ING Wholesale Banking

ING Group Investor Day 2016

William Connelly, Head of Wholesale Banking, Member of Management Board Banking

Amsterdam ▪ 3 October 2016

thinkforward

Key messages

- ING Wholesale Banking has a clear strategic roadmap and is delivering on its priorities
- We are a leading European wholesale bank generating strong results
- We have increased efficiency and reduced complexity through our Target Operating Model (TOM)
- We have successfully grown the business while maintaining a prudent risk profile
- Lending growth supports diversification and sustainability
- ING WB is committed to servicing our global client base and achieving sustainable returns

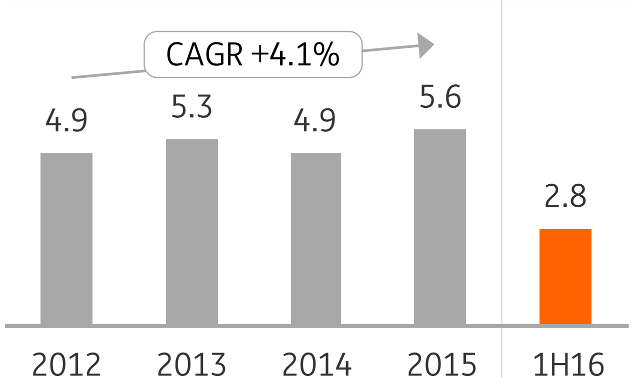
ING Wholesale Banking is delivering on all priorities and targets

	From Good to Better – March 2014	Today
Transformation Programme (WB TOM)	• Lay foundation for further growth across the network	• Target Operating Model rolled out globally • Introduced InsideBusiness, our full service integrated portal • Global services and operating hubs started in Manila and Bratislava • IT system complexity reduced (~450 systems decommissioned) • Cost savings targets realised consistently
Growth across the network	• Achieve core lending growth > 5% CAGR by 2017 • To support balance sheet optimisation • While maintaining risk discipline	• Diversified asset growth at 13% CAGR from 2013 to 1H16 • Centres of excellence established in Germany and Belgium • Successfully launched Working Capital Solutions to EUR 7 bln • Sustainable Transitions Financed increased to EUR 28 bln • Risk costs reduced to 32 bps of RWA in 1H16
Active Balance Sheet Management	• Mitigate RWA impact on FM • Portfolio review	• Successfully mitigated Basel 2.5/3 impact on FM RWA (EUR 23 bln) • Non-core assets fully run-off

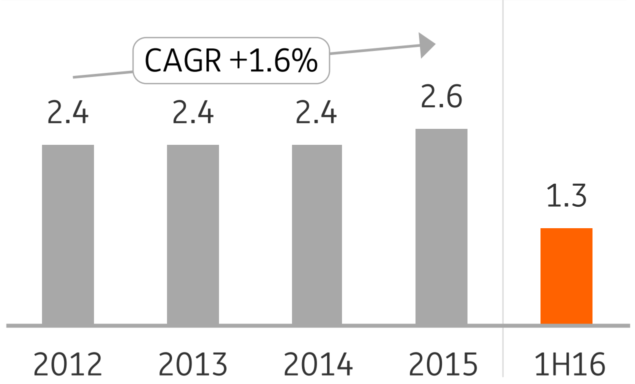
ING

We continue to produce strong commercial and financial results

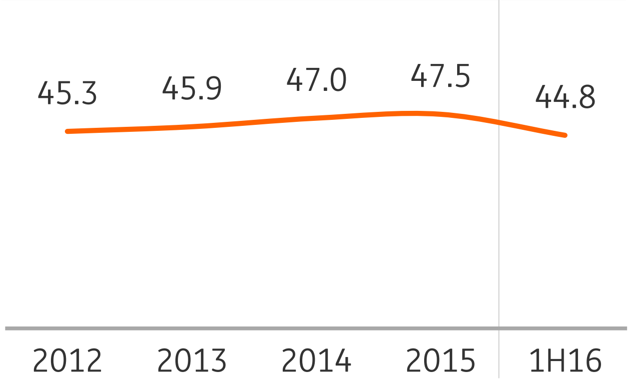
Income (in EUR bln)



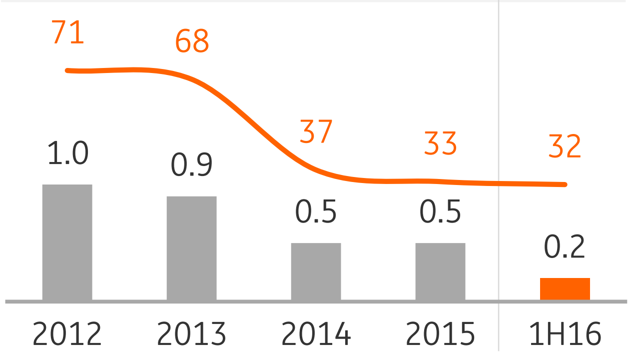
Expenses (in EUR bln)



