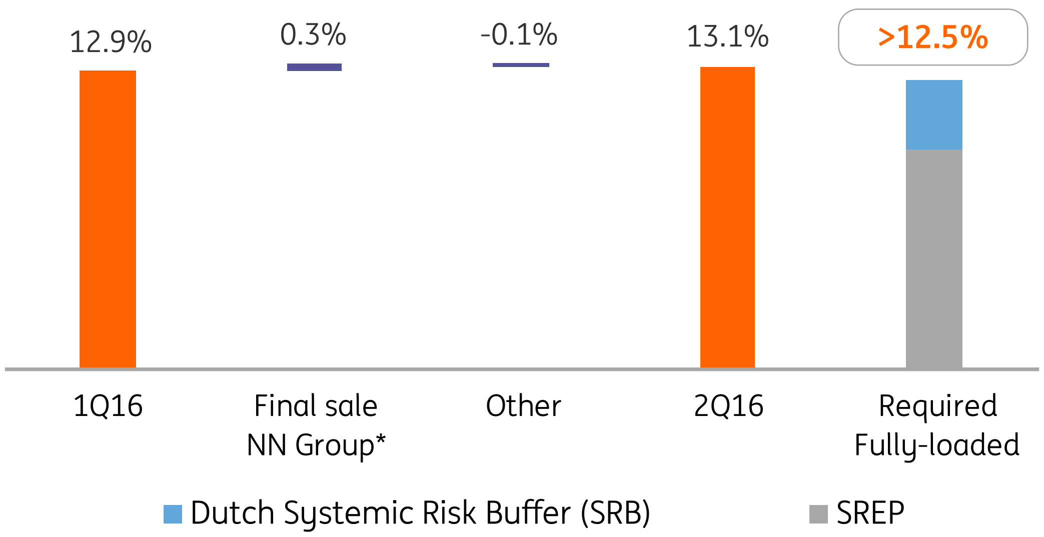


* Other includes Investments, trading exposure and pre-settlement

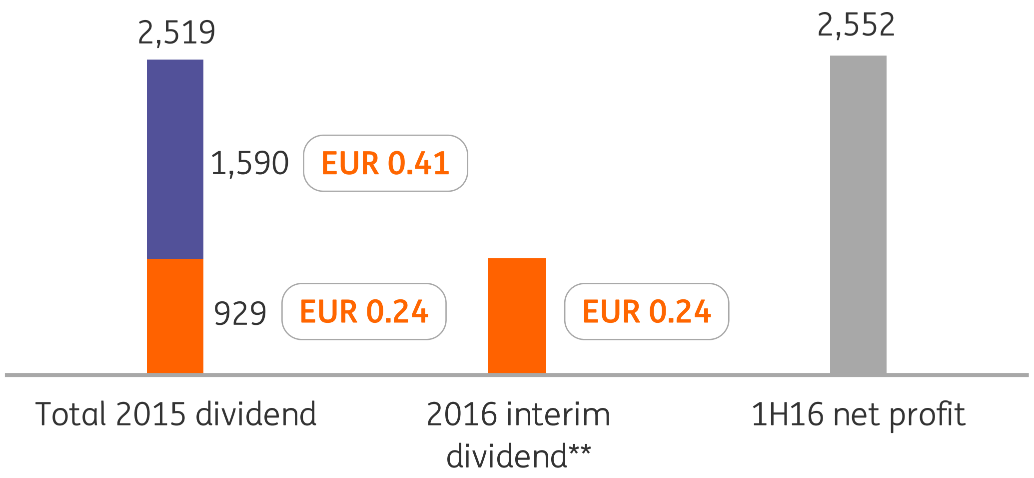
Group and Bank capital

Group CET1 ratio well ahead of regulatory requirements on a fully-loaded basis; interim dividend of EUR 0.24 per share

ING Group 2Q16 fully-loaded CET1 ratio at 13.1%



1H16 interim profit is not included in capital (in EUR mln)

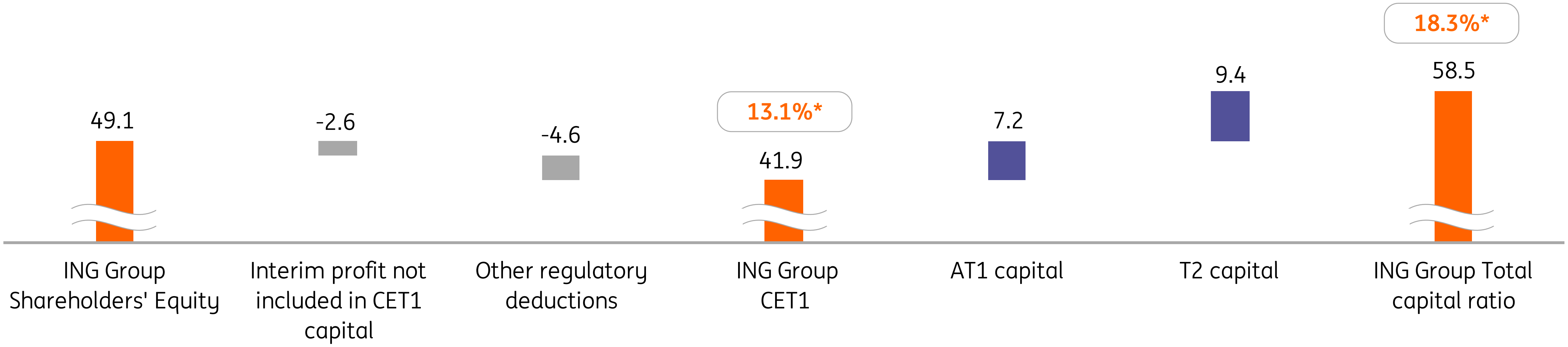


- ING Group's fully-loaded CET1 ratio rose to 13.1%, primarily reflecting the positive impact from the sale of ING's final stake in NN Group in April 2016
- This compares well to our minimum required fully-loaded CET1 ratio of 12.5%, which is composed of a 9.5% SREP (CET1) requirement and a 3.0% Dutch systemic risk buffer
- Similar to 1Q16, ING has decided not to include the 2Q16 profit in Group CET1 capital in order to provide flexibility for our dividend policy. The first half net profit not included in capital totals EUR 2,552 mln (80 bps of CET1 capital)
- Interim dividend of EUR 0.24 per share, unchanged from 2015 interim dividend

* Decline in FI deductions, reduction in RWA and increase of equity revaluation reserve, related to completion of sale of NN Group in April 2016
** Interim 2016 dividend to be paid in August 2016

Total capital continues to grow even though 1H16 interim profit has not been included

ING Group 2Q16 fully-loaded available BIS capital* (in EUR bln and %)

