Dated 12 May 2015

ING BANK N.V.

REGISTRATION DOCUMENT

TABLE OF CONTENTS

INTRODUCTION

This document constitutes a registration document ("Registration Document") for the purposes of Article 5 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant member state ("Member State") of the European Economic Area (the "EEA"), (the "Prospectus Directive") and has been prepared for the purpose of giving information with respect to ING Bank N.V. which, according to the particular nature of ING Bank N.V. and the securities which it may offer to the public within a Member State of the EEA or apply to have admitted to trading on a regulated market situated or operating within such a Member State, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of ING Bank N.V.

In this Registration Document, unless otherwise stated or the context otherwise requires, references to the "Issuer" are to ING Bank N.V., references to "ING Bank" are to ING Bank N.V. and its subsidiaries, references to "ING Group" are to ING Groep N.V. and references to "ING" or the "Group" are to ING Group and its subsidiaries.

The Issuer accepts responsibility for the information contained in this Registration Document. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Registration Document was approved by the Netherlands Authority for the Financial Markets (the "AFM") for the purposes of the Prospectus Directive on 12 May 2015.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

This Registration Document should not be considered as a recommendation by the Issuer that any recipient of this Registration Document should purchase any securities of the Issuer. Each investor contemplating purchasing any securities of the Issuer should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Registration Document does not constitute an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any securities of the Issuer.

The delivery of this Registration Document shall not in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. Investors should carefully review and evaluate, *inter alia*, the most recent financial disclosure of the Issuer from time to time incorporated by reference herein when deciding whether or not to purchase any securities of the Issuer.

The distribution of this Registration Document and the offer or sale of any securities of the Issuer may be restricted by law in certain jurisdictions. Persons into whose possession this Registration Document or any securities of the Issuer come must inform themselves about, and observe, any such restrictions.

Any securities to be issued by the Issuer in connection with this Registration Document have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States ("U.S."). Accordingly, any such securities may not be offered, sold, pledged or otherwise transferred within the U.S. or to or for the account or benefit of U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act and any applicable state securities laws.

Any securities to be issued by the Issuer in connection with this Registration Document have not been approved or disapproved by the U.S. Securities and Exchange Commission ("SEC"), any state securities commission in the U.S. or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of any such securities or the accuracy or the adequacy of this Registration Document. Any representation to the contrary is a criminal offence in the U.S.

TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

This Registration Document includes or incorporates by reference "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact included or incorporated by reference in this Registration Document, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. These forward-looking statements speak only as of the date of this Registration Document or as of such earlier date at which such statements are expressed to be given. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Registration Document and have been approved by the AFM or filed with it, shall be deemed to be incorporated in, and to form part of, this Registration Document; this Registration Document should be read and construed in conjunction with such documents:

(a) the Articles of Association (*statuten*) of the Issuer;

(b) the publicly available annual reports of the Issuer in respect of the years ended 31 December 2012, 2013 and 2014, including the audited financial statements and auditors' reports in respect of such years; and

(c) pages 5 to 25 (inclusive) of the press release by ING Group on 7 May 2015 entitled "ING 1Q15 underlying net result EUR 1,187 million" (the "Q1 Press Release"). The Q1 Press Release contains, among other things, the consolidated unaudited interim results of ING Group as at, and for the three-month period ended, 31 March 2015, as well as information about recent developments during this period in the banking business of ING Group, which is conducted substantially through the Issuer and its consolidated group.

Any statement contained in a document which is deemed to be incorporated by reference into this Registration Document shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

With respect to the Q1 Press Release, prospective investors should note that the Issuer's consolidated operations, while materially the same, are not identical with the reported financial and statistical information on a segment basis for the banking business of ING Group as described in the Q1 Press Release. ING Group is not responsible for the preparation of this Registration Document.

Any information or other documents themselves incorporated by reference, either expressly or implicitly, in the documents incorporated by reference in this Registration Document shall not form part of this Registration Document, except where such information or other documents are specifically incorporated by reference into this Registration Document.

The Issuer will provide, without charge, to each person to whom a copy of this Registration Document has been delivered in accordance with applicable law, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Requests for such documents should be directed to the Issuer at Foppingadreef 7, 1102 BD Amsterdam, The Netherlands. In addition, this Registration Document and any document which is incorporated herein by reference will be made available on the website of ING (www.ing.com/Investor-relations/Fixed-income-information.htm).

RISK FACTORS

Set out below are certain risk factors which could affect the future financial performance of the Issuer and thereby potentially affect the Issuer's ability to fulfil its obligations in respect of securities issued or guaranteed by it. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties the Issuer's businesses face. The Issuer has described only those risks relating to its operations of which it is aware and that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware and any of these risks could have the effects set forth above. Investors should note that they bear the Issuer's solvency risk. The term Issuer, for the purpose of this section (but not others), also refers, where the context so permits, to the Issuer and its subsidiaries.

RISKS RELATED TO FINANCIAL CONDITIONS, MARKET ENVIRONMENT AND GENERAL ECONOMIC TRENDS

Because the Issuer is a financial services company conducting business on a global basis, its revenues and earnings are affected by the volatility and strength of the economic, business, liquidity, funding and capital markets environments specific to the geographic regions in which it conducts business. The on-going turbulence and volatility of such factors have adversely affected, and may continue to adversely affect, the profitability, solvency and liquidity of the Issuer's business.

Factors such as interest rates, securities prices, credit spreads, liquidity spreads, exchange rates, consumer spending, changes in client behaviour, business investment, real estate values, private equity valuations, government spending, inflation or deflation, the volatility and strength of the capital markets, political events and trends, and terrorism all impact the business and economic environment and, ultimately, the Issuer's solvency, liquidity and the amount and profitability of business the Issuer conducts in a specific geographic region. In an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investments and lower consumer spending, the demand for banking products is usually adversely affected and the Issuer's reserves and provisions typically would increase, resulting in overall lower earnings. Securities prices, real estate values and private equity valuations may also be adversely impacted, and any such losses would be realised through profit and loss and shareholders' equity. In particular, a downturn in the equity markets causes a reduction in commission income the Issuer earns from managing portfolios for third parties, income generated from its own proprietary portfolios, and its capital base. The Issuer also offers a number of financial products that expose it to risks associated with fluctuations in interest rates, securities prices, corporate and private default rates, the value of real estate assets, exchange rates and credit spreads. See also "Interest rate volatility and other interest rate changes may adversely affect the Issuer's profitability", "Continued risk of resurgence of turbulence and on-going volatility in the financial markets and the economy generally have adversely affected, and may continue to adversely affect, the Issuer and its business, financial condition and results of operations", and "Market conditions observed over the past few years may increase the risk of loans being impaired. The Issuer is exposed to declining property values on the collateral supporting residential and commercial real estate lending" below.

In case one or more of the factors mentioned above adversely affects the profitability of the Issuer's business this might also result, among other things, in the following:

- reserve inadequacies, which could ultimately be realised through profit and loss and shareholders' equity;
- the write-down of tax assets impacting net results and/or equity;

- impairment expenses related to goodwill and other intangible assets, impacting net result;
- movements in risk-weighted assets for the determination of required capital;
- changes in credit valuation adjustments and debt valuation adjustments; and/or
- additional costs related to maintenance of higher liquidity buffers and/or collateral placements.

Shareholders' equity and the Issuer's net result may be significantly impacted by turmoil and volatility in the worldwide financial markets. Negative developments in financial markets and/or economies may have a material adverse impact on shareholders' equity and net result in future periods, including as a result of the potential consequences listed above. See "Continued risk of resurgence of turbulence and on-going volatility in the financial markets and the economy generally have adversely affected, and may continue to adversely affect, the Issuer and its business, financial condition and results of operations" and "The Issuer operates in highly regulated industries. Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations governing its business may reduce its profitability" below.

Adverse capital and credit market conditions may impact the Issuer's ability to access liquidity and capital, as well as the cost of liquidity, credit and capital.

The capital and credit markets have continued to experience substantial volatility and disruption over the past few years. Adverse capital and credit market conditions may affect the availability and cost of borrowed funds, thereby impacting the Issuer's ability to support and/or grow its businesses.

The Issuer needs liquidity to pay its operating expenses, interest on its debt and dividends on its capital stock, maintain its securities lending activities, and replace certain maturing liabilities. Without sufficient liquidity, the Issuer will be forced to curtail its operations and its business will suffer. The principal sources of the Issuer's funding include a variety of short- and long-term instruments, including deposit fund, repurchase agreements, commercial paper, medium- and long-term debt, subordinated debt securities, capital securities and shareholders' equity.

In the event that the Issuer's current resources do not satisfy its needs, the Issuer may need to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the Issuer's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of its long- or short-term financial prospects. Similarly, the Issuer's access to funds may be limited if regulatory authorities or rating agencies take negative actions against it. If the Issuer's internal sources of liquidity prove to be insufficient, there is a risk that it may not be able to successfully obtain additional financing on favourable terms, or at all. Any actions the Issuer might take to access financing may, in turn, cause rating agencies to re-evaluate its ratings.

Disruptions, uncertainty or volatility in the capital and credit markets, including in relation to the ongoing European sovereign debt crisis, may also limit the Issuer's access to capital. Such market conditions may limit the Issuer's ability to raise additional capital to support business growth, or to counter-balance the consequences of losses or increased regulatory capital and rating agency capital requirements, which in turn could force the Issuer to (i) delay raising capital, (ii) reduce, cancel or postpone interest payments on its securities, (iii) issue capital of different types or under different terms than the Issuer would otherwise, or (iv) incur a higher cost of capital than in a more stable market environment. Any of the foregoing would have the potential to decrease both the Issuer's profitability and its financial flexibility. The Issuer's results of operations, financial condition, cash flows, regulatory capital and rating agency capital position could be materially adversely affected by disruptions in the financial markets.

In the course of 2008 and 2009, governments around the world, including the Dutch government, implemented unprecedented measures to provide assistance to financial institutions, in certain cases requiring (indirect) influence on or changes to governance and remuneration practices. In certain cases, governments nationalised companies or parts thereof. The measures adopted in The Netherlands include both emergency funding and capital reinforcement, and a Dutch Credit Guarantee Scheme. The liquidity and capital reinforcement measures expired on 10 October 2009, and the Credit Guarantee Scheme of The Netherlands expired on 31 December 2010. ING's participation in certain of these measures has resulted in certain material restrictions on it, including those required by the European Commission ("EC") as part of ING's Restructuring Plan (see "Risks Related to the Restructuring Plan – The implementation of the Restructuring Plan and the divestments in connection with the Restructuring Plan will alter and have already significantly altered the size and structure of ING and involve significant costs and uncertainties that could materially impact the Issuer"). The Restructuring Plan, as well as any potential future transactions with the Dutch State or any other government, if any, or actions by such government regarding ING could adversely impact the position or rights of bondholders, customers or creditors and the Issuer's results, operations, solvency, liquidity and governance.

The Issuer is subject to the jurisdiction of a variety of banking regulatory bodies, some of which have proposed regulatory changes in recent years that, if implemented, would hinder its ability to manage its liquidity in a centralised manner. Furthermore, regulatory liquidity requirements in certain jurisdictions in which the Issuer operates are generally becoming more stringent, including those forming part of the "Basel III" requirements discussed further below under "The Issuer operates in highly regulated industries. Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations governing its business may reduce its profitability", undermining the Issuer's efforts to maintain centralised management of its liquidity. These developments may cause trapped pools of liquidity and capital, resulting in inefficiencies in the cost of managing the Issuer's liquidity and solvency, and hinder its efforts to integrate its balance sheet, which is an essential element of ING's Restructuring Plan.

The default of a major market participant could disrupt the markets.

Within the financial services industry, the severe distress or default of any one institution (including sovereigns) could lead to defaults by, or the severe distress of, other market participants. Such distress of, or default by, an influential financial institution could disrupt securities markets or clearance and settlement systems and lead to a chain of defaults by other financial institutions because the commercial and financial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of a sovereign or financial institution (or a default by any such entity) may lead to market-wide liquidity problems and losses or defaults by the Issuer or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Issuer interacts on a daily basis and financial instruments of sovereigns in which the Issuer invests. Systemic risk could have a material adverse effect on the Issuer's ability to raise new funding and on the Issuer's business, financial condition, results of operations, liquidity, solvency position and/or prospects. In addition, such distress or failure could impact future product sales as a potential result of reduced confidence in the financial services industry.

The Issuer operates in highly regulated industries. Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations governing its business may reduce its profitability.

The Issuer is subject to detailed banking, asset management and other financial services laws and government regulation in the jurisdictions in which it conducts business. Regulatory agencies have broad administrative power over many aspects of its business, which may include liquidity, capital adequacy, permitted investments, ethical issues, money laundering, anti-terrorism measures, privacy, record keeping, product and sale suitability, marketing and sales practices remuneration policies, and the Issuer's own internal governance practices. Also, bank regulators and other supervisory authorities in the European Union ("EU"), the U.S. and elsewhere continue to scrutinise payment processing and other transactions and activities of the financial services industry through laws and regulations governing such matters as money laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures.

In light of current conditions in the global financial markets and the global economy, regulators around the world have for some time increased their focus on the regulation of the financial services industry. Most of the principal markets where the Issuer conducts its business have adopted, or are currently in the implementation phase of, major legislative and/or regulatory initiatives in response to the financial crisis. Governmental and regulatory authorities in The Netherlands, Germany, Belgium, the United Kingdom, the EU, the U.S. and elsewhere have implemented, or are in the process of implementing, measures to increase regulatory control in their respective financial markets and financial services sectors, including, among others, in the areas of prudential rules, liquidity and capital requirements, executive compensation, crisis and contingency management, bank levies and financial reporting. Additionally, governmental and regulatory authorities in The Netherlands, in the EU, as well as in a multitude of jurisdictions where the Issuer conducts its business continue to consider new mechanisms to limit the occurrence and/or severity of future economic crises (including proposals to restrict the size of financial institutions operating in their jurisdictions and/or the scope of operations of such institutions).

Furthermore, the Issuer is subject to different tax regulations in each of the jurisdictions where it conducts business. Changes in tax laws could increase the Issuer's taxes and its effective tax rates. Legislative changes could materially impact its tax receivables and liabilities as well as deferred tax assets and deferred tax liabilities, which could have a material adverse effect on its business, results of operations and financial condition. One such change relates to the current debate in the U.S. over corporate tax reform for multinational corporations and corporate tax rates. Changes in tax laws could also make certain ING Bank products less attractive, which could have adverse consequences for the Issuer's businesses and results.

In addition, the International Accounting Standards Board ("IASB") has issued and proposed certain amendments to several International Financial Reporting Standards ("IFRS") standards during the course of 2012 and 2013, which changes include a package of amendments to the accounting requirements for financial instruments announced in November 2013. These amendments introduced a new hedge accounting model addressing the so-called "own credit" issue that was already included in IFRS 9 Financial Instruments. As of July 2014, IFRS 9 replaced IAS 39, the accounting standard heavily criticised in the wake of the financial crisis, for annual periods beginning on or after 1 January 2018, with early adoption permitted. Such changes could also have a material impact on the Issuer's reported results and financial condition, as well as on how it manages its business, internal controls and disclosure.

Compliance with applicable laws and regulations is time-consuming and personnel-intensive, and changes in laws and regulations may materially increase the cost of compliance and other expenses of doing business. The Issuer expects the scope and extent of regulation in the jurisdictions in which it conducts its business, as well as regulatory oversight and supervision, to generally continue to increase. However, the Issuer cannot predict whether or when future legislative or regulatory actions may be taken, or what impact, if any, actions taken to date or in the future could have on its business, results of operations and financial condition. Regulation is becoming increasingly more extensive and complex and the industries in which ING Bank operates are increasingly coming under the scrutiny of regulators, and affected companies, including ING Bank, are required to meet the demands, which often necessitate additional resources. These regulations can limit the Issuer's activities, among others, through stricter net capital, customer protection and market conduct requirements and restrictions on businesses in which it can operate or invest.

Despite the Issuer's efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, there are a number of risks in areas where applicable regulations may be unclear, subject to multiple interpretations or are under development, or where regulations may conflict with one another, or where regulators revise their previous guidance or courts overturn previous rulings, which could result in the Issuer's failure to meet applicable standards. Regulators and other authorities have the power to bring administrative or judicial proceedings against the Issuer, which could result, among other things, in suspension or revocation of the Issuer's licences, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action, which could materially harm its results of operations and financial condition. If the Issuer fails to address, or appears to fail to address, any of these matters appropriately, its reputation could be harmed and it could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages brought against it or subject it to enforcement actions, fines and penalties. See "Description of ING Bank N.V. – Regulation and Supervision".

Basel III and CRD IV

In December 2010, the Basel Committee on Banking Supervision ("Basel Committee") announced higher global minimum capital standards for banks and introduced a new global liquidity standard and a new leverage ratio. The Basel Committee's package of reforms, collectively referred to as the "Basel III" rules, among other requirements, have increased the amount of common equity required to be held by subject banking institutions, will prescribe the amount of liquid assets and the long-term funding a subject banking institution must hold at any given moment, and will limit leverage. Banks will be required to hold a "capital conservation buffer" to withstand future periods of stress such that the total Tier 1 common equity ratio, when fully phased in on 1 January 2019, will rise to 7%. Basel III also introduced a "countercyclical buffer" as an extension of the capital conservation buffer, which would allow national regulators to require banks to hold more capital during periods of high credit growth (to strengthen capital reserves and moderate the debt markets). Further, Basel III has strengthened the definition of capital such that it will have the effect of disqualifying many hybrid securities, including those issued by the Issuer, from inclusion in regulatory capital, as well as the higher capital requirements for trading, derivative and securitisation activities as part of a number of reforms to the Basel II framework. In addition, the Basel Committee and the Financial Stability Board ("FSB") published measures in October 2011 that will have the effect of requiring higher loss absorbency capacity, liquidity surcharges, exposure limits and special resolution regimes for, and instituting more intensive and effective supervision of, "systemically important financial institutions" ("SIFIs") and so-called "Global" SIFIs ("G-SIFIs"), in addition to the Basel III requirements otherwise applicable to most financial institutions. The implementation of these measures began in 2012, and full implementation is targeted for 2019. The Issuer was designated by the Basel Committee and the FSB as one of the global systemically important banks ("G-SIBs"), forming part of the G-SIFIs, in 2011, 2012, 2013 and 2014, and by the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "DNB") and the Dutch Ministry of Finance as a domestic SIFI in November 2011. The Basel III proposals and their potential impact are monitored via semi-annual monitoring exercises in which the Issuer participates. As a result of such monitoring exercises and ongoing discussions within the regulatory environment revisions have been made to the original Basel III proposals such as the revised Liquidity Coverage Ratio in January 2013 and the revised Net Stable Funding Ratio and Leverage Ratio in January 2014. It remains to be seen whether further amendments to the 2010 framework and standards will be made by the Basel Committee in the coming years.

For European banks, the Basel III requirements were implemented through the so-called Capital Requirements Regulation ("CRD IV Regulation") and Capital Requirements Directive IV ("CRD IV Directive" and together with the CRD IV Regulation, "CRD IV"), which were adopted by the EC in June

2013 following approval by the European Parliament in April 2013. The CRD IV Regulation entered into force on 28 June 2013 and the CRD IV Directive on 17 July 2013, and all banks and investment firms in the EU (as opposed to the scope of the Basel III requirements, which apply to "internationally active banks") are required to apply the new rules from 1 January 2014 in phases, with full implementation by 1 January 2019. While the full impact of these rules, and any additional requirements for SIFIs or G-SIFIs if and as applicable to the Issuer, will depend on how the CRD IV Directive will be transposed into national laws in each Member State, including the extent to which national regulators and supervisors can set more stringent limits and additional capital requirements or surcharges, as well as on the economic and financial environment at the time of implementation and beyond, the Issuer expects these rules to have a material impact on its operations and financial condition and they may require the Issuer to hold additional capital which may have as a result that the Issuer has to seek additional capital.

Single Supervisory Mechanism

In November 2014, the European Central Bank ("ECB") assumed responsibility for a significant part of the prudential supervision of banks in the Eurozone, including ING Bank, following a year-long preparatory phase which included an in-depth comprehensive assessment of the resilience and balance sheets of the biggest banks in the Eurozone. ING Bank was among the seven Dutch institutions covered by the assessment (out of 130 institutions overall). While the ECB has assumed the supervisory tasks conferred on it by the Single Supervisory Mechanism ("SSM") Regulation, the DNB will still continue to play a significant role in the supervision of the Issuer. The SSM has created a new system of financial supervision for countries within the Eurozone, with the possibility of non-Eurozone Member States participating by means of close cooperation. With the SSM only having been in place since November 2014, it is difficult at this stage to identify what exact impact the SSM will have on the Issuer. The SSM may have a significant impact on the way ING Bank's operations are supervised in Europe.

Dodd-Frank Act

On 21 July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank" or the "Dodd-Frank Act") was signed into law in the U.S. The Dodd-Frank Act effects comprehensive changes to the regulation of financial services in the U.S. and has implications for non-U.S. financial institutions with a U.S. presence or that transact with U.S. counterparties, such as ING Bank. Dodd-Frank directs existing and newly created government agencies and bodies to perform studies and promulgate a multitude of regulations implementing the law, many of which are in place. Due to the extended period over which regulations are being implemented, the Issuer cannot predict with certainty how Dodd-Frank and such regulations will affect the financial markets generally and impact the Issuer's business, credit or financial strength ratings, results of operations, cash flows or financial condition or liquidity. Key aspects of Dodd-Frank that the Issuer has identified to date as possibly having an impact on the Issuer include the aspects set out below.

Title VII of Dodd-Frank creates a new framework for regulation of the over-the-counter derivatives markets and certain market participants which could affect various activities of the Issuer. ING Capital Markets LLC, a wholly-owned indirect subsidiary of ING Bank, has registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a swap dealer. New margin and capital requirements for market participants that will be contained in final regulations to be adopted by the SEC, the CTFC and the U.S. Prudential Regulators, could substantially increase the cost of hedging and related operations, affect the profitability of the Issuer's products or their attractiveness to its customers, or cause the Issuer to alter its hedging strategy or change the composition of risks that it does not hedge. Other regulatory requirements, including business conduct rules imposed on swap dealers, will also increase the costs of operating derivatives businesses, which could increase the costs of hedging and other activities and could cause certain dealers to limit or cease their business activities. In addition, new position limits requirements for market participants that may be contained in final regulations to be adopted by the CFTC could limit the scope of hedging activity that is permitted for commercial end users, as well as the trading activity of speculators, limiting their ability to utilise certain of the Issuer's products, and could also limit the scope of the Issuer's ability to provide derivatives products for its non-end user customers. The imposition of position limits, and other regulatory restrictions and requirements, could also result in reduced market liquidity, which could in turn increase market volatility and the risks and costs of hedging and other trading activities.

Pursuant to requirements of the Dodd-Frank Act, the SEC and CFTC are currently considering whether "stable value" contracts should be regulated as "swap" derivative contracts. In the event that stable value contracts become subject to such regulation, certain aspects of the Issuer's business could be adversely impacted, including issuance of stable value contracts and management of assets pursuant to stable value mandates.

Dodd-Frank established the Consumer Financial Protection Bureau ("CFPB") as an independent agency within the Federal Reserve to regulate consumer financial products and services offered primarily for personal, family or household purposes. The CFPB has significant authority to implement and enforce federal consumer financial laws, including the new protections established under Dodd-Frank, as well as the authority to identify and prohibit unfair and deceptive and abusive acts and practices. In addition, the CFPB has broad supervisory, examination and enforcement authority over certain consumer products, such as mortgage lending. Broker-dealers and investment advisers are not subject to the CFPB's jurisdiction when acting in their registered capacity.

On 10 December 2013, various federal agencies approved a final rule implementing Section 619 of Dodd-Frank, commonly referred to as the "Volcker Rule" and which places limitations and restrictions on the ability of U.S. FDIC insured depository institutions and non-U.S. banks with branches or agencies in the U.S. that become subject to the U.S. Bank Holding Company Act, as well as their affiliates, to engage in certain proprietary trading or sponsor and invest in private equity and hedge funds. As a general matter, such organisations have until July 2017 to comply with the prohibition on certain fund activities and until July 2015 to comply with the proprietary trading prohibitions. In the event that the Issuer or one of its affiliates becomes subject to the Volcker Rule, the Issuer's investment activities could be so restricted. It is expected that the Issuer will experience significant additional compliance and operational costs and may be prohibited from engaging in certain activities it currently conducts if the Volcker Rule becomes applicable to it and its affiliates.

For instance, ING Bank may from time to time consider whether to establish a branch office in the U.S. If ING Bank were to establish a U.S. branch, it would be subject to supervision and regulation by the Federal Reserve under various laws and various restrictions on its activities under those laws, including the Bank Holding Company Act of 1956, as amended, and the International Banking Act of 1978, and, as a consequence, such supervision and regulation, including such restrictions on activities, could materially impact the Issuer's operations. These would include, among others, the Volcker Rule and heightened supervisory requirements and prudential standards.

Dodd-Frank also includes various securities law reforms that may affect the Issuer's business practices and the liabilities and/or exposures associated therewith, including a provision intended to authorise the SEC to impose on broker-dealers fiduciary duties to their customers, as applied to investment advisers under existing law, which new standard could potentially expose certain of ING Bank's U.S. broker-dealers to increased risk of SEC enforcement actions and liability. In 2011, the SEC staff released a study on this issue, and members of the SEC's Investor Advisory Committee voted in November 2013 to recommend the proposal implementing a uniform fiduciary standard for most brokers and registered investment advisers to the SEC.

Although the full impact of Dodd-Frank and its implementing regulations cannot be determined at this time, many of their requirements could have profound and/or adverse consequences for the financial services industry, including for the Issuer. Dodd-Frank could make it more expensive for the Issuer to conduct business, require it to make changes to its business model or satisfy increased capital requirements, subject it to greater regulatory scrutiny or to potential increases in whistle-blower claims in light of the increased awards available to whistle-blowers under Dodd-Frank and have a material effect on the Issuer's results of operations or financial condition.

Foreign Account Tax Compliance Act

Under the Foreign Account Tax Compliance Act ("FATCA"), U.S. federal tax legislation passed in 2010, a 30% withholding tax will be imposed on "withholdable payments" made to non-U.S. financial institutions (including non-U.S. investment funds and certain other non-U.S. financial entities) that fail (or, in some cases, that have 50% affiliates which are also non-U.S. financial institutions that fail) to provide certain information regarding their U.S. accountholders and/or certain U.S. investors (such U.S. accountholders and U.S. investors, "U.S. accountholders") to the U.S. Internal Revenue Service (the "IRS"). For non-U.S. financial institutions that fail to comply, this withholding will generally apply without regard to whether the beneficial owner of a withholdable payment is a U.S. person or would otherwise be entitled to an exemption from U.S. federal withholding tax. Withholdable payments generally include, among other items, payments of U.S.-source interest and dividends and the gross proceeds from the sale or other disposition of property that may produce U.S.-source interest and dividends. Furthermore, FATCA may also impose withholding on non-U.S.-source payments by non-U.S. financial institutions that comply with FATCA to non-U.S. financial institutions that fail to comply with FATCA. Withholding pursuant to FATCA will take effect on a "phased" schedule, which started in July 2014 with respect to U.S.-source payments and will start no earlier than January 2017 with respect to non-U.S.-source payments by non-U.S. financial institutions. In general, non-publicly traded debt and equity interests in investment vehicles will be treated as "accounts" and subject to these reporting requirements.

Some countries, including The Netherlands, have entered into, and other countries are expected to enter into, intergovernmental agreements ("IGAs") with the U.S. to facilitate the type of information reporting required under FATCA. While the existence of IGAs will not eliminate the risk of the withholding described above, these agreements are expected to reduce that risk for financial institutions and investors in countries that have entered into IGAs. IGAs will often require financial institutions in those countries to report some information on their U.S. accountholders to the taxing authorities of those countries, who will then pass the information to the IRS.

The Issuer closely monitors all present and new legislation that is or will be applicable for its organisation, and is currently investigating all implications of FATCA and legislation of countries that have entered into IGAs. While investigating these implications, the Issuer is and will be in close contact with all of its stakeholders, including its peers and financial industry representative organisations.

The Issuer intends to take all necessary steps to comply with FATCA (including entering into agreements with the U.S. tax authorities as may be required), in accordance with the time frame set by the U.S. tax authorities. However, if the Issuer cannot enter into such agreements or satisfy the requirements thereunder (including as a result of local laws prohibiting information sharing with the IRS, as a result of contracts or local laws in non-IGA countries prohibiting withholding on certain payments to accountholders or other investors, or as a result of the failure of accountholders or other investors to provide requested information), certain payments to the Issuer may be subject to withholding under FATCA. The possibility of such withholding and the need for accountholders and investors to provide certain information may adversely affect the sales of certain of the Issuer's products. In addition, (i) entering into agreements with the IRS and (ii) compliance with the terms of such agreements and with FATCA, any regulations or other guidance promulgated thereunder or any legislation promulgated under an IGA may substantially increase the Issuer's compliance costs. Because legislation and regulations implementing FATCA and the IGAs remain under development, the future impact of this law on the Issuer is uncertain.

Common Reporting Standard

Similarly, the Organisation for Economic Cooperation and Development ("OECD") has developed a Common Reporting Standard ("CRS") and model competent authority agreement to enable the multilateral and automatic exchange of financial account information. The CRS will require financial institutions to identify and report the tax residency and account details of non-resident customers to the relevant authorities in jurisdictions adhering to the CRS. In October 2014, 51 jurisdictions, including The Netherlands, signed a multilateral competent authority agreement to automatically exchange information pursuant to the CRS. The first information exchange by The Netherlands (as for most of the signatories) is intended by September 2017.

Bank Recovery and Resolution Regimes

In June 2012, the "Intervention Act" (*Wet bijzondere maatregelen financiële ondernemingen*) came into force in The Netherlands, with retroactive effect from 20 January 2012. The Intervention Act mainly amends the Dutch Financial Supervision Act and the Dutch Insolvency Act and allows Dutch authorities to take certain actions when banks and insurers fail and cannot be wound up under ordinary insolvency rules due to concerns regarding the stability of the overall financial system. It is composed of two categories of measures. The first category of measures can be applied if a bank or insurer experiences serious financial problems and includes measures related to the timely and efficient liquidation of failing banks and insurers. This set of measures gives the DNB the power to transfer customer deposits, assets and/or liabilities other than deposits and issued shares of an entity to third parties or to a bridge bank if the DNB deems that, in respect of the relevant bank, there are signs of an adverse development with respect to its funds, solvency, liquidity or technical provisions and it can be reasonably foreseen that such development will not be sufficiently or timely reversed. The DNB was also granted the power to influence the internal decision-making of failing institutions through the appointment of an "undisclosed administrator". The second category of measures can be applied if the stability of the financial system is in serious and immediate danger as a result of the situation of a Dutch financial institution and includes measures intended to safeguard the stability of the financial system as a whole. This set of measures grants the authority to the Minister of Finance to take immediate measures or proceed to expropriation of assets of or securities issued by failing financial institutions. For example, on 1 February 2013, the Dutch State nationalised the SNS Reaal bank and insurance group ("SNS Reaal") by expropriating shares, core tier 1 securities and other subordinated debts issued by SNS Reaal. The Dutch Ministry of Finance has stated that it will impose in 2014 an aggregate EUR 1 billion one-time levy on Dutch banks, including the Issuer, to share the costs of the SNS Reaal nationalisation. This resulted in a charge of EUR 303 million for ING Bank, which was paid in the first three quarters of 2014.

