Dated 17 May 2016

ING BANK N.V.

REGISTRATION DOCUMENT

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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 17 May 2016.

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.

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 2013, 2014 and 2015, including the audited financial statements and auditors' reports in respect of such years; and

(c) the press release entitled "ING 1Q16 underlying net result EUR 842 million", as published by ING Group on 10 May 2016 (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 2016, 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 and 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. 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 and provisions 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 results;
- 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 in the future 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. This could force the Issuer to (i) delay raising capital, (ii) reduce, cancel or postpone payment of dividends on its shares, (iii) reduce, cancel or postpone interest payments on other securities, (iv) issue capital of different types or under different terms than the Issuer would otherwise, or (v) incur a higher cost of capital than in a more stable market environment. This 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. 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 this 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.

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 and central counterparties ("CCPs")) 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 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 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, personal conduct and the Issuer's own internal governance practices. Also, regulators and other supervisory authorities in the European Union ("EU"), the United States ("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 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 taxes 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, whose 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 costs. 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, increased the amount of common equity required to be held by subject banking institutions, prescribe the amount of liquid assets and the long-term funding a subject banking institution must hold at any given moment, and 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 that 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 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") and so-called "Global" SIFIs ("G-SIFIs"), in addition to the Basel III requirements otherwise applicable to most financial institutions. In particular in November 2015, the FSB published the final Total Loss-Absorbing Capacity ("TLAC") standard for G-SIFIs, which aims for G-SIFIs to have sufficient loss-absorbing and recapitalisation capacity available in resolution. The implementation of these measures began in 2012, and full implementation is targeted for 2019, with the TLAC requirements to apply from 2019 on. 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, 2014 and 2015, 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 as was the case with 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") were 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 has been transposed into national laws in each Member State, including the extent to which national regulators and supervisors have set more stringent limits and additional capital requirements or surcharges. As a next phase in regulatory requirements for banks' risk and capital management, the regulators are focusing on the required capital calculations across banks. Since the start of the financial crisis there has been much debate on the risk-weighted capitalisation of banks, and specifically on whether internal models are appropriate for such purposes. These developments suggest that stricter rules may be applied by a later framework. The Basel Committee released several consultative papers, containing proposals to change the methodologies for the calculation of capital requirements. Within these proposals the Basel Committee suggests methods to calculate risk-weighted assets ("RWA") using more standardised or simpler methods in order to achieve greater comparability, transparency and consistency. These proposals will likely impact the capital requirements for currently reported exposures (e.g. credit risk via revised standardised RWA floor) but may also lead to new capital requirements (e.g. proposals to enhance Interest Rate Risk in Banking Book). The current proposals, as well as on the economic and financial environment at the time of implementation and beyond, can have a material impact on ING's operations and financial condition and they may require the Issuer 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.

In its capacity as principal bank supervisor in the European Union, the ECB has extensive supervisory and investigatory powers, including the ability to issue requests for information, to conduct regulatory investigations and on-site inspections, and to impose monetary and other sanctions. For example, under the SSM, the regulators with jurisdiction over the Issuer, including the ECB, may conduct stress tests and have discretion to impose capital surcharges on financial institutions for risks that are not otherwise recognised in risk-weighted assets or other surcharges depending on the individual situation of the bank and take or require other measures, such as restrictions on or changes to the Issuer's business. Competent regulators may also, if the Issuer fails to comply with regulatory requirements, in particular with minimum capital requirements (including buffer requirements) or with liquidity requirements, or if there are shortcomings in its governance and risk management processes, prohibit the Issuer from making dividend payments to shareholders or distributions to holders of our regulatory capital instruments. Generally, a failure to comply with the new quantitative and qualitative regulatory requirements could have a material adverse effect on the Issuer's business, financial condition and results of operations.

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 rating, 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 ING Bank. ING Capital Markets LLC, a wholly-owned indirect subsidiary of the Issuer, has registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a swap dealer. The CFTC and other U.S. prudential regulators recently adopted margin requirements on uncleared swaps, which will begin to come into effect later in 2016. The SEC is expected in the future to adopt regulations establishing margin requirements for uncleared security-based swaps and the CFTC to adopt capital requirements for swap dealers. Other regulatory requirements, include business conduct rules imposed on swap dealers and requirements that most swaps be centrally executed on regulated trading facilities and cleared through regulated clearing houses. 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. All of the foregoing areas of regulation of the derivative markets and market participants will likely result in increased cost of hedging and other trading activities, both for the Issuer and its customers, which could expose the Issuer's business to greater risk and could reduce the size and profitability of its customer business. In addition, the imposition of these regulatory restrictions and requirements, could 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, 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. Insurance products and services are not within the CFPB's general jurisdiction, and 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, the Issuer 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 have had and will continue to 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 provisions of U.S. tax law commonly referred to as FATCA, 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 certain 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 2019 with respect to certain 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. In addition, certain insurance policies and annuities are considered accounts for these purposes.

Many countries, including The Netherlands, have entered into, and other countries are expected to enter into, agreement ("intergovernmental agreements " or "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 information on their U.S. accountholders to the taxing authorities of those countries, who will then pass the information to the IRS.

The Issuer intends to take all necessary steps to comply with FATCA (including entering into such 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 is required to, but cannot enter into such agreements or satisfy the requirements thereunder (including as a result of local laws in non-IGA countries prohibiting information sharing with the IRS, as a result of contracts or local laws 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, policyholders, annuitants 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 CRS. As of 21 December 2015, 78 jurisdictions, including The Netherlands, have signed a multilateral competent authority agreement to automatically exchange information pursuant to the CRS. The majority of countries where ING has presence has committed to CRS. The EU has made CRS mandatory for all its member states. The first information exchange by The Netherlands (as for most of the signatories) will start in 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 gives the DNB the power to transfer customer deposits (only in the case of the banks), 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 or insurance company, 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 shares in the capital of failing financial institutions.

The Intervention Act also includes measures that limit the ability of counterparties to exercise their rights after any of the measures mentioned above has 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.

In addition to the Intervention Act, and partly amending it, on 26 November 2015 the Act on implementing the European framework for the recovery and resolution of banks and investment firms *(Implementatiewet Europees kader voor herstel en afwikkeling van banken en beleggingsondernemingen)* came into force, implementing the Bank Recovery and Resolution Directive ("BRRD"). The BRRD came into effect on 2 July 2014. It includes, among other things, the obligation for institutions to draw up a recovery plan and 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 BRRD 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, and resolution authorities, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers granted to resolution authorities under the BRRD include, among others the introduction of a statutory "write-down and conversion" power and a "bail-in" power, which gives 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 (ii) amend or alter the maturity date and interest payment date and interest amount of debt instrument, including by suspending payment for a temporary period and (iii) 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.

In addition to a "write-down and conversion" power and a "bail-in" power, the powers currently proposed to be granted to the relevant Dutch resolution authority under the BRRD include the two categories of measures introduced by the Intervention Act, as described above. In addition, the BRRD 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 BRRD are contained in detailed technical and implementing rules, the exact text of which is subject to agreement and adoption by the relevant EU legislative institutions. Therefore, for some rules, there remains, 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 BRRD 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 move towards a full banking union, on 19 August 2014, the Single Resolution Mechanism ("SRM") came into effect with the aim to have a Single Resolution Board ("SRB") to 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 SRB is a key element of the SRM and is European resolution authority for the Banking Union and is fully operational, with a complete set of resolution powers, as of 1 January 2016. The SRB works in close cooperation with the national resolution authorities such as the Dutch resolution authority. The SRB is also in charge of the Single Resolution Fund, a pool of money financed by the banking sector which will be set up to ensure that medium-term funding support is available while a credit institution is being restructured. Historically, the Issuer has contributed to the Dutch National Resolution Fund (the "NRF"). Beginning in 2016, contributions to the NRF will be phased out and will decrease steadily until they decrease to nil in 2023; during the same period, contributions to the SRF will commence and steadily increase, replacing the Issuer's contributions to the NRF.

There are certain differences between the provisions of the Intervention Act, the BRRD 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 BRRD 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 plan to enhance the bank's readiness and decisiveness to tackle financial crises on its own. Effective since 2012, the plan is updated annually to make sure it stays fit for the purpose. The completeness, quality and credibility of the updated plan is assessed annually by ING's regulators. Since 2012, the Issuer has worked together with the different resolution authorities to determine a resolution strategy and to identify potential impediments to resolution. This resulted in a first resolution assessment that was shared with the FSB and the preparation of a transitional resolution plan by the SRB.

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 TLAC for G-SIBs, and proposals were finalised in November 2015. The key requirements mandate G-SIBs, such as ING Bank, to hold long-term debt that can be written down or converted into equity in the event that a G-SIB is put into liquidation, thereby providing a specific means of absorbing losses and recapitalising the G-SIB. The numbers are significant with the minimum standard requiring a G-SIB to hold TLAC of at least 16% of risk weighted assets and at least 6% of the leverage ratio denominator from 1 January 2019, and at least 18% and 6.75% respectively from 1 January 2022 on.

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 and the Illiquid Asset Back-up Facility ("IABF") (together, the "Dutch State Transactions") and the Restructuring Plan are further described in Note 49 "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 2015 as included on pages 140 – 144 of the Issuer's annual report.

In February 2013, the EC adopted a proposal setting out the details of a financial transaction tax, ("FTT") following an 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 zone ("FTTzone") of if the instrument which is the subject of the transaction is issued within the territory of a Member State in the FFT-Zone. 11 Member States envisaged participating in the FFT but following Estonia's withdrawal in December 2015, only 10 wish to proceed (Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain). The initial proposal foresaw the FFT for the 11 participating Member States entering into effect on 1 January 2014, which would have then required the Issuer to pay tax on transactions in financial instruments with parties (including Group affiliates) located in such FFT-zone. On 6 May 2014, the Economic and Financial Affairs Council noted that 10 out of the then 11 original participating Member States had proposed implementation of the FTT in two stages (Slovenia was not party to that declaration), the earliest stage to be implemented from 1 January 2016. However, agreement has not been reached on certain key issues, so implementation was not possible by this date, and in December 2015 a joint statement was issued by several participating Member States indicating an intention to make decisions on the remaining open issues by the end of June 2016. The FFT remains subject to negotiation between the participating Member States and the legality and scope of the proposal is uncertain. It may be further altered prior to implementation. Additional Member States may decide to participate and/or certain of the participating Member States may decide to withdraw (as Estonia did). The implementation date of any FTT will thus depend on the future approval by participating Member States and the European Council, 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. Increased bank taxes in countries where the Issuer is active result in increased taxes on the Issuer's banking operations, which could negatively impact its operations, financial condition and liquidity. For information regarding historical regulatory costs incurred by ING, please refer i*nter alia* to Note 28 "Other operating expenses" as included on page 81 of the Issuer's 2015 annual report and to page 6 of the Q1 Press Release.

Continued risk of resurgence of turbulence and ongoing 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 European sovereign debt crisis, the potential exit of certain countries from the Eurozone and/or the European Union, 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, all have contributed to increased volatility and diminished expectations for the economy and the markets in recent years.

While certain of such conditions have improved during the period between 2011 and 2015, 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. These concerns have since expanded to include a broad range of fixed income securities, including those rated investment grade and especially the sovereign debt of some EEA countries and the United States, 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 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 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.

As a result of the ongoing and unprecedented volatility in the global financial markets since 2007, the Issuer has incurred in past years substantial negative revaluations and impairments on its investment portfolio, which have impacted the Issuer’s shareholders’ equity and earnings.

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, 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 (“S&P”) lowered its long-term sovereign credit rating on the U.S. from AAA to AA+. Although other ratings agencies have not similarly lowered the long-term sovereign credit rating of the U.S., they have put that credit rating on watch. 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, and 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, which was however 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 likely would 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 ongoing 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 assistance packages to Greece, Ireland, Portugal and Cyprus, the creation of a European Financial Stability Facility as a temporary rescue mechanism in May 2010, the approval of a further bail-out 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), uncertainty over the outcome of the EU governments' financial support programs and concerns regarding sovereign finances persisted during the course of 2014 and 2015. Market concerns over the direct and indirect exposure of European banks and insurers 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 and 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 ongoing 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 reached a peak in the summer of 2015 with rejection of the bailout terms by the Greek people via referendum and the failure to make the IMF loan repayment in June 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 bankruptcy rates 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 and investment portfolio 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.

In addition, downgrades of European sovereign ratings and of corporate ratings generally are of high importance to the Issuer, because they may 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 wholesale banking, retail banking, investment banking, 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, the prices and attributes of products and services, scope of distribution, 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 banking sector 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.

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

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, continuing low oil or other commodity prices, operational failure, or other factors, or even rumours about potential defaults by one or more of these parties or regarding a severe distress of the financial services industry generally, could have a material adverse effect on the Issuer's results of operations, financial condition and liquidity. 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.

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's 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 the issuer to cancel 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 cancel 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 liquidated at prices 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 financial crisis of 2008. The termination of contracts and the foreclosure on collateral may subject the Issuer to claims from counterparties. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral may also 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 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 contraction in the residential mortgage and commercial lending market and to decreases in residential and commercial property prices, which could generate substantial increases in impairment losses. Additionally, continuing low oil prices could have an influence on the repayment capacity or borrowers.

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. 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, as is currently the case, 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 profitability since the Issuer may not always be entitled to impose surcharges to customers to compensate for the decline in interest rates;
- lower profitability since the Issuer may have to pay a higher premium for the defined contribution scheme in the Netherlands for which the premium paid is dependent on interest rate developments and DNB's methodology for determining the ultimate forward rate;
- 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; 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.

Rapidly increasing interest rates may result in:

- a decrease in the demand for loans;
- 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/, which would increase its interest expenses and reduce its results of operations;
- higher interest rates can lead to lower investments prices reduce 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; and/or
- (depending on the position) a significant collateral posting requirement associated with the Issuer's interest rate hedge program.

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 which guarantees an amount of EUR 100,000 per person per bank (regardless of the number of accounts held). Until now, the costs involved with making compensation payments under the Dutch Deposit Guarantee Scheme had been 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 Dutch 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. On 4 July 2015, the new EU Directive on deposit guarantee schemes, had to be implemented by EU Member States. As a consequence, the Dutch 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 Dutch Deposit Guarantee Scheme. The fund is to grow to a target size of 0.8% of all deposits guaranteed under the Dutch Deposit Guarantee Scheme, to be reached in July 2024. The Dutch decree implementing the Deposit Guarantee Scheme Directive entered into force on 26 November 2015.

In January 2016, the Dutch Central Bank informed the Dutch banks that it decided to postpone the first contribution date for the ex-ante Deposit Guarantee Scheme ("ex-ante DGS") The first ex-ante DGS contribution will be charged in respect of the first quarter of 2016. The delay does not affect the target size of the ex-ante DGS fund, nor the date the target size should be reached (July 2024). This implies that the build-up of the ex-ante fund will not take place in the originally planned 35 quarters, but in 34 quarters instead. 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;
2. result in increased withdrawal of certain savings products, particularly those with fixed rates below market rates,
3. 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;

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

In addition, a failure to accurately anticipate higher inflation and factor it into the Issuer's product pricing may result in a systemic mispricing of its products, which would negatively impact its results of operations.

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 materialised. 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 affiliate 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 risks they intend to cover, 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 ongoing 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, 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 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 Directive 2010/76/EU (CRD III) and Directive 2013/36/EU (CRD IV) the Guidelines on Remuneration Policies and Practices published by (the predecessor of) the European Banking Authority, 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 CRD IV, 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 an 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 (EER 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 example, for the Issuer's Executive Board members no increase in base salary took place in 2014. This resulted in that the remuneration package of the Issuer's Executive Board members remained on the same level as that of 2009 and is 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, trademark, 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, trademarks, 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, trademarks, 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 books. 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's 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 and/or war, 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 banking 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, 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, 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 credit ratings could have an adverse impact on its operations and net results.