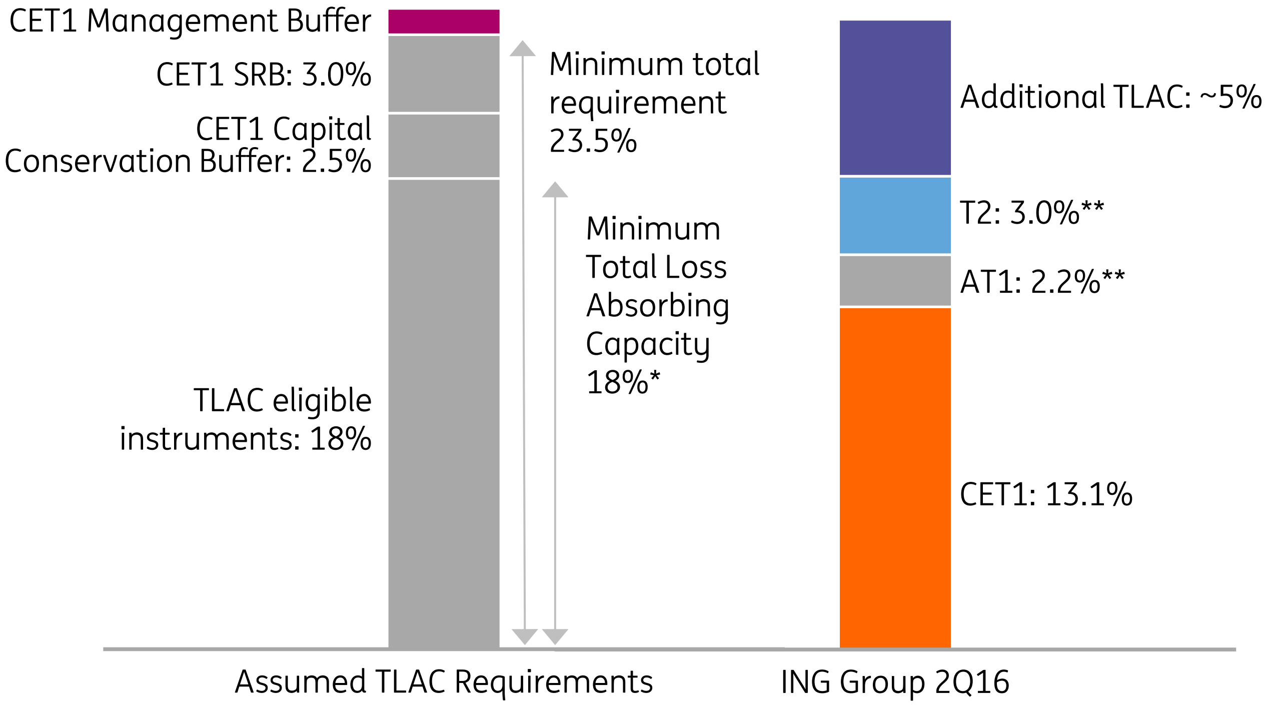


- ING Group's 2Q16 CET1 capital ratio stood at 13.1% which compares well to our fully-loaded CET1 requirement of 12.5%. The current CET1 ratio includes the impact of the sale of ING's final stake in NN Group on 14 April 2016
- Similar to 1Q16, ING has decided not to include the 2Q16 profit in Group CET1 capital. The full 1H16 interim net profit, including the gain on the sale of ING's final stake in NN Group, amounts to EUR 2,552 mln, or 80 bps of RWA
- As per 30 June 2016, ING Group's Total capital ratio stands at a healthy 18.3% which is a 80 bps increase versus 31 March 2016. The increase can be partly explained by the EUR 1 bln of Tier 2 bonds issued in April 2016

* ING Group fully-loaded capital ratios are based on RWAs of EUR 319 bln, overview includes grandfathered securities

ING has flexibility to comply with expected TLAC requirements

TLAC requirements 1 January 2022 (fully loaded, in %)



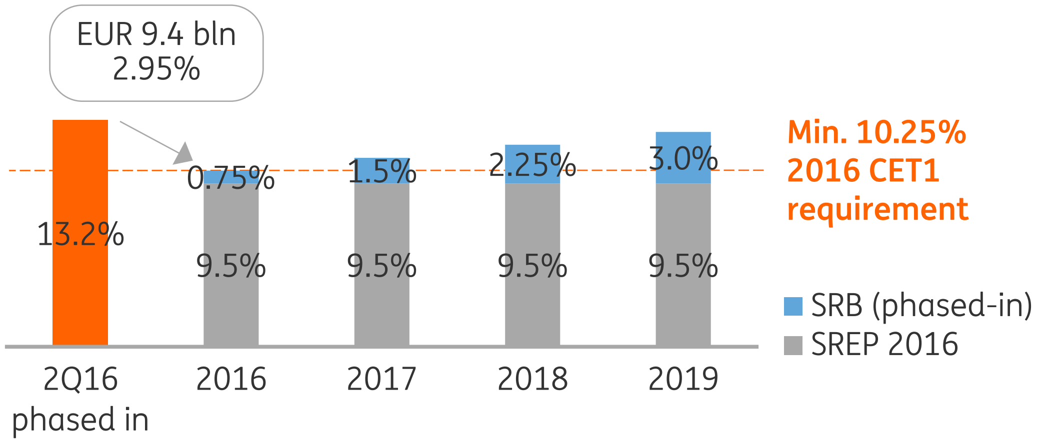
* Minimum TLAC requirement will increase from 16% as per 1 January 2019 to 18% as per 1 January 2022
** Including grandfathered securities

The Financial Stability Board's TLAC proposals

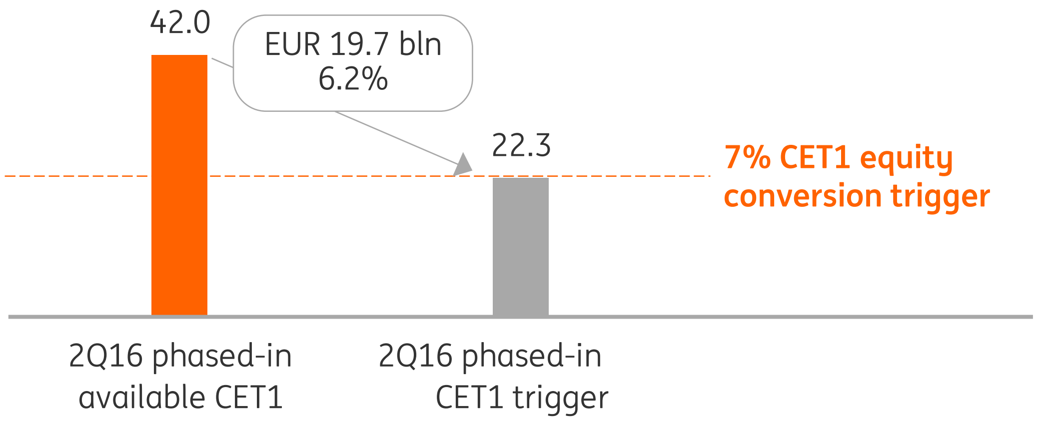
- The final TLAC proposal was published in November 2015
- Assuming TLAC requirements at 23.5% (including buffers) by 1 January 2022, ING is well placed to meet these
- Given the sizeable amount of long-term debt maturing in the next few years, ING has ample flexibility to comply with the expected TLAC requirements
- Minimum TLAC RWA requirement is currently more constraining than minimum TLAC leverage requirement
- Since the Systemic Risk Buffer of 3% is applied to ING Group (and not to ING Bank), we took the prudent approach to calculate TLAC for ING Group
- No decision has been taken as to the preferred resolution strategy pending regulatory discussions and developments
- MREL requirements, including potential subordination requirement, remain uncertain and could exceed TLAC requirements