The Intervention Act also includes measures that limit the ability of counterparties to exercise their rights after any of the measures mentioned above have been put into place, with certain exceptions. Within the context of the resolution tools provided in the Intervention Act, holders of debt securities of a bank subject to resolution could also be affected by issuer substitution or replacement, transfer of debt, expropriation, modification of terms and/or suspension or termination of listings.

The Intervention Act will need to be amended following the implementation of the "Bank Recovery and Resolution Directive". The Bank Recovery and Resolution Directive was adopted by the European Parliament in April 2014 and by the European Council in June 2014. On 12 June 2014, the Bank Recovery and Resolution Directive was published in the Official Journal of the EU and came into effect on 2 July 2014. The Bank Recovery and Resolution Directive includes, among other things, the obligation for institutions to draw up a recovery plan and the obligation for resolution authorities in the Member States to draw up a resolution plan, the resolution authorities' power to take early intervention measures and the establishment of a European system of financing arrangements. The Bank Recovery and Resolution Directive confers extensive resolution powers to the resolution authorities, including the power to require the sale of (part of a) business, to establish a bridge institution, to separate assets and to take bail-in measures. The stated aim of the Bank Recovery and Resolution Directive is to provide supervisory authorities, including the relevant Dutch resolution authority, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

Among the powers granted to supervisory authorities under the Bank Recovery and Resolution Directive are the introduction of a statutory "write-down and conversion" power and a "bail-in" power, which would give the relevant Dutch resolution authority the power to (i) cancel existing shares and/or dilute existing shareholders by converting relevant capital instruments or eligible liabilities into shares of the surviving entity and (ii) cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include certain securities that have been or will be issued by ING Bank) of a failing financial institution and/or to convert certain debt claims (which could include certain securities that have been or will be issued by ING Bank) into another security, including ordinary shares of the surviving group entity, if any. None of these actions would be expected to constitute an event of default under those securities entitling holders to seek repayment. It is currently contemplated that the majority of measures (including the write-down and conversion powers relating to Tier 1 capital instruments and Tier 2 capital instruments) set out in the Bank Recovery and Resolution Directive will be implemented with effect from the autumn of 2015, with the bail-in power for other eligible liabilities (which could include any securities that have been issued or will be issued by ING Bank, that are not Tier 1 or Tier 2 capital instruments) expected to be introduced by 1 January 2016.

In addition to a "write-down and conversion" power and a "bail-in" power, the powers to be granted to the relevant Dutch resolution authority under the Bank Recovery and Resolution Directive include the two categories of measures introduced by the Intervention Act, as described above. In addition, the Bank Recovery and Resolution Directive stipulates, among the broader powers to be granted to the relevant resolution authority, that it will confer powers to the relevant resolution authority to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments. None of these actions would be expected to constitute an event of default under those debt instruments or other eligible liabilities entitling holders to seek repayment.

Many of the rules implementing the Bank Recovery and Resolution Directive will be contained in detailed technical and implementing rules, the exact text of which is subject to agreement and adoption by the relevant EU legislative institutions. There remains, therefore, uncertainty regarding the ultimate nature and scope of these resolution powers and, when implemented, how they would affect the Issuer and the securities that have been issued or will be issued by ING Bank. Accordingly, it is not yet possible to assess the full impact of the Bank Recovery and Resolution Directive on ING Bank and on holders of any securities issued or to be issued by ING Bank, and there can be no assurance that, once it is fully implemented, the manner in which it is applied or the taking of any actions by the relevant Dutch resolution authority contemplated in the Bank Recovery and Resolution Directive would not adversely affect the rights of holders of the securities issued or to be issued by ING Bank, the price or value of an investment in such securities and/or ING Bank's ability to satisfy its obligations under such securities.

Finally, as part of the road towards a full banking union, on 10 July 2013, the EC published a draft Regulation for a Single Resolution Mechanism ("SRM") with the aim of having a Single Resolution Board that will be responsible for key decisions on how a bank, subject to SSM supervision, is to be resolved if a bank has irreversible financial difficulties and cannot be wound up under normal insolvency proceedings without destabilising the financial system. The SRM was adopted by the European Parliament in April 2014 and by the European Council in July 2014 and was published in the Official Journal of the EU on 30 July 2014 and came into effect on 19 August 2014. The SRM will apply from 1 January 2016, with the exception of certain provisions relating to the establishment of the SRM and the making of delegated and implementing acts, which will apply at earlier dates.

There are certain differences between the provisions of the Intervention Act, the Bank Recovery and Resolution Directive and the SRM Regulation, which may further bring future changes to the law. The Issuer is unable to predict what specific effects the Intervention Act and the implementation of the Bank Recovery and Resolution Directive and the entry into force of the SRM Regulation may have on the financial system generally, its counterparties, holders of securities issued by, or to be issued by, the Issuer, or on the Issuer, its operations or its financial position.

The Issuer has set up an all-encompassing recovery planning process to enhance its readiness and decisiveness to tackle financial crises on its own strength. The Issuer's recovery plan was submitted to and approved by the DNB in November 2012 and is updated at least annually. Furthermore, since 2012, the Issuer has submitted information on the basis of which the Dutch resolution authority will be able to develop an operational resolution plan. The Issuer is now working to further align the structure and content of its recovery and resolution plans with European legislation.

The Financial Stability Board (FSB)

In addition to the adoption of the foregoing measures, regulators and lawmakers around the world are actively reviewing the causes of the financial crisis and exploring steps to avoid similar problems in the future. In many respects, this work is being led by the FSB, consisting of representatives of national financial authorities of the G20 nations. The G20 and the FSB have issued a series of papers and recommendations intended to produce significant changes in how financial companies, particularly companies that are members of large and complex financial groups, should be regulated. These proposals address such issues as financial group supervision, capital and solvency standards, systemic economic risk, corporate governance including executive compensation, and a host of related issues associated with responses to the financial crisis. One of the proposals is a common international standard on Total Loss-Absorbing Capacity ("TLAC") for global systemically important banks ("G-SIBs"). The policy proposal consists of a set of principles and a detailed term sheet on the adequacy of loss-absorbing and recapitalisation capacity of G-SIBs. This proposal will be finalised in 2015 taking into account a consultation and impact assessment studies. It is currently expected that the TLAC will not apply until 1 January 2019. The lawmakers and regulatory authorities in a number of jurisdictions in which the Issuer conducts business have already begun introducing legislative and regulatory changes consistent with G20 and FSB recommendations, and the potential impact of such changes on the Issuer's business, results of operations and financial condition remains unclear.

Additional Governmental Measures

Governments in The Netherlands and abroad have also intervened over the past few years on an unprecedented scale, responding to stresses experienced in the global financial markets. Some of the measures adopted subject the Issuer and other institutions for which they were designed to additional restrictions, oversight or costs. Restrictions related to the Core Tier 1 Securities (the "Core Tier 1 Securities") and the Illiquid Asset Back-up Facility ("IABF") (together, the "Dutch State Transactions") and the Restructuring Plan are further described in Note 50 "Transactions with the Dutch State and the European Commission Restructuring Plan" to the consolidated financial statements of the Issuer for the year ended 31 December 2014 as included on pages 124 – 128 of the Issuer's annual report.

Sections 382 and 383 of the U.S. Internal Revenue Code, as amended, operate as anti-abuse rules, the general purpose of which is to prevent trafficking in tax losses and credits, but which can apply without regard to whether a "loss trafficking" transaction occurs or is intended. These rules are triggered when an "ownership change" – generally defined as when the ownership of a company, or its parent, changes by more than 50% (measured by value) on a cumulative basis in any three-year period – occurs. If triggered, the amount of the taxable income for any post-change year which may be offset by a pre-change loss is subject to an annual limitation. In March 2014, the Issuer's U.S. subsidiaries had an "ownership change" for the purposes of Sections 382 and 383. Future increases of capital or other changes in ownership may adversely affect the Issuer's cumulative ownership, and could trigger an "ownership change", which could further limit the ability of its U.S. subsidiaries to use tax attributes, and could correspondingly decrease the value of these attributes. The risk going forward, however, is significantly less.

In February 2013, the EC adopted a proposal setting out the details of a financial transaction tax, which mirrors the scope of its original proposal of September 2011, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the financial transaction tax ("FTT") zone ("FTT-zone"), currently limited to 11 participating Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain). On 6 May 2014, the Economic and Financial Affairs Council noted that 10 out of the 11 original participating Member States had proposed implementation of the FTT in two stages, the earliest stage being implemented from 1 January 2016. However, on 31 October 2014, the Italian Presidency of the Council of the EU announced that negotiations between participating Member States had yet to agree on key issues. The actual implementation date will thus depend on the future approval by the European Council and consultation of other EU institutions, and the subsequent transposition into local law. Depending on its final form, the introduction of an FTT in The Netherlands or outside The Netherlands could have a substantial adverse effect on ING Bank's business and results.

As of 1 October 2012, banks that are active in The Netherlands are subject to a bank tax pursuant to a tax regulation that also includes measures to moderate bonuses awarded to executives at such banks. This tax results in increased taxes on the Issuer's banking operations, which could negatively impact its operations, financial condition and liquidity.

Continued risk of resurgence of turbulence and on-going volatility in the financial markets and the economy generally have adversely affected, and may continue to adversely affect, the Issuer and its business, financial condition and results of operations.

General

The Issuer's business and results of operations are materially affected by conditions in the global capital markets and the economy generally. Concerns over the slow economic recovery, the ongoing European sovereign debt crisis, the potential exit of certain countries from the Eurozone, unemployment, the availability and cost of credit, credit spreads, quantitative easing within the Eurozone through bond repurchases, the ECB's targeted longer-term refinancing operation ("TLTRO"), the level of U.S. national debt and the U.S. housing market, inflation/deflation levels, energy costs and heightened geopolitical issues, such as those in connection with Ukraine and Russia and subsequent economic sanctions on certain of Russian individuals and business entities imposed by the U.S. and European governments, all have contributed to increased volatility and diminished expectations for the economy and the markets in recent years.

While certain of such conditions improved during the period between 2011 and 2014, these conditions have generally resulted in greater volatility, widening of credit spreads and overall shortage of liquidity and tightening of financial markets throughout the world. In addition, prices for many types of asset-backed securities and other structured products significantly deteriorated following the financial crisis in 2008 and have not fully recovered. Concerns over pricing have included a broad range of fixed income securities, including those rated investment grade and especially the sovereign debt of some EEA countries and the U.S., the international credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes, such as public and private equity, and real estate sectors. As a result of these and other factors, sovereign governments across the globe, including in regions where the Issuer operates, have also experienced budgetary and other financial difficulties, which have resulted in austerity measures, downgrades in credit rating by credit agencies, planned or implemented bail-out measures and, on occasion, civil unrest (for further details regarding sovereign debt concerns, see “U.S. Sovereign Credit Rating” and “European Sovereign Debt Crisis” below). As a result, the market for fixed income instruments has experienced from time to time decreased liquidity, increased price volatility, credit downgrade events, and increased probability of default. In addition, the confluence of these and other factors has resulted in volatile foreign exchange markets. Securities that are less liquid are more difficult to value and may be hard to dispose of. International equity markets have also continued to experience heightened volatility and turmoil, with issuers, including the Issuer, that have exposure to the real estate, mortgage, private equity and credit markets particularly affected. These events and market upheavals, including high levels of volatility, have had and may continue to have an adverse effect on the Issuer’s revenues and results of operations, in part because the Issuer has a large investment portfolio and extensive real estate activities around the world.

In addition, the confidence of customers in financial institutions is being tested. Consumer confidence in financial institutions may, for example, decrease due to the Issuer’s or its competitors’ failure to communicate to customers the terms of, and the benefits to customers of, complex or high-fee financial products. Reduced confidence could have an adverse effect on the Issuer’s revenues and results of operations, including through a withdrawal of deposits. Because a significant percentage of the Issuer’s customer deposit base is originated via Internet banking, a loss of customer confidence may result in a rapid withdrawal of deposits over the Internet.

The aforementioned impacts have arisen primarily as a result of valuation and impairment issues arising in connection with the Issuer’s investments in real estate (both in and outside the U.S.) and private equity, exposures to European sovereign debt and to U.S. mortgage-related structured investment products, including sub-prime and Alt-A residential and commercial mortgage-backed securities, collateralised debt obligations and collateralised loan obligations, monoline insurer guarantees, private equity and other investments. In many cases, the markets for investments and instruments have been and remain highly illiquid, and issues relating to counterparty credit ratings and other factors have exacerbated pricing and valuation uncertainties. Valuation of such investments and instruments is a complex process involving the consideration of market transactions, pricing models, management judgement and other factors, and is also impacted by external factors, such as underlying mortgage default rates, interest rates, rating agency actions and property valuations. Although the Issuer continues to monitor its exposures, there can be no assurance that it will not experience further negative impacts to its shareholders’ equity, solvency position, liquidity, financial condition or profit and loss accounts in future periods.

U.S. Sovereign Credit Rating

In 2011, Standard & Poor’s Ratings Services lowered its long-term sovereign credit rating on the U.S. from AAA to AA+. Although other rating agencies have not similarly lowered the long-term sovereign credit rating of the U.S., they have put that credit rating on review. Amid the lingering uncertainty over the long-term outlook for the fiscal position and the future economic performance of the U.S. within the global economy, as well as potential future budgetary restrictions in the U.S., as illustrated by the recent budget negotiations and partial shutdown of the U.S. government in October 2013, there continues to be a perceived risk of a future sovereign credit ratings downgrade of the U.S. government, including the rating of U.S. Treasury securities. On 15 October 2013, Fitch Ratings placed the U.S.’s AAA credit rating under ‘rating watch negative’ in response to the crisis, a step that would precede an actual downgrade, however the credit rating was upgraded again to ‘stable’ in March 2014. It is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade. Instruments of this nature are key assets on the balance sheets of financial institutions and are widely used as collateral by financial institutions to meet their day-to-day cash flows in the short-term debt market. The impact of any further downgrades to the sovereign credit rating of the U.S. government or a default by the U.S. government to satisfy its debt obligations is likely to create broader financial turmoil and uncertainty, which would weigh heavily on the global financial system and could consequently result in a significant adverse impact to ING Bank.

European Sovereign Debt Crisis

In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these EU "peripheral" Member States to continue to service their sovereign debt obligations. Significant concerns regarding the sovereign debt of these countries, as well as certain other countries, of the "core" EU Member States are on-going and, in some cases, have required countries to obtain emergency financing. These concerns impacted financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations. If these or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. Despite the creation of a European Financial Stability Facility as a temporary rescue mechanism in May 2010, assistance packages to Greece, Ireland, Portugal and Cyprus, the approval of a further bailout of Greece by the relevant government and monetary bodies of the Eurozone and the International Monetary Fund in March 2012, and the establishment of the European Stability Mechanism in October 2012 (which provided its first financial assistance in February 2013 for the recapitalisation of Spain's banking sector and which approved a financial assistance agreement in May 2013 for Cyprus after the Eurozone finance ministers (Eurogroup) backed a bailout of Cyprus), uncertainty over the outcome of the EU governments' financial support programmes and concerns regarding sovereign finances persisted during the course of 2014. Market concerns over the direct and indirect exposure of European banks to the EU sovereign debt further resulted in a widening of credit spreads and increased costs of funding for some European financial institutions. In December 2011, European leaders agreed to implement steps (and continue to meet regularly to review, amend and supplement such steps) to encourage greater long-term fiscal responsibility on the part of the individual Member States and bolster market confidence in the Euro and European sovereign debt; to this end, the Treaty on Stability, Coordination and Governance ("Fiscal Treaty") was signed by 25 EU Member States in March 2012 and entered into force on 1 January 2014 and ratified by and entered into force for all signatory Member States in April 2014. However, the Fiscal Treaty needs to be implemented into national law of the relevant Member States within one year of the Fiscal Treaty entering into force and incorporated into the existing EU treaties, which is expected to take many years, and, even if such steps are implemented, there is no guarantee that they will ultimately and finally resolve uncertainties regarding the ability of Eurozone states to continue to service their sovereign debt obligations. Further, despite such long-term structural adjustments and improvements being proposed and implemented, the future of the Euro in its current form, and with its current membership, remains uncertain. The financial turmoil in Europe continues to be a threat to global capital markets and remains a challenge to global financial stability.

Risks and on-going concerns about the debt crisis in Europe, as well as the possible default by, or exit from, the Eurozone of one or more Member States and/or the replacement of the Euro by one or more successor currencies, could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in these European countries and the financial condition of European and other financial institutions, including the Issuer. For example, concerns regarding Greece's potential exit from the Eurozone created unease in the global economy in late 2014 and on-going negotiations to provide further relief to Greece continue to impact markets in 2015. Additionally, the possibility of capital market volatility spreading through a highly integrated and interdependent banking system remains elevated. In the event of any default or similar event with respect to a sovereign issuer, some financial institutions may suffer significant losses, following which they would require additional capital, and such capital may not be available. Market and economic disruptions stemming from the crisis in Europe have affected, and may continue to affect, consumer confidence levels and spending as well as bankruptcy rates and levels of incurrence of, and default on, consumer debt and home prices, among other factors. There can be no assurance that the market disruptions in Europe, including the increased cost of funding for certain government and financial institutions, will not spread, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilise the affected countries and markets in Europe or elsewhere. To the extent uncertainty regarding the economic recovery continues to negatively impact consumer confidence and consumer credit factors, the Issuer's business and results of operations could be significantly and adversely impacted. In addition, the possible exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies could create significant uncertainties regarding the enforceability and valuation of Euro denominated contracts to which the Issuer (or its counterparties) is a party and thereby materially and adversely affect the Issuer and/or its counterparties' liquidity, financial condition and operations. Such uncertainties may include the risk that (i) an obligation that was expected to be paid in Euros is redenominated into a new currency (which may not be easily converted into other currencies without incurring significant cost), (ii) currencies in some Member States may depreciate relative to others, (iii) former Eurozone Member States may impose capital controls that would make it complicated or illegal to move capital out of such countries, and/or (iv) some courts (in particular, courts in countries that have left the Eurozone) may not recognise and/or enforce claims denominated in Euros (and/or in any replacement currency). The possible exit from the Eurozone of one or more Member States and/or the replacement of the Euro by one or more successor currencies could also cause other significant market dislocations and lead to other adverse economic and operational impacts that are inherently difficult to predict or evaluate, and otherwise have potentially materially adverse impacts on the Issuer and its counterparties, including its depositors, lenders, borrowers and other customers. These factors, combined with volatile oil prices, reduced business and consumer confidence and/or continued high unemployment, have negatively affected the economy of main geographic regions where the Issuer conducts its business. The Issuer's results of operations, liquidity position, capital position, investment portfolio and AUM are exposed to these risks and may be adversely affected as a result. In addition, in the event of extreme prolonged market events, such as the recent global credit crisis, it could incur significant losses and may lead to USD funding shortage for EU banks.

On 13 January 2012, Standard & Poor's Ratings Group, Inc. proceeded to downgrade the credit ratings of France, Austria, Italy, Spain, Portugal and a handful of other EEA states (while reaffirming the credit ratings of Germany, The Netherlands, Ireland and other EEA states and changing the outlook to "negative" for 15 Eurozone countries). Further related downgrades of European sovereign ratings and of corporate ratings have occurred since that date, including the downgrade of The Netherlands' sovereign debt rating from AAA to AA+ by Standard & Poor's Ratings Group, Inc. on 29 November 2013. These announcements, as well as any future changes, are of high importance to the Issuer, because they affect its financing costs and, as a result, its profitability.

Because the Issuer operates in highly competitive markets, including its home market, it may not be able to increase or maintain its market share, which may have an adverse effect on its results of operations.

There is substantial competition in The Netherlands and the other countries in which the Issuer does business for the types of commercial banking, investment banking, asset management and other products and services it provides. Customer loyalty and retention can be influenced by a number of factors, including brand recognition, reputation, relative service levels, investment performance of the Issuer's products, the prices and attributes of products and services, scope of distribution, perceived financial strength, credit ratings and actions taken by competitors. A decline in the Issuer's competitive position as to one or more of these factors could adversely impact its ability to maintain or further increase its market share, which would adversely affect its results of operations. Such competition is most pronounced in the Issuer's more mature markets of The Netherlands, Belgium, the rest of Western Europe and Australia. In recent years, however, competition in emerging markets, such as Latin America, Asia and Central and Eastern Europe, has also increased as large financial services companies from more developed countries have sought to establish themselves in markets which are perceived to offer higher growth potential, and as local institutions have become more sophisticated and competitive and proceeded to form alliances, mergers or strategic relationships with the Issuer's competitors. The Netherlands is its largest market. The Issuer's main competitors in The Netherlands are ABN AMRO Bank and Rabobank. Competition could also increase due to new entrants in the markets that may have new operating models that are not burdened by potentially costly legacy operations. Increasing competition in these or any of the Issuer's other markets may significantly impact the Issuer's results if it is unable to match the products and services offered by its competitors. Future economic turmoil may accelerate additional consolidation activity. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms or have declared bankruptcy. These developments could result in the Issuer's competitors gaining greater access to capital and liquidity, expanding their ranges of products and services, or gaining geographic diversity. The Issuer may experience pricing pressures as a result of these factors in the event that some of its competitors seek to increase market share by reducing prices. In addition, under the Restructuring Plan, ING was required to agree to certain restrictions imposed by the EC, including with respect to its price leadership in EU banking markets and its ability to make acquisitions of financial institutions. See "Risks Related to the Restructuring Plan – The limitations required by the EC on ING's ability to compete and to make acquisitions could materially impact the Issuer". Failure to effectively compete within the industry may thus have a material adverse impact on its business, results of operations and financial condition.

The inability of counterparties to meet their financial obligations could have a material adverse effect on the Issuer's results of operations.

General

Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include the issuers and guarantors (including sovereigns) of securities the Issuer holds, borrowers under loans originated, reinsurers, customers, trading counterparties, securities lending and repurchase counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Defaults by one or more of these parties on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure, or other factors, or even rumours about potential defaults by one or more of these parties or regarding the financial services industry generally, could have a material adverse effect on the Issuer's results of operations, financial condition and liquidity. In light of experiences with significant constraints on liquidity and the high cost of funds in the interbank lending market, and given the high level of interdependence between financial institutions, the Issuer is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of sovereigns and other financial services institutions. This is particularly relevant to the Issuer's franchise as an important and large counterparty in equity, fixed-income and foreign exchange markets, including related derivatives, which would then be exposed to concentration risk.

The Issuer routinely executes a high volume of transactions, such as unsecured debt instruments, derivative transactions and equity investments with counterparties and customers in the financial services industry, including brokers and dealers, commercial and investment banks, mutual and hedge funds, insurance companies, institutional clients, futures clearing merchants, swap dealers, and other institutions, resulting in large periodic settlement amounts, which may result in the Issuer having significant credit exposure to one or more of such counterparties or customers. As a result, the Issuer faces concentration risk with respect to liabilities or amounts it expects to collect from specific counterparties and customers. The Issuer is exposed to increased counterparty risk as a result of recent financial institution failures and weakness and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. A default by, or even concerns about the creditworthiness of, one or more of these counterparties or customers or other financial services institutions could therefore have an adverse effect on the Issuer's results of operations or liquidity.

With respect to secured transactions, the Issuer's credit risk may be exacerbated when the collateral held by it cannot be realised, or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it. The Issuer also has exposure to a number of financial institutions in the form of unsecured debt instruments, derivative transactions and equity investments. For example, the Issuer holds certain hybrid regulatory capital instruments issued by financial institutions which permit such issuers to defer coupon payments on the occurrence of certain events or at their option. The EC has indicated that, in certain circumstances, it may require these financial institutions to defer payment. If this were to happen, the Issuer expects that such instruments may experience ratings downgrades and/or a drop in value and it may have to treat them as impaired, which could result in significant losses. There is no assurance that losses on, or impairments to the carrying value of, these assets would not materially and adversely affect the Issuer's business, results of operations or financial condition.

In addition, the Issuer is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations the Issuer holds could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of the Issuer's counterparties could also have a negative impact on its income and risk weighting, leading to increased capital requirements. While in many cases the Issuer is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. The Issuer's credit risk may also be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to the Issuer, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced during the recent financial crisis of 2008. The termination of contracts and the foreclosure on collateral may subject the Issuer to claims for the improper exercise of its rights under such contracts. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity. Any of these developments or losses could materially and adversely affect the Issuer's business, financial condition, results of operations, liquidity and/or prospects.

Market conditions observed over the past few years may increase the risk of loans being impaired. The Issuer is exposed to declining property values on the collateral supporting residential and commercial real estate lending.

The Issuer is exposed to the risk that its borrowers (including sovereigns) may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. The Issuer may continue to see adverse changes in the credit quality of its borrowers and counterparties, for example as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors. This may lead to impairment charges on loans and other assets, higher costs and additions to loan loss provisions. A significant increase in the size of the Issuer's provision for loan losses could have a material adverse effect on its financial position and results of operations.

Economic and other factors could lead to further contraction in the residential mortgage and commercial lending market and to further decreases in residential and commercial property prices, which could generate substantial increases in impairment losses.

Interest rate volatility and other interest rate changes may adversely affect the Issuer's profitability.

Changes in prevailing interest rates may negatively affect the Issuer's business, including the level of net interest revenue the Issuer earns, and the levels of deposits and the demand for loans. In a period of changing interest rates, interest expense may increase and interest credited to accountholders may change at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest revenue. Changes in interest rates may negatively affect the value of the Issuer's assets and its ability to realise gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings and capital, as well as the Issuer's regulatory solvency position. A sustained increase in the inflation rate in the Issuer's principal markets may also negatively affect its business, financial condition and results of operations. For example, a sustained increase in the inflation rate may result in an increase in nominal market interest rates. A failure to accurately anticipate higher inflation and factor it into the Issuer's product pricing assumptions may result in mispricing of its products, which could materially and adversely impact its results of operations. On the other hand, recent concerns regarding negative interest rates and the low level of interest rates generally may negatively impact the Issuer's net interest income, which may have an adverse impact on its profitability.

Declining interest rates or a prolonged period of low interest rates may result in:

- lower earnings over time on investments, as reinvestments will earn lower rates;
- increased prepayment or redemption of mortgages and fixed maturity securities in the Issuer's investment portfolios, as well as increased prepayments of corporate loans. This as borrowers seek to borrow at lower interest rates potentially combined with lower credit spreads. Consequently, the Issuer may be required to reinvest the proceeds into assets at lower interest rates;
- lower profitability as the result of a decrease in the spread between client rates earned on assets and client rates paid on savings, current account and other liabilities;
- higher costs for certain derivative instruments that may be used to hedge certain of the Issuer's product risks;
- lower profitability, since the Issuer may not be able to fully track the decline in interest rates in its savings rates;
- lower interest rates may cause asset margins to decrease thereby lowering the Issuer's results of operations. This may for example be the consequence of increased competition for investments as result of the low rates, thereby driving margins down;
- outflow of liabilities for example due to low rates paid on them; and/or
- (depending on the position) a significant collateral posting requirement associated with the Issuer's interest rate hedge programs, which could materially and adversely affect liquidity and its profitability.

All these effects may be amplified in a (prolonged) negative rate environment. In such environment there may also be the risk that a rate is to be paid on assets, while there is no (partial) compensation on the liabilities. This will reduce the Issuer's results of operations.

On the other hand, rapidly increasing interest rates may result in:

- a decrease in the demand for loans;
- outflow of liabilities for example due to increased competition;
- a material adverse effect on the value of the Issuer's investment portfolio by, for example, decreasing the estimated fair values of the fixed income securities within its investment portfolio;

- higher interest rates to be paid on debt securities that the Issuer has issued or may issue on the financial markets from time to time to finance its operations and on savings/other liabilities, which would increase its interest expenses and reduce its results of operations;
- in case liability outflow is experienced this may result in realised investment losses, in case investments are to be sold when prices became depressed due to the higher interest rates and/or higher credit spreads. Regardless of whether an investment loss is realised, these outflows would result in a decrease in total invested assets, and may decrease the Issuer's net income.
- higher interest rates can lead to lower investments prices and a reduction in the revaluation reserves, thereby lowering IFRS equity and the capital ratios. Also the lower securities value leads to a loss of liquidity generating capacity which needs to be compensated by attracting new liquidity generating capacity which reduces the Issuer's results of operations;
- prepayment losses if prepayment rates are lower than expected or if interest rates increase too rapidly to adjust the accompanying hedges;
- decreased fee income associated with balances invested in fixed income funds; and/or
- (depending on the position) a significant collateral posting requirement associated with the Issuer's interest rate hedge programs, which could materially and adversely affect liquidity and its profitability.

The Issuer may incur losses due to failures of banks falling under the scope of state compensation schemes.

In The Netherlands and other jurisdictions, deposit guarantee schemes and similar funds ("Compensation Schemes") have been implemented from which compensation may become payable to customers of financial services firms in the event the financial service firm is unable to pay, or unlikely to pay, claims against it. In many jurisdictions in which the Issuer operates, these Compensation Schemes are funded, directly or indirectly, by financial services firms which operate and/or are licensed in the relevant jurisdiction. ING Bank is a participant in the Dutch Deposit Guarantee Scheme (the "Deposit Guarantee Scheme"), which guarantees an amount of EUR 100,000 per person per bank (regardless of the number of accounts held). The costs involved with making compensation payments under the Deposit Guarantee Scheme are allocated among the participating banks by the DNB, based on an allocation key related to their market shares with respect to the deposits protected by the Deposit Guarantee Scheme. Given its size ING Bank may incur significant compensation payments to be made under the Deposit Guarantee Scheme, which it may be unable to recover from the bankrupt estate. Such costs and the associated costs to be borne by ING Bank may have a material adverse effect on the Issuer's results of operations and financial condition. As of 1 July 2015, the Deposit Guarantee Scheme is to change from an ex-post scheme, where ING Bank would have contributed after the failure of a firm, to an ex-ante scheme where ING Bank will pay quarterly risk-weighted contributions into a fund for the Deposit Guarantee Scheme. The fund is to grow to a target size of 1% of all deposits guaranteed under the Deposit Guarantee Scheme. The target size would have to be reached in 15 years. However, in December 2013, EU Member States and the European Parliament agreed on reforms to the EU Directive on deposit guarantee schemes, which were adopted by the European parliament in April 2014 and published in the Official Journal of the EU in June 2014. Main characteristics include an ex-ante funding of up to 0.8% of the banking sector's insured deposits for payouts, to be built up in 10 years, but ultimate contributions will be risk-based. It is as yet unclear what this proposal will mean for the proposed Dutch changes.

