

# Second quarter 2016 Results

ING posts 2Q16 underlying net profit of EUR 1,417 million

Ralph Hamers, CEO ING Group

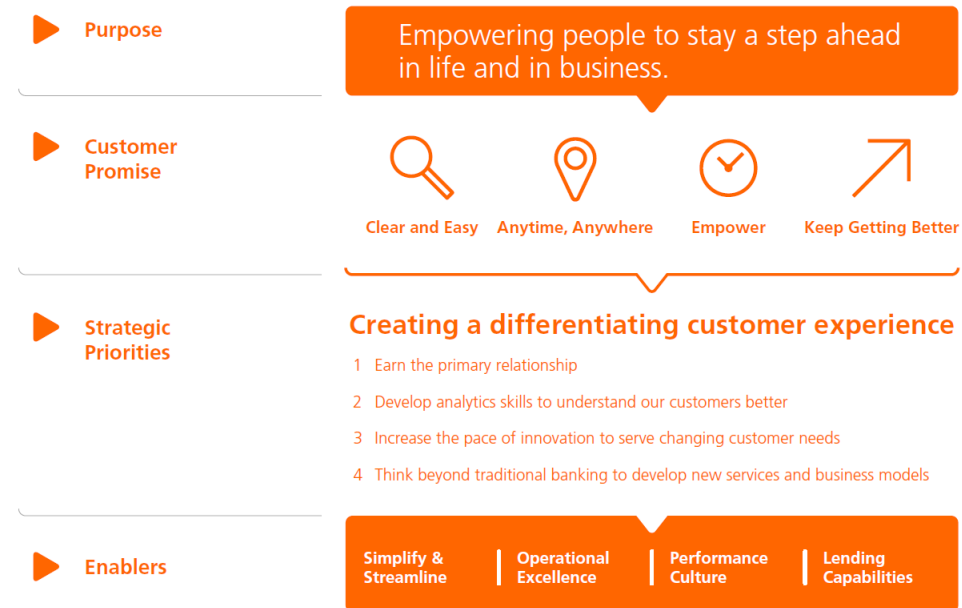
Amsterdam • 3 August 2016

# Key points

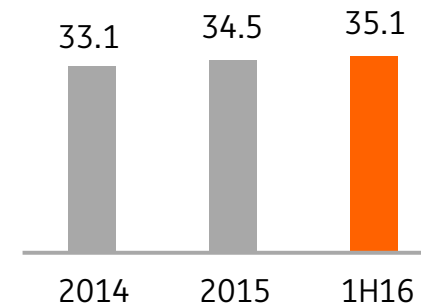
- ING Bank records underlying 2Q16 net profit of EUR 1,417 mln, up 26.7% from 2Q15 and 68.3% higher versus 1Q16
- Strong results boosted by steady growth in net interest income, improved performance in Financial Markets and moderate risk costs
- Results further supported by one-time gain on sale of Visa shares; other one-off expense items largely offsetting each other
- ING Group fully-loaded CET1 ratio of 13.1%, excluding EUR 2,552 million net profit for the first half of 2016. ING Bank's RoE at 10.8% over the first half of 2016
- ING declares 2016 interim cash dividend of EUR 0.24 per ordinary share, in line with last year
- Think Forward priority of new innovations keeps improving customer experience; focus on sustainability as we aim to drive sustainable progress

# Ability to deliver an outstanding banking experience boosts primary customer numbers and commercial growth

Think Forward strategy continues to improve customer experience and drive commercial growth



+650,000 individual customers\* (in mln)



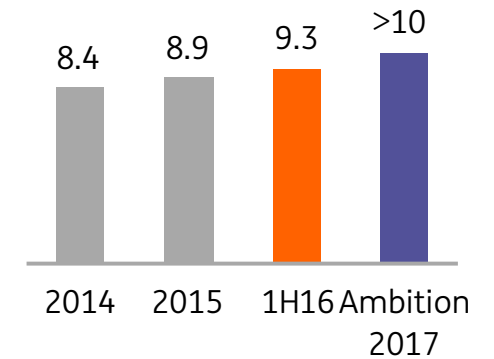
ING Bank core lending businesses 1H16

Net growth



**+21.9** bln

+350,000 primary customers (in mln)



Net Promoter Scores (NPS)



**#1** in 7 of 13 countries

\* Historical numbers for the Netherlands have been adjusted

# Innovations empower our clients to stay a step ahead

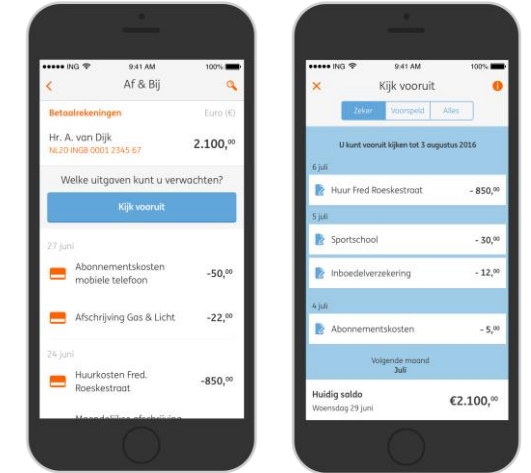
## New innovations launched in 2Q16



ING recently joined forces with another leading Belgian bank to launch an integrated mobile payments and loyalty platform in Belgium. It combines ING's payment app Payconiq with the loyalty platforms of both banks



'Kijk Vooruit' – forecasting feature for our Dutch mobile banking app with an overview of planned and predicted transactions



'My Money Coach' – our digital financial advisor in Spain, leveraging the technology of ING France's 'Coach Epargne'

Rocío,  
ya no hace falta tener  
**1.000.000€**  
para tener un asesor.

Le presentamos:  
**My Money Coach**  
Su nuevo asesor digital  
[→ Descúbralo](#)

# Recognition for ING as an industry leader in sustainability

## Industry awards and memberships

ING is ranked 21st out of 500 of the world's largest publicly traded companies in the 2016 Newsweek Green Rankings, up from 27th last year

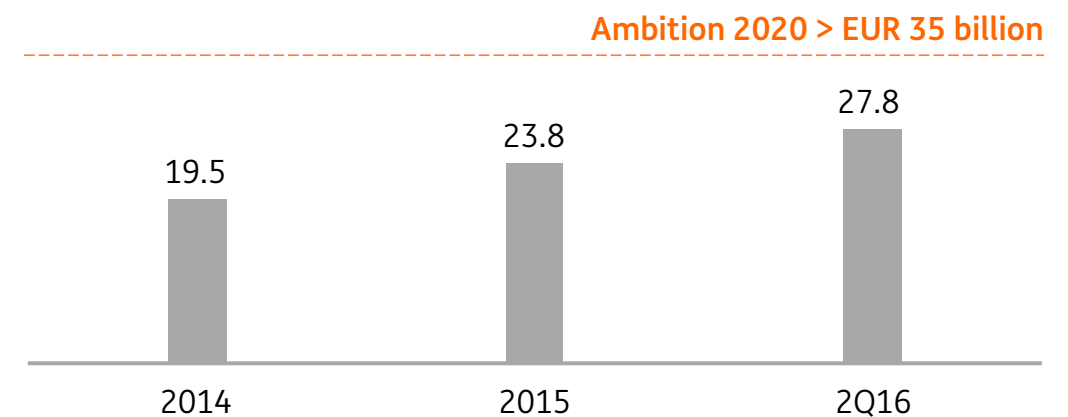


ING joined the Ellen MacArthur Foundation as an official Circular Economy 100 (CE100) corporate member in June 2016

ING received the 'bond of the year' and 'biggest issuer' awards at the Environmental Finance's Green Bond Awards



## Sustainable transitions financed\* (in EUR bln)



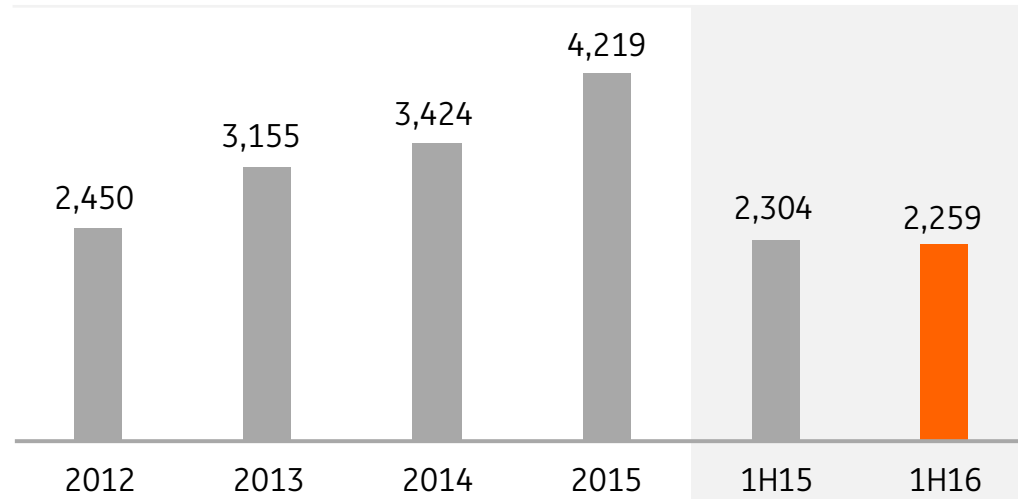
## Notable deals in 2Q16

- ING was joint bookrunner in the GBP 2.6 bln financing of the Beatrice offshore windfarm in Scotland, one of the largest private investments ever made in Scottish infrastructure
- ING was sole lender for two Dutch distribution centres for supermarket company Lidl NL. These distribution centres have been recognised for their exceptional sustainability performance by BREEAM, the world's leading sustainability assessment method for buildings, with "Outstanding" and "Excellent" certificates