Additional Tier 1: comfortable buffers to triggers

Buffer to MDA 2Q16*



Buffer to Conversion Trigger 2Q16 (in EUR bln)*



Buffer to MDA	▪ MDA restrictions will apply if ING Group breaches Combined Buffer Requirements (CBR). SREP CET 1 requirement (9.5%) have come into force, while SRB (3%) is being phased-in over four annual instalments ▪ As per end-June 2016, the buffer to the 2016 MDA restriction level is EUR 9.4 bln or 2.95% of RWAs ▪ MDA framework is currently under review with the introduction of Pillar 2 requirements and Pillar 2 guidance
Buffer to Conversion Trigger	▪ The ING Group phased-in capital buffer to conversion trigger (7% CET1) is high at EUR 19.7 bln
Available Distributable Items	▪ AT1 discretionary distributions may only be paid out of distributable items ▪ As per end-2015, ING Group had EUR 36.2 bln of distributable items (~80x the FY15 coupon payments on Tier 1 capital), largely stable compared to the EUR 36.0 bln at end-2014

* Buffer vs. 2016 CRR/CRDIV transitional rules

ING issues EUR 1 bln Tier 2 with innovative issuer substitution option through exchange

Tier 2 deal highlights

- On April 6th 2016, ING issued Tier 2 bonds with an issuer substitution option through exchange. This gives ING flexibility as to the issuing entity
- This is particularly relevant given that the National Resolution Authority has not given definitive guidance regarding the resolution strategy should a Dutch bank fail
- ING has the option to replace the ING Bank Tier 2 notes for ING Group Tier 2 notes (similar terms) through exchange until April 2018. The Noteholders agree upfront in the T&Cs to transfer their Bank Tier 2 notes (in whole and not in part) in return for Group Tier 2 notes, upon notice given by ING
- The EUR 1 bln 12NC7 deal was priced at m/s + 285bp

1 Settlement Date
ING Bank Tier 2 notes versus cash

ING Bank NV
ING Bank Tier 2 notes ↓ | Cash ↑
Noteholders (at Settlement Date)

2 Notice Date
ING Notice to exchange (up until March 2018)

3 Exchange Date
ING Bank Tier 2 notes transferred to ING Groep NV versus ING Group Tier 2 notes

ING Groep NV
ING Bank Tier 2 notes ↑ | ING Group Tier 2 notes ↓
Noteholders (at Record Date)

Issuer substitution option timeline

Settlement Date
11 April 2016

- ING Bank Tier 2 notes settle, with the Issuer substitution option
- Issuer substitution option is applicable for 2 years (until 26 March 2018)

Bank Tier 2 Notes remain listed and transferable until Record Date

Notice Date
T=0 (and prior to 26 March 2018)

- ING Bank and/or ING Group decides to exchange the Bank Tier 2 notes
- ING Bank and/or ING Group gives Noteholders notice to exercise the Issuer substitution option
- The notice will state the Record Date and the Exchange Date

Transferability of Bank Tier 2 Notes suspended until Exchange Date

Record Date
Typically T+14 to T+29

- Euroclear / Clearstream takes an 'end-of-day snapshot' of the ING Bank Tier 2 Notes bondholders
- This process will occur at Exchange Date minus 1 day

Group Tier 2 Notes listed and transferable

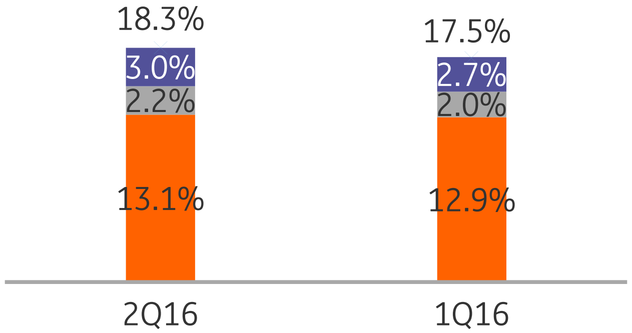
Exchange Date
T+15 to T+30

- Euroclear / Clearstream will transfer the ING Bank Tier 2 notes from the account of the Noteholders* to the account of ING Group
- The Noteholders will receive ING Group Tier 2 notes with similar terms and conditions (i.e. same coupon, maturity and call dates)

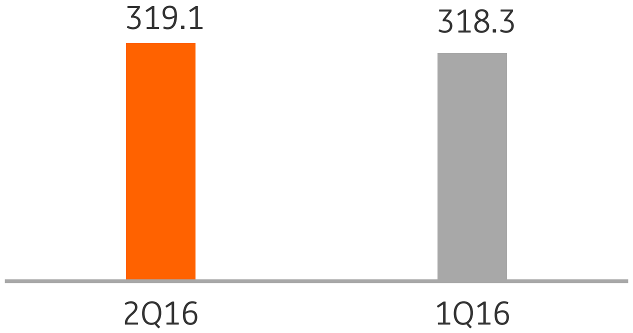
* Via their respective custodians

ING Group capital ratios and risk-weighted assets

ING Group capital ratios* (fully loaded)



ING Group total risk-weighted assets (fully loaded, in EUR bln)



* Includes grandfathered securities

Regulatory capital* (in EUR bln)

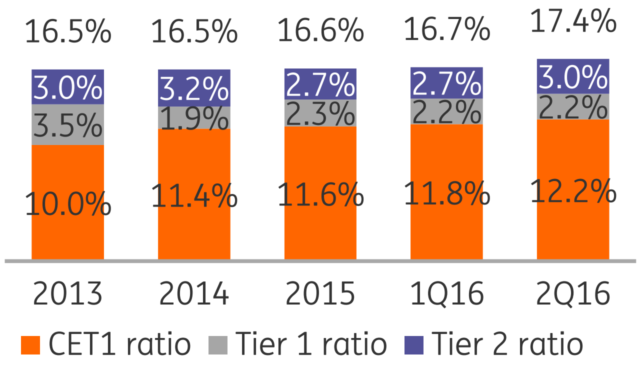
		30-Jun 2016	31-Mar 2016	Change
Fully loaded ratios	CET1 ratio	13.1%	12.9%	0.2%
	Tier 1 ratio	15.4%	14.9%	0.5%
	Total capital ratio	18.3%	17.5%	0.8%
	Leverage ratio	4.4%	4.3%	0.1%
	Shareholders' equity	49.1	48.8	0.3
	CET1 capital	41.9	41.2	0.7
	Risk-weighted assets	319.1	318.3	0.8