The costs associated with potential future ex-ante contributions are today unknown and will depend on the methodology used to calculate risk-weighting, but, given ING Bank's size, may be significant. See also "The Issuer operates in highly regulated industries. Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations governing the Issuer's business may reduce the Issuer's profitability – Bank Recovery and Resolution Regimes".

Inflation and deflation may negatively affect the Issuer's business.

A sustained increase in the inflation rate in the Issuer's principal markets would have multiple impacts on it and may negatively affect its business, solvency position and results of operations. For example, a sustained increase in the inflation rate may result in an increase in market interest rates, which may:

1. decrease the estimated fair value of certain fixed income securities that the Issuer holds in its investment portfolios, resulting in:

- reduced levels of unrealised capital gains available to the Issuer, which could negatively impact its solvency position and net income; and/or
- a decrease in collateral values; and/or

2. require the Issuer, as an issuer of securities, to pay higher interest rates on debt securities that it issues in the financial markets from time to time to finance its operations, which would increase its interest expenses and reduce its results of operations.

A significant and sustained increase in inflation has historically also been associated with decreased prices for equity securities and sluggish performance of equity markets generally. A sustained decline in equity markets may:

1. result in impairment charges to equity securities that the Issuer holds in its investment portfolios and reduced levels of unrealised capital gains available to it which would reduce its net income and negatively impact its solvency position;

2. negatively impact performance, future sales and surrenders of certain products where underlying investments are often allocated to equity funds;

3. negatively impact the ability of the Issuer's asset management subsidiaries to retain and attract AUM, as well as the value of assets they do manage, which may negatively impact their results of operations;

4. lower the value of the Issuer's equity investments impacting its capital position.

On the other hand, deflation experienced in the Issuer's principal markets may also adversely affect its financial performance. In recent years, the risk of low inflation (inflation continued to be positive for the major part of 2014 but well below the 2% growth rate of harmonised indices of consumer prices; in December 2014, however, prices were 0.2% lower than the same month a year earlier) and even deflation (i.e. a continued period with negative rates of inflation) in the Eurozone has materialized. Deflation may erode collateral values and diminish the quality of loans and cause a decrease in borrowing levels, which would negatively affect the Issuer's business and results of operations.

RISKS RELATED TO THE ISSUER'S BUSINESS OPERATIONS AND REGULATORY ENVIRONMENT

The Issuer may be unable to manage its risks successfully through derivatives.

The Issuer employs various economic hedging strategies with the objective of mitigating the market risks that are inherent in its business and operations. These risks include currency fluctuations, changes in the fair value of its investments, the impact of interest rates, equity markets and credit spread changes, the occurrence of credit defaults and changes in client behaviour. The Issuer seeks to control these risks by, among other things, entering into a number of derivative instruments, such as swaps, options, futures and forward contracts, including, from time to time, macro hedges for parts of its business, either directly or as a counterparty or as a credit support provider to affiliated counterparties.

Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate the Issuer from risks associated with those fluctuations. The Issuer's hedging strategies also rely on assumptions and projections regarding the Issuer's assets, liabilities, general market factors and the creditworthiness of the Issuer's counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, the Issuer's hedging activities may not have the desired beneficial impact on its results of operations or financial condition. Poorly designed strategies or improperly executed transactions could actually increase its risks and losses. Hedging strategies involve transaction costs and other costs, and, if the Issuer terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. There have been periods in the past, and it is likely that there will be periods in the future, during which the Issuer has incurred or may incur losses on transactions, possibly significant, after taking into account its hedging strategies. Further, the nature and timing of the Issuer's hedging transactions could actually increase the Issuer's risk and losses. Hedging instruments the Issuer uses to manage product and other risks might not perform as intended or expected, which could result in higher (un)realised losses, such as credit value adjustment risks or unexpected profit and loss effects, and unanticipated cash needs to collateralise or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralised. As such, the Issuer's hedging strategies and the derivatives that the Issuer uses or may use may not adequately mitigate or offset the risk of interest rate volatility, and the Issuer's hedging transactions may result in losses.

The Issuer's hedging strategy additionally relies on the assumption that hedging counterparties remain able and willing to provide the hedges required by its strategy. Increased regulation, market shocks, worsening market conditions (whether due to the on-going Euro crisis or otherwise), and/or other factors that affect or are perceived to affect the financial condition, liquidity and creditworthiness of the Issuer may reduce the ability and/or willingness of such counterparties to engage in hedging contracts with the Issuer and/or other parties, affecting its overall ability to hedge its risks and adversely affecting its business, operations, financial condition and liquidity.

The Issuer may be unable to retain key personnel.

As a financial services enterprise with a decentralised management structure, the Issuer relies to a considerable extent on the quality of local management in the various countries in which it operates. The success of the Issuer's operations is dependent, among other things, on its ability to attract and retain highly qualified professional personnel. Competition for key personnel in most countries in which the Issuer operates is intense. The Issuer's ability to attract and retain key personnel, in particular senior officers, experienced portfolio managers, mutual fund managers and sales executives, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent.

As a part of their responses to the financial crisis of 2008, the EC and national governments throughout Europe have introduced and are expected to continue introducing various legislative initiatives that aim to ensure that financial institutions' remuneration policies and practices are consistent with and promote sound and effective risk management, and that those policies and practices impose restrictions on the remuneration of personnel, with a focus on risk alignment of performance-related remuneration. Such initiatives include, among others, measures set out in (i) the so-called Capital Requirements Directive III and the CRD IV Directive, and (ii) the Guidelines on Remuneration Policies and Practices published by (the predecessor of) the European Banking Authority ("EBA"), the Regulation of the DNB on Sound Remuneration Policies (*Regeling beheerst beloningsbeleid Wft 2014*), the Dutch law with respect to the limitation of liability of the DNB and AFM and the prohibition of the payment of variable remuneration to board members and day-to-day policy makers of financial institutions that receive state aid (*Wet aansprakelijkheidsbeperking DNB en AFM en bonusverbod staatsgesteunde ondernemingen*) and the Dutch Law on Remuneration Policies of Financial Undertakings (*Wet beloningsbeleid financiële ondernemingen*, "Wbfo") effective as of 7 February 2015. The Wbfo introduces a variable remuneration cap at 20% of base salary for all persons working in the financial sector in The Netherlands. Persons fully covered by a collective labour agreement ("CLA") in The Netherlands are subject to an individual cap of 20%. Persons that are not (solely) remunerated on the basis of a CLA in The Netherlands are subject to the 20% cap based on an aggregate level. For this group, as well as for persons working outside The Netherlands exceptions are possible, in line with the CRD IV Directive, but only under strict conditions. In addition, the proposal limits exit compensation and retention compensation and prohibits guaranteed variable remuneration. The introduction of the Wbfo will result in a unlevel playing field in The Netherlands for ING due to the fact that branch offices (in The Netherlands) of financial institutions that fall under CRD IV EEA countries) are not limited to the 20% cap but are limited to the CRD IV caps.

Since the financial crisis, the Issuer has adapted its remuneration policies to the new national and international standards. For the Issuer's Executive Board members no increase in base salary took place in 2014. This resulted in the remuneration package of the Issuer's Executive Board members remaining on the same level as that of 2009 and significantly below the median of its EURO Stoxx 50 benchmark, which is made up of similar European financial and non-financial institutions.

The (increasing) restrictions on remuneration will continue to have an impact on the Issuer's existing remuneration policies and individual remuneration packages for personnel. This may restrict the Issuer's ability to offer competitive compensation compared with companies (financial and/or non-financial) that are not subject to such restrictions and it could adversely affect the Issuer's ability to retain or attract qualified employees.

The Issuer may not be able to protect its intellectual property and may be subject to infringement claims by third parties, which may have a material adverse effect on the Issuer's business and results of operations.

In the conduct of the Issuer's business it relies on a combination of contractual rights with third parties and copyright, trade mark, trade name, patent and trade secret laws to establish and protect its intellectual property. Although it endeavours to protect its rights, third parties may infringe or misappropriate its intellectual property. The Issuer may have to litigate to enforce and protect its copyrights, trade marks, trade names, patents, trade secrets and know-how or to determine their scope, validity or enforceability. In that event, the Issuer may be required to incur significant costs, and its efforts may not prove successful. The inability to secure or protect the Issuer's intellectual property assets could have a material adverse effect on its business and its ability to compete.

The Issuer may also be subject to claims made by third parties for (1) patent, trade mark or copyright infringement, (2) breach of copyright, trade mark or licence usage rights, or (3) misappropriation of trade secrets. Any such claims and any resulting litigation could result in significant expense and liability for damages. If the Issuer was found to have infringed or misappropriated a third-party patent or other intellectual property right, it could in some circumstances be enjoined from providing certain products or services to its customers or from utilising and benefiting from certain methods, processes, copyrights, trade marks, trade secrets or licences. Alternatively, it could be required to enter into costly licensing arrangements with third parties or to implement a costly workaround. Any of these scenarios could have a material adverse effect on the Issuer's business and results of operations.

Because the Issuer uses assumptions to model client behaviour for the purpose of its market risk calculations, the difference between the realisation and the assumptions may have an adverse impact on the risk figures and future results.

The Issuer uses assumptions in order to model client behaviour for the risk calculations in its banking book. Assumptions are used to determine the interest rate risk profile of savings and current accounts and to estimate the embedded option risk in the mortgage and investment portfolios. The realisation or use of different assumptions to determine client behaviour could have a material adverse effect on the calculated risk figures and, ultimately, future results.

The Issuer may incur further liabilities in respect of its defined benefit retirement plans if the value of plan assets is not sufficient to cover potential obligations, including as a result of differences between results and underlying actuarial assumptions and models.

The Issuer and various of its group companies operate various defined benefit retirement plans covering a number of their employees. The liability recognised in the Issuer's consolidated balance sheet in respect of the Issuer's defined benefit plans is the present value of the defined benefit obligations at the balance sheet date, less the fair value of each plan's assets, together with adjustments for unrecognised actuarial gains and losses and unrecognised past service costs. The Issuer determines its defined benefit plan obligations based on internal and external actuarial models and calculations using the projected unit credit method. Inherent in these actuarial models are assumptions, including on discount rates, rates of increase in future salary and benefit levels, mortality rates, trend rates in healthcare costs, consumer price index, and the expected return on plan assets. These assumptions are based on available market data and the historical performance of plan assets, and are updated annually. Nevertheless, the actuarial assumptions may differ significantly from actual results due to changes in market conditions, economic and mortality trends and other assumptions. Any changes in these assumptions could have a significant impact on the Issuer's present and future liabilities to and costs associated with the Issuer's defined benefit retirement plans.

The Issuer's risk management policies and guidelines may prove inadequate for the risks it faces.

The Issuer has developed risk management policies and procedures and will continue to review and develop these in the future. Nonetheless, its policies and procedures to identify, monitor and manage risks may not be fully effective, particularly during extremely turbulent times. The methods the Issuer uses to manage, estimate and measure risk are partly based on historic market behaviour. The methods may, therefore, prove to be inadequate for predicting future risk exposure, which may be significantly greater than suggested by historical experience. For instance, these methods may not predict the losses seen in the stressed conditions in recent periods, and may also not adequately allow prediction of circumstances arising due to government interventions and stimulus packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of information regarding markets, customers, catastrophic occurrence or other information that is publicly known or otherwise available to the Issuer. Such information may not always be accurate, complete, updated or properly evaluated. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record and verify large numbers of transactions and events. These policies and procedures may not be fully effective.

The Issuer is subject to a variety of regulatory risks as a result of its operations in certain countries.

In certain countries in which the Issuer operates, judiciary and dispute resolution systems may be less developed. As a result, in case of a breach of contract, the Issuer may have difficulties in making and enforcing claims against contractual counterparties and, if claims are made against the Issuer, it might encounter difficulties in mounting a defence against such allegations. If the Issuer becomes party to legal proceedings in a market with an insufficiently developed judicial system, it could have an adverse effect on its operations and net results.

In addition, as a result of the Issuer's operations in certain countries, it is subject to risks of possible nationalisation, expropriation, price controls, exchange controls and other restrictive government actions, as well as the outbreak of hostilities, in these markets. In addition, the current economic environment in certain countries in which the Issuer operates may increase the likelihood for regulatory initiatives to enhance consumer protection or to protect homeowners from foreclosures. Any such regulatory initiative could have an adverse impact on the Issuer's ability to protect its economic interest, for instance in the event of defaults on residential mortgages.

The Issuer is exposed to the risk of claims from customers who feel misled or treated unfairly because of advice or information received.

The Issuer's products and advice services for third-party products are exposed to claims from customers who allege that they have received misleading advice or other information from advisers (both internal and external) as to which products were most appropriate for them, or that the terms and conditions of the products, the nature of the products or the circumstances under which the products were sold, were misrepresented to them. When new financial products are brought to the market, the Issuer engages in a product approval process in connection with the development of such products, including production of appropriate marketing and communication materials. Notwithstanding these processes, customers may make claims against the Issuer if the products do not meet their expectations. Customer protection regulations, as well as changes in interpretation and perception by both the public at large and governmental authorities of acceptable market practices, influence customer expectations.

Products distributed through person-to-person sales forces have a higher exposure to such claims as the sales forces provide face-to-face financial planning and advisory services. Complaints may also arise if customers feel that they have not been treated reasonably or fairly, or that the duty of care has not been complied with. While a considerable amount of time and resources have been invested in reviewing and assessing historical sales practices and products that were sold in the past, and in the maintenance of effective risk management and legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historical sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated.

The negative publicity associated with any sales practices, and any compensation payable in respect of any such issues and regulatory changes resulting from such issues, has had and could have a material adverse effect on the Issuer's business, reputation, revenues, results of operations, financial condition and prospects.

Ratings are important to the Issuer's business for a number of reasons. A downgrade or a potential downgrade in the Issuer's financial strength or its credit ratings could have an adverse impact on its operations and net result.

Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. The Issuer's credit ratings are important to its ability to raise capital and funding through the issuance of debt and to the cost of such financing. In the event of a downgrade the cost of issuing debt will increase, having an adverse effect on its net result. Certain institutional investors may also be obliged to withdraw their deposits from ING Bank following a downgrade, which could have an adverse effect on its liquidity. The Issuer has credit ratings from Standard & Poor's Credit Market Services Europe Limited, Moody's Investor Service Ltd. and Fitch France S.A.S. Each of the rating agencies reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time. For example, on 16 December 2014, S&P reaffirmed the long-term debt ratings of the Issuer to A with negative outlook.

Furthermore, ING Bank's assets are risk-weighted. Downgrades of these assets could result in a higher risk-weighting which may result in higher capital requirements. This may impact net earnings and the return on capital, and may have an adverse impact on the Issuer's competitive position.

As rating agencies continue to evaluate the financial services industry, it is possible that rating agencies will heighten the level of scrutiny that they apply to financial institutions, increase the frequency and scope of their credit reviews, request additional information from the companies that they rate and potentially adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. It is possible that the outcome of any such review of the Issuer would have additional adverse ratings consequences, which could have a material adverse effect on the Issuer's results of operations, financial condition and liquidity. The Issuer may need to take actions in response to changing standards or capital requirements set by any of the rating agencies which could cause its business and operations to suffer. The Issuer cannot predict what additional actions rating agencies may take, or what actions it may take in response to the actions of rating agencies.

Operational risks, such as systems disruptions or failures, breaches of security, cyber attacks, human error, changes in operational practices or inadequate controls, may adversely impact the Issuer's business, results of operations and reputation.

Operational risks are inherent in the Issuer's business. The Issuer's businesses depend on the ability to process a large number of transactions efficiently and accurately. Although the Issuer endeavours to safeguard its systems and processes, losses can result from inadequately trained or skilled personnel, IT failures (including failure to anticipate or prevent cyber attacks, which are deliberate attempts to gain unauthorised access to digital systems for the purposes of misappropriating assets or sensitive information, corrupting data, or impairing operational performance, or security breaches by third parties), inadequate or failed internal control processes and systems, regulatory breaches, human error, employee misconduct, including fraud, or external events that interrupt normal business operations. The Issuer depends on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The equipment and software used in the Issuer's computer systems and networks may not always be capable of processing, storing or transmitting information as expected. Despite the Issuer's business continuity plans and procedures, certain of the Issuer's computer systems and networks may have insufficient recovery capabilities in the event of a malfunction or loss of data. In addition, whilst the Issuer has policies and processes to protect its systems and networks, they may be vulnerable to unauthorised access, computer viruses or other malicious code, cyber attacks and other external attacks or internal breaches that could have a security impact and jeopardise the Issuer's confidential information or that of its clients or its counterparties. These events can potentially result in financial loss and harm to the Issuer's reputation, and hinder its operational effectiveness.

The Issuer also faces the risk that the design and operating effectiveness of its controls and procedures may prove to be inadequate. Widespread outbreaks of communicable diseases, such as the outbreak of the Ebola virus, may impact the health of the Issuer's employees, increasing absenteeism, or may cause a significant increase in the utilisation of health benefits offered to its employees, either or both of which could adversely impact its business. Unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, and the Issuer's operations may be subject to losses resulting from such disruptions. Losses can result from destruction or impairment of property, financial assets, trading positions, and the loss of key personnel. If the Issuer's business continuity plans are not able to be implemented or do not sufficiently take such events into account, losses may increase further.

The Issuer has suffered losses from operational risk in the past and there can be no assurance that it will not suffer material losses from operational risk in the future.

Adverse publicity, claims and allegations, litigation and regulatory investigations and sanctions may have a material adverse effect on the Issuer's business, revenues, results of operations, financial condition and/or prospects.

The Issuer is subject to litigation, arbitration and other claims and allegations in the ordinary course of business, including in connection with its activities as financial services provider, employer, investor and taxpayer. Adverse publicity and damage to the Issuer's reputation arising from its failure or perceived failure to comply with legal and regulatory requirements, financial reporting irregularities involving other large and well-known companies, possible findings of government authorities in various jurisdictions which are investigating several rate-setting processes, notifications made by whistleblowers, increasing regulatory and law enforcement scrutiny of "know your customer" anti-money laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures and anti-terrorist-financing procedures and their effectiveness, regulatory investigations of the mutual fund and banking industries, and litigation that arises from the failure or perceived failure by the Issuer to comply with legal, regulatory and compliance requirements, could result in adverse publicity and reputational harm, lead to increased regulatory supervision, affect the Issuer's ability to attract and retain customers and maintain access to the capital markets, result in cease and desist orders, claims, enforcement actions, fines and civil and criminal penalties or other disciplinary action, or have other material adverse effects on the Issuer in ways that are not predictable. Some claims and allegations may be brought by or on behalf of a class and claimants may seek large or indeterminate amounts of damages, including compensatory, liquidated, treble and punitive damages. See "- The Issuer is exposed to the risk of claims from customers who feel misled or treated unfairly because of advice or information received." above. The Issuer's reserves for litigation liabilities may prove to be inadequate. Claims and allegations, should they become public, need not be well founded, true or successful to have a negative impact on the Issuer's reputation. In addition, press reports and other public statements that assert some form of wrongdoing could result in inquiries or investigations by regulators, legislators and law enforcement officials, and responding to these inquiries and investigations, regardless of their ultimate outcome, is time-consuming and expensive. Adverse publicity, claims and allegations, litigation and regulatory investigations and sanctions may have a material adverse effect on the Issuer's business, revenues, results of operations, financial condition and/or prospects in any given period. For additional information with respect to specific proceedings, see "General Information – Litigation".

RISKS RELATED TO THE RESTRUCTURING PLAN

The implementation of the Restructuring Plan and the divestments in connection with the Restructuring Plan will alter and have already significantly altered the size and structure of ING and involve significant costs and uncertainties that could materially impact the Issuer.

As described further under Note 50 "Transactions with the Dutch State and the European Commission Restructuring Plan" to the consolidated financial statements of the Issuer for the year ended 31 December 2014 as included on pages 124 – 128 of the Issuer's annual report incorporated by reference herein, as a result of having received state aid through the Dutch State Transactions, ING was required to submit a restructuring plan to the EC in connection with obtaining final approval for the Dutch State Transactions under the EC state aid rules (as amended, the "Restructuring Plan"). While the IABF was terminated in December 2013, and on 7 November 2014, ING made the final repayment on the Core Tier 1 securities, the continuing restrictions imposed by the Restructuring Plan could adversely affect the Issuer's ability to maintain or grow market share in key markets as well as the Issuer's results of operations. See Note 50 to the consolidated financial statements of the Issuer for the year ended 31 December 2014 as included on pages 124 – 128 of the Issuer's annual report incorporated by reference herein for more information on the implications of and the remaining obligations arising from the Restructuring Plan and "–The limitations required by the EC on ING's ability to compete and to make acquisitions or redeem certain debt instruments could materially impact the Issuer".

There can be no assurance that ING will be able to complete the remaining elements of the Restructuring Plan successfully or complete the remaining planned divestments on favourable terms or at all, particularly in light of market developments in general as well as the fact that other financial institutions may place similar assets for sale during the same time period and may seek to dispose of assets in the same manner. Not completing the remaining elements of the Restructuring Plan may result in EC enforcement actions or EC procedures and may have a material adverse impact on the assets, profitability, capital adequacy and business operations of the Issuer. Moreover, in connection with the completion of the remaining elements of the Restructuring Plan, including any proposed divestments, ING or potential buyers may need to obtain various approvals, including of shareholders, works councils and regulatory and competition authorities, and ING and potential buyers may face difficulties in obtaining these approvals in a timely manner or at all. In addition, the implementation of the remaining elements of the Restructuring Plan may strain relations with ING's employees, and specific proposals in connection with the implementation may be opposed by trade unions or works councils.

Factors that may impede ING's ability to successfully implement the remaining elements of the Restructuring Plan include an inability of prospective purchasers to obtain funding due to weak credit markets, insufficient access to equity capital markets, a general unwillingness of prospective purchasers to commit capital in the current market environment, antitrust concerns, any adverse changes in market interest rates or other borrowing costs and any declines in the value of the assets to be further divested. Similarly, it may also be difficult to continue to divest the remaining part of ING's insurance and investment management business through one or more follow-on transaction(s) and/or spin-off transaction(s). There can also be no assurance that ING could obtain favourable pricing for a sale of the remaining part of its insurance and investment management business in the public markets. A further divestment may also release less regulatory capital than ING would otherwise expect.

Any failure to complete the divestments on favourable terms could have a material adverse impact on ING's assets, profitability, capital adequacy and business operations. If ING is unable to complete the announced divestments in a timely manner, it would be required to find alternative ways to reduce its leverage, and it could be subject to enforcement actions or proceedings by the EC.

The limitations required by the EC on ING's ability to compete and to make acquisitions could materially impact the Issuer.

As part of its Restructuring Plan, ING has undertaken with the EC to accept certain limitations on its ability to compete in certain retail, private and direct banking markets in the EU and on its ability to acquire financial institutions. These restrictions in principle apply until the earlier of (1) 18 November 2015, and (2) the date upon which more than 50% of ING's interest in its insurance and investment management businesses has been divested. ING is furthermore restricted to a maximum ratio for mortgage production at ING Retail Banking Netherlands in relation to the mortgage production of Nationale-Nederlanden Bank until ING has divested more than 50% of its interest in NN Group or until year-end 2015. A divestment of more than 50% of ING's interest as mentioned in this paragraph also means that ING (a) no longer has a majority of representatives on the boards of these businesses and (b) has deconsolidated these businesses from ING's financial statements in line with IFRS accounting rules. The limitations described above will impose significant restrictions on the Issuer's banking business operations and on the Issuer's ability to take advantage of market conditions and growth opportunities. Such restrictions could adversely affect the Issuer's ability to maintain or grow market share in key markets, as well as its results of operations.

Upon the implementation of the Restructuring Plan, ING will be less diversified and the Issuer may experience competitive and other disadvantages.

As a result of divestments effected to date and following completion of the planned divestments under the Restructuring Plan, ING expects to become a significantly smaller, regional financial institution focused on retail, direct and commercial banking in The Netherlands, Belgium and Luxembourg (the "Benelux") and certain other parts of Europe, as well as selected markets outside Europe. Although ING will remain focused on banking operations, ING Bank may become a smaller bank than that represented by its current operations. In the highly competitive Benelux market and the other markets in which the Issuer operates, the Issuer's competitors may be larger, more diversified and better capitalised and have greater geographical reach than the Issuer, which could have a material adverse effect on the Issuer's ability to compete, as well as on its profitability. The divested businesses may also compete with the retained businesses, on their own or as part of the purchasers' enlarged businesses. For example, Nationale-Nederlanden Bank is already competing before its planned divestment with ING Bank's retail banking business in The Netherlands, as Nationale-Nederlanden Bank has been ring-fenced from ING Bank's operations for this purpose. In addition, the restrictions on the Issuer's ability to be a price leader and make certain acquisitions could further hinder its capacity to compete with competitors not burdened with such restrictions, which could have a material adverse effect on the Issuer's results of operations. There can be no assurance that the implementation of the Restructuring Plan will not have a material adverse effect on the market share, business and growth opportunities and results of operations of the Issuer's remaining core banking businesses.

ING's Restructuring Plan may not yield intended reductions in costs, risk and leverage.

Projected cost savings and impact on ING's risk profile and capital associated with the Restructuring Plan are subject to a variety of risks, including:

- actual costs to effect these initiatives may exceed estimates;
- divestments planned in connection with the Restructuring Plan may not yield the level of net proceeds expected, as described under "Risks Related to the Restructuring Plan – The implementation of the Restructuring Plan and the divestments in connection with the Restructuring Plan will alter and have already significantly altered the size and structure of ING and involve significant costs and uncertainties that could materially impact the Issuer";
- initiatives that ING is contemplating may require consultation with various regulators as well as employees and labour representatives, and such consultations may influence the timing, costs and extent of expected savings;
- the loss of skilled employees in connection with the initiatives; and
- projected savings may fall short of targets.

While ING continues to implement these strategies, there can be no assurance that it will be able to do so successfully or that it will realise the projected benefits of these and other restructuring and cost-saving initiatives. If ING is unable to realise these anticipated cost reductions, its business may be adversely affected. Moreover, ING's continued implementation of restructuring and cost-saving initiatives may have a material adverse effect on the Issuer's business, financial condition, results of operations and cash flows.

DESCRIPTION OF ING BANK N.V.

GENERAL

ING Bank N.V. is part of ING Groep N.V. ING Groep N.V., also called “ING Group”, is the holding company for a broad spectrum of companies (together, “ING”). ING Group holds all shares of ING Bank N.V., which is a non-listed 100% subsidiary of ING Group.

ING is a holding company incorporated in 1991 under the laws of The Netherlands. ING currently is a global financial institution with a strong European base, offering banking services. ING draws on its experience and expertise, its commitment to excellent service and its global scale to meet the needs of a broad customer base, comprising individuals, families, small businesses, large corporations, institutions and governments. ING serves more than 32 million customers in over 40 countries. ING has more than 53,000 employees.

The IPO of NN Group, ING’s former European/ Japanese insurance businesses, the reduction of ING’s stake in NN Group and the full divestment of ING’s shares in Voya Financial, Inc. (“Voya”) largely completed ING’s restructuring.

ING Bank currently offers retail banking services to individuals, small and medium-sized enterprises (“SMEs”) and mid-corporates in Europe, Asia and Australia and commercial banking services to customers around the world, including multinational corporations, governments, financial institutions and supranational organisations. ING Bank currently serves more than 32 million customers through an extensive network in more than 40 countries. ING Bank has more than 53,000 employees.

ING Bank’s reporting structure reflects the two main business lines through which it is active: Retail Banking and Commercial Banking.

Retail Banking

Retail Banking provides banking services to individuals, SMEs and mid-corporates in Europe, Asia and Australia. A full range of products and services is provided, albeit offerings may vary according to local demand.

ING Bank believes Retail Banking has market-leading positions in The Netherlands, Belgium and Luxembourg; solid positions in Australia, Austria, France, Germany, Italy and Spain; competitive positions in Poland and Romania, and a promising position in Turkey, and through stakes in Bank of Beijing and TMB, in China and Thailand, respectively.

In the past few years, Retail Banking has been working towards converging its traditional banking model to a digital-first model to provide transparent products, consistent fair pricing and process excellence at low costs.

Commercial Banking

ING Bank views Commercial Banking as a European-centric network bank with global franchises in Industry Lending, Financial Markets, Cash Pooling and Trade Finance, having a goal to deliver a differentiating client experience. ING Bank is a relationship bank for clients around the world and serves a range of organisations, including multinational corporations, financial institutions, governments and supranational organisations, through an extensive network of offices in more than 40 countries. ING Bank provides a range of products and services to support its clients’ needs. ING Bank’s lending capabilities anchor most of its client relationships and its offering are enhanced through Transaction Services, such as International Payments & Cash Management, Trade Finance Services and Working Capital Solutions. Financial Markets, as ING Bank’s gateway to the professional markets of the world, services its clients from treasury through to capital markets, risk management and structured financial products.

ING Bank is investing in its business transformation programme to create a differentiating client experience. It is targeting continued growth in its client base and in Industry Lending and Transaction Services. In Challenger countries (Germany, Austria, Spain, Italy, France and Australia) it is expanding its asset generating capabilities to promote locally optimised balance sheets and broader franchises. See also “ING Bank Strategy” below.

INCORPORATION AND HISTORY

ING Bank was incorporated under Dutch law in The Netherlands on 12 November 1927 for an indefinite duration in the form of a public limited company as Nederlandsche Middenstandsbank N.V. (“NMB Bank”).

On 4 October 1989, NMB Bank merged with Postbank, the leading Dutch retail bank. The legal name of NMB Bank was changed into NMB Postbank Groep N.V. On 4 March 1991, NMB Postbank Groep N.V. merged with Nationale-Nederlanden N.V., the largest Dutch insurance group. On that date, the newly formed holding company Internationale Nederlanden Groep N.V. honoured its offer to exchange the shares of NMB Postbank Groep N.V. and of Nationale-Nederlanden N.V. NMB Postbank Groep N.V. and Nationale-Nederlanden N.V. continued as sub-holding companies of Internationale Nederlanden Groep N.V. An operational management structure ensured a close co-operation between the banking and insurance activities, strategically as well as commercially. The sub-holding companies remained legally separate. After interim changes of name, the statutory names of the above-mentioned companies were changed into ING Groep N.V., ING Bank N.V. and ING Verzekeringen N.V. on 1 December 1995.

In May 2009, ING announced that – in line with its April 2009 strategy announcement – it was taking measures to simplify its governance. These measures have been implemented. In October 2009, ING announced that it would move towards a separation of ING’s banking and insurance operations, clarifying the strategic direction for the bank and the insurance company going forward. This led to changes in the structure and composition of the respective Management Boards. ING Bank and NN Group (the European insurance operations of ING) now each have their own Management Board, consisting of the Group CEO, CFO and CRO and positions for four other members.

On 1 March 2014, NN Group N.V., formerly called ING Insurance Topholding N.V., merged with ING Verzekeringen N.V. As a result, the legal entity ING Verzekeringen N.V. ceased to exist and NN Group N.V. became the legal successor of ING Verzekeringen N.V.