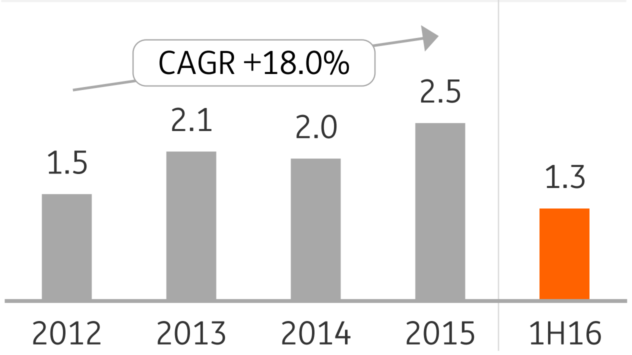
Cost income ratio (in %, excl. CVA/DVA)



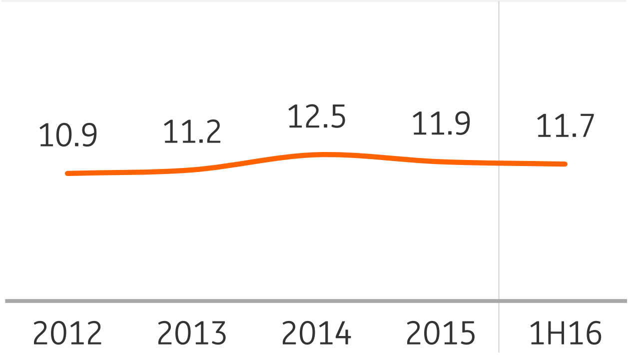
Risk costs (in EUR bln and bps of RWA)



Result before tax (in EUR bln)



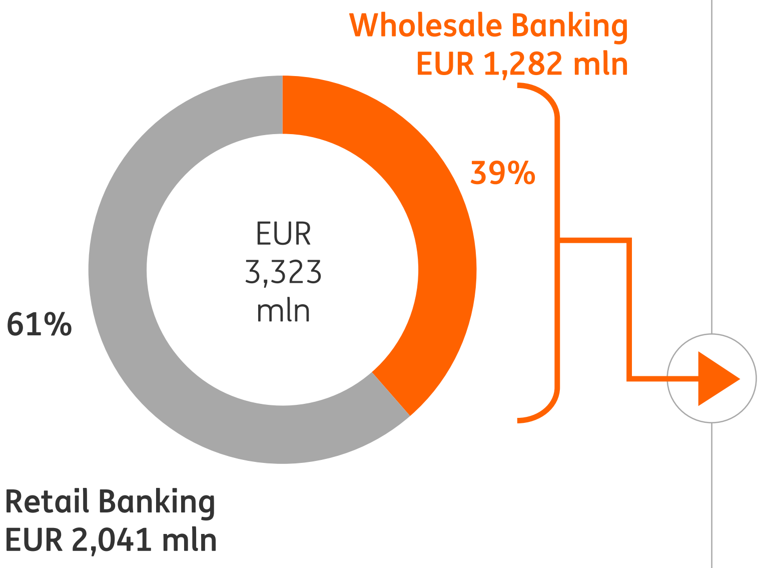
Return on equity* (in %, excl. CVA/DVA)



* ROE based on 10% of average RWA

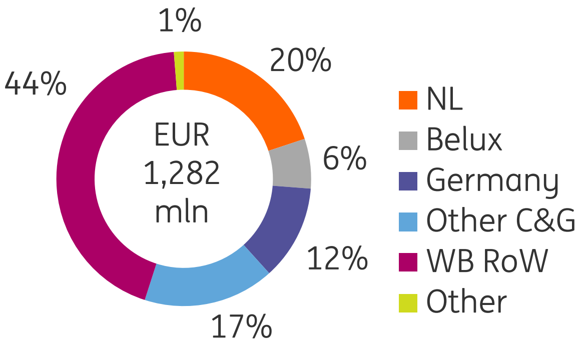
We are a leading European wholesale bank with global reach