RWA development

- Risk-weighted assets at Group level reflect developments at the Bank (see next page for more detail on RWA breakdown)

ING Bank capital ratios and risk-weighted assets

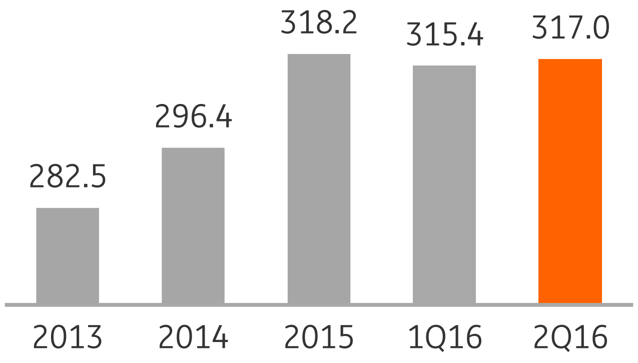
ING Bank capital ratios* (fully loaded)



Regulatory capital* and liquidity (in EUR bln)

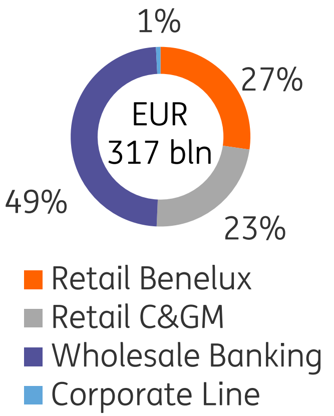
		30-Jun 2016	31-Mar 2016	Change
Fully loaded ratios	CET1 ratio	12.2%	11.8%	0.4%
	Tier 1 ratio	14.5%	14.0%	0.5%
	Total capital ratio	17.4%	16.7%	0.8%
	Leverage ratio	4.1%	4.0%	0.1%
	Shareholders' equity	43.4	41.5	1.9
	CET1 capital	38.8	37.2	1.6
	Risk-weighted assets	317.0	315.4	1.6
Liquidity	LCR	> 100%	> 100%	

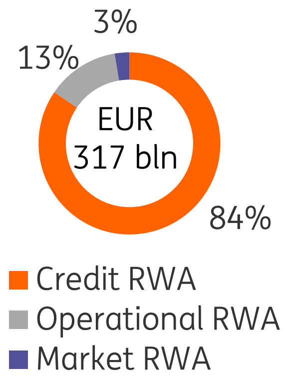
ING Bank total risk-weighted assets (fully loaded, in EUR bln)



* Includes grandfathered securities

ING Bank total risk-weighted assets 2Q16





RWA development

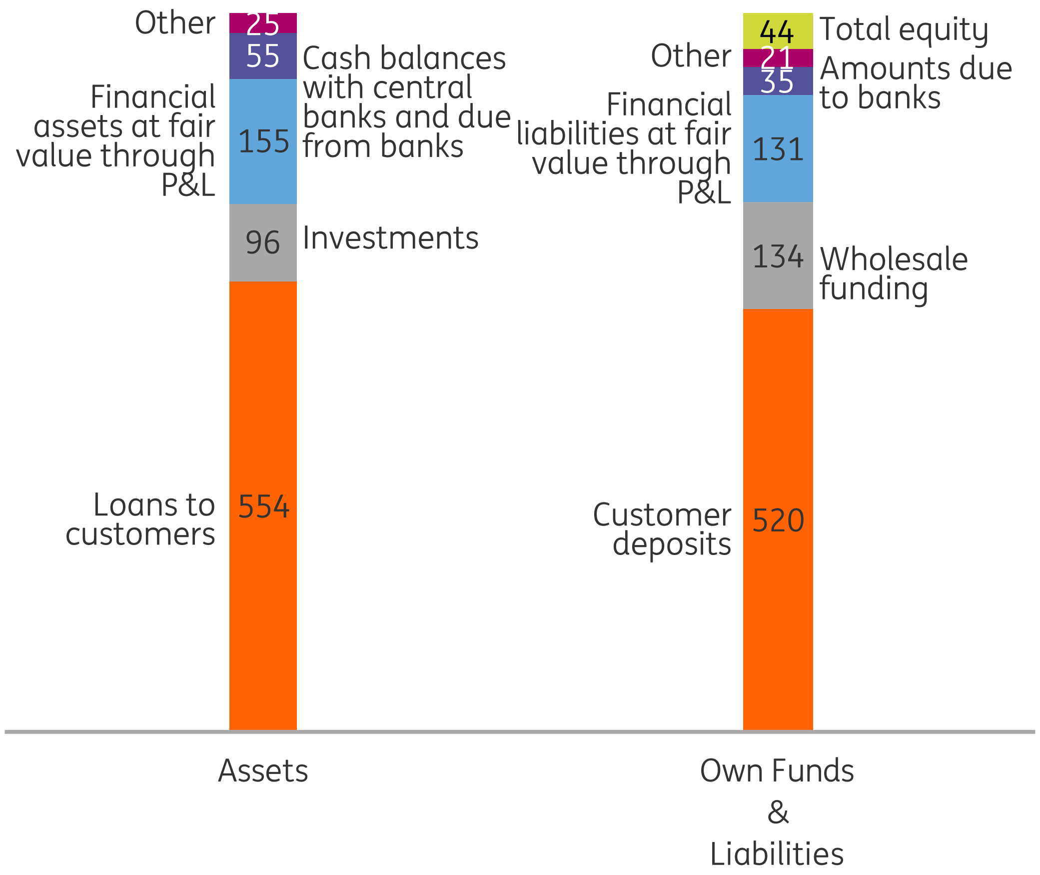
- At the end of June 2016, ING Bank's total RWA were EUR 1.6 bln higher vs. previous quarter, reflecting positive impacts from foreign currency movements and credit volumes, partly offset by positive risk migration and lower market positions
- There is still regulatory uncertainty with respect to the future applicable framework, particularly the proposal of a revised standardised approach plus floors ('Basel IV') could have a material impact
- ING participates in all Quantitative Impact Studies (QIS) and consultation processes and there is a constant dialogue with the regulators

Bank liquidity and funding

ING Bank balance sheet: strong and conservative with customer deposits as the primary source of funding

Balance sheet ING Bank (in EUR bln)