The registered office of ING Bank N.V. is at Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands (telephone number: +31 20 563 9111). ING Bank N.V. is registered at the Chamber of Commerce of Amsterdam under no. 33031431 and its corporate seat is in Amsterdam, The Netherlands. The Articles of Association of ING Bank N.V. were last amended by notarial deed executed on 13 December 2013. According to Article 2 of its Articles of Association, the objects of ING Bank N.V. are to conduct the banking business in the broadest sense of the word, including insurance brokerage, to acquire, construct and operate immovable properties, and furthermore to participate in, conduct the management of, finance and furnish personal or real security for the obligations of, and provide services to, other enterprises and institutions of whatever kind, but in particular enterprises and institutions active in the credit business, investments and/or other financial services, as well as to perform all that which is related or may be conducive to the foregoing.

As a non-listed company, ING Bank N.V. is not bound by the Dutch Corporate Governance Code (the “Code”). ING Group, as the listed holding company of ING Bank N.V., is in compliance with the Code.

SUPERVISORY BOARD AND MANAGEMENT BOARD BANKING

ING Bank has a two-tier board system, consisting of a Supervisory Board and a Management Board Banking. All members of the Supervisory Board, with the exception of Eric Boyer de la Giroday, are independent within the meaning of the Code. Eric Boyer de la Giroday is not to be regarded as independent within the meaning of the Code because of his position as chairman of the Board of Directors of ING Belgium S.A./N.V. and his former positions as a member of the Executive Board of ING Group and vice-chairman of Management Board Banking of ING Bank N.V. The task of the Supervisory Board is to supervise the policy of the Management Board Banking and the general course of events at ING Bank and to assist the Management Board Banking by providing advice. The Management Board Banking is responsible for the daily management of ING Bank.

The composition of the Supervisory Board and the Management Board Banking is as follows:

- Supervisory Board: J. (Jeroen) van der Veer (chairman), J.C.L. (Joost) Kuiper (vice-chairman), E.F.C.B. (Eric) Boyer de la Giroday, H.W. (Henk) Breukink, C.W. (Carin) Gorter, H.J.M. (Hermann-Josef) Lamberti, I. (Isabel) Martín Castellá, Robert W.P. Reibestein and M. (Mariana) Gheorghe.

- Management Board Banking: R.A.J.G. (Ralph) Hamers (chairman), J.V. (Koos) Timmermans (vice-chairman), P.G. (Patrick) Flynn (CFO), R.M.M. (Roel) Louwhoff (COO), W.F. (Wilfred) Nagel (CRO), W.L.A. (Bill) Connelly and A. (Aris) Bogdaneris (commencing 1 June 2015).

At the 2013 Annual General Meeting, Ralph Hamers was appointed as a member of the Management Board Banking for a period of four years, ending after the 2017 Annual General Meeting. The Supervisory Board appointed Ralph Hamers as chairman of the Management Board Banking and chief executive officer as of 1 October 2013.

The business address of all members of the Supervisory Board and the Management Board Banking is: ING Bank N.V., Bijlmerplein 888 (Amsterdamse Poort), P.O. Box 1800, 1000 BV Amsterdam.

In order to avoid potential conflicts of interest, ING Bank N.V. has a policy that members of its Management Board Banking do not accept corporate directorships with listed companies outside ING.

Details of relationships that members of the Management Board Banking may have with ING Group subsidiaries as ordinary, private individuals are not reported.

There are no potential conflicts of interest between any duties owed by the members of the Supervisory Board or the Management Board Banking to ING Bank N.V. and any private interests or other duties which such persons may have.

Listed below are the most relevant ancillary positions performed by members of the Supervisory Board outside ING.

Veer, J. van der

Chairman of the Supervisory Board of Koninklijke Philips Electronics (listed company), The Netherlands.

Member of the Supervisory Board of Het Concertgebouw N.V., The Netherlands.

Chairman of the Supervisory Council of of the Technical University of Delft, The Netherlands.

Kuiper, J.C.L.

Chairman of the Supervisory Board of IMC B.V, The Netherlands.

Chairman of the Board of Stichting Administratiekantoor Koninklijke Brill, The Netherlands.

Boyer de la Giroday, E.F.C.B.

Chairman of the Board of Directors ING Belgium S.A./N.V, Belgium.

Breukink, H.W.

Chairman of the Supervisory Board of NSI N.V. (real estate fund) (listed company), The Netherlands.

Non-executive director of Brink Groep B.V., The Netherlands.

Chairman of the Supervisory Board of Inholland University, The Netherlands.

Martín Castellá, I.

Honary Vice-President of the European Investment Bank, Luxembourg.

Gorter, C.W.

Member of the Supervisory Board Cooperation of VGZ UA and Cooperation TVM U.A., The Netherlands.

Member of the Supervisory Council CBR (driving licence agency), The Netherlands.

Lamberti, H-J.M.

Member of the Board of Airbus Group N.V. (formerly European Aeronautic

Defense and Space Company N.V.), The Netherlands.

Member of the Supervisory Board Open-Xchange AG, Germany.

Reibestein, R.W.P.

Member of the Supervisory Board of IMC B.V., The Netherlands.

Member of the Supervisory Board of Stichting World Wildlife Fund, The Netherlands.

Vice-chairman of VVD (political party), The Netherlands.

Gheorge, M.

Chief Executive Officer of OMV Petrom S.A., Romania

Chairwoman of the Supervisory Board of OMV Petrom Marketing SRL, Romania

Chairwoman of the Supervisory Board of OMV Petrom Gas SRL, Romania

Chairwoman of the Supervisory Board of OMV Petrom Global Solutions SRL, Romania

Member of the Board of Directors in de Foreign Investors Council (FIC), Romania

Vice-President Aspen Institute, Romania

President of the Institute for Corporate Governance (ICG), Romania

Member of the World Energy Council (WEC), Romania

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has five standing committees: the Audit Committee, the Risk Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee.

The organisation, powers and conduct of the Supervisory Board are detailed in the Supervisory Board Charter. Separate charters have been drawn up for the Audit Committee, the Risk Committee, the

Remuneration Committee, the Nomination Committee and the Corporate Governance Committee. These charters are available on the website of ING Group (www.ing.com) (but are not incorporated by reference in, and do not form part of, this Registration Document). A short description of the duties for the five Committees follows below.

The Audit Committee assists the Supervisory Board in monitoring the integrity of the financial statements of ING Bank, in monitoring the compliance with legal and regulatory requirements and in monitoring the independence and performance of ING Bank's internal and external auditors. The current members of the Audit Committee are: Hermann-Josef Lamberti (chairman), Eric Boyer de la Giroday, Isabel Martín Castellá, Carin Gorter and Robert Reibestein. The Supervisory Board has determined that Carin Gorter, in succession to Joost Kuiper, is a financial expert as referred to in the Corporate Governance Code, due to her relevant knowledge and experience.

The Risk Committee assists and advises the Supervisory Board in monitoring the risk profile of ING as a whole as well as the structure and operation of the internal risk management and control systems. The current members of the Risk Committee are: Robert Reibestein (chairman), Eric Boyer de la Giroday, Carin Gorter, Hermann-Josef Lamberti and Jeroen van der Veer.

The Remuneration Committee advises the Supervisory Board, among other things, on the terms and conditions of employment (including remuneration) of the members of the Management Board Banking and on the policies and general principles on which the terms and conditions of employment of the members of the Management Board Banking and of senior managers of ING Bank and its subsidiaries are based. The current members of the Remuneration Committee are: Joost Kuiper (chairman), Henk Breukink and Jeroen van der Veer.

The Nomination Committee advises the Supervisory Board, among other things, on the composition of the Supervisory Board and Management Board Banking. The current members of the Nomination Committee are: Jeroen van der Veer (chairman), Henk Breukink, Isabel Martín Castellá and Joost Kuiper.

The Corporate Governance Committee assists the Supervisory Board in monitoring and evaluating the corporate governance of ING Bank as a whole and the reporting thereon in the annual report and to the General Meeting, and advises the Supervisory Board on improvements.

FIVE-YEAR KEY CONSOLIDATED FIGURES FOR ING BANK N.V. (1)

	2014	2013	2012	2011	2010
			(EUR millions)		
Balance sheet(2)					
Total assets	**828,602**	787,566	834,322	961,603	933,073
Total equity	**38,686**	33,760	35,807	35,498	35,069
Deposits and funds borrowed(3)	**640,243**	624,274	633,683	682,523	717,222
Loans and advances	**518,119**	508,329	541,527	577,569	587,448
Results(4)					
Total income	**15,674**	15,327	16,298	17,195	17,901
Operating expenses	**10,225**	8,805	9,630	10,239	10,167
Additions to loan loss provisions	**1,594**	2,289	2,125	1,670	1,751
Result before tax	**3,855**	4,233	4,543	5,286	5,983
Taxation	**1,032**	1,080	1,171	1,215	1,408
Net result (before minority interests)	**2,823**	3,153	3,372	4,071	4,575

	2014	2013	2012	2011	2010
			(EUR millions)		
Attributable to Shareholders of the parent.....	**2,744**	3,063	3,281	3,993	4,495
Ratios (in %)					
BIS ratio(5)	**15.52**	16.46	16.96	14.26	15.30
Tier 1 ratio(6)	**12.51**	13.53	14.40	11.69	12.25

Notes:

(1) These figures have been derived from the audited annual accounts of ING Bank N.V. in respect of the financial years ended 31 December 2010 to 2014, respectively, provided that certain figures in respect of the financial years ended 31 December 2010 to 2013, respectively, have been restated to reflect changes in accounting policies in 2014. See for further details page 26 of the Annual Report ING Bank N.V.

(2) At 31 December.

(3) Figures including Banks and Debt securities.

(4) For the year ended 31 December.

(5) BIS ratio = BIS capital as a percentage of Risk Weighted Assets. Note: As of 2014, these Risk Weighted Assets are based on Basel III, until year-end 2013 based on Basel II.

(6) Tier 1 ratio = Available Tier 1 capital as a percentage of Risk Weighted Assets. Note: As of 2014, these Risk Weighted Assets are based on Basel III, until year-end 2013 based on Basel II.

SHARE CAPITAL AND PREFERENCE SHARES

The authorised share capital of ING Bank N.V. amounted to EUR 1,808 million at 31 December 2014, consisting of 1,600 million ordinary shares with a nominal value of EUR 1.13 each and 50 preference shares, with a nominal value of EUR 1.13 each. The issued and paid-up capital amounted to EUR 525 million, consisting of 465 million ordinary shares and seven preference shares at 31 December 2014.

SIGNIFICANT DEVELOPMENTS IN 2014

Important changes in market and regulatory context

Macroeconomic developments in 2014

In 2014, the development trajectories of the US and the UK on the one hand, and Europe on the other, diverged. The US economy continued to grow steadily and the Federal Reserve (Fed) was able to end part of its unconventional monetary policies, the monthly buying of securities (i.e. quantitative easing). For investors worldwide, one question dominated the picture in the second half of the year: when would the Fed start raising rates? This is expected sometime in 2015. The UK also saw healthy economic growth with interest rate increases expected there in 2015 as well.

Meanwhile in the eurozone, the recovery remained weak, unstable and uneven. Persistently low inflation (averaging 0.4 percent in 2014) and worries about imminent deflation prompted the European Central Bank (ECB) to take a series of unconventional measures. The main refinancing rate was lowered to 0.05 percent in 2014, while the interest rate on deposits held by banks at the ECB moved into negative territory, to -0.2 percent. The ECB implemented conditional long-term refinance operations and announced purchase programmes for covered bonds and asset-backed securities.

The Dutch economy, with its housing market stabilised and domestic demand no longer acting as a drag on growth, performed slightly better than the eurozone average.

Meanwhile the Italian recession continued. The French economy underperformed while the German economy decelerated as the loss of momentum in emerging markets, ongoing tensions in eastern Ukraine and sanctions imposed on and by Russia affected exports. A weakening euro during 2014 was one positive for European exports.

With the European economic recovery still distinctly lacklustre, the last quarter of 2014 saw the ECB repeatedly allude to possible additional measures in 2015. Quantitative easing was subsequently announced in January 2015.

Financial markets rallied for most of 2014, with US stock markets reaching record highs. Yields on US Treasury bonds moved with changing expectations for the timing of future Fed interest hikes. European stock markets followed the US upwards, although as the year progressed the effects of the crisis in Ukraine and the weakness of the European recovery started to weigh more on markets. European bond yields fell and spreads between European sovereigns decreased in line with ECB policy.

Progress on regulatory initiatives that are most relevant to ING

November 2014, saw the start of the Single Supervisory Mechanism (SSM). The ECB took over responsibility for the supervision of the major European banks. The ECB had already prepared the ground with a comprehensive assessment of all supervised banks to test the stability of the financial system in stressed conditions.

In 2014, agreement was also reached on the Single Resolution Mechanism (SRM) consisting of a Single Resolution Board (SRB) and a Single Resolution Fund (SRF). The SRM will apply to banks covered by the SSM to ensure an orderly resolution of failing banks within the eurozone.

The Capital Requirements Directive IV (CRD IV) came into force on 1 January 2014. This, and later refinements, implemented European regulation on capital, liquidity and other aspects such as remuneration. Broadly speaking, CRD IV is an essential step towards a single rule book in the European Union.

The Bank Recovery and Resolution Directive (BRRD) also came into effect in 2014. This requires European banks and authorities to put recovery and resolution plans in place and mandates the establishment of national resolution funds to be financed by banks.

In 2014, EU agreement was reached regarding a revision of the Deposit Guarantee Scheme (DGS) directive. EU Member States are obliged to build up ex-ante deposit guarantee funds of an (in principle) minimum target size of 0.8 percent of covered deposits in 10 years. Banks' contributions will be risk based taking into account EBA guidance. The DGS directive will be applicable as of 2015 and ING will start to contribute to the Dutch DGS fund as of mid-2015.

Further, there have been various regulatory developments that impact ING's product offerings and therefore its customers directly, currently or in future years. Other important reforms in this regard seek to enhance an efficient and competitive internal market for consumers by removing barriers to cross-border activity and promoting a level playing field between providers, e.g. the European Mortgages Credit Directive. Besides this, the improvement of the European payments market also remains an important objective, and is addressed by the Payments Services Directive II.

Finally, the Dutch Parliament has approved the introduction of the Banker's Oath, a set of principles that reconfirms the industry's commitment to ethical behaviour. From 1 January 2015, it includes a disciplinary sanction mechanism for all Netherlands-based employees. Oath taking has been a requirement already for Members of the Executive and Supervisory Boards since 1 January 2013. The adopted legislation extends this to all internal and external employees working in The Netherlands who have a contract of employment with ING.

SIGNIFICANT DEVELOPMENTS IN 2015

Divestments in 2015

In late November 2014, ING Vysya Bank and Kotak Mahindra Bank announced their intention to merge their respective businesses. Based on Vysya's book value as per 30 September 2014, the proposed transaction was estimated to result in a pro-forma net profit for ING of approximately EUR 150 million to be booked at closing, and a limited positive impact on ING Bank's common equity Tier 1 ratio.

On 31 March 2015 the Reserve Bank of India approved this transaction with effect from 1 April 2015 and on 7 April 2015 ING announced that the merger between ING Vysya Bank (Vysya) and Kotak Mahindra Bank (Kotak) had been completed.

Based on Vysya's book value as per 31 December 2014, the gain on this transaction for ING will be approximately EUR 450 million. The majority of this will be reflected in the net profit for ING in the second quarter of 2015. The increase in net profit compared to the earlier announced EUR 150 million net profit is a result of the increase in the share price of Kotak since the date the transaction was announced, as well as positive currency impact.

ING was the largest shareholder in Vysya with a shareholding at the time of announcement of the merger of 42.7%. Under the terms of the transaction as announced on 20 November 2014, shareholders of Vysya received 0.725 shares in Kotak for each Vysya share. ING will hold a stake of 6.5 % in the combined company, which will operate under the Kotak brand. ING's holding in the combined company will be subject to a 1 year lock-up period from the completion of the transaction.

Additional Tier 1 securities

On 9 April 2015, ING announced it would issue USD 2.25 billion securities in the form of Perpetual Additional Tier 1 Contingent Convertible Capital Securities qualifying as Additional Tier 1 capital under CRD IV / CRR to further strengthen ING's capital base. The securities are subject to full conversion into ordinary shares of ING Group in the event ING Group's phased-in CET 1 ratio falls below 7.0%. The settlement of the securities occurred on 16 April 2015 and the proceeds of the issue were on-lent to ING Bank N.V. with the intention that the loan qualifies as Additional Tier 1 capital under CRD IV / CRR to further strengthen ING Bank's capital base.

DUTCH STATE AID REPAID

The Dutch State has been repaid in full. In November 2008, ING received EUR 10 billion in aid from the Dutch State in the form of core Tier 1 securities. In 2009, ING started repaying the Dutch State and made the final payment on 7 November 2014. This was achieved six months ahead of the repayment schedule agreed with the European Commission in 2012.

Total payments on this aid package amount to EUR 13.5 billion, resulting in an annualised return of 12.7 percent for the Dutch State.

In 2009, ING and the Dutch State agreed to transfer/sell a portfolio of US mortgage securities. The agreement to unwind this facility, also known as the Illiquid Assets Back-up Facility (IABF), was completed at the end of 2013. The actual unwinding took place and was completed early 2014, when the Dutch State sold the remaining securities in the market. This generated a EUR 1.4 billion cash profit for the Dutch State.

Finally, the remaining Government Guaranteed Notes still outstanding in 2014 were all redeemed. Over the years, ING has paid EUR 0.4 billion to the Dutch State to benefit from this scheme.

DELIVERING ON RESTRUCTURING

ING has largely completed its restructuring. ING has been on a journey since late 2008 to radically simplify its operations. In 2009, a restructuring programme that met the European Commission's requirements was agreed. In successive years ING has put that restructuring programme into effect with only a few steps remaining. ING has conducted over 50 divestment transactions over a five-year period. The total transaction value would reach around EUR 40 billion, if the market value of ING's remaining stake in NN Group as it was at year-end 2014 is included. ING believes these divestment transactions have left the company stronger, simpler and more sustainable.

In July 2014, NN Group N.V., ING's European/Japanese insurance business, became listed on the Euronext Amsterdam stock exchange. Through the listing, ING's stake in NN Group was reduced to 68.1 percent, which remained ING's ownership position at the end of 2014. In February 2015, ING's stake was reduced to 54.6 percent. This is required to fall to less than 50 percent and to be deconsolidated in 2015, and to reach zero in 2016.

ING had also reduced its stake in Voya, its former American insurance business. ING was required to fully divest its Voya holding by 2016. At year-end 2013 its stake was 57 percent, at year-end 2014 this had been reduced to approximately 19 percent. In March 2015, ING completed the divestment of Voya shares.

Some commitments remain

ING is executing the Restructuring Plan as agreed with the European Commission and met key milestones in 2014. Only limited commitments remain outstanding. These include:

● **Divestments**

ING plans to divest its remaining stake in NN Group in line with agreed timelines and expects that this divestment will also realise two further commitments:

1. To reduce ING's balance sheet by approximately 45 percent 'pro rata' – excluding growth of the balance sheet of existing business in the meantime (compared to Q3 2008).

2. To eliminate its Group debt. At year-end 2014 this stood at EUR 1.5 billion (2013: EUR 4.9 billion). The combined market value of its remaining stakes in NN Group and Voya (EUR 7.5 billion at year-end 2014), the latter of which is now fully divested should facilitate the elimination of its outstanding Group debt.

● **NN Bank**

ING committed to create NN Bank as part of NN Group as a viable, standalone and competitive business. This project is underway.

● **Acquisition and price leadership**

ING agreed not to acquire (parts of) financial companies until 18 November 2015 or the deconsolidation of NN Group, whichever comes first. These deadlines also apply to the price leadership ban, which means that ING agreed not to be a price leader on standardised products in certain markets.

ING BANK STRATEGY

ING's purpose

On 31 March 2014, ING articulated its newly defined purpose and the Think Forward strategy. The purpose is defined as: 'empowering people to stay a step ahead in life and in business'.

Driving sustainable progress

At the beginning of 2014, as ING entered the final stage of the restructuring, it was time to put more focus on placing the customer at the heart of everything it does.

In a fast-changing and ever-digitising world, customer behaviour and customer needs are continuously changing, and ING Bank needed a clear sense of purpose and direction guiding how to serve its customers best.

Many of ING Bank's customers are self-directed. They expect solid support from their banking partner, but want to make their own decisions.

ING Bank seeks to empower people and organisations to realise their own vision for a better future in life and in business.

ING Bank believes that the ultimate purpose of a financial institution is to support and stimulate economic, social and environmental progress leading to a better quality of life for people in society. ING Bank doesn't just want to mitigate harm and do good; it also wants to drive progress. ING Bank believes all sustainable progress is driven by people with the imagination and determination to improve their future and the future of those around them. Facilitating economic growth by playing its role as a bank should go hand in hand with social progress and environmental preservation or else ING Bank's results cannot be sustained in the long term. One of the ways in which ING Bank strives to accelerate the transition to a more sustainable economy is by backing ambitious and responsible entrepreneurs and companies. ING Bank also believes that doing so will create a higher quality asset portfolio in the long term; and that the more successful it is in accomplishing its mission, the more society at large will benefit.

Lending capabilities

ING Bank is currently in the position of being able to fund its assets from its deposits to a large extent. ING Bank believes it has strong savings gathering and lending capabilities, and made considerable progress through balance sheet optimisation, but savings and lending are not evenly distributed across its business units. Broadening its lending capabilities to match deposit franchises will help ING Bank to build stronger, more sustainable local businesses. ING Bank is aiming for continued growth in net lending. ING Bank strives to diversify its asset base as it continues to grow client franchises. ING Bank has identified specific opportunities in retail banking, such as consumer finance and SME lending. At Commercial Banking, ING Bank is growing its capabilities in Industry Lending, Working Capital Solutions and Trade Finance Services. Management believes Structured Finance has achieved a top-10 position globally. ING Bank aims to increase lending to SMEs. The SME and selfemployed segments have a natural affinity with ING Bank's main Retail Banking segment – self-directed customers. ING Bank also plans to grow its asset portfolio in consumer lending, a segment where ING Bank has been underrepresented in the past. To facilitate this process, ING Bank appointed a head of Consumer and SME lending in July 2014, with overall responsibility for steering commercial strategy and business development. Net lending increased by 3 percent in 2014. In ING Bank's Ambition 2017 programme, as announced on 31 May 2014, it aims for an approximate 4 percent annual increase in net lending.

Building on its strengths ING Bank believes it is currently well positioned to be successful in the coming years. ING Bank believes it has strong deposit-gathering capabilities across Europe, a significant position in European digital banking and a successful commercial bank. These strategic strengths are supported by a disciplined and rigorous approach to managing costs, risk and capital resources. ING Bank believes the strength of its balance sheet attests to the quality of its risk management. ING Bank has consistently demonstrated its ability to generate capital and now has a limited requirement for professional funding. Internationally, ING Bank's commercial banking network is active in over 40 countries. ING Bank operates a mix of mature and growth businesses worldwide, which it believes provides both earnings stability and significant upside potential.

Strategy update

On 31 March 2014, ING Bank articulated its new strategy to analysts, investors, the media and employees at an Investor Day in Amsterdam, The Netherlands.

Geographic profile

ING Bank has defined three categories of markets in which it intends to compete: Market Leaders, Challengers and Growth markets. ING Bank's aim is to become the primary bank for more customers in these markets through growing the share of payment accounts in Retail Banking and with anchor products, such as lending and transaction services, in Commercial Banking.

Market Leaders are the Benelux countries (Netherlands, Belgium and Luxembourg) where ING Bank currently has leading market positions in retail banking and commercial banking. In the Benelux countries ING Bank's strategy is to grow in selected segments, continue to develop towards a direct-first model, invest in digital leadership and deliver on operational excellence programmes.

In markets classified as Challengers (Germany, Austria, Spain, Italy, France and Australia) ING Bank strives to strengthen its market position. ING Bank's business units offer both retail and commercial banking services. ING Bank's retail activities are mainly direct banking services delivered online which provide a cost advantage over traditional banks. ING Bank plans to invest in its Challenger markets to use its strong savings franchises and expand into payments accounts to build primary banking relationships with customers. ING Bank seeks to use its direct banking expertise to grow its lending business at low cost in areas like consumer lending and lending to SMEs. ING Bank will also seek to grow its corporate client base and develop capabilities in Industry Lending and Transaction Services in most of these countries.

Growth markets are where ING Bank offers a full range of retail banking and commercial banking services in what it believes to be strongly expanding economies that offer good growth opportunities. ING Bank's Growth markets are Poland, Turkey, Romania and its business units in Asia.

CORPORATE ORGANISATION

ING Bank N.V. has a Supervisory Board and a Management Board Banking. The Management Board Banking is responsible for the day-to-day management of ING Bank and its business lines Retail Banking and Commercial Banking. See "Supervisory Board and Management Board Banking" above.

The Management Board Banking sets the performance targets and approves and monitors the budgets prepared by the business lines. Business lines formulate strategic, commercial and financial policy in conformity with the strategic and performance targets set by the Management Board Banking.

Retail Banking

Retail Banking provides banking services to individuals, SMEs and mid-corporates in Europe, Asia and Australia. A full range of products and services is provided, albeit offerings may vary according to local demand.

For more on Retail Banking, please refer to the general description (starting on page 32).

Commercial Banking

ING Bank views Commercial Banking as a European-centric network bank with global franchises in Industry Lending, Financial Markets, Cash Pooling and Trade Finance, having a goal to deliver a differentiating client experience.For more on Commercial Banking, please refer to the general description (on pages 32 and 33).

Industry Lending

Industry Lending supports clients in selected industries, leading with sector specialised lending, creating relationships for clients to be introduced to all its services, and creating high-quality loan assets which redeploy customer deposits. Its activities are grouped as Structured Finance and Real Estate Finance.

Structured Finance is a traditional lending business based on specialised industry knowledge. It is a mature business built over more than 20 years and ING Bank believes that Structured Finance has achieved a top-10 position globally. The loan portfolio is well diversified across sectors and geography. Structured Finance is split into three subsectors: the Energy, Transport and Infrastructure Group (ETIG), International Trade and Export Finance (ITEF) and Specialised Financing Group (SFG).

Real Estate Finance's (REF) primary activity is lending to investors in income-producing real estate backed by first mortgages.

General Lending and Transaction Services

Many of ING Bank's relationships with corporate clients are anchored through its General Lending capabilities. The challenge in this area is maintaining margins and volumes within its established risk appetite while competition intensifies. This is particularly true in markets where large domestic competitor banks are actively protecting their core franchises. Management believes that ING Bank maintained its position as market leader in the Benelux and number one bookrunner in the syndicated loan market in Central Eastern Europe, and that, within the overall European syndicated loan market, its strong focus on client relationships and its broad European network footprint helped ING Bank maintain a top-10 bookrunner position.

ING Bank has been investing to grow its capabilities in selected areas in Transaction Services (TS), across International Payments & Cash Management, Trade Finance Services (TFS), Working Capital Solutions (WCS) and also Bank Mendes Gans (BMG). ING Bank seeks to support its clients' core processes and daily financial operations through tailor-made, integrated solutions and advice. These activities require a strong focus on operational processing. ING Bank is developing its business platforms by deploying new technologies and through increased standardisation across borders, products and services. TFS finances, settles and mitigates risks of international trade for clients in all markets globally, but primarily in Asia, Central and Eastern Europe, Latin America, Africa and the Middle East. WCS combines ING Bank's Supply Chain Finance and Trade Receivables activities. It is a growth area for Commercial Banking, offering substantial opportunities for ING Bank's clients to achieve efficiency benefits. From the bank's perspective, the underlying short-term and capital-efficient nature of this asset class makes it an attractive area for us to expand its activities. Management believes that BMG is a market-leading provider of specialist liquidity management solutions, including global cash-pooling and netting to multinational corporations.

Financial Markets

Financial Markets (FM) is a well-diversified business exposed to developed markets and fast-growing economies and focused on rates and currencies more than credit. FM is a client-driven business franchise. It aims to service ING Bank's institutional, corporate and retail clients with relevant financial markets products. Through FM, ING Bank provides its clients with a gateway to global institutional markets. ING Bank offers the full range of services, from treasury through to capital markets, risk management and structured financial products across four main business lines of Emerging Markets, Developed Markets, Global Equity Products, and Global Capital Markets. ING Bank aims to be a leading market player in its home markets, maintain a presence in all major international markets and offer specialist expertise in selected emerging markets and products.

Real Estate and Other

Real Estate & Other (RE&O) manages the run-off and closure of non-core activities, consisting of the residual assets of the legacy businesses sold or discontinued within the former Real Estate Development and Real Estate Investment Management operations. It also includes General Lease operations outside ING Bank's home markets which have been placed in run-off.

REGULATION AND SUPERVISION

European Regulatory framework

In November 2014, the European Central Bank (ECB) assumed responsibility for a significant part of the prudential supervision of euro area banking groups in the Eurozone, including ING Bank. Now that the ECB has assumed responsibility for the supervision of the banking groups in the Eurozone, it has become ING Bank's main supervisor. The ECB is amongst others responsible for tasks such as market access, compliance with capital and liquidity requirements and governance arrangements. National regulators remain responsible for supervision of tasks that have not been transferred to the ECB such as financial crime and payment supervision.

Dutch Regulatory Framework

The Dutch regulatory system for financial supervision consists of prudential supervision – monitoring the soundness of financial institutions and the financial sector, and conduct-of-business supervision – regulating institutions' conduct in the markets. As far as prudential supervision has not been transferred to the ECB, it is exercised by the DNB, while conduct-of-business supervision is performed by the AFM. DNB is in the lead with regard to macroprudential supervision. However, the ECB can set higher macroprudential obligations than proposed by DNB.

Global Regulatory Environment

There are a variety of proposals that could impact ING Bank globally, in particular those made by the Financial Stability Board and the Basel Committee on Banking Supervision at the transnational level, Dodd-Frank in the United States and an expanding series of supranational directives and national legislation in the European Union. The aggregated impact and possible interaction of all of these proposals are hard to determine, and it may be difficult to reconcile them where they are not aligned. The financial industry has also taken initiatives by means of guidelines and self-regulatory initiatives. Examples of these initiatives are the Dutch Banking Code as established by the Dutch Bankers' Association, which details a set of principles on corporate governance, risk management, audit and remuneration that Dutch banks have to apply on a comply-or-explain basis. Elements of these initiatives may subsequently be incorporated into legislation, as was the case with the "Banker's oath" and remuneration principles from the Dutch Banking Code. The aforementioned "Banker's oath" is a mandatory oath for executive and supervisory board members of financial institutions licensed in The Netherlands, which the Dutch government has introduced, effective per 1 January 2013. In this oath, the Executive and Supervisory Board members of the relevant ING Bank entities licensed in The Netherlands, declare that they (i) will perform their duties with integrity and care (ii) will carefully consider all the interests involved in the company, i.e. those of the customers, the shareholders, the employees and the society in which the company operates, (iii) in that consideration, will give paramount importance to the client's interests and inform the customer to the best of their ability, (iv) will comply with the laws, regulations and codes of conduct applicable to them, (v) will observe secrecy in respect of matters entrusted to them, (vi) will not abuse their knowledge, (vii) will act in an open and assessable manner and know their responsibility towards society and (viii) will endeavour to maintain and promote confidence in the financial sector. As of April 2015, direct reports to Executive and Supervisory Board members of the relevant ING Bank entities licensed in The Netherlands as well as all other ING employees within The Netherlands will also have to take the oath. To enforce the oath, non-compliance can be sanctioned by a special disciplinary court. Moreover, if Executive and Supervisory Board members of the relevant ING Bank entities licensed in The Netherlands break the oath, the supervisory authority (DNB/AFM) can decide to reassess their suitability. Work has also been done on many other topics including deposit guarantee schemes and cross border crisis and resolution management. The latter discussion could have a significant impact on business models and capital structure of financial groups.