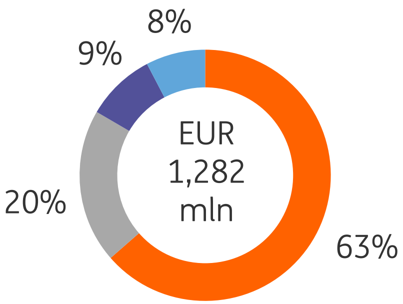
ING Bank result before tax 1H16*



■ Wholesale Banking
■ Retail Banking

Wholesale Banking result before tax 1H16**





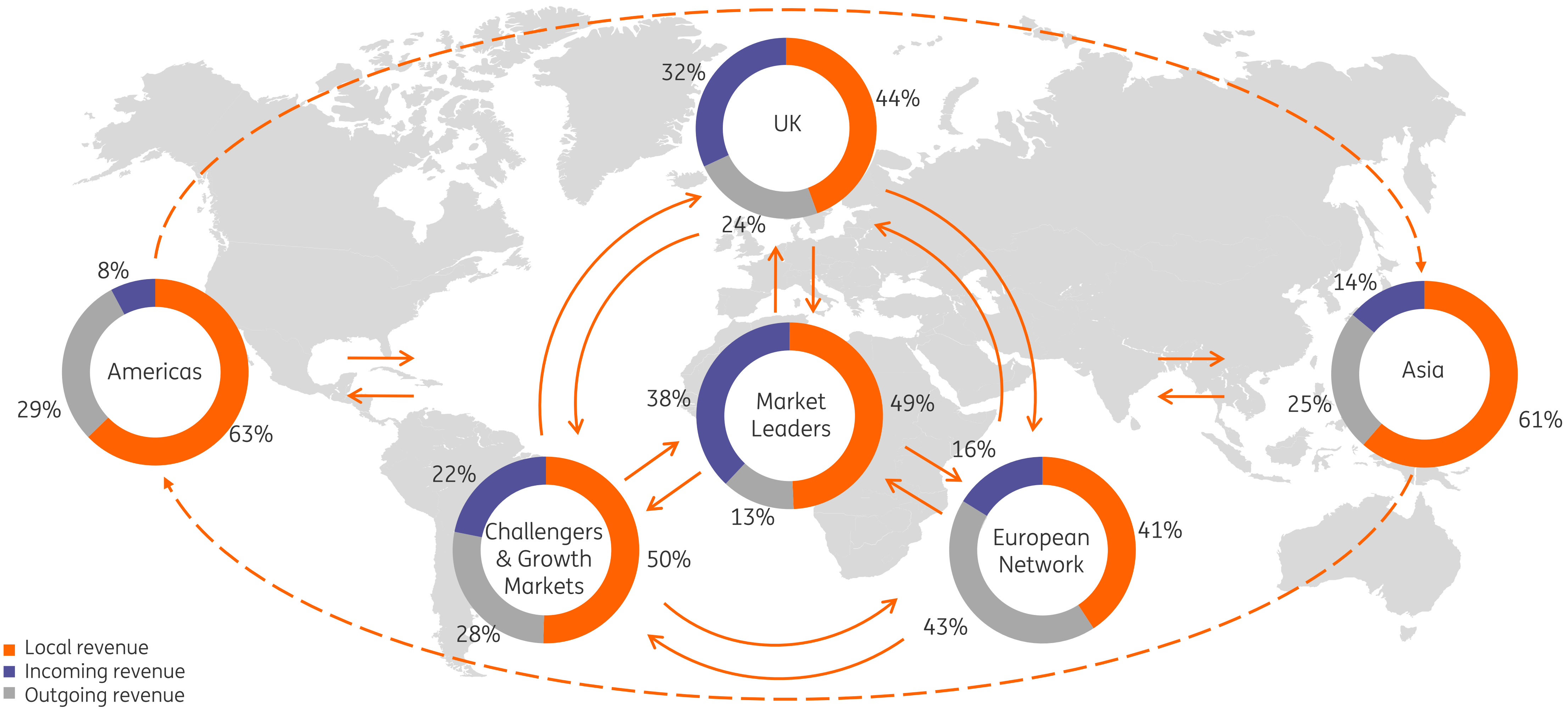
■ Industry Lending
■ General Lending & Transaction Services
■ Financial Markets**
■ Bank Treasury & Other

Wholesale Banking

- We are a **primary relationship driven European bank** with global reach
- Our clients are **premier international** and **domestic blue chip corporates**, as well as **multinationals** and **leading financial institutions**
- We facilitate our clients' business through our international network across **Europe, Asia and the Americas**
- We serve our clients in **sectors where we have proven expertise** through our global franchises in Industry Lending and General Lending
- We **support our clients' flow business** through comprehensive offerings in Transaction Services and Financial Markets

* ING Bank result before tax excluding Corporate Line (-/- EUR 128 mln)
** Including CVA/DVA

We service primary relationships in over 40 countries



Local revenues are revenues from local companies and institutions, booked locally; Incoming revenues are revenues from non-local companies and institutions, serviced locally and booked locally; Outgoing revenues are revenues from local companies and institutions, serviced non-locally and booked non-locally

WB TOM improves the client experience and increases efficiency

Wholesale Banking Target Operating Model (WB TOM)

