

# ING 2Q16 underlying net result EUR 1,417 million

## ING records strong commercial growth and continued progress on Think Forward strategic priorities

- ING gained approximately 650,000 new retail customers and established roughly 350,000 primary relationships in 1H16
- Core lending grew by EUR 14.8 billion in 2Q16 as ING continues to provide financing to clients across geographies and sectors

## ING Bank 2Q16 underlying net result EUR 1,417 million, up 26.7% year-on-year and 68.3% higher versus 1Q16

- Strong results driven by continued lending growth at healthy margins and improved performance in Financial Markets
- Results include a gain on the sale of Visa shares, as well as certain one-off expense items that offset each other in the quarter

## Robust ING Group fully-loaded CET1 ratio of 13.1%; ING declares 2016 interim dividend of EUR 0.24 per ordinary share

- ING Group's fully-loaded CET1 ratio rose to 13.1%, excluding the EUR 2,552 million net profit from the first half of 2016

### CEO statement

"ING's Think Forward strategy and customer-first approach continue to generate strong commercial growth and quarterly net profits," said Ralph Hamers, CEO of ING Group. "During the first six months of 2016, we gained approximately 650,000 new retail customers and around 350,000 customers chose ING as their primary bank. I'm confident that our ability to deliver an outstanding banking experience will allow us to retain and empower our growing customer base in the years ahead."

"Throughout the business cycle, we strive to support our clients' financing needs and to drive sustainable progress through our business activities. Our core lending book grew by EUR 14.8 billion during the second quarter of 2016, with growth well diversified across geographies and industry sectors. Our financing of sustainable projects and clients that are environmental outperformers rose to EUR 27.8 billion, including deals in renewable energy and sustainable buildings in the second quarter."

"During the second quarter of 2016, our focus in digital banking and innovation concentrated on providing customers with easy-to-use money-management tools. We added a forecasting feature to our mobile banking app in the Netherlands, called 'Kijk Vooruit' (or 'Look Ahead'), which enables users to gain more control over their finances through an overview of planned and predicted transactions. ING in Spain launched a digital financial advisor called 'My Money Coach' that helps customers to actively manage their current and future personal finances. This initiative leveraged the technology of 'Coach Epargne' (or 'Savings Coach'), which debuted in France last quarter, accelerating the expansion of this successful innovation."

"Building on our proven track record for collaboration, ING recently joined forces with another leading Belgian bank to launch an integrated mobile payments and loyalty platform. This solution merges the loyalty platforms of both banks, with ING's Payconiq app chosen as the underlying mobile payments system. The result is a single, streamlined platform that enhances the user experience for over one million consumers and 6,500 retailers who use the existing services."

"All of our business segments performed well, contributing to ING Bank's strong quarterly underlying result before tax of EUR 2,009 million. Loan growth continued at resilient margins, supporting a solid net interest result, despite the low interest rate environment. The pre-tax result also reflects a much improved quarter in our Financial Markets business, as well as a one-time gain on the sale of Visa shares. Operating expenses were under control, consistent with our ongoing cost-containment programmes, and risk costs were low at 39 basis points of average risk-weighted assets. ING Bank's year-to-date underlying return on IFRS-EU equity was 10.8%, in line with our Ambition 2017 target range."

"ING Group's fully-loaded CET1 ratio rose to 13.1%, excluding the EUR 2,552 million net profit from the first half of 2016. The results of last week's EBA stress test reaffirm the resilience of our business model and the strength of ING's capital base. We are committed to maintaining a robust fully-loaded Group CET1 ratio in excess of prevailing requirements. Today, we declare an interim cash dividend of EUR 0.24 per ordinary share, which is equal to the interim dividend paid over the first half of 2015."

"We made excellent progress on our Think Forward priorities during the first six months of 2016, which is reflected in positive customer feedback and our successful acquisition of new customers. Looking forward to the remainder of this year, we will continue to accelerate the execution of our strategy, while remaining vigilant for political and regulatory uncertainties."

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#### Investor conference call

3 August 2016 at 9:00 CET  
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+44 20 7190 1537 (UK)  
+1 480 629 9031 (US)  
Live audio webcast at [www.ing.com](http://www.ing.com)

#### Media conference call

3 August 2016 at 11:00 CET  
+31 20 531 5871 (NL)  
+44 203 365 3210 (UK)  
Live audio webcast at [www.ing.com](http://www.ing.com)

# Share Information

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## Share information

	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016
<b>Shares (in millions, end of period)</b>					
Total number of shares	3,869.8	3,870.1	3,870.2	3,871.5	3,878.0
- Treasury shares	2.0	1.5	1.5	1.0	1.1
- Shares outstanding	3,867.8	3,868.6	3,868.7	3,870.5	3,876.9
Average number of shares	3,863.3	3,868.0	3,868.9	3,869.4	3,875.8
<b>Share price (in euros)</b>					
End of period	14.81	12.65	12.45	10.63	9.18
High	15.49	15.90	13.74	12.45	11.47
Low	13.45	12.38	11.92	9.30	8.61
Net result per share (in euros)	0.09	0.28	0.21	0.32	0.33
Shareholders' equity per share (end of period in euros)	12.09	11.90	12.36	12.61	12.66
Dividend per share (in euros)	0.24	n.a.	0.41	n.a.	0.24
Price/earnings ratio <sup>1)</sup>	13.6	11.2	12.0	11.8	8.1
Price/book ratio	1.22	1.06	1.01	0.84	0.73

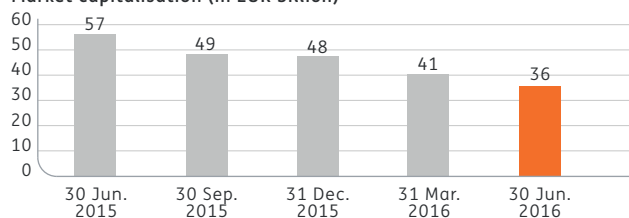
<sup>1)</sup> Four-quarter rolling average.

## Financial calendar

Record date for interim dividend 2016 entitlement (Euronext Amsterdam):	Monday, 8 August 2016
Payment date interim dividend 2016 (Euronext Amsterdam):	Monday, 15 August 2016
Record date for interim dividend 2016 entitlement (NYSE):	Monday, 15 August 2016
Payment date interim dividend 2016 (NYSE):	Monday, 22 August 2016
Publication results 3Q2016:	Thursday, 3 November 2016
Publication results 4Q2016:	Thursday, 2 February 2017

All dates are provisional

## Market capitalisation (in EUR billion)



## Listing information

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

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

## American Depositary Receipts (ADRs)

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

### J.P. Morgan Shareholder Services:

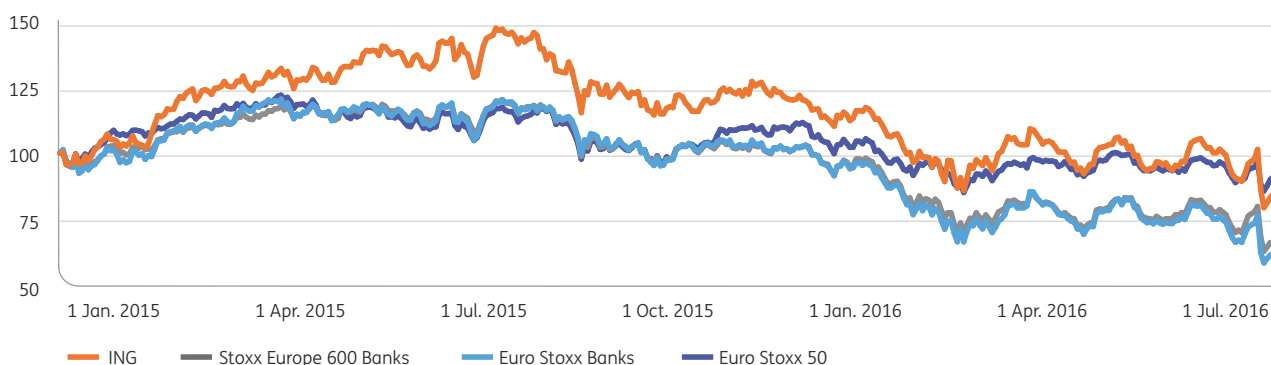
JPMorgan Chase Bank, N.A.  
4 New York Plaza, Floor 12  
New York, NY 10004  
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## Relative share price performance

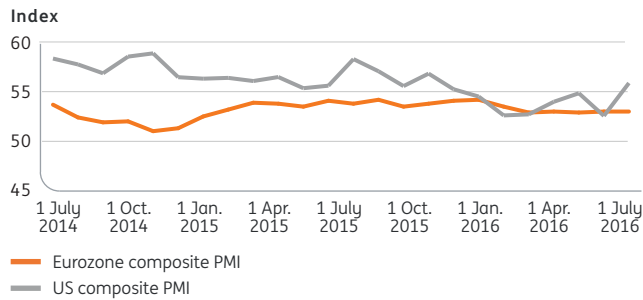
### 1 January 2015 to 1 July 2016



# Economic Environment

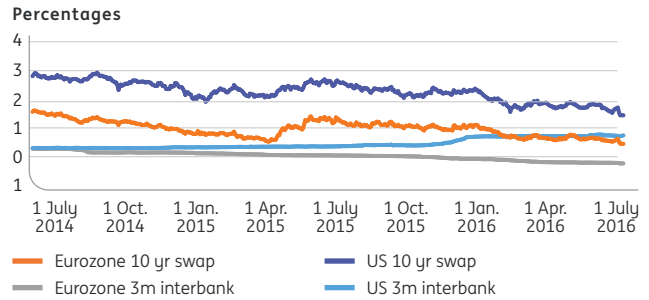
## Economic activity

- The composite purchasing managers' index (PMI) for the eurozone was roughly stable, signalling modest output growth due to the challenging environment and higher oil prices.
- In the US, the composite PMI improved, mostly in June. The improved reading signals better growth as the manufacturing sector recovers from its slump in the beginning of the year, when energy prices were very low.
- The PMIs are regarded as timely indicators of underlying trends in economic activity.



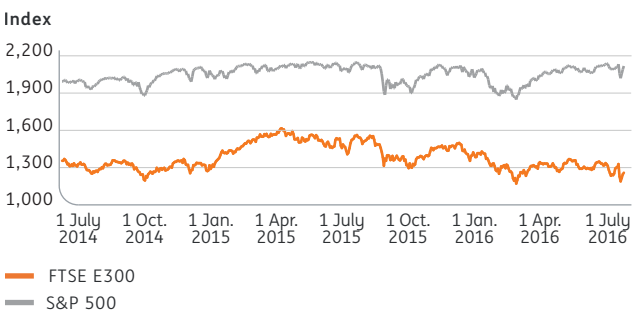
## Interest rates

The yield curve flattened further in the US and the eurozone. In the US, this was caused by a fall on the long end, as expectations about the pace of rate hikes by the Federal Reserve were adjusted further downward due to the global turmoil related to Brexit, as well as signs of a weakening job market. In the eurozone, the effect of QE expansion in June caused a slight weakening on the short end, while the long end declined substantially as the Brexit vote materialised.



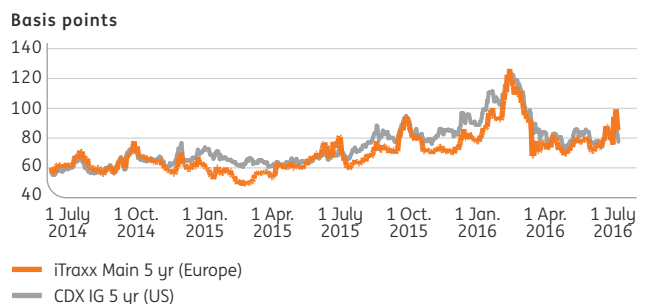
## Stock markets

Financial markets initially recovered somewhat from the first-quarter market turmoil as oil prices began to rise again, but fear of a Brexit hit European stock markets more than markets in the US. Despite Brexit, the US saw strong improvements in stock prices and the S&P 500 ended the quarter close to all-time highs. The Euro Area FTSE 300 Index is still well below its early 2015 peak and suffered significantly from the Brexit vote in the second quarter.



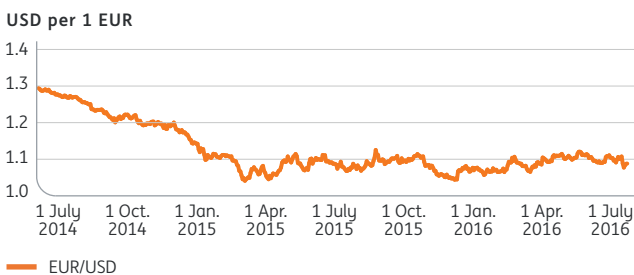
## Credit markets

While Brexit was seen as a high-risk event in financial markets, corporate credit risk was largely unaffected. Compared to the spike in CDS swaps in the first quarter, which happened because of energy sector problems, the peak at the end of June was very small. The second quarter ended relatively calmly in terms of corporate credit risk, but the full Brexit impact could come later in the year.



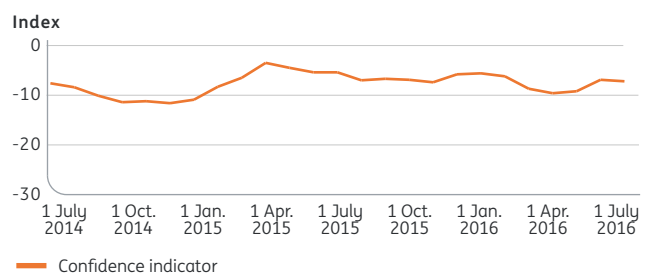
## Currency markets

The euro weakened due to the Brexit vote and the ensuing political uncertainty for the UK, the EU and the eurozone, and despite the further postponing of rate hikes in the US and a record-high current account surplus in the eurozone.



## Consumer confidence

Consumer confidence rebounded in the second quarter as the market turmoil from the first quarter subsided and labour market conditions continued to improve. A looming Brexit did not impact confidence that much in the run-up to the vote, while the first post-referendum readings show just a slight deterioration in confidence.



# Consolidated Results

Consolidated result								
	2Q2016	2Q2015	Change	1Q2016	Change	1H2016	1H2015	Change
<b>Profit and loss data (in EUR million)</b>								
Interest result	3,267	3,103	5.3%	3,248	0.6%	6,515	6,278	3.8%
Commission income	610	584	4.5%	607	0.5%	1,217	1,189	2.4%
Investment income	172	25	588.0%	71	142.3%	243	137	77.4%
Other income	498	460	8.3%	161	209.3%	659	902	-26.9%
<b>Total underlying income</b>	<b>4,547</b>	<b>4,171</b>	<b>9.0%</b>	<b>4,087</b>	<b>11.3%</b>	<b>8,634</b>	<b>8,507</b>	<b>1.5%</b>
Staff expenses	1,258	1,266	-0.6%	1,267	-0.7%	2,525	2,522	0.1%
Regulatory costs <sup>1)</sup>	75	61	23.0%	496	-84.9%	571	235	143.0%
Other expenses	898	891	0.8%	873	2.9%	1,772	1,703	4.1%
<b>Operating expenses</b>	<b>2,231</b>	<b>2,218</b>	<b>0.6%</b>	<b>2,636</b>	<b>-15.4%</b>	<b>4,868</b>	<b>4,460</b>	<b>9.1%</b>
<b>Gross result</b>	<b>2,316</b>	<b>1,953</b>	<b>18.6%</b>	<b>1,451</b>	<b>59.6%</b>	<b>3,766</b>	<b>4,047</b>	<b>-6.9%</b>
Addition to loan loss provisions <sup>2)</sup>	307	353	-13.0%	265	15.8%	571	785	-27.3%
<b>Underlying result before tax</b>	<b>2,009</b>	<b>1,601</b>	<b>25.5%</b>	<b>1,186</b>	<b>69.4%</b>	<b>3,195</b>	<b>3,262</b>	<b>-2.1%</b>
Taxation	569	462	23.2%	329	72.9%	898	921	-2.5%
Minority interests	23	21	9.5%	16	43.8%	39	36	8.3%
<b>Underlying net result</b>	<b>1,417</b>	<b>1,118</b>	<b>26.7%</b>	<b>842</b>	<b>68.3%</b>	<b>2,259</b>	<b>2,304</b>	<b>-2.0%</b>
Net gains/losses on divestments	0	367		0		0	367	
Special items after tax	0	-13		-13		-13	-27	
<b>Net result from Banking</b>	<b>1,417</b>	<b>1,471</b>	<b>-3.7%</b>	<b>829</b>	<b>70.9%</b>	<b>2,246</b>	<b>2,644</b>	<b>-15.1%</b>
Net result Insurance Other	-58	28		-78		-136	35	
Net result IC elimination between ING Bank and NN Group		-11					-20	
Net result from discontinued operations NN Group	-64	-1,131		506	-112.6%	442	-855	
Net result from discontinued operations Voya Financial							323	
<b>Net result ING Group</b>	<b>1,295</b>	<b>358</b>	<b>261.7%</b>	<b>1,257</b>	<b>3.0%</b>	<b>2,552</b>	<b>2,127</b>	<b>20.0%</b>
Net result per share (in EUR)	0.33	0.09		0.32		0.66	0.55	
<b>Capital ratios (end of period)</b>								
ING Group shareholders' equity (in EUR billion)				49	0.6%	49	47	5.0%
ING Group common equity Tier 1 ratio fully-loaded <sup>3)</sup>				12.9%		13.1%	12.3%	
ING Bank shareholders' equity (in EUR billion)				42	4.5%	43	39	11.8%
ING Bank common equity Tier 1 ratio fully-loaded				11.8%		12.2%	11.3%	
ING Bank common equity Tier 1 phased in				11.8%		12.3%	11.3%	
<b>Customer lending/deposits (end of period, in EUR billion)</b>								
Residential mortgages				280.0	0.4%	281.1	278.8	0.8%
Other customer lending				258.4	4.5%	269.9	259.8	3.9%
Customer deposits				514.5	1.0%	519.6	514.2	1.1%
<b>Profitability and efficiency</b>								
Underlying interest margin Banking	1.50%	1.43%		1.51%		1.50%	1.45%	
Underlying cost/income ratio Banking	49.1%	53.2%		64.5%		56.4%	52.4%	
Underlying return on equity based on IFRS-EU equity ING Bank <sup>4)</sup>	13.3%	11.4%		8.2%		10.8%	11.8%	
Employees ING Bank (FTEs, end of period)				52,088	-0.5%	51,833	52,729	-1.7%
<b>Risk</b>								
Non-performing loans/total loans (end of period)				2.3%		2.3%	2.8%	
Stock of provisions/provisioned loans (end of period)				39.8%		40.9%	36.4%	
Underlying risk costs in bps of average RWA	39	46		33		36	52	
Risk-weighted assets ING Bank (end of period, in EUR billion)				315.4	0.5%	317.0	309.8	2.3%

<sup>1)</sup> Regulatory costs comprise bank taxes and contributions to the deposit guarantee schemes ('DGS') and the (European) single resolution fund ('SRF').