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 S&P, Moody's Investor Service Ltd. and Fitch Ratings. 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 30 April 2014, S&P affirmed the long-term debt ratings of the Issuer to A - but revised the outlook from stable to negative.

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 operation 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 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 errors, employee misconduct, including fraud, or from 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. 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 banking industry, 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.". 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".

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 34 million customers in over 40 countries. ING has more than 54,000 employees.

The IPO of NN Group, ING’s former European/ Japanese insurance businesses, the completion of the divestment 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 mandated by the restructuring plan ING submitted 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”).

ING Bank currently offers retail banking services to individuals, small and medium-sized enterprises (“SMEs”) and mid-corporates in Europe, Asia and Australia and wholesale banking services to customers around the world, including multinational corporations, governments, financial institutions and supranational organisations. ING Bank currently serves more than 34 million customers through an extensive network in more than 40 countries. ING Bank has more than 54,000 employees.

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

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 Wholesale Banking.

Market Leaders: are ING Bank’s businesses in mature markets in the Benelux where it is among the leaders in retail and wholesale banking. Its strategy is to grow in selected segments, continue to invest in digital leadership with a digital-first model, deliver on operational excellence programmes and create greater cost efficiency in order to fund business expansion in growth markets.

Challengers: are markets where ING Bank offers both retail and wholesale banking services. Its retail activities are mainly directbanking offered online with a significant cost advantage over traditional banks. Its strategy is to leverage its strong savings franchises in these markets to expand into payments accounts and increase the number of primary customer relationships. ING Bank is also using its direct banking experience to grow the lending business at low cost in areas like consumer and SME lending. Further, ING Bank is using its strong savings businesses to fund expansion of Wholesale Banking, particularly to support clients in Industry Lending and working capital solutions.

Growth Markets: these are markets with a full range of retail and wholesale banking services in markets with expanding economies and strong growth potential. ING Bank is investing to achieve sustainable franchises and will focus on digital leadership by converging to the direct-first model and by prioritising innovation.

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.

Retail Banking operates in a variety of markets within the three market categories mentioned above: Market Leaders, Challengers and Growth Markets. In all markets ING pursues a digital-first approach, complemented by advice when needed, with omnichannel contact and distribution possibilities. Market Leaders are ING Bank's businesses in the Netherlands, Belgium and Luxembourg. In its Challengers countries – Australia, Austria, the Czech Republic, France, Germany, Italy and Spain – ING Bank combines strong deposit-gathering capabilities with low-cost digital distribution. Growth Markets are expanding economies that offer good opportunities for achieving sustainable share: Poland, Romania and Turkey, its stakes in Bank of Beijing (China) and TMB (Thailand) and ING Bank's investment in Kotak Mahindra Bank (India). In most of its markets ING Bank offers a full range of retail banking products and services, covering payments, savings, investments and secured and unsecured lending.

Wholesale Banking

ING Bank is a European wholesale bank with global reach. It has an extensive international network of offices in more than 40 countries across Europe, Asia and the Americas. ING Bank's global franchises in Industry Lending, General Lending, Transaction Services and Financial Markets serve a range of organisations, including corporates, multinational corporations, financial institutions, governments and supranational bodies. ING Bank's purpose is to empower customers to stay a step ahead in life and in business.

In Wholesale Banking, ING Bank helps its wholesale banking clients meet their ambitions, either in a specific area of expertise or geography. It aims to provide a differentiating and seamless client experience through new technologies and services across the globe. ING Bank's lending capabilities are at the heart of most of client relationships. ING Bank continues to grow Industry Lending by supporting clients with sector expertise and in-depth knowledge of their business. Transaction Services extends its client offering with international payments and cash management, trade finance services and working capital solutions. Financial Markets, as the bank's gateway to global professional markets, serves ING Bank's clients from treasury through to capital markets, providing risk management and structured financial products.

As of 2016, ING's commercial banking activities were renamed Wholesale Banking. The new name better reflects the mainly international, large corporate and institutional nature of its business. It clearly positions ING as a global wholesale bank and is more aligned with the consistent client experience it aims for across its markets.

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. In April 2016, ING completed the divestment of its insurance business through the sale of its remaining stake in NN Group.

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 widest sense, including insurance brokerage, to acquire, build and operate real estate, to participate in, manage, finance and furnish personal or real security for the obligations of and provide services to other enterprises and institutions of any kind, but in particular enterprises and institutions which engage in lending, investments and/or other financial services, and to engage in any activity which may be related or 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. However, ING Bank is bound to the Dutch Banking Code. The Dutch Banking Code is a form of self-regulation that took effect on 1 January 2010 on a 'comply or explain' basis. On 16 October 2014, the Dutch Banking Association published a revised version of the Dutch Banking Code. Just like its predecessor, the revised version ("Banking Code"), is applicable to ING Bank. The Banking Code applies to the financial year 2015 and subsequent years, as of the financial year 2015, On 2 March 2016, ING Bank published its application of the Dutch Banking Code on its corporate website www.ing.com.

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), H.J.M. (Hermann-Josef) Lamberti (vice-chairman), E.F.C.B. (Eric) Boyer de la Giroday, H.W. (Henk) Breukink, M. (Mariana) Gheorghe, I. (Isabel) Martín Castellá, Robert W.P. Reibestein and A. (Ann) Sherry.
- 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.

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 N.V., The Netherlands.

Member of the Supervisory Board of Koninklijke Boskalis Wesminter N.V.

Member of the Board of Directors of Statoil ASA, Norway.

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

Chairman of the Supervisory Council of Nederlands Openluchtmuseum, The Netherlands.

Member of the Board of Nationale Toneel (theatre), The Netherlands.

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

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

Member of the Board of the Directors of the International Institute for Physics and Chemistry founded by Ernest Solvay, asb, Belgium.

Breukink, H.W.

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

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

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

Non-executive Director of Gemeente Museum Den Haag, 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

Martín Castellá, I.

Member of the Supervisory Board of SACYR S.A., Spain.

Member of the Advisory Board of NEINVER S.A., Spain.

Member of the Advisory Board of GED Capital, Spain

Lamberti, H-J.M.

Non-executive Member of the Board of Directors of Airbus Group N.V. (formerly European Aeronautic Defense and Space Company N.V.), The Netherlands.

Chairman of the Supervisory Board of Hypo Group Alpe Adria (HAA), SEE, Austria.

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

Member of the Supervisory Board of Stonebrach, United States of America.

Reibestein, R.W.P.

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

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

Sherry, A.

Member of the Supervisory Board ING (Australia) Limited, Australia.

Member of the Supervisory Board Sydney Airport Corporation, Australia.

Member of the Supervisory Board The Palladium Group, Australia.

Chairwoman of Carnival Australia (advisory role), Australia.

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 N.V., in monitoring the compliance with legal and regulatory requirements and in monitoring the independence and performance of ING Bank's internal and external auditors. At the date of this Registration Document, the members of the Audit Committee were: Hermann-Josef Lamberti (chairman), Eric Boyer de la Giroday, Isabel Martín Castellá, and Robert Reibestein. Eric Boyer de la Giroday is a financial expert as defined in the Dutch Corporate Governance Code considering his academic background as well as his knowledge and experience in his previous role as a board member and vice-chairman of ING Groep N.V. and ING Bank N.V.

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. At the date of this Registration Document, the members of the Risk Committee were: Robert Reibestein (chairman), Eric Boyer de la Giroday, Hermann-Josef Lamberti and Jeroen van der Veer.

The Remuneration Committee's tasks include advising the Supervisory Board 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. At the date of this Registration Document, the members of the Remuneration Committee were: Henk Breukink (chairman) and Jeroen van der Veer.

The Nomination Committee's tasks include advising the Supervisory Board on the composition of the Supervisory Board and Management Board Banking. At the date of this Registration Document, the members of the Nomination Committee were: Jeroen van der Veer (chairman), Henk Breukink and Isabel Martín Castellá.

The Corporate Governance Committee assists the Supervisory Board in monitoring and evaluating the corporate governance of ING as a whole and reporting on this in the annual report and to the General Meeting. It also advises the Supervisory Board on improvements. At the date of this Registration Document, the members of the Corporate Governance Committee were: Henk Breukink (chairman) and Jeroen van der Veer.

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

	2015	2014	2013	2012	2011
			(EUR millions)		
Balance sheet(2)					
Total assets	**838,528**	828,602	787,566	834,322	961,603
Total equity	**41,495**	38,686	33,760	35,807	35,498
Deposits and funds borrowed(3)	**660,104**	640,243	624,274	633,683	682,523
Loans and advances	**536,543**	518,119	508,329	541,527	577,569
Results(4)					
Total income	**17,070**	15,674	15,327	16,298	17,195
Operating expenses	**9,308**	10,225	8,805	9,630	10,239
Additions to loan loss provisions	**1,347**	1,594	2,289	2,125	1,670
Result before tax	**6,415**	3,855	4,233	4,543	5,286
Taxation	**1,684**	1,032	1,080	1,171	1,215
Net result (before minority interests)	**4,731**	2,823	3,153	3,372	4,071
Attributable to Shareholders of the parent	**4,659**	2,744	3,063	3,281	3,993
Ratios (in %)					
BIS ratio(5)	**16.04**	15.53	16.46	16.96	14.26
Tier 1 ratio(6)	**13.43**	12.52	13.53	14.40	11.69

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 2011 to 2015, respectively, provided that certain figures in respect of the financial years ended 31 December 2011 to 2013, respectively, have been restated to reflect changes in accounting policies in 2014. See for further details page 26 of the 2014 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 phased-in, 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 phased-in, 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 2015, 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 2015.

SIGNIFICANT DEVELOPMENTS IN 2015

Important changes in market and regulatory context

Macroeconomic developments in 2015

Several interrelated themes stood out in 2015: the price of oil and other commodities, the resilience of the Chinese economy, and the timing and content of monetary policy measures in the US and the Eurozone. The oil price seemed to have reached a low early in the year and soon started to climb. But it resumed its slide in the second half of the year. This coincided with turmoil on Chinese stock markets and worldwide concerns about Chinese economic growth. These worries spread to other emerging markets. While several emerging markets did indeed see economic growth decelerate, a sharp growth slowdown in China did not materialise in 2015, thanks in part to government stimulus measures.

Meanwhile, the US economy continued to grow at a modest pace in 2015, despite headwinds from a stronger dollar and reduced investment in the oil industry because of low oil prices. The labour market in particular did well, with unemployment falling to levels well below the long-term average. The question of when the US Federal Reserve would start raising rates was therefore a dominant theme for financial markets throughout the year. Expectations began to be tempered at mid-year when the slowdown in emerging markets sparked fears this would also take a toll on the US economy. The US economy remained strong enough however for the Federal Reserve to embark on the first rate hike in more than nine years at its December meeting.

Eurozone developments

In the Eurozone, 2015 saw a policy of further monetary expansion, helping to bring about a broadening of the recovery. Exports and low oil prices supported the Eurozone economy in the first half of the year, although the global slowdown started to weigh on exports towards the end of the year. The combination of low inflation and increasing employment boosted household purchasing power, fuelling consumer confidence and accelerating consumption growth.

The Greek crisis has not materially influenced the Eurozone recovery. Within the Eurozone, Germany in particular was able to take advantage of the weaker euro by increasing its exports, offsetting deteriorating exports to emerging markets. Domestic demand in Germany developed favourably as well, helped by job creation and nominal wage growth. The French economy on the other hand appeared weaker, bogged down by falling house prices and rising unemployment. Italian domestic demand finally began to recover in 2015 – albeit cautiously, while Spain was an outperformer on both gross domestic product (GDP) and jobs growth, thanks in part to earlier structural reforms. In the Netherlands, the revival of the housing market was the most important driver behind the pick-up in both consumption and fixed capital formation.

The weak and fragile nature of the recovery and falling inflation expectations prompted the ECB to embark on quantitative easing early in 2015. This sent Eurozone bond yields to unprecedented lows in the first half of the year. German government bond yields with a duration up to nine years turned negative for a short time. Important money market rates such as three-month Euribor and six-month Euribor sank below zero. As worries about a global slowdown mounted, the ECB announced in December that it will extend its quantitative easing until March 2017, and lowered the deposit rate a further 10 basis points to -0.3%.

Lower interest rates helped shore up Eurozone credit demand. Bank lending to households accelerated modestly in 2015, while lending to businesses finally turned positive after three years of deleveraging. Marked differences between countries remain, with credit growth generally more positive in northern European countries, while still negative in southern ones.

Low interest rate environment

The current situation with persistent low interest rates may put banks' net interest income under pressure. On mortgages for instance, ING Bank could be confronted with higher than expected prepayment rates as the difference between rates on the existing mortgage portfolio and the prevailing market rate causes customers to refinance. On savings, the net interest income may decrease as possibilities for further reduction of client rates on savings deposits are limited. ING Bank actively manages its interest rate risk exposure and successfully maintained the net interest margin on its core lending franchise in 2015. To address the challenge of interest income erosion, containing costs remains an important goal. ING is also putting more emphasis on generating fee-based income and are reassessing its product characteristics.

Progress on regulatory initiatives that are most relevant to ING

November 2014 marked the start of the Single Supervisory Mechanism (SSM), with a central role for the ECB in the prudential supervision of Eurozone banks. This was a decisive moment in the creation of the European Banking Union.

ING Bank has always been a strong supporter of the SSM. As a predominantly European cross-border universal bank, the Issuer has a clear interest in the proper functioning of European financial markets and in a harmonised approach to European supervision. The Issuer believes that it will contribute to a more efficient use of financial funds across Europe and as such should help to foster growth prospects of the European economy.

After the first full year of operating under the new supervisory framework, banks' experiences are generally positive. The SSM aims to create the institutional conditions for overcoming fragmentation in supervisory practices. It is important that common methodologies and a shared culture are created within the SSM. That takes time. Some banks may experience challenges in the short term as they come to terms with the SSM supervisory approach. ING expects that the SSM will increase its transparency as the system gets embedded.

As well as the SSM, 2015 saw preparations for the Single Resolution Mechanism (SRM). The SRM came into force on 1 January 2016. This aims to ensure an orderly resolution process for failing banks.

With SSM and SRM, two of the three pillars of Banking Union have been established. Mutualisation of deposit guarantee schemes, the last remaining pillar, is progressing at a much slower pace. Lack of a common European deposit guarantee scheme leaves the Eurozone potentially vulnerable to bank-sovereign interdependency, despite the existence of the SSM. For national sovereigns remain, explicitly or implicitly, a liquidity provider of last resort for the deposit insurance scheme. When sovereigns get into trouble, deposit holders will worry that the national deposit guarantee scheme will be unable to meet its commitments should domestic banks fail. Greece's experience in 2015 made this clear. Capital controls had to be imposed to contain a bank run, and a euro deposited at a Greek bank was no longer de facto equal to a euro deposited at a bank in another member state.

Payment Services Directive (PSD II)

The second EU Directive on Payment Services (PSD II) was adopted in October 2015. This aims to create an EU-wide single market for payments with a modern and comprehensive set of rules. The goal is to make cross-border payments as easy, efficient and secure as domestic payments within a member state. The PSD II also seeks to improve competition by opening up payment markets to new entrants, thus fostering greater efficiency and cost reduction. While implementation in national law could take several years, ING sees the PSD II as an opportunity to develop new ways of serving its customers.

Regulatory uncertainty

The large number of new regulatory initiatives and consultations concerning banks' capitalisation continued to be a source of uncertainty in 2015. Examples are the ongoing discussions on bail-in-able instruments (MREL/ TLAC), but also discussions in the Basel Committee about the risk weighting methodology and the interest rate risk in the banking book. ING Bank's main concern is that there is insufficient overview of the combined impact of all initiatives. Moreover, it is unclear what regulatory end-state policymakers are aiming for. This regulatory uncertainty complicates multi-year strategic planning and pushes banks towards confining themselves to no-regret decisions. Also considering the competitive pressures and fast market developments outlined below, ING Bank believes this piecemeal approach to regulation is not in the best interest of banks and their stakeholders.