In recent years, significant changes have been made to the supervisory structure within the European Union and to various capital and liquidity standards. Also, regarding topics such as remuneration, various national and international bodies have issued guidelines that need implementation. In December 2012, EU leaders agreed on setting up a Single Supervisory Mechanism ("SSM"), a mechanism composed of national competent authorities and the European Central Bank ("ECB"), as part of the prospective EU banking union. In the SSM, the ECB will assume direct responsibility for a significant part of the prudential supervision of ING Bank. The SSM came into effect on 4 November 2014 and is designed for countries within the Eurozone, with the possibility of non-Eurozone member states to participate by means of close cooperation. Given the recent start, the exact impact on ING Bank cannot be assessed yet, However, it is expected that the SSM will have a significant impact on the way ING Bank's banking operations are supervised in Europe.

The ING Bank FEC Policy provides a clear statement of what is required by all ING Bank entities, in order to guard against any involvement in criminal activity, and to participate in international efforts to combat money laundering and the funding of terrorist and criminal activities. The requirements in the ING Bank FEC Policy cover minimum standards and controls related to: money laundering, terrorist financing, export trade controls, proliferation financing, sanctions (economic, financial and trade) and countries designated by ING Bank as Ultra High Risk Countries (UHRC). The effectiveness of those controls is reviewed periodically.

The ING Bank FEC Policy directly reflects relevant national and international laws, regulations and industry standards. The ING Bank FEC Policy is mandatory and applies to all ING banking entities, majority owned ING business, businesses under management control, staff departments, product lines and to all client engagements and transactions.

Management of ING Bank entities maintain appropriate local procedures that enable them to comply with local laws, regulations and the relevant ING Bank FEC Policy. Where local laws and regulations are more stringent, the local laws and regulations are applied. Likewise the FEC Policy prevails when the standards therein are stricter than stipulated in local laws and regulations and if not specifically forbidden (data privacy or bank secrecy).

As a result of frequent evaluation of all businesses from economic, strategic and risk perspectives ING Bank continues to believe that for business reasons doing business involving certain specified countries should be discontinued. In that respect, ING has a policy not to enter into new relationships with clients from these countries and processes remain in place to discontinue existing relationships involving these countries. At present these countries are North Korea, Sudan, Syria, Iran and Cuba. Each of these countries is subject to a variety of EU, US and other sanctions regimes. Cuba, Iran, Sudan, and Syria are identified by the US as state sponsors of terrorism and are subject to U.S. economic sanctions and export controls.

Within ING Bank the so-called Sanctions Risk Assessment (SRA) procedure has been developed and implemented within Lending Services. With this procedure all transactions within Lending Services go through a Transaction Due Diligence process in a standardized manner. The outcome of the SRA determines the level of contractual language that is being included in the deal documentation. The SRA takes into consideration the direct and indirect nexus a customer/deal has towards certain countries and sectors. A further roll-out into other business areas of ING is in progress.

Mid 2014 both the US and the EU announced Ukraine-related sanctions. Those sanctions restrict amongst others the dealing in specific (financial) products with certain named parties. Management of ING Bank entities use their existing control framework to ensure compliance with these sanctions.

Dodd-Frank Act

The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), which became law on 21 July 2010, represented a significant overhaul in the regulation of U.S. financial institutions and markets. Currently, the primary impact on ING Bank is through the establishment of a regulatory regime for the off-exchange derivatives market, pursuant to Title VII of the Dodd-Frank Act.

Among other things, the regulation of the U.S. derivatives market required swap dealers to register with the Commodity Futures Trading Commission (the "CFTC", the primary swaps regulator in the U.S.) as 'swap dealers' or 'major swap participants' and be subject to CFTC regulation and oversight. The ING subsidiary, ING Capital Markets LLC, is registered as a swap dealer. As a registered entity, it is subject to business conduct, record-keeping and reporting requirements, as well as capital and margin requirements. In addition to the obligations imposed on registrants, such as swap dealers, reporting, clearing, and on-facility trading requirements have been imposed for much of the off-exchange derivatives market. It is possible that registration, execution, clearing and compliance requirements will increase the costs of and restrict participation in the derivative markets. These rules (as well as further regulations, some of which are not yet final) could therefore restrict trading activity, reducing trading opportunities and market liquidity, potentially increasing the cost of hedging transactions and the volatility of the relevant markets. This could adversely affect the business of ING in these markets.

The Dodd-Frank also impacts U.S. banks and non-U.S. banks with branches or agencies in the United States. The primary impacts are through the Volcker Rule and Section 165 of the Dodd-Frank Act.

The Volcker Rule, being rolled out over the forthcoming years, imposes limitation on U.S. banks, the U.S. branches of non-U.S. banks, and the affiliates of either, on proprietary trading and investing in hedge funds and private equity funds.

Among other things, Section 165 of the Dodd-Frank Act imposes capital, liquidity, stress-testing, and risk management requirements on most U.S. banking and non-banking operations of non-U.S. banking organizations with U.S. branches or agencies. Those with U.S. non-banking assets of $50 billion or more also must establish an intermediate holding company as the top-level holding company for the organization's U.S. non-banking entities.

The Dodd-Frank Act also created a new agency, the Financial Stability Oversight Council ("FSOC"), an inter-agency body that is responsible for monitoring the activities of the U.S. financial system, designating systemically significant financial services firms and recommending a framework for substantially increased regulation of such firms, including systemically important nonbank financial companies that could consist of securities firms, insurance companies and other providers of financial services, including non-U.S. companies. The consequences of being designated a systemically important non-bank financial company could be significant, including having subsidiaries supervised by the Federal Reserve Board, and being subject to heightened prudential standards, including minimum capital requirements, liquidity standards, short-term debt limits, credit exposure requirements, management interlock prohibitions, maintenance of resolution plans, stress testing, and other restrictions. ING or any part thereof (such as its U.S. operations) has not been designated a systemically significant non-bank financial company by the FSOC and such a designation, particularly in light of ING's full disposal of Voya, is currently deemed unlikely.

The Dodd-Frank Act also imposes a number of other requirements, some of which may have a material impact on ING Bank's operations and results.

Basel II, Basel III and European Union Standards as currently applied by ING Bank

DNB, ING Bank's home supervisor until the ECB took over that position in November 2014, has given ING Bank permission to use the most sophisticated approaches for solvency reporting under the Financial Supervision Act, the Dutch legislation reflecting the Basel II Framework. DNB has shared information with host regulators of relevant jurisdictions to come to a joint decision. In all jurisdictions where the bank operates through a separate legal entity, ING Bank must meet local Basel requirements as well.

ING Bank uses the Advanced IRB Approach for credit risk, an internal VaR model for its trading book exposures and the Advanced Measurement Approach for operational risk. A Basel I regulatory floor of 90% has been applicable in 2008. As of 2009 the Basel I floor is based on 80% of Basel I RWA. A small number of portfolios are still reported under the Standardized Approach.

In December 2010, the Basel Committee on Banking Supervision announced higher global minimum capital standards for banks, and has introduced a new global liquidity standard and a new leverage ratio. The Committee's package of reforms, collectively referred to as the “Basel III” rules, among other requirements, increases the amount of common equity required to be held by subject banking institutions, prescribes the amount of liquid assets and the long term funding a subject banking institution must hold at any given moment, and limits leverage. Banks will be required to hold a “capital conservation buffer” to withstand future periods of stress such that the total Tier 1 common equity ratio, when fully phased in on 1 January 2019, will rise to 7%. Basel III also introduces a “countercyclical buffer” as an extension of the capital conservation buffer, which permits national regulators to require banks to hold more capital during periods of high credit growth (to strengthen capital reserves and moderate the debt markets). Further, Basel III will strengthen the definition of capital that will have the effect of disqualifying many hybrid securities, potentially including those issued by the ING Group, from inclusion in regulatory capital, as well as the higher capital requirements (for example, for credit value adjustments (“CVAs”) and illiquid collateral) as part of a number of reforms to the Basel II framework. In addition, the Basel Committee and Financial Stability Board (“FSB”) published measures that would have the effect of requiring higher loss absorbency capacity, liquidity surcharges, exposure limits and special resolution regimes for, and instituting more intensive and effective supervision of, “systemically important financial institutions” (“SIFIs”), in addition to the Basel III requirements otherwise applicable to most financial institutions. The implementation of these measures began in 2012 and full implementation is targeted for 2019. ING Bank has been designated by the Basel Committee and FSB as a so-called “Global SIFI” (“G-SIFI”), in November 2011 and November 2012, and by DNB and the Dutch Ministry of Finance as a “domestic SIFI” (“D-SIFI”) in November 2011.

For European banks the Basel III requirements have been implemented through the Capital Requirement Directive (“CRD IV”). The Dutch CRD IV Implementation Act has led to significant changes in the Dutch prudential law provisions, most notably with regard to higher capital and liquidity requirements for all banks. The CRD IV regime entered into effect in August 2014 in The Netherlands, but not all requirements are to be implemented all at once. Starting in 2014, the requirements will be gradually tightened until the Basel III migration process is completed in 2022. While the full impact of the new Basel III rules, and any additional requirements for SIFIs or G-SIFIs if and as applicable to ING Group, will depend on how they are implemented by national regulators, including the extent to which such regulators and supervisors can set more stringent limits and additional capital requirements or surcharges, as well as on the economic and financial environment at the time of implementation and beyond, ING Bank expects these rules can have a material impact on ING Bank’s operations and financial condition and may require ING Group to seek additional capital.

ING Bank files consolidated quarterly and annual reports of its financial position and results with DNB in The Netherlands as well as with the ECB. ING Bank’s independent auditors audit these reports on an annual basis.

Benchmarks

In 2013, financial benchmarks such as LIBOR were at the centre of attention due to manipulation by banks of the submissions to these benchmarks. In 2013, the International Organisation of Securities Commissions (“IOSCO”) and the European Securities and Markets Authority (“ESMA”) issued principles for the benchmark-setting process that the Issuer fully underwrites. The Issuer has been compliant with the IOSCO and ESMA principles in its submissions to benchmark panels such as EURIBOR and EONIA. In September 2013, the EC published a legislative proposal for a regulation on benchmarks which aims to address concerns about the integrity and accuracy of benchmarks by regulating administrators of benchmarks, contributors to benchmarks and benchmark users. In 2014, DNB and the AFM launched a joint thematic review regarding the contributions to benchmarks, the risks of manipulation and the level of adequacy achieved by Dutch financial institutions in managing the inherent integrity risks. The review resulted in a report of DNB and the AFM on Dutch involvement with financial benchmarks on 11 February 2015. DNB and the AFM concluded in their report that financial institutions involved with benchmarks do not yet adequately manage the inherent risks. DNB and the AFM note that some Dutch financial institutions have taken valuable steps forward in the assessment and management of risks associated with benchmarks but there is still room for improvement. The Issuer is aware of the risks related to benchmarks and continuously aims to improve the relevant processes.

United States

ING Bank has a limited direct presence in the United States through the facility of the ING Bank Representative Office in New York. Although the office's activities are strictly limited to essentially that of a marketing agent of bank products and services and a facilitator (i.e. the office may not take deposits or execute any transactions), the office is subject to the regulation of the State of New York Department of Financial Services and the Federal Reserve. ING Bank also has a subsidiary in the United States, ING Financial Holdings Corporation, which through several operating subsidiaries (one of which is registered with the U.S. Commodity Futures Trading Commission as a swap dealer and another of which is registered with the U.S. Securities and Exchange Commission as a securities broker-dealer) offers various financial products, including lending, and financial markets products. These entities do not accept deposits in the United States on their own behalf or on behalf of ING Bank.

Anti-Money Laundering Initiatives and countries subject to sanctions

A major focus of governmental policy on financial institutions in recent years has been aimed at combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 (the "USA PATRIOT Act") substantially broadened the scope of U.S. anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. The U.S. Treasury Department has issued a number of implementing regulations, which apply various requirements of the USA PATRIOT Act to financial institutions such as our bank, broker-dealer and investment adviser subsidiaries and mutual funds advised or sponsored by our subsidiaries. Those regulations impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers. In addition, the bank regulatory agencies are imposing heightened standards, and law enforcement authorities have been taking a more active role. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing could have serious legal and reputational consequences for the institution.

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRA"), which was signed into law on 10 August 2012, added a new subsection (r) to Section 13 of the Securities Exchange Act of 1934, as amended, which requires us to disclose whether ING Group or any of its affiliates has engaged during the calendar year in certain Iran-related activities, including any transaction or dealing with the Government of Iran that is not conducted pursuant to a specific authorisation of the U.S. government.

ING Bank maintains a limited legacy portfolio of guarantees, accounts, and loans that involve various entities with a (perceived) Iranian nexus. These positions remain on the books, but accounts related thereto are 'frozen' under applicable laws and procedures. Any interest or other payments ING Bank is legally required to make in connection with said positions are made into 'frozen' accounts. Funds can only be withdrawn by relevant Iranian parties from these 'frozen' accounts after due regulatory consent from the relevant competent authorities. ING Bank has strict controls in place to ensure that no unauthorised account activity takes place while the account is 'frozen'. ING Bank may receive loan repayments, but all legacy loan repayments received by ING Bank have been duly authorised by the relevant competent authorities. For the relevant period, ING Bank had gross revenues of approximately USD 21.8 million, which was principally related to legacy loan repayment, and ING Bank estimates that it had net profit of approximately USD 395,842. ING Bank intends to terminate each of the legacy positions as the nature thereof and applicable law permits.

Australia

ING Bank's banking activities are undertaken in Australia by ING Bank (Australia) Limited (trading as ING Direct) and ING Bank N.V., Sydney Branch. Banking activities, specifically licensing of an Authorised Deposit Taking Institution ("ADI") in Australia are subject to regulation by the Australian Prudential Regulation Authority ("APRA") and the Australian Securities and Investments Commission ("ASIC"). In addition ING Bank entities are required to comply with the requirements under the Anti-Money Laundering and Counter Terrorism Financing Act that is subject to regulatory compliance oversight by the Australian Transaction Reports and Analysis Centre ("AUSTRAC").

APRA is responsible for the prudential regulation of banks and ADI's, life and general insurance companies, superannuation funds and Retirement Savings Account Providers. ASIC regulates corporate entities, markets, financial services and consumer credit activities. ASIC's aim is to protect markets and consumers from manipulation, deception and unfair practices and also promote confident participation in the financial system.

As an Australian incorporated subsidiary, ING Bank (Australia) Limited is required to comply with corporate requirements and in the event of listing of issued debt securities to comply with Australian Securities Exchange listing and disclosure requirements. ING Bank (Australia) Limited must demonstrate compliance with financial services laws as a condition to maintaining its AFSL and ACL. ING Bank N.V., Sydney Branch is not an Australian incorporated legal entity. ING Bank N.V., Sydney Branch holds its own banking ADI license and AFSL which is limited to the provision of financial services to wholesale clients.

SELECTED FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET OF ING BANK N.V.*

	31 December 2014	31 December 2013	31 December 2012
		(EUR millions)	
Assets			
Cash and balances with central banks	12,222	11,920	15,447
Amounts due from banks	37,122	42,996	39,053
Financial assets at fair value through profit and loss:			
– trading assets	136,964	113,537	114,320
– non-trading derivatives	4,303	5,731	9,075
– designated as at fair value through profit and loss	2,756	2,308	2,768
Investments:			
– available-for-sale	95,401	76,883	74,279
– held-to-maturity	2,239	3,098	6,545
Loans and advances to customers	518,119	508,329	541,527
Investments in associates and joint ventures	861	937	1,055
Real estate investments	80	55	153
Property and equipment	2,100	2,282	2,336
Intangible assets	1,655	1,606	1,778
Assets held for sale	729		6,781
Other assets	14,051	17,884	19,205
Total assets	**828,602**	**787,566**	**834,322**
Equity			
Shareholders' equity (parent)	38,064	32,805	34,964
Minority interests	622	955	843
Total equity	38,686	33,760	35,807
Liabilities			
Subordinated loans	16,599	14,776	16,407
Debt securities in issue	120,959	122,299	134,689
Amounts due to banks	30,003	27,200	38,704
Customer deposits and other funds on deposit	489,281	474,775	460,290
Financial liabilities at fair value through profit and loss:			
– trading liabilities	97,091	73,491	83,652

	31 December 2014	31 December 2013	31 December 2012
		(EUR millions)	
– non-trading derivatives	6,357	9,676	15,919
– designated as at fair value through profit and loss	13,551	13,855	13,399
Liabilities held for sale			14,244
Other liabilities	16,075	17,734	21,211
Total liabilities	**789,916**	**753,806**	**798,515**
Total liabilities and equity	**828,602**	**787,566**	**834,422**

*These figures have been derived from the audited annual consolidated accounts of ING Bank in respect of the financial years ended 31 December 2014, 2013 and 2012, provided that certain figures have been restated to reflect changes in accounting policies following new IFRS-EU standards that were implemented by ING Bank on 1 January 2014. See for further details page 26 of the Annual Report ING Bank N.V.

BREAKDOWN OF SHAREHOLDERS' EQUITY OF ING BANK N.V.*

	31 December 2014	31 December 2013	31 December 2012
		(EUR millions)	
Share capital	525	525	525
Share premium	16,542	16,542	16,542
Revaluation reserve	4,781	1,414	2,216
Currency translation reserve	-609	-989	-263
Net defined benefit asset/liability remeasurement reserve	-370	-2,671	-1,860
Other reserves	17,195	17,984	17,804
Shareholders' equity (parent)	**38,064**	**32,805**	**34,964**

*These figures have been derived from the audited annual consolidated accounts of ING Bank in respect of the financial years ended 31 December 2014, 2013 and 2012, provided that certain figures have been restated to reflect changes in accounting policies following new IFRS-EU standards that were implemented by ING Bank on 1 January 2014. See for further details page 26 of the Annual Report ING Bank N.V.

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING BANK N.V.*

		2014		2013		2012
				(EUR millions)		
Interest income	**48,370**		**51,574**		**60,271**	
Interest expense	**-35,764**		**-39,610**		**-48,023**	
Interest result		**12,606**		**11,964**		**12,248**
Investment income		**231**		**305**		**595**
Net gains/losses on disposal of group companies		**195**		**26**		**1,605**
Gross commission income	**3,314**		**3,345**		**3,109**	
Commission expense	**-1,023**		**-1,105**		**-976**	
Commission income		**2,291**		**2,240**		**2,133**
Valuation results on non-trading derivatives		**-370**		**281**		**-950**
Net trading income		**561**		**485**		**1,101**
Share of profit from associates		**76**		**22**		**22**
Other income		**102**		**4**		**-456**
Total income		**15,674**		**15,327**		**16,298**
Addition to loan loss provisions		**1,594**		**2,289**		**2,125**
Intangible amortisation and other impairments		**88**		**136**		**211**
Staff expenses		**5,783**		**4,914**		**4,708**
Other operating expenses		**4,354**		**3,755**		**4,711**
Total expenses		**11,819**		**11,094**		**11,755**
Result before tax		**3,855**		**4,233**		**4,543**
Taxation		**1,032**		**1,080**		**1,171**
Net result (before minority interests)		**2,823**		**3,153**		**3,372**
Attributable to:						
Shareholders of the parent		**2,744**		**3,063**		**3,281**
Minority interests		**79**		**90**		**91**
		2,823		**3,153**		**3,372**

*These figures have been derived from the audited annual consolidated accounts of ING Bank in respect of the financial years ended 31 December 2014, 2013 and 2012, provided that certain figures have been restated to reflect changes in accounting policies following new IFRS-EU standards that were implemented by ING Bank on 1 January 2014. See for further details page 26 of the Annual Report ING Bank N.V.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following review and prospects should be read in conjunction with the consolidated financial statements and the notes thereto of ING Bank incorporated by reference in this Registration Document. These consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU ("IFRS EU").

FACTORS AFFECTING RESULTS OF OPERATIONS

ING Bank's results of operations are affected by demographics and by a variety of market conditions, including economic cycles, banking industry cycles, fluctuations in stock markets, interest and foreign exchange rates, political developments and client behaviour changes. See the section "Risk Factors" in this Registration Document for more factors that can impact ING Bank's results of operations.

Financial environment

Reference is made to the sections "Significant developments in 2014 - Important changes in market and regulatory context - Macroeconomic developments in 2014" and "Significant developments in 2014 - Important changes in market and regulatory context - Progress on regulatory initiatives that are most relevant to ING".

Fluctuations in equity markets

ING Bank's operations are exposed to fluctuations in equity markets. ING Bank maintains an internationally diversified and mainly client-related trading portfolio. Accordingly, market downturns are likely to lead to declines in securities trading and brokerage activities which ING Bank executes for customers and therefore to a decline in related commissions and trading results. In addition to this, ING Bank also maintains equity investments in its own non-trading books. Fluctuations in equity markets may affect the value of these investments.

Fluctuations in interest rates

ING Bank's operations are exposed to fluctuations in interest rates. Mismatches in the interest repricing and maturity profile of assets and liabilities in our balance sheet can affect the future interest earnings and economic value of the bank's underlying banking operations. In addition, changing interest rates may impact the (assumed) behavior of our customers, impacting the interest rate exposure, interest hedge positions and future interest earnings, solvency and economic value of the bank's underlying banking operations. In the current low (and potentially negative) interest rate environment in the Eurozone, the stability of future interest earnings and margin also depends on the ability to actively manage pricing of customer assets and liabilities. Especially, the pricing of customer savings portfolios in relation to repricing customer assets and other investments in our balance sheet is a key factor in the management of the bank's interest earnings.

Fluctuations in exchange rates

ING Bank is exposed to fluctuations in exchange rates. ING Bank's management of exchange rate sensitivity affects the results of its operations through the trading activities for its own account and because ING Bank prepares and publishes its consolidated financial statements in euros. Because a substantial portion of ING Bank's income and expenses is denominated in currencies other than Euros, fluctuations in the exchange rates used to translate foreign currencies into euros will impact ING Bank's reported results of operations and cash flows from year to year. This exposure is mitigated by the fact that realised results in non-euro currencies are hedged back to euro on a monthly basis. Fluctuations in exchange rates will also impact the value (denominated in euro) of ING Bank's investments in its non-euro reporting subsidiaries. The impact of these fluctuations in exchange rates is mitigated to some extent by the fact that income and related expenses, as well as assets and liabilities, of each of ING

Bank's non-euro reporting subsidiaries are generally denominated in the same currencies. This translation risk is managed by taking into account the effect of translation results on the core Tier 1 ratio.

Critical Accounting Policies

See the section "Accounting policies for the consolidated annual accounts of ING Bank" in the ING Bank consolidated financial statements for the year ended 31 December 2014.

CONSOLIDATED RESULTS OF OPERATIONS

The following information should be read in conjunction with, and is qualified by reference to, ING Bank's consolidated financial statements and other financial information included elsewhere herein. ING Bank evaluates the results of its operations, including the business lines of the banking operations, using the financial performance measure of underlying result before tax. Underlying result before tax is defined as result before tax, excluding, as applicable for each respective segment, either all or some of the following items: results from divested units, realised gains/losses on divestitures and special items such as certain restructuring charges and other non-operating income/expense. Disclosures on comparative years also reflect the impact of the current year's divestments.

While these excluded items are significant components in understanding and assessing ING Bank's consolidated financial performance, ING Bank believes that the presentation of underlying result before tax enhances the understanding and comparability of its segment performance by highlighting result before tax attributable to ongoing operations and the underlying profitability of the segment businesses. For example, ING Bank believes that trends in the underlying profitability of its segments can be more clearly identified without the effects of the realised gains/losses on divestitures as the timing is largely subject to ING Bank's discretion, influenced by market opportunities, and ING Bank does not believe that they are indicative of future results. Underlying result before tax is not a substitute for result before tax as determined in accordance with IFRS-EU. ING Bank's definition of underlying result before tax may differ from those used by other companies and may change over time. For further information on underlying result before tax, as well as the reconciliation of ING Bank's underlying result before tax to its result before taxation, see "Segment Reporting" below and Note 33 to the ING Bank consolidated financial statements for the year ended 31 December 2014.

The following table sets forth the consolidated results of operations of ING Bank for the years ended 31 December 2014, 2013 and 2012:

	2014	2013	2012
		(EUR millions)	
Underlying income			
Net interest result	12,606	11,980	11,944
Commission income	2,290	2,239	2,160
Total investment and other income	574	1,117	406
Total underlying income	**15,471**	**15,337**	**14,510**
Underlying expenditure			
Operating expenses	8,965	8,683	8,638
Addition to loan loss provision	1,594	2,288	2,121
Total underlying expenditure	**10,559**	**10,971**	**10,759**

	2014	2013	2012
		(EUR millions)	
Underlying result before tax	**4,912**	**4,365**	**3,751**
Taxation	1,271	1,088	1,063
Minority interests	79	90	91
Underlying net result	**3,562**	**3,187**	**2,597**
Divestments[(1)]	202	-42	1,278
Special items[(2)]	-1,021	-82	-595
Net result	**2,744**	**3,063**	**3,281**

Notes:

(1) Divestments include the net operating result of the divested units as well as the gains/losses on the divestments. Divestments: result on the deconsolidation of ING Vysya Bank (EUR 202 million, 2014), sale of ING Direct UK (EUR -42 million, 2013, EUR -430 million, 2012), sale of ING Direct Canada (EUR 1,219 million, 2012), sale of ING Direct USA (EUR 489 million, 2012).

(2) Special items: impact of the changes for making the Dutch Defined Benefit pension fund financially independent (EUR -653 million, 2014), levy related to the SNS Reaal nationalization (EUR -304 million, 2014), new Dutch employee pension scheme (EUR 28 million, 2013, EUR 251 million, 2012), settlement with U.S. authorities (EUR -386 million, 2012), separation and IPO preparation costs (EUR -16 million, 2013, EUR -37 million, 2012), Retail Netherlands strategy (EUR -63 million, 2014, EUR -92 million, 2013, EUR -264 million, 2012), other restructuring provisions (EUR -3 million, 2013, EUR -159 million, 2012).

Year ended 31 December 2014 compared to year ended 31 December 2013

ING Bank posted a strong performance in 2014 resulting in an underlying result before tax (excluding the impact of divestments and special items) of EUR 4,912 million in 2014 compared to EUR 4,365 million in 2013, mainly reflecting higher interest results, strict cost control and lower risk costs. This strong performance was achieved despite EUR 273 million of negative credit and debt valuation adjustments (CVA/DVA) in Commercial Banking and the Corporate Line, and EUR 399 million of redundancy provisions recorded in 2014, which related principally to the further digitalization of our banking services in the Netherlands.

Net result from ING Bank (including the impact from divestments and special items) decreased to EUR 2,744 million in 2014 from EUR 3,063 million in 2013. In 2014, special items mainly related to a EUR 653 million net charge to make the Dutch closed defined benefit pension fund financially independent and EUR 304 million of bank levies related to the nationalization of SNS, both recorded in the Corporate Line. This was partly offset by a EUR 202 million gain on the deconsolidation of ING Vysya Bank following its reclassification as an investment in an associate under equity accounting at the end of the first quarter. In 2013, the net impact of the divested ING Direct UK activities was EUR -42 million, while special items after tax were EUR -82 million. These items primarily reflect after-tax charges for the earlier announced restructuring programmes in Retail Netherlands and an additional provision release related to the new Dutch employee pension scheme announced in 2012.

Total underlying income rose 0.9% to EUR 15,471 million in 2014, from EUR 15,337 million in 2013. The underlying interest result increased 5.2% to EUR 12,606 million driven by an improvement of the interest margin to 1.53% in 2014 from 1.44% in 2013, whereas the average balance sheet slightly declined by 1.3%. The interest margin on lending and savings products improved, supported by repricing in the loan book and further reduction of client savings rates in several countries. This more than offset the impact of lower average lending volumes, mainly caused by the sale and transfers of WestlandUtrecht Bank (WUB) assets to NN Group and the deconsolidation of ING Vysya Bank, lower margins on current accounts due to the low interest environment, and lower interest results at Bank Treasury. Commission income rose 2.3% to EUR 2,290 million. Investment and other income fell to EUR 574 million, from EUR 1,117 million in 2013. This decline was mainly explained by the negative swing in CVA/DVA adjustments in Commercial Banking and the Corporate Line (which were EUR 273 million negative in 2014, compared with EUR 74 million of positive CVA/DVA impacts in 2013), while 2013 was further supported by a EUR 99 million one-off gain on the unwinding of the IABF following the agreement with the Dutch state. Excluding both items, investment and other income was 10.3% lower, mainly due to lower dividend income.

Underlying operating expenses increased 3.2% to EUR 8,965 million in 2014, compared with EUR 8,683 million in 2013. The increase was mainly due to EUR 399 million of redundancy provisions recorded in 2014 versus EUR 132 million of additional restructuring and redundancy charges taken in 2013. Excluding these items, expenses remained flat, as higher regulatory costs, higher pension costs and investments in future growth were offset by the benefits from ongoing cost-saving initiatives, the deconsolidation of ING Vysya Bank and lower impairments on real estate development projects. However, excluding CVA/DVA impacts and the redundancy/restructuring provisions in both years, the cost/income ratio improved to 54.4% in 2014 from 56.0% in 2013.

The net addition to the provision for loan losses declined to EUR 1,594 million in 2014 from EUR 2,288 million in 2013. Risk costs were 55 basis points of average risk-weighted assets compared with 83 basis points in 2013. Most businesses, with the exception of Retail Netherlands, are now operating at around a normalized level of risk costs as the overall economic environment gradually improves.

Year ended 31 December 2013 compared to year ended 31 December 2012

Underlying result before tax (excluding the impact of divestments and special items) increased 16.4% to EUR 4,365 million in 2013 from EUR 3,751 million in 2012. This increase mainly reflects an improvement in the interest margin, less volatility in credit and debt valuation adjustments ("CVA/DVA") in Commercial Banking and the Corporate Line, and the absence of de-risking losses in 2013. This was partly offset by 7.9% higher risk costs, while expenses were almost flat despite higher pension costs and additional restructuring charges.

