

Credit Update 3Q16

Amsterdam • 3 November 2016

thinkforward



Key points

- ING Bank recorded underlying 3Q16 net profit of EUR 1,336 million
- Strong results boosted by steady growth in primary customers (> 400,000 year-to-date), higher net interest income and a relatively low level of risk costs
- ING Group fully-loaded CET1 ratio rose to 13.5%; interim profits not included in capital
- ING Bank underlying return on equity was 11.3% for the first nine months of 2016
- Subject to final SRB confirmation, we have concluded that ING Group should be our designated resolution entity

Ambition 2020 - Financial Targets

		Actual 9M16 - Group	Ambition 2020 – Group*
Capital	• CET1 ratio (%)	13.5%	> Prevailing fully-loaded requirements**
	• Leverage ratio (%)	4.4%	> 4%
Profitability	• Underlying C/I ratio (%)	54.5%	50-52%
	• Underlying ROE (%) (IFRS-EU Equity)	9.8%	Awaiting regulatory clarity
Dividend	• Dividend (per share)	EUR 0.24; 2016 interim dividend paid in August	Progressive dividend over time; > EUR 0.65 per share

* Ambition 2020 financial targets based on assumption of low-for-longer interest rate environment in the eurozone

** Currently 12.5%

Business profile and strategy

We have a well-diversified portfolio with strong profitability

Retail Banking

- We use technology to offer a differentiating experience to our customers
- Distribution increasingly through mobile devices which requires simple product offering

Market Leaders

Netherlands,
Belgium / Luxembourg

Challengers

Germany / Austria, Czech Republic, Spain, Italy, France and Australia

Growth Markets

Poland, Turkey, Romania and Asian bank stakes

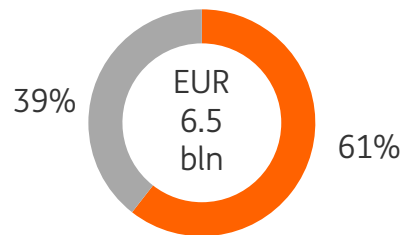
Wholesale Banking International Network

Wholesale Banking

- Our business model is the same throughout our global WB franchise of more than 40 countries
- We focus on top-end corporates, including domestic blue chips and multinationals, and Financial Institutions

Underlying result before tax*

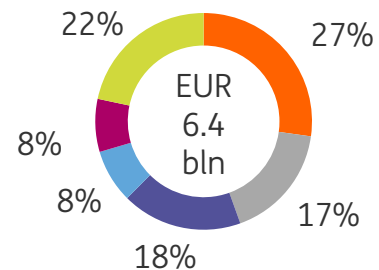
2015



- Retail Banking
- Wholesale Banking

Underlying result before tax**

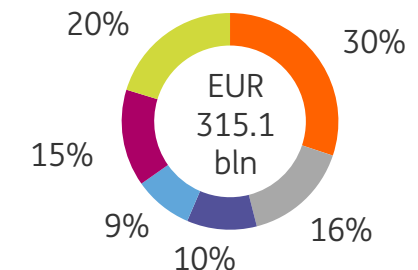
2015



- Netherlands
- Belgium
- Germany
- Other Challengers
- Growth Markets
- WB Rest of World

RWA (end of period)

2015

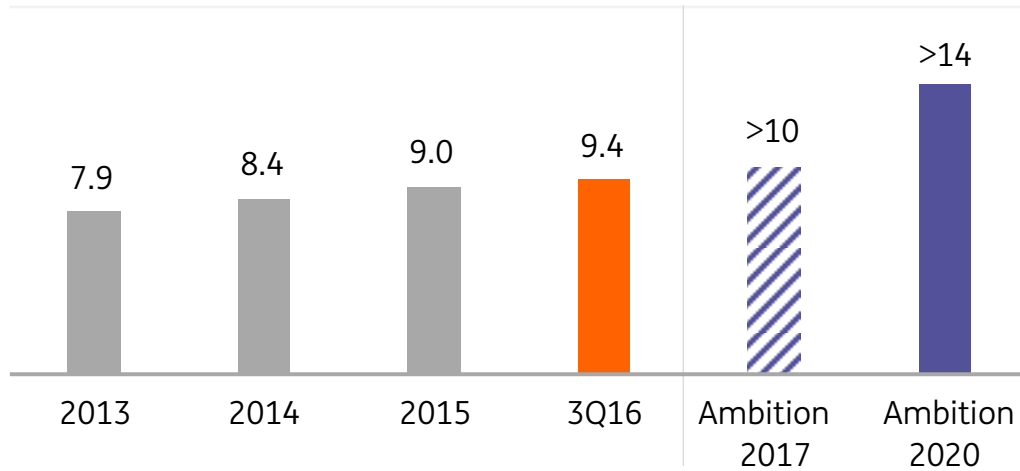


* As per business line split; segment "Corporate Line" not shown on slide. The underlying RBT for this segment was EUR -530 mln in 2015

** As per geographical split; segment "Other" not shown on slide. The underlying RBT for this segment (Corporate Line and Real Estate run-off portfolio) was EUR -451 mln in 2015

Our focus on primary customer relationships drives value

Targeting > 14 mln primary customers by 2020 (in mln)



Primary customers:

- Generate **2.5x** more value
- Are **8x** more loyal
- Have **2x** more cross-buy
- Increase their value by **3x** during their first years at ING



Source: ING client data over 2013-2015 from 2 C&G countries and 1 Market Leader (N=5 mln clients)

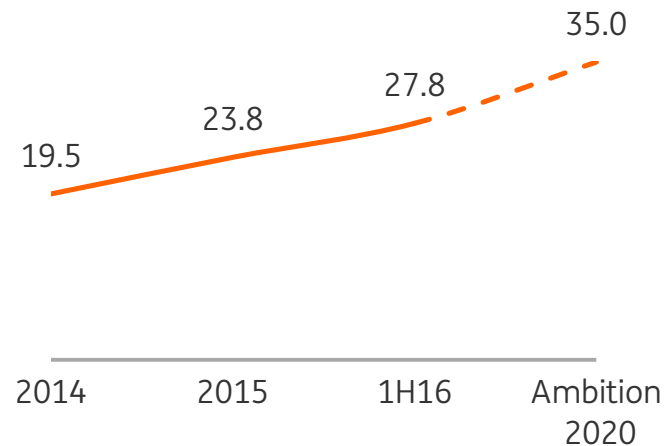
Sustainability is embedded throughout our business

Main Sustainability Themes

- Energy Transition
- Circular Economy
- Water



Sustainable Transitions Financed* (in EUR bln)



Recognition



Ranked **1st** and **Industry Leader** of 395 listed banks by Sustainalytics in August 2016



Scored **90** out of 100 by DJSI; ING named among world leaders in Banks category

Notable deal in 3Q16

- ING acted as advisor and underwriter to international waste-to-product business Shanks Group plc's merger** with leading Dutch waste processor Van Gansewinkel Groep. The merger will create one of Europe's leading players in recycling
- This transaction clearly strengthens ING's commitment to the circular economy, as both Shanks and Van Gansewinkel put the circular economy at the heart of their businesses by making new products out of waste

* STF: measures lending to clients who are environmental and/or social outperformers or financing of transactions for sustainable projects (i.e. renewable energy, low-carbon transport, social welfare)

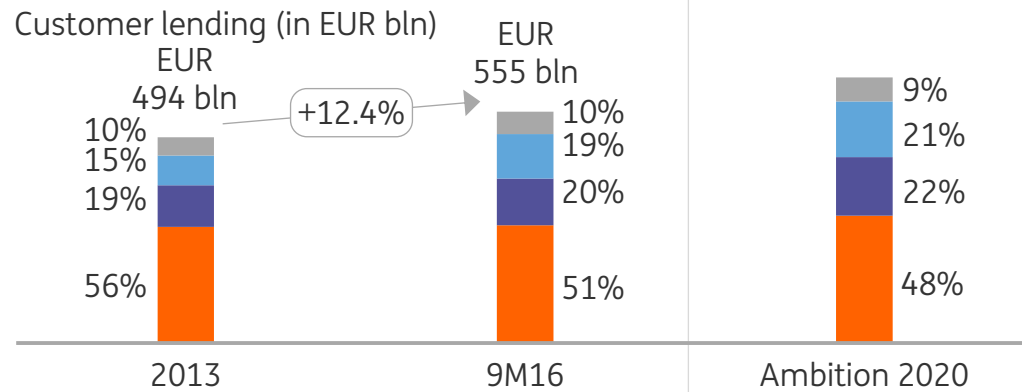
** The deal is awaiting anti-trust clearance in Belgium and the Netherlands and is expected to close in December



Top 9% of >2,000 companies assessed by CDP; ING 1 of only 30 financials to receive highest 'A' score

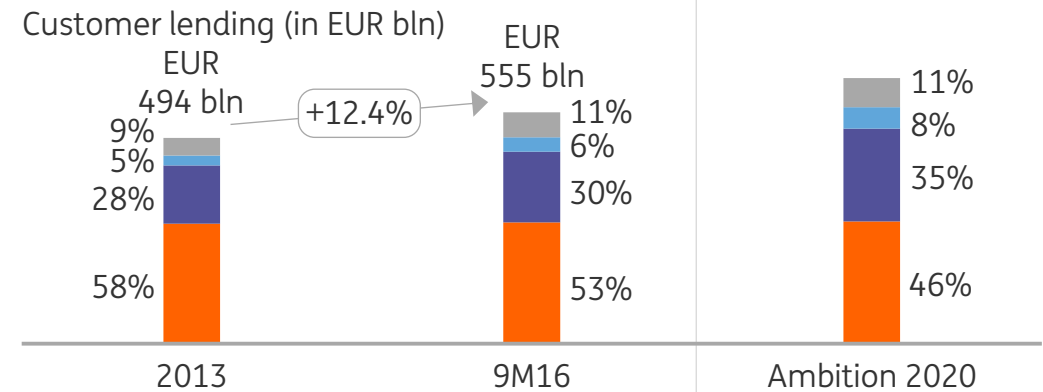
We aim to further diversify the balance sheet

Concentration in mortgages steadily reducing



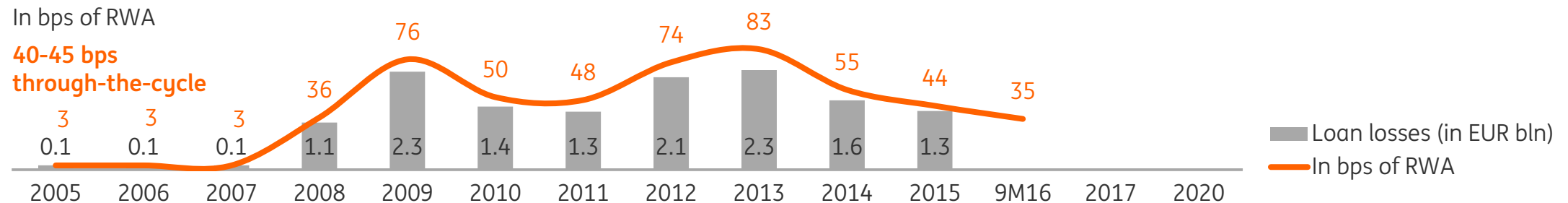
- General Lending & Transaction Services*
- Industry Lending
- SME/Midcorp/Consumer lending
- Mortgages

More diversified lending mix by geography



- Market Leaders
- Challengers
- Growth Markets
- Rest of World

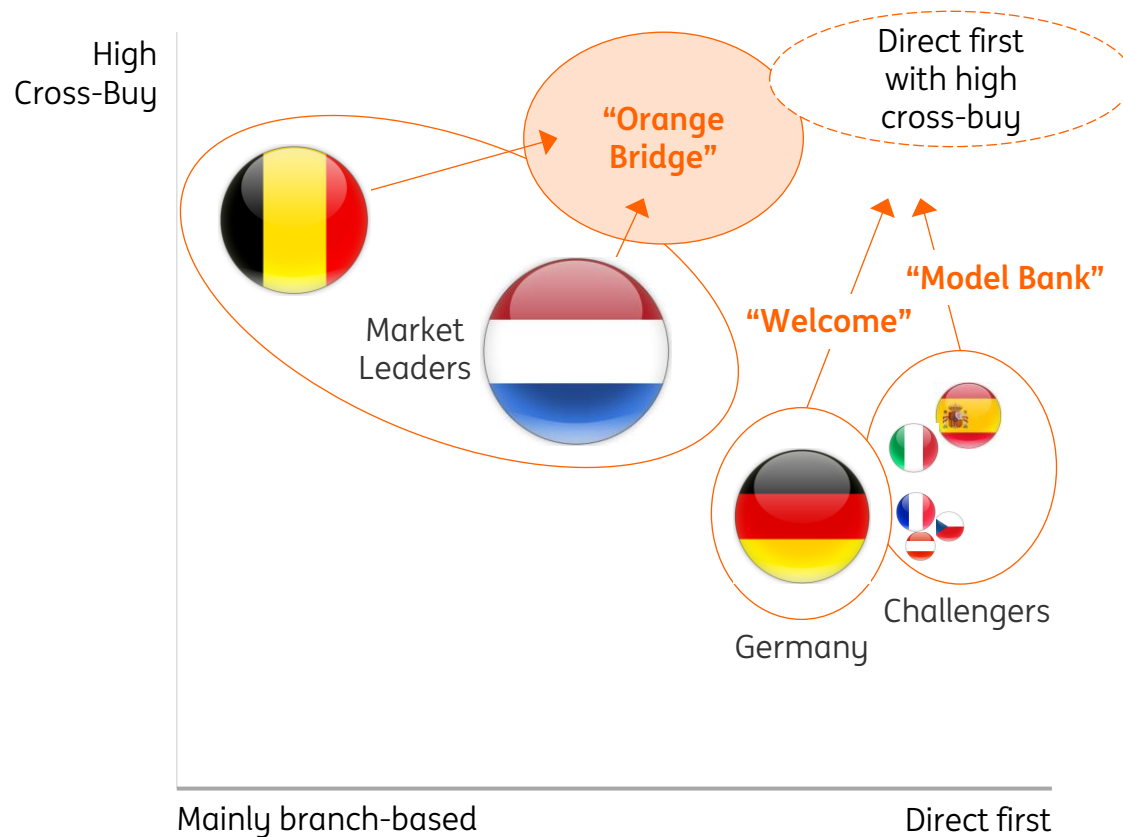
Diversified lending policy is reflected in manageable risk costs



* General Lending & Transaction Services includes Other WB lending

ING to invest EUR 800 mln in digital transformation...