<sup>2)</sup> The amount presented in 'Addition to loan loss provisions' (which is equivalent to risk costs) includes write-offs and recoveries on loans and receivables not included in the stock of provision for loan losses.

<sup>3)</sup> Interim profit of 1H2016 has not been included in CET1 capital.

<sup>4)</sup> Annualised underlying net result divided by average IFRS-EU shareholders' equity of ING Bank N.V.

Note: Underlying figures are non-GAAP measures. These are derived from figures according to IFRS-EU by excluding impact from divestments, special items, Insurance Other, intercompany eliminations between ING Bank and NN Group, and discontinued operations.

# Consolidated Results

ING Bank posted a very strong set of second-quarter 2016 results. The underlying net result was EUR 1,417 million, up 26.7% from the second quarter of 2015. Commercial momentum was maintained in the second quarter of 2016: ING Bank grew net core lending by EUR 14.8 billion and attracted EUR 5.7 billion of net customer deposits. The interest result increased both sequentially and year-on-year, driven by robust customer lending growth, while the net interest margin remained resilient at 150 basis points. The result was further supported by a one-time gain on the sale of Visa shares. Expenses were virtually flat compared to a year ago as regulatory costs were only slightly higher, and cost savings and a number of one-off items effectively offset each other. Risk costs were EUR 307 million, or 39 basis points of average RWA, which is below the through-the-cycle guidance range of 40-45 basis points. The non-performing loan ratio remained low at 2.3%.

The year-to-date underlying return on ING Bank's IFRS-EU equity was 10.8%. ING's capital position strengthened further and the fully-loaded CET1 ratio for ING Group was 13.1% at the end of the quarter. The second-quarter 2016 net result of ING Group was EUR 1,295 million, including EUR -122 million from the legacy insurance businesses.

## Banking

ING Bank's strong second-quarter underlying result before tax of EUR 2,009 million was mainly attributable to continued loan growth at attractive margins, improved performance from Financial Markets and a EUR 200 million one-time gain on the sale of Visa shares. Improvements in Bank Treasury and the Corporate Line also supported the results. Regulatory expenses were limited this quarter at EUR 75 million compared with EUR 496 million in the first quarter of 2016. Year-on-year, the underlying result before tax rose 25.5%. Compared with the first quarter of 2016, which included more than half of the expected regulatory costs for the full year 2016, the pre-tax result rose 69.4%.

## Total underlying income

Total underlying income rose 9.0% year-on-year to EUR 4,547 million. The increase was driven by a 5.3% rise in the interest result, reflecting strong volume growth in customer lending and customer deposits, as well as improved interest results on Bank Treasury activities and in the Corporate Line. Although some volatile items supported this increase, they were partially offsetting: there was a EUR -262 million swing in credit and debt valuation adjustments (CVA/DVA) in Wholesale Banking and Corporate

Line to EUR -54 million from EUR 208 million in the second quarter of 2015. In addition, the current quarter included a one-time EUR 200 million gain on the sale of Visa shares following the acquisition of Visa Europe by Visa Inc. in June 2016, whereas the second quarter of 2015 included EUR 127 million of non-recurring charges related to the mortgage portfolios of Italy and Belgium. Excluding these volatile items, underlying income rose 7.6% year-on-year.

Compared with the first quarter of 2016, which included EUR 35 million of positive CVA/DVA impacts, total underlying income rose 11.3%. The increase was mainly attributable to higher revenues in Financial Markets and Industry Lending, and the gain on the sale of Visa shares (which was fully recorded under Retail Banking). Total customer lending at ING Bank increased by EUR 12.6 billion in the second quarter to EUR 551.0 billion. Net growth in the core lending book, excluding currency impacts and adjusted for the impact of the change in balance sheet offsetting of notional cash pooling products, was EUR 14.8 billion in the second quarter of 2016. This brought the net growth of the core lending business to EUR 21.9 billion in the first half of the year, ahead of our Ambition 2017 target range of 3-4% growth per annum.

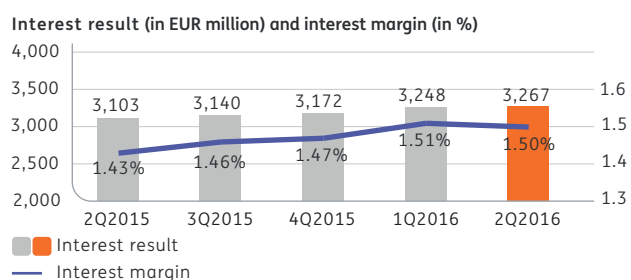
The core lending growth in Retail and Wholesale Banking was well diversified across countries. Growth in Wholesale Banking also showed good diversification by industry sector. The second-quarter core lending growth included EUR 2.4 billion of residential mortgages, as a small decline in Retail Netherlands was more than offset by mortgage growth in most other countries. Other core lending grew by EUR 12.4 billion, of which EUR 2.3 billion was in Retail Banking and generated entirely outside of the Netherlands. Core lending in Wholesale Banking grew by EUR 10.1 billion, particularly in Structured Finance and General Lending.

Customer deposits at ING Bank, excluding Bank Treasury and adjusted for currency impacts and the impact of the change in balance sheet offsetting, recorded EUR 5.7 billion of net growth in the second quarter of 2016. Retail Banking generated a net inflow of EUR 10.3 billion, with most countries contributing to the growth. In Wholesale Banking, net customer deposits declined by EUR 2.6 billion, mainly in current accounts. The remaining decrease was related to a lower placement of deposits by ING Group at ING Bank, mainly due to the payment of the final 2015 dividend in May.

The interest result rose 5.3% to EUR 3,267 million from EUR 3,103 million in the second quarter of 2015. The interest result on customer lending activities increased, driven by higher volumes in non-mortgage customer lending, while the overall lending margin was stable. The interest result on customer deposits was slightly lower than a year ago as volume growth was offset by lower margins on current accounts due to declining reinvestment yields. The interest margin on savings accounts was stable, supported by the

# Consolidated Results

lowering of client rates in most countries. The growth of the interest result was furthermore supported by improved interest results on Bank Treasury activities and in the Corporate Line, while Financial Markets interest results were slightly lower. Compared with the first quarter of 2016, the underlying interest result rose by EUR 19 million, or 0.6%, despite a EUR 48 million fall in the interest result of Financial Markets.



The second-quarter 2016 underlying net interest margin of ING Bank was resilient at 1.50%, down slightly from 1.51% in the first quarter of 2016, partly due to lower interest results in Financial Markets. Sequentially, the interest margins on most lending activities were somewhat higher, but this was more than offset by lower margins on savings and current accounts.

Commission income increased 4.5% from the second quarter of 2015 to EUR 610 million. This increase was mainly attributable to higher commission income in the Industry Lending and Financial Markets businesses within Wholesale Banking, which more than compensated for lower commission income in Retail Belgium. Compared with the previous quarter, commission income edged up 0.5% as an increase in Wholesale Banking was largely offset by a decline in Retail Benelux, particularly in Belgium, mainly due to lower fee income on investment products.

Investment income rose from EUR 25 million in the second quarter of 2015 to EUR 172 million. This includes EUR 163 million of realised gains on the sale of Visa shares related to ING's direct memberships in Visa Europe, recorded under investment income. Compared with the first quarter of 2016, which included EUR 70 million of realised gains on debt securities, investment income rose by EUR 100 million.

Other income increased from EUR 460 million in the second quarter of 2015 to EUR 498 million, up 8.3%. This increase includes EUR 38 million of gains on the sale of Visa shares related to ING's indirect memberships in Visa Europe in the current quarter and the aforementioned EUR 262 million negative swing in CVA/DVA impacts, while the second quarter of 2015 included EUR 127 million of non-recurring charges related to the mortgage portfolios of Italy and Belgium. Excluding the aforementioned items, other income rose by EUR 136 million year-on-year. This was primarily due to higher revenues from Financial Markets, positive hedge ineffectiveness results at Bank Treasury and positive fair value changes in the Corporate Line, compared

with small negative numbers a year ago. Compared with the first quarter of 2016, which included EUR 35 million of CVA/DVA impacts, other income rose by EUR 337 million. Excluding CVA/DVA adjustments, the increase was EUR 427 million quarter-on-quarter, mainly due to higher revenues from Financial Markets relating to increased client activity, positive hedge ineffectiveness results at Bank Treasury, positive fair value changes and currency effects in the Corporate Line, as well as the result from the Visa transaction.

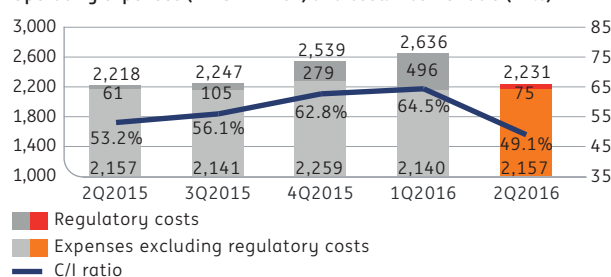
## Operating expenses

Underlying operating expenses increased only slightly by EUR 13 million, or 0.6%, to EUR 2,231 million compared with the second quarter of 2015. Regulatory expenses in the second quarter of 2016 amounted to EUR 75 million, only slightly higher than the EUR 61 million recognised a year ago. The current quarter included a EUR 137 million addition to the provision for Dutch SME and Real Estate Finance clients with interest rate derivatives, which was partially offset by a EUR 116 million one-off expense adjustment in Belgium. Excluding these items, operating expenses declined by EUR 21 million to EUR 2,136 million, mainly due to cost savings, favourable currency impacts and lower IT change costs due to an adjustment in the capitalisation and amortisation of software. This was partly offset by additional restructuring costs in Retail Netherlands.

Compared with the first quarter of 2016, which included EUR 496 million of regulatory costs, operating expenses fell by EUR 405 million, or 15.4%. Year-to-date, regulatory expenses amounted to EUR 571 million, or roughly 60% of the total expected regulatory costs of EUR 940 million for the full-year 2016. In the first half of 2015, regulatory costs were EUR 235 million, or only 38% of the full-year 2015 total.

The second-quarter underlying cost/income ratio was 49.1% compared with 53.2% one year ago and 64.5% in the previous quarter. If the total regulatory costs in 2015 and 2016 were equally distributed over the respective four quarters, the underlying cost/income ratio would have been 52.6% in the second quarter of 2016, versus 55.4% in the second quarter of 2015 and 58.1% in the first quarter of 2016.

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



The cost-saving programmes that have been underway at ING Bank since 2011 are expected to lead to gross annual

# Consolidated Results

savings of EUR 1.2 billion by 2017, and EUR 1.3 billion by 2018. Of these targeted amounts, EUR 930 million of cost savings have already been achieved. Since the start of the cost-saving programmes, 8,310 internal and external FTEs have left ING Bank.

The total number of internal staff declined to 51,833 FTEs from 52,088 FTEs at the end of March 2016. The decline of 255 FTEs was mainly in the Benelux and Turkey, partly offset by an FTE increase in Germany and in the international network of Wholesale Banking to support commercial growth.

## Addition to loan loss provisions

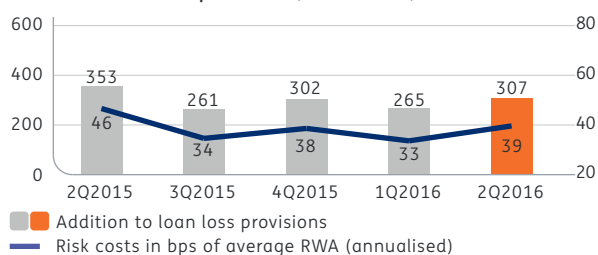
ING Bank recorded EUR 307 million of risk costs in the second quarter of 2016, down from EUR 353 million a year ago, but up from EUR 265 million in the previous quarter.

Net additions in Retail Netherlands were EUR 50 million, in line with the previous quarter, but down significantly from EUR 140 million in the second quarter of 2015. The net addition for Dutch business lending was EUR 39 million (compared with EUR 81 million a year ago and EUR 36 million in the previous quarter), whereas the net addition for Dutch mortgages shrank to EUR 3 million. In Retail Belgium, risk costs were EUR 57 million, up from EUR 32 million in the previous quarter, mainly due to a limited number of mid-corporate clients. In Retail Challengers & Growth Markets, net additions were EUR 77 million, up from EUR 62 million in the second quarter of 2015 and EUR 67 million in the previous quarter.

Risk costs in Wholesale Banking were EUR 123 million, slightly higher than the EUR 111 million recognised a year ago and the EUR 117 million in the previous quarter. The increase was mainly caused by a model update for corporate clients, as well as slightly higher risk costs in the oil & gas sector. This was largely offset by the release of a large file in the UK and lower risk costs in Ukraine. The non-performing loan (NPL) ratio remained stable at 2.3% compared with the end of March 2016.

Total second-quarter risk costs at ING Bank were 39 basis points of average risk-weighted assets (versus 46 basis points in the second quarter of 2015 and 33 basis points in the previous quarter) and are below the through-the-cycle guidance range of 40-45 basis points.

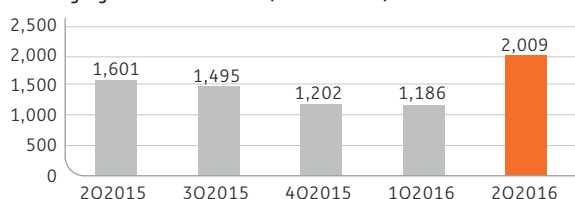
Addition to loan loss provisions (in EUR million)



## Underlying result before tax

ING Bank's second-quarter 2016 underlying result before tax was EUR 2,009 million, up 25.5% from a year ago, mainly due to higher interest results and the one-time gain on the Visa transaction. Sequentially, the underlying result before tax rose 69.4%, predominantly due to an improved Financial Markets result, lower regulatory costs and the Visa gain.

Underlying result before tax (in EUR million)



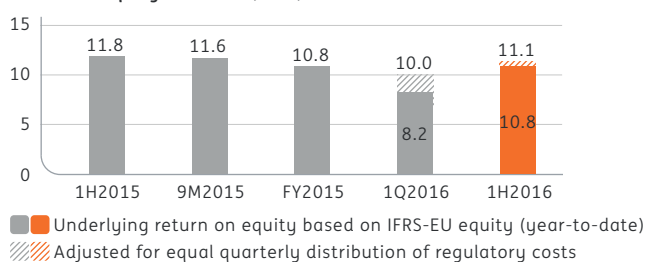
## Net result Banking

ING Bank's underlying net result rose to EUR 1,417 million from EUR 1,118 million in the second quarter of 2015 and EUR 842 million in the first quarter of 2016. The second-quarter effective underlying tax rate was 28.3% compared with 28.9% a year ago and 27.7% in the previous quarter.

ING Bank's second-quarter 2016 net result was EUR 1,417 million, which is equal to the underlying net result as there were no special items this quarter. This is only 3.7% lower than the EUR 1,471 million net result recorded in the second quarter of 2015, which included a EUR 367 million net gain from the merger between ING Vysya Bank and Kotak Mahindra Bank and EUR -13 million of special items after tax.

The year-to-date underlying return on ING Bank's IFRS-EU equity declined to 10.8% from 11.8% in the first half of 2015. The decline versus a year ago was mainly caused by a 7% increase in the average equity base, principally attributable to retained earnings, whereas the underlying net result was slightly lower. The decline in the underlying net result was strongly affected by the uneven recognition of regulatory costs over the quarters. If expected 2016 regulatory costs were equally distributed over the four quarters of the year, the underlying return on IFRS-EU equity would be 11.1% in the first half of 2016.

Return on equity ING Bank (in %)



The underlying return on ING Group's IFRS-EU equity was 9.3% in the first half of 2016, or 9.6% if the total regulatory costs for 2016 were equally distributed over the four quarters of 2016.

# Consolidated Results

## Net result ING Group

ING Group's second-quarter net result was EUR 1,295 million compared with EUR 358 million in the second quarter of 2015 and EUR 1,257 million in the previous quarter. These figures include the net results of the legacy insurance businesses.

In the second quarter of 2016, ING Group recorded a net loss of EUR 122 million on the legacy insurance activities. Of this amount, EUR -64 million was related to the discontinued operations of NN Group, predominantly reflecting the loss on the sale of ING's final 14.1% stake in NN Group on 14 April 2016. The lower valuation of warrants on NN Group and Voya shares compared with the end of March 2016 resulted in a loss of EUR 58 million.

The sale of the remaining stake in NN Group was the final step in ING's programme to divest all of its insurance and investment management businesses as part of the restructuring agreement with the European Commission. ING Group continues to hold warrants for approximately 35 million shares in NN Group at an exercise price of EUR 40.00 per share and warrants for approximately 26 million shares in Voya at an exercise price of USD 48.75 per share. There is no regulatory requirement to divest these warrants.