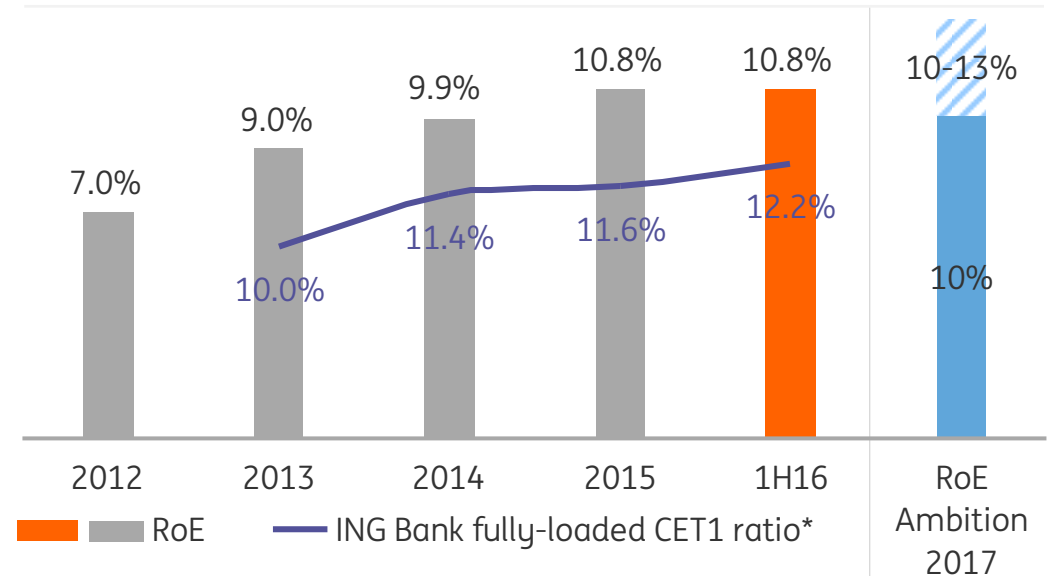
\* Sustainable transitions financed (STF) describes all the business that we do with clients that are environmental outperformers in their sectors and projects that provide sustainable solutions

# Strong results deliver > 10% RoE in line with Ambition 2017...

Underlying net result ING Bank stable despite higher regulatory costs (in EUR mln)



Underlying RoE within target range despite higher fully-loaded CET1 ratio of ING Bank

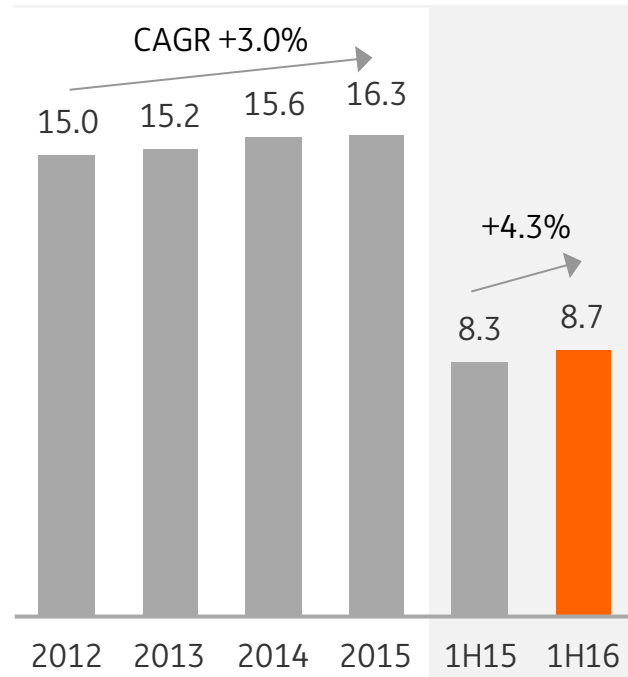


- ING Bank recorded underlying net profit for the first six months of 2016 of EUR 2,259 mln, roughly flat on 1H15 notwithstanding EUR 336 mln of higher regulatory costs
- Despite a higher fully-loaded ING Bank CET1 ratio of 12.2%, ING Bank's return on equity for the first half of 2016 came in at 10.8%, well within our 10-13% stated RoE target range

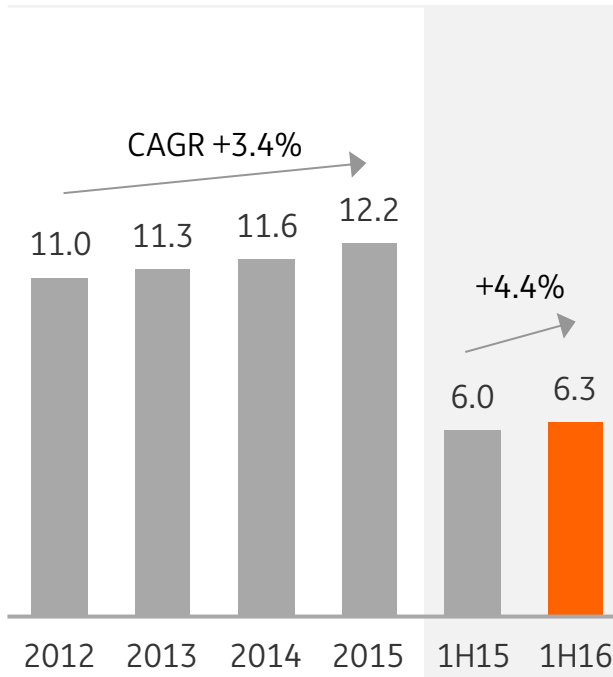
\* Only Core Tier 1 ratios available for 2012, which is not comparable with fully-loaded CET1 ratios

# ...supported by healthy income growth and modest risk costs

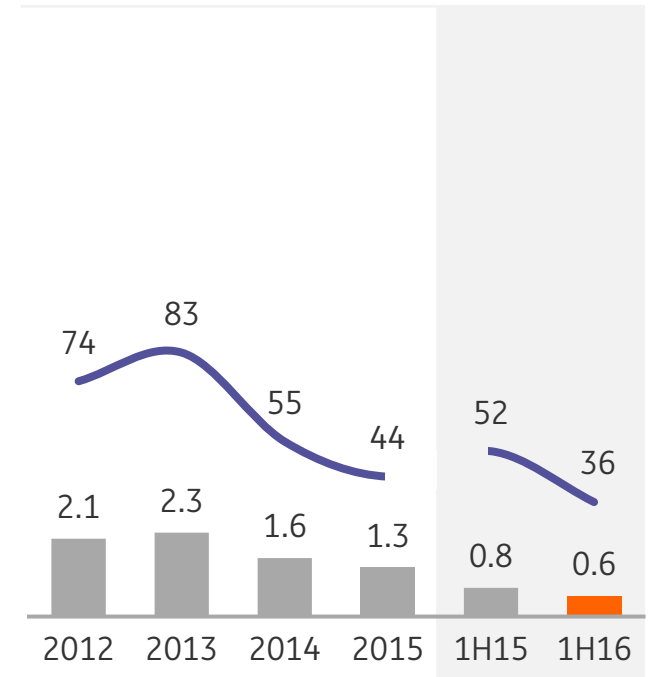
Underlying income excl. CVA/DVA  
(in EUR bln)



Net interest result excl. FM  
(in EUR bln)



Risk costs  
(in EUR bln and bps of RWA)