Converging and optimising operating models...



Bubble size = ING retail client balances as of 2015

Cross-buy = average # of products per active customer

All projects described are proposed intentions of ING. No formal decisions will be taken until the information and consultation phases with the Work Councils have been properly finalised
Subject to regulatory approval

...with a significant investment in digital



EUR 800 mln to be invested in our digital transformation from 2016 to 2021

This investment will allow us to build a **scalable platform** to cater for:



- Continued commercial growth
- An improved customer experience
- Quicker delivery of products



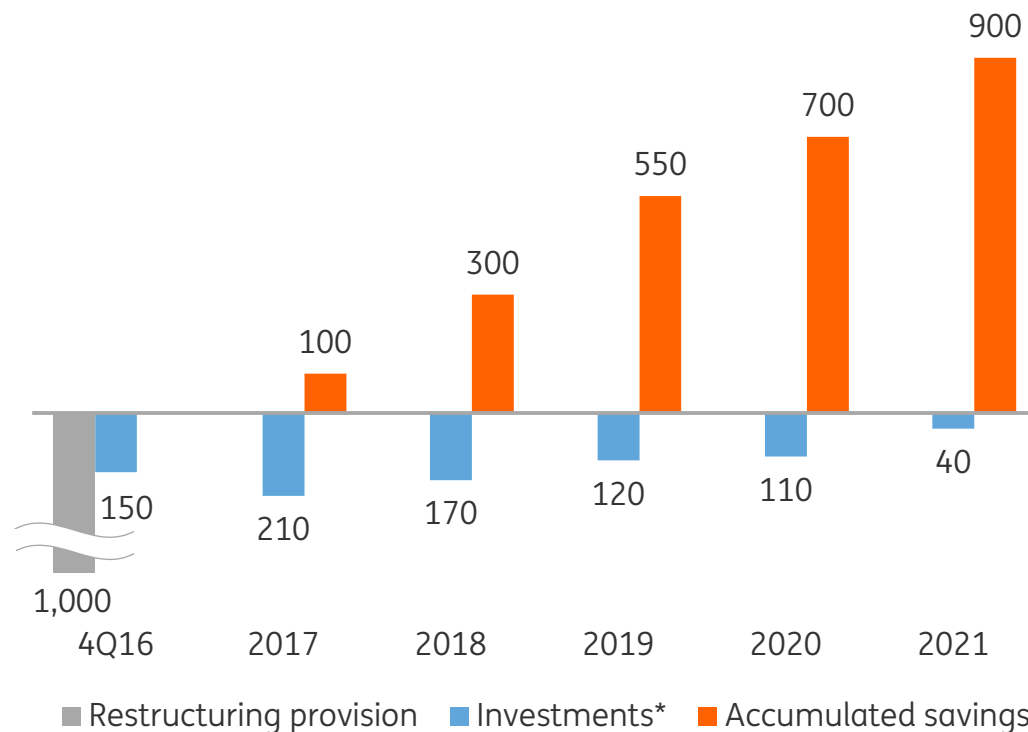
Estimated annual gross cost savings of EUR 900 mln by 2021



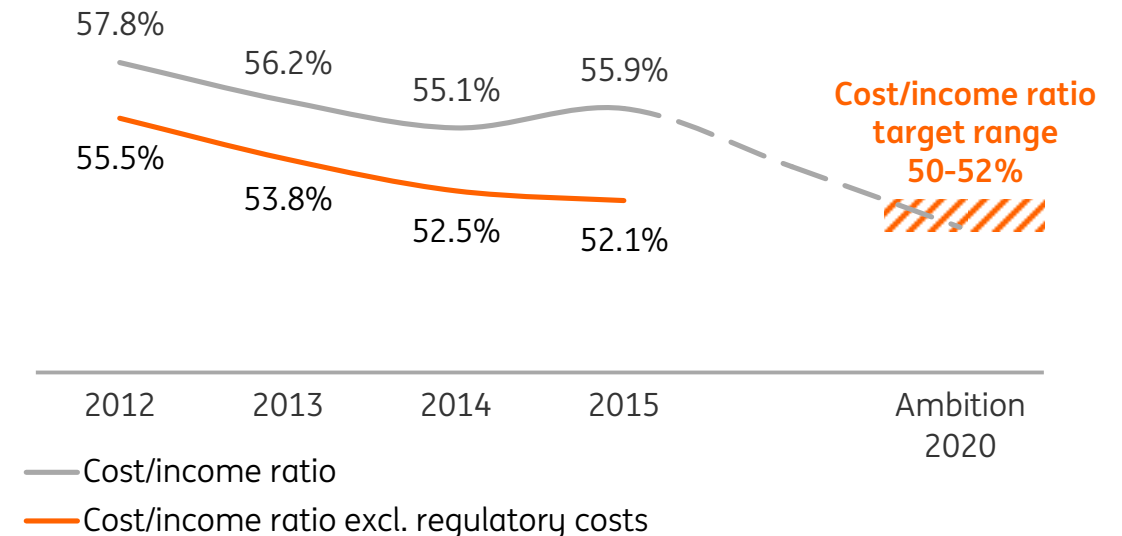
We expect to take a pre-tax **restructuring provision of approximately EUR 1.1 bln**, to be booked as a special item, of which around EUR 1.0 bln in 4Q16. Around 7,000 FTEs impacted, consultations with various stakeholders are underway

...which will bring further efficiency gains

Estimated impact of digital transformation programmes (in EUR mln)



Cost/income ratio to fall towards 50-52% by 2020**



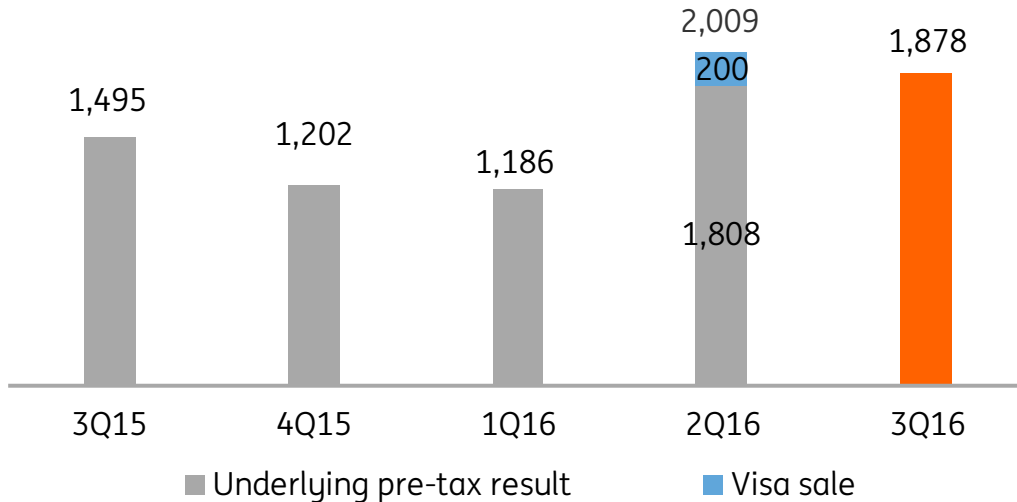
- Cost/income ratio at 54.2% year-to-date
- Digital investments should deliver annual gross cost savings of EUR 900 mln by 2021 to reach 50-52% cost/income ratio

All projects described are proposed intentions of ING. No formal decisions will be taken until the information and consultation phases with the Work Councils have been properly finalised
 * Defined as incremental expenses from new announced programmes and includes project expenses, depreciation and amortisation of new IT assets, as well as impacts from impairments of legacy IT systems. Approx. EUR 90 mln to be taken as a special item in 4Q16
 ** Excluding CVA/DVA (all years) and disclosed redundancy provisions in 2013, 2014 and 2015

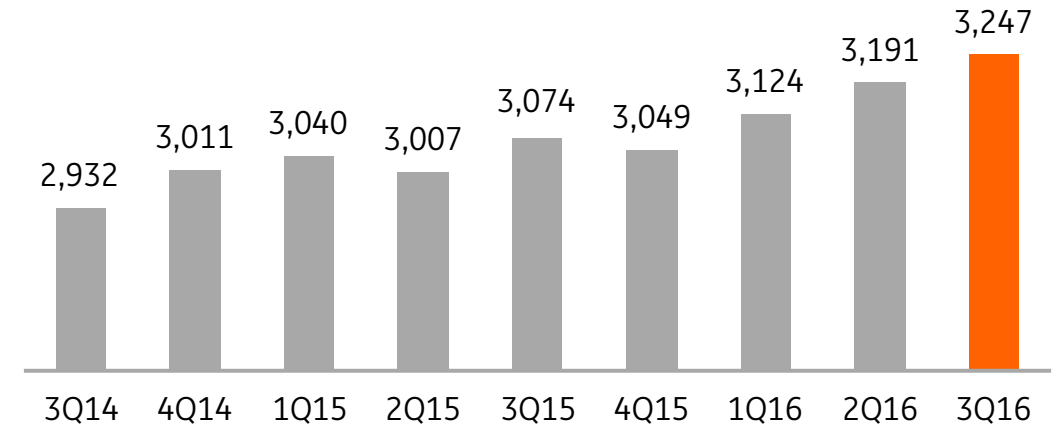
Update 3Q16 results

Strong third-quarter results reflecting NII growth

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



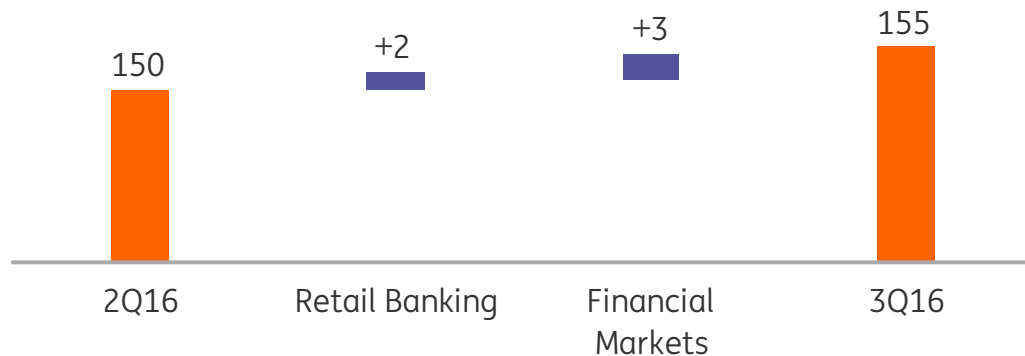
Net interest income excl. Financial Markets (in EUR mln)



- 3Q16 underlying pre-tax profit up 25.6% year-on-year. Excluding Visa gain in 2Q16, pre-tax result also up 3.9% sequentially
- The overall result driven by net interest income (excl. Financial Markets) which showed a 1.8% increase versus 2Q16 due to:
 - Higher volumes in both mortgages and non-mortgage lending
 - Slightly higher lending and savings margins, though interest margin on current accounts further declined

Net interest margin up from 2Q16

Business segment contribution to NIM (in bps)

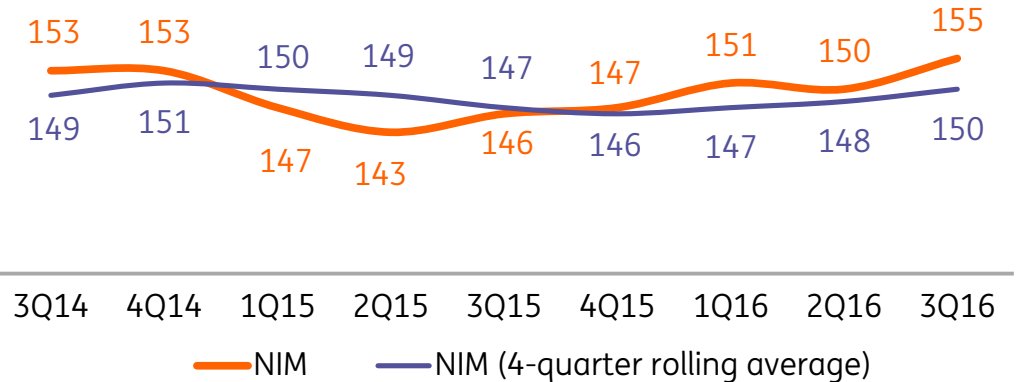


Net interest margin up from 2Q16

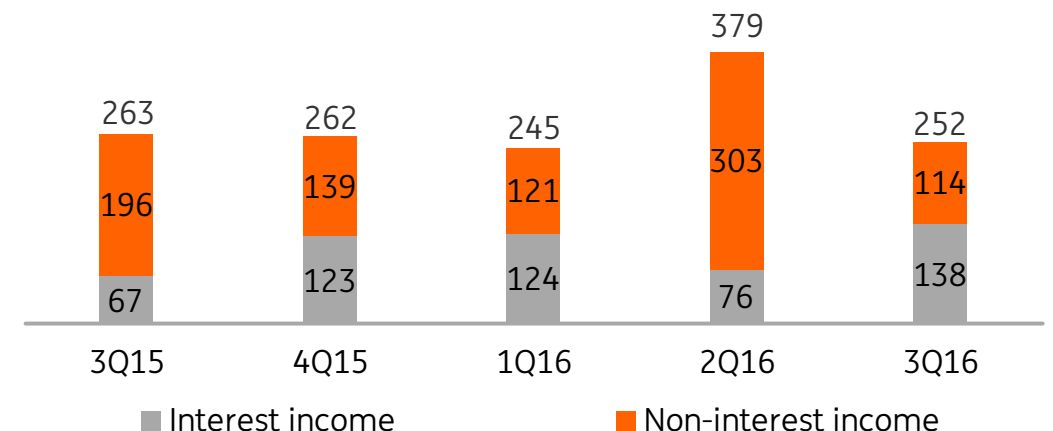
- Interest margin up from 2Q16 by 5 bps, mostly driven by Financial Markets as well as Retail Germany and Retail Other Challengers & Growth Markets
- Savings margins up from 2Q16, reflecting the reduction in client savings rates in several countries, offset by lower margins on current accounts
- Lending margins slightly up on the prior quarter