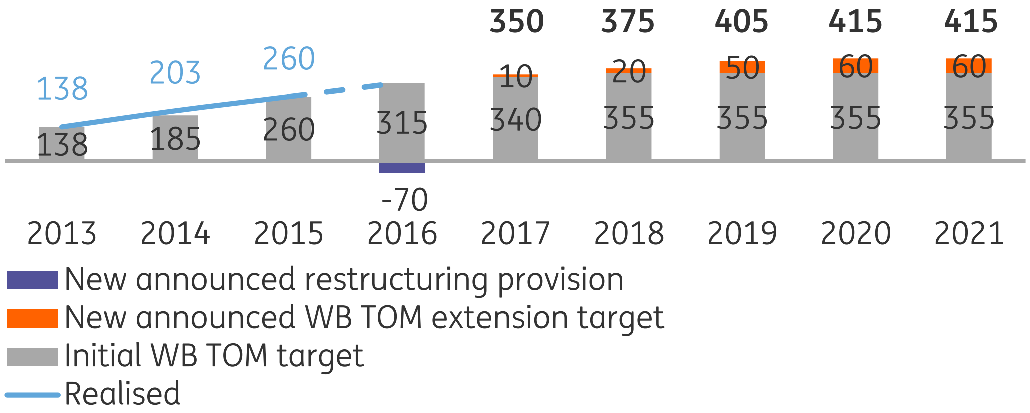
- We digitalise the Wholesale Banking offering for our clients through InsideBusiness across geographies and franchises
- Global services and operating hubs provide services directly to our clients across geographies
- Target technology rollouts are progressing across Lending, Transaction Services and Financial Markets
- We will continue to further drive simplification, business growth and innovation via extension of the programme

Multi-Country
International reach, multiple languages and support

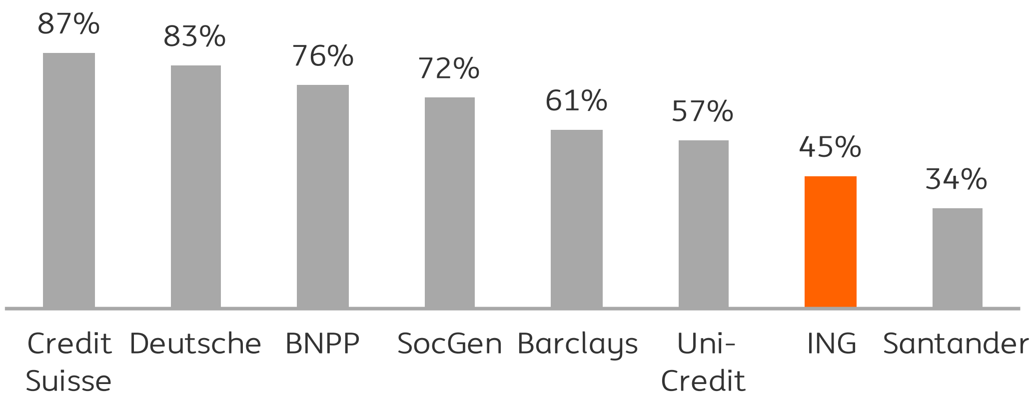
Multi-Product
Online client interactions in an integrated platform

Multi-Device
Platform accessible via Web and App

Cumulative gross cost savings and targets (in EUR mln)



Cost income ratio Wholesale Banking in 1H16 (in %)