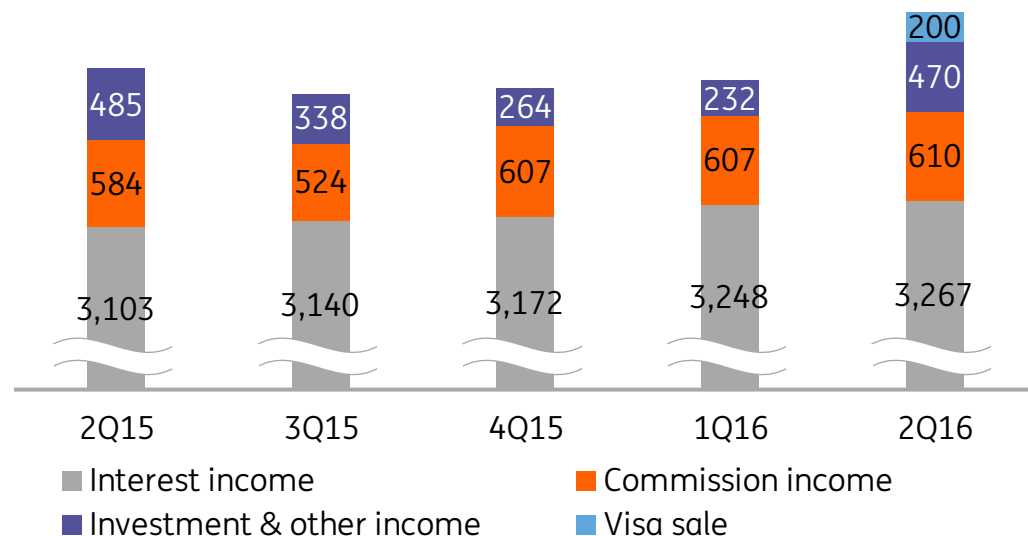
- Underlying income excluding CVA/DVA grew by 4.3% in 1H16 versus 1H15 driven by a steady increase in net interest income
- Risk costs declined to EUR 571 mln in 1H16, or 36 bps of average RWA

# 2Q16 results

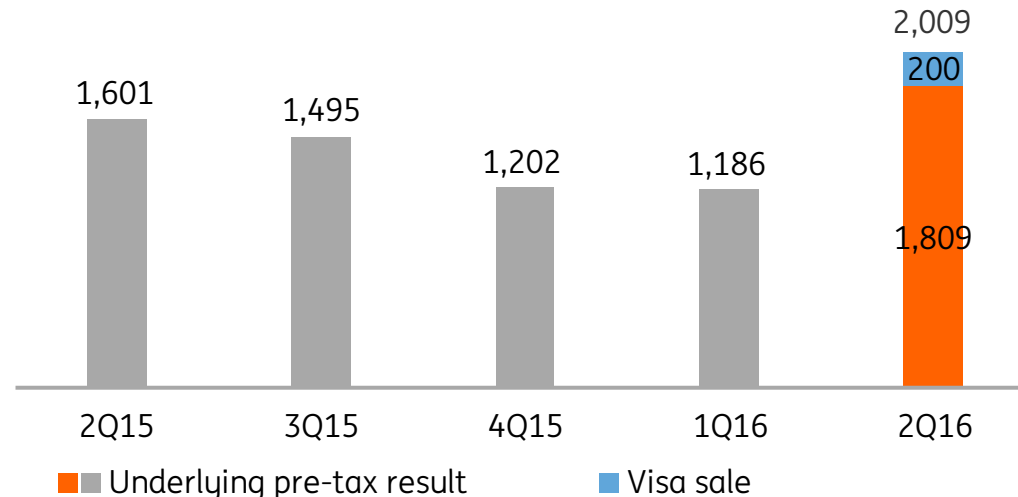


# Very strong second-quarter results boosted by loan growth at resilient margins

Underlying income ING Bank (in EUR mln)



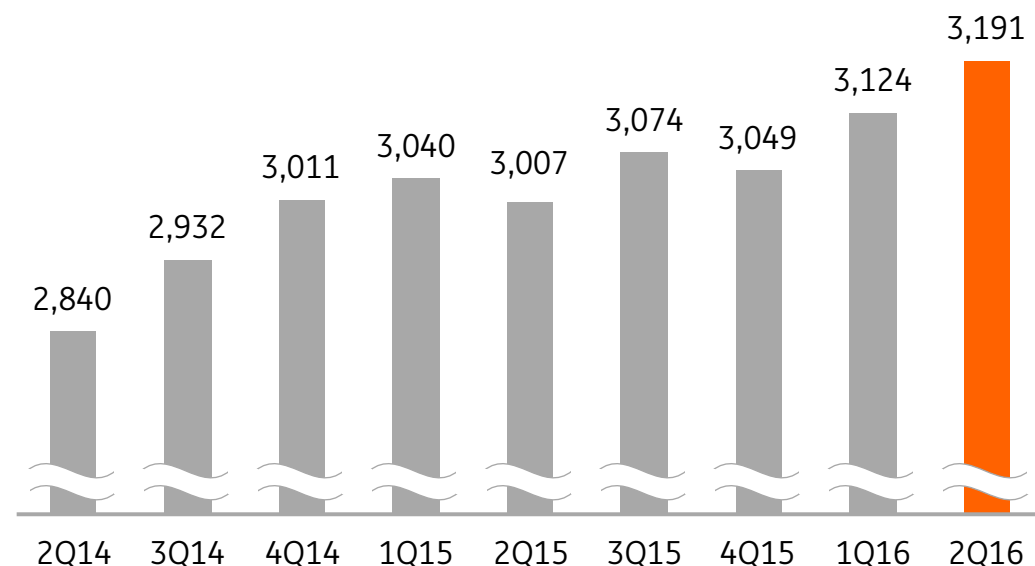
Underlying pre-tax result ING Bank (in EUR mln)



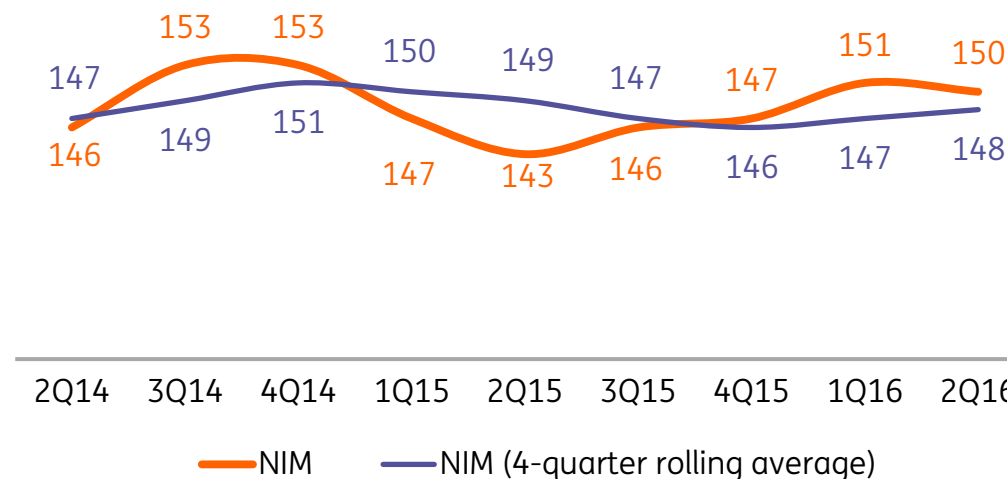
- 2Q16 underlying banking income is up 9.0% year-on-year and 11.3% higher versus the previous quarter with all individual income line items recording an increase
- The 2Q16 pre-tax result was up strongly from 2Q15 and 1Q16:
  - Underlying result was supported by strong customer lending growth, relatively stable margins and better performance of Financial Markets due to higher client activity as well as the one-time gain on the Visa sale
  - Risk costs increased slightly on 1Q16 to EUR 307 mln, or 39 bps of average RWA, but remain well controlled
  - Excluding Visa gain, several one-off income and expense items in the quarter effectively offset each other (see slide 25 for more detail)

# Consistent growth in net interest income reflects the positive momentum in the business

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



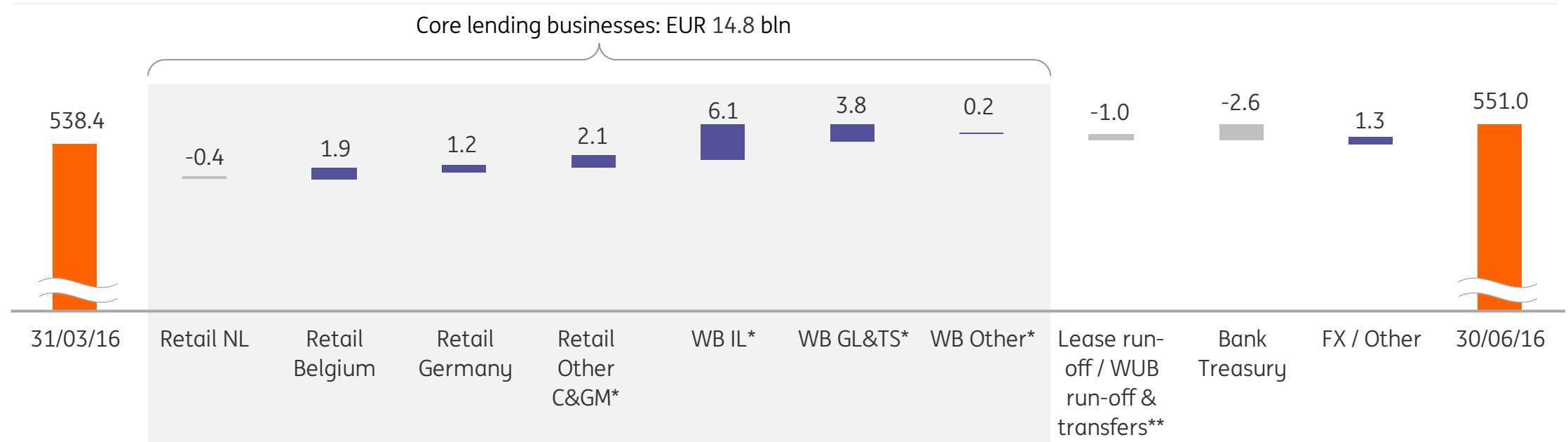
Net interest margin broadly stable over past two years  
(in bps)