* Excl. CVA/DVA

NIM trend reflects volatility in FM interest result (in bps)

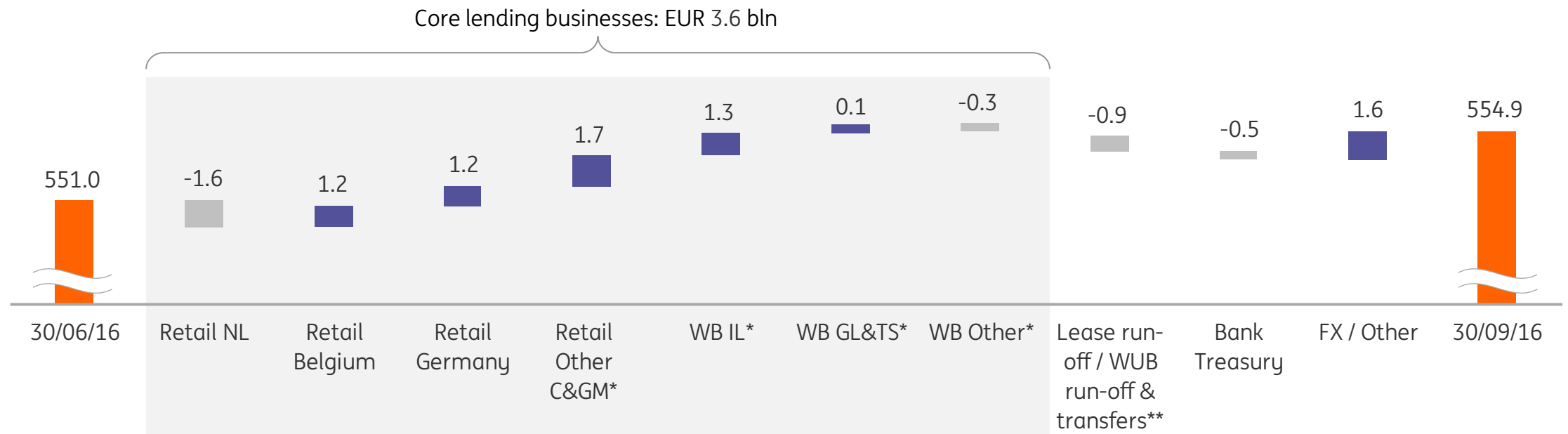


Underlying income Financial Markets* (in EUR mln)



Our core lending franchises grew by EUR 3.6 bln in 3Q16

Customer lending ING Bank 3Q16 (in EUR bln)



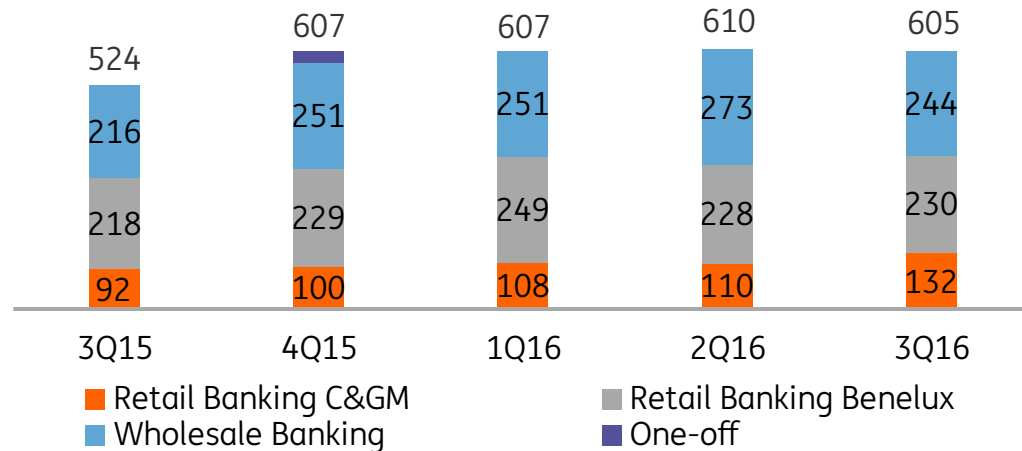
- Our core lending franchises grew by EUR 3.6 bln in 3Q16:
 - Wholesale Banking increased by EUR 1.2 bln which is driven by Industry Lending
 - Retail Banking increased by EUR 2.4 bln (EUR 1.5 bln mortgages and EUR 0.9 bln other customer lending), mainly in C&G countries

* C&GM is Challengers & Growth Markets; IL is Industry Lending; GL&TS is General Lending & Transaction Services; WB 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 -0.2 bln

Robust commission income driven by C&G countries

Commission income* remaining roughly flat (in EUR mln)



- Commission income grew over the past quarters. The increase was visible in all segments year-on-year
- Compared to 2Q16, commissions are broadly stable as an increase in Retail C&GM fees was offset by a decline in Wholesale Banking fees

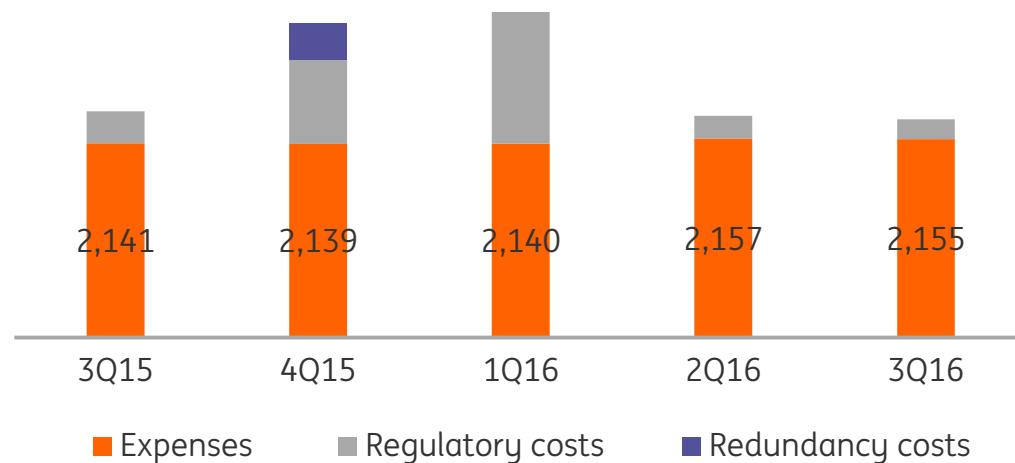
Bank-wide initiatives to drive fee income

Lending fees	<ul style="list-style-type: none"> • Wholesale Banking growth in Industry and General Lending • Acceleration of Consumer Lending • Volume growth in SME/MidCorp
Fee products	<ul style="list-style-type: none"> • Offer more investment products, e.g. via Robo advice • Insurance distribution linked to lending and stand-alone via mobile • Increasing Financial Markets cross-sell with Debt Capital Markets
Payment fees	<ul style="list-style-type: none"> • Selectively increase lending and payment fees to corporate clients • Review of daily banking fees across our different markets
New sources	<ul style="list-style-type: none"> • E.g. referral of loans to third parties, comparison engines, attracting third parties to our platforms

* Corporate Line not visible in breakdown, therefore Retail Banking and Wholesale Banking do not add up to totals

Underlying operating expenses remained stable

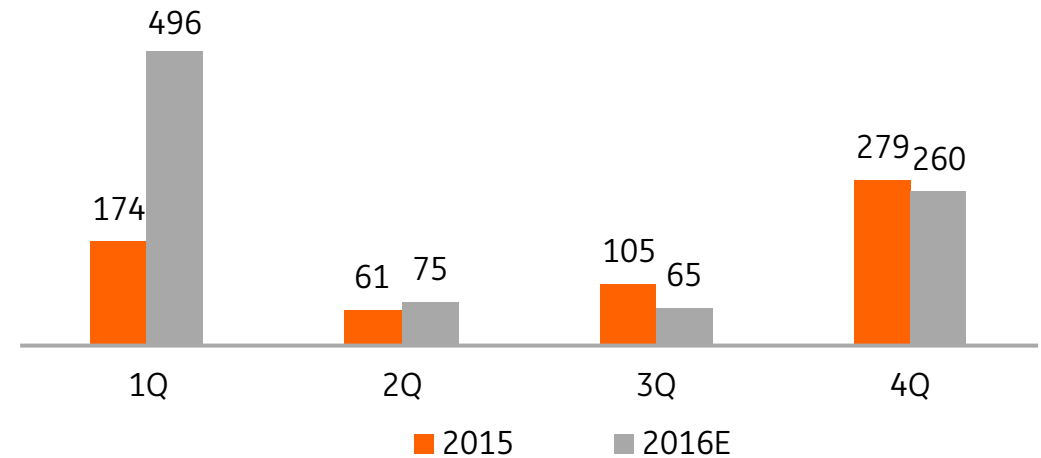
Underlying operating expenses
(in EUR mln)



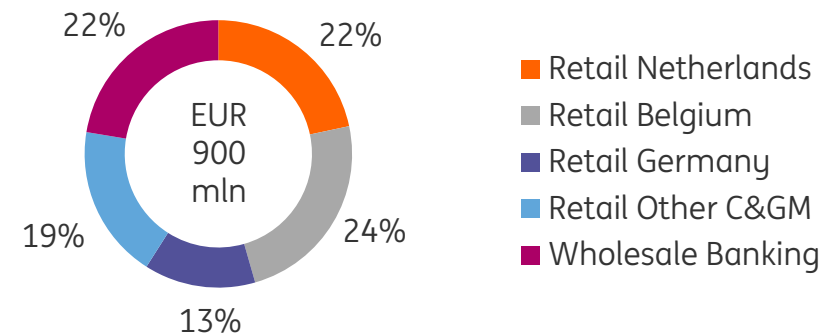
- Underlying expenses remained broadly flat year-on-year
- 2016 regulatory costs estimated at approximately EUR 900 mln, down slightly from previous estimate of EUR 940 mln
- Lower regulatory costs in Germany on decision to fulfil some DGS contributions via Irrevocable Payment Commitments

* 4Q16 numbers are estimates and subject to change

Regulatory costs skewed to first and fourth quarters*
(in EUR mln)



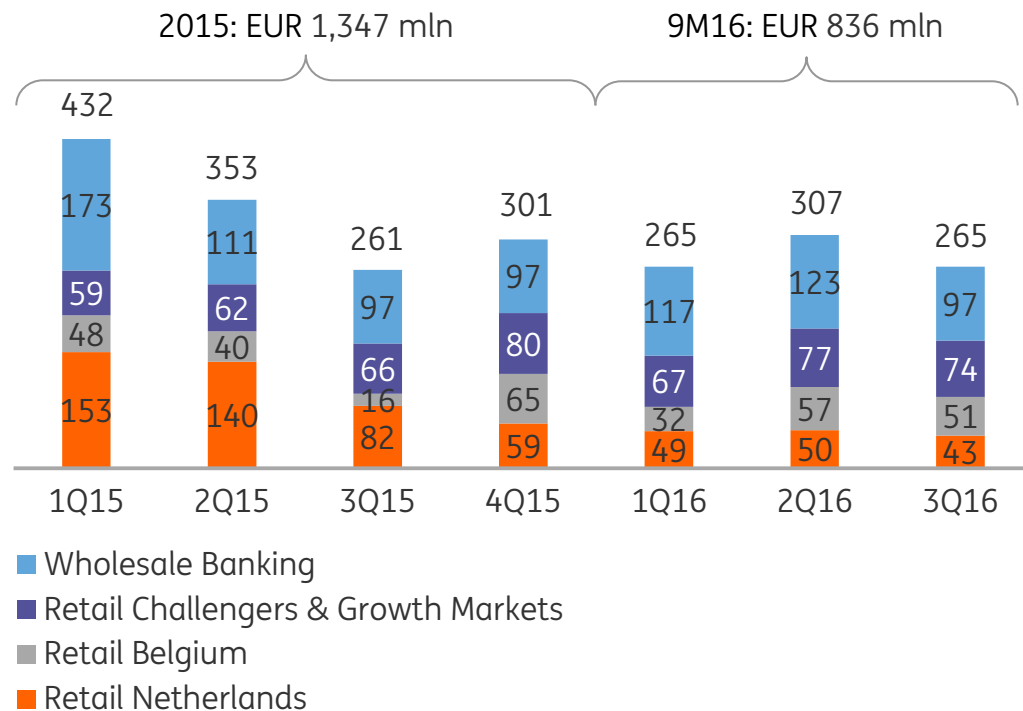
Estimated regulatory costs by segment (2016)*