In addition to more traditional financial-sector regulation, ING Bank noticed increasing regulatory interest in environmental and human rights impacts associated with its business activities. The Dutch Government initiative to come to a Banking Sector Agreement on international responsible business conduct, building on the OECD Guidelines for Multinational Enterprises. There is a call on the part of the public for increased transparency and continuous debate on the matter in the EU Parliament. Regulators are also looking at the potential link between sustainability and financial risk. An example is the Financial Stability Board looking into potential financial risks of climate change regulation.

Competitive landscape

Technology is removing a number of the barriers to entry that once insulated ING Bank's business. ING Bank faces competition from many different directions, with relatively new players providing more segmented offers to its customers and clients. Technology giants, payment specialists, retailers, telecommunication companies, crowd-funding initiatives and aggregators are all encroaching on traditional banking services. ING Bank's clients, in turn, are willing to consider these offers.

The banking industry is highly regulated. Banks strive to act in the interests of their customers. Safe banking requires specific knowledge of financial services and in-depth knowledge of customers as well as rigorous risk-management systems. As competition from outside the banking sector continues to increase, ING Bank has to become faster, more agile and more innovative. The Issuer believes that ING Bank's long track record as a financial institution and a strong brand give it a strong platform from which to face existing and future challenges and become a better company for all its stakeholders. ING Banks is a leader in digital banking, and it has scale combined with local market expertise. It is investing in building profitable, mutually beneficial relationships with its customers, based on the quality of its service and a differentiating customer experience. An example is ING Bank's strategic partnership with Kabbage. Together, they have launched a pilot project in Spain, offering small and medium-sized enterprises (SMEs) loans up to EUR 100,000. Kabbage's automated loan application and approval process is both accelerated and simple for customers. It makes use of full credit scoring and real-time risk monitoring and allows SMEs with an existing business account to get a loan within ten minutes, based on real-time business data.

Divestments in 2015

In April 2015, the merger between ING Vysya Bank ('ING Vysya') and Kotak Mahindra Bank ('Kotak') was completed and the legal entity ING Vysya ceased to exist. As a result of this transaction, ING holds a stake of 6.5% in the combined company, which operates under the Kotak brand. The transaction resulted in a gain of EUR 367 million and is recognised in the line 'Share of result from associates and joint ventures'. The transaction did not materially impact the shareholders' equity of ING Group. As at 31 December 2015, ING accounts for the investment in Kotak as an Available-for-sale equity investment.

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.

SIGNIFICANT DEVELOPMENTS IN 2016

Tier 2 debt instruments

On 11 April 2016, the Issuer issued EUR 1 billion debt instruments in the form of Fixed Rate Subordinated Notes due 11 April 2028 under its EUR 55 billion Debt Issuance Programme qualifying as Tier 2 capital under CRD IV / CRR to further strengthen its capital base. These debt instruments are subject to an exchange provision pursuant to which these debt instruments issued by the Issuer may be exchanged for subordinated notes issued by ING Groep N.V.

DELIVERING ON RESTRUCTURING

As a result of having received Dutch state aid, ING in 2009 agreed a restructuring plan that met the European Commission's requirements to approve the state aid. The Restructuring Plan subjected ING to certain behavioural restrictions and it was required among other things, to divest a significant part of its operations, including its insurance activities and its ING Direct operations in the United States.

The behavioural restrictions ceased to apply on 29 May 2015 after ING divested NN more than 50% and deconsolidated NN under IFRS. As of 31 December 2015, the Restructuring Plan had been fully implemented, except for ING's obligation to sell its remaining stake in NN Group. In transactions executed in February and April 2016, ING completed the divestment of its stake in NN Group. The divestment improved ING Group's Common Equity Tier 1 ratio and also turned debt at the Group level into a cash surplus, providing ING with ample financial flexibility. ING believes the divestment has left the company stronger, simpler and more sustainable.

ING BANK STRATEGY

Purpose

In 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'.

In a fast-changing and ever-digitising world, customer behaviour and customer needs are continuously changing. The Think Forward Strategy is designed to provide ING Bank 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.

In 2015, ING Bank continued to build on the Think Forward strategy to empower customers and provide them with a differentiated customer experience. That includes a focus on being leaders in the digital customer experience based on easy, 24/7 access, simple products and services, and tools to help customers make sound financial decisions.

Those goals are reflected in its Customer Promise to be clear and simple, make financial services available anytime-anywhere, empower, and to keep getting better for customers. ING Bank's appeal to customers was demonstrated in 2015 by the growing number of primary relationships – customers with current accounts and at least one other product with ING Bank – and ING alos believes that (using Net Promoter Score methodology) customers are rating ING Bank number one compared to peer banks in seven of its leading markets.

Contributing to the sustainable development of society is also an integral part of the Think Forward strategy. ING Bank's sustainability direction focuses on two areas: enhancing the financial capabilities of clients and non-clients, and supporting companies to make the transition to more sustainable business models.

ING Bank financially empowers by making banking accessible and easier to understand in line with its Customer Promise. It serves communities where it operates through programmes to teach financial literacy in schools. Through its partnership with UNICEF ING Bank supports life skills training, including financial literacy training for adolescents in less developed countries.

ING sees sustainability as a source of competitive advantage for companies. The sustainable transitions financed by ING amounted to EUR 23.8 billion at end-2015. It also broadened its sustainability approach in Industry Lending and in General Lending and extended it to other parts of Wholesale Banking.

Strategic priorities

To deliver on its Customer Promise and create a differentiating customer experience, ING Bank has identified four strategic priorities:

Earn the primary relationship - the better ING Bank knows its customers, the better it will be able to empower them to make smart financial decisions and continue to be relevant for them. ING Bank can do this best if customers do a range of banking with it – if it is the bank its customers go to for their daily transactions. ING Bank calls that the primary relationship. In Retail Banking, ING Bank defines the retail primary relationship as a payment account with recurrent income and at least one other product with ING. In Wholesale Banking, it aims to increase primary relationships by increasing its so-called "flow" relationships (e.g. transaction services, working capital solutions) and the percentage of relationships where ING Bank is the client's lead finance provider.

Develop data analytics - the relationship between banks and their customers, as in other industries, is increasingly a digital one. Digitalisation challenges banks to maintain intimacy with a customer who they rarely meet face to face. But the digital interface also provides a wealth of data on customers' preferences and needs that gives banks important insights to provide the kind of experience customers now expect from businesses they interact with online. Developing analytic skills is essential to serving customers in a digital world. This is not only important for improving customer services, but also for preventing fraud, improving operational processes, reducing risks and generating services that go beyond traditional banking so ING Bank can stay relevant for customers.

Increase the pace of innovation - to serve changing customer needs Customer expectations, new technologies and new competitors are transforming the banking industry faster than anticipated. To address that, ING Bank needs to increase the pace of innovation. It promotes an internal culture of innovation and also partner with external parties with specialised knowledge to accelerate the pace of innovation.

Think beyond traditional banking - to develop new services and business models, thinking beyond traditional banking is crucial given that disruption in the banking industry puts a significant portion of revenues at risk. ING Bank's payments value chain is already under threat from many bank and nonbank players. To be successful, banks need to expand the concept of what a bank is and what it means to customers, by for example finding ways to be relevant to customers earlier in their purchasing decision-process.

Strong performance in 2015

ING Bank made progress on many fronts during 2015 in building a bank able to support its customers and fulfil its obligations to other stakeholders in the future. Financial performance was strong in 2015. ING Bank achieved solid profitability and believes it has already met most of its 2017 financial ambitions, including in the areas of capital, return on equity, leverage and dividends.

Its savings and lending franchises performed well. Net customer deposits grew by EUR 25.1 billion, or 5.1 percent. Its core lending grew by net 4.2 percent, or EUR 21.7 billion, in 2015, demonstrating the strength of its lending business. There was good growth in Industry Lending, which also supported lending growth in Challengers & Growth Markets. This is driving sustainable growth in the balance sheets of these countries where ING Bank has strong savings franchises.

ING Bank supports its Wholesale Banking clients with a global network operating in over 40 countries. It added to this network in 2015, expanding its presence in the Americas, Asia and Europe.

ING Bank's strong balance sheet attests to the quality of its risk management. It is among the best-capitalised listed banks in the Eurozone (Bloomberg, 2015). ING Bank consistently demonstrates its ability to generate capital and now have a limited need for professional funding. Its capital position was further strengthened.

ING Bank believes it is well positioned to continue to be successful.

Geographical presence and strategic approach

ING Bank has a presence in over 40 countries. Though its local businesses vary in terms of their market positions all are guided by ING Bank's purpose of empowerment and strategy to provide customers with a differentiating customer experience through digital leadership.

Market Leaders: are ING Bank's businesses in mature markets in the Benelux where it is among the leaders in retail and wholesale banking. Its strategy is to grow in selected segments, continue to invest in digital leadership with a digital-first model, deliver on operational excellence programmes and create greater cost efficiency in order to fund business expansion in growth markets.

Challengers: are markets where ING Bank offers both retail and wholesale banking services. Its retail activities are mainly directbanking offered online with a significant cost advantage over traditional banks. Its strategy is to leverage its strong savings franchises in these markets to expand into payments accounts and increase the number of primary customer relationships. ING Bank is also using its direct banking experience to grow the lending business at low cost in areas like consumer and SME lending. Further, it is using its strong savings businesses to fund expansion of Wholesale Banking, particularly to support clients in Industry Lending and working capital solutions.

Growth Markets: these are markets with a full range of retail and wholesale banking services in markets with expanding economies and strong growth potential. ING Bank is investing to achieve sustainable franchises and will focus on digital leadership by converging to the direct-first model and by prioritising innovation.

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 Wholesale 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 (on pages 29 and 30).

Wholesale Banking

ING Wholesale Banking is a European wholesale bank with global reach. It has an extensive international network of offices in more than 40 countries across Europe, Asia and the Americas. Wholesale Banking's global franchises in Industry Lending, General Lending, Transaction Services and Financial Markets serve a range of organisations, including corporates, multinational corporations, financial institutions, governments and supranational bodies. For more on Wholesale Banking, please refer to the general description (on page 30).

Industry Lending

ING Bank's Industry Lending teams provide financing to clients in selected markets based on specialist industry knowledge. Within Industry Lending, activities are grouped into Structured Finance and Real Estate Finance.

Structured Finance is a traditional lending business built up over more than 20 years and based on specialist industry knowledge. ING is a top-10 player globally. The loan portfolio is well diversified across geographies and sectors, which are split into three segments: the Energy, Transport and Infrastructure Group (ETIG), International Trade and Export Finance (ITEF) and the 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

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. Margins were under continued pressure in 2015 as a result of excess liquidity in loan markets, especially with regard to its corporate clients. Nevertheless, ING Banks holds a position as market leader in the Benelux, number one bookrunner in the syndicated loan market in Central and Eastern Europe and a top-10 position in the overall European syndicated loan market (Thomson Reuters, 2015).

Transaction Services

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 Wholesale 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 ING Bank to expand its activities

Transaction Services is made up of Payments & Cash Management, Trade Finance Services, Working Capital Solutions and Bank Mendes Gans. 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.

Trade Finance 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. Working Capital Solutions (WCS) combines ING's Supply Chain Finance and Trade Receivables activities – it is a growth area for Wholesale Banking, offering substantial opportunities for its clients to achieve efficiency benefits. ING Bank believes the underlying short-term and capital-efficient nature of this asset class makes it an attractive area for it to expand its activities. Bank Mendes Gans (BMG) is a specialist bank, providing global liquidity management services, including multicurrency, multi-bank cash-pooling and netting solutions, to multinational corporations.

Financial Markets

Financial Markets ("FM") is a well-diversified business targeting developed markets and fast-growing economies, focusing on rates and currencies in addition to credit products. FM is a client-driven business franchise. It aims to service ING's institutional, corporate and retail clients with relevant financial markets products. Through FM, ING Bank also provides its clients with a gateway to global institutional markets. ING Bank offers a full range of services, across four main business lines: Emerging Markets, Developed Markets, Global Equity Products and Global Capital Markets. It provides clients with hedging solutions to mitigate financial risk, be that currency, interest rate, equity, commodity or credit risk. It also provides investment solutions to meet specific investment objectives, as well as financing solutions through clients' public or private debt or equity issuance. In 2015, FM began implementing the initiatives embedded in its new strategic plan. This will influence all three drivers of return on equity: revenue, cost and capital deployed. Implementation of the plan is expected to continue into 2016 and beyond. FM also continued to invest to satisfy the evolving EMIR (European Markets and Infrastructure Regulation) and MiFID2 (Markets in Financial Instruments Directive) requirements impacting the European derivative trading markets.

Real Estate and Other

Real Estate & Other (RE&O) focuses on a smooth divestment of the remaining real estate portfolio of 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 all employees of banks licensed in The Netherlands, which the Dutch government has introduced, effective per 1 April 2015. In this oath, the employees 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. To enforce the oath, non-compliance can be sanctioned by a special disciplinary court. Moreover, if Executive or Supervisory Board members 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.

As mentioned above, a significant change has been made to the supervisory structure within the Eurozone and in November 2014 the Single Supervisory Mechanism ("SSM") came into force, a mechanism composed of national competent authorities and the ECB assuming direct responsibility for a significant part of the prudential supervision of ING Bank and its holding company ING Group. ING expects to benefit from the harmonisation of supervision resulting from the SSM but at the same time does not expect such harmonisation to be fully in place in the short to mid term.

Another significant change in the regulatory environment is the setting up of the Single Resolution Mechanism ("SRM"), which comprises the Single Resolution Board ("SRB") and the national resolution authorities and is fully responsible for the resolution of banks within the Eurozone as of 1 January 2016. ING has been engaging already with the Dutch national resolution authorities for a few years with the aim to draw up a resolution plan for ING. ING will continue to work with the SRB to set up a resolution plan for ING. The rules underpinning the SRM could have a significant impact on business models and capital structure of financial groups but at this stage it is not clear what the impact on ING's banking operations will be.

The ING Bank Financial Economic Crime Policy (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.

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. 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 standardised 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.

In 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. 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 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 organisations 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 organisation's U.S. non-banking entities. This intermediate holding company is regulated in a manner similar to a U.S. bank holding company.

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 after ING's full disposal of Voya, is 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, as discussed further under "Risk Factors—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".

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

DNB, ING Bank's home country 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 and Basel III Frameworks. 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. As of 2009, a Basel I regulatory floor of 80% of Basel I RWA has been applicable. A small number of portfolios are still reported under the Standardised 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 to be phased in over 2014-2018. 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 required common equity Tier 1 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 gradually disqualifying many hybrid securities during the years 2013-2022, including the hybrids that were 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 Systemically Important Banks" ("G-SIBs"), most recently in November 2015 and November 2012, and by DNB and the Dutch Ministry of Finance as a "domestic SIB" ("D-SIB") from November 2011 onward.

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. Having started in 2014, the requirements will be gradually tightened mostly before 2019 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 G-SIBs 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 to have a material impact on ING Bank's operations and financial condition and may require ING Group to seek additional capital. The DNB requires the largest Dutch banks, including ING Group, to build up a 3% Systemic Risk Buffer during 2016-2019 in addition to the capital conservation buffer and the countercyclical buffer described above, but this buffer then includes both the G-SIB and domestic SIB buffers mentioned above.

Banks are also subject to Pillar 2 requirements. Based on an internal capital adequacy assessment process ("ICAAP"), the ECB has examined ING's capital adequacy and determined capital requirements for ING Group of 9.5%, which includes the capital conservation buffer (of 2.5% in 2018), but not the Systemic Risk Buffer (of 3% in 2018) nor the countercyclical buffer (in the current economic environment smaller than a few basis points).