- Net interest income (excluding Financial Markets) increased 6.1% from 2Q15. Compared to 1Q16, the increase was 2.1% driven by:
  - Further growth in customer lending with lending margins being slightly higher, while margins on savings and current accounts were lower
  - Bank Treasury interest income down slightly on 1Q16, but Corporate Line interest income up

# Our core lending franchises grew by EUR 14.8 bln in 2Q16

## Customer lending ING Bank 2Q16 (in EUR bln)



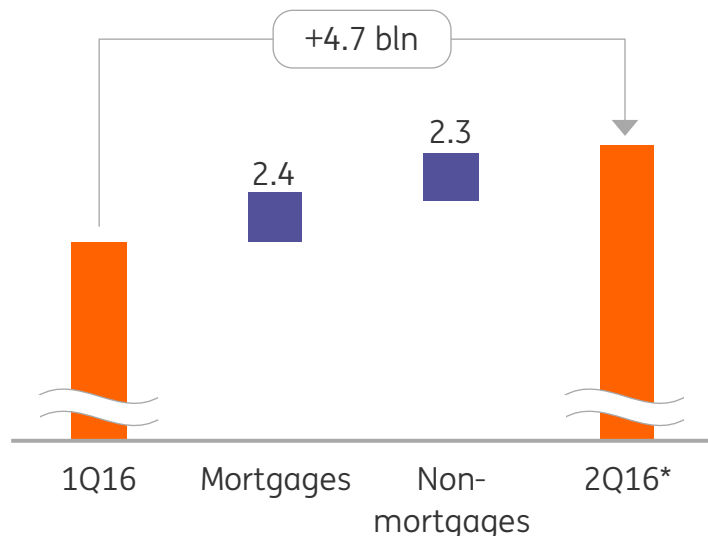
- Our core lending franchises grew by EUR 14.8 bln in 2Q16:
  - Wholesale Banking increased by EUR 10.1 bln driven by both Industry Lending and General Lending & Transaction Services
  - Retail Banking increased by EUR 4.7 bln, which continues to be principally generated outside of the Netherlands

\* C&GM is Challengers & Growth Markets; IL is Industry Lending; GL&TS is General Lending & Transaction Services; Other includes Financial Markets

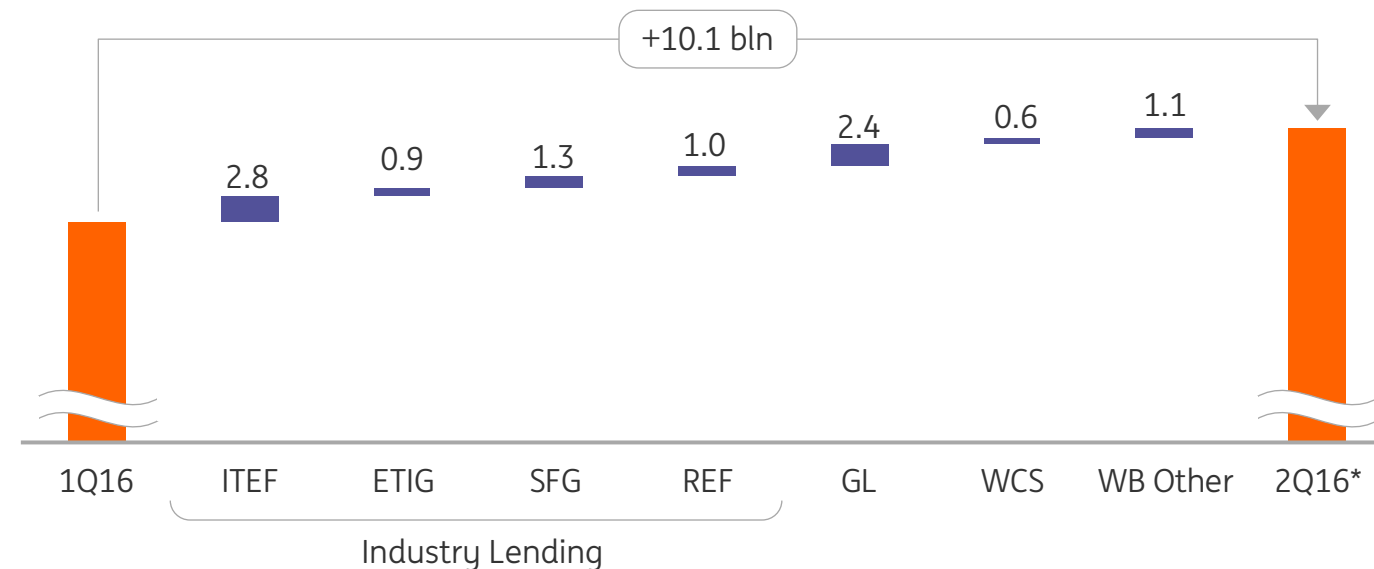
\*\* Lease run-off was EUR -0.2 bln, WUB run-off was EUR -0.5 bln and WUB transfer to NN was EUR -0.3 bln

# New core customer lending well diversified across Retail and Wholesale Banking

Retail Banking core loan growth split by product (in EUR bln)



Wholesale Banking\* core loan growth split by product (in EUR bln)



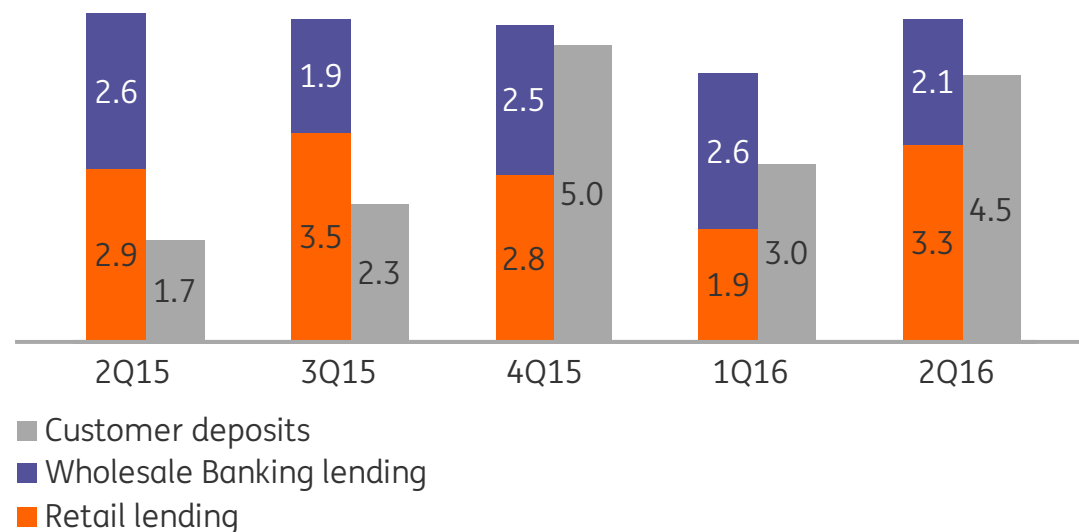
- 2Q16 core lending growth of EUR 4.7 bln within Retail Banking was almost equally split between mortgages and higher-yielding non-mortgage lending
- In Wholesale Banking, the growth is evenly spread across products, sectors and geographies

\* ITEF is International Trade & Export Finance; ETIG is Energy, Transport & Infrastructure Group; SFG is Specialised Financing Group; REF is Real Estate Finance; GL is General Lending; WCS is Working Capital Solutions