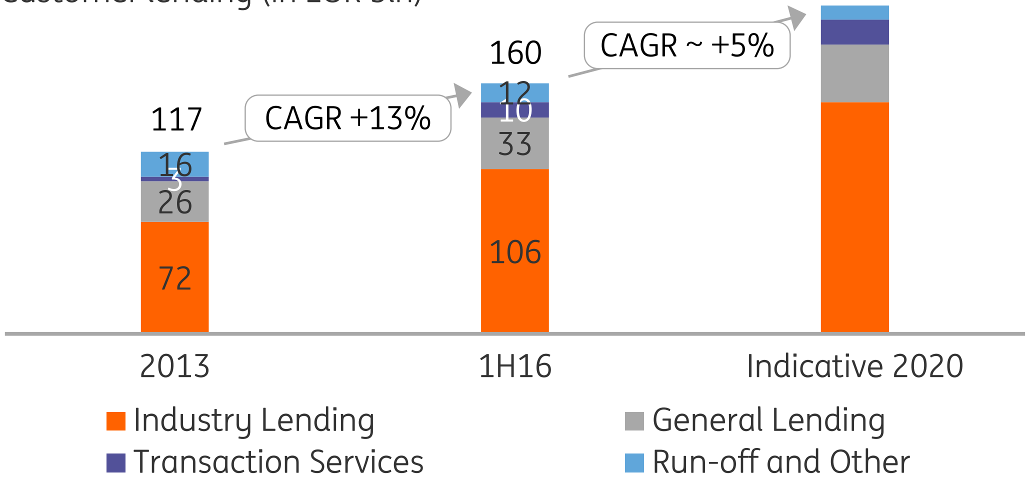


* Source: company financial disclosures

Lending growth supports diversification and sustainability

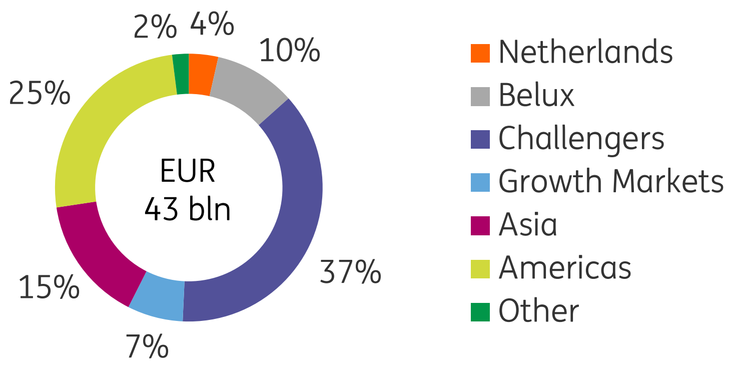
Wholesale Banking lending growth...

Customer lending (in EUR bln)



...supports diversification...

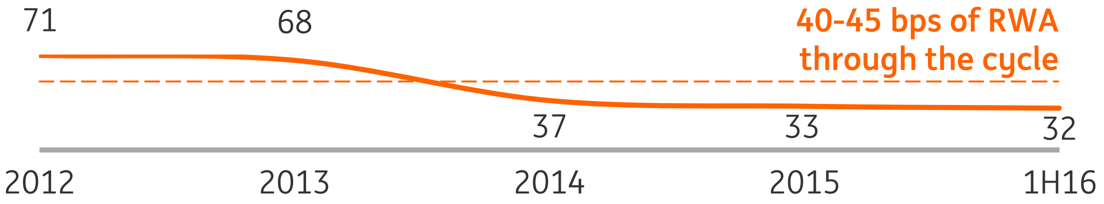
WB Customer lending growth by region since end-2013



...and sustainability

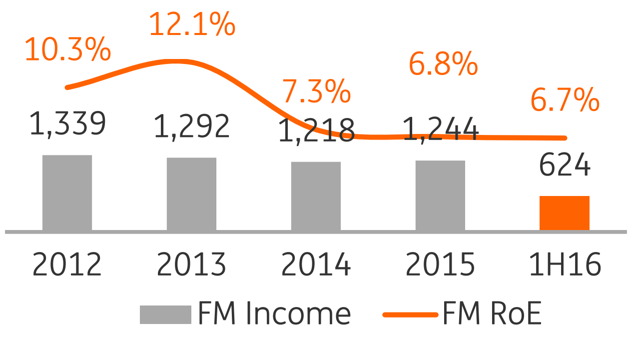
Sustainable transitions financed

Wholesale Banking risk costs in bps of average RWA



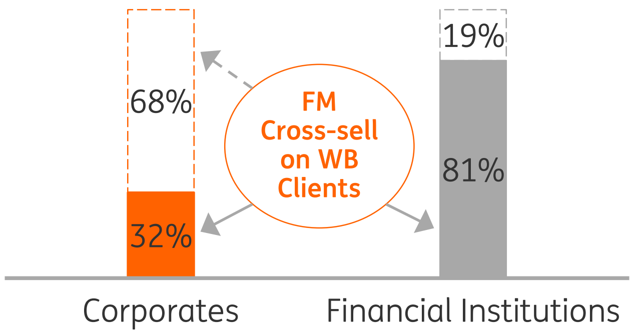
FM aims to deliver sustainable returns and strong ROE

Income (in EUR mln) and ROE (in %) Excl. CVA/DVA



- Financial Markets income holds up well in difficult markets
- Focus on increasing client penetration through global account management
- Cost reduction programmes are accelerated through product simplification
- eCommerce is developed to improve the client experience and reduce costs
- We will adapt to market conditions and the changing regulatory environment

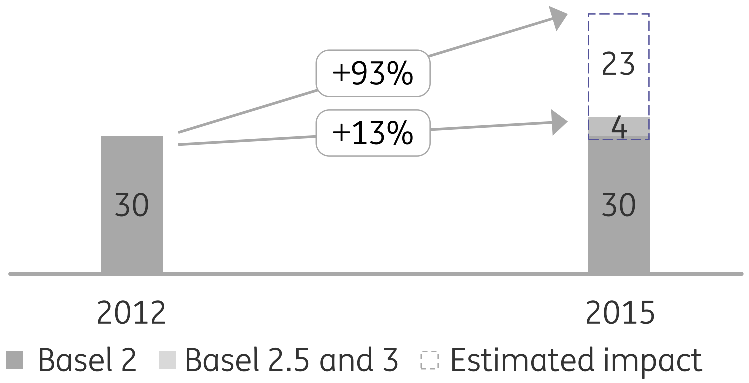
Room for cross-sell growth in Corporates segment*