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 implemented policies and procedures designed to ensure that it complies 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 the Issuer's bank, broker-dealer and investment adviser subsidiaries and mutual funds advised or sponsored by its 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 ING Bank 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 10.2 million, which was principally related to legacy loan repayment, and ING Bank estimates that it had net profit of approximately USD 75,834. 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 2015	31 December 2014	31 December 2013
		(EUR millions)	
Assets			
Cash and balances with central banks	21,458	12,222	11,920
Amounts due from banks	29,966	37,122	42,996
Financial assets at fair value through profit and loss:			
– trading assets	131,485	136,964	113,537
– non-trading derivatives	3,216	4,303	5,731
– designated as at fair value through profit and loss	3,234	2,756	2,308
Investments:			
– available-for-sale	87,000	95,401	76,883
– held-to-maturity	7,826	2,239	3,098
Loans and advances to customers	536,543	518,119	508,329
Investments in associates and joint ventures	842	861	937
Real estate investments	77	80	55
Property and equipment	2,027	2,100	2,282
Intangible assets	1,567	1,655	1,606
Assets held for sale		729	
Other assets	13,287	14,051	17,884
Total assets	**838,528**	**828,602**	**787,566**
Equity			
Shareholders' equity (parent)	40,857	38,064	32,805
Minority interests	638	622	955
Total equity	41,495	38,686	33,760
Liabilities			
Subordinated loans	15,920	16,599	14,776
Debt securities in issue	117,556	120,959	122,299
Amounts due to banks	33,808	30,003	27,200
Customer deposits and other funds on deposit	508,740	489,281	474,775
Financial liabilities at fair value through profit and loss:			
– trading liabilities	88,807	97,091	73,491
– non-trading derivatives	4,364	6,357	9,676
– designated as at fair value through profit and loss	12,616	13,551	13,855
Liabilities held for sale			
Other liabilities	15,222	16,075	17,734
Total liabilities	**797,033**	**789,916**	**753,806**
Total liabilities and equity	**838,528**	**828,602**	**787,566**

*These figures have been derived from the audited annual consolidated accounts of ING Bank in respect of the financial years ended 31 December 2015, 2014 and 2013.

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

	31 December 2015	31 December 2014	31 December 2013
		(EUR millions)	
Share capital	525	525	525
Share premium	16,542	16,542	16,542
Revaluation reserve	4,897	4,781	1,414
Currency translation reserve	-540	-609	-989
Net defined benefit asset/liability remeasurement reserve	-306	-370	-2,671
Other reserves	19,739	17,195	17,984
Shareholders' equity (parent)	**40,857**	**38,064**	**32,805**

*These figures have been derived from the audited annual consolidated accounts of ING Bank in respect of the financial years ended 31 December 2015, 2014 and 2013.

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

		2015		2014		2013
				(EUR millions)		
Interest income	46,397		48,376		51,574	
Interest expense	-33,653		-35,770		-39,610	
Interest result		12,744		12,606		11,964
Investment income		127		213		305
Net gains/losses on disposal of group companies		2		195		26
Gross commission income	3,420		3,314		3,345	
Commission expense	-1,100		-1,023		-1,105	
Commission income		2,320		2,291		2,240
Valuation results on non-trading derivatives		174		-370		281
Net trading income		1,159		561		485
Share of result from associates and joint ventures		493		76		22
Other income		51		102		4
Total income		**17,070**		**15,674**		**15,327**
Addition to loan loss provisions		1,347		1,594		2,289
Staff expenses		4,962		5,783		4,914
Other operating expenses		4,346		4,442		3,891
Total expenses		**10,655**		**11,819**		**11,094**
Result before tax		**6,415**		**3,855**		**4,233**
Taxation		1,684		1,032		1,080
Net result (before minority interests)		**4,731**		**2,823**		**3,153**
Attributable to:						
Shareholders of the parent		4,659		2,744		3,063
Minority interests		72		79		90
		4,731		**2,823**		**3,153**

*These figures have been derived from the audited annual consolidated accounts of ING Bank in respect of the financial years ended 31 December 2015, 2014 and 2013, provided that certain figures have been restated (please see page 53 for more information).

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 2015 - Important changes in market and regulatory context - Macroeconomic developments in 2015" and "Significant developments in 2015 - 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 its 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) behaviour of customers, impacting the interest rate exposure, interest hedge positions and future interest earnings, ING Bank's solvency and economic value of the bank's underlying banking operations. In the current low (and for certain funds, 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 the Issuer's 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 translated into euro by monthly hedging. 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 2015.

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. As of 2015, ING's banking segment financial reporting has been adjusted, including a restatement to reflect the segmentation of ING Turkey into Retail Banking and Wholesale Banking (previously fully in Retail Banking). Additionally, underlying results have been restated to reflect the bank-wide allocation of Bank Treasury (excluding the isolated legacy costs recorded on the Corporate Line) across both Retail and Wholesale Banking segments in all countries, whereas they were previously fully allocated in either Retail Banking or Wholesale Banking. Furthermore, underlying results have been restated to reflect the replacement of "interest benefit on economic capital" by "interest benefit on total capital" (based on total capital ratio of 15%). The presentation of previously reported underlying profit and loss figures has been adjusted accordingly. Special items include items of income or expense that are significant and arise from events or transactions that are clearly distinct from ordinary operating activities. 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 32 to the ING Bank consolidated financial statements for the year ended 31 December 2015.

The following table sets forth the consolidated results of operations of ING Bank for the years ended 31 December 2015, 2014 and 2013 (certain figures have been restated (please see above for more information)):

	2015	**2014**	**2013**
		(EUR millions)	
Underlying income			
Net interest result	12,744	12,606	11,980

	2015	2014	2013
		(EUR millions)	
Commission income	2,320	2,290	2,239
Total investment and other income	1,639	574	1,117
Total underlying income	**16,703**	**15,471**	**15,337**
Underlying expenditure			
Operating expenses	9,231	8,965	8,683
Addition to loan loss provision	1,347	1,594	2,288
Total underlying expenditure	**10,578**	**10,559**	**10,971**
Underlying result before tax	**6,125**	**4,912**	**4,365**
Taxation	1,703	1,271	1,088
Minority interests	72	79	90
Underlying net result	**4,350**	**3,562**	**3,187**
Divestments(1)	367	202	-42
Special items(2)	-58	-1,021	-82
Net result	**4,659**	**2,744**	**3,063**

Notes:

(1) Divestments include the net operating result of the divested units as well as the gains/losses on the divestments. Divestments: net gain on merger between ING Vysya Bank and Kotak Mahindra Bank (EUR 367 million, 2015), result on the deconsolidation of ING Vysya Bank (EUR 202 million, 2014), sale of ING Direct UK (EUR -42 million, 2013).

(2) Special items: Retail Netherlands strategy (EUR -58 million, 2015, EUR -63 million, 2014, EUR -92 million, 2013), impact of the changes for making the Dutch Defined Benefit pension fund financially independent (EUR -653 million, 2014), bank tax related to the SNS Reaal nationalisation (EUR -304 million, 2014), new Dutch employee pension scheme (EUR 28 million, 2013), separation and other restructuring provisions (EUR -19 million, 2013).

Year ended 31 December 2015 compared to year ended 31 December 2014

ING Bank posted a strong performance in 2015, resulting in an underlying result before tax (excluding the impact of divestments and special items) of EUR 6,125 million compared with EUR 4,912 million in 2014, mainly reflecting higher interest results and lower risk costs. This strong performance was realised despite a sharp increase in regulatory costs during 2015.

Net result from ING Bank (including the impact from divestments and special items) rose to EUR 4,659 million in 2015 from EUR 2,744 million in 2014. Results on divestments and special items contributed EUR 309 million to the net profit in 2015 versus EUR -818 million in 2014. Divestments and special items in 2015 included a EUR 367 million net gain resulting from the merger between ING Vysya Bank and Kotak Mahindra Bank and EUR -58 million of special items after tax related to restructuring programmes in Retail Netherlands that were announced before 2013. Divestment and special items in 2014 related to a EUR 653 million net charge to make the Dutch closed defined benefit pension fund financially independent, EUR 304 million of bank taxes related to the nationalisation of SNS in the Netherlands and EUR -63 million of special items after tax related to restructuring programmes in Retail Netherlands. This was partly offset by a EUR 202 million net 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 of 2014.

Total underlying income rose 8.0% to EUR 16,703 million in 2015, from EUR 15,471 million in 2014, supported by a positive swing in credit and debt valuation adjustments (CVA/DVA) adjustments in Wholesale Banking and Corporate Line. The underlying interest result increased 1.1% to EUR 12,744 million driven by a higher average balance sheet, whereas the interest margin declined to 1.47% from 1.53% in 2014. The interest margin on lending and savings products improved slightly, supported by repricing in the loan book and further reduction of client savings rates in several countries. This was more than offset by lower margins on current accounts due to the low interest environment and lower interest results at Financial Markets. Customer lending and deposits volumes increased except for residential mortgages due to the continued transfer of WestlandUtrecht Bank (WUB) assets to NN Group, the run-off in the WUB portfolio and the sale of white-labelled mortgage portfolios in Australia. Commission income rose 1.3% to EUR 2,320 million. Investment and other income jumped to EUR 1,639 million, from EUR 574 million in 2014. This increase was mainly explained by the positive swing in CVA/DVA adjustments in Wholesale Banking and the Corporate Line (which were EUR 224 million in 2015, compared with EUR -273 million in 2014) and higher other revenues in Financial Markets.

Underlying operating expenses increased 3.0% to EUR 9,231 million, compared with EUR 8,965 million in 2014. In 2015, expenses included EUR 620 million of regulatory expenses (including contributions to the new national resolution funds and a one-off charge in Poland related to the bankruptcy of SK Bank) compared with EUR 408 million of regulatory expenses in 2014. The fourth quarter of 2015 also included a number of smaller restructuring provisions in Retail Benelux and Wholesale Banking which in aggregate amounted to EUR 120 million, whereas 2014 included EUR 399 million of redundancy provisions. Excluding both items, expenses increased by EUR 333 million, or 4.1%. This increase was partly visible in the Corporate Line, where expenses were EUR 121 million higher year-on-year, mainly due to large releases from DGS-related provisions and high value-added tax refunds in 2014. The remaining increase was mainly caused by investments to support business growth in Retail Challengers & Growth Markets and Wholesale Banking, IT investments in the Netherlands and a provision for potential compensation related to certain floating interest rate loans and interest rate derivatives that were sold in the Netherlands, partly offset by the benefits from the ongoing cost-saving programmes. The cost-income ratio improved to 55.3% from 57.9% in 2014.

The net addition to the provision for loan losses declined 15.5% to EUR 1,347 million, from EUR 1,594 million in 2014. Risk costs were 44 basis points of average risk-weighted assets, which is within the range of the expected loss of 40-45 basis points through the cycle.

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 Wholesale Banking (then named: Commercial Banking) and the Corporate Line, and EUR 399 million of redundancy provisions recorded in 2014, which related principally to the further digitalisation of its 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 nationalisation 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 Wholesale Banking (then named: 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 normalised level of risk costs as the overall economic environment gradually improves.

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 2015, 2014 and 2013:

	2015	2014	2013
		(EUR billions)	
Financial assets at fair value through the profit and loss account	137.9	144.0	121.6
Investments	94.8	97.6	80.0
Loans and advances to customers	536.5	518.1	508.3
Total assets	838.5	828.6	787.6
Customer deposits and other funds on deposit	508.7	489.3	474.8
Debt securities in issue/other borrowed funds	133.5	137.6	137.1
Total liabilities (including minority interests)	797.0	789.9	753.8
Shareholders' equity	40.9	38.1	32.8

Year ended 31 December 2015 compared to year ended 31 December 2014

Total assets increased by EUR 9.9 billion, or 1.2%, to EUR 838.5 billion at year-end 2015 compared with EUR 828.6 billion at year-end 2014, including EUR 11 billion of positive currency impacts. Excluding currency impacts, ING Bank grew its core customer lending base by EUR 22 billion, and cash and balances at central banks were up by EUR 9 billion. These increases were largely offset by reductions in amounts due from banks, investments and financial assets at fair value through P&L (due to lower valuation of trading derivatives) and by a reduction in non-core customer lending (amongst others in the WUB and Lease run-off portfolios).

ING Bank continued to improve its funding profile, as customer deposits and other funds on deposit increased by EUR 19 billion, with an EUR 11 billion increase in savings and EUR 13 billion increase in credit balances on customer accounts, partly offset by a decrease in deposits from asset managers and corporate treasurers, all excluding currency impacts. Debt securities in issue mainly decreased due to a reduction in short-term CD/CPs.

Shareholders' equity increased by EUR 2.8 billion, from EUR 38.1 billion at the end of 2014 to EUR 40.9 billion at the end of 2015. The increase was mainly due to the EUR 4,659 million net result for the year 2015. This was partly offset by EUR 2.2 billion of dividend paid to ING Group, to support the dividend policy of ING Group.

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 amortised 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.

SEGMENT REPORTING

ING Bank's segments are based on its management structure, which is different from its legal structure. The following table specifies the segments by line of business and the main sources of income of each of the segments:

Retail Netherlands (Market Leaders)

Income from retail and private banking activities in the Netherlands, including the SME and mid-corporate segments. The main products offered are current and savings accounts, business lending, mortgages and other consumer lending in the Netherlands.

Retail Belgium (Market Leaders)

Income from retail and private banking activities in Belgium, including the SME and mid-corporate segments. The main products offered are similar to those in the Netherlands.

Retail Germany (Challengers and Growth Markets)

Income from retail and private banking activities in Germany. The main products offered are current and savings accounts, mortgages and other customer lending.

Retail Other (Challengers and Growth Markets)

Income from retail banking activities in the rest of the world, including the SME and mid-corporate segments in specific countries. The main products offered are similar to those in the Netherlands.

Wholesale Banking

Income from wholesale banking activities (a full range of products is offered from cash management to corporate finance), real estate and lease. As of January 2016, ING's Commercial Banking activities are renamed to Wholesale Banking.

As of 1 January 2015, the segment Retail Rest of the World is renamed to Retail Other. In addition to this, the attribution of 'Underlying result' to segments is changed as follows:

- 'Interest benefit on economic capital' is replaced by 'Interest benefit on total capital' resulting in a reallocation between Retail Banking, Wholesale Banking and Corporate Line Banking in the line 'Interest result Banking operations'
- ING Turkey, previously fully reported within Retail Banking, is now segmented to both Retail Banking and Wholesale Banking

- Bank Treasury (excluding isolated legacy costs recorded within Corporate Line) is now allocated to both Retail Banking and Wholesale Banking. Previously, Bank Treasury was allocated to Retail and/or Wholesale Banking on a country-by-country basis.

The presentation of previously reported underlying profit and loss figures has been restated to reflect the above changes.

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 2015, 2014 and 2013 (certain figures have been restated (please see page 53 for more information)).