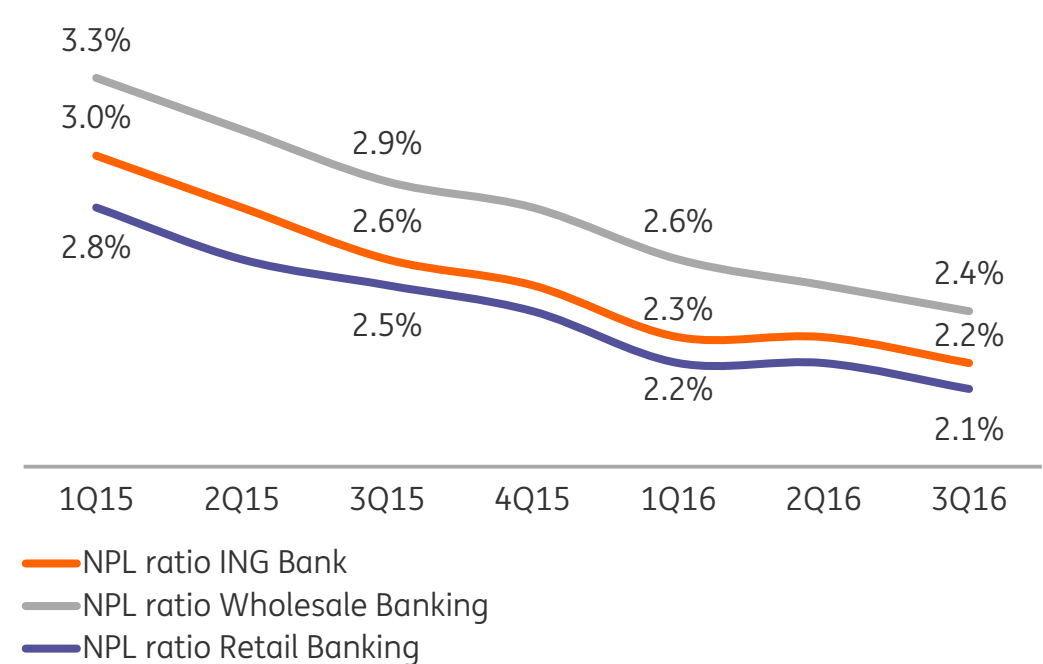
Asset quality

Risk environment benign; NPLs keep trending down

Risk costs (in EUR mln)



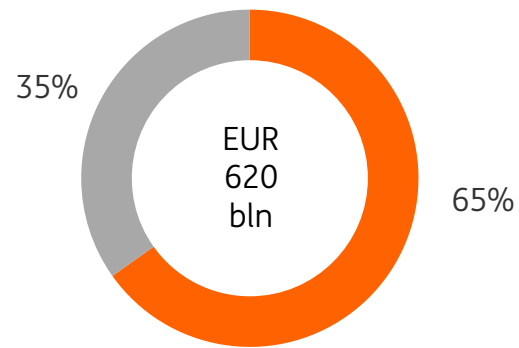
NPL ratio



- Risk costs were EUR 265 mln, or 34 bps of RWA, well below 40-45 bps through-the-cycle average
- NPL ratio down slightly to 2.2%, with improvements in both Retail Banking and Wholesale Banking
- NPL ratio of Oil & Gas related exposure dropped to 2.5%, from 2.8% in 2Q16

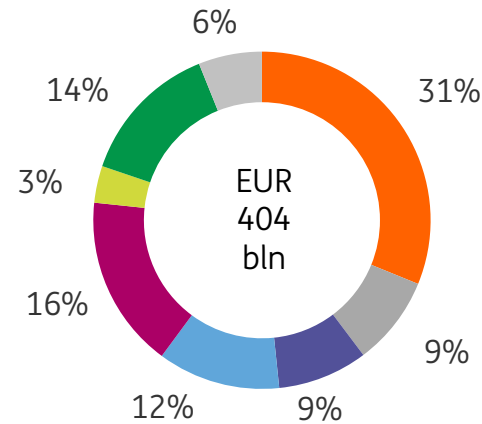
Lending credit outstandings ING Bank are well diversified

ING Bank*



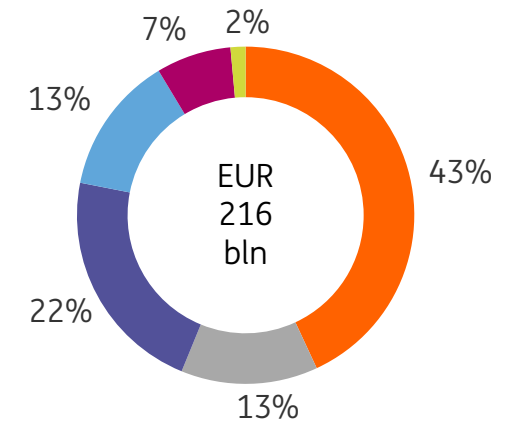
- Retail Banking
- Wholesale Banking

Retail Banking*



- Mortgages Netherlands
- Other lending Netherlands
- Mortgages Belgium
- Other lending Belgium
- Mortgages Germany
- Other lending Germany
- Mortgages Other C&GM
- Other lending Other C&GM

Wholesale Banking*



- Structured Finance
- Real Estate Finance
- General Lending
- Transaction Services
- FM, Bank Treasury & Other
- General Lease run-off

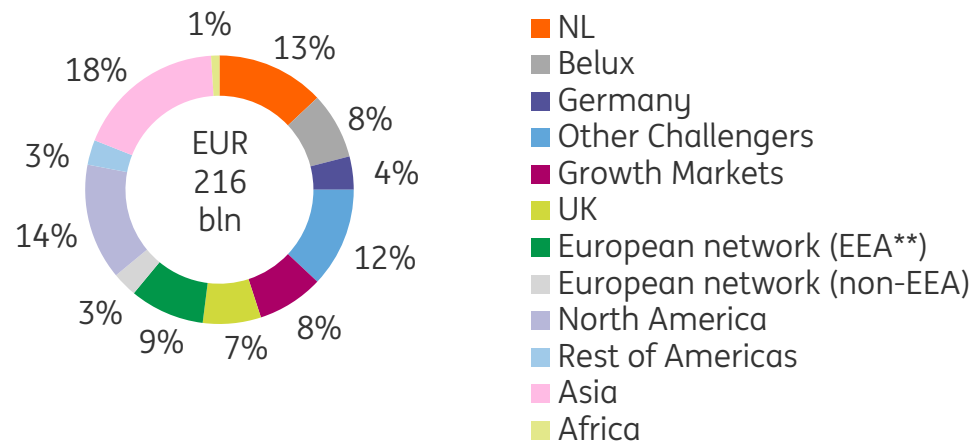
- ING Bank has a well-diversified and collateralised loan book with a strong focus on own-originated mortgages
- 65% of the portfolio is retail-based

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

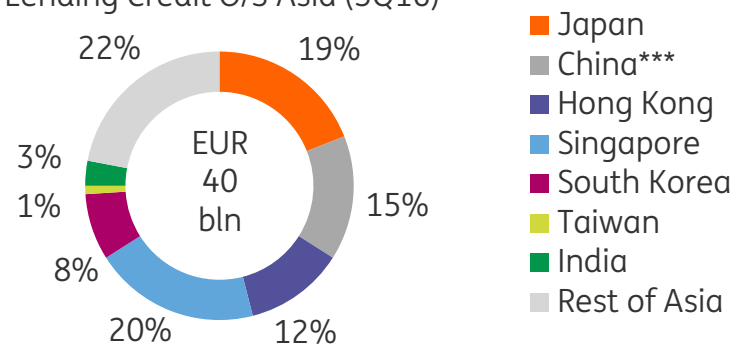
Lending credit outstandings Wholesale Banking well diversified by geography and sector

Loan portfolio is well diversified across geographies...

Lending Credit O/S Wholesale Banking (3Q16)*

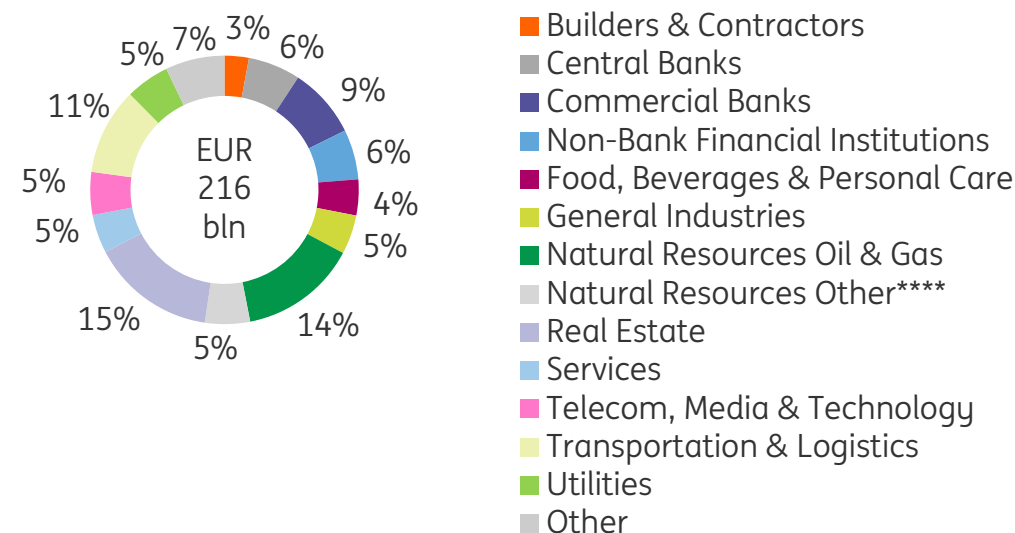


Lending Credit O/S Asia (3Q16)*



...and sectors

Lending Credit O/S Wholesale Banking (3Q16)*



* Data is based on country of residence, Lending Credit O/S include guarantees and letters of credit

** Member countries of the European Economic Area (EEA)

*** Excluding our stake in Bank of Beijing (EUR 2.5 bln at 30 September 2016)

**** Mainly Metals & Mining

Wholesale Banking NPL ratio continued to improve in 3Q16

Selected lending portfolios

	Lending credit O/S 3Q16	NPL ratio 3Q16	Lending credit O/S 2Q16	NPL ratio 2Q16	Lending credit O/S 3Q15	NPL ratio 3Q15
Wholesale Banking	215,779	2.4%	214,059	2.5%	199,807	2.9%
Industry Lending	121,257	2.4%	119,120	2.5%	107,252	3.2%
Of which Structured Finance	92,941	2.3%	91,909	2.4%	80,976	2.4%
Of which Real Estate Finance	28,316	2.9%	27,211	3.0%	26,002	5.2%
Of which UK Real Estate Finance	2,348	0%	2,444	0%	2,581	0.2%
Selected industries*						
Oil & Gas related	31,335	2.5%	30,746	2.8%	27,550	1.8%
Metals & Mining**	13,885	5.6%	14,541	5.9%	13,275	6.4%
Shipping & Ports***	13,498	4.9%	12,857	4.4%	12,168	4.5%
Selected countries						
Turkey****	18,875	2.5%	19,917	2.3%	18,403	1.8%
China*****	6,148	0%	6,719	0%	7,687	0%
Russia	5,614	2.8%	5,851	2.7%	5,696	2.8%
Ukraine	1,138	56%	1,223	57%	1,168	55.2%

* Includes WB Industry Lending, General Lending (CFIL) and Transaction Services

** Excluding Ukrainian and Russian Metals & Mining exposure, the NPL ratio would be just 1.8%

*** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, NPL ratio is only 1.4%

**** Turkey includes Retail Banking activities (EUR 10.3 bln)

***** China exposure is excluding Bank of Beijing stake

Lending to the broader Oil & Gas industry is largely short-term

Lending Credit O/S ING Bank to Oil & Gas industry (in EUR bln)

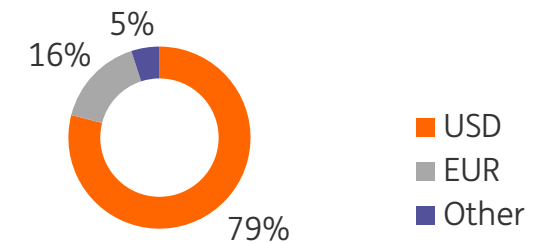
	3Q16	3Q15	Change 3Q-3Q	2Q16	Change 3Q-2Q
Total Lending Credit O/S	31.3	27.6	3.8	30.7	0.6

NPL ratio and coverage ratio Oil & Gas

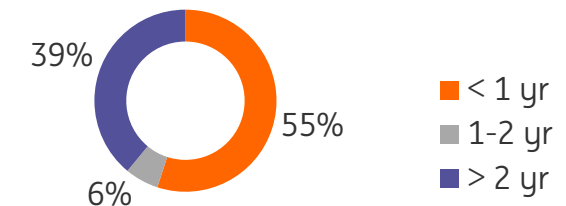
	3Q16	3Q15	2Q16
NPL ratio	2.5%	1.8%	2.8%
Coverage ratio	31%	16%	23%

- Risk costs modestly increased, while the NPL ratio decreased in 3Q16
- Our non-investment grade portfolio is mostly senior secured and debt service ranks ahead of other debt and equity