# Core lending continues to outpace net customer deposits, leading to more efficient balance sheet usage

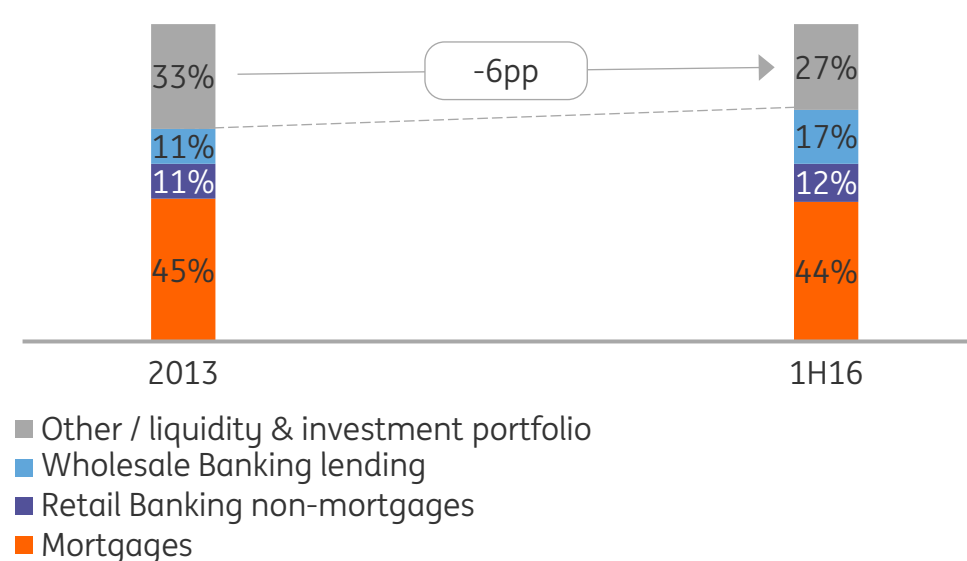
## 2Q16 core lending and net customer deposit growth (in EUR bln)

Challengers & Growth Markets



## Balance sheet optimization

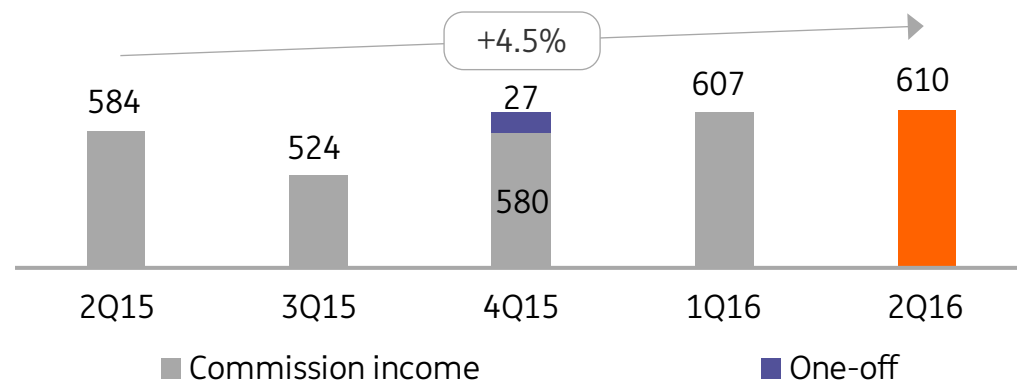
Challengers & Growth Markets (based on external assets)



- In nearly all of our markets, ING's core lending growth is outpacing growth in customer deposits. This growth in customer lending helps us to create more sustainable country balance sheets and supports the NIM
- The sole exception is the Netherlands, where the reduction in loan growth is by design in order to reduce the wholesale funding gap and mitigate concentration risk

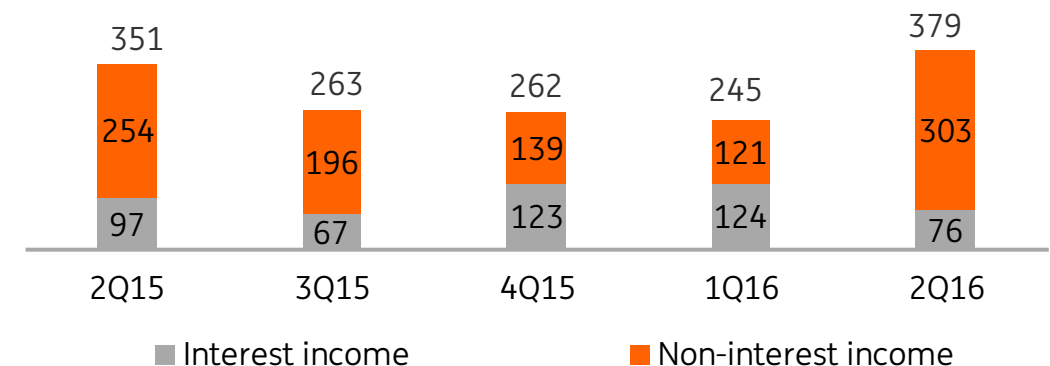
# Commission income increasing; strong rebound in Financial Markets income due to increased client activity

Commission income increasing  
(in EUR mln)

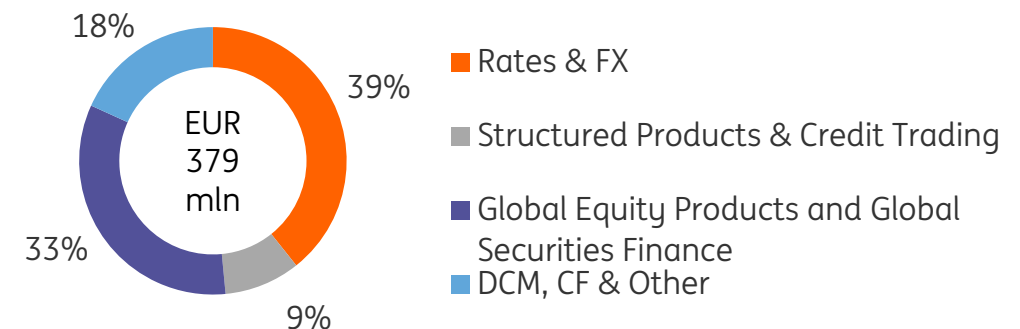


- Commission income has grown over the past quarters. Compared with 1Q16, there was a slight increase in Wholesale Banking which was largely offset by a decline in Retail Belgium, mainly due to lower income on investment products as a result of a seasonally high 1Q16
- Financial Markets income excluding CVA/DVA increased 54.7% compared with 1Q16 as client activity rebounded, mainly due to higher income in Rates and Equity Trading

Financial Markets income excl. CVA/DVA has rebounded in 2Q16 (in EUR mln)