2015	Retail Netherlands	Retail Belgium	Retail Germany	Retail Other	Wholesale Banking	Corporate Line(1)	Total
				(EUR millions)			
Total underlying income	**4,403**	**2,546**	**1,910**	**2,369**	**5,609**	**-133**	**16,703**
Total underlying expenditure	**2,908**	**1,701**	**899**	**1,792**	**3,048**	**230**	**10,578**
Underlying result before tax	**1,495**	**845**	**1,012**	**577**	**2,560**	**-364**	**6,125**
Taxation	391	255	328	142	676	-91	1,703
Minority interests	–	6	2	48	16	–	72
Underlying net result	**1,104**	**583**	**681**	**387**	**1,868**	**-273**	**4,350**
Divestments	–	–	–	367	–	–	367
Special items	-58	–	–	–	–	–	-58
Net result	**1,046**	**583**	**681**	**754**	**1,868**	**-273**	**4,659**

2014	Retail Netherlands	Retail Belgium	Retail Germany	Retail Other	Wholesale Banking	Corporate Line(1)	Total
				(EUR millions)			
Total underlying income	**4,330**	**2,617**	**1,615**	**2,336**	**4,893**	**-321**	**15,471**
Total underlying expenditure	**3,392**	**1,667**	**845**	**1,646**	**2,907**	**102**	**10,559**
Underlying result before tax	**938**	**951**	**771**	**690**	**1,986**	**-423**	**4,912**
Taxation	243	256	230	139	470	-67	1,271
Minority interests	–	1	1	51	26	–	79
Underlying net result	**694**	**693**	**540**	**500**	**1,491**	**-356**	**3,562**
Divestments	–	–	–	202	–	–	202
Special items	-63	–	–	–	–	-957	-1,021
Net result	**631**	**693**	**540**	**702**	**1,491**	**-1,313**	**2,744**

2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Other	Wholesale Banking	Corporate Line(1)	Total
				(EUR millions)			
Total underlying income	**4,198**	**2,397**	**1,387**	**2,405**	**5,297**	**-349**	**15,337**
Total underlying expenditure	**3,286**	**1,683**	**790**	**1,878**	**3,220**	**114**	**10,971**
Underlying result before tax	**912**	**715**	**597**	**527**	**2,077**	**-463**	**4,365**
Taxation	241	213	185	120	504	-174	1,088
Minority interests	–	-4	1	66	27	–	90
Underlying net result	**672**	**506**	**412**	**342**	**1,546**	**-289**	**3,187**
Divestments	–	–	–	-42	–	–	-42

2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Other	Wholesale Banking	Corporate Line(1)	Total
				(EUR millions)			
Special items	-107	–	–	–	–	25	-82
Net result	**564**	**506**	**412**	**299**	**1,546**	**-264**	**3,063**

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 Wholesale Banking-Bank Treasury to Corporate Line as of 1 January 2014 (historical figures have been restated). In 2015, the underlying result before tax included EUR 43 million of DVA on own-issued debt versus EUR -57 million in 2014. In 2013, underlying result before tax included EUR -99 million of DVA on own-issued and a EUR 99 million result on the unwinding of the IABF. Underlying expenditure increased in 2015 as both 2014 and 2013 included material releases from deposit guarantee scheme (DGS)-related provisions. 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.

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

RETAIL NETHERLANDS*

	Retail Netherlands		
	2015	**2014**	**2013**
		(EUR millions)	
Underlying income			
Interest result	3,683	3,778	3,610
Commission income	515	464	460
Other underlying income	205	87	128
Total underlying income	**4,403**	**4,330**	**4,198**
Underlying expenditure			
Operating expenses	2,475	2,678	2,409
Additions to the provision for loan losses	433	714	877
Total underlying expenditure	**2,908**	**3,392**	**3,286**
Underlying result before tax	**1,495**	**938**	**912**
Taxation	391	243	241
Minority interests	–	–	–
Underlying net result	**1,104**	**694**	**672**
Special items	-58	-63	-107
Net result	**1,046**	**631**	**564**

Note:

* Certain figures have been restated (please see page 53 for more information).

Year ended 31 December 2015 compared to year ended 31 December 2014

The underlying result before tax of Retail Netherlands rose to EUR 1,495 million from EUR 938 million in 2014, mainly due to lower risk costs and lower expenses. Operating expenses declined by EUR 203 million, predominantly due to EUR 349 million of redundancy provisions taken in 2014. Excluding these provisions, underlying result before tax rose 16.2%. Underlying income increased 1.7% to EUR 4,403 million. The interest result was supported by higher margins on lending and savings, which largely compensated for a decline in lending volumes. Lower lending volumes were partly caused by the continued transfer of Westland Utrecht (WUB) mortgages to NN Group and the run-off in the WUB portfolio. Net core lending (excluding the WUB portfolio, Bank Treasury products and movement in the mortgage hedge) declined by EUR 2.9 billion due to higher repayments on mortgages and muted demand for business lending. The net production in customer deposits (excluding Bank Treasury) was EUR 3.5 billion, reflecting increases in both savings and current accounts. Commission income was up 11.0% and investment and other income rose by EUR 118 million, in part due to positive hedge ineffectiveness, while 2014 included a one-off loss on the sale of real estate in own use. Excluding the redundancy provisions in 2014, operating expenses increased 6.3%, mainly due to higher regulatory costs, investments in IT, some smaller restructuring provisions and a provision for potential compensation related to certain floating interest-rate loans and interest-rate derivatives that were sold in the Netherlands. This increase was partly offset by the benefits from the ongoing cost-savings programmes. The cost-savings programmes remain on track to realise EUR 675 million of annual cost savings by the end of 2017. Of this amount, EUR 438 million has been realised since 2011. Risk costs declined 39.4% to EUR 433 million from EUR 714 million in 2014, both in residential mortgages and business lending, supported by a recovery in the Dutch economy.

Underlying net result rose to EUR 1,104 million in 2015 compared with EUR 694 million in 2014, while the net result increased to EUR 1,046 million in 2015 compared with EUR 631 million in 2014. Special items after tax in 2015 were EUR -58 million, while special items after tax in 2014 were EUR -63 million. Both were fully related to restructuring programmes in Retail Netherlands that were announced before 2013.

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

The underlying result before tax of Retail Netherlands rose to EUR 938 million from EUR 912 million in 2013, mainly due to higher income and lower risk costs, while operating expenses increased substantially 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 27.6%. Underlying income increased to EUR 4,330 million, up 3.1% compared with EUR 4,198 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 WestlandUtrecht Bank (WUB) to NN Group as of mid-2013, higher mortgage prepayments and lower results from Bank Treasury. In 2014, the total mortgage portfolio declined by EUR 3.2 billion, of which EUR 1.2 billion was due to additional transfers of WUB mortgages to NN Bank. The net production in other customer lending (excluding Bank Treasury) was EUR -2.8 billion. Net production in customer deposits (excluding Bank Treasury) was EUR 0.6 billion in 2014, reflecting increases in savings partly offset by current accounts. Investment and other income declined by EUR 41 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 0.7% 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 organisation 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 694 million in 2014 compared with EUR 672 million in 2013, while the net result increased to EUR 631 million in 2013 compared with EUR 564 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.

RETAIL BELGIUM*

	Retail Belgium		
	2015	**2014**	**2013**
		(EUR millions)	
Underlying income			
Interest result	1,953	1,998	1,860
Commission income	397	376	343
Investment and other income	195	243	194
Total underlying income	**2,546**	**2,617**	**2,397**
Underlying expenditure			
Operating expenses	1,532	1,524	1,500
Additions to the provision for loan losses	169	142	183
Total underlying expenditure	**1,701**	**1,667**	**1,683**
Underlying result before tax	**845**	**951**	**715**
Taxation	255	256	213
Minority interests	6	1	-4
Underlying net result	**583**	**693**	**506**
Net result	**583**	**693**	**506**

Note:

* Certain figures have been restated (please see page 53 for more information).

Year ended 31 December 2015 compared to year ended 31 December 2014

The underlying result before tax of Retail Belgium fell 11.1% to EUR 845 million in 2015 compared with EUR 951 million in 2014, mainly due to lower income and higher risk costs. Underlying income declined

2.7% to EUR 2,546 million, from EUR 2,617 million in 2014. The interest result decreased 2.3% due to lower margins on lending products and current accounts, which was only partly compensated by higher volumes in most products. The net production in the customer lending portfolio (excluding Bank Treasury) was EUR 1.7 billion in 2015, of which EUR 1.1 billion in mortgages and EUR 0.6 billion in other lending. Net customer deposits grew by EUR 3.0 billion. Operating expenses increased 0.5% to EUR 1,532 million, as higher regulatory expenses and some additional restructuring costs were largely offset by a decrease in staff expenses and a value-added tax refund. The cost-savings programme announced by ING Belgium in early 2013 with the aim of realising EUR 160 million cost savings by the end of 2017 was successfully concluded by the end of 2015. Risk costs increased by EUR 27 million to EUR 169 million, or 59 basis points of average risk-weighted assets. The increase was mainly in business lending and consumer lending, while risk costs for mortgages declined.

Both underlying net result and net result decreased by EUR 110 million, or 15.9%, to EUR 583 million in 2015 from EUR 693 million in 2014.

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

The underlying result before tax of Retail Belgium rose 33.0% to EUR 951 million in 2014 compared with EUR 715 million in 2013, mainly due to higher income. Total underlying income rose 9.2% to EUR 2,617 million, from EUR 2,397 million in 2013. The interest result increased 7.4% driven by higher volumes in almost all products and increased margins on mortgages and savings. The net production in the customer lending portfolio (excluding Bank Treasury) was EUR 5.0 billion in 2014, of which EUR 1.8 billion in mortgages and EUR 3.2 billion in other customer lending. Net customer deposits increased by EUR 4.0 billion, mainly in current accounts. Operating expenses increased to EUR 1,524 million, compared with EUR 1,500 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 addition to loan loss provisions declined by EUR 41 million to EUR 142 million, or 57 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 187 million, or 37.0%, to EUR 693 million in 2014 from EUR 506 million in 2013.

RETAIL GERMANY*

	Retail Germany		
	2015	**2014**	**2013**
		(EUR millions)	
Underlying income			
Interest result	1,634	1,500	1,303
Commission income...	172	143	114
Investment and other income.......................................	104	-27	-30
Total underlying income	**1,910**	**1,615**	**1,387**
Underlying expenditure			
Operating expenses...	842	773	709
Additions to the provision for loan losses......................	57	72	82

	Retail Germany		
	2015	2014	2013
		(EUR millions)	
Total underlying expenditure	**899**	**845**	**790**
Underlying result before tax	**1,012**	**771**	**597**
Taxation	328	230	185
Minority interests	2	1	1
Underlying net result	**681**	**540**	**412**
Net result	**681**	**540**	**412**

Note:

* Certain figures have been restated (please see page 53 for more information).

Year ended 31 December 2015 compared to year ended 31 December 2014

Retail Germany's underlying result before tax increased 31.3% to EUR 1,012 million compared with EUR 771 million in 2014, driven by strong income growth. Underlying income rose 18.3% to EUR 1,910 million. This increase mainly reflects higher interest results following continued business growth and improved margins on savings. Margins on lending and current accounts were somewhat lower. Net inflow in customer deposits (excluding Bank Treasury) was EUR 6.4 billion in 2015. The net production in customer lending (excluding Bank Treasury and movement in the mortgage hedge) was EUR 2.5 billion, of which EUR 1.6 billion was in mortgages and EUR 0.9 billion in consumer lending. Investment and other income was EUR 104 million in 2015, compared with a loss of EUR 27 million in 2014, mainly due to higher realised gains on the sale of bonds and a positive swing in hedge ineffectiveness results. Operating expenses increased 8.9% compared with 2014 to EUR 842 million. The increase mainly reflects higher regulatory costs, an increase in headcount at both ING-DiBa and Interhyp, as well as investments to support business growth and attract primary banking clients. The cost/income ratio improved to 44.1% from 47.8% in 2014. The net addition to loan loss provisions declined to EUR 57 million, or 23 basis points of average risk-weighted assets, from EUR 72 million, or 29 basis points, in 2014, reflecting the better performance in the German mortgage book.

Both underlying net result and net result increased by EUR 141 million, or 26.1%, to EUR 681 million in 2015 from EUR 540 million in 2014.

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

Retail Germany's underlying result before tax increased 29.1% to EUR 771 million in 2014, compared with EUR 597 million in 2013, driven by strong income growth. Underlying income rose 16.4% to EUR 1,615 million compared with EUR 1,387 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. Customer deposits (excluding Bank Treasury) continued to grow with an increase of EUR 7.2 billion in 2014, despite a further reduction of client savings rates. The net production in customer lending (excluding Bank Treasury and movement in the mortgage hedge) was EUR 0.8 billion, of which EUR 1.1 billion was in residential mortgages and EUR -0.2 billion in other customer lending. Operating expenses increased 9.0% compared with 2013 to EUR 773 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) 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 128 million, or 31.1%, to EUR 540 million in 2014 from EUR 412 million in 2013.

RETAIL OTHER*

	Retail Other		
	2015	**2014**	**2013**
		(EUR millions)	
Underlying income			
Interest result	1,906	1,806	1,804
Commission income	276	329	342
Investment and other income	186	201	259
Total underlying income	**2,369**	**2,336**	**2,405**
Underlying expenditure			
Operating expenses	1,582	1,481	1,600
Additions to the provision for loan losses	210	165	279
Total underlying expenditure	**1,792**	**1,646**	**1,878**
Underlying result before tax	**577**	**690**	**527**
Taxation	142	139	120
Minority interests	48	51	66
Underlying net result	**387**	**500**	**342**
Divestments	367	202	-42
Net result	**754**	**702**	**299**

Note:

* Certain figures have been restated (please see page 53 for more information).

Year ended 31 December 2015 compared to year ended 31 December 2014

Retail Other's underlying result before tax decreased to EUR 577 million, from EUR 690 million in 2014. The decline was primarily attributable to lower income in Italy due to EUR 97 million of non-recurring charges related to increased prepayments and renegotiations of fixed-term mortgages and a EUR 31 million one-off charge in regulatory expenses related to the bankruptcy of SK Bank in Poland. Excluding both items result before tax increased 2.2%. Total underlying income rose by EUR 33 million, or 1.4%, to EUR 2,369 million. This increase is attributable to higher interest results stemming from higher volumes in most countries, partly offset by the aforementioned non-recurring charges in Italy. The net inflow of customer deposits, adjusted for currency effects and Bank Treasury, was EUR 8.0 billion, with growth mainly in Spain, Poland, Turkey and Romania. Net customer lending (also adjusted for the sale of mortgage portfolios in Australia) rose by EUR 7.8 billion, mainly due to growth in Australia, Poland and Spain. Operating expenses increased by EUR 101 million, or 6.8%, versus 2014, largely as a result of higher regulatory costs (including the one-off charge in Poland), investments to support business growth in most of the business units and inflation adjustments in the Growth Markets. The addition to the provision for loan losses was EUR 210 million, or 45 basis points of average risk weighted assets, up from EUR 165 million, or 40 basis points, in 2014. The increase was mainly visible in Turkey and Poland.

Underlying net result declined to EUR 387 million in 2015 compared with EUR 500 million in 2014, while the net result increased to EUR 754 million in 2015 compared with EUR 702 million in 2014. In 2015, the impact of divestments was EUR 367 million, reflecting the result from the merger between ING Vysya and Kotak. In 2014, the impact of divestments was EUR 202 million and related to the change in accounting of ING Vysya Bank.

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

The underlying result before tax of Retail Other increased to EUR 690 million, compared with EUR 527 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 69 million to EUR 2,336 million from EUR 2,405 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 5.4% due to higher interest results supported by increased volumes. In 2014, net customer deposits, excluding currency effects, Bank Treasury and the deconsolidation of ING Vysya Bank, grew by EUR 5.5 billion with growth in most countries, notably Spain and Poland. Net production in customer lending (also adjusted for the sale of a mortgage portfolio in Australia) was EUR 4.6 billion, mainly in Turkey, Poland, Australia and Spain. Operating expenses declined by EUR 119 million compared with previous year, but were up 0.7% 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, or 40 basis points of average risk-weighted assets, down from EUR 279 million, or 66 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 500 million in 2014, from EUR 342 million in 2013. The net result jumped to EUR 702 million from EUR 299 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.

WHOLESALE BANKING*

	Wholesale Banking		
	2015	**2014**	**2013**
		(EUR millions)	
Underlying income			
Interest result	3,567	3,534	3,250
Commission income	964	980	989

	Wholesale Banking		
	2015	2014	2013
		(EUR millions)	
Investment and other income	1,078	379	1,058
Total underlying income	**5,609**	**4,893**	**5,297**
Operating expenses	2,571	2,407	2,352
Additions to the provision for loan losses	478	500	868
Total underlying expenditure	**3,048**	**2,907**	**3,220**
Underlying result before tax	**2,560**	**1,986**	**2,077**
Taxation	676	470	504
Minority interests	16	26	27
Underlying net result	**1,868**	**1,491**	**1,546**
Net result	**1,868**	**1,491**	**1,546**

Note:

* Certain figures have been restated (please see page 53 for more information).