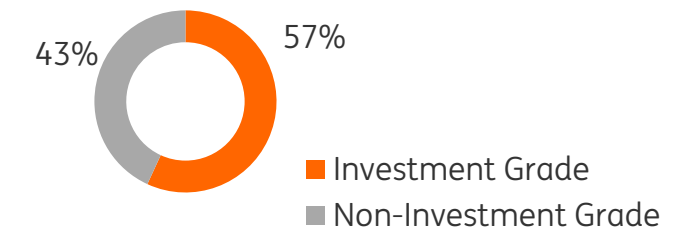
Lending outstanding per currency



Lending breakdown by maturity



Lending outstanding by rating



Lending to the Oil & Gas industry is well diversified

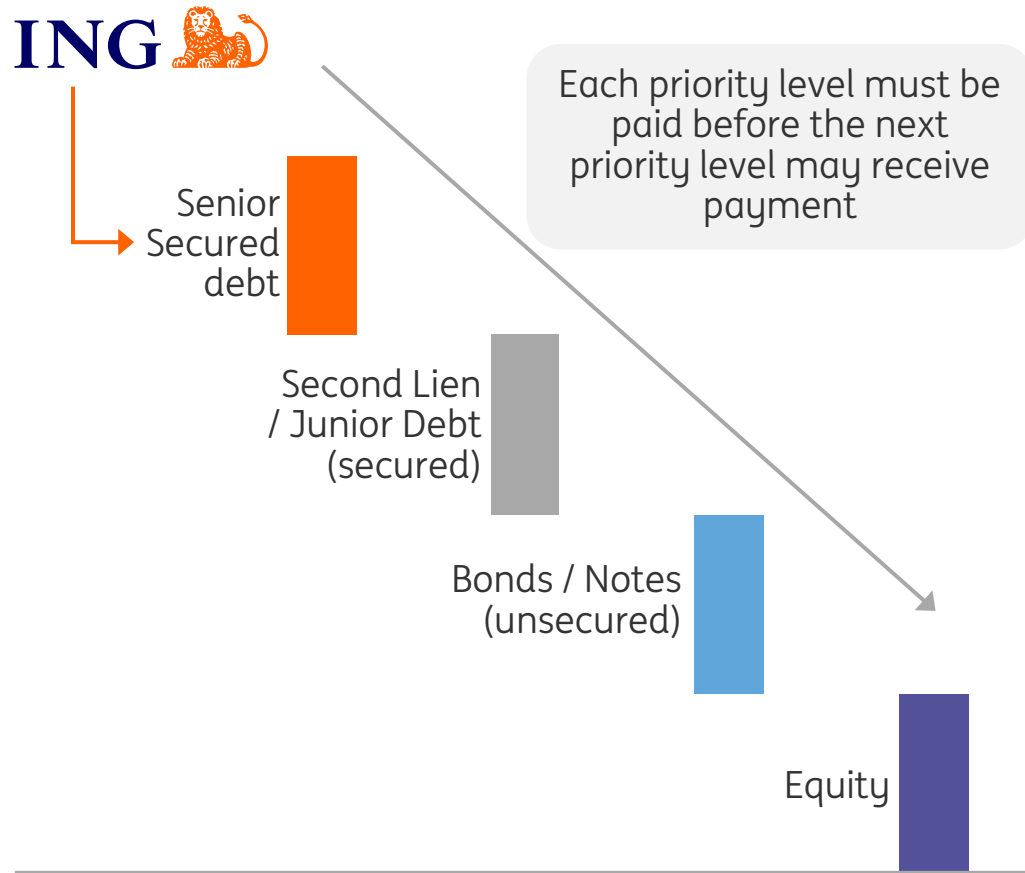
		Lending credit O/S		
		In EUR bln	In %	
Trade and Commodity Finance	• Trade-related exposure; short-term self-liquidating trade finance, generally for major trading companies, either pre-sold or price hedged, not exposing the Bank to oil price risk	13.2	42%	} 86% of lending is not directly exposed to oil price risk
Export Finance	• ECA covered loans in Oil & Gas: typically 95-100% credit insured	1.7	5%	
Corporate Lending	• Corporate Loans in Oil & Gas sector: predominantly loans to investment grade integrated oil companies	6.8	22%	
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	0.9	3%	
Reserve Based Lending*	• Financing based on borrower's Oil & Gas assets. Loans secured by reserves of Oil & Gas. Includes smaller independent Oil & Gas producers	2.7	9%	} On EUR 3.6 bln of exposure, we may see higher loan losses due to the oil price decline in the past year
Total Oil & Gas related exposure		EUR 31.3 bln		

- The EUR 0.6 bln quarter-on-quarter increase in lending credit outstandings is mainly due to higher Corporate Lending which is partly offset by lower Trade and Commodity Finance volumes

* 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)

	3Q16	3Q15	Change 3Q-3Q	2Q16	Change 3Q-2Q
Total Lending Credit O/S*	13.9	13.3	0.6	14.5	-0.7

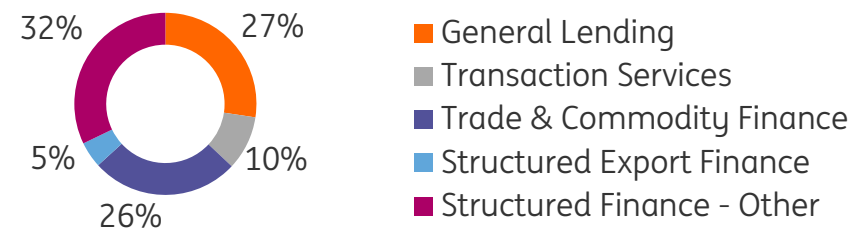
NPL ratio and coverage ratio Metals & Mining

	3Q16	3Q15	2Q16
NPL ratio	5.6%	6.4%	5.9%
Coverage ratio	44%	43%	47%

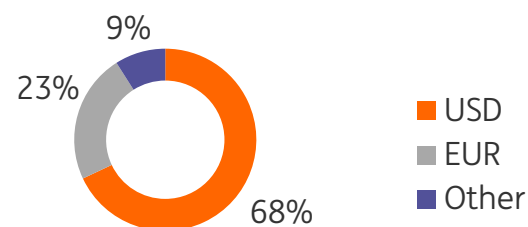
- Metals & Mining lending portfolio is well diversified in terms of underlying commodities, type of product, type of exposures, structures and duration
- Around 25% is short-term self-liquidating trade finance and not sensitive to price risk
- Around 5% is export finance and covered by Export Credit Agencies
- Focus is and has always been on high credit quality names, low cost producers and industry leaders
- Around 75% of the NPLs are related to our exposure to the Ukraine (around 57%) and Russia (around 18%)
- Excluding the Ukrainian and Russian exposure, the NPL ratio is 1.8%

* Approximately EUR 1.5 bln is Retail Banking

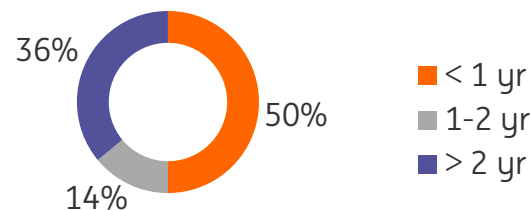
Lending outstanding by segment



Lending outstanding per currency



Lending breakdown by maturity



The quality of our Russian portfolio remains strong

Exposure ING Bank to Russia (in EUR mln)

	3Q16	3Q15	Change 3Q-3Q	2Q16	Change 3Q-2Q
Total Lending Credit O/S	5,614	5,696	-82	5,851	-237
Other*	629	487	142	583	46
Total outstanding	6,243	6,183	60	6,434	-191
Undrawn committed Facilities	534	673	-139	570	-36

Note: data based on country of residence

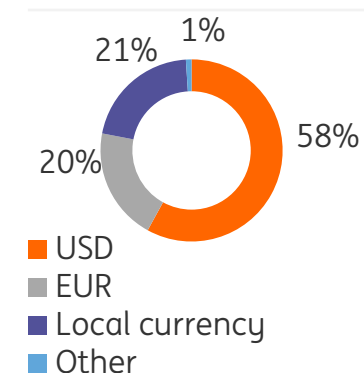
NPL ratio and coverage ratio Russia

	3Q16	3Q15	2Q16
NPL ratio	3%	3%	3%
Coverage ratio	19%	17%	17%

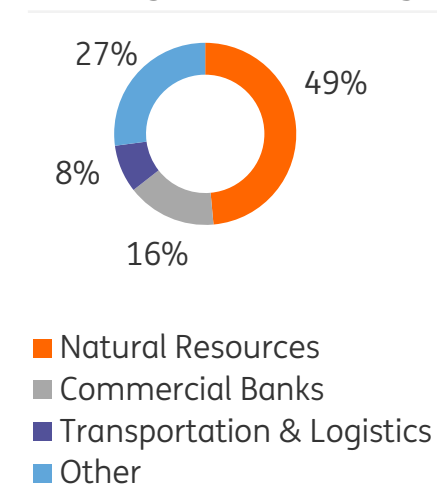
- Total outstanding to Russia increased by EUR 0.1 bln from 3Q15 and decreased by EUR 0.2 bln from 2Q16, EUR 1.3 bln of which is short-term FI lending
- The lending exposure to Russia covered by Export Credit Agencies (ECA) is approximately EUR 0.9 bln
- Focus on mitigated exposures; ECA-covered, pre-export facilities, offshore collateralized and shorter tenors
- The quality of the portfolio remains strong with the NPL ratio stable at 3%

* Other includes Investments, trading exposure and pre-settlement

Lending outstanding per currency



Lending breakdown by industry



Ukraine portfolio continues to be under pressure, but well provisioned

Exposure ING Bank to Ukraine (in EUR mln)

	3Q16	3Q15	Change 3Q-3Q	2Q16	Change 3Q-2Q
Total Lending Credit O/S	1,138	1,168	-30	1,223	-85
Other*	-3	0	-3	-2	-1
Total outstanding	1,135	1,168	-33	1,221	-86
Undrawn committed Facilities	66	116	-50	49	17

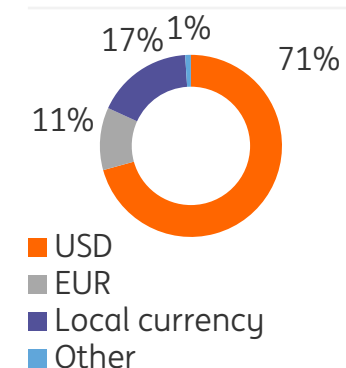
Note: data based on country of residence

NPL ratio and coverage ratio Ukraine

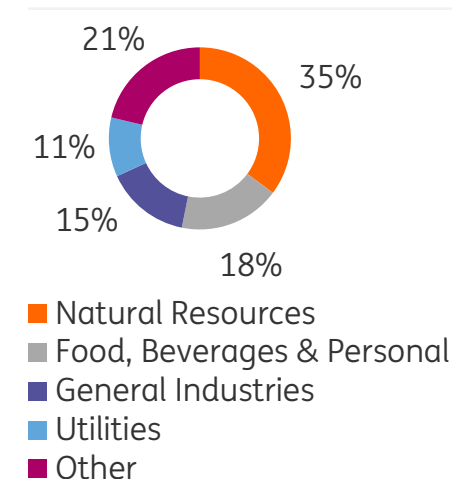
	3Q16	3Q15	2Q16
NPL ratio	56%	55%	57%
Coverage ratio	68%	57%	64%

- The NPL ratio decreased slightly to 56% in 3Q16, reflecting the still challenging economic situation in Ukraine
- The coverage ratio increased to 68% in 3Q16 from 64% in 2Q16