Case study FM restructuring to offset the Basel 2.5 / 3 impact

- Potential RWA growth was substantially mitigated through proactive management actions
- Operations in Mexico restructured and product portfolio streamlined
- Balance sheet steering via product repricing
- Counterparty clearing and exposure management centralised

FM RWA (in EUR bln)



* Data analysis 2014: cross-sell in Financial Institutions segment is high with 81% of FI clients generating FM income

Isabel Fernandez has joined ING on 1 September 2016 as MBB member and will become Head of WB as of 1 November

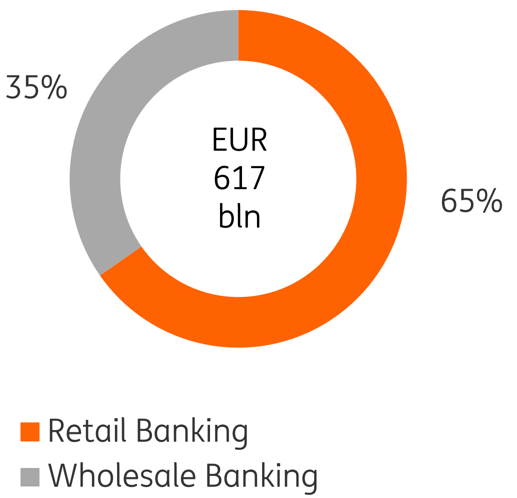
Isabel Fernandez, Member Management Board Banking

- Isabel joined ING from General Electric where she most recently was Global Commercial Leader and Head of Sales for the company, functionally responsible for GE's 20,000+ global sales force
- Prior to that role, Isabel spent 15 years at GE Capital, most notably as Global Chief Commercial Officer, as CEO of Bank Loans, Chief Commercial Officer of EMEA and CEO of European Telecom, Media & Technology
- Before joining GE, Isabel worked in banking, in roles in the area of Leveraged lending, Project Finance, Global relationship management.
- Isabel holds a Master of Law from Leiden University, the Netherlands