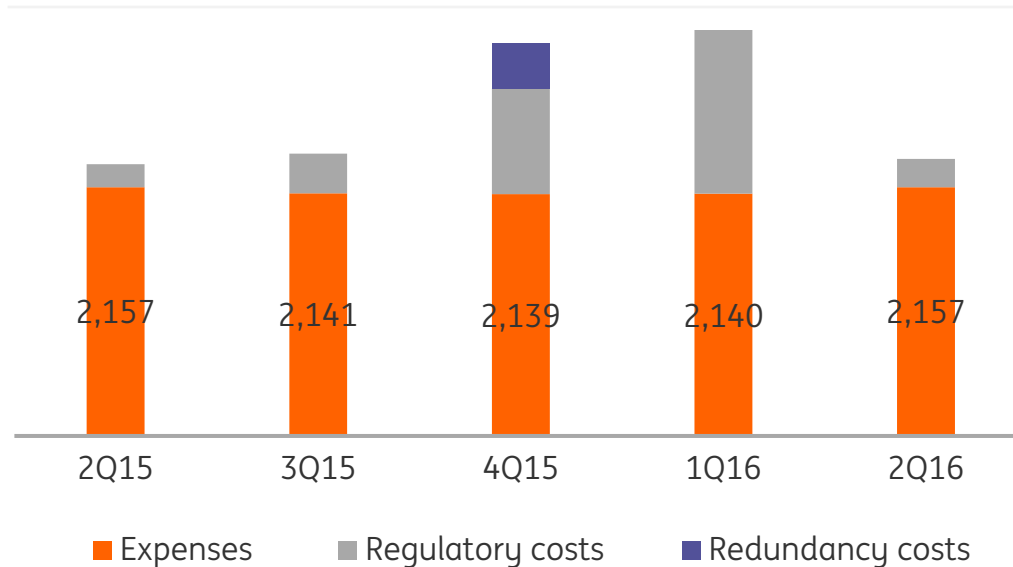


2Q16 Financial Markets income well diversified by product

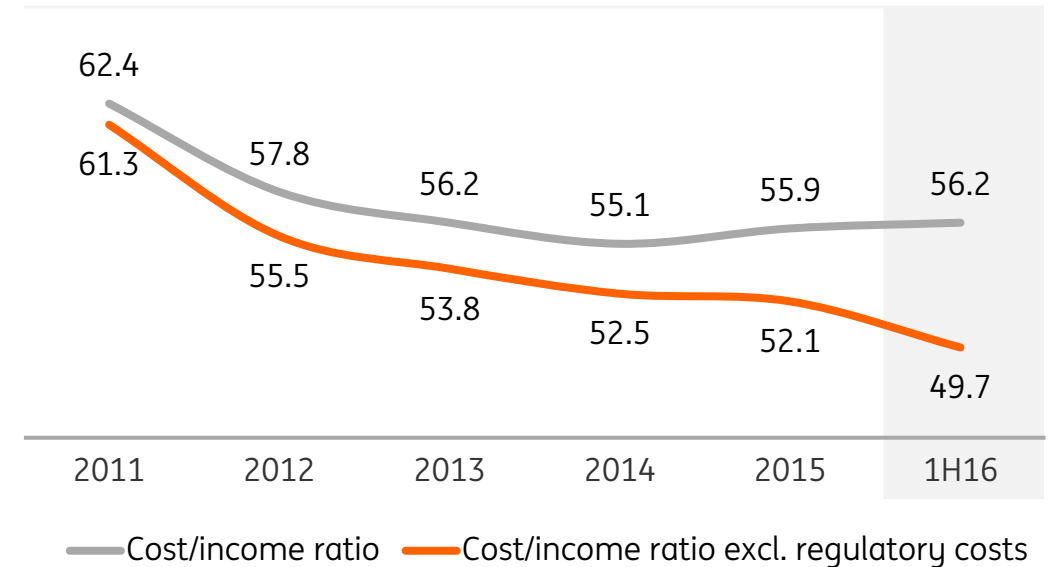


# Underlying operating expenses stable year-on-year

Underlying operating expenses (in EUR mln)



Cost/income ratio impacted by regulatory costs (in %)\*

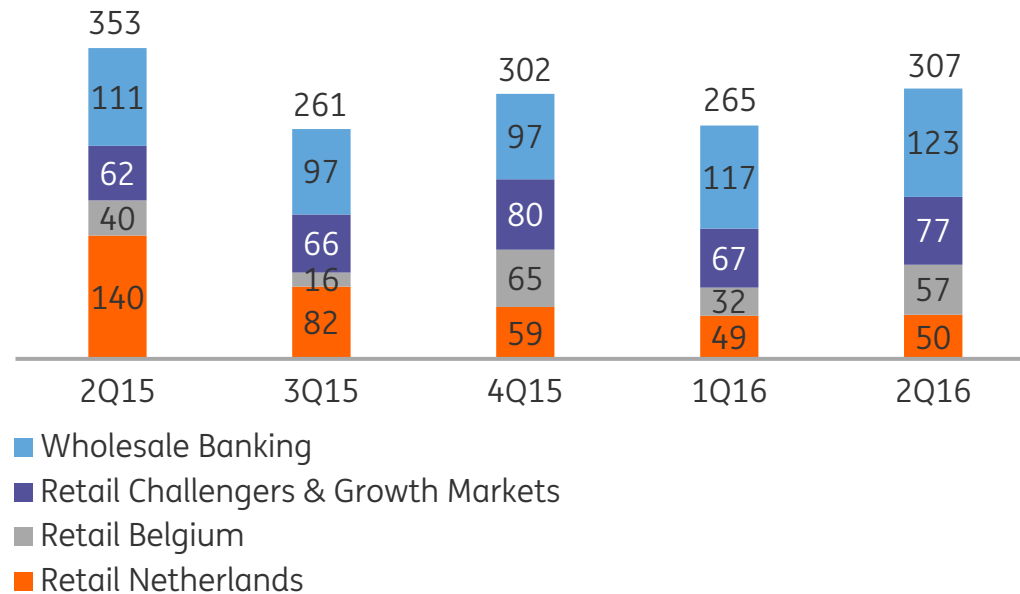


- Underlying operating expenses stable year-on-year
- This quarter included a EUR 137 mln addition to the provision for compensation of interest rate derivatives, which was largely offset by certain other one-off cost savings
- Regulatory costs were EUR 75 mln (versus EUR 110 mln prior estimate) for the quarter. Our expectation for regulatory costs for the full-year 2016 has been revised slightly downwards to around EUR 940 mln total

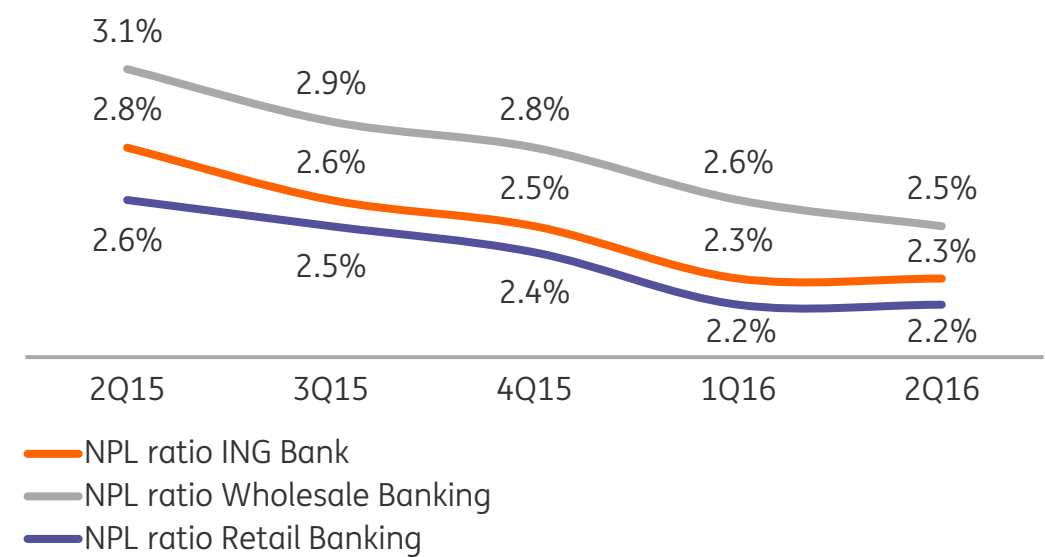
\* Excluding CVA/DVA (all years) and disclosed redundancy provisions in 2013, 2014 and 4Q15

# Risk costs remain well below the through-the-cycle average of ING Bank; NPLs keep trending down

Risk costs (in EUR mln)



NPL ratio

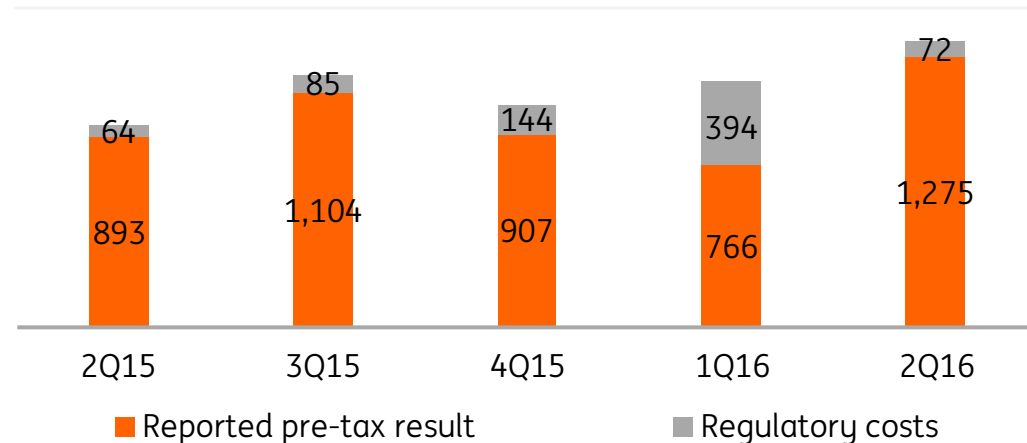


- Risk costs were EUR 307 mln, or 39 bps of RWA, below the 40-45 bps through-the-cycle average
- NPL ratio was roughly flat at 2.3%, with some improvements in certain Retail Banking and Wholesale Banking portfolios
- NPL ratio of oil & gas related exposure increased to 2.8%, from 2.1% in 1Q16