Balance sheet size ING Bank 30 June 2016: EUR 885 bln



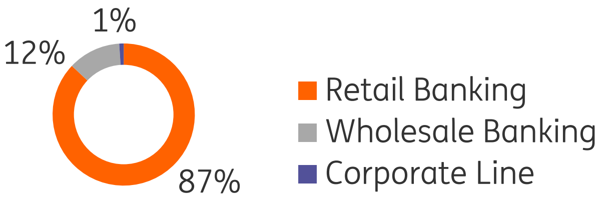
High quality customer loan book

- See Asset Quality section of the presentation

Attractive funding profile

- 59% of the balance sheet is funded by customer deposits
- 87% of total funds entrusted is retail based
- Attractive Loan-to-Deposit ratio of 1.05 as per 30 June 2016

Customer deposits by segment



Large, high quality liquidity buffer

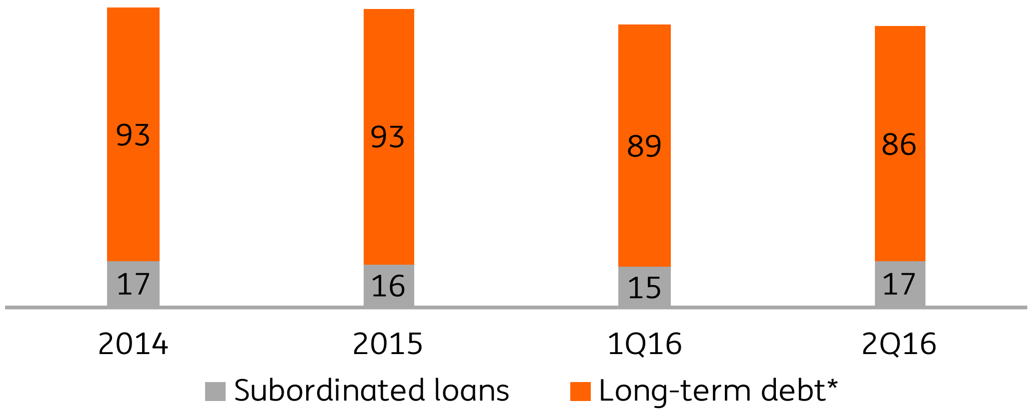
- See Funding & Liquidity sections of the presentation

Conservative trading profile

- Majority of our Financial Markets business is customer flow based where we largely hedge out positions, reflected in large but often off-setting assets and liabilities at FV positions
- Average VaR during 2Q16 was EUR 13 mln for ING Bank's trading portfolio

ING Bank maintains a strong long-term funding position supported by solid credit rating profile

Long-term funding steady over past quarters (in EUR bln)



Benchmark issuance in 2Q16

- Apr-16: 5yr EUR 1.0 bln ING Bank 12NC7 Tier 2 at m/s + 285bp

ING Bank credit ratings on 2 August 2016

	Long term rating	Outlook	Short term rating
S&P	A	Stable	A-1
Moody's	A1	Stable	P-1
Fitch	A+	Stable	F1

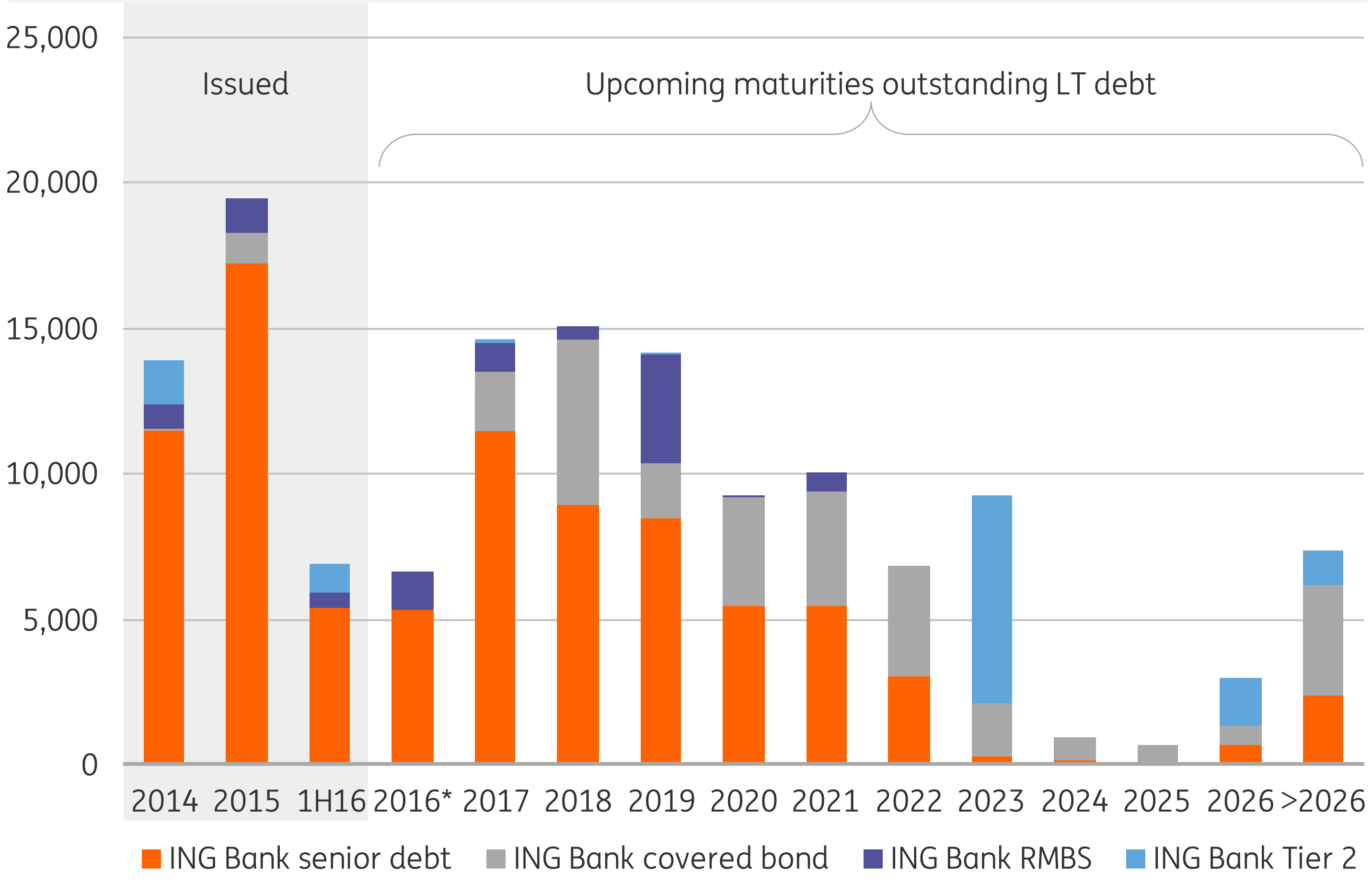
Asset encumbrance remains low

- At year-end 2015, the asset encumbrance ratio for ING Bank was 18% (EUR 104.2 bln)
- ING manages its balance sheet prudently whereby a variety of funding sources is readily available
- Given this diversified funding strategy, the level of asset encumbrance of ING's balance sheet is relatively low compared to other European lenders