Lending outstanding per currency



Lending breakdown by industry

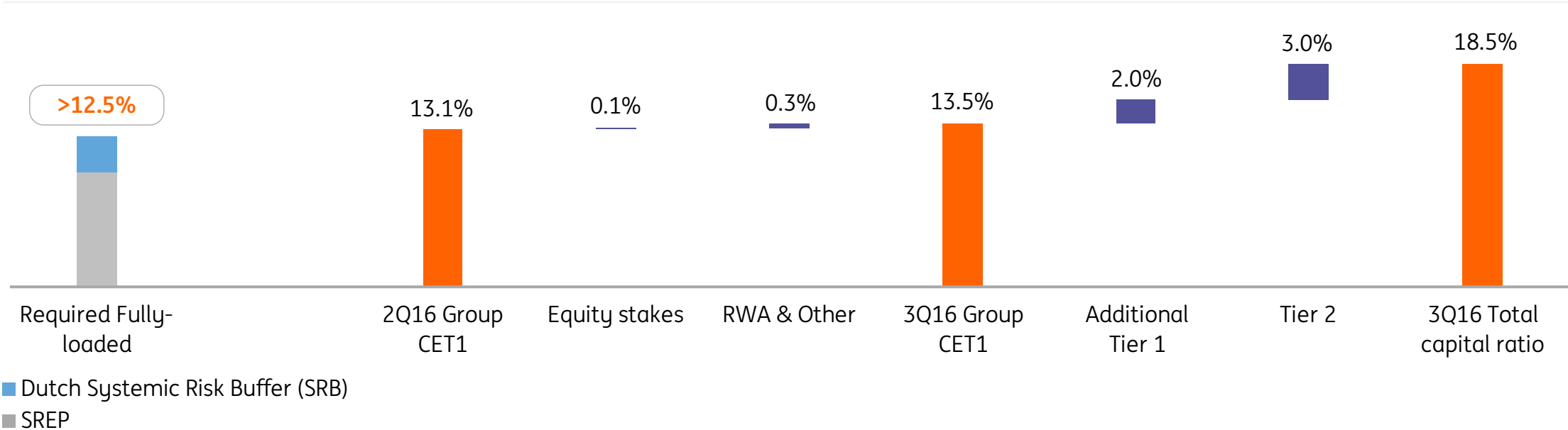


* Other includes Investments, trading exposure and pre-settlement

Group and Bank capital

Capital position strengthened; ING Group to be resolution entity

ING Group 3Q16 fully-loaded capital ratios*



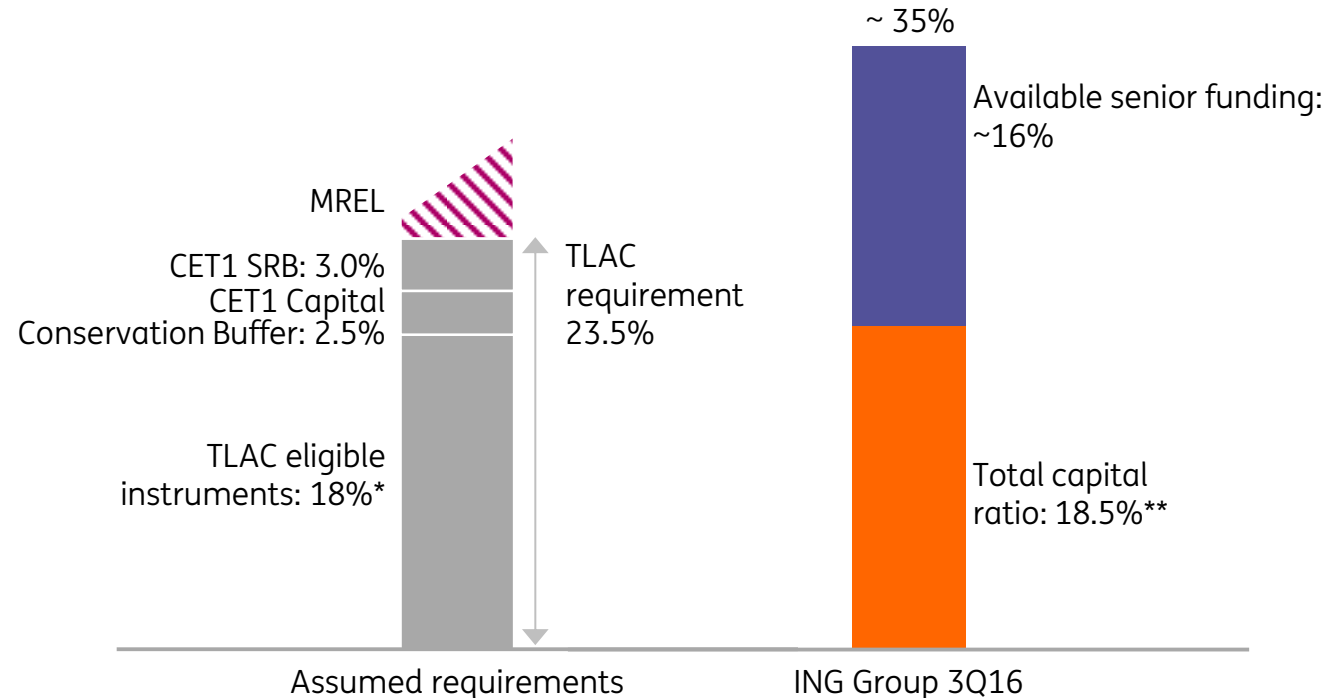
- ING Group’s 3Q16 fully-loaded CET1 ratio rose to 13.5% on lower RWA; interim profits not included in capital
- Post the 2016 interim dividend payment in August, interim profits not included in capital amount to EUR 3.0 bln
- The final dividend proposal will reflect considerations including expected future capital requirements and growth opportunities
- Subject to final SRB confirmation, we have concluded that ING Group should be our designated resolution entity

* ING Group fully-loaded capital ratios are based on RWAs of EUR 313 bln and include grandfathered securities



Flexibility to comply with expected TLAC and MREL requirements

Possible TLAC/MREL requirements (fully loaded, in % of RWA)



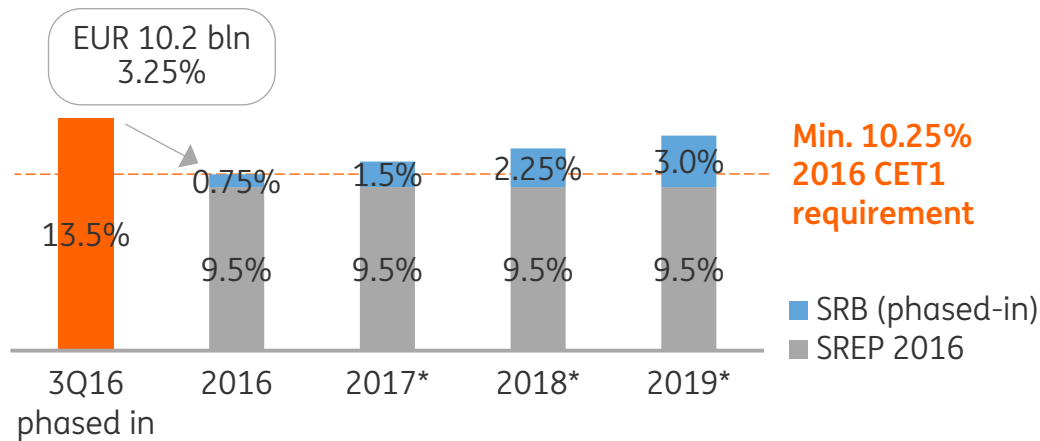
The Financial Stability Board's TLAC proposals

- Assuming TLAC requirements at 23.5% (including buffers) by 1 January 2022, ING is well-placed to meet them
- 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
- MREL requirements, including potential subordination requirement, remain uncertain. Based on EBA Regulatory Term Sheet, MREL requirements are likely to exceed TLAC requirements
- Transition to HoldCo resolution strategy is subject to final SRB confirmation and expected to start in 2017

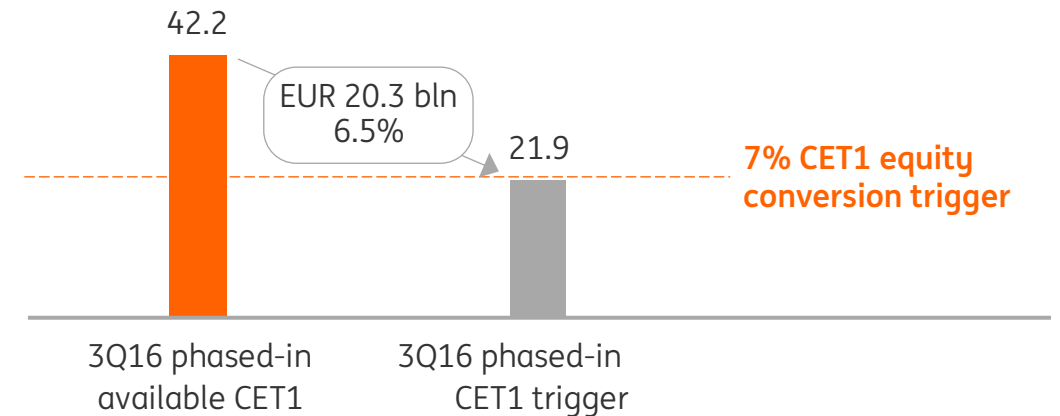
* Minimum TLAC requirement (excluding regulatory capital buffer requirements) as per 1 January 2022
 ** Including grandfathered securities

Additional Tier 1: comfortable buffers to triggers

Buffer to MDA 3Q16*



Buffer to Conversion Trigger 3Q16 (in EUR bln)*

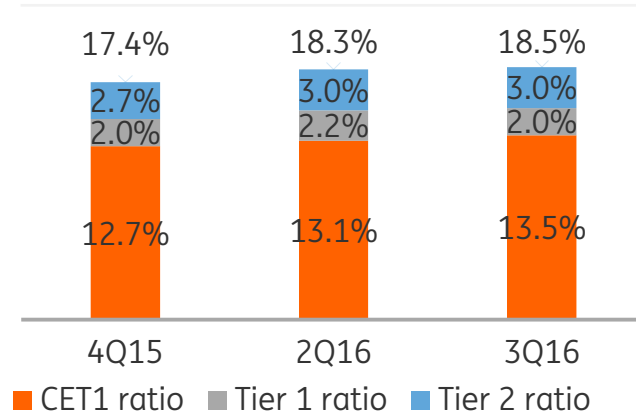


Buffer to MDA	<ul style="list-style-type: none"> MDA restrictions will apply if ING Group breaches Combined Buffer Requirements (CBR). SREP CET 1 requirement (9.5%) has come into force, while SRB (3%) is being phased-in over four annual instalments As per end-September 2016, the buffer to the 2016 MDA restriction level is EUR 10.2 bln or 3.25% of RWAs MDA framework is currently under review with the introduction of Pillar 2 requirements and Pillar 2 guidance
Buffer to Conversion Trigger	<ul style="list-style-type: none"> The ING Group phased-in capital buffer to conversion trigger (7% CET1) is high at EUR 20.3 bln
Available Distributable Items	<ul style="list-style-type: none"> 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

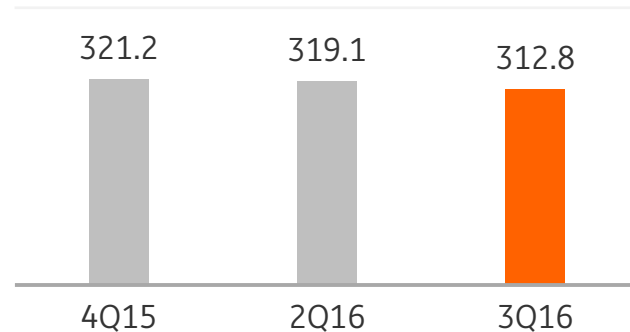
* Estimated buffer vs. 2016 CRR/CRDIV transitional rules, subject to annually revised SREP requirement

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)



* Including grandfathered securities, excluding year-to-date Group interim profits of EUR 3.0 bln not included in capital

** According to the Delegated Act

Regulatory capital* (in EUR bln)

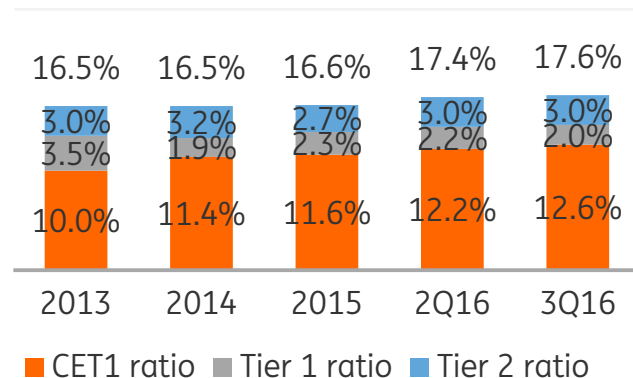
	30-Jun 2016	30-Sep 2016	Change	
Fully loaded ratios	CET1 ratio	13.1%	13.5%	0.3%
	Tier 1 ratio	15.4%	15.5%	0.1%
	Total capital ratio	18.3%	18.5%	0.2%
	Leverage ratio**	4.4%	4.4%	0.0%
	Shareholders' equity	49.1	49.4	0.4
	CET1 capital	41.9	42.1	0.2
	Risk-weighted assets	319.1	312.8	-6.3

RWA development

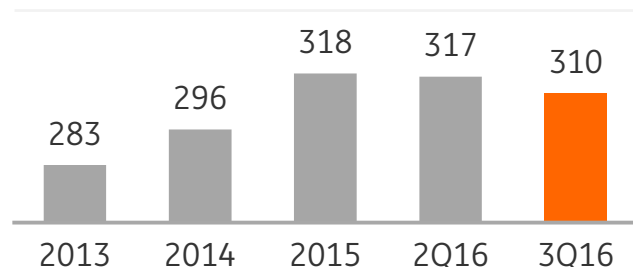
- Risk-weighted assets at Group level reflect developments at the Bank (see next page for more detail on RWA breakdown)

ING Bank capital ratios and risk-weighted assets

ING Bank capital ratios* (fully loaded)



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

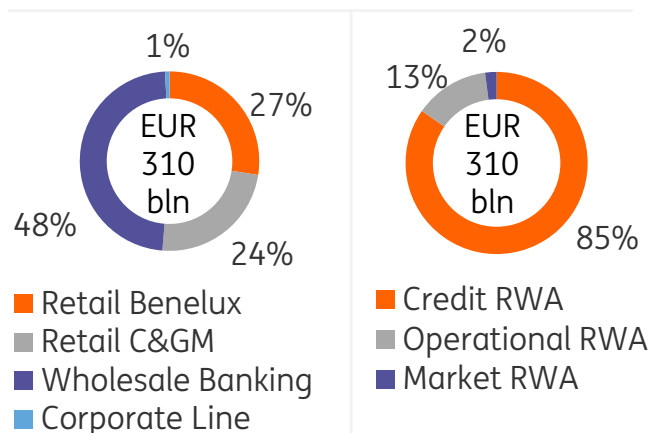


* Including grandfathered securities, excluding 3Q16 interim profits of EUR 1.3 bln not included in capital
 ** According to the Delegated Act
 *** EUR 1.3 bln of dividend to be upstreamed to ING Group

Regulatory capital* and liquidity (in EUR bln)

	30-Jun 2016	30-Sep 2016	Change	
Fully loaded ratios	CET1 ratio	12.2%	12.6%	0.3%
	Tier 1 ratio	14.5%	14.6%	0.1%
	Total capital ratio	17.4%	17.6%	0.2%
	Leverage ratio**	4.1%	4.1%	0.0%
	Shareholders' equity***	43.4	44.7	1.3
	CET1 capital	38.8	39.0	0.2
Liquidity	Risk-weighted assets	317.0	310.5	-6.5
	LCR	> 100%	> 100%	