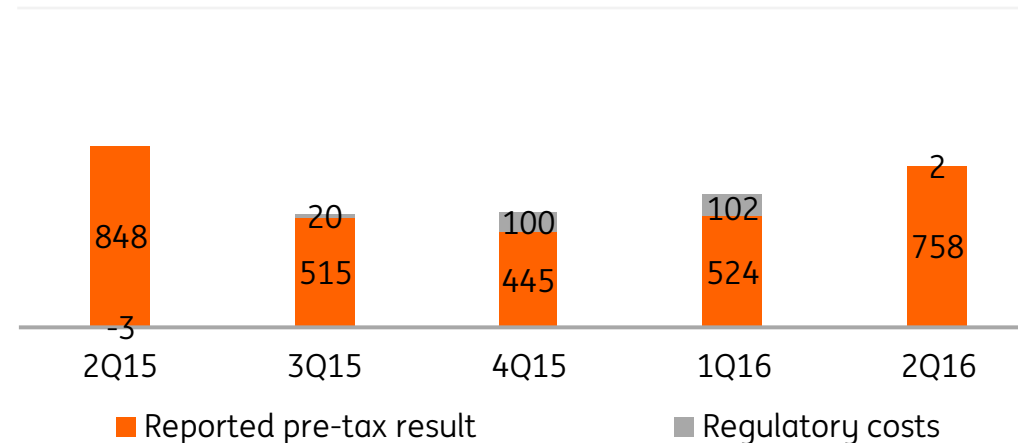


# Robust quarterly pre-tax results for both Retail and Wholesale Banking

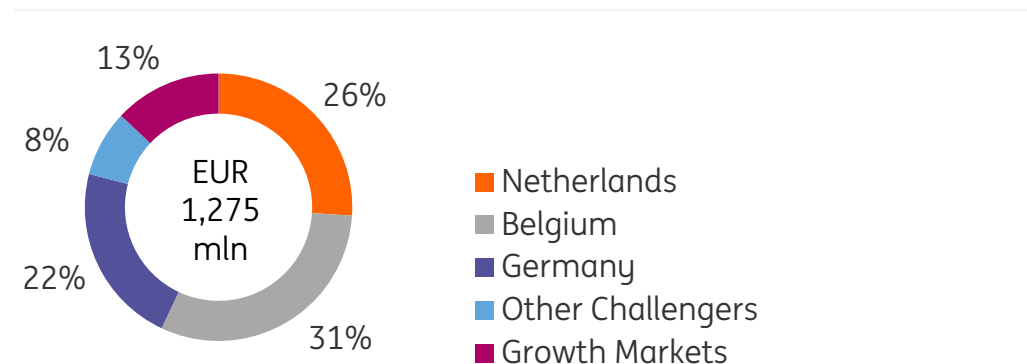
Underlying pre-tax result Retail Banking (in EUR mln)



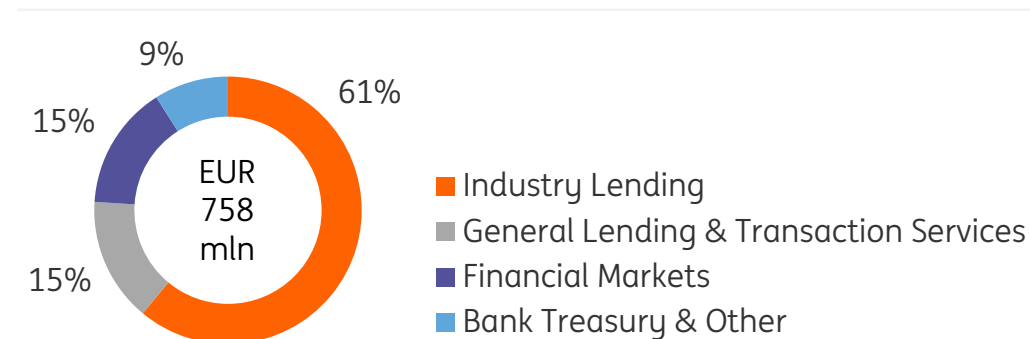
Underlying pre-tax result Wholesale Banking (in EUR mln)



2Q16 underlying pre-tax result by Retail Banking segment

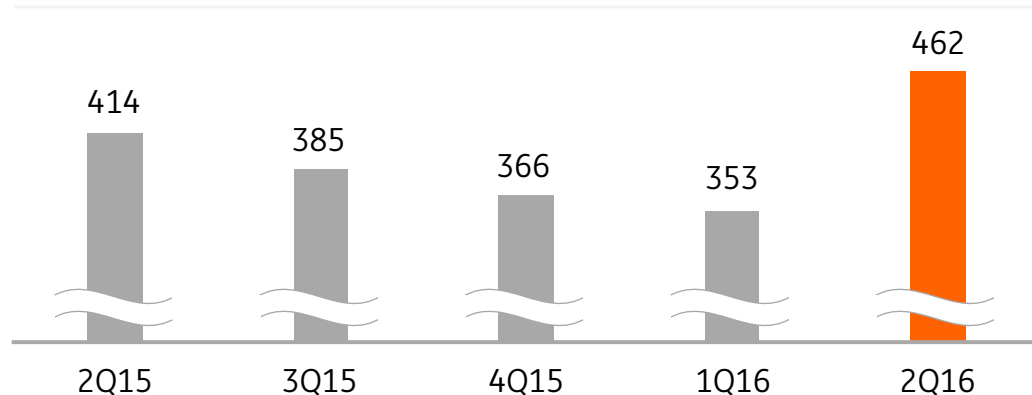


2Q16 underlying pre-tax result by Wholesale Banking segment

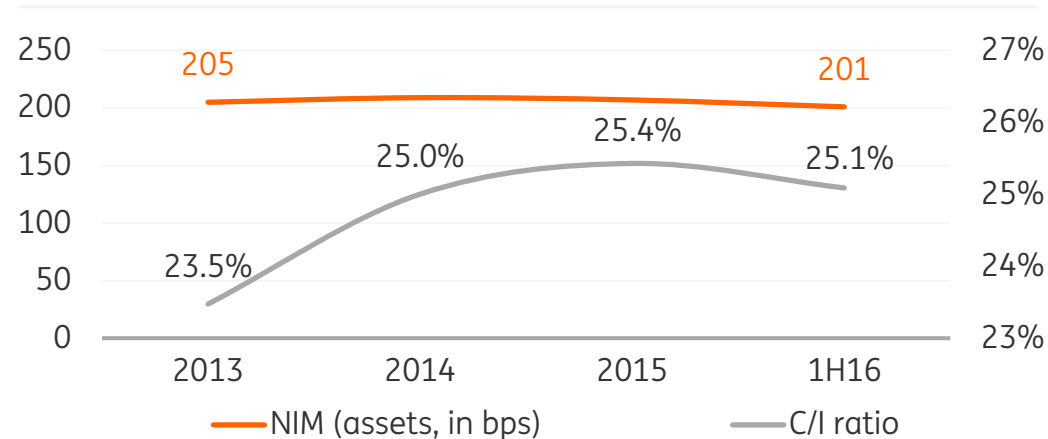


# Industry Lending: diversified lending growth delivering attractive returns

Underlying pre-tax result Industry Lending (in EUR mln)

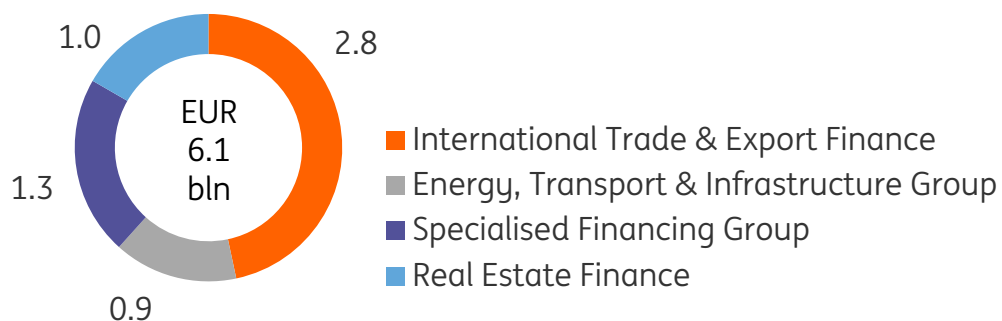


Stable margins and attractive cost/income ratio



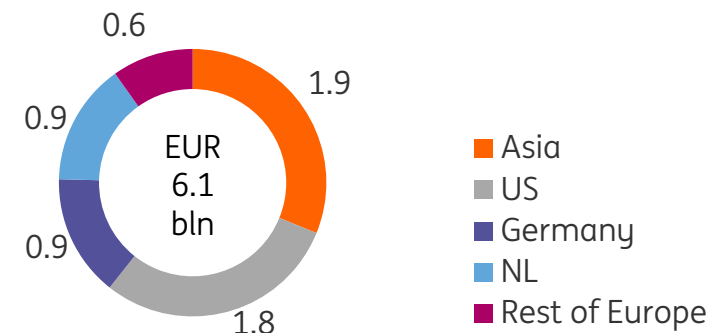
Well diversified lending growth by sectors...

2Q16 customer lending growth in EUR bln



...and by geographies

2Q16 customer lending growth in EUR bln; split by country of booking



# Romania is showing strong commercial momentum through digitalisation

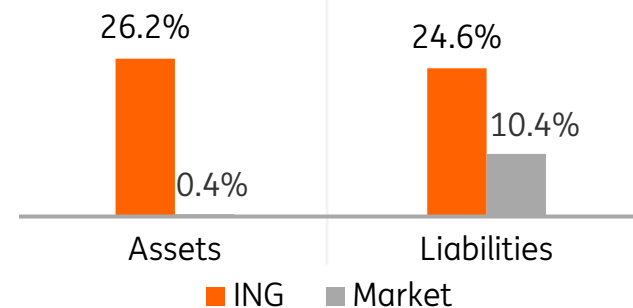
ING has high customer satisfaction in Romania...