In the second quarter of 2015, ING Group's net result included EUR -1,113 million for the legacy insurance activities. Of this amount, EUR -1,131 million was related to the discontinued operations of NN Group, mainly due to the loss of EUR 1,224 million as a result of the further sale and deconsolidation of NN Group at the end of May 2015. In the first quarter of 2016, the net result of the legacy insurance businesses was EUR 428 million, primarily reflecting the gain on the sale of NN shares in January 2016 and a loss related to the valuation of the warrants.

ING Group's net result per share was EUR 0.33 in the second quarter of 2016, based on an average number of shares outstanding of 3,875.8 million during the quarter.

## Dividend

ING will pay an interim dividend of EUR 0.24 per ordinary share in cash. This is unchanged from the interim dividend paid over the first half of 2015. ING is committed to maintaining a healthy Group CET1 ratio in excess of prevailing fully-loaded requirements, currently 12.5% of risk-weighted assets, and to returning capital to its shareholders by paying a progressive dividend over time. The Board's final dividend proposal will be made at year-end and will reflect considerations including expected future capital requirements, growth opportunities available to the Group, net earnings, and regulatory developments.

## Other events

### Conversion of depositary receipts

The conversion of ING Groep N.V. depositary receipts for shares into ING Groep N.V. ordinary shares took place on 26 July 2016, simplifying ING's governance structure.

On 26 July 2016, investors automatically received one share in exchange for each depositary receipt that they owned, free of charge. ING retained its Euronext ticker symbol, "INGA", while its ISIN code changed to NL0011821202.

ING had announced its proposal to abolish the depositary receipts structure on 10 March 2016. The conversion was the final step in abolishing the depositary receipt structure, following the adoption of agenda item 5A by ING's annual General Meeting (AGM) on 25 April 2016. The related changes to the Articles of Association – including the reduction of the nominal value of shares from EUR 0.24 to EUR 0.01 – as adopted by the AGM – were also implemented on 26 July 2016.

Following the conversion, ING's American Depositary Receipts (ADRs), which are traded on the New York Stock Exchange, are now linked to the underlying shares. There were no changes to the security identifiers for the ADRs.



# Segment Reporting: Retail Banking

## Retail Benelux: Consolidated profit and loss account

In EUR million	Retail Benelux		Netherlands		Belgium	
	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015
<b>Profit and loss data</b>						
Interest result	1,413	1,387	908	902	505	485
Commission income	228	233	132	126	96	107
Investment income	17	3	11	0	6	3
Other income	120	75	29	49	91	26
<b>Total underlying income</b>	<b>1,778</b>	<b>1,698</b>	<b>1,080</b>	<b>1,078</b>	<b>698</b>	<b>621</b>
Expenses excl. regulatory costs	927	920	697	580	231	340
Regulatory costs	18	37	8	0	9	37
<b>Operating expenses</b>	<b>945</b>	<b>956</b>	<b>705</b>	<b>580</b>	<b>240</b>	<b>377</b>
<b>Gross result</b>	<b>833</b>	<b>742</b>	<b>375</b>	<b>498</b>	<b>458</b>	<b>244</b>
Addition to loan loss provision	107	180	50	140	57	40
<b>Underlying result before tax</b>	<b>726</b>	<b>562</b>	<b>325</b>	<b>358</b>	<b>401</b>	<b>204</b>
<b>Customer lending/deposits (end of period, in EUR billion)<sup>1)</sup></b>						
Residential mortgages	159.6	163.7	124.8	130.0	34.8	33.8
Other customer lending	77.8	78.9	37.5	38.9	40.3	40.0
Customer deposits	219.2	214.5	137.2	135.0	82.0	79.5
<b>Profitability and efficiency<sup>1)</sup></b>						
Cost/income ratio	53.2%	56.3%	65.3%	53.8%	34.4%	60.7%
Return on equity based on 10.0% common equity Tier 1 <sup>2)</sup>	23.6%	17.6%	17.9%	17.5%	33.2%	17.8%
Employees (FTEs, end of period)	17,972	19,284	9,271	10,423	8,701	8,861
<b>Risk<sup>1)</sup></b>						
Risk costs in bps of average RWA	49	81	37	92	70	58
Risk-weighted assets (end of period, in EUR billion)	86.5	88.6	53.6	60.7	32.9	27.9

<sup>1)</sup> Key figures based on underlying figures.

<sup>2)</sup> Underlying after-tax return divided by average equity based on 10.0% common equity Tier 1 ratio (annualised).

## Retail Benelux

"Retail Benelux delivered a solid second-quarter performance. Income was resilient as volume growth compensated for margin pressure in Belgium, while in the Netherlands we were able to preserve margins, which compensated for a decline in lending volume related to the Westland/Utrecht Bank legacy portfolio. In both businesses, underlying expenses were well contained, while risk costs were much lower year-on-year due to improved sentiment in the Dutch housing market.

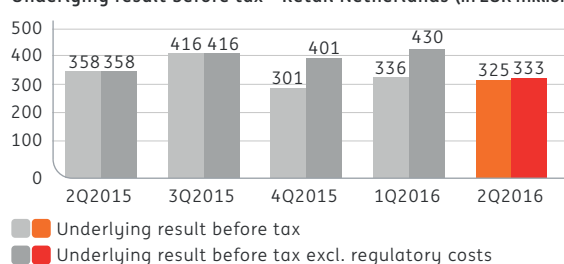
During the quarter, we introduced more exciting digital innovations to further enhance the customer experience. In the Netherlands, we added a forecasting feature to our mobile banking app, called 'Kijk Vooruit' (or 'Look Ahead'), which enables users to gain more control over their finances by providing an overview of planned and predicted transactions. In Belgium, we recently joined forces with another leading Belgian bank to create an integrated mobile payments and loyalty platform with a current reach of over one million consumers and 6,500 retailers."

**Koos Timmermans**, Member and Vice-chairman Management Board Banking

## Retail Netherlands

Retail Netherlands posted a second-quarter underlying result before tax of EUR 325 million, including a EUR 117 million addition to the provision for potential compensation to Dutch SME clients with interest rate derivatives. Interest income was resilient compared to a year ago, as margins on lending and savings improved. This compensated for the decline in lending volumes (mainly related to the WUB portfolio) and margin pressure on current accounts due to the low interest rate environment. Expenses excluding regulatory costs and the aforementioned provision were roughly flat compared to a year ago. Risk costs were substantially lower than a year ago and in line with the level recorded in the prior quarter. The underlying pre-tax result declined by EUR 33 million year-on-year, as the lower risk costs could not fully compensate for the impact of the SME provision. The pre-tax result was EUR 11 million lower than in the first quarter of 2016, which included EUR 94 million of regulatory costs.

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



# Segment Reporting: Retail Banking

Total underlying income edged up 0.2% from a year ago to EUR 1,080 million. The interest result increased 0.7%, reflecting higher customer deposits and improved margins on customer lending and savings accounts, while customer lending volumes and the margin on current accounts declined. Income was also supported by a EUR 18 million gain on the sale of Visa shares. Compared with the previous quarter, income remained stable due to the gain on the Visa transaction. The interest result declined 1.7%, mainly due to a lower margin on current accounts. The margin on savings accounts remained stable, reflecting the further lowering of client savings rates.

Customer lending declined in the second quarter by EUR 1.1 billion, mainly due to the continued transfer of WestlandUtrecht Bank (WUB) mortgages to NN Group and the run-off in the WUB portfolio. The total mortgage portfolio declined by EUR 0.9 billion, of which EUR 0.8 billion was at WUB. The net production in other customer lending (excluding Bank Treasury) was EUR -0.4 billion due to low demand in business lending. Net customer deposits grew by EUR 5.4 billion, partly driven by the seasonality in current accounts due to holiday allowances.

Operating expenses rose by EUR 125 million compared with a year ago to EUR 705 million. This predominantly reflects a EUR 117 million addition to the provision for compensation for SME clients with interest rate derivatives, while additional redundancy costs were partly offset by lower IT change costs. Sequentially, expenses increased 1.4%, as the first quarter included EUR 94 million of regulatory costs, whereas the current quarter was impacted by the SME provision. At the end of June 2016, the cost-saving programmes at Retail Netherlands had realised EUR 475 million of cost savings since the start of the programmes in 2011 out of a targeted total amount of EUR 675 million by the end of 2017.

Risk costs fell to EUR 50 million in the second quarter of 2016 from EUR 140 million a year ago. Sequentially, risk costs were stable. Risk costs for Dutch mortgages were EUR 3 million versus EUR 38 million in the second quarter of 2015 and EUR 9 million in the previous quarter, reflecting the improved sentiment in the Dutch housing market. The net addition for business lending was EUR 39 million, which is EUR 42 million lower than a year ago, but EUR 3 million higher than in the previous quarter. Risk costs over average risk-weighted assets were 37 basis points, down significantly from 92 basis points in the second quarter of 2015.

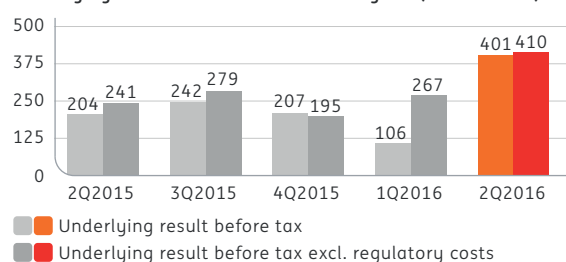
Risk-weighted assets decreased by EUR 2.2 billion in the second quarter to EUR 53.6 billion, mainly reflecting positive risk migration in the mortgage and business lending portfolios combined with lower volumes.

## Retail Belgium

The second-quarter underlying result before tax of Retail Belgium was EUR 401 million, up from EUR 204 million in the second quarter of 2015 and EUR 106 million in the

previous quarter. Commercial momentum was strong and core lending increased by EUR 1.9 billion. The interest result also rose, supported by the volume growth. The significant improvement in the pre-tax result on both comparable quarters was also strongly and positively influenced by one-offs. The current quarter included a EUR -95 million one-off expense adjustment and a one-time gain on the sale of Visa shares, while regulatory costs were lower, especially compared to the prior quarter.

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



Underlying income was EUR 698 million, up 12.4% year-on-year. The interest result rose 4.1%, supported by volume growth and higher interest results from Bank Treasury. Commission income was resilient, although fee income on investment products was lower than in the seasonally high first quarter and lower than the strong result in the second quarter of 2015. Investment and other income was supported by a EUR 30 million gain on the sale of Visa shares, while the second quarter of 2015 included a EUR 30 million non-recurring charge on hedges related to mortgages. On a sequential basis, income increased by EUR 71 million, or 11.3%, mainly due to higher interest results (partly caused by higher prepayment and renegotiation fees on mortgages) and the Visa gain. The net production of customer lending in the second quarter of 2016 was EUR 1.9 billion, of which EUR 0.4 billion was in mortgages (despite higher prepayments than in the previous quarter) and EUR 1.5 billion in other customer lending. The net growth in customer deposits was EUR 0.9 billion and recorded entirely in current accounts.

Operating expenses were EUR 240 million versus EUR 377 million a year ago. Excluding regulatory costs and the EUR -95 million one-off procured cost savings in the current quarter, operating expenses declined from EUR 340 million a year ago to EUR 329 million in the previous quarter and EUR 326 million in the current quarter.

Second-quarter risk costs were EUR 57 million, or 70 basis points of average risk-weighted assets, versus EUR 40 million a year ago and EUR 32 million in the first quarter of 2016. The higher risk costs in this quarter are mainly related to a few specific files in the mid-corporate portfolio.

Risk-weighted assets rose by EUR 1.1 billion in the quarter to EUR 32.9 billion, mainly in SMEs and mid-corporates.

# Segment Reporting: Retail Banking

## Retail Challengers & Growth Markets: Consolidated profit and loss account

In EUR million	Retail Challengers & Growth Markets		Germany		Other	
	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015
<b>Profit and loss data</b>						
Interest result	920	889	408	410	512	479
Commission income	110	112	42	36	69	77
Investment income	139	29	44	25	95	4
Other income	78	-41	14	-3	63	-38
<b>Total underlying income</b>	<b>1,247</b>	<b>989</b>	<b>508</b>	<b>467</b>	<b>740</b>	<b>522</b>
Expenses excl. regulatory costs	567	569	200	180	367	389
Regulatory costs	54	27	15	20	39	7
<b>Operating expenses</b>	<b>621</b>	<b>596</b>	<b>215</b>	<b>200</b>	<b>406</b>	<b>396</b>
<b>Gross result</b>	<b>627</b>	<b>393</b>	<b>293</b>	<b>267</b>	<b>334</b>	<b>126</b>
Addition to loan loss provision	77	62	14	14	63	48
<b>Underlying result before tax</b>	<b>550</b>	<b>331</b>	<b>279</b>	<b>253</b>	<b>271</b>	<b>78</b>
<b>Customer lending/deposits (end of period, in EUR billion)<sup>1)</sup></b>						
Residential mortgages	120.1	113.6	67.4	64.4	52.7	49.2
Other customer lending	33.0	38.1	10.3	17.3	22.7	20.7
Customer deposits	232.9	221.8	123.6	118.9	109.4	102.9
<b>Profitability and efficiency<sup>1)</sup></b>						
Cost/income ratio	49.8%	60.3%	42.3%	42.8%	54.9%	75.8%
Return on equity based on 10.0% common equity Tier 1 <sup>2)</sup>	22.5%	12.1%	32.6%	26.8%	17.4%	4.6%
Employees (FTEs, end of period)	22,427	22,554	4,392	4,101	18,035	18,454
<b>Risk<sup>2)</sup></b>						
Risk costs in bps of average RWA	42	35	23	23	51	41
Risk-weighted assets (end of period, in EUR billion)	74.2	73.2	25.1	24.5	49.0	48.7

<sup>1)</sup> Key figures based on underlying figures.

<sup>2)</sup> Underlying after-tax return divided by average equity based on 10.0% common equity Tier 1 ratio (annualised).

## Retail Challengers & Growth Markets

"I am proud to see another quarter of strong profit growth in the Retail Challengers & Growth Markets, which was driven by solid underlying business performance and supported by the one-time gain related to the sale of Visa shares. Our robust momentum in customer acquisitions continued as we attracted almost 300,000 primary customers in the first six months of 2016. During the second quarter, we further diversified our business into non-mortgage customer lending and asset management products.

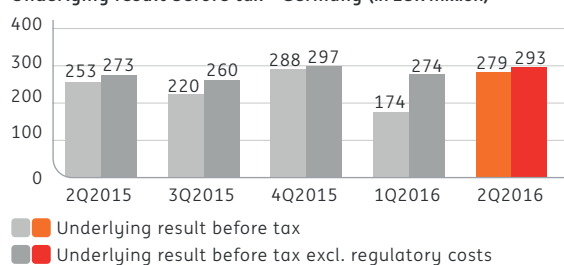
It is encouraging to see that customers' mobile interactions and purchases on mobile channels are picking up across our markets. To meet our customers' changing preferences for modern banking solutions, we introduced a digital financial advisor in Spain that helps customers to actively manage their current and future personal finances. This tool leveraged the technology of the digital advisor that we introduced in France during the first quarter, accelerating our speed to market."

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

## Retail Germany

Retail Germany's second-quarter underlying result before tax was EUR 279 million, up from EUR 253 million in the second quarter of 2015. The increase was primarily attributable to a EUR 44 million one-time gain on the sale of Visa shares, which was only partly offset by higher expenses to support business growth. Compared with the first quarter of 2016, the result before tax increased by EUR 105 million due to lower regulatory costs recorded in the second quarter, as well as the Visa gain. Commercial momentum remained strong, with EUR 1.2 billion growth in core lending and EUR 2.3 billion growth of net customer deposits in the second quarter.

Underlying result before tax - Germany (in EUR million)



Total underlying income was EUR 508 million, up 8.8% from the second quarter of 2015. The increase mainly reflects the one-time gain on the Visa transaction. Interest income recorded a small drop as the low interest rate environment is having some impact on margins given that the last

# Segment Reporting: Retail Banking

adjustment to the core savings rate was in the fourth quarter of 2015. The core savings rate in Germany was reduced again in mid-June 2016, but the full impact of the adjustment will only be visible in the third quarter. Compared with the first quarter of 2016, total income increased 6.5%, due to the one-time gain on Visa and higher Bank Treasury-related revenues (mainly positive hedge ineffectiveness results). This increase was partly offset by lower interest income reflecting lower margins.

Core lending, which excludes Bank Treasury products, increased by EUR 1.2 billion, of which EUR 1.0 billion was attributable to residential mortgages and EUR 0.2 billion to consumer lending. Total customer lending decreased by EUR 1.0 billion in the second quarter as Bank Treasury products, which consist primarily of reverse repurchase agreements and call money, decreased by EUR 2.3 billion. Customer deposits, excluding Bank Treasury, recorded net growth of EUR 2.3 billion in the second quarter of 2016.

Expenses excluding regulatory costs were EUR 200 million, up 11.1% from the second quarter of 2015. The increase was mainly due to higher headcount at both ING-DiBa and Interhyp, as well as investments to support business growth and to attract primary banking clients. Compared with the previous quarter, expenses excluding regulatory costs increased by 2.6%, due to higher staff expenses to support business growth. The cost/income ratio stood at 42.3% for the second quarter.

Risk costs were EUR 14 million compared to a similar level in the second quarter of 2015 and EUR 8 million in the previous quarter. Second-quarter risk costs were low at 23 basis points of average risk-weighted assets, reflecting the current benign credit environment in the German market.

Risk-weighted assets increased by a modest EUR 0.2 billion in the second quarter of 2016 to EUR 25.1 billion, mainly reflecting volume growth.

## Retail Other Challengers & Growth Markets

The underlying result before tax of Retail Other Challengers & Growth Markets increased to EUR 271 million from EUR 78 million in the second quarter of 2015, which included EUR 97 million of non-recurring charges in Italy and a EUR 17 million gain on the sale of a white label mortgage portfolio in Australia. The remaining increase was due to revenue growth

in most businesses and a EUR 109 million one-time gain on the sale of Visa shares in a number of countries. The positive development in revenues was only partly offset by higher regulatory expenses and somewhat higher risk costs.