Year ended 31 December 2015 compared to year ended 31 December 2014

Wholesale Banking posted a good set of results on the back of continued strong Industry Lending performance, good volume growth and improved Financial Markets results. The latter was supported by positive credit and debt valuation adjustments (CVA/DVA), which added EUR 181 million to the pre-tax result in 2015 compared with EUR -216 million in 2014. The underlying result before tax was EUR 2,560 million, up 28.9% from 2014. Excluding CVA/DVA impacts, the increase was 8.0%.

Industry Lending posted an underlying result before tax of EUR 1,464 million, up 11.0% compared with 2014. This increase was mainly caused by higher income in Structured Finance and Real Estate Finance due to strong volume growth, partly offset by a EUR 92 million impairment on an equity stake. The underlying result before tax from General Lending & Transaction Services declined 8.3% to EUR 467 million, due to higher expenses and risk costs, while income growth was limited due to some pressure on margins. Financial Markets recorded an underlying result before tax of EUR 483 million, up from EUR 133 million in 2014, mainly reflecting the aforementioned positive swing in CVA/DVA impacts. The underlying result of Bank Treasury, Real Estate & Other was EUR 146 million compared with EUR 25 million in 2014. The increase was mainly attributable to higher Bank Treasury income, while the results in the run-off businesses increased due to improved sales results in Real Estate Development and lower risk costs in Leasing.

Underlying income rose 14.6% on 2014, mainly in Financial Markets and Industry Lending. The net production of customer lending (excluding Bank Treasury and currency impacts) was EUR 11.6 billion in 2015. Wholesale Banking grew the net core lending book, also adjusted for the Lease run-off, by EUR 13.0 billion in 2015, due to strong growth in Structured Finance and - to a lesser extent - Real Estate Finance and Transaction Services. Customer deposits (excluding currency impacts and Bank Treasury) remained flat compared with a year ago. Operating expenses increased 6.8% to EUR 2,571 million, mainly due to higher FTEs to support business growth, increased regulatory expenses and positive currency impacts. The previously announced restructuring programmes are on track to realise EUR 340 million of annual cost savings by 2017; of this amount EUR 260 million of cost savings had been realised so far. Risk costs declined to EUR 478 million, or 33 basis points of average risk-weighted assets (RWA), from EUR 500 million, or 37 basis points, in 2014. Lower risk costs were mainly visible in Real Estate Finance and the lease run-off business, while risk costs in Structured Finance and General Lending were up in absolute terms, but declined as a percentage of average RWA.

Both underlying net result and net result increase by EUR 377 million, or 25.3%, to EUR 1,868 million in 2015 compared with EUR 1,491 million in 2014.

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

Wholesale Banking's underlying result before tax fell to EUR 1,986 million in 2014 from EUR 2,077 million in 2013. Credit and debt valuation adjustments (CVA/DVA), fully recorded in Financial Markets, were EUR 216 million negative 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 Wholesale Banking versus EUR 17 million of additional redundancy provisions in 2013. Excluding these impacts, underlying result of Wholesale Banking was up 17.2% on 2013.

Industry Lending posted an underlying result before tax of EUR 1,319 million, 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 the portfolio. General Lending & Transaction Services' underlying result before tax declined 3.6% to EUR 509 million, due to higher risk costs. Expenses were slightly lower, while income remained flat. Financial Markets recorded an underlying result before tax of EUR 133 million, down from EUR 596 million in 2013, mainly reflecting the aforementioned negative swing in CVA/DVA impacts. The underlying result before tax of Bank Treasury, Real Estate & Other (which included the EUR 50 million of additional redundancy provisions taken in 2014) rose to EUR 25 million compared with a loss of EUR 12 million in 2014, mainly due to lower losses in the run-off businesses.

Underlying income declined 7.6% to EUR 4,893 million compared with EUR 5,297 million in 2013, primarily due to the negative swing in CVA/DVA. Excluding CVA/DVA, income declined 0.3% on 2013, mainly in Financial Markets and the run-off businesses, in part offset by higher income in Structured Finance. Net customer lending, adjusted for currency impacts and Bank Treasury products, increased by EUR 3.9 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. Net customer deposits (excluding currency impacts and Bank Treasury) grew by EUR 6.2 billion in 2014, while the outflow in Bank Treasury products was EUR 6.0 billion. Operating expenses increased 2.3% to EUR 2,407 million, compared with EUR 2,352 million in 2013. Excluding the aforementioned redundancy provisions, operating expenses increased 0.9% on 2013. Risk costs fell to EUR 500 million, or 37 basis points of average risk-weighted assets, from EUR 868 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 55 million, or 3.6%, to EUR 1,491 million in 2014 compared with EUR 1,546 million in 2013.

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 2015, 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 2015, 2014 and 2013 (certain figures have been restated (please see page 53 for more information)).

	2015	**2014**	**2013**
		(EUR millions)	
Result before tax	6,415	3,855	4,233
Adjusted for:			
- depreciation	614	594	624
- addition to loan loss provisions	1,347	1,594	2,289
- other	97	2,249	734
Taxation paid	-1,306	-887	-1,487
Changes in:			
- amounts due from banks, not available on demand	6,760	3,361	-9,400
- trading assets	5,485	-23,802	783
- non-trading derivatives	-742	-2,260	-1,421
- other financial assets at fair value through profit and loss	-282	-614	-225
- loans and advances to customers	-21,143	-12,935	8,514
- other assets	1,106	-366	1,362
- amounts due to banks, not payable on demand	5,175	3,353	-10,266
- customer deposits and other funds on deposit	19,600	17,803	24,387
- trading liabilities	-8,276	23,855	-10,172
- other financial liabilities at fair value through profit and loss	-1,254	-524	646
- other liabilities	1,365	1,337	-6,817
Net cash flow from operating activities	**14,961**	**16,613**	**3,784**

Investment and advances:

	2015	2014	2013
		(EUR millions)	
- group companies		–	–
- associates	-24	-31	-20
- available-for-sale investments	-43,092	-73,348	-78,654
- held-to-maturity investments			–
- real estate investments	-3,457	-315	–
- property and equipment	-326	-355	-353
- assets subject to operating leases	-37	-34	-82
- loan portfolio			-
- other investments	-256	-257	-271
Disposals and redemptions:			
- group companies		-398	-7,163
- associates	119	187	139
- available-for-sale investments	48,232	60,098	72,221
- held-to-maturity investments	1,219	1,172	3,439
- real estate investments	2		36
- property and equipment	73	54	58
- assets subject to operating leases	17	3	–
- loan portfolio	3,590	2,382	8,810
- other investments	1	2	-1
Net cash flow from investing activities	**6,061**	**-10,840**	**-1,841**
Proceeds from issuance of subordinated loans	2,085	3,266	4,212
Repayments of subordinated loans	-4,244	-2,788	-4,936
Proceeds from borrowed funds and debt securities	133,290	135,318	138,883
Repayments from borrowed funds and debt securities	-140,120	-142,996	-144,958
Issuance of ordinary shares/capital injection			–
Issuance of preference shares			–
Payments to acquire treasury shares			–
Sales of treasury shares			–
Dividends paid	-2,200	-1,225	-2,955
Net cash flow from financing activities	**-11,189**	**-8,425**	**-9,754**
Net cash flow	**9,833**	**-2,652**	**-7,811**
Cash and cash equivalents at beginning of year	10,863	13,509	20,612
Effect of exchange rate changes on cash and cash equivalents	-342	6	708

	2015	2014	2013
		(EUR millions)	
Cash and cash equivalents at end of year	20,354	10,863	13,509

At 31 December 2015, cash and cash equivalents include cash and balances with central banks of EUR 21,458 million (2014: EUR 12,222 million; 2013: EUR 11,920 million). See Note 31 to the ING Bank consolidated financial statements for the year ended 31 December 2015.

Year ended 31 December 2015 compared to year ended 31 December 2014

At 31 December 2015 and 2014, ING Bank had EUR 20,354 million and EUR 10,863 million, respectively, of cash and cash equivalents. The increase in cash and cash equivalents is mainly attributable to banks on demand positions with central banks.

Specification of cash position (EUR millions):

	2015	2014
	(EUR millions)	
Cash and balances with central banks	21,458	12,222
Short dated government paper	363	677
Cash and cash equivalents classified as assets held for sale		
Banks on demand	-1,467	-2,036
Cash balance and cash equivalents	**20,354**	**10,863**

The EUR 1,652 million decrease in ING Bank's net cash flow from operating activities, consist of EUR 14,961 million cash inflow for the year ended 31 December 2014, compared to EUR 16,613 million cash inflow for the year ended 31 December 2013.

Cash flow from operating activities in 2015 was largely effected 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 Savings. In addition in 2015 there was a strong cash inflow from amounts due from banks mainly related to fewer (reverse) repurchase transactions.

Net cash inflow from investing activities was EUR 6,061 million (2014: EUR -10,840 million cash outflow). Investments in available-for-sale securities was EUR 43,092 million and EUR 73,348 million in 2015 and 2014, respectively. Disposals and redemptions of available-for-sale securities amounted to EUR 48,232 million and EUR 60,098 million in 2015 and 2014, respectively.

Net cash flow from financing activities in 2015 amounted to a cash outflow of EUR 11,189 million compared to a cash outflow in 2014 of EUR 8,425 million. In 2015 repayments on subordinated loans and issued debt securities exceeded proceeds from new issuance of subordinated loans, borrowed funds and debt securities. In addition, dividend payments made by the Issuer to ING Group in 2015 amounted to EUR 2,200 compared to a dividend payment in 2014 of EUR 1,225.

The operating, investing and financing activities described above resulted in a positive cash flow of EUR 9,833 million in 2015 compared to a negative net cash flow of EUR 2,652 million in 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.

CAPITAL ADEQUACY OF ING BANK

As at 1 January 2014, the CRR/CRD IV capital rules entered into force. The capital position table below 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 2015, ING Group and ING Bank were adequately capitalised.

ING Bank capital position according to CRR/CRD IV

	Fully loaded	Phased-in	Phased-in
	2015	**2015**	**2014**
		(EUR millions)	
Shareholders' equity (parent)	40,857	40,857	38,064
Regulatory adjustments	-4,022	-4,103	-4,808
Available common equity Tier 1	**36,834**	**36,753**	**33,256**
Additional Tier 1 securities [(1)]	7,248	7,248	5,727
Regulatory adjustments additional Tier 1		-1,281	-1,883
Available Tier 1 capital	**44,083**	**42,721**	**37,100**
Supplementary capital Tier 2 bonds[(2)]	8,570	8,570	9,371
Regulatory adjustments Tier 2	102	-239	-456
BIS capital	**52,754**	**51,052**	**46,015**
Risk weighted assets[(3)]	318,202	318,202	296,319
Common equity Tier 1 ratio	11.58%	11.55%	11.22%
Tier 1 ratio	13.85%	12.43%	12.52%
BIS ratio	16.58%	16.04%	15.53%

Notes:

(1) Of which EUR 3,531 million is CRR/CRD IV compliant and EUR 3,718 million to be replaced as capital recognition subject to CRR/CRDIV grandfathering rules.

(2) Of which EUR 6,229 million is CRR/CRD IV-compliant and EUR 2,431 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 2015 and 31 December 2014. See Note 43 to the ING Bank N.V. consolidated financial statements for the year ended 31 December 2015.

	Total 2015	Less than one year	More than one year	Total 2014	Less than one year	More than one year
			(EUR millions)			
ING Bank N.V.						
Banking operations						
Contingent liabilities in respect of:						
- discounted bills	–	–	–	–	–	–
- guarantees	22,192	17,772	4,420	22,396	17,687	4,709
- irrevocable letters of credit	11,162	10,905	257	12,178	11,839	339
- other contingent liabilities	244	244		425	417	8
Irrevocable facilities	98,378	56,998	41,380	82,346	52,134	30,212
Total	**131,976**	**85,919**	**46,057**	**117,345**	**82,077**	**35,268**

SELECTED STATISTICAL INFORMATION

The information in this section is unaudited and sets forth selected statistical information regarding the operations of ING Bank. Information for 2015, 2014 and 2013 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		
	2015	**2014**	**2013**
Return on shareholders' equity of ING Bank	11.8%	7.7%	9.0%
Return on assets of ING Bank	0.6%	0.3%	0.4%
Shareholders' equity to assets of ING Bank	4.9%	4.6%	4.2%
Net interest margin of ING Bank	1.5%	1.5%	1.4%

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 was presented as Assets and Liabilities held for sale.

ASSETS*

	Interest-earning assets								
	2015			**2014**			**2013**		
	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	29,058	51	0.2	16,032	72	0.4	11,996	48	0.4
foreign	26,299	290	1.1	30,578	330	1.1	25,859	264	1.0
Loans and advances.....									
domestic	225,425	7,618	3.4	225,332	8,336	3.8	247,627	9,241	3.8

	Interest-earning assets								
	2015			2014			2013		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
	(EUR millions)		(%)	(EUR millions)		(%)	(EUR millions)		(%)
foreign	362,259	11,449	3.2	335,075	11,538	3.4	328,497	12,087	3.7
Interest-earning securities[1]									
domestic	34,637	537	1.6	33,374	634	1.9	26,608	659	2.5
foreign	75,100	1,765	2.4	76,955	2,006	2.6	69,588	2,185	3.1
Other interest-earning assets									
domestic	8,353	38	0.5	14,692	106	0.7	19,060	96	0.5
foreign	17,194	87	0.5	15,796	164	1.0	19,284	125	0.6
Total	**778,325**	**21,835**	**2.8**	**747,834**	**23,186**	**3.1**	**748,518**	**24,705**	**3.3**
Non-interest earning assets	41,334			38,177			37,305		
Derivatives assets	**49,363**			**39,907**			**50,978**		
Total assets[1]	**869,021**			**825,918**			**836,802**		
Percentage of assets applicable to foreign operations		64.5%			65.2%			62.5%	
Interest income on derivatives		24,333			25,137			26,871	
Other		229			53			-2	
Total interest income		**46,397**			**48,376**			**51,574**	

Note:

* Certain figures have been restated (please see page 53 for more information).

[1] Substantially all interest-earning securities held by ING Bank are taxable securities.

LIABILITIES*

	Interest-bearing liabilities								
	2015			2014			2013		
	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	11,391	18	0.1	3,336	23	0.7	4,450	39	0.9
foreign	12,723	252	2.0	9,782	281	2.9	10,017	356	3.6
Demand deposits(1)									
domestic	45,065	88	0.2	41,916	134	0.3	42,236	141	0.3
foreign	63,876	56	0.1	54,437	95	0.2	49,390	131	0.3
Time deposits(1)									
domestic	29,858	86	0.3	31,266	95	0.3	30,418	129	0.4
foreign	18,725	265	1.4	18,972	251	1.3	20,866	267	1.3
Savings deposits(1)									
domestic	90,549	883	1.0	88,149	1,168	1.3	87,418	1,457	1.7
foreign	249,318	2,513	1.0	239,101	3,374	1.4	233,016	4,157	1.8
Short-term debt									
domestic	15,630	44	0.3	17,486	63	0.4	19,167	73	0.4
foreign	21,535	142	0.7	24,091	182	0.8	22,055	253	1.1
Long-term debt									
domestic	78,557	2,077	2.6	75,319	2,277	3.0	78,864	2,530	3.2
foreign	16,917	455	2.7	18,220	575	3.2	18,938	740	3.9
Subordinated liabilities									
domestic	17,398	455	2.6	16,689	717	4.3	16,099	706	4.4
foreign	319	15	4.6	438	30	6.8	610	33	5.5
Other interest-bearing liabilities									
domestic	18,673	-10	-0.1	18,340	29	0.2	20,844	27	0.1
foreign	44,107	359	0.8	46,908	318	0.7	47,567	368	0.8
Total..........................	734,640	7,698	1.1	704,453	9,612	1.4	701,955	11,407	1.6
Non-interest bearing liabilities	42,210			43,645			43,800		
Derivatives liabilities .	52,009			42,504			54,694		
Total liabilities	828,858			790,602			800,449		
Group capital	40,163			35,316			36,353		
Total liabilities and capital	869,021			825,918			836,802		
Percentage of liabilities applicable to foreign operations		61.3%			62.3%			60.3%	
Other interest expense:									
interest expenses on		25,241			26,024			33,117	

	Interest-bearing liabilities								
	2015			2014			2013		
	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..........................		714			134			81	
Total interest expense		**33,653**			**35,770**			**39,610**	
Total net interest result		**12,744**			**12,606**			**11,964**	

Note:

* Certain figures have been restated (please see page 53 for more information).