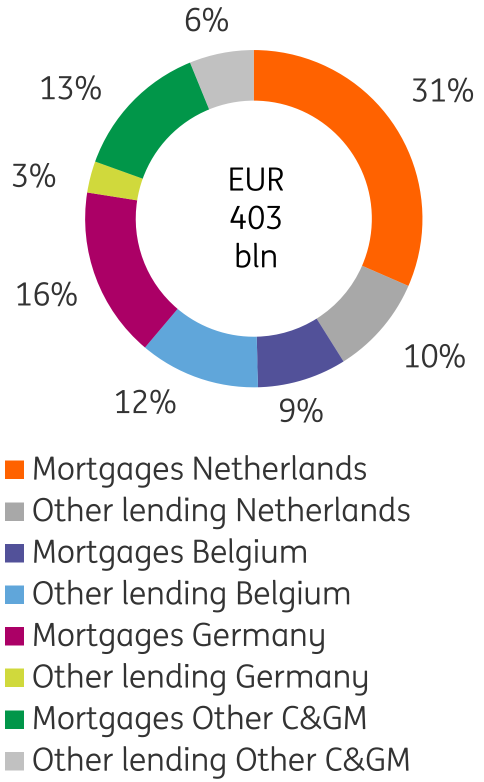
Appendix

ING WB lending credit outstandings are well diversified by product

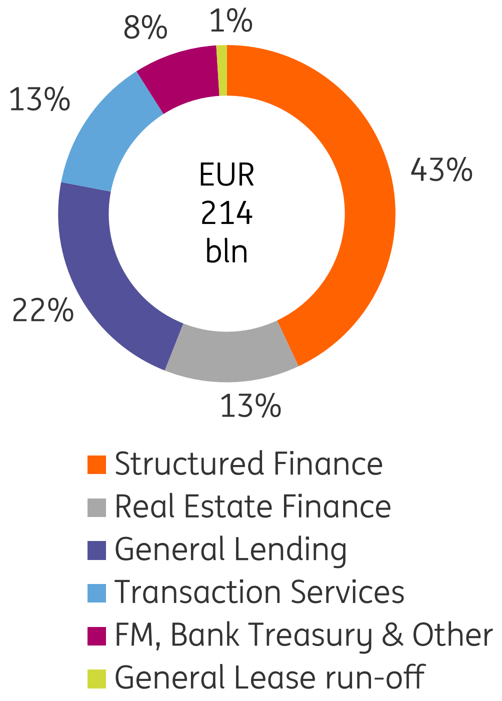
ING Bank*



Retail Banking*



Wholesale Banking*



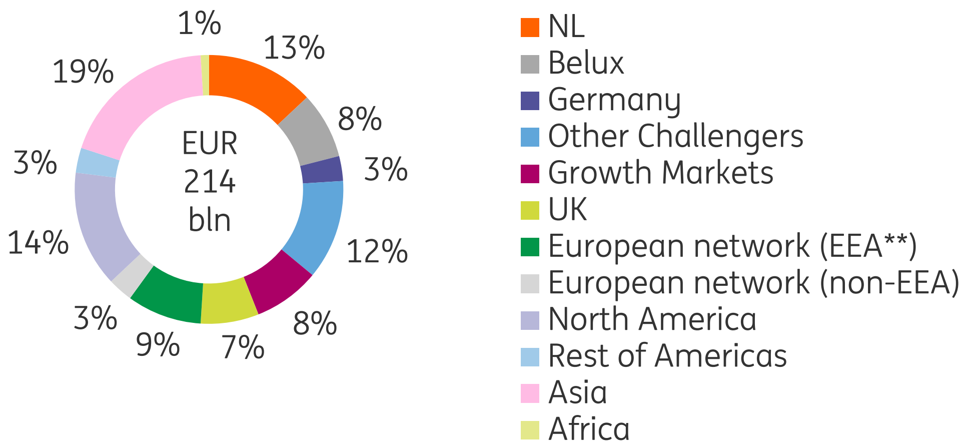
- ING Bank has a well-diversified and collateralised loan book with a strong focus on own-originated mortgages
- 65% of the portfolio is retail-based

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

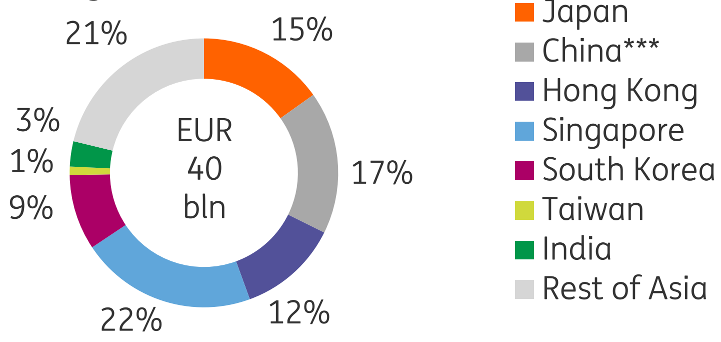
ING WB lending credit outstandings are well diversified by geography and sector