Compared with the first quarter of 2016, the result before tax increased by EUR 120 million, mainly due to the Visa gain.

Total underlying income increased by EUR 218 million to EUR 740 million compared with a year ago. This increase was due to improved commercial results across most of the business units and the one-time Visa gain, while the second quarter of 2015 included a non-recurring charge in the Italian mortgage portfolio. The positive impacts on revenues were partly offset by negative exchange rate developments (mainly the weaker Turkish lira, Polish zloty and Australian dollar). Compared with the first quarter of 2016, underlying income increased by EUR 109 million, primarily due to the Visa gain.

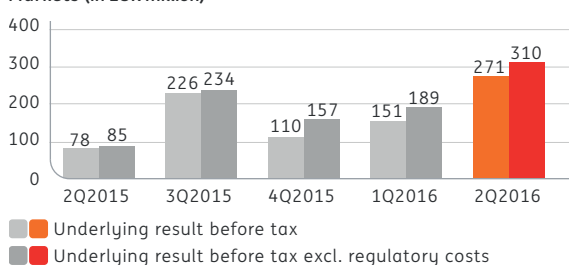
Customer lending increased by EUR 1.5 billion to EUR 75.4 billion in the second quarter of 2016, with a large part of the growth generated in Poland, Spain and Australia. Customer deposits increased by EUR 0.3 billion in the second quarter, reflecting net inflows from customers in Poland and Spain, partly offset by negative currency effects and a decline of customer deposits in Bank Treasury.

Operating expenses increased by EUR 10 million from a year ago to EUR 406 million. This was due to EUR 32 million higher regulatory expenses, which were partly offset by exchange rate impacts. Compared with the first quarter of 2016, operating expenses decreased by EUR 16 million, mainly due to lower IT expenses. The cost/income ratio improved to 54.9% in the second quarter.

Risk costs were EUR 63 million versus EUR 48 million in the second quarter of 2015 and EUR 59 million in the previous quarter. Risk costs expressed as basis points of average risk-weighted assets increased slightly to 51 basis points in the second quarter of 2016 from 48 basis points in the previous quarter.

Risk-weighted assets edged up by EUR 0.2 billion in the second quarter to EUR 49.0 billion, mainly due to the higher market values of the Asian bank stakes

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



# Segment Reporting: Wholesale Banking

## Wholesale Banking: Consolidated profit and loss account

In EUR million	Total Wholesale Banking		Industry Lending		General Lending & Transaction Services		Financial Markets		Bank Treasury & Other	
	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015
<b>Profit and loss data</b>										
Interest result	902	883	520	486	250	256	76	97	56	44
Commission income	273	239	150	134	95	90	29	15	-2	0
Investment income	15	-8	-2	-1	0	0	2	2	15	-9
Other income excl. CVA/DVA	338	276	9	0	10	12	272	237	47	26
Underlying income excl. CVA/DVA	1,528	1,390	678	620	354	359	379	351	117	61
CVA/DVA	-57	172					-57	172		
<b>Total underlying income</b>	<b>1,471</b>	<b>1,562</b>	<b>678</b>	<b>620</b>	<b>354</b>	<b>359</b>	<b>322</b>	<b>523</b>	<b>117</b>	<b>61</b>
Expenses excl. regulatory costs	587	606	157	148	185	191	219	225	26	41
Regulatory costs	2	-3	-1	0	5	1	-12	1	11	-6
<b>Operating expenses</b>	<b>590</b>	<b>603</b>	<b>156</b>	<b>149</b>	<b>191</b>	<b>193</b>	<b>207</b>	<b>226</b>	<b>37</b>	<b>35</b>
<b>Gross result</b>	<b>881</b>	<b>959</b>	<b>522</b>	<b>471</b>	<b>164</b>	<b>166</b>	<b>115</b>	<b>296</b>	<b>80</b>	<b>25</b>
Addition to loan loss provision	123	111	60	58	50	34	-1	0	14	19
<b>Underlying result before tax</b>	<b>758</b>	<b>848</b>	<b>462</b>	<b>414</b>	<b>114</b>	<b>132</b>	<b>116</b>	<b>296</b>	<b>66</b>	<b>7</b>
<b>Customer lending/deposits (end of period, in EUR billion)<sup>1)</sup></b>										
Residential mortgages	1.4	1.4	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.4
Other customer lending	159.1	142.8	106.0	93.1	44.7	37.2	1.3	4.1	7.1	8.4
Customer deposits	60.8	71.2	1.3	2.1	45.4	48.2	4.9	6.6	9.2	14.2
<b>Profitability and efficiency<sup>1)</sup></b>										
Cost/income ratio	40.1%	38.6%	23.0%	24.0%	53.8%	53.7%	64.2%	43.3%	31.4%	58.2%
Return on equity based on 10.0% common equity Tier 1 <sup>2)</sup>	12.9%	17.6%	22.5%	21.6%	7.7%	9.0%	10.0%	25.8%	-10.9%	2.9%
Employees (FTEs, end of period)	11,431	10,889								
<b>Risk<sup>1)</sup></b>										
Risk costs in bps of average RWA	32	31	38	42	45	34	-1	0	51	64
Risk-weighted assets (end of period, in EUR billion)	153.7	144.3	64.7	55.1	45.8	41.3	32.4	36.8	10.8	11.1

<sup>1)</sup> Key figures based on underlying figures.

<sup>2)</sup> Underlying after-tax return divided by average equity based on 10.0% common equity Tier 1 ratio (annualised).

## Wholesale Banking

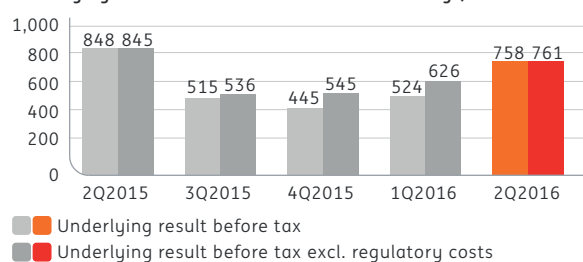
*"It was a strong quarter for Wholesale Banking. We achieved continued growth in Industry Lending, despite the low syndicated market volumes in the second quarter. The recovery of commodity prices and equity markets resulted in improved performance in Financial Markets on the back of increased client activity. Nevertheless, the business environment remains challenging given the continuously low interest rates, particularly for Transaction Services.*

*Our major transformation programmes remained on track, delivering a 'best-in-class' cost/income ratio, at the same time that our risk costs remained prudently under control. With a total of EUR 27.8 billion of sustainable transitions financed as of 30 June 2016, we continue to support our clients in their sustainable ambitions."*

**Bill Connelly**, Member Management Board Banking, Head of Wholesale Banking

The underlying result before tax was EUR 758 million on the back of an excellent result from Industry Lending, good volume growth in all lending products and strong Financial Markets results following the challenging market conditions in the first quarter of the year. Expenses were well contained and risk costs remained low at 32 basis points of average RWA. Excluding a EUR 229 million negative swing in credit and debt valuation adjustments (CVA /DVA), the result rose by EUR 139 million, or 20.6%, from a year ago. The improvement was driven by continued lending growth in Industry Lending at resilient margins and improved Financial Markets and Bank Treasury & Other results; the latter was supported by volatile items.

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



Total underlying income was 11.8% higher than in the first quarter of 2016 and 5.8% lower than in the second quarter of 2015. CVA/DVA impacts amounted to EUR -57 million for

# Segment Reporting: Wholesale Banking

this quarter compared with EUR 172 million in the second quarter of last year and EUR 23 million in the previous quarter. Underlying income, excluding CVA/DVA effects, increased 18.2% sequentially and rose 9.9% from the second quarter of 2015. The year-on-year increase was caused by the continued strong performance in Industry Lending and higher Credit Trading and Debt Capital Markets results in the Financial Markets business. The result was also supported by the sale of a minority stake in Corporate Investments, whereas the second quarter of 2015 included an impairment on an equity stake.

The interest result was up 2.2% year-on-year, driven by continued volume growth at resilient margins in Industry Lending and higher interest income in Bank Treasury. This was only partially offset by lower interest income in General Lending and Transaction Services due to margin pressure (despite volume growth) and lower interest income in Financial Markets. Sequentially, interest income excluding Financial Markets rose 3.1%, mainly driven by Industry Lending.

Commission income grew 14.2% compared with a year ago and was up 8.8% from the previous quarter, mainly due to higher fee income in Structured Finance.

Investment income rose to EUR 15 million from a loss of EUR 8 million in the second quarter of 2015, which included an impairment on an equity stake. Compared with the previous quarter investment income was stable. The second quarter of 2016 included a gain on the sale of a minority stake within Corporate Investments, while the previous quarter included capital gains in Bank Treasury.

Total other income amounted to EUR 281 million, up from EUR 125 million in the first quarter of 2016, but down from EUR 448 million one year ago. Excluding CVA/DVA impacts, other income rose by EUR 62 million compared with the second quarter of 2015 and by EUR 236 million quarter-on-quarter, mainly due to higher revenues in Financial Markets.

Operating expenses decreased 2.2% year-on-year due to cost savings, a EUR 21 million one-off expense adjustment in Belgium, and lower IT change costs. These factors were partly offset by a EUR 20 million additional provision taken for potential compensation related to certain floating interest rate loans and interest rate derivatives sold to Real Estate Finance (REF) clients in the Netherlands, inflationary impacts and expenses related to higher FTEs to support business growth, mainly in Industry Lending. Compared with the previous quarter, operating expenses fell 12.7%, largely as the result of lower regulatory costs.

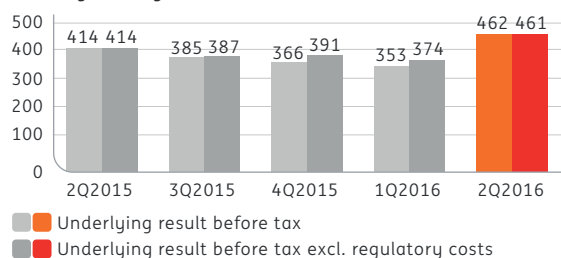
Wholesale Banking's previously announced restructuring programmes are on track to realise EUR 340 million of cost savings by the end of 2017. At the end of the second quarter of 2016, EUR 295 million of cost savings had already been realised. The cost/income ratio was 40.1% in the second quarter of 2016, down from 51.3% in the first quarter, mainly due to the timing of regulatory expenses.

Risk costs for Wholesale Banking amounted to EUR 123 million, up from EUR 111 million in the same quarter of 2015 and EUR 117 million in the previous quarter. The net addition to loan loss provisions increased mainly due to a model update for corporates, while higher provisions on Oil & Gas files were offset by a release on a larger file in the UK and lower risk costs in Ukraine.

Risk-weighted assets increased by EUR 2.6 billion in the quarter to EUR 153.7 billion as volume growth and the currency impact from the appreciation of the USD were partly offset by credit book quality improvements and lower market risk.

## Industry Lending

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



Industry Lending posted an underlying result before tax of EUR 462 million, up strongly year-on-year and sequentially due to continued business growth at resilient margins. The improvement in underlying result before tax compared with the first quarter of 2016 was supported by a reduction in risk costs and the fact that the previous quarter included high regulatory costs.

Income increased 9.4% on both comparable quarters, driven by continued and robust volume growth in Structured Finance and Real Estate Finance, partly supported by positive foreign currency effects. The year-on-year portfolio growth totalled EUR 13.7 billion, excluding FX effects, of which EUR 10.6 billion was related to Structured Finance and EUR 3.1 billion attributable to Real Estate Finance. In the second quarter, the net lending growth was EUR 6.1 billion. This growth was well diversified across geographies and industry sectors.

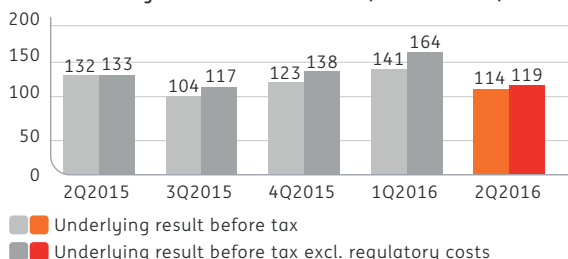
Expenses were 4.7% higher than in the same quarter of 2015, mainly due to the continuous investments to support future business growth. Expenses declined 8.2% sequentially as the previous quarter included EUR 21 million of regulatory costs, whereas they were virtually zero in both the current quarter and in the second quarter of 2015.

The net additions to loan loss provisions amounted to EUR 60 million, or 38 basis points of average risk-weighted assets, up slightly from EUR 58 million in the same quarter of 2015, but down from EUR 98 million in the previous quarter.

# Segment Reporting: Wholesale Banking

## General Lending & Transaction Services

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

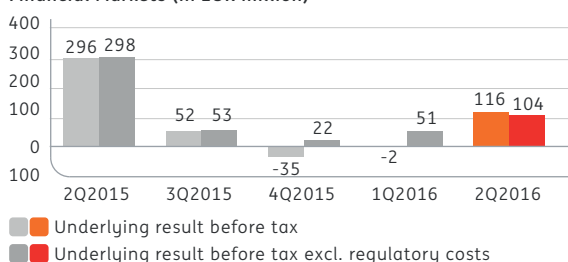


The underlying result before tax from General Lending and Transaction Services was EUR 114 million, down 13.6% compared with the same quarter of 2015 and down 19.1% sequentially. Income decreased 1.4% year-on-year as the portfolio growth in General Lending and Working Capital Solutions was more than offset by lower interest margins. Sequentially, income rose 2.6%, as continuing margin pressure was offset by EUR 3.8 billion of net growth in lending assets, mainly in General Lending and Working Capital Solutions. Income in Payments & Cash Management was up 5.6%, primarily due to higher commission income related to new clients.

Expenses decreased 1.0% year-on-year due to lower IT change costs and fell 5.4% from the previous quarter, which was impacted by high regulatory costs. Risk costs were EUR 50 million for the quarter, or 45 basis points of average risk-weighted assets. Risk costs rose from EUR 2 million in the first quarter of 2016 and EUR 34 million in the second quarter of 2015.

## Financial Markets

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

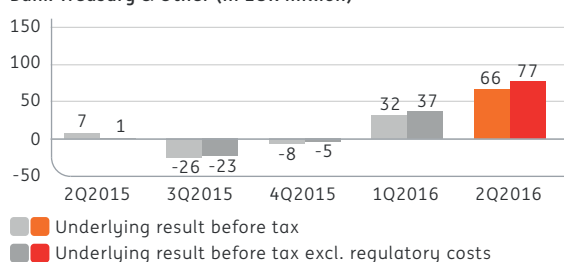


Financial Markets posted an underlying result before tax of EUR 116 million, down from EUR 296 million in the same quarter of 2015 but up significantly from EUR -2 million in the first quarter of 2016. The result in the current quarter included EUR -57 million of CVA/DVA impacts compared with EUR 172 million a year ago and EUR 23 million in the previous quarter. Excluding CVA/DVA effects, the pre-tax result was EUR 174 million, which is the highest quarterly result over the past six quarters. Client activity in the quarter increased strongly, whereas market conditions were challenging in the first quarter of the year.

Income excluding CVA/DVA effects was up 8.0% year-on-year, mainly due to higher income in Credit Trading and Debt Capital Markets. Sequentially, income excluding CVA/DVA impacts increased 54.7%, mainly due to higher income in Rates and Equity Trading. Operating expenses were down 8.4% year-on-year, reflecting lower IT change costs and cost savings. Sequentially, expenses decreased 22.5% as the previous quarter included a high amount of regulatory costs.

## Bank Treasury & Other

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



Bank Treasury & Other recorded an underlying result before tax of EUR 66 million, up from EUR 7 million in the second quarter of 2015 and EUR 32 million in the previous quarter. Income increased 91.8% from a year ago, due to a gain on the sale of a minority stake in Corporate Investments, versus an impairment booked on an equity stake in the second quarter of 2015. Bank Treasury income was further supported by higher underlying income on Assets & Liabilities Management activities. Sequentially, income increased due to the aforementioned sale of a minority interest and the successful sale of real estate assets in the run-off portfolio. Compared with the previous quarter, expenses remained at the same level as certain one-off expense items in the Netherlands and Belgium effectively offset each other. Compared with the same quarter of 2015, expenses increased 5.7%.

# Segment Reporting: Corporate Line Banking

Corporate Line: Consolidated profit and loss account		
In EUR million	2Q2016	2Q2015
<b>Profit and loss data</b>		
Interest result	31	-55
Commission income	-1	0
Investment income	1	0
Other income	20	-22
<b>Total underlying income</b>	<b>51</b>	<b>-77</b>
Expenses excl. regulatory costs	76	63
Regulatory costs	1	0
<b>Operating expenses</b>	<b>76</b>	<b>63</b>
<b>Gross result</b>	<b>-25</b>	<b>-140</b>
Addition to loan loss provision	0	0
<b>Underlying result before tax</b>	<b>-25</b>	<b>-140</b>
of which:		
Income on capital surplus	36	22
Financing charges	-14	-39
Other capital management	73	24
Capital Management excl. DVA	95	7
Bank Treasury excl. DVA	-59	-133
DVA	3	36
Other excl. DVA	-64	-50

The result of Other was EUR -64 million versus EUR -50 million one year ago. The decline in the result was mainly caused by higher shareholder expenses and increased charges for regulatory supervision.

Corporate Line Banking posted an underlying result before tax of EUR -25 million compared with EUR -140 million in the second quarter of 2015 and EUR -103 million in the first quarter of 2016. Total income improved on both comparable quarters, mainly due to the release of a hedge reserve, lower financing charges and the run-off in the legacy portfolio.

Capital Management-related results were EUR 95 million in the second quarter of 2016, up from EUR 7 million in the same quarter of 2015.