The net result decreased to EUR 3,063 million in 2013 from EUR 3,281 million in 2012 mainly due to significantly higher gains on divestments in 2012. In 2013, the net impact of the divested ING Direct UK activities was EUR -42 million, including an additional net transaction loss on the sale of EUR 6 million. In 2013, special items after tax were EUR -82 million. These items primarily reflect after-tax charges for the earlier announced restructuring programmes in Retail Netherlands and an additional provision release related to the new Dutch employee pension scheme announced in 2012. Divestments in 2012, related to the sale of ING Direct USA and ING Direct Canada, and the loss taken prior to the sale of ING Direct UK, resulted in a total net gain of EUR 1,365 million, while the operating net result from the divested units amounted to EUR -86 million. In 2012, special items after tax were EUR -595 million, mainly related to a settlement with authorities in the U.S., various restructuring programmes, including further restructuring in Retail Netherlands and Commercial Banking, and costs related to the separation of ING Bank and ING Insurance. These negative impacts were partly offset by a EUR 251 million provision release from the new Dutch employee pension scheme.

Total underlying income rose 5.7% to EUR 15,337 million in 2013, from EUR 14,510 million in 2012. The underlying interest result increased slightly by 0.3% to EUR 11,980 million driven by an improvement of the interest margin to 1.44% from 1.36% in 2012, whereas the average balance sheet declined by 5.7%. The interest margin on lending and savings products improved, supported by repricing in the loan book and lowering of client savings rates. This more than offset the impact of lower lending volumes, partly caused by the transfer and sale of WestlandUtrecht Bank assets to NN Group, and lower interest results in Bank Treasury following a lengthening of ING Bank's funding profile. Commission income rose 3.7% to EUR 2,239 million. Investment and other income strongly improved to EUR 1,117 million, from EUR 406 million in 2012. This improvement was mainly explained by the positive swing in CVA/DVA adjustments (which were EUR 74 million positive in 2013, compared with EUR 640 million of negative CVA/DVA impacts in 2012), while 2012 included EUR 478 million of selective de-risking losses in the European debt securities portfolio, against nil in 2013. Excluding both items, investment and other income was 31.6% lower, mainly due to lower gains on the sale of equity and debt securities.

Underlying operating expenses increased slightly by 0.5% to EUR 8,683 million, compared with EUR 8,638 million in 2012. The increase was mainly due to higher pension costs and additional restructuring charges taken in the second half of 2013, which were largely offset by the benefits from ongoing cost-saving initiatives, the partial transfer of WestlandUtrecht Bank staff to NN Group and lower impairments on real estate development projects. The net addition to the provision for loan losses increased to EUR 2,288 million, from EUR 2,121 million in 2012, reflecting the continued weak economic environment, particularly in The Netherlands. Risk costs were 83 basis points of average risk-weighted assets compared with 74 basis points in 2012.

CONSOLIDATED ASSETS AND LIABILITIES

The following table is a summary of the consolidated assets and liabilities of ING Bank for the years ended 31 December 2014, 2013 and 2012:

	2014	2013	2012
		(EUR billions)	
Financial assets at fair value through the profit and loss account	144.0	121.6	126.2
Investments	97.6	80.0	80.8
Loans and advances to customers	518.1	508.3	541.5
Total assets	828.6	787.6	834.3
Customer deposits and other funds on deposit	489.3	474.8	460.3
Debt securities in issue/other borrowed funds	137.6	137.1	151.1
Total liabilities (including minority interests)	790.5	754.8	799.4
Shareholders' equity	38.1	32.8	35.0

Year ended 31 December 2014 compared to year ended 31 December 2013

Total assets increased by EUR 41.0 billion, or 5.2%, to EUR 828.6 billion at 31 December 2014 compared with EUR 787.6 billion at 31 December 2013, including EUR 13.9 billion of positive currency impacts. Financial assets at fair value through the profit and loss account increased by EUR 22.4 billion, mainly due to higher derivatives valuation due to lower interest rates, and Investments were up by EUR 17.7 billion in order to build an eligible liquidity portfolio. Loans and advances to customers were EUR 9.8 billion higher despite the deconsolidation of ING Vysya Bank, additional transfers of WestlandUtrecht Bank mortgages to NN Group, the sale of a mortgage portfolio in Australia and lower securities at amortized costs, including the unwinding of the last part of the IABF. In 2014, ING Vysya Bank was deconsolidated following changes to the governance structure and later in the year ING Banks' stake in ING Vysya Bank was transferred from investments in associates to assets held for sale following the announcement to merge ING Vysya Bank with another bank in India.

Customer deposits and other funds on deposit increased by EUR 14.5 billion to EUR 489.3 billion at 31 December 2014 compared with EUR 474.8 billion at 31 December 2013, despite the deconsolidation of ING Vysya Bank. The increase was mainly due to continued growth in savings accounts and higher credit balances on customer accounts.

Shareholders´ equity increased by EUR 5.3 billion, or 16.0%, to EUR 38.1 billion at 31 December 2014 compared with EUR 32.8 billion at 31 December 2013. This increase was mainly due to a EUR 3.4 billion increase in revaluation reserve and the EUR 2,744 million net result from the year 2014. This was partly offset by a EUR 1.2 billion dividend paid to ING Group to facilitate the repayment to the Dutch State in March 2014. The impact of the changes for making the Dutch Defined Benefit pension fund financially independent resulted in a shift of EUR 2.2 billion from other reserves to the net defined benefit asset-liability remeasurement reserve.

Year ended 31 December 2013 compared to year ended 31 December 2012

Total assets decreased by EUR 46.8 billion, or 5.6%, to EUR 787.6 billion at 31 December 2013 compared with EUR 834.3 billion at 31 December 2012. Excluding the divestment of ING Direct UK, which was closed in March 2013, total assets declined by EUR 40.0 billion. Loans and advances to customers declined by EUR 33.2 billion to EUR 508.3 billion, of which EUR -11.0 billion was caused by currency impacts. The remaining decline was largely due to the transfer and sale of EUR 8.3 billion of loans, mainly mortgages, from WestlandUtrecht Bank to NN Group, the sale of another EUR 2.2 billion of Dutch mortgages, the sale of a EUR 0.8 billion mortgage portfolio in Australia and the sale of EUR 1.0 billion of U.S. Real Estate Finance loans as well as the partial repayment of the IABF as the Dutch State sold a first tranche of the Alt-A securities in December 2013 following the agreement on the unwinding of the IABF. The remaining tranches of the Alt-A securities were sold by the Dutch State at the beginning of 2014. Assets held for sale decreased by EUR 6.8 billion to nil at 31 December 2013 following the sale of ING Direct UK in March 2013.

Customer deposits and other funds on deposit increased by EUR 14.5 billion to EUR 474.8 billion at 31 December 2013 compared with EUR 460.3 billion at 31 December 2012, despite the transfer of EUR 3.7 billion of savings from WestlandUtrecht Bank to NN Group. The increase was mainly due to continued net inflows of retail savings and higher credit balances on customer accounts. Liabilities held for sale decreased by EUR 14.2 billion to nil at 31 December 2013 following the sale of ING Direct UK.

Shareholders' equity decreased by 6.2%, or EUR 2.2 billion, to EUR 32.8 billion at 31 December 2013 compared with EUR 35.0 billion at 31 December 2012, despite the EUR 3,063 million net result from the year 2013. The decrease was mainly caused by a EUR 3.0 billion dividend paid to ING Group, a EUR 0.8 billion decline in revaluation reserve, a EUR 0.7 billion decrease in currency translation reserve, and a EUR 0.8 billion decline in the net defined benefit asset-liability remeasurement reserve.

SEGMENT REPORTING

ING Bank's segments are based on its management structure, which is different from its legal structure.

As of 1 January 2014, certain changes were made with regard to the allocation of costs to the various Banking segments. These changes were made to reflect reporting changes with respect to funding costs and Dutch banking tax. ING has transferred the results treasury activities within Commercial Banking to Corporate Line Banking to isolate the costs for replacing short-term with long-term funding, which mainly consists of negative interest results. Additionally, in order to allocate the Dutch Banking tax, these costs will be transferred from Corporate Line Banking to the relevant business lines from 2014 onwards. The comparatives were adjusted to reflect the new segment structure.

The following table sets forth the contribution of ING Bank's business lines and the corporate line ("Corporate Line") to the underlying net result for each of the years 2014, 2013 and 2012.

2014	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line[1]	Total Banking
				(EUR millions)			
Total underlying income	**4,250**	**2,490**	**1,621**	**2,324**	**4,927**	**-141**	**15,471**
Total underlying expenditure	**3,362**	**1,646**	**846**	**1,673**	**2,930**	**102**	**10,559**
Underlying result before tax	**888**	**844**	**775**	**651**	**1,997**	**-243**	**4,912**
Taxation	231	243	250	142	458	-53	1,271
Minority interests	–	1	1	51	26	–	79
Underlying net result	**657**	**600**	**524**	**458**	**1,513**	**-190**	**3,562**
Divestments	–	–	–	202	–	–	202
Special items	-63	–	–	–	–	-957	-1,021
Net result	**594**	**600**	**524**	**660**	**1,513**	**-1,147**	**2,744**

2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line[1]	Total Banking
				(EUR millions)			
Total underlying income	**4,079**	**2,321**	**1,388**	**2,374**	**5,412**	**-238**	**15,337**
Total underlying expenditure	**3,245**	**1,658**	**791**	**1,911**	**3,252**	**114**	**10,971**
Underlying result before tax	**834**	**663**	**598**	**464**	**2,160**	**-352**	**4,365**
Taxation	221	196	188	111	520	-147	1,088
Minority interests	–	-4	1	66	27	–	90
Underlying net result	**613**	**470**	**409**	**287**	**1,613**	**-206**	**3,187**
Divestments	–	–	–	-42	–	–	-42
Special items	-107	–	–	–	–	25	-82
Net result	**506**	**470**	**409**	**245**	**1,613**	**-181**	**3,063**

2012	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line[1]	Total Banking
				(EUR millions)			
Total underlying income	**3,897**	**2,194**	**1,193**	**1,807**	**5,200**	**219**	**14,510**
Total underlying expenditure	**2,958**	**1,593**	**752**	**1,877**	**3,416**	**162**	**10,759**
Underlying result before tax	**939**	**601**	**441**	**-70**	**1,784**	**57**	**3,751**
Taxation	244	168	161	33	491	-35	1,063
Minority interests	–	–	1	66	23	–	91
Underlying net result	**695**	**433**	**278**	**-170**	**1,269**	**92**	**2,597**
Divestments	–	–	–	1,278	–	–	1,278
Special items	-284	-22	–	–	-129	-160	-595
Net result	**411**	**411**	**278**	**1,109**	**1,140**	**-69**	**3,281**

Note:

(1) Corporate Line mainly includes items not directly attributable to the business lines and the isolated legacy costs (mainly interest results) for replacing short-term funding with long-term funding which was transferred from Commercial Banking-Bank Treasury to Corporate Line as of 1 January 2014 (historical figures have been restated). In 2014, the underlying result before tax included EUR 27 million Dutch bank tax, while 2013 included EUR 28 million Dutch bank tax and EUR 99 million result on the unwinding of the IABF. Special items in 2014 included EUR -653 million for making the Dutch Defined Benefit pension fund financially independent and EUR -304 million related to the SNS Reaal nationalisation. Special items in 2013 included EUR 28 million related to the new Dutch employee pension scheme and EUR -3 million of restructuring costs. Special items in 2012 included a settlement of EUR -386 million with U.S. authorities, EUR -25 million of restructuring and separation costs and a EUR 251 million pension curtailment following the new Dutch employee pension scheme.

The business lines are analysed on a total basis for Underlying Income, Underlying Expenditure and Net Result. The product split within Commercial Banking is based on underlying figures.

RETAIL NETHERLANDS

	Retail Netherlands		
	2014	**2013**	**2012**
		(EUR millions)	
Underlying income			
Interest result	3,818	3,574	3,377
Commission income	469	463	485
Other underlying income	-36	42	35
Total underlying income	**4,250**	**4,079**	**3,897**
Underlying expenditure			
Operating expenses	2,648	2,368	2,293
Additions to the provision for loan losses	714	877	665
Total underlying expenditure	**3,362**	**3,245**	**2,958**
Underlying result before tax	**888**	**834**	**939**
Taxation	231	221	244
Minority interests	–	–	–
Underlying net result	**657**	**613**	**695**
Divestments	–	–	–
Special items	-63	-107	-284
Net result	**594**	**506**	**411**

Year ended 31 December 2014 compared to year ended 31 December 2013

The underlying result before tax of Retail Netherlands rose to EUR 888 million in 2014 from EUR 834 million in 2013, mainly due to higher income and lower risk costs, while operating expenses substantially increased predominantly due to EUR 314 million of redundancy provisions to take the next step in digital banking in the Netherlands (announced on 25 November 2014), EUR 11 million for further restructuring at WUB (related to outsourcing of activities) and EUR 24 million of additional redundancy provisions taken in the third quarter, while 2013 included EUR 97 million of additional restructuring provisions. Excluding these provisions, underlying result before tax rose 32.9%. Underlying income increased to EUR 4,250 million in 2014, up 4.2% compared with EUR 4,079 million in 2013, reflecting higher margins on lending and savings, which more than compensated for a decline in volumes due to transfer of mortgages of WUB to NN Group as of mid-2013 and higher mortgage prepayments. In 2014, net production of mortgages (adjusted for the transfer of WUB mortgages) was EUR -2.2 billion. Other lending, mainly business lending, decreased by EUR 1.5 billion. Net production in funds entrusted was EUR 1.7 billion in 2014, reflecting increases in savings and current accounts. Investment and other income declined by EUR 78 million on last year, in part due to a EUR 23 million one-off loss on the sale of real estate in own use in the second quarter of 2014. Excluding the aforementioned redundancy provisions, operating expenses increased 1.2% on 2013, as higher pension costs and IT spending were only partly offset by the benefits from the ongoing cost-efficiency programmes and the transfer of part of the WUB organization to NN Bank as of mid-2013. Net additions to loan loss provisions declined to EUR 714 million from EUR 877 million in 2013, both in residential mortgages and business lending, reflecting a gradual economic recovery in the Netherlands.

Underlying net result rose to EUR 657 million in 2014 compared with EUR 613 million in 2013, while the net result increased to EUR 594 million in 2014 compared with EUR 506 million in 2013. Special items after tax in 2014 were EUR -63 million, fully related to the previously announced restructuring programmes. Special items after tax in 2013 were EUR -107 million, mainly related to the previously announced restructuring programmes and the transfer of WUB activities to NN Group

Year ended 31 December 2013 compared to year ended 31 December 2012

The underlying result before tax of Retail Netherlands decreased 11.2% to EUR 834 million in 2013 compared with EUR 939 million in 2012, due to additional restructuring charges and an increase in risk costs. Underlying income rose 4.7% to EUR 4,079 million in 2013, reflecting higher interest results on lending and savings due to an improvement in margins, supported by a reduction in customer savings rates. These improvements were partly offset by lower volumes following the transfer and sale of EUR 8.3 billion of assets and EUR 3.7 billion of liabilities from WUB to NN Group together with the sale of another EUR 2.2 billion of mortgages. Excluding these sales and transfers, net production of mortgages was EUR -0.4 billion in 2013, while other lending, mainly business lending, decreased by EUR 2.2 billion. Net production in funds entrusted was nil, mainly caused by new legislation for local governments to place surplus cash at the National Treasury and an acceleration of redemptions on mortgages. Operating expenses increased 3.3% to EUR 2,368 million in 2013, including EUR 97 million of additional restructuring charges taken in the second half of the year, which were part of an extension of the efficiency programmes currently running. Excluding the restructuring charges, expenses decreased 1.0% from 2012, despite higher pension costs, reflecting the benefits of the efficiency programmes and the transfer of WUB staff to NN Group as of mid-2013. Net additions to loan loss provisions rose to EUR 877 million from EUR 665 million in 2012, mainly due to higher risk costs on mortgages and to a lesser extent business lending, reflecting the continued weakness in the Dutch economy.

Underlying net result declined to EUR 613 million in 2013 compared with EUR 695 million in 2012, while the net result increased to EUR 506 million in 2013 compared with EUR 411 million in 2012. Special items after tax in 2013 were EUR -107 million, mainly related to the previously announced restructuring programmes and the transfer of WUB activities to NN Group. Special items after tax in 2012 were EUR 284 million, mainly related to the cost reduction initiative Case for Change launched in 2011, which was followed by a second phase of strategic initiatives in the fourth quarter of 2012, additional costs for the combining of ING Bank and Postbank, and restructuring at WUB.

RETAIL BELGIUM

	Retail Belgium		
	2014	**2013**	**2012**
		(EUR millions)	
Underlying income			
Interest result	1,974	1,817	1,723
Commission income	377	346	335
Investment and other income	139	158	136
Total underlying income	**2,490**	**2,321**	**2,194**
Underlying expenditure			
Operating expenses	1,503	1,476	1,425
Additions to the provision for loan losses	142	183	168
Total underlying expenditure	**1,646**	**1,658**	**1,593**
Underlying result before tax	**844**	**663**	**601**
Taxation	243	196	168
Minority interests	1	-4	–
Underlying net result	**600**	**470**	**433**
Divestments	–	–	–
Special items	–	–	-22
Net result	**600**	**470**	**411**

Year ended 31 December 2014 compared to year ended 31 December 2013

The underlying result before tax of Retail Belgium rose 27.3% to EUR 844 million in 2014 compared with EUR 663 million in 2013, mainly due to higher income. Total underlying income rose 7.3% to EUR 2,490 million in 2014, from EUR 2,321 million in 2013. The interest result increased 8.6% driven by higher volumes in almost all products and increased margins on mortgages and savings. The lending portfolio grew by EUR 5.1 billion in 2014, of which EUR 1.9 billion in mortgages and EUR 3.2 billion in other lending. Funds entrusted increased by EUR 3.9 billion, mainly in current accounts. Operating expenses increased to EUR 1,503 million in 2014, compared with EUR 1,476 million in 2013. The increase was mainly due to higher Belgium bank taxes and increased IT costs, partly offset by lower staff expenses as a result of lower headcount in the Retail branch network. The net additions to loan loss provisions declined by EUR 41 million to EUR 142 million in 2014, or 59 basis points of average risk weighted assets, compared with 2013. The net addition for business lending and non-mortgage lending to private persons declined by EUR 58 million, while risk costs for mortgages were EUR 16 million higher.

Both underlying net result and net result increased by EUR 130 million, or 27.7%, to EUR 600 million in 2014 from EUR 470 million in 2013.

Year ended 31 December 2013 compared to year ended 31 December 2012

The underlying result before tax of Retail Belgium increased by 10.3% compared with 2012 to EUR 663 million, due to higher income supported by volume growth. Underlying income rose 5.8% to EUR 2,321 million, from EUR 2,194 million in 2012, mainly reflecting higher interest results driven by further growth in customer balances, while margins on current accounts declined. In 2013, net production in funds entrusted was EUR 3.7 billion. The net mortgage production was EUR 1.0 billion, while other lending grew slightly by EUR 0.1 billion. Operating expenses increased 3.6% compared with 2012 to EUR 1,476 million, mainly due to higher expenses for the Belgian deposit guarantee scheme and inflation-driven cost increases, which were partly offset by the benefits from the efficiency programmes. Risk costs were EUR 183 million, or 89 basis points of average risk-weighted assets. This is an increase of 8.9% on 2012, reflecting higher additions for business lending and mortgages, though the latter remained relatively low.

Underlying net result increased to EUR 470 million in 2013 from EUR 433 million in 2012. The net result improved to EUR 470 million in 2013 from EUR 411 million in 2012, which included EUR -22 million of special items after tax. The special items in 2012 were related to the Belgian domestic transformation programme and the separation of ING Bank and ING Insurance.

RETAIL GERMANY

	Retail Germany		
	2014	**2013**	**2012**
		(EUR millions)	
Underlying income			
Interest result	1,519	1,314	1,141
Commission income	143	114	87
Investment and other income	-41	-40	-36
Total underlying income	**1,621**	**1,388**	**1,193**
Underlying expenditure			
Operating expenses	774	709	669
Additions to the provision for loan losses	72	82	83
Total underlying expenditure	**846**	**791**	**752**
Underlying result before tax	**775**	**598**	**441**
Taxation	250	188	161
Minority interests	1	1	1
Underlying net result	**524**	**409**	**278**
Net result	**524**	**409**	**278**

Year ended 31 December 2014 compared to year ended 31 December 2013

Retail Germany's underlying result before tax increased 29.6% to EUR 775 million in 2014, compared with EUR 598 million in 2013, driven by strong income growth. Underlying income rose 16.8% to EUR 1,621 million in 2014 compared with EUR 1,388 million in 2013. This increase mainly reflects higher interest results following continued business growth and improved margins on savings; the margins on lending and current accounts were somewhat lower. Commission income was EUR 29 million higher, mainly in security brokerage and advisory fees. Funds entrusted continued to grow with an increase of EUR 7.5 billion in 2014, despite a further reduction of client savings rates. The lending portfolio rose by EUR 1.6 billion in 2014, of which EUR 1.0 billion was in residential mortgages and EUR 0.6 billion in consumer lending. Operating expenses increased 9.2% compared with 2013 to EUR 774 million. The increase primarily reflects an increase in headcount at both ING-DiBa and Interhyp, as well as investments to support business growth and attract primary banking clients. The net additions to loan loss provisions declined to EUR 72 million (or 29 basis points of average risk-weighted assets) in 2014 from EUR 82 million (or 37 basis points of average risk-weighted assets) in 2013.

Both underlying net result and net result increased by EUR 115 million, or 28.1%, to EUR 524 million in 2014 from EUR 409 million in 2013.

Year ended 31 December 2013 compared to year ended 31 December 2012

Retail Germany's underlying result before tax rose 35.6% to EUR 598 million in 2013, compared with EUR 441 million in 2012, due to continued volume growth in most products and improved margins on savings. Underlying income increased by 16.3% to EUR 1,388 million in 2013 compared with EUR 1,193 million in 2012. The increase reflects higher interest results stemming from higher lending and savings balances and increased margins on savings supported by a reduction of the core savings rate at the beginning of 2013. Commission income rose by EUR 27 million from 2012, reflecting higher income from security brokerage. Investment and other income was slightly down, as the absence of de-risking losses in 2013 was offset by increased negative hedge ineffectiveness. Funds entrusted grew by EUR 9.2 billion in 2013. Lending growth was EUR 2.7 billion, of which EUR 2.2 billion was in mortgages. Operating expenses increased 6.0% compared with 2012, due to higher personnel expenses reflecting an increase in headcount and increased expenses for the Deposit Guarantee Scheme, in line with the growth of the business. The additions to the provision for loan losses slightly declined in 2013 to EUR 82 million (or 37 basis points of average risk-weighted assets) from EUR 83 million (or 38 basis points of average risk-weighted assets) in 2012.

Both underlying net result and net result increased by EUR 131 million, or 47.1%, to EUR 409 million in 2013 compared with EUR 278 million in 2012.

RETAIL REST OF WORLD

	Retail Rest of World		
	2014	**2013**	**2012**
		(EUR millions)	
Underlying income			
Interest result	1,792	1,778	1,740
Commission income	344	361	339
Investment and other income	188	235	-273
Total underlying income	**2,324**	**2,374**	**1,807**

	Retail Rest of World		
	2014	2013	2012
		(EUR millions)	
Underlying expenditure			
Operating expenses	1,508	1,631	1,626
Additions to the provision for loan losses	165	280	250
Total underlying expenditure	**1,673**	**1,911**	**1,877**
Underlying result before tax	**651**	**464**	**-70**
Taxation	142	111	33
Minority interests	51	66	66
Underlying net result	**458**	**287**	**-170**
Divestments	202	-42	1,278
Net result	**660**	**245**	**1,109**

Year ended 31 December 2014 compared to year ended 31 December 2013

The underlying result before tax of Retail Rest of World increased to EUR 651 million in 2014, compared with EUR 464 million in 2013. The higher results mainly reflect better commercial results in Poland, Italy and Romania and lower losses in the UK Legacy run-off portfolio. This was in part offset by lower results from Turkey and a lower dividend from the Bank of Beijing. Underlying income decreased by EUR 50 million to EUR 2,324 million in 2014 from EUR 2,374 million in 2013. This decline was caused by the deconsolidation of ING Vysya Bank at the end of March 2014, following changes in the company's governance. Adjusted for the deconsolidation of ING Vysya Bank, income increased 6.2% due to higher interest results supported by increased volumes. In 2014, net funds entrusted, excluding currency effects and the deconsolidation of ING Vysya Bank, grew by EUR 6.1 billion with growth in most countries, notably Spain and Poland. Net lending grew by EUR 5.4 billion in 2014 (also adjusted for the sale of a mortgage portfolio in Australia), mainly in Turkey, Poland, Australia and Spain. Operating expenses declined by EUR 123 million compared with previous year, but were up 0.3% when excluding ING Vysya Bank. This increase was mainly due to strategic investments to support business growth, largely offset by favourable currency impacts. The net addition to the provision for loan losses was EUR 165 million in 2014, or 39 basis points of average risk weighted assets, down from EUR 280 million, or 64 basis points of average risk weighted assets, in 2013. This decline was predominantly caused by the deconsolidation of ING Vysya Bank and a small net release in the UK Legacy portfolio, whereas 2013 included an addition of EUR 60 million.

Underlying net result increased to EUR 458 million in 2014, from EUR 287 million in 2013. The net result increased to EUR 660 million in 2014 from EUR 245 million in 2013. In 2014, the change in accounting of ING Vysya Bank resulted in a net gain of EUR 202 million. The impact of divestments in 2013 was EUR -42 million, fully related to the closing of the sale of ING Direct UK in March 2013.

Year ended 31 December 2013 compared to year ended 31 December 2012

The underlying result before tax of Retail Rest of World rose to EUR 464 million, compared with a loss of EUR 70 million in 2012, when results were impacted by EUR 441 million of losses related to selective de-risking of the investment portfolio. Underlying income increased to EUR 2,374 million from EUR 1,807 million in 2012. Excluding de-risking losses, income rose 5.6% mainly due to improved commercial results in most countries, and a higher dividend received from the Bank of Beijing. The interest result increased 2.2% due to higher margins, partly offset by currency impacts. Excluding currency effects and the sale of a mortgage portfolio in Australia, net production in mortgages was EUR 1.4 billion, while other lending grew by EUR 3.2 billion in 2013. Funds entrusted reported a net inflow of EUR 5.8 billion. Operating expenses increased slightly by 0.3% to EUR 1,631 million in 2013 from EUR 1,626 million in 2012, as higher expenses due to business growth were largely offset by favourable currency impacts. Risk costs rose to EUR 280 million, or 64 basis points of average risk-weighted assets, compared with EUR 250 million, or 50 basis points, in 2012. The increase in risk costs was mainly in India and Turkey, reflecting the economic turmoil in these countries, partly offset by lower additions in Romania and the UK legacy portfolio.

Underlying net result turned to a profit of EUR 287 million in 2013, from a loss of EUR 170 million in 2012. The net result fell to EUR 245 million from EUR 1,109 million in 2012. The impact of divestments in 2013 was EUR -42 million, fully related to the closing of the sale of ING Direct UK in March 2013. In 2012, divestments added EUR 1,278 million to the net result, reflecting the net gains on the sale of ING Direct Canada and ING Direct USA, and the loss taken prior to the announced sale of ING Direct UK, as well as the operating net results of the divested units.

COMMERCIAL BANKING

	Commercial Banking		
	2014	**2013**	**2012**
		(EUR millions)	
Underlying income			
Interest result	3,473	3,292	3,655
Commission income	960	964	907
Investment and other income	494	1,156	637
Total underlying income	**4,927**	**5,412**	**5,200**
Operating expenses	2,430	2,386	2,461
Additions to the provision for loan losses	500	867	955
Total underlying expenditure	**2,930**	**3,252**	**3,416**
Underlying result before tax	**1,997**	**2,160**	**1,784**
Taxation	458	520	491
Minority interests	26	27	23
Underlying net result	**1,513**	**1,613**	**1,269**
Divestments	–	–	–
Special items	–	–	-129
Net result	**1,513**	**1,613**	**1,140**

Year ended 31 December 2014 compared to year ended 31 December 2013

Commercial Banking's underlying result before tax was EUR 1,997 million in 2014 compared with EUR 2,160 million in 2013. Credit and debt valuation adjustments (CVA/DVA), fully recorded in Financial Markets, were negative EUR 216 million in 2014 versus EUR 173 million of positive adjustments in 2013. Furthermore, 2014 included EUR 50 million of additional redundancy provisions taken for the next steps in digital banking in the Netherlands and the ongoing transformation programmes in Commercial Banking versus EUR 17 million of additional redundancy provisions in 2013. Excluding these two items in both years, the underlying result before tax increased 12.9%.

Industry Lending posted an underlying result before tax of EUR 1,252 million in 2014, up 36.5% compared with 2013. This increase was mainly caused by lower risk costs in Real Estate Finance, and higher income in Structured Finance due to strong volume growth. This was partly offset by lower income from Real Estate Finance due to a downsizing of the portfolio. General Lending & Transaction Services' underlying result before tax declined 6.3% to EUR 474 million, due to higher risk costs, while income and expenses remained flat. Financial Markets recorded an underlying result before tax of EUR 106 million in 2014, down from EUR 584 million in 2013, mainly reflecting the aforementioned negative swing in CVA/DVA impacts. The underlying result of Bank Treasury, Real Estate & Other was EUR 165 million in 2014, including EUR 50 million of redundancy provisions taken in the fourth quarter of 2014. Compared with 2013, result before tax rose 7.8%, mainly due to lower losses in the run-off businesses.

Underlying income excluding CVA/DVA impacts declined 1.8% compared to 2013, mainly in Financial Markets and the run-off businesses, in part offset by higher income in Structured Finance. Net lending assets, adjusted for currency impacts, increased by EUR 6.3 billion in 2014, mainly due to strong growth in Structured finance and Transaction Services, while the volumes in Real Estate Finance and the Lease run-off portfolio declined. The net funds entrusted decreased by EUR 2.3 billion in 2014. Operating expenses increased 1.8% to EUR 2,430 million in 2014, compared with EUR 2,386 million in 2013. Excluding the aforementioned redundancy provisions, operating expenses declined 0.5% compared to 2013. Risk costs fell to EUR 500 million, or 37 basis points of average risk-weighted assets, in 2014, from EUR 867 million, or 68 basis points of average risk-weighted assets, in 2013. The decrease was mainly visible in Real Estate Finance and – to a lesser extent - the lease run-off business, while risk costs were up in General Lending.

Both underlying net result and net result decreased by EUR 100 million, or 6.2%, to EUR 1,513 million in 2014 compared with EUR 1,613 million in 2013.

Year ended 31 December 2013 compared to year ended 31 December 2012

Commercial Banking's underlying result before tax improved by EUR 376 million to EUR 2,160 million in 2013 from EUR 1,784 million in 2012. Credit and debt valuation adjustments (CVA/DVA), fully recorded in Financial Markets, were EUR 173 million positive in 2013 versus EUR 457 million of negative adjustments in 2012. Excluding CVA/DVA, the underlying result of Commercial Banking was 11.3% lower than in 2012, mainly caused by lower income in Bank Treasury, Real Estate & Other, partly offset by good cost control and lower risk costs.