* Long-term debt recognised under Debt securities in issue and (minor part) under Financial liabilities at fair value through P&L

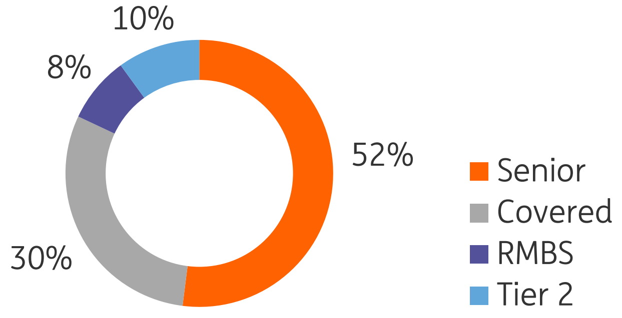
ING Bank has modest long-term funding needs

Maturity ladder outstanding long-term debt (in EUR mln)

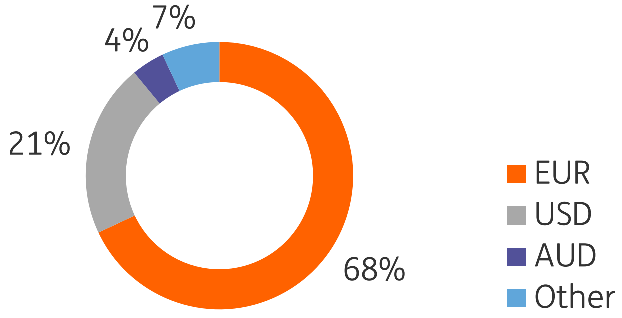


ING Bank NV consolidated figures shown for issued senior bonds are included with a tenor ≥ 1 year
* 2016 redemptions do not include 1H16

Outstanding LT debt by type

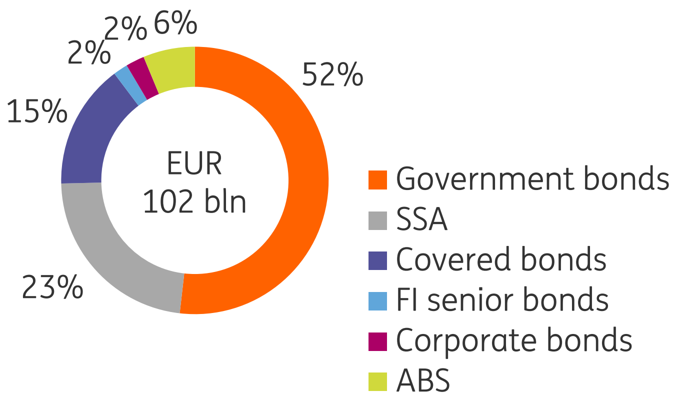


Outstanding LT debt by currency

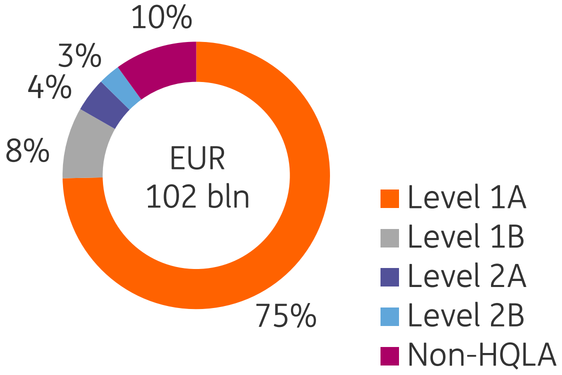


Investment portfolio consists of high quality assets

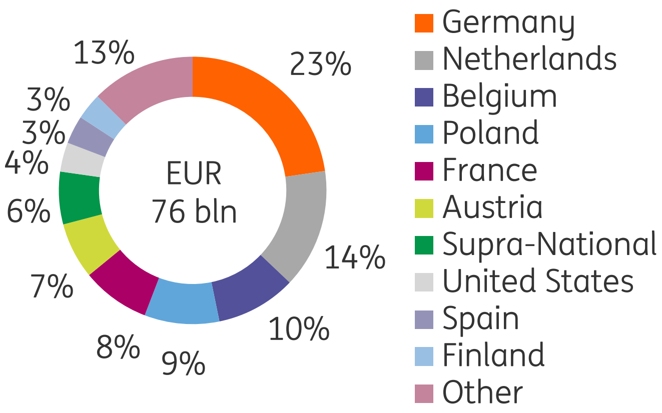
Debt securities by type



Debt securities by LCR category



Level 1A assets by country



Strong investment portfolio with mainly HQLA assets

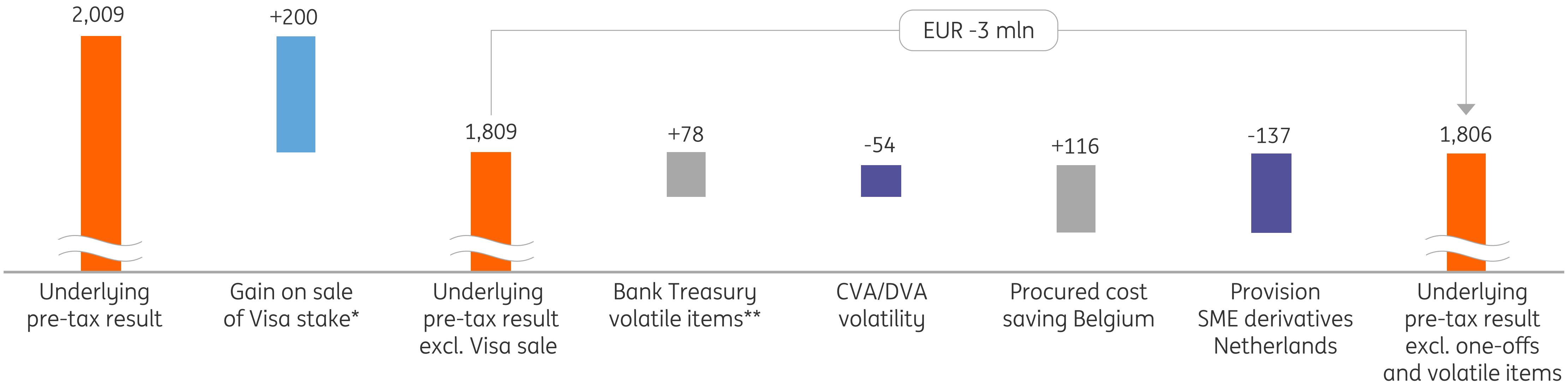
- ING Bank's investment portfolio slightly decreased to EUR 102.1 billion in 2Q16. The decrease is mainly the result of maturities and sales, notably in covered bonds and financial institutions, which more than offset new LCR HQLA investments.
- EUR 92 bln of bonds in the investment portfolio qualify as HQLA (90%), out of this amount 83% qualifies as Level 1A HQLA under the EU's delegated act
- The investment portfolio has an average tenor of 4.5 years
- Total liquidity buffer well exceeds short-term wholesale debt*