Within the Capital Management-related results, income on capital surplus was EUR 36 million compared with EUR 22 million in the second quarter of 2015. Financing charges improved to EUR -14 million from EUR -39 million in the same quarter of 2015. This improvement was mainly caused by the maturity of senior unsecured debt of ING Group, which lowered interest expenses. The result of Other Capital Management improved to EUR 73 million versus EUR 24 million one year ago, driven by the redemption of funding from a subsidiary and higher income from FX hedge positions. In addition, the second quarter of 2015 included a EUR 16 million loss on the redemption of a hybrid loan.

Bank Treasury-related results include the isolated legacy costs (mainly negative interest results) for replacing short-term funding with long-term funding. The second-quarter result was EUR -59 million compared with EUR -133 million in the second quarter of 2015. The improvement was mainly due to the release of a hedge reserve and the run-off in the legacy portfolio.

DVA on own-issued debt was EUR 3 million compared with EUR 36 million in the second quarter of 2015, when ING's credit spread widened.



# Segment Reporting: Geographical Split Banking

## Geographical split: Consolidated profit and loss account

In EUR million	Netherlands		Belgium		Germany		Other Challengers		Growth Markets		Wholesale Banking Rest of World		Other <sup>1)</sup>	
	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015
<b>Profit and loss data</b>														
Interest result	1,136	1,168	553	555	484	448	354	319	303	287	407	380	31	-55
Commission income	203	187	127	135	61	43	34	42	70	65	114	112	-1	0
Investment income	29	-22	3	2	44	26	11	4	84	0	-1	11	1	3
Other income excl. CVA/DVA	92	25	228	132	24	-2	28	-75	67	75	80	144	33	-47
<b>Underlying income excl. CVA/DVA</b>	<b>1,459</b>	<b>1,358</b>	<b>912</b>	<b>824</b>	<b>614</b>	<b>516</b>	<b>427</b>	<b>290</b>	<b>524</b>	<b>427</b>	<b>600</b>	<b>647</b>	<b>65</b>	<b>-99</b>
CVA/DVA <sup>2)</sup>	-8	46	-17	60	0	0	0	8	0	0	-33	57	3	36
<b>Underlying income</b>	<b>1,452</b>	<b>1,404</b>	<b>895</b>	<b>884</b>	<b>614</b>	<b>516</b>	<b>427</b>	<b>299</b>	<b>524</b>	<b>427</b>	<b>567</b>	<b>704</b>	<b>68</b>	<b>-63</b>
Expenses excl. regulatory costs	886	755	285	429	223	197	202	207	232	255	251	248	77	67
Regulatory costs	7	0	6	37	14	20	14	2	34	6	-1	-4	1	0
<b>Operating expenses</b>	<b>893</b>	<b>755</b>	<b>291</b>	<b>466</b>	<b>237</b>	<b>217</b>	<b>216</b>	<b>208</b>	<b>266</b>	<b>262</b>	<b>250</b>	<b>244</b>	<b>78</b>	<b>67</b>
<b>Gross result</b>	<b>558</b>	<b>649</b>	<b>604</b>	<b>418</b>	<b>376</b>	<b>299</b>	<b>211</b>	<b>90</b>	<b>257</b>	<b>166</b>	<b>318</b>	<b>461</b>	<b>-10</b>	<b>-130</b>
Addition to loan loss provision	103	204	93	31	16	14	37	6	43	56	15	41	0	0
<b>Underlying result before tax</b>	<b>456</b>	<b>446</b>	<b>512</b>	<b>387</b>	<b>360</b>	<b>285</b>	<b>175</b>	<b>84</b>	<b>214</b>	<b>109</b>	<b>302</b>	<b>420</b>	<b>-10</b>	<b>-130</b>
Retail Banking	325	358	401	204	279	253	102	0	169	79	0	0	0	0
Wholesale Banking	131	88	111	183	81	32	72	84	45	31	302	420	15	10
Corporate Line	0	0	0	0	0	0	0	0	0	0	0	0	-25	-140
<b>Underlying result before tax</b>	<b>456</b>	<b>446</b>	<b>512</b>	<b>387</b>	<b>360</b>	<b>285</b>	<b>175</b>	<b>84</b>	<b>214</b>	<b>109</b>	<b>302</b>	<b>420</b>	<b>-10</b>	<b>-130</b>
<b>Customer lending/deposits (end of period, in EUR billion)<sup>3)</sup></b>														
Residential mortgages	126.0	131.3	34.9	33.8	67.5	64.5	45.3	42.8	7.4	6.5	0.0	0.0	0.0	0.0
Other lending	76.2	75.1	54.6	53.0	27.7	27.2	24.6	20.3	26.2	25.1	60.5	59.2	0.0	0.0
Customer deposits	162.2	165.3	97.7	96.6	124.4	119.4	82.6	78.5	32.4	29.3	13.7	18.5	6.6	6.7
<b>Profitability and efficiency<sup>3)</sup></b>														
Cost/income ratio	61.5%	53.8%	32.5%	52.7%	38.7%	42.0%	50.5%	69.8%	50.8%	61.3%	44.0%	34.6%	114.6%	n.a.
Return on equity based on 10.0% common equity Tier 1 <sup>4)</sup>	15.3%	13.4%	27.3%	23.2%	30.3%	25.4%	18.8%	5.8%	15.1%	8.6%	9.8%	21.2%	37.6%	-84.9%
Employees (FTEs, end of period)	12,672	13,757	10,347	10,637	4,673	4,326	4,009	3,960	16,119	16,406	4,007	3,614	7	29
<b>Risk<sup>3)</sup></b>														
Risk costs in bps of average RWA	45	83	73	28	19	20	55	10	38	52	9	27	0	0
Risk-weighted assets (end of period, in EUR billion)	89.8	98.5	51.3	45.1	34.7	29.6	26.4	26.2	46.1	45.3	65.8	60.7	2.9	4.5

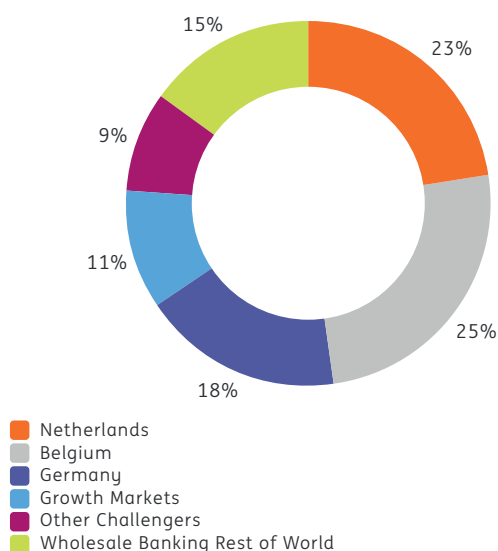
<sup>1)</sup> Region Other consists of Corporate Line and Real Estate run-off portfolio.

<sup>2)</sup> CVA/DVA reported within Wholesale Banking and Corporate Line.

<sup>3)</sup> Key figures based on underlying figures.

<sup>4)</sup> Underlying after-tax return divided by average equity based on 10.0% common equity Tier 1 ratio (annualised).

**Underlying result before tax - 2Q2016**  
Geographical split (in percentages) excluding Other



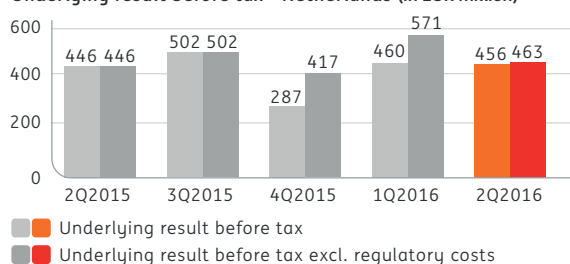
## The Netherlands

The underlying result before tax of the banking activities in the Netherlands was EUR 456 million compared with EUR 446 million in the second quarter of 2015. The result in the second quarter of 2016 was negatively affected by a EUR 137 million addition to the provision for Dutch SME and Real Estate Finance clients with interest rate derivatives. Adjusted for this item, the underlying pre-tax result rose by EUR 146 million to EUR 592 million. This strong increase was mainly caused by EUR 101 million of lower risk costs, reflecting the improved economic conditions in the Netherlands. Income rose by EUR 48 million, or 3.4%, despite a EUR 54 million negative swing in CVA/DVA impacts and a EUR 32 million decline in the interest result due to lower lending volumes. These negative impacts were more than offset by higher non-interest income from Financial Markets activities and further supported by capital gains (including EUR 18 million from the Visa sale), whereas the second quarter of 2015 included an impairment on an equity stake. Additional redundancy costs were largely offset by lower IT change costs and cost savings. The result

# Segment Reporting: Geographical Split Banking

before tax decreased by EUR 4 million compared with the first quarter of 2016, which included EUR 111 million of regulatory costs versus EUR 7 million in the second quarter of 2016. The second-quarter underlying cost/income ratio in the Netherlands was 61.5%, reflecting the negative impact from the provision for Dutch SME and Real Estate Finance clients with interest rate derivatives, versus 53.8% in the second quarter of 2015. The underlying return on equity, based on a 10% common equity Tier 1 ratio, was 15.3% compared with 13.4% a year ago and 14.8% in the previous quarter.

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



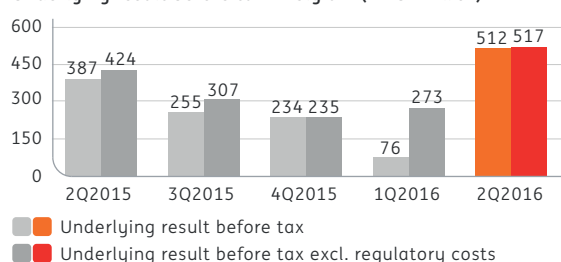
Total customer lending increased by EUR 2.3 billion in the second quarter of 2016 to EUR 202.2 billion. This includes EUR 0.3 billion of additional transfers of WUB mortgages to NN Group, EUR 0.1 billion of currency impacts and a EUR 0.3 billion increase in Bank Treasury lending. Another EUR 1.2 billion was attributable to the change in balance sheet offsetting of notional cash pooling products. Excluding all of the aforementioned impacts, net customer lending increased by EUR 1.0 billion, of which EUR 1.9 billion was in Wholesale Banking. Net customer lending in Retail Banking declined by EUR 0.9 billion, mainly due to the EUR 0.5 billion run-off in the WUB portfolio and a EUR 0.4 billion decline in Retail business lending. Customer deposits increased by EUR 4.4 billion to EUR 162.2 billion. Net customer deposits (excluding Bank Treasury products and the change in balance sheet offsetting of notional cash pooling products) grew by EUR 3.5 billion: customer savings and deposits rose by EUR 1.1 billion and current accounts increased by EUR 2.4 billion, supported by the seasonal holiday allowances.

## Belgium

The banking activities in Belgium, including ING Luxembourg, generated an underlying result before tax of EUR 512 million, up from EUR 387 million in the second quarter of 2015. The strong increase was primarily caused by a EUR -116 million one-off procured cost savings and a EUR 30 million gain from the Visa sale, whereas the second quarter of 2015 included a EUR -30 million impact from mortgage hedges. Excluding these items as well as a EUR 77 million negative swing in CVA/DVA impacts, the result before tax rose 7.3% from last year. Compared with the previous quarter, which included EUR 196 million of regulatory costs (versus EUR 6 million in the second quarter of 2016), the result before tax rose by EUR 436 million. Excluding regulatory costs, the one-off expense adjustment and the Visa gain, the result before tax rose 35.9%, mainly driven by higher income from Financial

Markets. The underlying cost/income ratio improved substantially to 32.5% from 52.7% in the second quarter of 2015 and from 84.9% in the previous quarter. The underlying return on equity, based on a 10% common equity Tier 1 ratio, was 27.3% in the second quarter of 2016, up from 23.2% a year ago and 4.7% in the previous quarter.

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

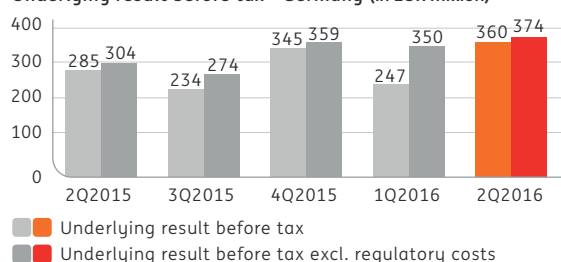


Total customer lending increased by EUR 2.3 billion in the quarter to EUR 89.6 billion, and included EUR 0.5 billion in Bank Treasury and EUR 0.1 billion of currency impacts. The net production of customer lending was EUR 2.8 billion, of which EUR 0.4 billion was in mortgages. The net production in other (non-mortgage) customer lending was EUR 2.4 billion, of which EUR 0.9 billion was generated in Wholesale Banking and EUR 1.5 billion in Retail Banking. Customer deposits declined by EUR 0.7 billion to EUR 97.7 billion, as EUR 0.9 billion of growth in Retail Banking (predominantly in current accounts) was more than offset by a EUR 1.6 billion decline in Wholesale Banking.

## Germany

The underlying result before tax of the banking activities in Germany, including ING Austria, increased 26.3% to EUR 360 million compared with the second quarter of 2015. Income rose 19.0%, fuelled by volume growth, higher commission income and a EUR 44 million one-time gain from the Visa sale. Expenses rose by EUR 20 million, or 9.2%, mainly reflecting an increase in staff and investments to support further business growth. Risk costs were EUR 16 million compared with EUR 14 million a year ago. The underlying cost/income ratio was 38.7% versus 42.0% in the second quarter of 2015. The underlying return on equity, based on a 10% common equity Tier 1 ratio, increased to 30.3% in the second quarter from 25.4% a year ago.

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



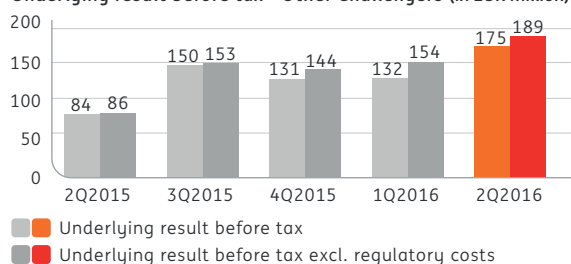
# Segment Reporting: Geographical Split Banking

Total customer lending increased by EUR 1.0 billion in the second quarter to EUR 95.2 billion. Excluding Bank Treasury products and currency impacts, the net production in customer lending was EUR 3.3 billion. This consisted of EUR 2.1 billion of Wholesale Banking loans, EUR 1.0 billion of residential mortgages and EUR 0.2 billion in consumer lending. Customer deposits increased by EUR 2.6 billion to EUR 124.4 billion. Excluding Bank Treasury products, the increase in customer deposits was EUR 2.4 billion, of which EUR 1.9 billion was in customer savings and deposits and EUR 0.5 billion in current accounts.

## Other Challengers

The segment Other Challengers covers ING's banking activities in Australia, Czech Republic, France, Italy, Spain and Portugal, as well as the results of the UK legacy run-off portfolio. The second-quarter result before tax increased by EUR 91 million to EUR 175 million compared with the second quarter of 2015. Income rose by EUR 128 million. While the commercial performance in most units improved, the increase was mainly due to a EUR 27 million gain from the Visa sale; by contrast, the second quarter of 2015 included a EUR -97 million non-recurring charge related to the mortgage portfolio in Italy. The EUR 8 million increase in expenses year-on-year was primarily due to a EUR 12 million increase in regulatory expenses. Risk costs rose by EUR 31 million to EUR 37 million because the second quarter of 2015 included a provision release. The underlying cost/income ratio improved to 50.5% from 69.8% in the second quarter of 2015. The underlying return on equity, based on a 10% common equity Tier 1 ratio, rose to 18.8% in the second quarter from 5.8% a year ago.

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



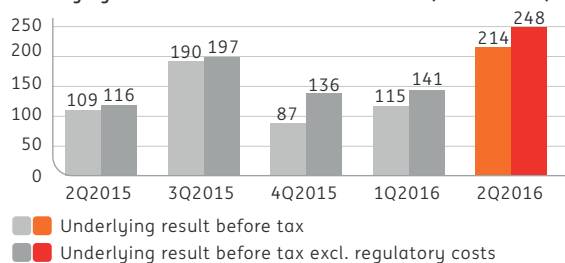
Total customer lending increased by EUR 0.8 billion in the second quarter to EUR 69.9 billion, driven by growth in Australia and Italy. Customer deposits increased by EUR 0.3 billion in the second quarter to EUR 82.6 billion. Excluding currency impacts and Bank Treasury products, net customer deposits grew by EUR 1.0 billion, mainly due to increases in Spain and Australia.

## Growth Markets

The segment Growth Markets consists of ING's banking activities in Poland, Romania and Turkey, as well as the Asian bank stakes. The second-quarter underlying result before tax of this segment increased by EUR 105 million to EUR 214 million compared with the second quarter of 2015 as a result of higher income and lower risk costs, partly offset

by slightly higher expenses. Income rose by EUR 97 million, due to a EUR 82 million gain from the Visa sale and improved commercial results in Poland, Turkey and Romania, partly offset by negative currency impacts. The 1.5% increase in expenses was the result of EUR 28 million of higher regulatory costs, which were somewhat offset by lower expenses in Poland and Turkey and currency impacts. The decrease in risk costs was mainly related to Poland, partly offset by a small increase in Turkey. The underlying cost/income ratio improved to 50.8% from 61.3% in the second quarter of 2015. The underlying return on equity, based on a 10% common equity Tier 1 ratio, rose to 15.1% in the second quarter from 8.6% a year ago.