(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 (certain figures have been restated (please see page 53 for more information)).

	2015 over 2014 Increase (decrease) due to changes in			2014 over 2013 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	58	-79	-21	16	8	24
foreign	-46	6	-40	48	18	66
Loans and advances............................						
domestic	3	-722	-719	-832	-73	-905
foreign	936	-1,025	-89	242	-791	-549
Interest-earning securities						
domestic	24	-121	-97	168	-193	-25
foreign	-48	-193	-242	231	-410	-179

	2015 over 2014 Increase (decrease) due to changes in			2014 over 2013 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
		(EUR millions)			*(EUR millions)*	
Other interest-earning assets						
domestic	-46	-22	-68	-22	32	10
foreign	14	-91	-77	-23	62	39
Interest income						
domestic	39	-944	-904	-670	-226	-896
foreign	856	-1,303	-448	498	-1,121	-623
Total	895	2,247	-1,352	-172	-1,374	-1,519
Other interest income			-628			-1,679
Total interest income			**-1,979**			**-3,198**

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

	2015 Average rate	2014 Average rate
	%	%
Interest spread		
domestic	1.6	1.6
foreign	1.9	1.8
Total	1.8	1.7
Net interest margin		
domestic	1.5	1.6
foreign	2.0	1.9
Total	1.8	1.8

	2015 over 2014 Increase (decrease) due to changes in			2014 over 2013 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	55	-61	-5	-10	-6	-16
foreign	85	-113	-29	-8	-67	-75
Demand deposits						
domestic	10	-56	-46	-1	-6	-7
foreign	17	-56	-39	13	-49	-36

	2015 over 2014 Increase (decrease) due to changes in			2014 over 2013 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
	(EUR millions)			(EUR millions)		
Time deposits						
domestic	-4	-4	-8	4	-38	-34
foreign	-3	17	14	-24	8	-16
Savings deposits						
domestic	32	-316	-284	12	-301	-289
foreign	144	-1,005	-861	109	-892	-783
Short-term debt						
domestic	-7	-13	-19	-6	-4	-10
foreign	-19	-20	-40	23	-94	-71
Long-term debt						
domestic	98	-298	-200	-114	-139	-253
foreign	-41	-79	-120	-28	-137	-165
Subordinated liabilities						
domestic	30	-293	-262	26	-15	11
foreign	-8	-7	-15	-9	6	-3
Other interest-bearing liabilities						
domestic	1	-40	-39	-3	5	2
foreign	-19	61	42	-5	-45	-50
Interest expense						
domestic	215	-1,080	-864	-92	-504	-596
foreign	154	-1,202	-1,047	71	-1,270	-1,199
Total	**369**	**-2,281**	**-1,912**	**-21**	**-1,774**	**-1,795**
Other interest expense			**-205**			**-2,045**
Total interest expense			-2,117			-3,840
Net interest						
domestic	-175	136	-40	-578	278	-300
foreign	702	-102	600	427	149	576
Net interest	**526**	**34**	**560**	**-151**	**427**	**276**
Other net interest result			-422			366
Net interest result			**138**			**642**

INVESTMENTS OF ING BANK

The following table shows the balance sheet value under IFRS-EU of the investments of ING Bank (certain figures have been restated (please see page 53 for more information)).

	Year ended 31 December		
	2015	2014	2013
		(EUR millions)	
Debt securities available for sale			
Dutch government	9,016	9,599	11,465
German government	13,033	17,413	11,240
Central banks	803	842	910
Belgian government	6,591	8,256	10,003
Other governments	27,204	30,055	19,919
Corporate debt securities			
Banks and financial institutions	20,080	21,009	19,160
Other corporate debt securities	1,512	1,935	1,576
U.S. Treasury and other U.S. Government agencies	2,868	2,875	3
Other debt securities	1,459	699	962
Total debt securities available for sale	**82,566**	**92,683**	**75,238**
Debt securities held to maturity			
Dutch government	1,124		
German government	529		
Other governments	4,376	315	50
Banks and financial institutions	1,219	1,567	2,693
Other corporate debt securities	221		
U.S. Treasury and other U.S. Government agencies			
Other debt securities	357	357	355
Total debt securities held to maturity	**7,826**	**2,239**	**3,098**
Shares and convertible debentures	4,434	2,718	1,645
Land and buildings(1)	1,059	1,100	1,198
Total	**95,885**	**98,740**	**81,179**

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 2015.

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	123		3,467		5,426	
German government	1,414		4,735		6,884	
Belgian government	1,362		3,294		1,935	
Central banks	803					
Other governments	3,465		11,997		10,343	
Banks and financial institutions	3,042		10,417		6,537	
Corporate debt securities	100		804		608	
U.S. Treasury and other U.S. Government agencies	32		2,836			
Other debt securities	1		99		685	
Total debt securities available for sale	**10,342**	**2.9**	**37,649**	**2.6**	**32,418**	2.0

	Over 10 years		Total
	Book value	Yield(1)	Book value
	(EUR millions)	*%*	*(EUR millions)*
Debt securities available for sale			
Dutch government			9,016
German government			13,033
Belgian government			6,591

	Over 10 years		Total
	Book value	Yield(1)	Book value
	(EUR millions)	%	*(EUR millions)*
Central banks			803
Other governments	1,399		27,204
Banks and financial institutions	84		20,080
Corporate debt securities			1,512
U.S. Treasury and other U.S. Government agencies			2,868
Other debt securities	674		1,459
Total debt securities available for sale	**2,157**	**2.8**	**82,566**

	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					1,124	
German government			451		78	
Belgian government			774		171	
Central banks					–	
Other governments	12		3,324		95	
Banks and financial institutions	250		758		211	
Corporate debt securities			150		71	
U.S. Treasury and other U.S. Government agencies						
Other debt securities						
Total debt securities held to maturity	**262**	1.1	**5,457**	2.5	**1,750**	2.4

	Over 10 years		Total
	Book value	Yield(1)	Book value
	(EUR millions)	%	*(EUR millions)*
Debt securities held to maturity			
Dutch government			1,124
German government			529
Belgian government			945
Central banks			–
Other governments			3,431
Banks and financial institutions			1,219
Corporate debt securities			221
U.S. Treasury and other U.S. Government agencies			–

	Over 10 years		Total
	Book value	Yield[1]	Book value
	(EUR millions)	%	*(EUR millions)*
Other debt securities	357		357
Total debt securities held to maturity	**357**	0.5	**7,826**

At 31 December 2015, ING Bank also held the following securities for the banking operations that exceeded 10 % of shareholders' equity:

	2015	
	Book value	Market value
	(EUR millions)	
Dutch government	11,259	11,283
German government	18,709	18,709
Belgian government	7,588	7,588

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 2015 (certain figures have been restated (please see page 53 for more information)).

Loans and loan loss provisions

	2015	2014
	(EUR millions)	
Loans past due 90 days	11,578	14,242
Other impaired loans	3,747	2,647
Total impaired loans (loans with a loan loss provision)	15,325	16,889
Potential problem loans	6,240	7,893
Total impaired loans and potential problem loans	21,565	24,782
Loans neither impaired nor potential problem loans	549,764	535,342
Total	**571,329**	**560,124**

This amount is presented in the balance sheet as:		
Amounts due from Banks	29,014	36,016
Loans and advances to customers	542,315	524,108
Total	**571,329**	**560,124**
Loan loss provisions included in:		
Amounts due from Banks	14	6
Loans and advances to customers	5,772	5,989
Total loan loss provisions	**5,786**	**5,995**

	2015	**2014**
Loans and advances by customer type:		
Loans secured by public authorities	48,460	45,398
Loans secured by mortgages	297,106	299,445
Loans guaranteed by credit institutions	347	1,997
Personal lending	22,111	20,948
Asset backed securities excluding MBS	4,936	5,318
Corporate loans	169,355	151,002
Total	**542,315**	**524,108**

	2015	**2014**
Loan loss provisions by customer type:		
Loans secured by public authorities	2	2
Loans secured by mortgages	1,536	1,862
Loans guaranteed by credit institutions	15	8
Personal lending	889	870
Mortgage backed securities (MBS)	–	–
Asset backed securities excluding MBS	2	2
Corporate loans	3,342	3,251
Total	**5,786**	**5,995**

	2015	**2014**
Increase in Loan loss provision by customer type:		
Loans secured by public authorities	–	–
Loans secured by mortgages	-326	-34
Loans guaranteed by credit institutions	-7	-13
Personal lending	19	59
Mortgage backed securities (MBS)	–	–
Asset backed securities excluding MBS		-140

Corporate loans	91	-31
Total	**-209**	**-159**

The net decrease in Loan loss provision includes:

Increase in loan loss provision (P&L)	1,347	1,594
Write-offs and other	-1,556	-1,753
Total	**-209**	**-159**

The following table sets forth the gross loans and advances to banks and customers as at 31 December 2015, 2014, 2013, 2012 and 2011 under IFRS-EU (certain figures have been restated (please see page 53 for more information)).

IFRS-EU	**Year ended 31 December**				
	2015	**2014**	**2013**	**2012**	**2011**
			(EUR millions)		
By domestic offices:					
Loans guaranteed by public authorities	30,246	26,504	29,132	35,857	29,281
Loans secured by mortgages	125,513	138,438	139,475	153,594	162,735
Loans to or guaranteed by credit institutions	11,698	11,835	11,686	14,641	14,130
Other private lending	5,070	4,852	4,857	5,048	5,012
Mortgage backed securities (MBS)	0	0	0	0	0
Asset backed securities excluding MBS	0	0	0	0	0
Other corporate lending	41,848	39,655	43,907	42,891	50,603
Total domestic offices	**214,375**	**221,284**	**229,057**	**252,031**	**261,761**
By foreign offices:					
Loans guaranteed by public authorities	18,214	18,894	15,119	14,917	25,867
Loans secured by mortgages	171,593	161,007	147,763	152,369	160,404
Loans to or guaranteed by credit institutions	17,663	26,178	33,378	28,824	37,817
Other private lending	17,041	16,096	21,904	19,550	19,389
Asset backed securities excluding MBS	4,936	5,318	6,336	7,044	13,328
Other corporate lending	127,507	111,347	99,865	104,644	103,706
Total foreign offices	356,954	338,840	324,365	327,348	360,511
Total gross loans and advances to banks and customers	**571,329**	**560,124**	**553,422**	**579,379**	**622,272**

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 2015.

	1 year or less	1 year to 5 years	After 5 years	Total
		(EUR millions)		
By domestic offices:				
Loans guaranteed by public authorities	4,911	3,516	21,819	30,246
Loans secured by mortgages	6,449	17,867	101,197	125,513
Loans guaranteed by credit institutions.....	9,276	1,500	922	11,698
Other private lending	2,396	1,109	1,565	5,070
Asset backed securities excluding MBS ...	0	0	0	0
Other corporate lending............................	20,301	14,672	6.875	41,848
Total domestic offices............................	**43,333**	**38,664**	**132,378**	**214,375**
By foreign offices:				
Loans guaranteed by public authorities	6,740	6,336	5,138	18,214
Loans secured by mortgages	22,088	47,788	101,717	171,593
Loans guaranteed by credit institutions.....	15,415	2,169	79	17,663
Other private lending	6,516	7,614	2,911	17,041
Asset backed securities excluding MBS ...	57	789	4,090	4,936
Other corporate lending............................	42,690	54,741	30,075	127,507
Total foreign offices	93,507	119,437	144,010	356,954
Total gross loans and advances to banks and customers.............................	**136,840**	**158,101**	**276,388**	**571,329**

The following table analyses loans and advances to banks and customers by interest rate sensitivity by maturity at 31 December 2015.

	1 year or less	Over 1 year	Total
	(EUR millions)		
Non-interest earning	6,693	1,188	7,881
Fixed interest rate	65,978	75,446	141,424
Semi-fixed interest rate(1)	11,044	196,292	207,336
Variable interest rate	53,068	161,620	214,688
Total	**136,783**	**434,546**	**571,329**

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 2015:

	Total outstanding
Private Individuals	39.4%

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 2015, 2014, 2013, 2012 and 2011 under IFRS-EU (certain figures have been restated (please see page 53 for more information)).

IFRS-EU	Year ended 31 December				
	2015	2014	2013	2012	2011
	(EUR millions)				
Loans past due 90 days and still accruing interest					
Domestic	7,523	8,714	8,088	6,367	5,292
Foreign	4,055	5,528	4,767	3,734	3,531
Total loans past due 90 days and still accruing interest	**11,578**	**14,242**	**12,855**	**10,101**	**8,823**

As at 31 December 2015, EUR 10,744 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 14,491 million as at 31 December 2015.

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 ING Bank would not have otherwise granted.

The following table sets forth the outstanding balances of the troubled debt restructurings as at 31 December 2015, 2014, 2013, 2012 and 2011 under IFRS-EU.

IFRS-EU	Year ended 31 December				
	2015	2014	2013	2012	2011
	(EUR millions)				
Troubled debt restructurings:					
Domestic	86	112	813	781	276
Foreign	376	304	742	476	743
Total troubled debt restructurings	462	416	1,555	1,257	1,019

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 2015 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 2015.

	Year ended 31 December 2015		
	Domestic Offices	Foreign Offices	Total
	(EUR millions)		
Interest income that would have been recognised under the original contractual terms	2	3	5
Interest income recognised in the profit and loss account	1	2	3

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 6,240 million as at 31 December 2015. Of this total, EUR 3,106 million relates to domestic loans and EUR 3,134 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 Dutch Central Bank requirements. On 31 December 2015, 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 analyse cross-border outstandings as of the end of 31 December 2015, 2014 and 2013 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 2015					
	Government & official institutions	Banks & other financial Institutions	Commercial & industrial	Other	Total	Cross-border Commitments
	(EUR millions)					
United Kingdom	3,524	10,220	4,434	1,153	19,331	6,768
United States	2,895	7,239	7,361	1,610	19,105	16,530
France	7,875	11,505	2,504	1,186	23,070	7,380
Germany	5,307	3,172	2,040	3,145	13,664	10,215
China	612	6,443	1,975	3,372	12,403	386
Turkey	1,873	3,564	5,329	1,202	11,968	1,627
Belgium	1,618	2,532	4,055	1,961	10,166	14,582
Switzerland	1,435	230	3,753	3,641	9,059	2,292
Canada	539	6,082	1,386	452	8,459	739

	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

As of 31 December 2015 Luxembourg, Spain, Russia, Japan, Italy, Singapore, Poland, Cayman Island and Austria has cross-border outstandings between 0.50% and 0.80% 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 2015.

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 2015, 2014, 2013, 2012 and 2011 under IFRS-EU.