* Includes ING Bank NV long term debt with remaining lifetime < 12 months and balance of CD/CP's Issued

Appendix

2Q16 results contain several one-offs and volatile items, but apart from Visa gain, net impact broadly neutral

2Q16 results one-offs and volatile items (in EUR mln)



- Underlying pre-tax result excl. one-offs and volatile items stood at EUR 1,806 mln for 2Q16. EUR 200 mln relates to the one-off gain on the sale of Visa. Excluding this positive impact, there is actually a negligible negative effect of EUR 3 mln of the other one-offs and volatile items, underlining the strong underlying business momentum in the Bank

* The gain on selling the Visa stakes amounts to EUR 200 mln and is split across investment income and other income, respectively EUR 163 mln and EUR 38 mln
** Volatile items for Bank Treasury include amongst others the release of a hedge reserve related to the TLTRO (largely reported in the Corporate Line under other income) as well as general hedge ineffectiveness

Robust rating profile with strong trend over the last quarters

Credit ratings on 2 August 2016

	S&P	Moody's	Fitch
Stand-alone rating	bbb+	baa1	a+
Business position	1 notch		
Capital and earnings	1 notch		
Government support	-	1 notch	-
Junior debt support	-	N/A	-
Moody's LGF support	N/A	2 notches	N/A
ING Bank NV (OpCo)			
Bank senior LT rating	A	A1	A+
Outlook	Stable	Stable	Stable
Bank senior ST rating	A-1	P-1	F1
Tier 2	BBB+*	Baa2	A
ING Groep NV (HoldCo)			
Group senior LT rating	A-	Baa1	A+
AT1	BB	Ba1	BBB-

* Tier 2 rating for latest instrument with issuer substitution option via exchange is BBB

Latest ING rating actions

- S&P: Jun-2015 outlook change from 'A' Negative to 'A' Stable on strengthening capital
- Moody's: May-2015 rating uplift from 'A2' to 'A1' following the publication of Moody's new bank rating methodology
- Fitch: Apr-2016 rating uplift from 'A' to 'A+' reflecting ING's solid financial metrics and strong execution of strategy, supported by higher capital ratios, which resulted in an improvement of ING Bank's viability rating

Recent ING Bank Senior, Covered and RMBS benchmarks and sustainability ratings

Senior Unsecured

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
US44987CAK45	Mar-16	Mar-19	3yr	3mL + 113	USD	500	3mL + 113
US44987CAN83	Mar-16	Mar-19	3yr	2.3%	USD	750	T + 115
US44987CAM01	Mar-16	Mar-21	5yr	2.75%	USD	600	T + 128
XS1368576572	Feb-16	Feb-21	5yr	0.75%	EUR	1250	ms + 73
US44987CAJ71	Nov-15	Nov-18	3yr	2%	USD	800	T + 90
XS1324217733	Nov-15	Nov-20	5yr	0.75%	EUR	500	ms + 58

Green bond

Covered Bond*

ISIN	Issue date	Maturity	Tenor	Currency	Issued
XS1433124457	Jun-16	Sep-24	8yr	EUR	1,500
XS1433124705	Jun-16	Sep-26	10yr	EUR	1,500
XS1373214243	Feb-16	Feb-23	7yr	EUR	425
XS1373212460	Feb-16	Feb-23	7yr	EUR	575

Dutch RMBS (Orange Lion)

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
NL0011275425	Jun-15	Jul-22	6yr (WAL)	3mE + 29	EUR	750	3mE + 29

Our sustainable focus recognised by experts and public

ING is ranked in the **top 3%** of more than **2,000 companies** when it comes to actions and strategies to combat climate change, receiving the highest possible score, according to CDP. Our high score also earned us a place in the **Benelux Climate Disclosure Leadership Index**

ING was awarded a score of **C** and classified as **'Prime'** putting ING in place **10 out of 292 companies** rated by oekom research in the Financials/Commercial Banks and Capital Markets sector

ING is classified as **Industry Leader** by Sustainalytics. Of a peer group of 409 publicly listed banks, ING Group ranks 3rd on corporate sustainability and ESG performance

* Internally placed Soft Bullet Covered Bonds issued under ING Bank´s € 10bn Soft Bullet Covered Bond programme

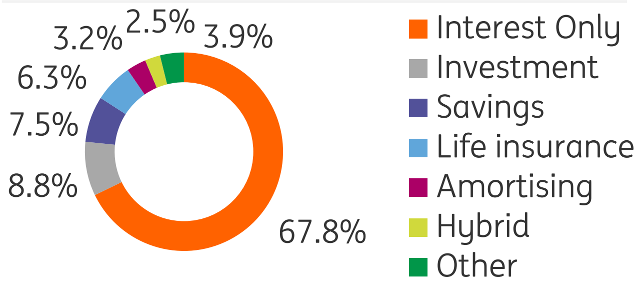
ING Bank's covered bond programme…

- ING Bank NV € 35bn Hard and Soft Bullet Covered Bonds programme
  - UCITS, CRR and ECBC Label compliant. Rated Aaa/AAA/AAA (Moody's/S&P/Fitch)
  - Programme is used for external issuance purposes; separate € 10bn Soft Bullet Covered Bonds programme for internal transactions only
  - Cover pool consists of 100% prime Dutch residential mortgage loans, all owner occupied and in EUR only. As per 30 June 2016, no arrears > 90 days in the cover pool
  - Strong Dutch legislation with min. legally required OC of 5% and LTV cut-off rate of 80%
- Latest investor reports are available on www.ing.com/IR

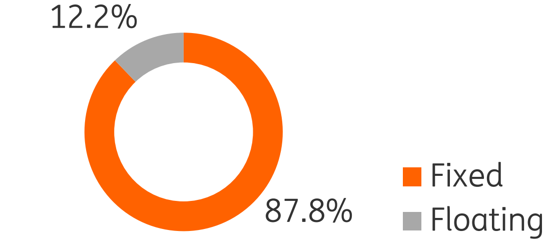
Portfolio characteristics in EUR (as per 30 June 2016)