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

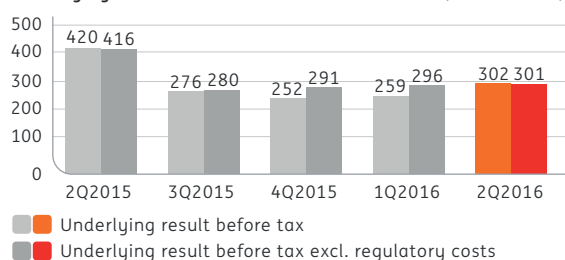


Total customer lending increased by EUR 0.7 billion in the second quarter of 2016 to EUR 33.6 billion. Excluding currency impacts, customer lending grew by EUR 1.3 billion due to increases in Poland, Turkey and Romania. Customer deposits rose by EUR 0.2 billion to EUR 32.4 billion. The net production adjusted for currency impacts amounted to EUR 1.1 billion and was driven mainly by growth in Poland.

## Wholesale Banking Rest of World

Wholesale Banking Rest of World encompasses ING's banking activities in the UK, Americas, Asia and other countries in Central and Eastern Europe. This segment recorded an underlying result before tax of EUR 302 million, down from EUR 420 million in the second quarter of 2015, but up from EUR 259 million in the previous quarter. The result in the current quarter included EUR -33 million of CVA/DVA adjustments compared with EUR 57 million a year ago and EUR 28 million in the first quarter of 2016.

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



Income excluding CVA/DVA impacts declined 7.3% on the second quarter of 2015, mainly in Industry lending and Financial Markets. The decline in Industry Lending income

# Segment Reporting: Geographical Split Banking

was mainly in Natural Resources Finance, while the decline in Financial Markets was mainly attributable to lower Rates income. Compared with the previous quarter, income excluding CVA/DVA impacts rose 10.3%.

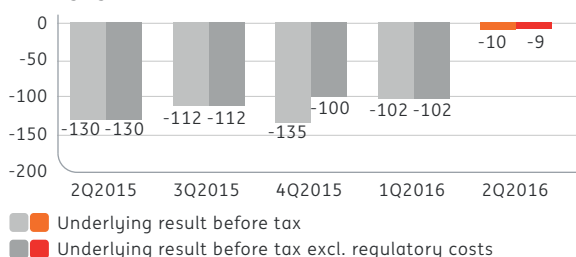
Expenses were up 2.5% year-on-year. Sequentially, expenses dropped 6.4%, as the previous quarter included higher regulatory costs. Risk costs fell to EUR 15 million, or 9 basis points of average risk-weighted assets, from EUR 41 million a year ago and EUR 46 million in the first quarter of 2016. The underlying cost/income ratio was 44.0% versus 34.6% in the second quarter of 2015. The underlying return on equity, based on a 10% common equity Tier 1 ratio, was 9.8% in the second quarter versus 21.2% a year ago.

Total customer lending increased by EUR 5.5 billion in the second quarter to EUR 60.5 billion. Excluding currency impacts, net customer lending grew by EUR 5.0 billion, mainly attributable to Structured Finance. Customer deposits increased by EUR 0.2 billion to EUR 13.7 billion; the net production (adjusted for currency impacts and Bank Treasury) was EUR 0.3 billion.

## Other

The segment Other consists of the Corporate Line Banking and the Real Estate run-off portfolio. The second-quarter underlying result before tax was EUR -10 million compared with EUR -130 million in the second quarter of 2015. The loss in the Corporate Line narrowed to EUR 25 million from a loss of EUR 140 million a year ago, mainly due to the release of a hedge reserve, lower financing charges and the run-off in the legacy portfolio. The pre-tax result from the Real Estate run-off portfolio rose to EUR 15 million from EUR 10 million in the second quarter of 2015.

Underlying result before tax - Other (in EUR million)



Customer deposits decreased in the second quarter by EUR 2.0 billion to EUR 6.6 billion. The decrease was fully related to a lower placement of deposits from ING Group at ING Bank, mainly due to the payment of the final 2015 dividend in May 2016.

# Consolidated Balance Sheet

ING Group: Consolidated balance sheet			
in EUR million	30 Jun. 16	31 Mar. 16	31 Dec. 15
<b>Assets</b>			
Cash and balances with central banks	26,121	29,972	21,458
Amounts due from banks	29,024	28,085	29,988
Financial assets at fair value through P&L	154,628	148,738	138,048
- trading assets	147,110	141,635	131,467
- non-trading derivatives	2,653	3,492	3,347
- other	4,865	3,611	3,234
Investments	96,335	96,412	94,826
- debt securities available-for-sale	84,377	84,747	82,567
- debt securities held -to-maturity	7,790	7,566	7,826
- equity securities available-for-sale	4,168	4,099	4,433
Loans and advances to customers <sup>1)</sup>	554,969	542,578	537,343
- customer lending	551,781	539,136	533,490
- securities at amortised cost	8,911	9,060	9,625
- provision for loan losses	-5,723	-5,618	-5,772
Investments in associates and joint ventures	956	935	962
Real estate investments	76	77	77
Property and equipment	1,972	1,999	2,027
Intangible assets	1,600	1,531	1,567
Assets held for sale		1,315	2,153
Other assets	19,978	17,255	13,320
<b>Total assets before change accounting policy</b>	<b>885,659</b>	<b>868,897</b>	<b>841,769</b>
Impact change accounting policy on Loans and advances to customers <sup>1)</sup>		172,695	163,464
<b>Total assets</b>	<b>885,659</b>	<b>1,041,592</b>	<b>1,005,233</b>
<b>Equity</b>			
Shareholders' equity	49,086	48,810	47,832
Minority interests	619	670	638
<b>Total equity</b>	<b>49,705</b>	<b>49,480</b>	<b>48,470</b>
<b>Liabilities</b>			
Subordinated loans	6,713	6,579	7,265
Debt securities in issue	119,384	122,740	121,289
Other borrowed funds	10,099	9,002	9,146
Amounts due to banks	34,682	33,852	33,813
Customer deposits <sup>1)</sup>	512,819	505,557	500,777
- savings accounts	313,210	310,027	305,941
- credit balances on customer accounts	160,831	156,060	153,253
- corporate deposits	37,160	38,217	40,244
- other	1,618	1,253	1,339
Financial liabilities at fair value through P&L	130,557	121,240	105,680
- trading liabilities	114,166	104,963	88,807
- non-trading derivatives	3,900	4,074	4,257
- other	12,491	12,203	12,616
Other liabilities	21,700	20,447	15,329
<b>Total liabilities before change accounting policy</b>	<b>835,954</b>	<b>819,417</b>	<b>793,299</b>
Impact change accounting policy on Customer deposits <sup>1)</sup>		172,695	163,464
<b>Total liabilities</b>	<b>835,954</b>	<b>992,112</b>	<b>956,763</b>
<b>Total equity and liabilities</b>	<b>885,659</b>	<b>1,041,592</b>	<b>1,005,233</b>

<sup>1)</sup> ING has changed its accounting policy for the netting of cash pooling arrangements in the second quarter of 2016. In accordance with IFRS, the comparable amounts must be adjusted. The comparable amounts have been adjusted in the ING 2Q 2016 Interim accounts. In this press release, however, the comparable cash pool balances in Loans and advances to customers and Customer deposits are still presented on a net basis in order to provide consistent information to its users.

ING Group's total assets increased in the second quarter by EUR 16.8 billion to EUR 885.7 billion, including EUR 1.1 billion of positive currency impacts. At comparable currency rates, total assets rose by EUR 15.7 billion, mostly due to increases in customer lending. On the liability side, the increase was mainly caused by growth in customer deposits and higher trading liabilities. Core customer lending at ING Bank increased by EUR 14.8 billion and the net production of customer deposits was EUR 5.7 billion, mainly in retail savings and current accounts. ING Bank's loan-to-deposit ratio rose to 1.05 from 1.04 at the end of March.

## Cash and balances with central banks

Cash and balances with central banks decreased by EUR 3.9 billion to EUR 26.1 billion, as part of liquidity management.

## Amounts due from and to banks

Amounts due from banks increased by EUR 0.9 billion to EUR 29.0 billion, mainly due to higher business lending to banks by Wholesale Banking. Amounts due to banks increased by EUR 0.8 billion to EUR 34.7 billion due to ING's greater usage of TLTRO funds.

## Financial assets/liabilities at fair value

Financial assets at fair value through P&L increased by EUR 5.9 billion to EUR 154.6 billion, mainly due to increased repo activity and higher valuations of trading derivatives following the decrease of long-term interest rates. Financial liabilities at fair value through P&L increased by EUR 9.3 billion. Financial assets and liabilities at fair value consist predominantly of derivatives, securities and (reverse) repos, which are mainly used to facilitate the servicing of ING's clients.

## Investments

Investments remained stable at EUR 96.3 billion.

## Loans and advances to customers

Loans and advances to customers increased by EUR 12.4 billion to EUR 555.0 billion due to new production, which was only partly offset by maturities and repayments. Core customer lending at ING Bank increased by EUR 14.8 billion, while Bank Treasury lending decreased by EUR 2.6 billion. Retail Banking grew its core lending assets outside the Netherlands, in both residential mortgages and other customer lending. Wholesale Banking grew its core customer lending in both Industry Lending and General Lending.

## Other assets/liabilities

Other assets increased by EUR 2.7 billion, mainly due to a higher amount of financial transactions pending settlement.

# Consolidated Balance Sheet

## ING Group: Change in shareholders' equity

in EUR million	ING Group		ING Bank N.V.		Holding/Eliminations	
	2Q2016	1Q2016	2Q2016	1Q2016	2Q2016	1Q2016
<b>Shareholders' equity beginning of period</b>	<b>48,810</b>	<b>47,832</b>	<b>41,535</b>	<b>40,857</b>	<b>7,275</b>	<b>6,976</b>
Net result for the period	1,295	1,257	1,419	846	-124	411
Unrealised revaluations of equity securities	203	-400	203	-274		-126
Unrealised revaluations of debt securities	56	43	56	43		
Realised gains/losses equity securities released to P&L	-12	5	-138	5	126	
Realised gains/losses debt securities transferred to P&L	11	-49	11	-49		
Change in cashflow hedge reserve	158	463	157	455	1	8
Other revaluations	5	31	3	31	2	
Defined benefit remeasurement	-18	-41	-18	-41		
Exchange rate differences	48	-254	48	-254		
Changes in treasury shares		7				7
Employee stock options and share plans	30	14	22	15	8	-1
Dividend	-1,590				-1,590	
Other	90	-98	91	-99	-1	1
<b>Total changes</b>	<b>276</b>	<b>978</b>	<b>1,854</b>	<b>678</b>	<b>-1,578</b>	<b>299</b>
<b>Shareholders' equity end of period</b>	<b>49,086</b>	<b>48,810</b>	<b>43,389</b>	<b>41,535</b>	<b>5,697</b>	<b>7,275</b>

## ING Group: Shareholders' equity

in EUR million	ING Group		ING Bank N.V.		Holding/Eliminations	
	31 Jun. 16	31 Mar. 16	31 Jun. 16	31 Mar. 16	31 Jun. 16	31 Mar. 16
Share premium/capital	16,986	16,983	17,067	17,067	-81	-84
Revaluation reserve equity securities	2,429	2,238	2,429	2,364		-126
Revaluation reserve debt securities	1,324	1,257	1,324	1,257		
Revaluation reserve cashflow hedge	1,287	1,129	1,287	1,130		-1
Other revaluation reserves	334	325	332	325	2	
Defined benefit remeasurement reserve	-365	-347	-365	-347		
Currency translation reserve	-716	-760	-718	-762	2	2
Treasury shares	-11	-11			-11	-11
Retained earnings and other reserves	25,266	26,739	19,768	19,655	5,498	7,084
Net result year to date	2,552	1,257	2,265	846	287	411
<b>Total</b>	<b>49,086</b>	<b>48,810</b>	<b>43,389</b>	<b>41,535</b>	<b>5,697</b>	<b>7,275</b>

Other liabilities increased by EUR 1.3 billion, partly mirroring the increase in unsettled balances of financial transactions on the asset side.

### Assets held for sale

ING sold its final stake in NN Group in April 2016, reducing the assets held for sale to zero by the end of the second quarter.

### Debt securities in issue

Debt securities in issue decreased by EUR 3.4 billion to EUR 119.4 billion. The decrease was caused by a EUR 5.4 billion decline in long-term debt, mainly due to maturing senior debt and lower long-term debt issuance. CD/CPs increased by EUR 2.1 billion.

### Customer deposits and other funds on deposits

Customer deposits at ING Group increased by EUR 7.3 billion to EUR 512.8 billion. At ING Bank the net production of customer deposits (excluding currency impacts and Bank Treasury) was EUR 5.7 billion, whereas deposits with Bank Treasury decreased by EUR 0.8 billion. Retail Banking recorded EUR 10.3 billion of net production of customer deposits, supported by growth in most countries, of which EUR 3.6 billion was in savings accounts and the

remainder primarily in current accounts. In Wholesale Banking, net customer deposits decreased by EUR 2.6 billion, mainly in Transaction Services. The remaining decrease at ING Bank was related to a lower placement of deposits by ING Group.

### Total equity

Shareholders' equity in the second quarter increased by EUR 0.3 billion to EUR 49.1 billion. The increase was largely caused by the EUR 1.3 billion net result for the quarter, EUR 0.3 billion of unrealised revaluations of equity and debt securities, and a EUR 0.2 billion positive change in the valuation of cash flow hedges. The increase was almost fully offset by the EUR 1.6 billion payment of the final dividend for the year 2015.

Shareholders' equity per share increased to EUR 12.66 as per 30 June 2016 from EUR 12.61 on 31 March 2016.

# Risk & Capital Management

ING Bank: Loan book <sup>1)</sup>						
in EUR million	Credit outstandings		Non-performing loans		NPL%	
	30 Jun. 2016	31 Mar. 2016	30 Jun. 2016	31 Mar. 2016	30 Jun. 2016	31 Mar. 2016
Residential mortgages Netherlands	127,384	128,288	1,891	2,155	1.5%	1.7%
Other lending Netherlands	38,538	35,110	2,217	2,223	5.8%	6.3%
of which Business Lending Netherlands	25,728	25,742	1,924	1,902	7.5%	7.4%
Residential mortgages Belgium	34,477	33,974	1,079	1,078	3.1%	3.2%
Other lending Belgium	46,707	46,238	1,485	1,460	3.2%	3.2%
of which Business Lending Belgium	36,299	34,677	1,175	1,155	3.2%	3.3%
<b>Retail Benelux</b>	<b>247,106</b>	<b>243,610</b>	<b>6,672</b>	<b>6,916</b>	<b>2.7%</b>	<b>2.8%</b>
Residential mortgages Germany	65,936	64,964	548	566	0.8%	0.9%
Other lending Germany	11,211	12,723	184	175	1.6%	1.4%
Residential mortgages Other C&G Markets	53,841	52,955	377	377	0.7%	0.7%
Other lending Other C&G Markets	24,929	24,089	912	858	3.7%	3.6%
<b>Retail Challengers &amp; Growth Markets</b>	<b>155,917</b>	<b>154,731</b>	<b>2,021</b>	<b>1,976</b>	<b>1.3%</b>	<b>1.3%</b>
Industry lending	119,120	111,549	2,979	2,888	2.5%	2.6%
of which Structured Finance	91,909	84,589	2,160	1,906	2.4%	2.3%
of which Real Estate Finance	27,211	26,960	819	982	3.0%	3.6%
General Lending & Transaction Services	75,148	71,382	1,353	1,326	1.8%	1.9%
FM, Bank Treasury, Real Estate & other	19,791	21,309	1,015	1,046	5.1%	4.9%
of which General Lease run-off	3,333	3,486	982	1,012	29.5%	29.0%
<b>Wholesale Banking</b>	<b>214,059</b>	<b>204,240</b>	<b>5,347</b>	<b>5,260</b>	<b>2.5%</b>	<b>2.6%</b>
<b>Total loan book</b>	<b>617,082</b>	<b>602,581</b>	<b>14,040</b>	<b>14,152</b>	<b>2.3%</b>	<b>2.3%</b>

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

ING Bank's non-performing loans (NPL) ratio remained stable at 2.3% in the second quarter of 2016 following lending portfolio growth and a slight reduction in NPLs. ING Group's capital position remained strong, with a fully-loaded common equity Tier 1 ratio of 13.1% at the end of the second quarter of 2016.

## Credit risk management

ING Bank's non-performing loans (NPLs) expressed as a percentage of lending credit outstandings remained stable compared to the previous quarter. The amount of NPLs fell slightly, whereas outstanding loans rose quarter-on-quarter.

In Retail Netherlands, the NPL ratio for residential mortgages continued to improve for the fifth consecutive quarter. NPLs decreased more strongly than credit outstandings, resulting

in a further decline in the NPL ratio to 1.5% from 1.7% in the first quarter of 2016. The NPL ratio of the Dutch mortgage portfolio on the basis of 90+ days overdue decreased to 0.7% from 0.8% in the prior quarter. The NPL ratio for the Business Lending Netherlands portfolio increased slightly to 7.5% from 7.4% in the previous quarter due to a modest increase in NPL amounts against a slight decline of credit outstandings.

For Retail Belgium, the NPL ratio for residential mortgages decreased slightly to 3.1% compared with 3.2% in the first quarter of 2016, mainly due to lending growth. The NPL ratio of the Belgian mortgage book on the basis of 90+ days overdue remained stable at 1.2%. For Retail Challengers & Growth Markets, the NPL ratio remained flat at 1.3% as an improvement in residential mortgages in Germany was offset by a deterioration in Other lending in Germany and Other Challengers & Growth Markets.