ING Bank total risk-weighted assets 3Q16



RWA development

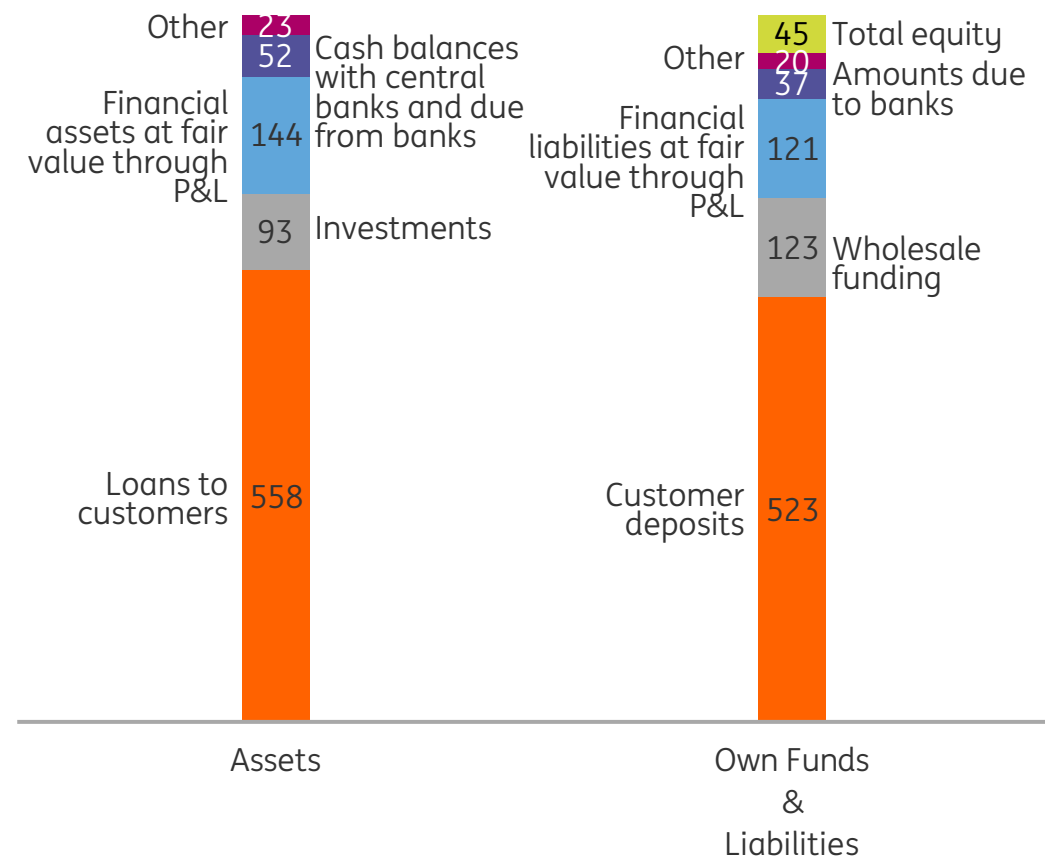
- At 3Q16, ING Bank's total RWA were EUR 6.5 bln lower vs. 2Q16, reflecting positive impacts from risk migration, partial sale of ING's stake in Kotak, FX movements and lower positions in FM
- Still regulatory uncertainty on the future applicable framework, particularly the proposal of a revised standardised approach plus floors ('Basel IV'), could have a material impact

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 September 2016: EUR 870 bln



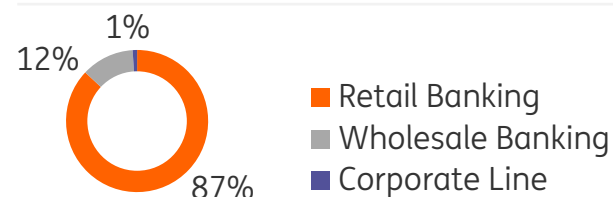
High quality customer loan book

- See Asset Quality section of the presentation

Attractive funding profile

- 60% of the balance sheet is funded by customer deposits
- 87% of total funds entrusted is retail based
- Attractive Loan-to-Deposit ratio of 105% as per 30 September 2016

Customer deposits by segment



Large, high quality liquidity buffer

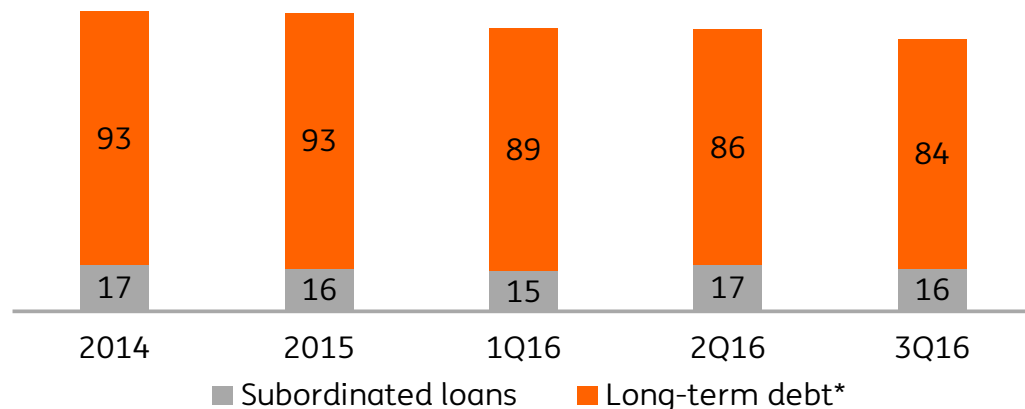
- See Funding & Liquidity sections of the presentation

Conservative trading profile

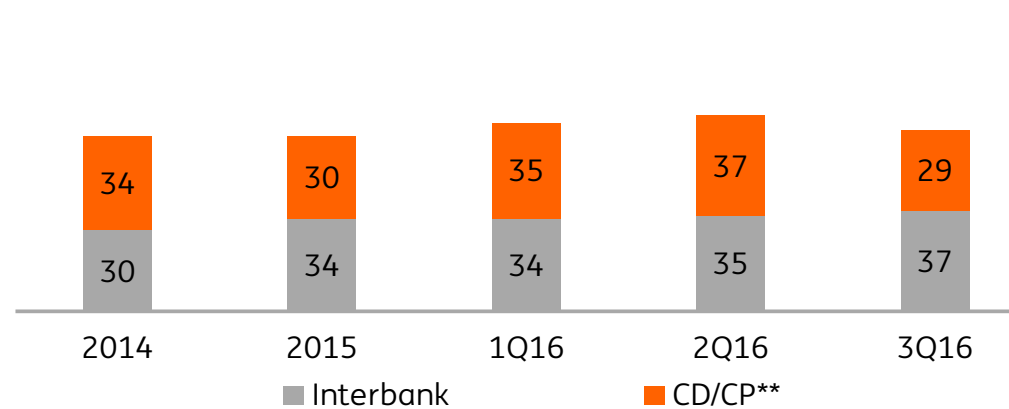
- Majority of our Financial Markets business is customer flow based where we largely hedge out positions, reflected in large but often off-setting assets and liabilities at FV positions
- Average VaR during 3Q16 was EUR 9 mln for ING Bank's trading portfolio, down from EUR 13 mln in 2Q16

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

Long-term funding (in EUR bln)



Short-term professional funding (in EUR bln)



ING Bank credit ratings on 2 November 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

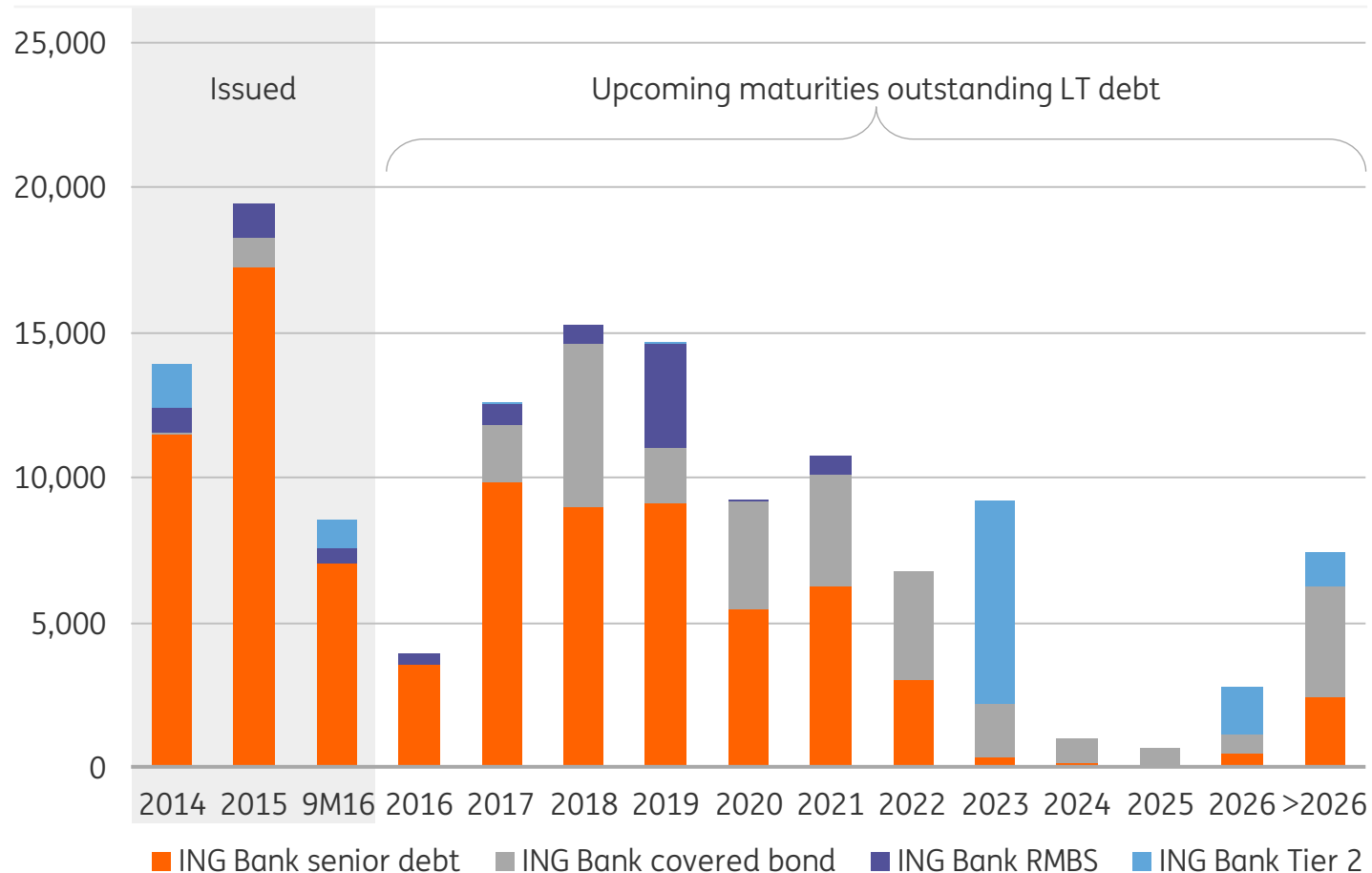
- At year-end 2015, the asset encumbrance ratio for ING Bank was 18% (EUR 104.2 bln)
- ING manages its balance sheet prudently whereby a variety of funding sources is readily available
- Given this diversified funding strategy, the level of asset encumbrance of ING's balance sheet is relatively low compared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

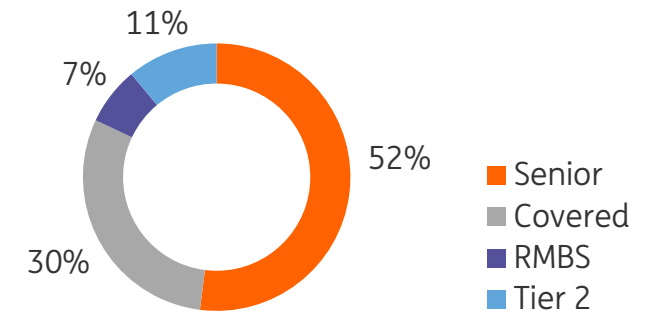
** CD/CP refers to bank treasury amounts only

ING Bank has modest long-term funding needs

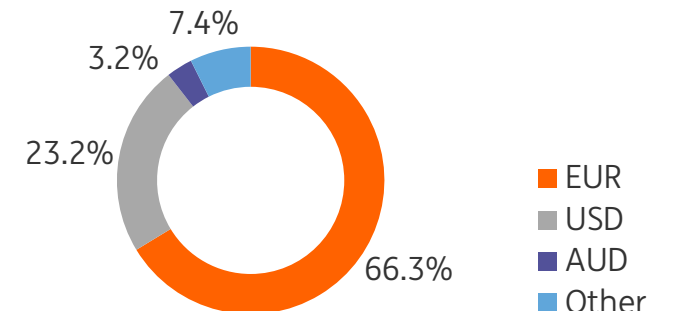
Maturity ladder outstanding long-term debt (in EUR mln)



Outstanding LT debt by type



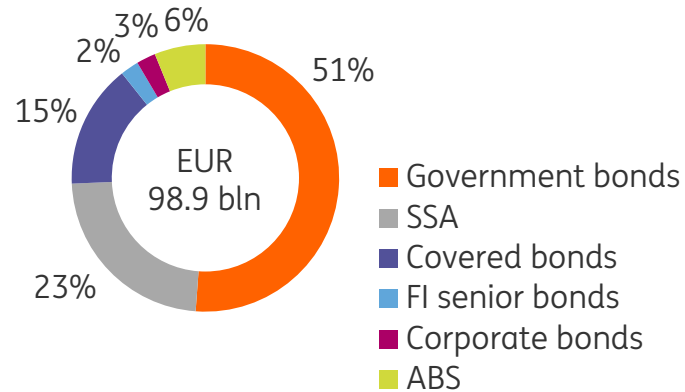
Outstanding LT debt by currency



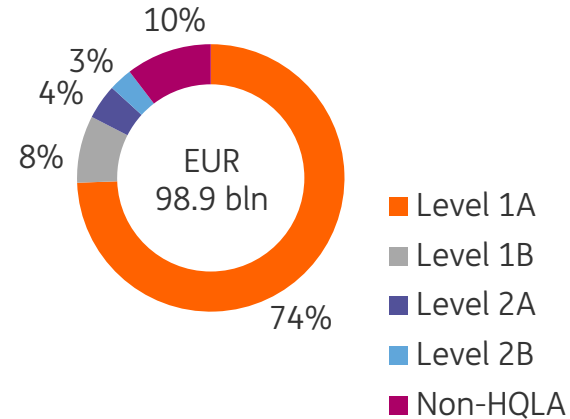
ING Bank NV consolidated figures shown for issued senior bonds are included with a tenor ≥ 1 year