Net principal balance	33,995 mln
Outstanding bonds	24,568 mln
# of loans	203,114
Avg. principal balance (per borrower)	167,370
WA current interest rate	3.5%
WA maturity	19.3 years
WA remaining time to interest reset	5.3 years
WA seasoning	10.3 years
WA current indexed LTV	76.5%
Min. documented OC	25.8%
Nominal OC	38.4%

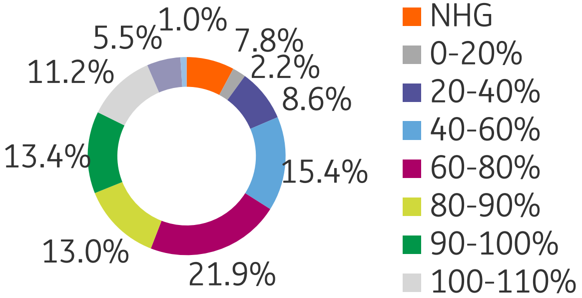
Repayment type



Interest rate type

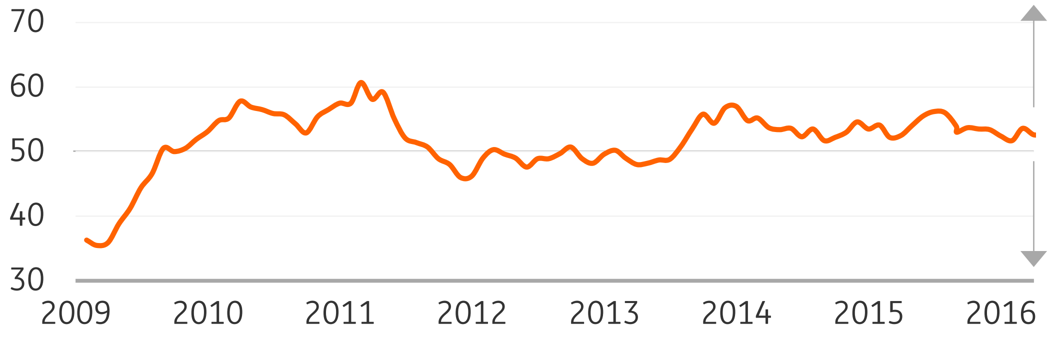


Current Indexed LTVs

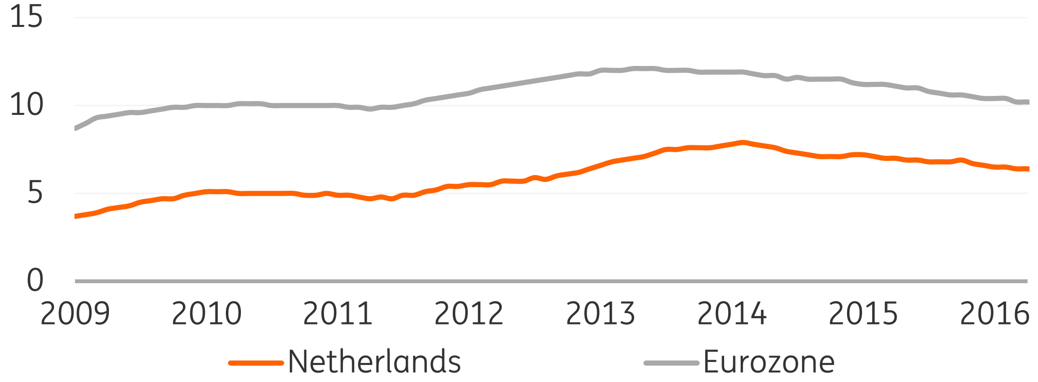


...benefiting from improving Dutch economy and housing market

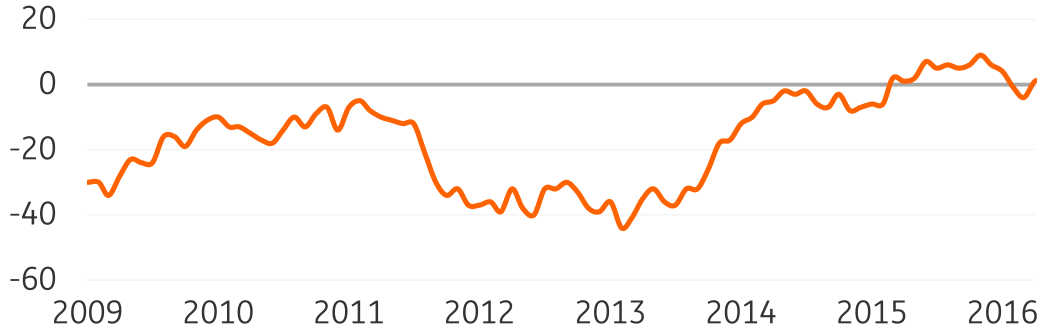
Dutch Purchasing Managers Index (PMI) was 52.0 in June 2016 which indicates positive growth



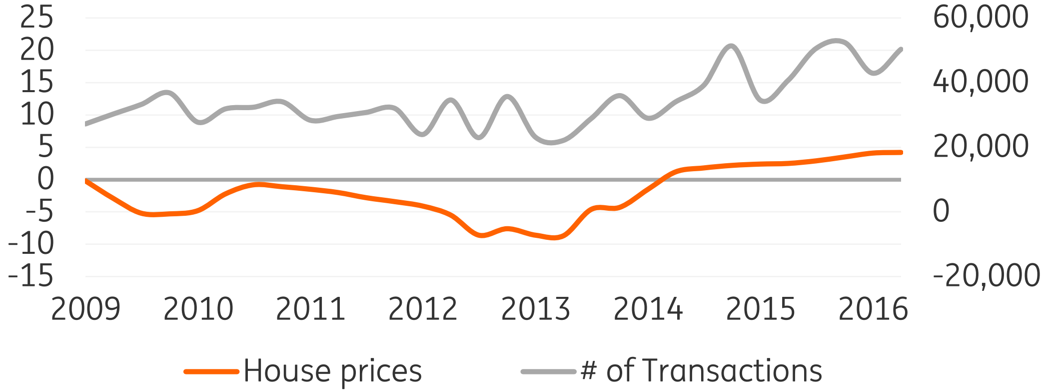
Unemployment rate (%) declined for the 5th consecutive month to 6.1% in June



Dutch consumer confidence* turning positive yet again but recovery remains fragile



Dutch house prices and market turnover underlining healthy state of the housing market**



* Source: CBS data
** Source: NVM

Important legal information

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 2015 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, 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) consequences of a potential (partial) break-up of the euro, (4) potential consequences of European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (6) changes affecting interest rate levels, (7) changes affecting currency exchange rates, (8) changes in investor and customer behaviour, (9) changes in general competitive factors, (10) changes in laws and regulations, (11) changes in the policies of governments and/or regulatory authorities, (12) conclusions with regard to purchase accounting assumptions and methodologies, (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) ING's ability to achieve projected operational synergies and (16) 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. Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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