ING Bank: Stock of provisions <sup>1)</sup>					
in EUR million	Retail Benelux	Retail Challengers & Growth Markets	Wholesale Banking	Total ING Bank 2Q 2016	Total ING Bank 1Q 2016
<b>Stock of provisions at beginning of period</b>	<b>2,085</b>	<b>1,243</b>	<b>2,306</b>	<b>5,634</b>	<b>5,786</b>
Changes in composition of the Bank	0	0	0	0	0
Amounts written off	-158	-26	-58	-242	-374
Recoveries of amounts written off	-3	2	45	44	24
Increases in loan loss provisioning	213	112	233	558	513
Releases from loan loss provisioning	-106	-35	-110	-251	-248
Net additions to loan loss provisions	107	77	123	307	265
Exchange rates or other movements	5	-5	-4	-4	-67
<b>Stock of provisions at end of period</b>	<b>2,036</b>	<b>1,291</b>	<b>2,412</b>	<b>5,739</b>	<b>5,634</b>
<b>Coverage ratio 2Q 2016</b>	<b>30.5%</b>	<b>63.9%</b>	<b>45.1%</b>	<b>40.9%</b>	
Coverage ratio 1Q 2016	30.2%	62.9%	43.8%	39.8%	

<sup>1)</sup> At the end of June 2016, the stock of provisions included provisions for amounts due from banks: EUR 16 million (March 2016: EUR 16 million).

# Risk & Capital Management

In Wholesale Banking, the NPL ratio decreased to 2.5% from 2.6% in the previous quarter, with lending growth outpacing a modest increase in NPLs. In Structured Finance, the NPL ratio edged up to 2.4% from 2.3% as the increase in NPLs exceeded portfolio growth. The NPL ratio of the Real Estate Finance portfolio dropped by 0.6 percentage points to 3.0% due to a net outflow of NPLs. For the oil and gas portfolio, market conditions remain challenging, resulting in a slight increase in NPLs.

During the second quarter of 2016, ING Bank's stock of provisions increased by EUR 0.1 billion to EUR 5.7 billion, mainly due to higher net additions to loan loss provisions. With a broadly stable amount of NPLs, ING Bank's coverage ratio increased to 40.9% from 39.8% in the last quarter. All three business lines increased their coverage ratio. In Retail Challengers & Growth Markets and Wholesale Banking, this was mainly driven by higher provisions, whereas in Retail Benelux the increased coverage ratio was largely due to a decreasing amount of NPLs. ING Bank's loan portfolio consists predominantly of asset-based and/or well-secured loans, including Structured Finance, Real Estate Finance and residential mortgages.

## Securities portfolio

In the second quarter of 2016, ING Bank's overall exposure to debt securities decreased to EUR 102.1 billion from EUR 102.6 billion in the previous quarter. New LCR HQLA investments were offset by maturities and sales, notably in covered bonds and financial institutions. The revaluation reserve of debt securities was stable at EUR 1.3 billion after tax.

ING Bank: Debt securities <sup>1)</sup>		
in EUR billion	30 Jun. 16	31 Mar. 16
Government bonds	52.9	52.7
Sub-sovereign, Supranationals and Agencies (SSA)	23.3	23.4
Covered bonds	15.4	15.8
Financial institutions	1.8	2.2
Corporate bonds	2.3	2.2
ABS	6.4	6.3
<b>Total</b>	<b>102.1</b>	<b>102.6</b>

<sup>1)</sup> Excluding positions at fair value through the P&L but including securities classified as Loans & Receivables.

Breakdown government bonds		
in EUR billion	30 Jun. 16	31 Mar. 16
The Netherlands	10.3	10.3
Belgium	7.4	7.4
Poland	6.5	6.1
France	5.8	5.7
Germany	4.8	4.8
Austria	4.6	4.5
United States	2.6	2.6
Spain	2.6	2.5
Finland	2.3	2.3
Italy	2.1	2.5
Turkey	1.0	1.0
Other	2.9	3.1
<b>Total</b>	<b>52.9</b>	<b>52.7</b>

## Funding and liquidity

The United Kingdom's decision to leave the European Union ('Brexit') was a major political and economic event that impacted sentiment at the end of the second quarter. As the terms of the exit are yet to be negotiated, the impact has until now primarily been visible via a strong increase in volatility in a variety of asset classes, including currencies, equities and bonds. Government bond yields dropped further as investors switched to safe haven assets due to increased uncertainty and the potential economic fall-out from Brexit. ING Bank is active in the UK via Wholesale Banking. We have not seen any deterioration in asset quality since the Brexit referendum.

ING Bank issued EUR 0.8 billion of long-term senior unsecured debt and EUR 1.0 billion of CRD IV eligible Tier 2 securities in the second quarter. These issuances were more than offset by maturities, early repayments and redemptions. This resulted in a net decrease, despite positive currency impacts, of EUR 2.3 billion in long-term debt securities. ING Bank's loan-to-deposit ratio, excluding securities recognised at amortised cost, increased to 1.05 from 1.04 in the first quarter, mostly due to growth of the loan book.

In the second quarter of 2016, ING Bank maintained its consolidated liquidity position above regulatory and internal targets, mainly due to an increase of deposits given and of activities in (reverse) repo transactions, partially offset by a reduction of cash and balances at central banks.

## Market risk

Despite the volatile markets, the average Value-at-Risk (VaR) decreased in the second quarter of 2016 to EUR 13 million compared with the average of EUR 15 million in the first quarter of 2016. This decrease was mainly due to position changes in equity and credit spreads. The overnight VaR for ING Bank's trading portfolio ranged between EUR 8 million and EUR 21 million.

ING Bank: Consolidated VaR trading books				
in EUR million	Minimum	Maximum	Average	Quarter-end
Foreign exchange	1	4	2	3
Equities	3	10	6	6
Interest rate	3	10	6	7
Credit spread	5	8	6	6
Diversification			-7	-8
<b>Total VaR<sup>1)</sup></b>	<b>8</b>	<b>21</b>	<b>13</b>	<b>14</b>

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



# Risk & Capital Management

ING Bank: Capital position					
in EUR million	2019 rules (fully-loaded)		2016 rules (phased-in)		
	30 Jun. 16	31 Mar. 16	30 Jun. 16	31 Mar. 16	
Shareholders' equity (parent)	43,389	41,535	43,389	41,535	
Regulatory adjustments	-4,590	-4,352	-4,541	-4,302	
<b>Available common equity Tier 1 capital</b>	<b>38,798</b>	<b>37,183</b>	<b>38,847</b>	<b>37,233</b>	
Subordinated loans qualifying as Tier 1 capital <sup>1)</sup>	7,018	6,892	7,018	6,892	
Regulatory adjustments additional Tier 1 <sup>2)</sup>	0	0	-871	-840	
<b>Available Tier 1 capital</b>	<b>45,817</b>	<b>44,075</b>	<b>44,995</b>	<b>43,285</b>	
Supplementary capital - Tier 2 bonds <sup>3)</sup>	9,334	8,336	9,334	8,336	
Regulatory adjustments Tier 2	105	101	-126	-126	
<b>Available BIS capital</b>	<b>55,255</b>	<b>52,512</b>	<b>54,202</b>	<b>51,495</b>	
Risk-weighted assets	316,969	315,361	316,969	315,361	
<b>Common equity Tier 1 ratio</b>	<b>12.2%</b>	<b>11.8%</b>	<b>12.3%</b>	<b>11.8%</b>	
Tier 1 ratio	14.5%	14.0%	14.2%	13.7%	
Total capital ratio	17.4%	16.7%	17.1%	16.3%	

<sup>1)</sup> Including EUR 3,451 million which is CRR/CRD IV-compliant and EUR 3,568 million to be replaced, as capital recognition is subject to CRR/CRD IV grandfathering rules.

<sup>2)</sup> Such as goodwill and intangibles.

<sup>3)</sup> Including EUR 7,144 million which is CRR/CRD IV-compliant and EUR 2,190 million to be replaced, as capital recognition is subject to CRR/CRD IV grandfathering rules.

## Capital ratios ING Bank

ING Bank's capitalisation improved strongly with a fully-loaded common equity Tier 1 ratio of 12.2%, up 0.4 percentage point compared to the end of March 2016. In the second quarter of 2016, common equity Tier 1 capital increased by EUR 1.6 billion to EUR 38.8 billion, supported by a net profit of EUR 1.4 billion, which was fully included in capital. In addition, equity, bond and foreign exchange reserves increased by EUR 0.2 billion due to marginally higher market values for Bank of Beijing and Kotak Mahindra, as well as the appreciation of the US dollar. Risk-weighted assets (RWA) increased by EUR 1.6 billion to EUR 317.0 billion, reflecting volume growth and the impact from foreign currency movements, partly offset by positive risk migration.

ING Bank's fully-loaded Tier 1 ratio (including grandfathered securities) increased to 14.5% at 30 June 2016. The fully-loaded total capital ratio (including grandfathered securities) rose to 17.4% at the end of June 2016. The increase of 0.8 percentage point mirrors the positive developments in ING Bank's CET1 ratio as well as the successful issuance of EUR 1.0 billion CRD IV-eligible Tier 2 instruments in April 2016, which further optimised ING's capital structure.

ING Bank's phased-in (transitional) common equity Tier 1 ratio was 12.3% at the end of the second quarter, up 0.5 percentage point compared with the previous quarter. Common equity Tier 1 capital increased by EUR 1.6 billion, largely mirroring developments in fully-loaded common equity Tier 1 capital in combination with the application of the transitional rules under CRR/CRD IV.

The pro-forma leverage ratio of ING Bank (including grandfathered securities) takes into account the combined impact of grossing up the notional cash pool activities and the alignment with the Delegated Act (which was adopted in January 2015). On 30 June 2016 the pro-forma leverage ratio was 4.1%. The increase of 0.1 percentage point compared with the end of March reflects the increase in capital, while total exposure remained relatively stable.

## Risk-weighted assets (RWA)

At the end of June 2016, ING Bank's total RWA were EUR 317.0 billion, which is EUR 1.6 billion higher than at the end of the previous quarter. This increase reflects a EUR 1.0 billion impact from foreign currency movements. Credit risk-weighted assets, excluding foreign currency impacts, increased by EUR 2.0 billion as higher RWA related to volume growth were partly offset by positive risk migration. Market risk-weighted assets declined by EUR 1.7 billion to EUR 8.3 billion, primarily due to lower market positions. Operational risk-weighted assets increased marginally from the previous quarter.

ING Bank: Composition of RWA		
in EUR billion	30 Jun. 16	31 Mar. 16
Credit RWA	267.9	264.9
Operational RWA	40.8	40.5
Market RWA	8.3	10.0
<b>Total RWA</b>	<b>317.0</b>	<b>315.4</b>

# Risk & Capital Management

ING Group: Capital position					
in EUR million	2019 rules (fully-loaded)		2016 rules (phased-in)		
	30 Jun. 16	31 Mar. 16	30 Jun. 16	31 Mar. 16	
Shareholders' equity (parent)	49,086	48,810	49,086	48,810	
- Deductions of significant investments in financial institutions	0	-399	0	-233	
- Interim profit not included in CET1 capital <sup>1)</sup>	-2,552	-2,842	-2,552	-2,842	
- Other regulatory adjustments	-4,606	-4,379	-4,548	-4,268	
Regulatory adjustments	-7,158	-7,620	-7,100	-7,342	
<b>Available common equity Tier 1 capital</b>	<b>41,928</b>	<b>41,189</b>	<b>41,986</b>	<b>41,467</b>	
Additional Tier 1 securities <sup>2)</sup>	7,166	6,217	7,166	6,217	
Regulatory adjustments additional Tier 1	0	0	-882	-928	
<b>Available Tier 1 capital</b>	<b>49,094</b>	<b>47,407</b>	<b>48,271</b>	<b>46,756</b>	
Supplementary capital - Tier 2 bonds <sup>3)</sup>	9,334	8,336	9,334	8,336	
Regulatory adjustments Tier 2	105	101	-126	-204	
<b>Available BIS capital</b>	<b>58,533</b>	<b>55,844</b>	<b>57,479</b>	<b>54,889</b>	
Risk-weighted assets	319,115	318,329	319,115	318,357	
<b>Common equity Tier 1 ratio</b>	<b>13.1%</b>	<b>12.9%</b>	<b>13.2%</b>	<b>13.0%</b>	
Tier 1 ratio	15.4%	14.9%	15.1%	14.7%	
Total capital ratio	18.3%	17.5%	18.0%	17.2%	

<sup>1)</sup> No net profit has been included in the CET1 capital in the first half of 2016 (EUR 2,552 million).

<sup>2)</sup> Including EUR 2,014 million which is CRR/CRD IV-compliant and EUR 5,152 million to be replaced, as capital recognition is subject to CRR/CRD IV grandfathering rules. In March 2016 this amount is presented net of positions on-lent to Insurance.

<sup>3)</sup> Including EUR 7,144 million which is CRR/CRD IV-compliant and EUR 2,190 million to be replaced, as capital recognition is subject to CRR/CRD IV grandfathering rules.

## Capital ratios ING Group

The fully-loaded common equity Tier 1 ratio for ING Group rose by 0.2 percentage point to 13.1% in the second quarter of 2016 from 12.9% at the end of March 2016. The increase reflects EUR 0.7 billion of higher common equity Tier 1 capital, supported by a EUR 0.4 billion lower deduction of significant investments in financial institutions following the completion of the NN Group divestment in April, as well as an increase of EUR 0.3 billion of equity and debt revaluation reserves, mainly related to NN Group, Bank of Beijing and Kotak Mahindra.

ING has decided not to include the remaining first-half interim profit in the common equity Tier 1 capital of ING Group. This will provide flexibility to decide on a final dividend pay-out for the 2016 financial year in line with our dividend policy, which aims to pay a progressive dividend over time. The final dividend proposal will reflect considerations including expected future capital requirements, growth opportunities available to the Group, net earnings, and regulatory developments. As part of its dividend policy, ING also aims to pay an interim with its half-year results. The interim cash dividend has been set at EUR 0.24 per ordinary share, which is the same interim dividend per share as in 2015. The interim dividend will be paid in August 2016.

Fully-loaded risk-weighted assets increased by EUR 0.8 billion to EUR 319.1 billion. This increase mirrors developments at ING Bank to a large extent and reflects the final sale of NN Group in April. ING Group's fully-loaded Tier 1 ratio (including grandfathered securities) increased to 15.4% from 14.9%. This increase benefited from the final sale of NN Group as additional Tier 1 exposure to NN Group is no longer deducted from available Tier 1 capital; instead, these securities are now risk-weighted. The fully-loaded total capital ratio (including grandfathered securities) increased to 18.3% from 17.5% at the end of March 2016, reflecting the trend in Tier 1 capital

as well the successful issuance of EUR 1.0 billion of CRD IV-eligible Tier 2 instruments in April 2016.

ING Group's phased-in common equity Tier 1 ratio rose from 13.0% at the end of March 2016 to 13.2% at the end of June 2016, largely mirroring trends in fully-loaded CET1 capital.

The pro-forma leverage ratio of ING Group (including grandfathered securities) takes into account the combined impact of grossing up the notional cash pool activities and the alignment with the Delegated Act (which was adopted in January 2015). On 30 June 2016, this ratio was 4.4%. The increase of 0.1 percentage point compared with the end of March reflects the increase in capital.

## Ratings

In April 2016, Fitch upgraded its ratings for both ING Groep N.V. and ING Bank N.V. by one notch from A to A+. The rating action was part of a periodic portfolio review of major Benelux banking groups and reflects 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. There were no further rating changes during the second quarter of 2016.

Main credit ratings of ING on 2 August 2016						
	Standard & Poor's		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
ING Groep N.V.	A-	Stable	Baa1	Stable	A+	Stable
ING Bank N.V.	A	Stable	A1	Stable	A+	Stable

# Business & Sustainability Highlights

ING's purpose is to empower people to stay a step ahead in life and in business. We believe a financial institution should support and encourage economic, social and environmental progress, leading to a better quality of life. As a bank that empowers customers and facilitates economic growth, we take the long view and want to go beyond just mitigating harm - we want to drive sustainable progress.

Our 52,000 employees work each day to earn the primary relationship with our customers and meet their needs over the long term. Our teams are encouraged to constantly think of better and innovative ways to service them.

## New ways to empower customers

We highlight several new initiatives from the second quarter of 2016 that support our purpose to empower our customers both in life and in business.

ING and Belgian bank KBC have joined forces to launch an integrated mobile payments and loyalty platform in Belgium. It combines ING's payment app Payconiq with the loyalty platforms of ING (Qustomer) and KBC (CityLife). This cooperation aims to better meet the expectations of customers in Belgium, which are changing rapidly. It has resulted in a single, streamlined platform that enhances the user experience for over a million Qustomer, CityLife and Payconiq consumers and 6,500 retailers. ING and KBC expect to expand this network over the coming months and introduce a new combined loyalty programme with a new name in the fall.

ING also continues to develop new ways to make it easier for customers to manage their money. In the Netherlands, we introduced the feature 'Kijk Vooruit' ('look ahead') in our mobile banking app. Kijk Vooruit provides customers with an overview of planned and predicted payments. In Spain, we launched the digital financial advisor 'My Money Coach', developed together with ING France, where it was successfully launched earlier this year as 'Coach Epargne'.

## Sustainable progress

ING believes that banking can play a significant role in creating a fairer and greener economy. We approach this by financing projects that accelerate our clients' transition in becoming more sustainable and supporting clients that develop solutions to environmental and social challenges.

We measure and drive this part of our business as 'sustainable transitions financed' (STF), which amounted to EUR 27.8 billion on 30 June 2016. This is a 16.7% increase compared with year-end 2015 and represents 79% of our newly established STF target of EUR 35 billion by 2020. The growth in STF is mostly a reflection of an increase in the sustainability assessment of clients, as well as new projects in sustainable sectors. Two notable second-quarter deals were:

- ING's role as joint bookrunner in the GBP 2.6 billion financing of the Beatrice offshore windfarm in Scotland, one of the largest private investments ever made in Scottish infrastructure. Once operational in 2019, it will power about 450,000 homes.

- Our role as sole lender and sole arranger for two distribution centres in the Netherlands 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.