Loan portfolio is well diversified across geographies…

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

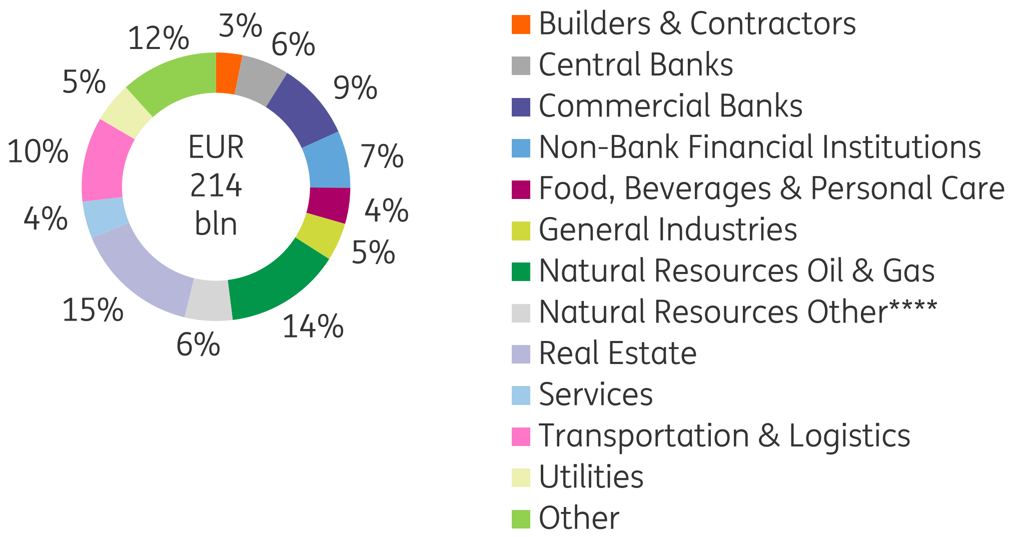


Lending Credit O/S Asia (2Q16)*



…and sectors

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



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

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

Credit quality - selected lending portfolios

	Lending credit O/S 2Q15	NPL ratio 2Q15	Lending credit O/S 1Q16	NPL ratio 1Q16	Lending credit O/S 2Q16	NPL ratio 2Q16
Wholesale Banking	**197,437**	**3.1%**	**204,240**	**2.6%**	**214,059**	**2.5%**
Industry Lending	108,543	3.2%	111,549	2.6%	119,120	2.5%
Of which Structured Finance	83,385	2.3%	84,589	2.3%	91,909	2.4%
Of which Real Estate Finance	24,868	5.8%	26,960	3.6%	27,211	3.0%
Of which UK Real Estate Finance	2,017	0.2%	2,180	0%	2,444	0%
Selected industries*						
Oil & Gas related	30,165	1.3%	28,051	2.1%	30,746	2.8%
Metals & Mining**	13,230	7.2%	14,128	6.0%	14,541	5.9%
Shipping & Ports***	11,901	4.4%	12,281	4.1%	12,857	4.4%
Selected countries						
Turkey****	18,856	1.8%	18,875	2.1%	19,917	2.3%
China*****	10,197	0%	6,554	0%	6,719	0%
Russia	5,842	2.9%	5,528	3.0%	5,851	2.7%
Ukraine	1,252	52%	1,236	55%	1,223	57%

* Includes WB Industry Lending, General Lending (CFIL) and Transaction Services
** Excluding Ukrainian and Russian Metals & Mining exposure, the NPL ratio is only 2.0%
*** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, the NPL ratio is only 1.2%
**** Turkey includes Retail Banking activities (EUR 11.2 bln)
***** China exposure is excluding Bank of Beijing stake

September 2016 YTD syndications league tables by region*

EMEA Bookrunner
September 2016 YTD

Position	Bank	#	Amount (EUR mln)
1	UniCredit	118	21,864
2	BNP Paribas	113	23,234
3	ING	106	14,928
4	HSBC	100	19,521
5	Commerzbank Group	96	12,321
6	Credit Agricole CIB	87	14,034
7	SG Corporate & Investment Banking	80	15,164
8	Natixis	69	10,232
9	Citi	56	15,338
10	Deutsche Bank	53	11,732

Western Europe Bookrunner
September 2016 YTD

Position	Bank	#	Amount (EUR mln)
1	BNP Paribas	103	21,826
2	UniCredit	93	18,287
3	ING	85	12,239
4	Commerzbank Group	81	11,397
5	Credit Agricole CIB	80	12,099
6	HSBC	76	16,202
7	Natixis	60	8,768
8	SG Corporate & Investment Banking	59	9,009
9	Deutsche Bank	45	10,747
10	Santander	35	4,297

Benelux Bookrunner
September 2016 YTD

Position	Bank	#	Amount (EUR mln)
1	ING	24	2,882
2	Rabobank	14	2,137
3	BNP Paribas	12	1,604
4	HSBC	11	1,254
5	ABN AMRO Bank	10	1,396
6	Deutsche Bank	8	3,474
7	Goldman Sachs	7	828
8	Commerzbank Group	6	2,955
8	Bank of America Merrill Lynch	6	1,171
8	Mitsubishi UFJ Financial Group	6	620

* Source: Dealogic, 1 January - 19 September 2016

Selection of awards for excellence in 2015/2016

- Best Bank Working Capital Optimization in Western Europe and Central Eastern Europe
- Best Treasury & Cash Management Provider in the Netherlands, Belgium and Russia
- Best Bank in Western Europe
- Best Bank in the Netherlands
- Best Bank in Poland
- Best Trade Finance Provider in Luxembourg
- Best Foreign Exchange Provider in the Netherlands
- Best Supply Chain Finance Provider in Central & Eastern Europe (2015)

- Innovators of Transactions Services

- Best Bank in Western Europe
- Best Bank in Belgium
- Best Bank in the Netherlands
- Best Digital Bank in Western Europe (2016)

- Best Bank in the Netherlands
- Best Bank in Belgium
- Best Bank in Poland

- European Bank Lender of the Year

- Best Trade Bank in Metals and Mining

Important legal information

ING Group's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this document, except as described otherwise, the same accounting principles are applied as in the 2015 ING Group consolidated annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) potential consequences of European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (6) changes affecting interest rate levels, (7) changes affecting currency exchange rates, (8) changes in investor and customer behaviour, (9) changes in general competitive factors, (10) changes in laws and regulations, (11) changes in the policies of governments and/or regulatory authorities, (12) conclusions with regard to purchase accounting assumptions and methodologies, (13) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (14) changes in credit ratings, (15) ING's ability to achieve projected operational synergies and (16) the other risks and uncertainties detailed in the most recent annual report of ING Groep N.V. (including the Risk Factors contained therein) and ING's more recent disclosures, including press releases, which are available on www.ING.com. Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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