Investment portfolio consists of high quality assets

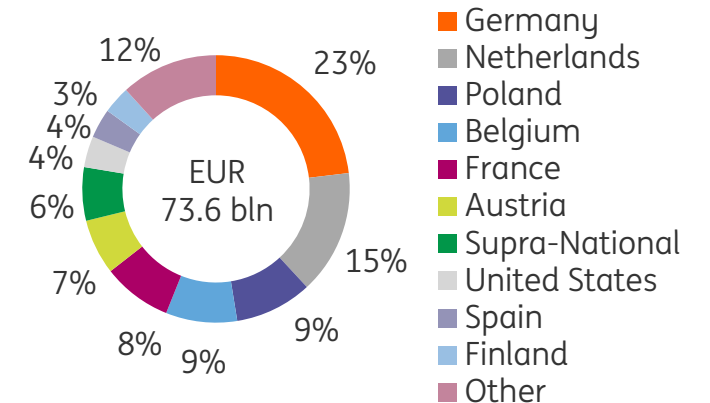
Debt securities by type



Debt securities by LCR category



Level 1A assets by country



Strong investment portfolio with mainly HQLA assets

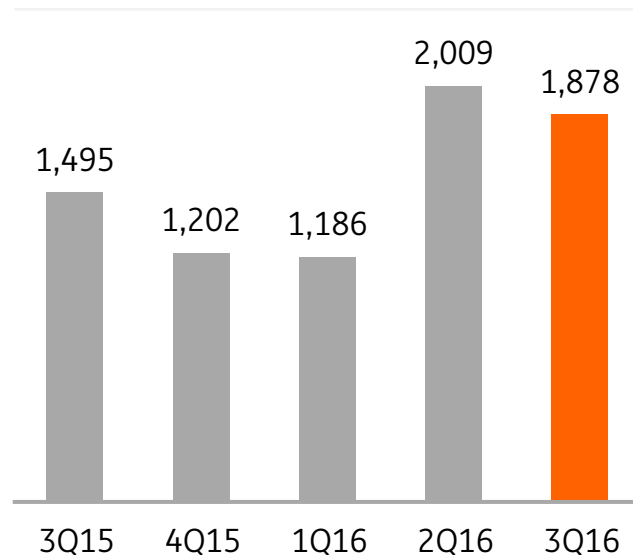
- ING Bank's investment portfolio decreased to EUR 98.9 billion in 3Q16. The decrease is mainly the result of maturities and sales, notably in sovereign and covered bonds, which more than offset new LCR HQLA investments
- EUR 89 bln of bonds in the investment portfolio qualify as HQLA (90%), out of this amount 74% qualifies as Level 1A HQLA under the EU's delegated act
- The investment portfolio has an average tenor of 4 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

Solid third-quarter results with fewer one-off and volatile items

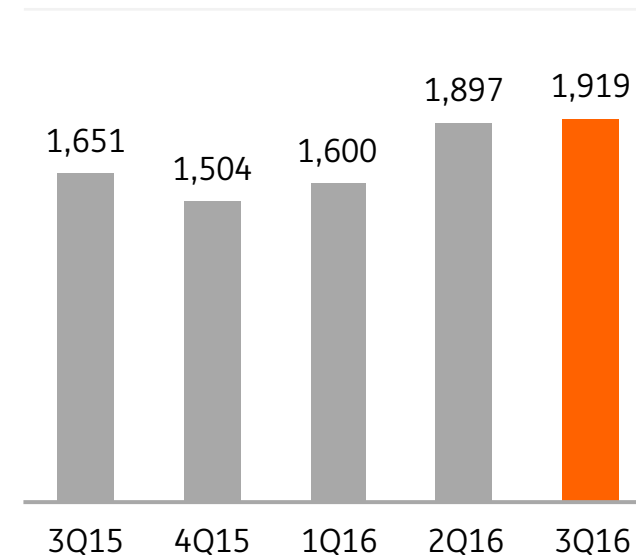
Underlying pre-tax result ING Bank
(in EUR mln)



Volatile items and regulatory costs
(in EUR mln)

	3Q15	4Q15	1Q16	2Q16	3Q16
CVA/DVA	40	-22	35	-54	-72
Capital gains/losses	-64	-5	62	165	66
Hedge ineffectiveness	-27	4	-15	59	30
Other items*				17	
Total	-51	-23	82	187	24
Regulatory costs	-105	-279	-496	-75	-65

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



- In recent quarters, pre-tax results were impacted by the volatile items shown in the table and regulatory costs
- Excluding these volatile items, 3Q16 pre-tax result up strongly from 3Q15 and slightly up from 2Q16

* In 2Q16, sum of procured cost saving Belgium (EUR 116 mln), provision for SME and REF clients in the Netherlands with interest rate derivatives (EUR -137 mln) and EUR 38 mln of Visa gains recorded under Other income

Robust rating profile with strong trend over the last quarters

Credit ratings on 2 November 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 Bank 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

Senior Unsecured

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
US449786BG67	Aug-16	Aug-19	3yr	3mL + 61	USD	250	3mL + 61
US449786BH41	Aug-16	Aug-19	3yr	1.65%	USD	450	T + 83
US449786BF84	Aug-16	Aug-21	5yr	3mL + 88	USD	250	3mL + 88
US449786BJ07	Aug-16	Aug-21	5yr	2.05%	USD	600	T + 93
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

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

* Internally placed Soft Bullet Covered Bonds issued under ING Bank's EUR 10 bln Soft Bullet Covered Bond programme

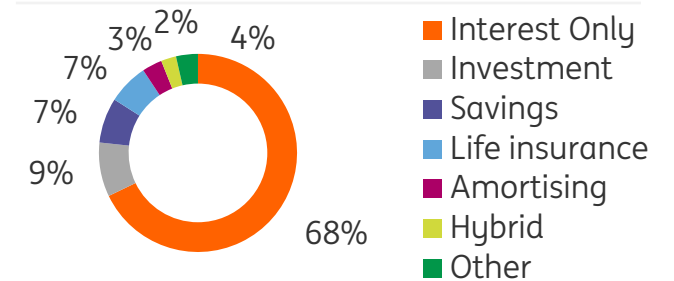
ING Bank's covered bond programme...

- ING Bank NV EUR 30 bln 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 EUR 10 bln 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 September 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

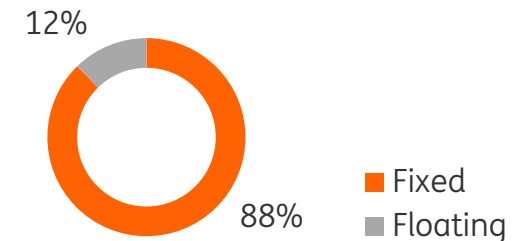
Portfolio characteristics in EUR (as per 30 September 2016)

Net principal balance	33,154 mln
Outstanding bonds	24,568 mln
# of loans	198,570
Avg. principal balance (per borrower)	166,966
WA current interest rate	3.4%
WA maturity	19 years
WA remaining time to interest reset	5.3 years
WA seasoning	10.6 years
WA current indexed LTV	75.6%
Min. documented OC	25.8%
Nominal OC	35.0%

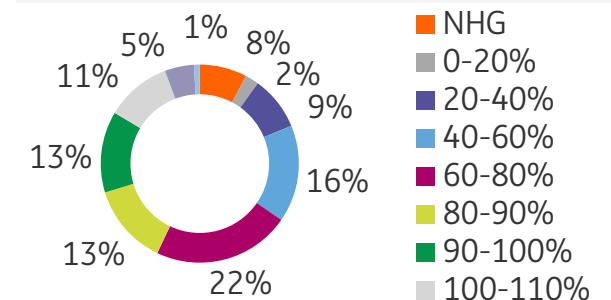
Repayment type



Interest rate type

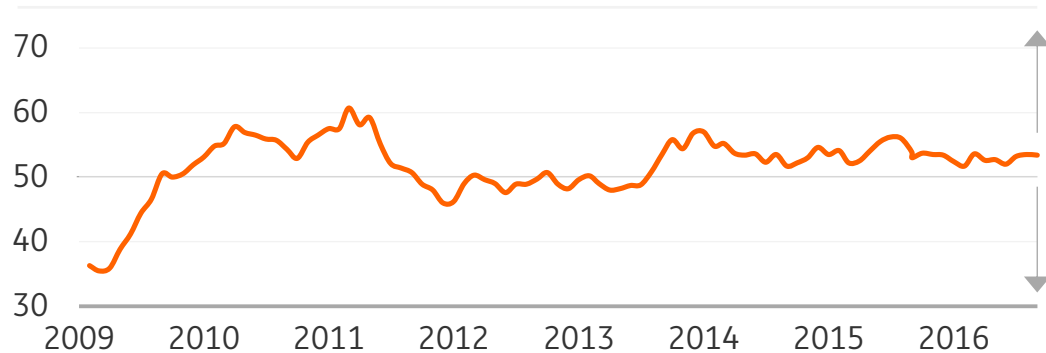


Current Indexed LTVs

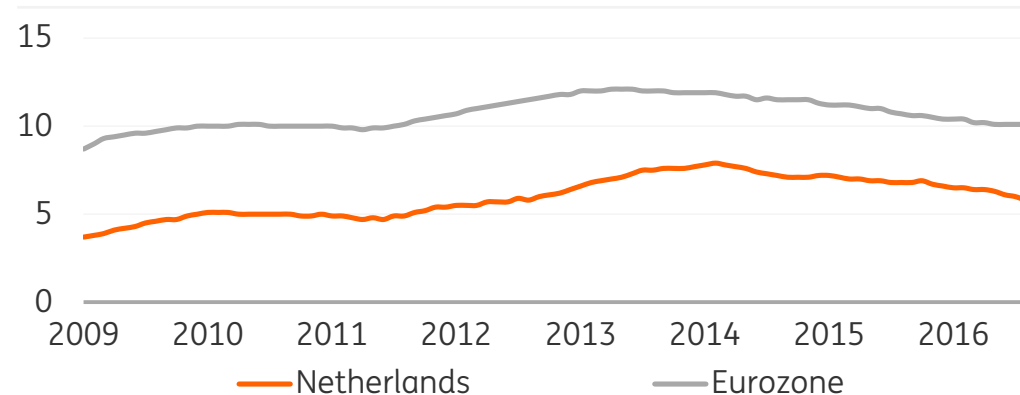


...benefiting from improving Dutch economy and housing market

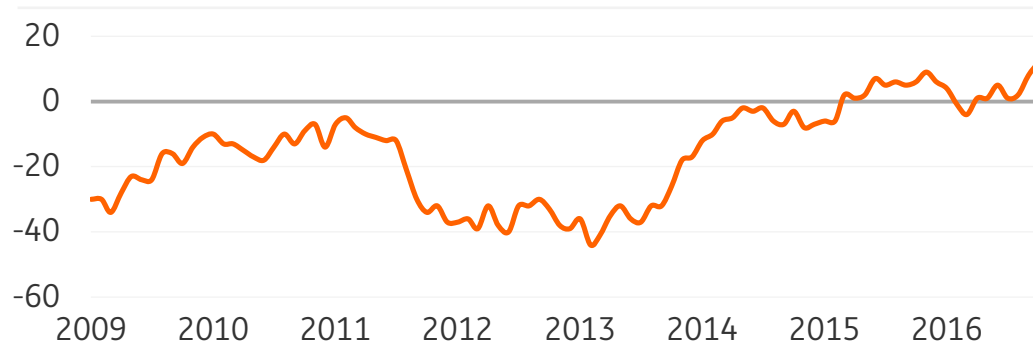
Dutch Purchasing Managers Index (PMI) was 53.4 in September 2016 which indicates positive growth



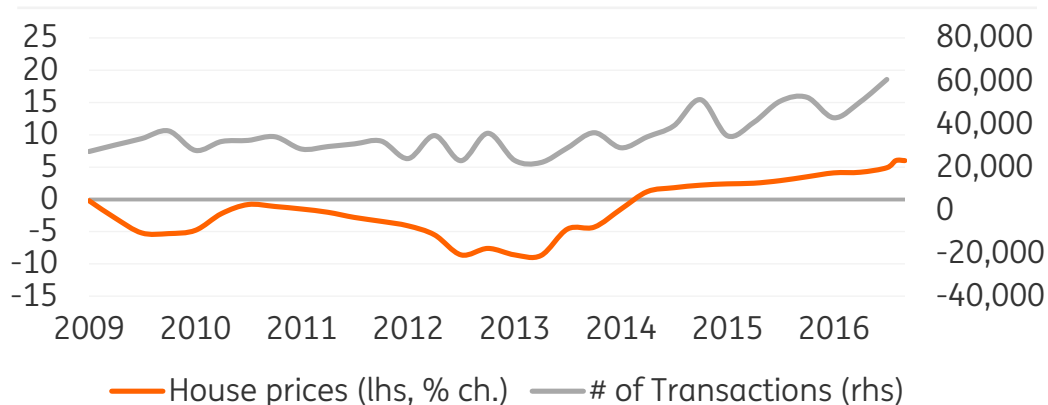
Unemployment rate (%) continues to decline



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: Central Bureau for Statistics
 ** Source: NVM (Dutch Association of Realtors)

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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