Industry Lending posted an underlying result before tax of EUR 917 million in 2013, up from EUR 829 million in 2012, primarily due to higher income in Structured Finance and Corporate Investments combined with lower risk costs, which more than offset lower results on Real Estate Finance due to a downsizing of the portfolio in line with ING Bank's strategy. The underlying result before tax of General Lending & Transaction Services decreased to EUR 506 million from EUR 617 million in 2012. The decline was mainly attributable to lower interest results, reflecting lower volumes in General Lending and margin pressure in Payments & Cash Management, while expenses were up due to investments in IT to enhance product capabilities. This was partly offset by lower risk costs. Financial Markets' underlying result increased to a profit of EUR 584 million from a loss of EUR 15 million in 2012, reflecting the aforementioned positive swing in CVA/DVA impacts. The underlying result of Bank Treasury, Real Estate & Other dropped to EUR 153 million in 2013, from EUR 353 million in 2012, mainly due to lower income from Bank Treasury activities and the further wind-down of the Lease run-off business. This was partly offset by lower impairments on real estate development projects.

Commercial Banking's total underlying income rose 4.1% to EUR 5,412 million in 2013 compared with EUR 5,200 million in 2012. Excluding CVA/DVA, income declined by 7.4% on 2012, due to lower interest results, especially in Bank Treasury and Financial Markets but also in General Lending. Adjusted for currency impacts and the sale of a U.S. Real Estate Finance portfolio, net lending declined slightly by EUR 0.2 billion in 2013, as lower volumes in Real Estate Finance, General Lending and the Lease run-off portfolio was offset by growth in Structured Finance and Trade Finance Services. Net funds entrusted grew by EUR 8.5 billion. Underlying operating expenses decreased by 3.0% to EUR 2,386 million, due to good cost control and lower impairments on real estate development projects. Risk costs decreased to EUR 867 million, or 68 basis points of average risk-weighted assets, from EUR 955 million, or 72 basis points of average risk-weighted assets, in 2012. The decrease was mainly visible in Industry Lending, although risk costs in Real Estate Finance slightly increased. In General Lending risk costs were lower.

Both the underlying net result and total net result were EUR 1,613 million in 2013. This represents an increase of EUR 344 million and EUR 473 million, respectively, compared with an underlying net result of EUR 1,269 million and a total net result of EUR 1,140 million in 2012. Special items after tax in 2012 were EUR -129 million, fully related to restructuring provisions.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

The principal sources of funds for ING Bank's operations are growth in retail funding, which mainly consists of current accounts, savings and retail deposits as well as repayments of loans, disposals and redemptions of investment securities (mainly bonds), sales of trading portfolio securities, interest income and commission income. The major uses of funds are advances of loans and other credits, investments, purchases of investment securities, funding of trading portfolios, interest expense and administrative expenses.

ING Bank's Risk Management, including liquidity, is discussed in the section "Risk Management" of the ING Bank consolidated financial statements for the year ended 31 December 2014, which are incorporated by reference herein.

The following table sets forth the consolidated statement of cash flows for ING Bank for the years ended 31 December 2014, 2013 and 2012.

	2014	**2013**	**2012**
		(EUR millions)	
Result before tax	3,855	4,233	4,543
Adjusted for:			
- depreciation	594	624	606
- addition to loan loss provisions	1,594	2,289	2,125
- other	2,249	734	1,641
Taxation paid	-887	-1,487	-1,091
Changes in:			
- amounts due from banks, not available on demand	3,361	-9,400	5,272

	2014	2013	2012
		(EUR millions)	
- trading assets	-23,802	783	7,448
- non-trading derivatives	-2,260	-1,421	-2,191
- other financial assets at fair value through profit and loss	-614	-225	-104
- loans and advances to customers	-12,935	8,514	1,130
- other assets	-366	1,362	-1,323
- amounts due to banks, not payable on demand	3,353	-10,266	-26,459
- customer deposits and other funds on deposit	17,803	24,387	21,334
- trading liabilities	23,855	-10,172	-24,031
- other financial liabilities at fair value through profit and loss	-524	646	214
- other liabilities	16,613	-6,817	-637
Net cash flow from operating activities	**1,337**	**3,784**	**-11,523**
Investment and advances:			
- group companies	–	–	–
- associates	-31	-20	-20
- available-for-sale investments	-73,348	-78,654	-71,323
- held-to-maturity investments		–	–
- real estate investments	-315	–	-4
- property and equipment	-355	-353	-363
- assets subject to operating leases	-34	-82	–
- loan portfolio		-	-1,117
- other investments	-257	-271	-284
Disposals and redemptions:			
- group companies	-398	-7,163	-7,868
- associates	187	139	29
- available-for-sale investments	60,098	72,221	73,441
- held-to-maturity investments	1,172	3,439	2,308
- real estate investments		36	219
- property and equipment	54	58	53
- assets subject to operating leases	3	–	–
- loan portfolio	2,382	8,810	7,268
- other investments	2	-1	2
Net cash flow from investing activities	**-10,840**	**-1,842**	**2,341**

	2014	2013	2012
		(EUR millions)	
Proceeds from issuance of subordinated loans	3,266	4,212	1,318
Repayments of subordinated loans	-2,788	-4,936	-2,919
Proceeds from borrowed funds and debt securities......	135,318	138,883	298,557
Repayments from borrowed funds and debt securities.	-142,996	-144,958	-296,419
Issuance of ordinary shares/capital injection		–	–
Issuance of preference shares....................................		–	–
Payments to acquire treasury shares		–	–
Sales of treasury shares		–	–
Dividends paid	-1,225	-2,955	-2,125
Net cash flow from financing activities	**-8,425**	**-9,754**	**-1,588**
Net cash flow...	**-2,652**	**-7,811**	**-10,770**
Cash and cash equivalents at beginning of year	13,509	20,612	31,197
Effect of exchange rate changes on cash and cash equivalents..	6	708	185
Cash and cash equivalents at end of year...................	10,863	13,509	20,612

At 31 December 2014, cash and cash equivalents include cash and balances with central banks of EUR 12,222 million (2013: EUR 11,920 million; 2012: EUR 15,447 million). See Note 32 to the ING Bank consolidated financial statements for the year ended 31 December 2014.

Year ended 31 December 2014 compared to year ended 31 December 2013

At 31 December 2014 and 2013, ING Bank had EUR 10,863 million and EUR 13,509 million, respectively, of cash and cash equivalents. The decrease in cash and cash equivalents is mainly attributable to banks on demand positions.

Specification of cash position (EUR millions):

	2014	2013
	(EUR millions)	
Cash and balances with central banks	12,222	11,920
Short dated government paper	677	574
Cash and cash equivalents classified as assets held for sale		
Banks on demand..	-2,036	1,015
Cash balance and cash equivalents	**10,863**	**13,509**

The EUR 12,829 million increase in ING Bank's net cash flow from operating activities, consist of EUR 16,613 million cash inflow for the year ended 31 December 2014, compared to EUR 3,784 million cash inflow for the year ended 31 December 2013.

The cash flow from operating activities in 2014 was significantly affected by the cash outflow from loans and advances caused by increased corporate lending and the cash inflow from Customer funds and other funds entrusted caused by increased Corporate deposits. In addition ING Bank NV participated in the targeted longer-term refinancing operations ('TLTRO') of the European Central Bank for an amount of EUR 5.7 billion. The TLTRO aims to stimulate lending to the real economy in the Eurozone.

The cash flow from operating activities in 2014 was largely affected by cash inflows from customer deposits and other funds on deposit (EUR 17,803 million compared to a cash inflow in 2013 of EUR 24.387 million), cash inflows from amounts due to and from banks (EUR 6,714 million compared to a cash outflow in 2013 of EUR 19,666 million), a cash outflow of loans and advances to customers (EUR 12,935 million compared to a cash inflow in 2013 of EUR 8,514 million) and a cash outflow of trading assets and liabilities (EUR 53 million compared to a cash outflow in 2013 of EUR 9,389 million).

Net cash outflow from investing activities was EUR 10,840 million (2013: EUR 1,841 million cash outflow). Investments in available-for-sale securities was EUR 73,348 million and EUR 78,654 million in 2014 and 2013, respectively. Disposals and redemptions of available-for-sale securities amounted to EUR 60,098 million and EUR 72,221 million in 2014 and 2013, respectively.

Net cash flow from financing activities in 2014 amounted to a cash outflow of EUR 8,425 million compared to a cash outflow in 2013 of EUR 9,754 million. In 2014 repayments on subordinated loans and issued debt securities exceeded proceeds from new issuance of subordinated loans, borrowed funds and debt securities. In addition, dividend payment in 2014 amounted to EUR 1,225 compared to a dividend payment in 2013 of EUR 2.955.

The operating, investing and financing activities described above resulted in a negative cash flow of EUR 2,652 million in 2014 compared to a negative net cash flow of EUR 7,811 million in 2013.

Year ended 31 December 2013 compared to year ended 31 December 2012

At 31 December 2013 and 2012, ING Bank had EUR 13,509 million and EUR 20,612 million, respectively, of cash and cash equivalents. The decrease in cash and cash equivalents is mainly attributable to the cash and bank balance positions with central banks.

Specification of cash position (EUR millions):

	2013	2012
	(EUR millions)	
Cash and balances with central banks	11,920	15,447
Short dated government paper	574	518
Cash and cash equivalents classified as assets held for sale		14
Banks on demand	1,015	4,633
Cash balance and cash equivalents	**13,509**	**20,612**

The EUR 15,307 million increase in ING Bank's operating activities, consist of EUR 3,784 million cash inflow for the year ended 31 December 2013, compared to EUR 11,523 million cash outflow for the year ended 31 December 2012.

The cash flow from operating activities was largely effected by the cash inflow from loans and advances caused by repayments of mortgages, matured corporate bonds and the repayments of the IABF.

The cash flow from operating activities was largely affected by cash inflows from customer deposits and other funds on deposit (EUR 24,387 million compared to a cash inflow in 2012 of EUR 21,334 million), cash outflows from amounts due to and from banks (EUR 19,666 million compared to a cash outflow in 2012 of EUR 21,187 million), a cash inflow of loans and advances to customers (EUR 8,514 million compared to a cash inflow in 2012 of EUR 1,130 million) and a cash outflow of trading assets and liabilities (EUR 9,389 million compared to a cash outflow in 2012 of EUR 16,583 million).

Net cash outflow from investing activities was EUR 1,841 million (2012: EUR 2,341 million cash inflow). Investments in available-for-sale securities was EUR 78,654 million and EUR 71,323 million in 2013 and 2012, respectively. Disposals and redemptions of available-for-sale securities amounted to EUR 72,221 million and EUR 73.441 million in 2013 and 2012, respectively.

Net cash flow from financing activities in 2013 amounted to a cash outflow of EUR 9,754 million compared to a cash outflow in 2012 of EUR 1,588 million. In 2013 repayments on subordinated loans and issued debt securities exceeded proceeds from new issuance of subordinated loans, borrowed funds and debt securities. In addition, dividend payment in 2013 amounted to EUR 2.955 compared to a dividend payment in 2012 of EUR 2,125 million.

The operating, investing and financing activities described above resulted in a negative cash flow of EUR 7,811 in 2012 compared to a negative net cash flow of EUR 10,770 million in 2012.

CAPITAL ADEQUACY OF ING BANK

As at 1 January 2014, the CRR/CRD IV capital rules entered into force. The capital position table on the next page reflects own funds according to the Basel III rules as specified in the CRR/CRD IV. As CRD IV will be phased in gradually until 2019, the table shows the CRD IV positions according to the 2019 end-state rules and the 2014 rules. This makes clear which items phase in directly, which phase in gradually and which not yet in 2014. In addition, ING not only reports these metrics for ING Bank, but as of the fourth quarter of 2014 also introduced this analysis for ING Group. During 2014, ING Group and ING Bank were adequately capitalised.

ING Bank capital position according to CRR/CRD IV

	Fully loaded	Phased-in	Phased-in
	2014	**2014**	**2013**
		(EUR millions)	
Shareholders' equity (parent)	38,064	38,064	32,805
Regulatory adjustments	-4,395	-4,808	-1,049
Available common equity Tier 1	**33,668**	**33,256**	**33,854**
Additional Tier 1 securities [(1)]	5,727	5,727	5,123
Regulatory adjustments additional Tier 1	0	-1,883	-1,838
Available Tier 1 capital	**39,395**	**37,100**	**37,139**
Supplementary capital Tier 2 bonds[(2)]	9,371	9,371	8,653
Regulatory adjustments Tier 2	103	-456	-506
BIS capital	**48,869**	**46,015**	**45,287**
Risk weighted assets[(3)]	296,427	296,319	300,958

	Fully loaded	Phased-in	Phased-in
	2014	**2014**	**2013**
		(EUR millions)	
Common equity Tier 1 ratio	11.36%	11.22%	11.25%
Tier 1 ratio..	13.29%	12.52%	12.34%
BIS ratio	16.49%	15.53%	15.05%

Notes:

(1) Of which EUR 1,988 million is CRR/CRD IV compliant and EUR 3,739 million to be replaced as capital recognition subject to CRR/CRDIV grandfathering rules.

(2) Of which EUR 5,778 million is CRR/CRD IV-compliant and EUR 3,593 million to be replaced as capital recognition is subject to CRR/CRD IV grandfathering rules.

(3) The fully loaded RWA deviated from the phased-in RWA as a result of higher market values, the significant investments in Financial Institutions for the Bank exceeded 10% of CET1 capital. Only the amount up to this limit (which is lower phased-in than fully loaded) is to be 250% risk weighted, while the excess is deducted.

Capital adequacy and the use of regulatory required capital are based on the guidelines developed by the Basel Committee on Banking Supervision (the Basel Committee) and the European Union Directives, as implemented by the Dutch Central Bank (DNB until 3 November 2014, the ECB thereafter) for supervisory purposes. In 2010 the Basel Committee on Banking Supervision issued new solvency and liquidity requirements, which superseded Basel II. The minimum common equity Tier 1 ratio is 4.5%, the minimum Tier 1 requirement is 6% and the total capital ratio (known as the BIS ratio) is 8% of all risk-weighted assets. Basel III requires Banks to hold a capital of at least 80% of the old Basel I requirements, which was 8% of the RWAs as calculated with the Basel I methodology. This Basel I floor has been extended until the end of 2017.

ING Bank's management believes that working capital is sufficient to meet the current and reasonably foreseeable needs of ING Bank.

OFF-BALANCE SHEET ARRANGEMENTS

The following table sets forth contingent liabilities and commitments of the Issuer for the years ended 31 December 2014 and 31 December 2013. See Note 24 to the ING Bank N.V. consolidated financial statements for the year ended 31 December 2014.

	Total 2014	**Less than one year**	**More than one year**	**Total 2013**	**Less than one year**	**More than one year**
			(EUR millions)			
ING Bank N.V.						
Banking operations						
Contingent liabilities in respect of:						
- discounted bills................................	–	–	–	1	1	–
- guarantees	22,396	17,687	4,709	23,137	18,650	4,487

	Total 2014	Less than one year	More than one year	Total 2013	Less than one year	More than one year
			(EUR millions)			
- irrevocable letters of credit	12,178	11,839	339	14,587	14,216	371
- other contingent liabilities................	425	417	8	506	497	9
Irrevocable facilities	82,346	52,134	30,212	85,057	58,132	26,925
Total	**117,345**	**82,077**	**35,268**	**123,288**	**91,496**	**31,792**

SELECTED STATISTICAL INFORMATION

The information in this section is unaudited and sets forth selected statistical information regarding the operations of ING Bank. Information for 2014, 2013 and 2012 is prepared on the basis of IFRS-EU and is calculated based on figures included in the ING Bank consolidated financial statements for the respective financial year. Unless otherwise indicated, average balances, when used, are calculated from monthly data and the distinction between domestic and foreign is based on the location of the office where the assets and liabilities are booked, as opposed to the domicile of the customer. However, ING Bank believes that the presentation of these amounts based upon the domicile of the customer would not result in material differences in the amounts presented below.

	Year ended 31 December		
	2014	**2013**	**2012**
Return on shareholders' equity of ING Bank	7.7%	9.0%	9.4%
Return on assets of ING Bank	0.3%	0.4%	0.4%
Shareholders' equity to assets of ING Bank	4.6%	4.2%	4.2%
Net interest margin of ING Bank	1.5%	1.4%	1.3%

AVERAGE BALANCES AND INTEREST RATES

The following tables show the banking operations, average interest-earning assets and average interest-bearing liabilities, together with average rates, for the periods indicated. The interest income, interest expense and average yield figures do not reflect interest income and expense on derivatives and other interest income and expense not considered to be directly related to interest-bearing assets and liabilities. These items are reflected in the corresponding interest income, interest expense and net interest result figures in the consolidated financial statements. A reconciliation of the interest income, interest expense and net interest result figures to the corresponding line items in the consolidated financial statements is provided hereunder.

The comparative amounts in this section for assets and liabilities include assets and liabilities of ING Vysya Bank Ltd. In the IFRS balance sheet for the year ended 31 December 2013 and of ING Direct USA, ING Direct Canada and ING Direct UK; in the IFRS balance sheet for the year ended 31 December 2012, ING Direct UK (2011: ING Direct USA) was presented as Assets and Liabilities held for sale.

ASSETS

	Interest-earning assets								
	2014			**2013**			**2012**		
	Average balance	**Interest income**	**Average yield**	**Average balance**	**Interest income**	**Average yield**	**Average balance**	**Interest income**	**Average yield**
	(EUR millions)		*(%)*	*(EUR millions)*		*(%)*	*(EUR millions)*		*(%)*
Time deposits with banks									
domestic	16,032	72	0.5	11,996	48	0.4	11,885	100	0.8
foreign	30,578	330	1.1	25,859	264	1.0	22,750	352	1.6
Loans and advances.....									

	Interest-earning assets								
	2014			2013			2012		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
	(EUR millions)		*(%)*	*(EUR millions)*		*(%)*	*(EUR millions)*		*(%)*
domestic	225,332	8,336	3.7	247,627	9,241	3.7	263,392	10,117	3.9
foreign	335,075	11,538	3.4	328,497	12,087	3.7	358,548	14,240	4.0
Interest-earning securities(1)									
domestic	33,374	634	1.9	26,608	659	2.5	22,320	640	2.9
foreign	76,955	2,006	2.6	69,588	2,185	3.1	78,141	2,821	3.6
Other interest-earning assets									
domestic	14,692	106	0.7	19,060	96	0.5	34,571	163	0.5
foreign	15,796	164	1.0	19,284	125	0.7	20,831	158	0.8
Total	**747,834**	**23,186**	**3.1**	**748,519**	**24,705**	**3.3**	**812,438**	**28,591**	**3.6**
Non-interest earning assets	38,177	–	–	37,305	–	–	38,222	–	–
Derivatives assets	**39,907**	–	–	**50,978**	–	–	**70,901**	–	–
Total assets(1)	**825,918**	–	–	**836,802**	–	–	**921,561**	–	–
Percentage of assets applicable to foreign operations	–	65.2%	–	–	62.5%	–	–	60.8%	–
Interest income on derivatives	–	25,137	–	–	26,871	–	–	31,617	–
Other	–	46	–	–	-2	–	–	63	–
Total interest income	–	**48,370**		–	**51,574**		–	**60,271**	–

Note:

(1) Substantially all interest-earning securities held by ING Bank are taxable securities.

LIABILITIES

	Interest-bearing liabilities								
	2014			2013			2012		
	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield
	(EUR millions)		(%)	(EUR millions)		(%)	(EUR millions)		(%)
Time deposits from banks									
domestic	3,336	23	0.7	4,450	39	0.9	18,252	166	0.9
foreign	9,782	281	2.9	10,017	356	3.6	13,144	391	3.0
Demand deposits(1)									
domestic	41,916	134	0.3	42,236	141	0.3	42,190	168	0.4
foreign	54,437	95	0.2	49,390	131	0.3	46,396	157	0.3
Time deposits(1)									
domestic	31,266	95	0.3	30,418	129	0.4	29,623	325	1.1
foreign	18,972	251	1.3	20,866	267	1.3	20,381	365	1.8
Savings deposits(1)									
domestic	88,149	1,168	1.3	87,418	1,457	1.7	79,677	1,834	2.3
foreign	239,101	3,374	1.4	233,016	4,157	1.8	248,637	5,686	2.3
Short-term debt									
domestic	17,486	63	0.4	19,167	73	0.4	34,470	260	0.8
foreign	24,091	182	0.8	22,055	253	1.1	29,801	465	1.6
Long-term debt									
domestic	75,319	2,277	3.0	78,864	2,530	3.2	73,306	2,432	3.3
foreign	18,220	575	3.2	18,938	740	3.9	27,840	1,150	4.1
Subordinated liabilities									
domestic	16,689	717	4.3	16,099	706	4.4	17,069	746	4.4
foreign	438	30	6.8	610	33	5.5	904	40	4.4
Other interest-bearing liabilities									
domestic	18,340	29	0.2	20,844	27	0.1	33,909	115	0.3
foreign	46,908	318	0.7	47,567	368	0.8	49,830	515	1.0
Total	704,453	9,612	1.4	701,955	11,407	1.6	765,429	14,815	1.9
Non-interest bearing liabilities	43,645	–	–	43,800	–	–	43,686	–	–
Derivatives liabilities	42,504	–	–	54,694	–	–	75,343	–	–
Total liabilities	790,602	–	–	800,449	–	–	884,458	–	–
Group capital	35,316	–	–	36,353	–	–	37,103	–	–
Total liabilities and capital	**825,918**	–	–	**836,802**	–	–	**921,561**	–	–
Percentage of liabilities applicable to foreign operations	–	62.3%	–	–	60.3%	–	–	58.8%	–
Other interest expense:									
interest expenses on	–	26,024	–	–	28,122	–	–	33,117	–

	Interest-bearing liabilities								
	2014			2013			2012		
	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield
	(EUR millions)		(%)	(EUR millions)		(%)	(EUR millions)		(%)
derivatives.................									
other..........................	–	128	–	–	81	–	–	91	–
Total interest expense	–	**35,764**	–	–	**39,610**	–	–	**48,023**	–
Total net interest result	–	**12,606**	–	–	**11,964**	–	–	**12,248**	–

Note:

(1) These captions do not include deposits from banks.

ANALYSIS OF CHANGES IN NET INTEREST INCOME

The following table allocates changes in ING Bank's interest income and expense and net interest result between changes in average balances and rates for the periods indicated. Changes due to a combination of volume and rate have been allocated to changes in average volume. The net changes in interest income, interest expense and net interest result, as calculated in this table, have been reconciled to the changes in interest income, interest expense and net interest result in the consolidated financial statements. See introduction to "Average Balances and Interest Rates" for a discussion of the differences between interest income, interest expense and net interest result as calculated in the following table and as set forth in ING Bank's consolidated financial statements.

	2014 over 2013 Increase (decrease) due to changes in			2013 over 2012 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
	(EUR millions)			(EUR millions)		
Interest-earning assets						
Time deposits to banks........................						
domestic	16	8	24	1	-53	-52
foreign	48	18	66	48	-136	-88
Loans and advances............................						
domestic	-832	-73	-905	-606	-270	-876
foreign	242	-791	-549	-1,194	-959	-2,153
Interest-earning securities						
domestic	168	-193	-25	123	-104	19
foreign	231	-410	-179	-309	-327	-636
Other interest-earning assets						
domestic	-22	32	10	-73	6	-67
foreign	-23	62	39	-12	-21	-33

	2014 over 2013 Increase (decrease) due to changes in			2013 over 2012 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
		(EUR millions)			(EUR millions)	
Interest income						
domestic	-670	-226	-896	-555	-421	-976
foreign	498	-1,121	-623	-1,467	-1,443	-2,910
Total	**-172**	**-1,374**	**-1,519**	**-2,022**	**-1,864**	**-3,886**
Other interest income	–	–	-1,686	–	–	-4,811
Total interest income	–	–	**-3,205**	–	–	**-8,697**

The following table shows the interest spread and net interest margin for the past two years.

	2014 Average rate	2013 Average rate
	%	%
Interest spread		
domestic	1.6	1.6
foreign	1.8	1.7
Total	1.7	1.7
Net interest margin		
domestic	1.6	1.6
foreign	1.9	1.9
Total	1.8	1.8

	2014 over 2013 Increase (decrease) due to changes in			2013 over 2012 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
		(EUR millions)			(EUR millions)	
Interest-bearing liabilities						
Time deposits from banks						
domestic	-10	-6	-16	-125	-2	-127
foreign	-8	-67	-75	-93	58	-35
Demand deposits						
domestic	-1	-6	-7	–	-27	-27
foreign	13	-49	-36	10	-36	-26
Time deposits						
domestic	4	-38	-34	9	-205	-196
foreign	-24	8	-16	9	-107	-98

	2014 over 2013 Increase (decrease) due to changes in			2013 over 2012 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
		(EUR millions)			*(EUR millions)*	
Savings deposits						
domestic	12	-301	-289	178	-555	-377
foreign	109	-892	-783	-357	-1,172	-1,529
Short-term debt						
domestic	-6	-4	-10	-116	-71	-187
foreign	23	-94	-71	-121	-91	-212
Long-term debt						
domestic	-114	-139	-253	184	-86	98
foreign	-28	-137	-165	-368	-42	-410
Subordinated liabilities						
domestic	26	-15	11	-42	2	-40
foreign	-9	6	-3	-13	6	-7
Other interest-bearing liabilities						
domestic	-3	5	2	-44	-44	-88
foreign	-5	-45	-50	-23	-124	-147
Interest expense						
domestic	-92	-504	-596	44	-988	-944
foreign	71	-1,270	-1,199	-956	-1,508	-2,464
Total	**-21**	**-1,774**	**-1,795**	**-912**	**-2,496**	**-3,408**
Other interest expense			**-2,051**	–	–	**-5,005**
Total interest expense			-3,846	–	–	-8,413
Net interest						
domestic	-578	278	-300	-599	567	-32
foreign	427	149	576	-511	65	-446
Net interest	**-151**	**427**	**276**	**-1,110**	**632**	**-478**
Other net interest result			365	–	–	194
Net interest result			**641**	–	–	**-284**

INVESTMENTS OF ING BANK

The following table shows the balance sheet value under IFRS-EU of the investments of ING Bank.

	Year ended 31 December		
	2014	**2013**	**2012**
		(EUR millions)	
Debt securities available for sale			

	Year ended 31 December		
	2014	2013	2012
		(EUR millions)	
Dutch government	9,599	11,465	8,285
German government	17,413	11,240	10,889
Central banks	842	910	808
Belgian government	8,256	10,003	10,170
Other governments	30,055	19,919	18,660
Corporate debt securities	–	–	–
Banks and financial institutions	21,009	19,160	20,649
Other corporate debt securities	1,935	1,576	900
U.S. Treasury and other U.S. Government agencies	2,875	3	3
Other debt securities	699	962	1,281
Total debt securities available for sale	**92,683**	**75,238**	**71,645**
Debt securities held to maturity			
Dutch government	–	–	–
German government	–	–	100
Other governments	315	50	230
Banks and financial institutions	1,567	2,693	5,859
Other corporate debt securities	–	–	–
U.S. Treasury and other U.S. Government agencies	–	–	–
Other debt securities	357	355	356
Total debt securities held to maturity	**2,239**	**3,098**	**6,545**
Shares and convertible debentures	2,718	1,645	2,634
Land and buildings(1)	1,100	1,251	1,410
Total	**98,740**	**81,232**	**82,234**

Note:

(1) Including commuted ground rents.

Banking investment strategy

ING Bank's investment strategy for its investment portfolio related to the banking activities is formulated by the Asset and Liability Committee ("ALCO"). The exposures of the investments to market rate movements are managed by modifying the asset and liability mix, either directly or through the use of derivative financial products including interest rate swaps, futures, forwards and purchased option positions such as interest rate caps, floors and collars. See "Operating and Financial Review and Prospects – Factors Affecting Results of Operations" in this Registration Document and Note 2.1 to the ING Bank consolidated financial statements for the year ended 31 December 2014.

The investment portfolio related to the banking activities primarily consists of fixed-interest securities. Approximately 85% of the land and buildings owned by ING Bank are wholly or partially in use by Group companies.

Portfolio maturity description

	1 year or less		Between 1 and 5 years		Between 5 and 10 years	
	Book value	Yield(1)	Book value	Yield(1)	Book value	Yield(1)
	(EUR millions)	%	*(EUR millions)*	%	*(EUR millions)*	%
Debt securities available for sale						
Dutch government	496	–	1,940	–	7,163	–
German government	1,146	–	4,415	–	11,754	–
Belgian government	864	–	4,965	–	2,222	–
Central banks	842	–	–	–	–	–
Other governments	4,296	–	12,939	–	10,631	–
Banks and financial institutions	2,605	–	10,902	–	7,456	–
Corporate debt securities	51	–	1,255	–	629	–
U.S. Treasury and other U.S. Government agencies	–	–	2,048	–	1	–
Other debt securities	16	–	16	–	70	–
Total debt securities available for sale	**11,141**	1.8	**38,480**	2.9	**39,926**	2.6

	Over 10 years		Total
	Book value	**Yield(1)**	**Book value**
	(EUR millions)	%	*(EUR millions)*
Debt securities available for sale			
Dutch government	–	–	9,599
German government	98	–	17,413
Belgian government	205	–	8,256
Central banks	–	–	842
Other governments	2,189	–	30,055
Banks and financial institutions	46	–	21,009
Corporate debt securities	–	–	1,935
U.S. Treasury and other U.S. Government agencies	1	–	2,875
Other debt securities	597	–	699
Total debt securities available for sale	**3,136**	3.3	**92,683**

Note:

(1) Since substantially all investment securities held by ING Bank are taxable securities, the yields are on a tax-equivalent basis. The average yield on available for sale investments is based on amortised cost.

	1 year or less		Between 1 and 5 years		Between 5 and 10 years	
	Book value	Yield(1)	Book value	Yield(1)	Book value	Yield(1)
	(EUR millions)	*%*	*(EUR millions)*	*%*	*(EUR millions)*	*%*
Debt securities held to maturity						
Dutch government	–	–	–	–	–	–
German government	–	–	–	–	–	–
Belgian government	–	–	–	–	–	–
Central banks	–	–	–	–	–	–
Other governments	–	–	315	–	–	–
Banks and financial institutions	1,224	–	343	–	–	–
Corporate debt securities	–	–	–	–	–	–
U.S. Treasury and other U.S. Government agencies	–	–	–	–	–	–
Other debt securities	–	–	–	–	263	–
Total debt securities held to maturity	**1,224**	1.3	**658**	4.0	**263**	0.7

	Over 10 years		Total
	Book value	Yield(1)	Book value
	(EUR millions)	*%*	*(EUR millions)*
Debt securities held to maturity			
Dutch government	–	–	–
German government	–	–	–
Belgian government	–	–	–
Central banks	–	–	–
Other governments	–	–	315
Banks and financial institutions	–	–	1,567
Corporate debt securities	–	–	–
U.S. Treasury and other U.S. Government agencies	–	–	–
Other debt securities	94	–	357
Total debt securities held to maturity	**94**	0.6	**2,239**

Note:

(1) Since substantially all investment securities held by ING Bank are taxable securities, the yields are on a tax-equivalent basis.