Overview of Sustainable Transitions Financed			
In EUR million	30 Jun. 2016	2015	2014
ING Groenbank <sup>1)</sup>	907	875	836
Loans to renewable energy projects <sup>2)</sup>	3,529	3,187	1,730
Loans to sustainable real estate <sup>3)</sup>	1,384	998	389
Loans to other projects <sup>4)</sup>	1,493	1,274	379
Loans to environmental outperformers <sup>5)</sup>	20,473	17,470	16,142
<b>Total</b>	<b>27,786</b>	<b>23,804</b>	<b>19,476</b>

<sup>1)</sup> ING Groenbank finances projects within and outside of the Netherlands

<sup>2)</sup> Includes biomass, geothermal, hydro, solar, offshore and onshore wind power generation

<sup>3)</sup> As of year-end 2015, ING reports separately on sustainable real estate, which used to be reported under Loans to other projects

<sup>4)</sup> Includes projects involving energy efficiency, greenhouse gas reduction, climate change and mitigation, waste-to-energy, public transport, waste reduction, social welfare

<sup>5)</sup> As of year-end 2014, ING reports this amount to clients who have been identified as environmental outperformers based on an independent reputable data provider or internal client assessments

## Green bond

When we successfully issued our first green bond in November 2015, we promised to be transparent about how the proceeds would be used as well as the projects' impact on the environment and society. The bond proceeds have now been fully allocated, with 25% going to new projects. This is higher than our initial commitment. We've worked with an external expert to develop a framework for measuring the positive environmental impact of the renewable energy projects. The impact is estimated to be total annual avoided emissions of 656 kilotonnes carbon equivalent, which is comparable to the annual carbon emissions of 82,000 Dutch households.

## Circular economy

It's clear to us that business models must evolve in order to address society's many challenges. The circular economy movement, which is about 'reducing, reusing and recycling' scarce resources in the production process instead of 'taking, making and wasting' them, is one important way to do this.

ING took the next step in our commitment to stimulate the circular economy by joining the Ellen MacArthur Foundation, the world's leading platform on the subject, as an official Circular Economy 100 (CE100) corporate member in June 2016. ING aims to use the partnership to grow our knowledge and network on this topic by collaborating with experts, partners and other CE100 members to promote the circular economy and unlocking business opportunities related to it.

## Top 25 best environmental performers

ING has been ranked 21st out of 500 of the world's largest publicly traded companies in the Newsweek Green Rankings, up from 27th last year. Companies are assessed on eight criteria including energy, water and waste productivity. This recognition shows that we're on the right track with managing our direct environmental footprint. We made good progress in 2015, cutting CO<sub>2</sub>e emissions by 6% compared with 2014 and lowering our residual waste footprint by 5%.

# Appendix

## Consolidated profit and loss account: ING Group

ING Group: Consolidated profit and loss account								
In EUR million	Total ING Group		of which: Retail Banking		of which: Wholesale Banking		of which: Corporate Line Banking	
	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015
Interest result Banking operations	3,267	3,103	2,333	2,276	902	883	31	-55
Commission income	610	584	339	345	273	239	-1	-0
Investment income	172	25	156	32	15	-8	1	0
Other income	498	460	197	34	281	448	20	-22
<b>Total underlying income</b>	<b>4,547</b>	<b>4,171</b>	<b>3,025</b>	<b>2,687</b>	<b>1,471</b>	<b>1,562</b>	<b>51</b>	<b>-77</b>
Expenses excl. regulatory costs	2,157	2,157	1,494	1,489	587	606	76	63
Regulatory costs	75	61	72	64	2	-3	1	0
<b>Operating expenses</b>	<b>2,231</b>	<b>2,218</b>	<b>1,566</b>	<b>1,552</b>	<b>590</b>	<b>603</b>	<b>76</b>	<b>63</b>
<b>Gross result</b>	<b>2,316</b>	<b>1,953</b>	<b>1,459</b>	<b>1,135</b>	<b>881</b>	<b>959</b>	<b>-25</b>	<b>-140</b>
Addition to loan loss provisions	307	353	184	242	123	111	0	-
<b>Underlying result before tax Banking</b>	<b>2,009</b>	<b>1,601</b>	<b>1,275</b>	<b>893</b>	<b>758</b>	<b>848</b>	<b>-25</b>	<b>-140</b>
Taxation	569	462	346	287	266	217	-42	-42
Minority interests	23	21	19	19	4	1	-	-
<b>Underlying net result Banking</b>	<b>1,417</b>	<b>1,118</b>	<b>911</b>	<b>586</b>	<b>489</b>	<b>630</b>	<b>17</b>	<b>-98</b>
Net gains/losses on divestments	-	367	-	367	-	-	-	-
Net result from divested units	-	-	-	-	-	-	-	-
Special items after tax	-	-13	-	-13	-	-	-	-
<b>Net result Banking</b>	<b>1,417</b>	<b>1,471</b>	<b>911</b>	<b>939</b>	<b>489</b>	<b>630</b>	<b>17</b>	<b>-98</b>
Net result Insurance Other	-58	28						
Net result intercompany elimination between ING Bank and NN Group		-11						
Net result from discontinued operations NN Group	-64	-1,131						
Net result from discontinued operations Voya Financial								
<b>Net result ING Group</b>	<b>1,295</b>	<b>358</b>						

ING Group: Consolidated profit and loss account								
In EUR million	Total ING Group		of which: Retail Banking		of which: Wholesale Banking		of which: Corporate Line Banking	
	6M2016	6M2015	6M2016	6M2015	6M2016	6M2015	6M2016	6M2015
Interest result Banking operations	6,515	6,278	4,663	4,587	1,827	1,780	25	-90
Commission income	1,217	1,189	695	695	524	495	-2	-0
Investment income	243	137	213	95	30	42	1	0
Other income	659	902	270	249	406	743	-17	-90
<b>Total underlying income</b>	<b>8,634</b>	<b>8,507</b>	<b>5,840</b>	<b>5,627</b>	<b>2,787</b>	<b>3,060</b>	<b>7</b>	<b>-180</b>
Expenses excl. regulatory costs	4,297	4,225	3,002	2,967	1,161	1,182	134	76
Regulatory costs	571	235	466	214	104	21	1	0
<b>Operating expenses</b>	<b>4,868</b>	<b>4,460</b>	<b>3,467</b>	<b>3,181</b>	<b>1,265</b>	<b>1,203</b>	<b>135</b>	<b>76</b>
<b>Gross result</b>	<b>3,766</b>	<b>4,047</b>	<b>2,373</b>	<b>2,446</b>	<b>1,522</b>	<b>1,857</b>	<b>-128</b>	<b>-256</b>
Addition to loan loss provisions	571	785	331	501	240	283	-0	-
<b>Underlying result before tax Banking</b>	<b>3,195</b>	<b>3,262</b>	<b>2,041</b>	<b>1,944</b>	<b>1,282</b>	<b>1,573</b>	<b>-128</b>	<b>-256</b>
Taxation	898	921	553	576	416	411	-71	-66
Minority interests	39	36	32	30	6	6	-	-
<b>Underlying net result Banking</b>	<b>2,259</b>	<b>2,304</b>	<b>1,456</b>	<b>1,338</b>	<b>860</b>	<b>1,157</b>	<b>-57</b>	<b>-190</b>
Net gains/losses on divestments	-	367	-	367	-	-	-	-
Net result from divested units	-	-	-	-	-	-	-	-
Special items after tax	-13	-27	-13	-27	-	-	-	-
<b>Net result Banking</b>	<b>2,246</b>	<b>2,644</b>	<b>1,443</b>	<b>1,677</b>	<b>860</b>	<b>1,157</b>	<b>-57</b>	<b>-190</b>
Net result Insurance Other	-136	35						
Net result intercompany elimination between ING Bank and NN Group		-20						
Net result from discontinued operations NN Group	442	-855						
Net result from discontinued operations Voya Financial		323						
<b>Net result ING Group</b>	<b>2,552</b>	<b>2,127</b>						

# Appendix

## Consolidated profit and loss account: Geographical split

### Geographical split: Consolidated profit and loss account

In EUR million	Total ING Group		Netherlands		Belgium		Germany		Other Challengers		Growth Markets		Wholesale Banking Rest of World		Other	
	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015	2Q2016	2Q2015
Interest result:Banking operations	3,267	3,103	1,136	1,168	553	555	484	448	354	319	303	287	407	380	31	-55
Commission income	610	584	203	187	127	135	61	43	34	42	70	65	114	112	-1	-0
Investment income	172	25	29	-22	3	2	44	26	11	4	84	0	-1	11	1	3
Other income	498	460	84	71	211	192	24	-2	28	-66	67	75	47	201	36	-11
<b>Total underlying income</b>	<b>4,547</b>	<b>4,171</b>	<b>1,452</b>	<b>1,404</b>	<b>895</b>	<b>884</b>	<b>614</b>	<b>516</b>	<b>427</b>	<b>299</b>	<b>524</b>	<b>427</b>	<b>567</b>	<b>704</b>	<b>68</b>	<b>-63</b>
Expenses excl. regulatory costs	2,157	2,157	886	755	285	429	223	197	202	207	232	255	251	248	77	67
Regulatory costs	75	61	7	-	6	37	14	20	14	2	34	6	-1	-4	1	0
<b>Operating expenses</b>	<b>2,231</b>	<b>2,218</b>	<b>893</b>	<b>755</b>	<b>291</b>	<b>466</b>	<b>237</b>	<b>217</b>	<b>216</b>	<b>208</b>	<b>266</b>	<b>262</b>	<b>250</b>	<b>244</b>	<b>78</b>	<b>67</b>
<b>Gross result</b>	<b>2,316</b>	<b>1,953</b>	<b>558</b>	<b>649</b>	<b>604</b>	<b>418</b>	<b>376</b>	<b>299</b>	<b>211</b>	<b>90</b>	<b>257</b>	<b>166</b>	<b>318</b>	<b>461</b>	<b>-10</b>	<b>-130</b>
Addition to loan loss provisions	307	353	103	204	93	31	16	14	37	6	43	56	15	41	0	-
<b>Underlying result before tax Banking</b>	<b>2,009</b>	<b>1,601</b>	<b>456</b>	<b>446</b>	<b>512</b>	<b>387</b>	<b>360</b>	<b>285</b>	<b>175</b>	<b>84</b>	<b>214</b>	<b>109</b>	<b>302</b>	<b>420</b>	<b>-10</b>	<b>-130</b>
Retail Banking	1,275	893	325	358	401	204	279	253	102	-0	169	79	0	-	-	-
Wholesale Banking	758	848	131	88	111	183	81	32	72	84	45	31	302	420	15	10
Corporate Line	-25	-140	-	-	-	-	-	-	-	-	-	-	-	-	-25	-140
<b>Underlying result before tax</b>	<b>2,009</b>	<b>1,601</b>	<b>456</b>	<b>446</b>	<b>512</b>	<b>387</b>	<b>360</b>	<b>285</b>	<b>175</b>	<b>84</b>	<b>214</b>	<b>109</b>	<b>302</b>	<b>420</b>	<b>-10</b>	<b>-130</b>
Taxation	569	462	110	116	165	127	101	100	49	46	41	17	143	96	-39	-40
Minority interests	23	21	-	-	-1	2	0	0	-	-	23	18	-	-	-	-
<b>Underlying net result Banking</b>	<b>1,417</b>	<b>1,118</b>	<b>346</b>	<b>330</b>	<b>347</b>	<b>257</b>	<b>259</b>	<b>184</b>	<b>126</b>	<b>38</b>	<b>150</b>	<b>75</b>	<b>159</b>	<b>324</b>	<b>29</b>	<b>-90</b>
Net gains/losses on divestments	-	367	-	-	-	-	-	-	-	-	-	367	-	-	-	-
Net result from divested units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special items after tax	-	-13	-	-13	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net result Banking</b>	<b>1,417</b>	<b>1,471</b>	<b>346</b>	<b>316</b>	<b>347</b>	<b>257</b>	<b>259</b>	<b>184</b>	<b>126</b>	<b>38</b>	<b>150</b>	<b>442</b>	<b>159</b>	<b>324</b>	<b>29</b>	<b>-90</b>
Net result Insurance Other	-58	28	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result intercompany elimination between ING Bank and NN Group	-	-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result from discontinued operations NN Group	-64	-1,131	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result from discontinued operations Voya Financial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net result ING Group</b>	<b>1,295</b>	<b>358</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## Consolidated profit and loss account: Geographical split

### Geographical split: Consolidated profit and loss account

In EUR million	Total ING Group		Netherlands		Belgium		Germany		Other Challengers		Growth Markets		Wholesale Banking Rest of World		Other	
	6M2016	6M2015	6M2016	6M2015	6M2016	6M2015	6M2016	6M2015	6M2016	6M2015	6M2016	6M2015	6M2016	6M2015	6M2016	6M2015
Interest result:Banking operations	6,515	6,278	2,318	2,365	1,087	1,161	989	860	701	626	600	566	796	789	25	-89
Commission income	1,217	1,189	401	370	268	274	120	99	72	83	137	135	221	230	-1	-0
Investment income	243	137	61	-20	39	8	48	67	11	14	91	13	-5	22	-2	33
Other income	659	902	95	204	225	274	28	16	42	-38	135	142	128	367	5	-63
<b>Total underlying income</b>	<b>8,634</b>	<b>8,507</b>	<b>2,875</b>	<b>2,918</b>	<b>1,618</b>	<b>1,716</b>	<b>1,186</b>	<b>1,042</b>	<b>826</b>	<b>685</b>	<b>963</b>	<b>856</b>	<b>1,140</b>	<b>1,408</b>	<b>27</b>	<b>-119</b>
Expenses excl. regulatory costs	4,297	4,225	1,646	1,497	702	869	439	392	417	403	472	502	482	476	139	86
Regulatory costs	571	235	118	-	202	146	117	50	36	4	60	33	36	3	1	0
<b>Operating expenses</b>	<b>4,868</b>	<b>4,460</b>	<b>1,764</b>	<b>1,497</b>	<b>904</b>	<b>1,015</b>	<b>556</b>	<b>442</b>	<b>454</b>	<b>407</b>	<b>532</b>	<b>535</b>	<b>517</b>	<b>478</b>	<b>139</b>	<b>86</b>
<b>Gross result</b>	<b>3,766</b>	<b>4,047</b>	<b>1,110</b>	<b>1,421</b>	<b>713</b>	<b>701</b>	<b>629</b>	<b>600</b>	<b>372</b>	<b>278</b>	<b>431</b>	<b>321</b>	<b>623</b>	<b>929</b>	<b>-112</b>	<b>-205</b>
Addition to loan loss provisions	571	785	194	466	126	82	22	27	66	49	102	92	61	69	-0	-
<b>Underlying result before tax Banking</b>	<b>3,195</b>	<b>3,262</b>	<b>916</b>	<b>956</b>	<b>588</b>	<b>619</b>	<b>607</b>	<b>573</b>	<b>306</b>	<b>229</b>	<b>329</b>	<b>229</b>	<b>562</b>	<b>860</b>	<b>-112</b>	<b>-205</b>
Retail Banking	2,041	1,944	661	778	507	395	452	503	175	114	246	154	0	-	-	-
Wholesale Banking	1,282	1,573	255	178	81	224	155	70	131	115	82	75	562	860	16	51
Corporate Line	-128	-256	-	-	-	-	-	-	-	-	-	-	-	-	-128	-256
<b>Underlying result before tax</b>	<b>3,195</b>	<b>3,262</b>	<b>916</b>	<b>956</b>	<b>588</b>	<b>619</b>	<b>607</b>	<b>573</b>	<b>306</b>	<b>229</b>	<b>329</b>	<b>229</b>	<b>562</b>	<b>860</b>	<b>-112</b>	<b>-205</b>
Taxation	898	921	225	240	183	204	186	192	94	87	62	38	215	204	-67	-45
Minority interests	39	36	-	-	-1	4	1	1	-	-	39	32	-	-	-	-
<b>Underlying net result Banking</b>	<b>2,259</b>	<b>2,304</b>	<b>691</b>	<b>715</b>	<b>406</b>	<b>412</b>	<b>421</b>	<b>380</b>	<b>213</b>	<b>142</b>	<b>228</b>	<b>159</b>	<b>346</b>	<b>656</b>	<b>-46</b>	<b>-160</b>
Net gains/losses on divestments	-	367	-	-	-	-	-	-	-	-	-	367	-	-	-	-
Net result from divested units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special items after tax	-13	-27	-13	-27	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net result Banking</b>	<b>2,246</b>	<b>2,644</b>	<b>679</b>	<b>688</b>	<b>406</b>	<b>412</b>	<b>421</b>	<b>380</b>	<b>213</b>	<b>142</b>	<b>228</b>	<b>526</b>	<b>346</b>	<b>656</b>	<b>-46</b>	<b>-160</b>
Net result Insurance Other	-136	35	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result intercompany elimination between ING Bank and NN Group	-	-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result from discontinued operations NN Group	442	-855	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result from discontinued operations Voya Financial	-	323	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net result ING Group</b>	<b>2,552</b>	<b>2,127</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>-46</b>	<b>-160</b>

## ING profile

ING is a global financial institution with a strong European base, offering banking services through its operating company ING Bank. The purpose of ING Bank is empowering people to stay a step ahead in life and in business. ING Bank's 52,000 employees offer retail and wholesale banking services to customers in over 40 countries.

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

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

## Important legal information

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

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

## Further information

All publications related to ING's 2Q16 results can be found at [www.ing.com/2q16](http://www.ing.com/2q16), including a video interview with Ralph Hamers, which is also available on YouTube.

Additional financial information is available at [www.ing.com/qr](http://www.ing.com/qr):

- ING Group historical trend data
- ING Group analyst presentation (also available via SlideShare)

See also [ing.world](http://ing.world), ING Group's online magazine, which can be found in the About Us section on [www.ing.com](http://www.ing.com).

Frequent news updates can be found in the Newsroom or via the @ING\_news Twitter feed. Photos of ING operations, buildings and its executives are available for download at Flickr. Footage (B-roll) of ING is available via [videobankonline.com](http://videobankonline.com), or can be requested by emailing [info@videobankonline.com](mailto:info@videobankonline.com). ING presentations are available at SlideShare.

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](http://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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