IFRS-EU	Year ended 31 December				
	2015	2014	2013	2012	2011
	(EUR millions)				
Balance on 1 January	5,995	6,154	5,505	4,950	5,195
Change in the composition of the Group		170	-20	-13	-3
Charge-offs:					
Domestic:					
Loans guaranteed by public authorities		–	–	–	–
Loans secured by mortgages	-436	-435	-301	-144	-129
Loans to or guaranteed by credit institutions		-12	-5	-5	-14
Other private lending	-121	-50	-34	-47	-56
Other corporate lending	-447	-483	-569	-601	-343
Foreign:					
Loans guaranteed by public authorities		–	–	-18	-6
Loans secured by mortgages	-154	-90	-54	-64	-50
Loans to or guaranteed by credit institutions		–	-3	–	-3
Other private lending	-303	-124	-167	-133	-452
Other corporate lending	-257	-535	-476	-670	-251
Total charge-offs	-1,718	-1,729	-1,609	-1,682	-1,304

IFRS-EU	Year ended 31 December				
	2015	2014	2013	2012	2011
	(EUR millions)				
Recoveries:					
Domestic:					
Loans guaranteed by public authorities.....		–	–	–	–
Loans secured by mortgages	23	36	34	35	36
Loans to or guaranteed by credit institutions		–	–	–	–
Other private lending	16	13	7	12	11
Other corporate lending............................	-5	9	22	37	28
Foreign:...					
Loans guaranteed by public authorities.....		–	–	–	–
Loans secured by mortgages	4	6	4	1	1
Loans to or guaranteed by credit institutions		–	–	–	–
Other private lending	37	31	31	30	29
Other corporate lending............................	16	9	18	27	7
Total recoveries	91	104	116	142	112
Net charge-offs	-1,627	-1,625	-1,493	-1,540	-1,192
Additions and other adjustments (included in value Adjustments to receivables of the Banking operations)......................................	1,418	1,636	2,162	2,108	950
Balance on 31 December	**5,786**	**5,995**	**6,154**	**5,505**	**4,950**
Ratio of net charge-offs to average loans and advances to banks and customers	0.28%	0.29%	0.26%	0.25%	0.19%

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 2015, 2014, 2013, 2012 and 2011 under IFRS-EU.

IFRS-EU	Year ended 31 December									
	2015		2014		2013		2012		2011	
	(EUR millions)	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]
Domestic:										
Loans guaranteed by public authorities.......	0	5.29	0	4.73	0	5.26	0	6.20	1	4.68
Loans secured by mortgages................	819	21.97	1,069	24.72	1,265	25.21	878	26.55	503	26.91
Loans to or guaranteed by credit	0	2.05	0	2.11	0	2.11	0	2.94	4	2.25

IFRS-EU	Year ended 31 December									
	2015		2014		2013		2012		2011	
	(EUR millions)	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]	*(EUR millions)*	*(%)*[(1)]
institutions................										
Other private lending	177	0.89	169	0.87	139	0.88	144	0.87	119	0.80
Other corporate lending.....................	1,904	7.32	1,820	7.08	1,566	7.93	1,423	7.62	1,375	7.75
Total domestic	**2,900**	**37.52**	**3,058**	**39.51**	**2,970**	**41.38**	**2,445**	**44.18**	**2,002**	**42.39**
Foreign:										
Loans guaranteed by public authorities.......	2	3.19	2	3.37	2	2.73	2	2.57	2	4.13
Loans secured by mortgages................	717	30.03	793	26.67	631	26.70	710	26.28	712	25.63
Loans to or guaranteed by credit institutions................	15	3.09	8	4.67	21	6.03	30	4.56	5	6.05
Other private lending	712	2.98	701	4.20	672	3.96	650	3.37	596	3.10
Mortgage backed securities	2	0.86	2	0.95	142	1.14	76	1.22	2	2.13
Other corporate lending.....................	1,438	22.32	1,431	20.63	1,716	18.05	1,592	17.82	1,631	16.57
Total foreign.............	2.886	62.48	2,937	60.49	3,184	58.61	3,060	55.82	2,948	57.61
Total	**5,786**	**100.00**	**5,995**	**100.00**	**6,154**	**100.00**	**5,505**	**100.00**	**4,950**	**100.00**

Note:

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 the Group's interest-bearing deposits (from banks and customer accounts) increased by 5.1% to EUR 535,403 million in 2015, compared to 2014 (EUR 509,195 million). 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 the Group's Amsterdam based money market operations in the world's major financial markets. Certificates of deposit represent 21% of the category 'Debt securities' (23% at the end of 2014). 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.

	2015		2014		2013	
	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	2,143		2,452	–	2,064	–
– interest bearing	739	2.8	675	1.5	583	1.4
Time	11,344	0.1	3,300	0.7	4,435	0.9
Other	135	1.0	2,436	0.7	3,850	0.9
Total domestic offices	14,361		8,863	–	10,932	–
In foreign offices						
Demand – non-interest bearing	1,347		1,698	–	1,235	–
– interest bearing	5,556	0.9	4,205	1.2	4,951	1.4
Time	12,616	2.0	9,486	2.9	9,800	3.6
Other	3,799	2.0	6,278	0.7	7,347	1.1
Total foreign offices	23,318		21,667	–	23,333	–
Total deposits by banks	**37,679**		**30,530**	**–**	**34,265**	**–**
Customer accounts						
In domestic offices:						
Demand – non-interest bearing	1,204		683	–	777	–
– interest bearing	46,348	0.2	44,756	0.3	44,406	0.3
Savings	90,067	0.8	87,951	1.1	87,370	1.3
Time	27,710	0.8	31,267	1.0	30,415	1.4
Other	409	4.2	878	2.3	1,483	3.6
Total domestic offices	165,738		165,535	–	164,451	–
In foreign offices:						
Demand – non-interest bearing	3,411		4,094	–	5,976	–
– interest bearing	68,190	0.3	59,506	0.3	53,455	0.4
Savings	248,768	0.9	238,933	1.3	230,173	1.8
Time	18,452	2.6	18,687	3.0	20,407	1.5
Other	1,270	0.6	878	1.3	1,196	2.0
Total foreign offices	340,091		322,098	–	311,206	–
Total customers accounts	**505,829**		**487,633**	**–**	**475,657**	**–**
Debt securities						
In domestic offices:						
Debentures	76,026	2.4	71,821	2.6	76,418	2.7
Certificates of deposit	13,909	0.4	15,660	0.4	15,671	0.4
Other		0.0	773	0.0	3,239	0.4

	2015		2014		2013	
	Average deposit	**Average rate**	**Average deposit**	**Average rate**	**Average deposit**	**Average rate**
	(EUR millions)	*%*	*(EUR millions)*	*%*	*(EUR millions)*	*%*
Total domestic offices	89,935	–	88,254	–	95,328	–
In foreign offices:						
Debentures	7,051	3.7	7,954	3.7	9,119	4.5
Certificates of deposit	9,512	1.2	10,601	1.2	10,637	1.9
Other	5,401	3.0	5,486	3.3	11,709	1.7
Total foreign offices	21,964	–	24,041	–	31,465	–
Total debt securities	**111,899**	–	**112,295**	**–**	**126,793**	**–**

For the years ended 31 December 2015, 2014 and 2013, the aggregate amount of deposits by foreign depositors in domestic offices was EUR 49,125 million, EUR 40,301 million and EUR 42,463 million, respectively.

On 31 December 2015, 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	9,121	79	13,812	62
6 months or less but over 3 months	1,331	12	4,816	13
12 months or less but over 6 months	1,141	10	1,681	25
Over 12 months			573	0
Total	**11,593**	**100**	**20,882**	**100**

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 2015.

	(EUR millions)
Time certificates of deposit	8,398
Other time deposits	34,674
Total	**43,072**

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		
	2015	2014	2013
	(EUR millions, except % data)		
Commercial paper:			
Balance at the end of the year	11,361	11,868	13,405
Monthly average balance outstanding during the year	14,124	15,368	13,350
Maximum balance outstanding at any period end during the year	16,585	17,670	17,022
Weighted average interest rate during the year	0.30%	0.28%	0.52%
Weighted average interest rate on balance at the end of the year	0.37%	0.37%	0.52%
Securities sold under repurchase agreements:			
Balance at the end of the year	39,920	39,441	36,212
Monthly average balance outstanding during the year	47,802	45,029	45,600
Maximum balance outstanding at any period end during the year	55,212	56,658	56,758
Weighted average interest rate during the year	0.25%	0.39%	0.47%
Weighted average interest rate on balance at the end of the year	0.30%	0.45%	0.59%

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 2013, 2014 and 2015, 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 Rating Services of A (outlook stable), a senior debt rating from Moody's Investors Service Ltd. of A1 (outlook stable) and a senior debt rating from Fitch Ratings of A+ (outlook stable).

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 2015.

At the date hereof, there has been no material adverse change in the prospects of ING Bank N.V. since 31 December 2015.

Litigation

The Issuer and its consolidated subsidiaries are involved in litigation, arbitration proceedings, investigations and regulatory 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.

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. In July 2015 the New York District Court dismissed all claims with prejudice. The Court of Appeals affirmed this judgment in April 2016. Villoldo can appeal this decision. At this moment it is not practicable to provide an estimate of the (potential) financial effect.

ING Bank Turkey has received various claims from (former) customers of legal predecessors of ING Bank Turkey. The claims are based on offshore accounts held with these banks, which banks were seized by the Savings Deposit Insurance Fund (SDIF) prior to the acquisition of ING Bank Turkey in 2007 from Oyak. SDIF has also filed various lawsuits against ING Bank Turkey to claim compensation from ING Bank Turkey, with respect to amounts paid out to offshore account holders so far. ING Bank N.V. has initiated an arbitration procedure against OYAK in which ING Bank seeks to be held harmless for these claims. At this moment it is not possible to assess the outcome of these procedures nor to provide an estimate of the (potential) financial effect of these claims.

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 stated 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 requested a declaratory decision stating that the summoned parties acted wrongfully and are therefore responsible for the damages suffered by the investors in Fortis. In March 2016, Ageas and VEB announced that the claim in relation to Fortis has been settled. Ageas has agreed to pay €1.2 billion to investors as compensation, provided that the Amsterdam Court of Appeal declares the settlement to be binding. Currently, the banks involved in the claim, including ING, are awaiting the exact settlement details. However, ING has already received a written confirmation that the banks will also be released from the claims made by VEB, if the settlement between VEB and Ageas becomes unconditional.

A number of retired employees of ING Belgium have initiated legal proceedings against ASCEL (a non-profit organisation established by ING Belgium that provided, amongst others, medical insurance coverage to current and retired employees till the beginning of 2015) and ING Belgium following the decision to externalise this medical insurance coverage which resulted in an increase of premium. Following a summary proceedings in which the initial claim of the retired employees was rejected, proceedings at the Court of first instance has been initiated aiming to either uphold the former insurance coverage or reimburse the increase of premium. At this moment it is not practicable to provide an estimate of the (potential) financial impact of such proceedings.

ING is involved in several legal proceedings in the Netherlands with respect to interest rate derivatives that were sold to clients in connection with floating interest rate loans in order to hedge the interest rate risk of the loans. These proceedings are based on several legal grounds, depending on the facts and circumstances of each specific case, *inter alia* alleged breach of duty of care, insufficient information provided to the clients on the product and its risks and other elements related to the interest rate derivatives that were sold to clients. In some cases, the court has ruled in favour of the claimants and awarded damages, annulled the interest rate derivative or ordered repayment of certain amounts to the claimants. The total amounts that need to be repaid or compensated in some cases still need to be determined. ING may decide to appeal against adverse rulings. As requested by the AFM, ING has reviewed a significant part of the files of clients who bought interest rate derivatives. In December 2015, the AFM concluded that Dutch banks may have to re-assess certain client files, potentially including derivative contracts that were terminated prior to April 2014 or other client files. As advised by the AFM, the Minister of Finance has appointed a Committee of independent experts (the 'Committee') to establish a uniform recovery framework with the Dutch banks. Discussions with the Committee are ongoing. Although the outcome of the pending litigation and similar cases that may be brought in the future, is uncertain, it is possible that the courts may ultimately rule in favour of the claimants in some or all of such cases. A provision has been taken. However, the aggregate financial impact of the current and future litigation as well as the potential (re-)assessment of files following the result of the work of the Committee could become material.

Auditors

The financial statements of the Issuer for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013, 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 2015 dated 29 February 2016, an unqualified auditors' report on the financial statements for the financial year ended 31 December 2014 dated 16 March 2015 and an unqualified auditors' report on the financial statements for the financial year ended 31 December 2013 dated 17 March 2014.

The auditors' reports in respect of the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013, 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 was 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 has been performed by Ernst & Young Accountants LLP, the Issuer's previous 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 2,200 million in 2015, EUR 1,225 million in 2014, EUR 2,955 million in 2013, EUR 2,125 million in 2012 and EUR 3,000 million in 2011.

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.

ANNEX

The following tables present the unaudited short form consolidated balance sheet and short form consolidated profit and loss statement of the Issuer as at, and for the three month period ended, 31 March 2016. The information therein has been prepared in accordance with the recognition and measurement requirements of ING Group's accounting policies and principles as set out in the notes to the audited consolidated annual accounts of the Issuer for the period ended 31 December 2015. Prospective investors should note that, while the Issuer's consolidated operations are materially the same as those of ING Group, the Issuer's reported results as at, and for the three month period ended, 31 March 2016 are not identical with the reported financial and statistical information on a segment basis for the banking business of ING Group as at, and for the three month period ended, 31 March 2016 as described in the Q1 Press Release, as a result of differences in consolidation and funding, among other factors.

The information presented in these tables is supplemental to, and is not a correction, adjustment or replacement for, any information contained in the Q1 Press Release. Additionally, the Q1 Press Release contains figures presented on an underlying basis, whereas the following tables do not. The underlying figures are derived from figures reported according to IFRS-EU by excluding impacts from divestments, special items, Legacy Insurance, intercompany eliminations between ING Bank and ING Group, and discontinued operations. The figures presented in the following tables are without these adjustments.

ING BANK N.V. Balance sheet (amounts in EUR x1000)	31 March 2016
ASSETS	
Cash and balances with central banks	29,971,612
Amounts due from banks	28,093,801
Financial assets at fair value through profit or loss	148,745,523
Investments	96,411,968
Loans and advances to customers	541,871,209
Investments in associates	811,446
Real Estate investments	76,881
Property and equipment	1,998,959
Intangible assets	1,530,608
Other assets	17,202,323
Total assets	866,714,330
EQUITY	
Equity attributable to equity holders of the company	41,534,770
Minority interests	670,353
Group equity	42,205,123
LIABILITIES	
Debt securities in issue	119,019,438
Subordinated Loans	15,428,681
Amounts due to banks	33,851,826
Customer deposits and other funds on deposit	514,510,478
Financial liabilities at fair value through profit or loss	121,392,851
Other liabilities	20,305,933
Total liabilities	824,509,207
Total liabilities and equity	866,714,330

Proft and Loss statement ING Bank N.V. (amounts in EUR x1000)	1 January till 31 March 2016
INCOME	
Interest result	3,277,641
Investment income	71,404
Net gains/losses on disposals of group companies	-11
Commission result	607,299
Valuation results on non-trading derivatives	21,252
Net trading income	92,054
Share of profit from associates	13,638
Other income	29,363
Total income	**4,112,640**
EXPENDITURE	
Addition to loan loss provision	264,639
Intangible amortisation and Other impairments	944
Staff expenses	1,274,183
Operating expenses	1,380,293
Total expenses	**2,920,059**
Profit before tax	**1,192,581**
Taxation	**330,839**
Net profit (before minority interests)	**861,742**
Net Results from discontinued operations	**0**
Net profit from continuing and discontinued operations(before minority interest)	**861,742**
Attributable to:	
Shareholders of the parent	845,654
Minority interests	16,088
	861,742

Basis of preparation

The above consolidated balance sheet and consolidated profit and loss statement of ING Bank N.V. for the period ended 31 March 2016, is unaudited and have been prepared in accordance with the recognition and measurement requirements of ING Group's accounting policies and principles as set out in the notes to the audited consolidated annual accounts of ING Bank N.V. for the period ended 31 December 2015.

Amsterdam, 3 May 2016

THE ISSUER

Registered and Principal Office

ING Bank N.V.
Bijlmerplein 888
1102 MG Amsterdam
The Netherlands

INDEPENDENT PUBLIC ACCOUNTANTS

To the Issuer

In respect of the years ended 31 December 2013, 2014 and 2015	*As from 1 January 2016*
Ernst & Young Accountants LLP Antonio Vivaldistraat 150 1083 HP Amsterdam The Netherlands	**KPMG Accountants N.V.** Laan van Langerhuize 1 1186 DS Amstelveen The Netherlands

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