At 31 December 2014, ING Bank also held the following securities for the banking operations that exceeded 10 % of shareholders' equity:

	2014	
	Book value	Market value
	(EUR millions)	
Dutch government	9,599	9,599
German government	17,413	17,413
Belgian government	8,256	8,256

LOAN PORTFOLIO

Loans and advances to banks and customers

Loans and advances to banks include all receivables from credit institutions, except for cash, current accounts and deposits with other banks (including central banks). Lending facilities to corporate and private customers encompass among others, loans, overdrafts and finance lease receivables.

Loans and loan loss provisions

See Note 5 of Note 2.1 to the consolidated financial statements for the year ended 31 December 2014.

Loans and loan loss provisions

	2014	2013
	(EUR millions)	
Loans past due 90 days	12,300	12,855
Other impaired loans	2,647	3,066
Total impaired loans (loans with a loan loss provision)	14,947	15,921
Potential problem loans	7,893	8,455
Total impaired loans and potential problem loans	22,840	24,376
Loans neither impaired nor potential problem loans	537,284	529,046
Total	**560,124**	**553,422**
This amount is presented in the balance sheet as:		
Amounts due from Banks	36,016	40,922
Loans and advances to customers	524,108	512,500
Total	**560,124**	**553,422**
Loan loss provisions included in:		
Amounts due from Banks	6	19
Loans and advances to customers	5,989	6,135
Total loan loss provisions	**5,995**	**6,154**

	2014	2013
Loans and advances by customer type:		

Loans secured by public authorities	45,398	44,251
Loans secured by mortgages	287,817	287,238
Loans guaranteed by credit institutions	1,997	4,142
Personal lending	28,393	26,761
Asset backed securities excluding MBS	5,318	6,336
Corporate loans	155,185	143,772
Total	**524,108**	**512,500**

	2014	**2013**
Loan loss provisions by customer type:		
Loans secured by public authorities	2	2
Loans secured by mortgages	1,862	1,896
Loans guaranteed by credit institutions	8	21
Personal lending	870	811
Mortgage backed securities (MBS)	–	0
Asset backed securities excluding MBS	2	142
Corporate loans	3,251	3,424
Total	**5,995**	**6,154**

	2014	**2013**
Increase in Loan loss provision by customer type:		
Loans secured by public authorities	–	0
Loans secured by mortgages	-34	308
Loans guaranteed by credit institutions	-13	-9
Personal lending	59	17
Mortgage backed securities (MBS)	–	0
Asset backed securities excluding MBS	-140	-76
Corporate loans	-31	409
Total	**-159**	**649**
The net decrease in Loan loss provision includes:		
Increase in loan loss provision (P&L)	1,594	2,289
Write-offs and other	-1,753	-1,640
Total	**-159**	**649**

The following table sets forth the gross loans and advances to banks and customers as at 31 December 2014, 2013, 2012, 2011 and 2010 under IFRS-EU.

IFRS-EU	Year ended 31 December				
	2014	2013	2012	2011	2010
			(EUR millions)		
By domestic offices:					
Loans guaranteed by public authorities	26,504	29,132	35,857	29,281	28,671
Loans secured by mortgages	138,438	139,475	153,594	162,735	157,671
Loans to or guaranteed by credit institutions	11,835	11,686	14,641	14,130	14,704
Other private lending	4,852	4,857	5,048	5,012	5,125
Mortgage backed securities (MBS)	0	0	0	0	0
Asset backed securities excluding MBS	0	0	0	0	0
Other corporate lending	39,655	43,907	42,891	50,603	53,784
Total domestic offices	**221,284**	**229,057**	**252,031**	**261,761**	**259,955**
By foreign offices:					
Loans guaranteed by public authorities	18,894	15,119	14,917	25,867	27,282
Loans secured by mortgages	149,379	147,763	152,369	160,404	172,802
Loans to or guaranteed by credit institutions	26,178	33,378	28,824	37,817	43,016
Other private lending	23,541	21,904	19,550	19,389	16,618
Asset backed securities excluding MBS	5,318	6,336	7,044	13,328	18,605
Other corporate lending	115,530	99,865	104,644	103,706	100,724
Total foreign offices	**338,840**	**324,365**	**327,348**	**360,511**	**379,047**
Total gross loans and advances to banks and customers	**560,124**	**553,422**	**579,379**	**622,272**	**639,002**

Maturities and sensitivity of loans to changes in interest rates

The following table analyses loans and advances to banks and customers by time remaining until maturity at 31 December 2014.

	1 year or less	1 year to 5 years	After 5 years	Total
		(EUR millions)		
By domestic offices:				
Loans guaranteed by public authorities	1,065	2,966	22,473	26,504
Loans secured by mortgages	8,940	21,627	107,871	138,438
Loans guaranteed by credit institutions	9,733	1,584	518	11,835
Other private lending	2,461	644	1,747	4,852
Asset backed securities excluding MBS	0	0	0	0
Other corporate lending	20,482	14,028	5,145	39,655
Total domestic offices	**42,681**	**40,849**	**137,754**	**221,284**
By foreign offices:				
Loans guaranteed by public authorities	8,801	5,232	4,861	18,894

	1 year or less	1 year to 5 years	After 5 years	Total
		(EUR millions)		
Loans secured by mortgages	15,997	37,175	96,207	149,379
Loans guaranteed by credit institutions	22,087	3,821	270	26,178
Other private lending	10,370	8,644	4,527	23,541
Asset backed securities excluding MBS	117	691	4,510	5,318
Other corporate lending	43,304	45,227	26,999	115,530
Total foreign offices	**100,676**	**100,790**	**137,374**	**338,840**
Total gross loans and advances to banks and customers	**143,357**	**141,639**	**275,128**	**560,124**

The following table analyses loans and advances to banks and customers by interest rate sensitivity by maturity at 31 December 2014.

	1 year or less	Over 1 year	Total
		(EUR millions)	
Non-interest earning	4,874	1,255	6,129
Fixed interest rate	62,480	65,538	128,018
Semi-fixed interest rate[(1)]	19,541	197,329	216,870
Variable interest rate	56,443	152,646	209,089
Total	**143,338**	**416,768**	**560,106**

Note:

(1) Loans that have an interest rate that remains fixed for more than one year and which can then be changed are classified as “semi-fixed”.

Loan concentration

The following industry concentrations were in excess of 10% of total loans at 31 December 2014:

	Total outstanding
Private Individuals	40.9%

RISK ELEMENTS

Loans Past Due 90 Days and Still Accruing Interest

Loans past due 90 days and still accruing interest are loans that are contractually past due 90 days or more as to principal or interest on which ING Bank continues to recognise interest income on an accrual basis in accordance with IFRS-EU. Once a loan has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

As all loans continue to accrue interest under IFRS-EU, the non-accrual loan status is no longer used to identify ING Bank's risk elements. No loans are reported as non-accrual and there is an increase in the amount of loans reported as Loans past due 90 days and still accruing interest, compared to the prior years reported, due to the interest accrual on impaired loans. The following table sets forth the outstanding balance of the loans past due 90 days and still accruing interest and non-accrual loans for the years ended 31 December 2014, 2013, 2012, 2011 and 2010 under IFRS-EU.

IFRS-EU	**Year ended 31 December**				
	2014	**2013**	**2012**	**2011**	**2010**
			(EUR millions)		
Loans past due 90 days and still accruing interest					
Domestic	6,772	8,088	6,367	5,292	5,758
Foreign	5,528	4,767	3,734	3,531	4,705
Total loans past due 90 days and still accruing interest	**12,300**	**12,855**	**10,101**	**8,823**	**10,463**

As at 31 December 2014, EUR 12,180 million of the loans past due 90 days and still accruing interest have a loan loss provision. Total loans with a loan loss provision, including those loans classified as past due 90 days and still accruing interest with a provision and troubled debt restructurings with a provision, amounts to EUR 14,827 million as at 31 December 2014.

Troubled Debt Restructurings

Troubled debt restructurings are loans that ING Bank has restructured due to deterioration in the borrower's financial position and in relation to which, for economic or legal reasons related to the borrower's deteriorated financial position, ING Bank has granted a concession to the borrower that we would not have otherwise granted.

The following table sets forth the outstanding balances of the troubled debt restructurings as at 31 December 2014, 2013, 2012, 2011 and 2010 under IFRS-EU.

IFRS-EU	**Year ended 31 December**				
	2014	**2013**	**2012**	**2011**	**2010**
			(EUR millions)		
Troubled debt restructurings:					
Domestic	112	813	781	276	366
Foreign	304	742	476	743	2,165
Total troubled debt restructurings	**416**	**1,555**	**1,257**	**1,019**	**2,531**

Interest Income on Troubled Debt Restructurings

The following table sets forth the gross interest income that would have been recorded during the year ended 31 December 2014 on troubled debt restructurings had such loans been current in accordance with their original contractual terms and interest income on such loans that was actually included in interest income during the year ended 31 December 2014.

	Year ended 31 December 2014		
	Domestic Offices	Foreign Offices	Total
		(EUR millions)	
Interest income that would have been recognised under the original contractual terms.............................	3	6	9
Interest income recognised in the profit and loss account	2	5	7

Potential Problem Loans

Potential problem loans are loans that are not classified as loans past due 90 days and still accruing interest or troubled debt restructurings and amounted to EUR 7,893 million as at 31 December 2014. Of this total, EUR 4,965 million relates to domestic loans and EUR 2,928 million relates to foreign loans. These loans are considered potential problem loans as there is known information about possible credit problems causing ING Bank to have serious doubts as to the ability of the borrower to comply with the present loan repayment terms and which may result in classifying the loans as loans past due 90 days and still accruing interest or as troubled debt restructurings. Appropriate provisions, following ING Bank's credit risk rating system, have been established for these loans.

Cross-border Outstandings

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-earning deposits with other banks, other interest-earning investments and any other monetary assets that are denominated in Euro or other non-local currency. To the extent that material local currency outstandings are not hedged or are not funded by local currency borrowings, such amounts are included in cross-border outstandings.

Commitments such as irrevocable letters of credit are not considered as cross border outstanding. Total outstandings are in line with DNB requirements. On 31 December 2014, there were no outstandings exceeding 1% of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

The following tables analyze cross-border outstandings as at 31 December 2014, 2013 and 2012 stating the name of the country and the aggregate amount of cross-border outstandings to borrowers in each foreign country where such outstandings exceed 1% of total assets, by the following categories.

	Year ended 31 December 2014					
	Government & official institutions	Banks & other financial institutions	Commercial & industrial	Other	Total	Cross-border commitments
			(EUR millions)			
United Kingdom	481	10,575	4,730	1,012	16,798	5,159
United States	2,898	6,568	4,409	1,834	15,709	13,354
France	8,259	11,213	2,641	1,181	23,294	6,539
Germany	8,643	1,653	1,941	2,791	15,028	7,389
China	193	7,940	1,701	2,736	12,570	479

	Year ended 31 December 2013					
	Government & official institutions	Banks & other financial institutions	Commercial & industrial	Other	Total	Cross-border commitments
			(EUR millions)			
United Kingdom	44	22,158	2,109	752	25,063	4,072
United States	150	5,910	5,469	4,426	15,954	9,706
France	5,106	12,091	2,620	643	20,460	6,773
Germany..........................	5,900	2,062	1,868	3,502	13,332	7,290

	Year ended 31 December 2012					
	Government & official institutions	Banks & other financial institutions	Commercial & industrial	Other	Total	Cross-border commitments
			(EUR millions)			
United Kingdom	6,160	9,522	15,946	715	32,343	3,817
United States	5	3,361	5,581	4,808	13,756	10,853
France	5,197	7,842	2,933	886	16,858	2,733
Germany	7,580	2,261	2,453	3,244	15,838	6,724

As at 31 December 2014 Belgium, Switzerland, Turkey, Russia and Canada has cross-border outstandings between 0.65% and 0.90% of total assets and Italy, Spain and Luxembourg had cross-border outstandings between 0.40% and 0.65% of total assets.

Summary of Loan Loss Experience

For further explanation on loan loss provision see "Loan Loss Provisions" in Note 2.1 to the consolidated financial statements for the year ended 31 December 2014.

The application of the IFRS-EU methodology has reduced the amount of the unallocated provision for loan losses that ING Bank provided in prior years to adequately capture various subjective and judgmental aspects of the credit risk assessment which were not considered on an individual basis.

The following table presents the movements in allocation of the provision for loan losses on loans accounted for as loans and advances to banks and customers for 2014, 2013, 2012, 2011 and 2010 under IFRS-EU.

IFRS-EU	Year ended 31 December				
	2014	2013	2012	2011	2010
			(EUR millions)		
Balance on 1 January	6,154	5,505	4,950	5,195	4,399
Change in the composition of the Group	.170	-20	-13	-3	–
Charge-offs:					
Domestic:					
Loans guaranteed by public authorities.....	–	–	–	–	–
Loans secured by mortgages	-435	-301	-144	-129	-86
Loans to or guaranteed by credit institutions	-12	-5	-5	-14	-30
Other private lending	-50	-34	-47	-56	-65

IFRS-EU	Year ended 31 December				
	2014	2013	2012	2011	2010
			(EUR millions)		
Other corporate lending	-483	-569	-601	-343	-277
Foreign:					
Loans guaranteed by public authorities	–	–	-18	-6	-8
Loans secured by mortgages	-90	-54	-64	-50	-56
Loans to or guaranteed by credit institutions	–	-3	–	-3	-5
Other private lending	-124	-167	-133	-452	-404
Other corporate lending	-535	-476	-670	-251	-235
Total charge-offs	-1,729	-1,609	-1,682	-1,304	-1,166
Recoveries:					
Domestic:					
Loans guaranteed by public authorities	–	–	–	–	–
Loans secured by mortgages	36	34	35	36	23
Loans to or guaranteed by credit institutions	–	–	–	–	–
Other private lending	13	7	12	11	29
Other corporate lending	9	22	37	28	9
Foreign:					
Loans guaranteed by public authorities	–	–	–	–	–
Loans secured by mortgages	6	4	1	1	1
Loans to or guaranteed by credit institutions	–	–	–	–	3
Other private lending	31	31	30	29	29
Other corporate lending	9	18	27	7	11
Total recoveries	104	116	142	112	105
Net charge-offs	-1,625	-1,493	-1,540	-1,192	-1,061
Additions and other adjustments (included in value Adjustments to receivables of the Banking operations)	1,636	2,162	2,108	950	1,857
Balance on 31 December	**5,995**	**6,154**	**5,505**	**4,950**	**5,195**
Ratio of net charge-offs to average loans and advances to banks and customers	0.29%	0.26%	0.25%	0.19%	0.17%

Additions to the provision for loan losses presented in the table above were influenced by developments in general economic conditions as well as certain individual exposures.

The following table shows the allocation of the provision for loan losses on loans accounted for as loans and advances to banks and customers for 2014, 2013, 2012, 2011 and 2010 under IFRS-EU.

IFRS-EU	Year ended 31 December									
	2014		2013		2012		2011		2010	
	(EUR millions)	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]
Domestic:										
Loans guaranteed by public authorities.......	0	4.73	0	5.26	0	6.20	1	4.68	0	4.47
Loans secured by mortgages................	1,069	24.72	1,265	25.21	878	26.55	503	26.91	416	25.24
Loans to or guaranteed by credit institutions................	0	2.11	0	2.11	0	2.94	4	2.25	17	2.29
Other private lending	169	0.87	139	0.88	144	0.87	119	0.80	131	0.80
Other corporate lending......................	1,820	7.08	1,566	7.93	1,423	7.62	1,375	7.75	1,385	8.13
Total domestic	3,058	39.51	2,970	41.38	2,445	44.18	2,002	42.39	1,949	40.93
Foreign:										
Loans guaranteed by public authorities.......	2	3.37	2	2.73	2	2.57	2	4.13	3	4.25
Loans secured by mortgages................	793	26.67	631	26.70	710	26.28	712	25.63	1,183	26.93
Loans to or guaranteed by credit institutions................	8	4.67	21	6.03	30	4.56	5	6.05	6	6.7
Other private lending	701	4.20	672	3.96	650	3.37	596	3.10	536	2.59
Mortgage backed securities	2	0.95	142	1.14	76	1.22	2	2.13	0	2.37
Other corporate lending......................	1,431	20.63	1,716	18.05	1,592	17.82	1,631	16.57	1,518	16.23
Total foreign..............	2,937	60.49	3,184	58.61	3,060	55.82	2,948	57.61	3,246	59.07
Total.........................	**5,995**	**100.00**	**6,154**	**100.00**	**5,505**	**100.00**	**4,950**	**100.00**	**5,195**	**100.00**

Note:

(1) The percentages represent the loans in each category as a percentage of the total loan portfolio for loans and advances to banks and customers.

DEPOSITS

The aggregate average balance of all ING Bank's interest-bearing deposits (from banks and customer accounts) increased by 1.9% to EUR 509,236 million at 31 December 2014, compared to EUR 499,870 million at 31 December 2013. Interest rates paid reflect market conditions. The effect on net interest income depends upon competitive pricing and the level of interest income that can be generated through the use of funds. Deposits by banks are primarily time deposits, the majority of which are raised by ING Bank's Amsterdam based money market operations in the world's major financial markets. Certificates of deposit represent 23% of the category 'Debt securities' (21% at the end of 2013). These instruments are issued as part of liquidity management with maturities generally of less than three months. The following table includes the average deposit balance by category of deposit and the related average rate.

	2014		2013		2012	
	Average deposit	**Average rate**	**Average deposit**	**Average rate**	**Average deposit**	**Average rate**
	(EUR millions)	*%*	*(EUR millions)*	*%*	*(EUR millions)*	*%*
Deposits by banks						
In domestic offices:						
Demand – non-interest bearing	2,452	–	2,064	–	1,637	–
– interest bearing	675	1.5	583	1.4	2,367	0.9
Time	3,300	0.7	4,435	0.9	18,059	0.9
Other	2,436	0.7	3,850	0.9	8,556	2.8
Total domestic offices	8,863	–	10,932	–	30,619	–
In foreign offices						
Demand – non-interest bearing	1,698	–	1,235	–	1,849	–
– interest bearing	4,205	1.2	4,951	1.4	6,034	1.2
Time	9,486	2.9	9,800	3.6	12,667	3.0
Other	6,278	0.7	7,347	1.1	11,559	1.3
Total foreign offices	21,667	–	23,333	–	32,109	–
Total deposits by banks	**30,530**	–	**34,265**	**–**	**62,728**	**–**
Customer accounts						
In domestic offices:						
Demand – non-interest bearing	683	**–**	777	–	922	–
– interest bearing	44,756	0.3	44,406	0.3	45,226	0.4
Savings	87,951	1.1	87,370	1.3	79,612	2.3
Time	31,267	1.0	30,415	1.4	29,619	1.1
Other	878	2.3	1,483	3.6	3,032	1.0
Total domestic offices	165,535	**–**	164,451	–	158,411	–
In foreign offices:						
Demand – non-interest bearing	4,094	**–**	5,976	–	6,865	–
– interest bearing	59,506	0.3	53,455	0.4	48,118	0.5
Savings	238,933	1.3	230,173	1.8	256,425	2.5
Time	18,687	3.0	20,407	1.5	20,102	1.8
Other	878	1.3	1,196	2.0	7,066	2.6
Total foreign offices	322,098	**–**	311,206	–	338,576	–
Total customers accounts	**487,633**	**–**	**475,657**	**–**	**496,987**	**–**
Debt securities						
In domestic offices:						
Debentures	71,821	2.6	76,418	2.7	68,554	3.1
Certificates of deposit	15,660	0.4	15,671	0.4	26,819	0.7
Other	773	0.0	3,239	0.4	7,676	0.8

	2014		2013		2012	
	Average deposit	Average rate	Average deposit	Average rate	Average deposit	Average rate
	(EUR millions)	*%*	*(EUR millions)*	*%*	*(EUR millions)*	*%*
Total domestic offices	88,254	–	95,328	–	103,049	–
In foreign offices:						
Debentures	7,954	3.7	9,119	4.5	11,758	4.9
Certificates of deposit	10,601	1.2	10,637	1.9	13,885	2.4
Other	5,486	3.3	11,709	1.7	20,575	1.4
Total foreign offices	24,041	–	31,465	–	46,218	–
Total debt securities	**112,295**	–	**126,793**	**–**	**149,267**	**–**

For the years ended 31 December 2014, 2013 and 2012, the aggregate amount of deposits by foreign depositors in domestic offices was EUR 40,301 million, EUR 42,463 million and EUR 31,728 million, respectively.

On 31 December 2014, the maturity of domestic time certificates of deposit and other time deposits exceeding EUR 20,000 was:

	Time certificates of deposit		Other time deposits	
	(EUR millions)	*%*	*(EUR millions)*	*%*
3 months or less	9,414	61.9	21,525	78.5
6 months or less but over 3 months	2,000	13.2	4,287	15.6
12 months or less but over 6 months	3,791	24.9	1,278	4.7
Over 12 months	0.0	0.0	336	1.2
Total	**15,205**	**100.0**	**27,426**	**100.0**

The following table shows the amount outstanding for time certificates of deposit and other time deposits exceeding EUR 20,000 issued by foreign offices at 31 December 2014.

	(EUR millions)
Time certificates of deposit	7,717
Other time deposits	35,681
Total	**43,398**

Short-term Borrowings

Short-term borrowings are borrowings with an original maturity of one year or less. Commercial paper and securities sold under repurchase agreements are the only significant categories of short-term borrowings within ING Bank's banking operations.

The following table sets forth certain information relating to the categories of ING Bank's short-term borrowings.

IFRS-EU	Year ended 31 December		
	2014	2013	2012
	(EUR millions, except % data)		
Commercial paper:			
Balance at the end of the year	11,868	13,405	14,323
Monthly average balance outstanding during the year	15,368	13,350	23,150
Maximum balance outstanding at any period end during the year	17,670	17,022	27,715
Weighted average interest rate during the year	0.12%	0.52%	0.82%
Weighted average interest rate on balance at the end of the year	0.16%	0.52%	1.32%
Securities sold under repurchase agreements:			
Balance at the end of the year	39,441	36,212	26,573
Monthly average balance outstanding during the year	45,029	45,600	55,365
Maximum balance outstanding at any period end during the year	56,658	56,758	72,901
Weighted average interest rate during the year	0.39%	0.47%	0.72%
Weighted average interest rate on balance at the end of the year	0.45%	0.59%	1.50%

GENERAL INFORMATION

Documents Available for Inspection or Collection

So long as this Registration Document is valid as described in Article 9 of the Prospectus Directive, copies of the following documents will, when published, be available free of charge from the Issuer and from the specified office of the Paying Agents and Certificate Agents and, if applicable, for Austrian investors from ING Bank N.V., Vienna Branch at Rennweg 33B/Top 101, A-1030 Vienna, Austria. Requests for such documents should be directed to the Issuer at Foppingadreef 7, 1102 BD Amsterdam, The Netherlands or at the address of ING Bank N.V., Vienna Branch indicated above.

(i) the Articles of Association (*statuten*) of the Issuer;

(ii) the publicly available annual reports of the Issuer in respect of the years ended 31 December 2012, 2013 and 2014, including the audited financial statements and the auditors' reports in respect of such years;

(iii) the most recently publicly available annual report of the Issuer and the most recently publicly available interim financial statements of the Issuer and its consolidated subsidiaries (if any);

(iv) a copy of this Registration Document; and

(v) any future supplements to this Registration Document and any other documents incorporated herein or therein by reference.

Ratings

The Issuer has a senior debt rating from Standard & Poor's Credit Market Services Europe Limited of A (outlook negative), a senior debt rating from Moody's Investors Service Ltd. of A2 (under review) and a senior debt rating from Fitch France S.A.S. of A+ (outlook negative).

A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating will remain for any given period of time or that a rating will not be suspended, lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant. The Issuer has from time to time been subject to its ratings being lowered.

Significant or Material Adverse Change

At the date hereof, there has been no significant change in the financial position of ING Bank N.V. and its consolidated subsidiaries since 31 December 2014.

At the date hereof, there has been no material adverse change in the prospects of ING Bank N.V. since 31 December 2014.

Litigation

The Issuer and its consolidated subsidiaries are involved in litigation and arbitration proceedings in The Netherlands and in a number of foreign jurisdictions, including the U.S., involving claims by and against them which arise in the ordinary course of their businesses, including in connection with their activities as lenders, broker-dealers, underwriters, issuers of securities and investors and their position as employers and taxpayers. In certain of such proceedings, very large or indeterminate amounts are sought, including punitive and other damages. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, ING Bank N.V. is of the opinion that some of the proceedings set out below may have, or have in the recent past had, a significant effect on the financial position, profitability or reputation of ING Bank N.V. and/or ING Bank N.V. and its consolidated subsidiaries.

Because of the geographic spread of its business, ING Bank may be subject to tax audits in numerous jurisdictions at any point in time. Although ING Bank believes that it has adequately provided for all its tax positions, the ultimate resolution of these audits may result in liabilities which are different from the amounts recognised.

Purported class litigation has been filed in the United States District Court for the Southern District of New York alleging violations of the federal securities laws with respect to disclosures made in connection with the 2007 and 2008 offerings of ING's Perpetual Hybrid Capital Securities. The District Court has dismissed all claims related to the 2007 and 2008 offerings. The plaintiffs appealed that decision relating to the 2008 offering. The appellate court affirmed the District Court's decision dismissing all claims. The plaintiffs have filed an appeal with the U.S. Supreme Court. The U.S. Supreme Court on March 30, 2015, vacated the judgment of the Second Circuit and remanded the case back to the Second Circuit. At this moment it is not practicable to provide an estimate of the (potential) financial effect.

A complaint has been filed against ING Bank in January 2015 in the New York District Court by Alfredo and Gustavo Villoldo and the executor of their father's estate ("Villoldo"). Villoldo holds two judgments against the Cuban government and other Cuban entities in the aggregate amount of USD 2.9 billion. Those judgments remain outstanding and uncollected. The complaint against ING Bank alleges that if ING Bank had complied with the applicable US sanction laws, Cuba assets would have been frozen by OFAC and available for execution and seizure by Villoldo. The complaint alleges that the acts set out in ING's settlement with OFAC in 2012 constitute wire fraud, money laundering and fraudulent transfer and that Villoldo is therefore entitled to actual damages in the amount to be believed no less than USD 1.654 billion and treble damages of not less than USD 4.962 billion. At this moment it is not practicable to provide an estimate of the (potential) financial effect.

In the state aid related proceedings between the EC, the Dutch State and ING before the European Union Courts, the Court of Justice rendered a final judgment on 3 April 2014 and dismissed the EC's appeal against the General Court ruling of March 2012. As earlier agreed in November 2012 between ING, the Dutch State and the EC, the outcome of this appeal will not affect the EC approval of ING's Amended Restructuring Plan. However, if ING does not fulfill any divestment commitment or does not meet any of the so called "2015 NN Bank-related commitments", or in case of other material non-compliance with the Restructuring Plan, the Dutch State will re-notify the recapitalisation measure to the EC. In such event the EC may open a (legal) procedure against ING, require additional restructuring measures and/or take enforcement actions.

In January 2011, the Dutch Association of Stockholders (Vereniging van Effectenbezitters, "VEB") issued a writ alleging that investors were misled by the prospectus that was issued with respect to the September 2007 rights issue of Fortis N.V. (now Ageas N.V.) against Ageas N.V., the underwriters of such rights issue, including ING Bank N.V., and former directors of Fortis N.V. According to the VEB the prospectus shows substantive incorrect and misleading information. The VEB states that the impact and the risks of the sub-prime crisis for Fortis and Fortis' liquidity position were reflected incorrectly in the prospectus. The VEB requests a declaratory decision stating that the summoned parties acted wrongfully and are therefore responsible for the damages suffered by the investors in Fortis. The amount of damages of EUR 18 billion has yet to be substantiated. ING is defending itself against this claim; at this time ING is not able to assess the outcome of the court proceeding. Therefore, at this moment it is not practicable to provide an estimate of the (potential) financial effect of such action.

In July 2011, the Interest Group ING General Managers' Pensions (Belangenvereniging ING Directiepensioenen), together with a number of individual retired Dutch General Managers of ING, instituted legal proceedings against ING's decision not to provide funding for indexing Dutch General Managers' pensions directly insured with Nationale-Nederlanden in 2010 and 2011. This claim was rejected by the District Court of Amsterdam on 22 October 2012. An appeal was lodged against this District Court decision. It is not feasible to predict the ultimate outcome of these legal proceedings. The ultimate outcome of these proceedings may result in liabilities and provisions for such liabilities which are different from the amounts recognised. At this moment it is not practicable to provide an estimate of the (potential) financial effect of such proceedings.

Auditors

The financial statements of the Issuer for the financial years ended 31 December 2014, 31 December 2013 and 31 December 2012, respectively, have been audited by Ernst & Young Accountants LLP. The auditors of Ernst & Young Accountants LLP are members of the Royal Dutch Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*), which is a member of the International Federation of Accountants (IFAC). Ernst & Young Accountants LLP has issued an unqualified auditors' report on the financial statements for the financial year ended 31 December 2014 dated 16 March 2015, an unqualified auditors' report on the financial statements for the financial year ended 31 December 2013 dated 17 March 2014 and an unqualified auditors' report on the financial statements for the financial year ended 31 December 2012 dated 18 March 2013.

The auditors' reports in respect of the financial years ended 31 December 2014, 31 December 2013 and 31 December 2012, respectively, incorporated by reference herein are included in the form and context in which they appear with the consent of Ernst & Young Accountants LLP, who have authorised the contents of these auditors' reports.

On the Issuer's 2015 Annual General Meeting of Shareholders held on 11 May 2015, KPMG Accountants N.V. was appointed as the Issuer's new auditor as of January 2016. Under Dutch legislation, the Issuer is required to change its auditor as of January 2016. The nomination of KPMG is the result of a thorough tender process overseen by the Audit Committee of the Supervisory Board, as reported in the 2013 Annual Report and in accordance with the ING Group Policy on Auditors Independence.

KPMG Accountants N.V. will perform the audit of the Issuer starting with the financial year ending 31 December 2016. The audit of the 2015 annual accounts will be performed by Ernst & Young Accountants LLP, the Issuer's current auditor. Ernst & Young Accountants LLP was appointed as the Issuer's sole auditor at the 2008 Annual General Meeting of Shareholders and reappointed in 2012 and 2013.

Dividend Information

ING Bank N.V. has paid the following cash dividends to ING Group in respect of each of the past five years: EUR 1,000 million in 2015, EUR 1,225 million in 2014, EUR 2,955 million in 2013, EUR 2,125 million in 2012, EUR 3,000 million in 2011, EUR 200 million in 2010 and no dividend in 2009.

Market Information

This Registration Document cites market share information published by third parties. The Issuer has accurately reproduced such third-party information in this Registration Document and, as far as the Issuer is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the information reproduced herein to be inaccurate or misleading. Nevertheless, investors should take into consideration that the Issuer has not verified the information published by third parties. Therefore, the Issuer does not guarantee or assume any responsibility for the accuracy of the data, estimates or other information taken from sources in the public domain. This Registration Document also contains assessments of market data and information derived therefrom which could not be obtained from any independent sources. Such information is based on the Issuer's own internal assessments and may therefore deviate from the assessments of competitors of ING or future statistics by independent sources.

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