**#1** NPS Score in Romania

ING Romania is growing faster than the market...

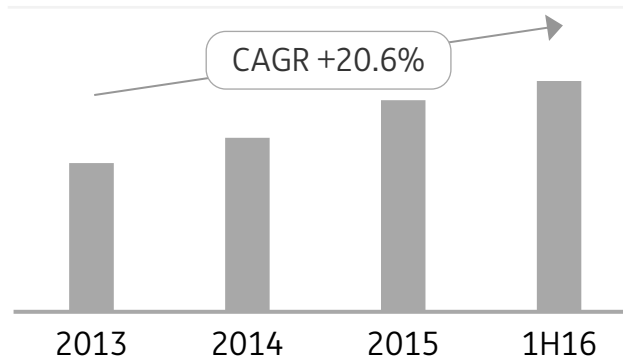
1H16 vs 1H15



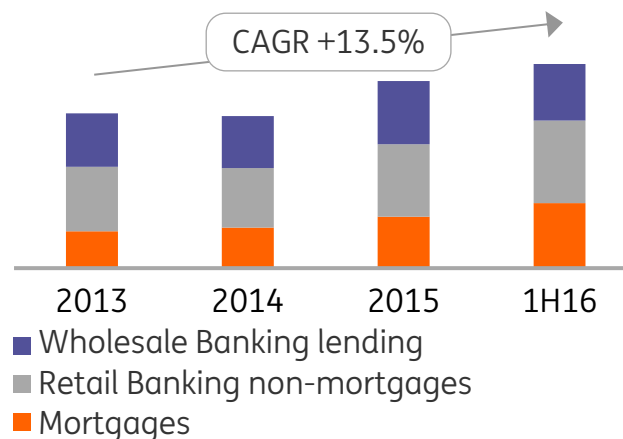
Source: ING data, NBR for market data

\* 'Assisted' refers to contacts via branch and / or call centre

...and is rapidly adding primary relationships

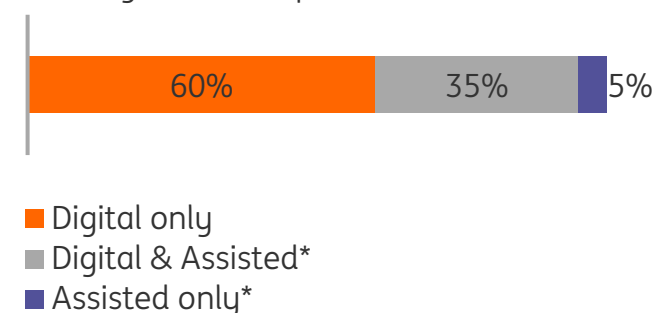


...with strong lending growth in all segments...



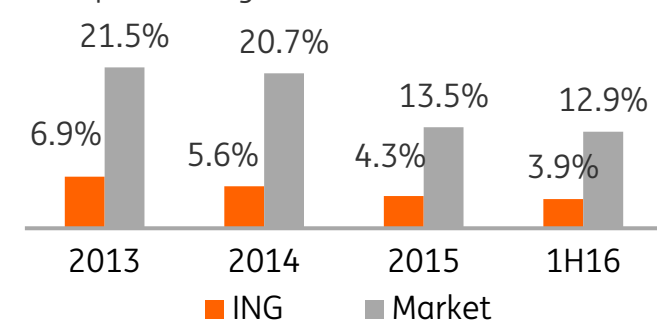
The business model has evolved to 'digital first' (2Q16)

Primary relationships



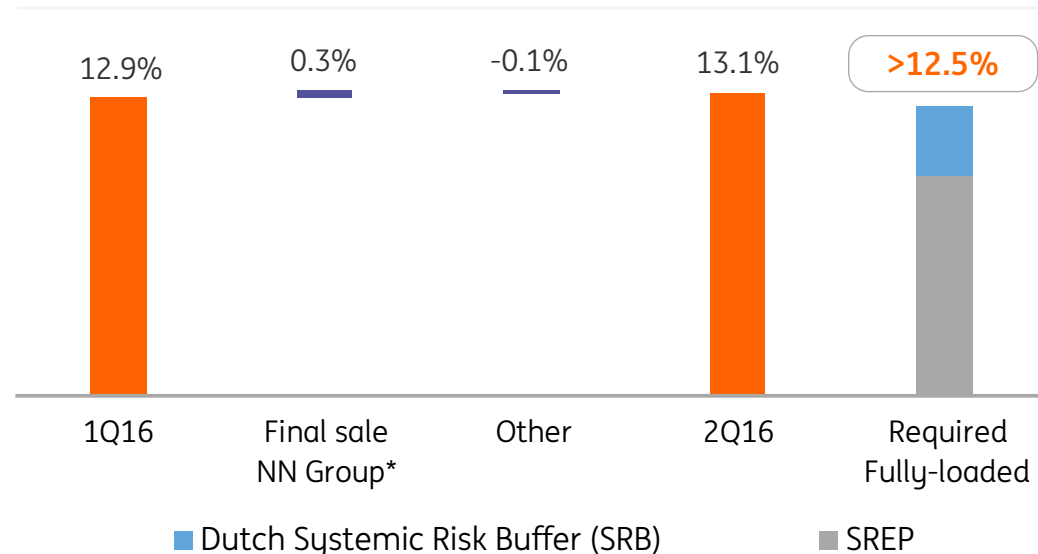
...and the risk profile is well controlled

Non-performing loans

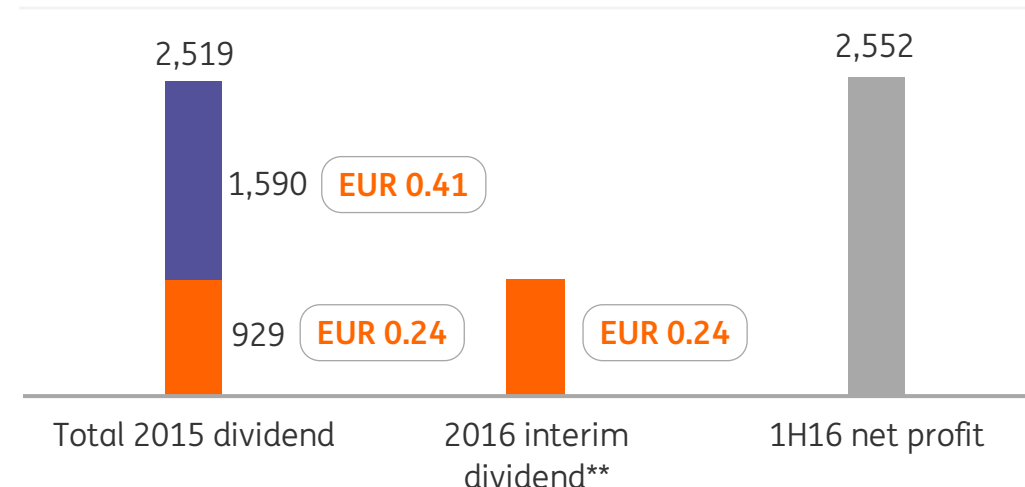


# Group CET1 ratio well ahead of regulatory requirements on a fully-loaded basis; interim dividend of EUR 0.24 per share

ING Group 2Q16 fully-loaded CET1 ratio at 13.1%



1H16 interim profit is not included in capital (in EUR mln)



- ING Group's fully-loaded CET1 ratio rose to 13.1%, primarily reflecting the positive impact from the sale of ING's final stake in NN Group in April 2016
- This compares well to our minimum required fully-loaded CET1 ratio of 12.5%, which is composed of a 9.5% SREP (CET1) requirement and a 3.0% Dutch systemic risk buffer
- Similar to 1Q16, ING has decided not to include the 2Q16 profit in Group CET1 capital in order to provide flexibility for our dividend policy. The first half net profit not included in capital totals EUR 2,552 mln (80 bps of CET1 capital)
- Interim dividend of EUR 0.24 per share, unchanged from 2015 interim dividend

\* Decline in FI deductions, reduction in RWA and increase of equity revaluation reserve, related to completion of sale of NN Group in April 2016

\*\* Interim 2016 dividend to be paid in August 2016

# On track to deliver on our Ambition 2017

## ING Group

|                         | 2014     | 2015     | 1H16     | Guidance   |
|-------------------------|----------|----------|----------|--|
| <b>CET1 (CRD IV)</b>    | 10.5%    | 12.7%    | 13.1%    | <ul style="list-style-type: none"> <li>Over time, we will maintain a comfortable buffer above the prevailing fully-loaded requirements</li> </ul>  |
| <b>Leverage ratio*</b>  | 3.4%     | 4.4%     | 4.4%     |  |
| <b>Group dividend</b>   | EUR 0.12 | EUR 0.65 |          | <ul style="list-style-type: none"> <li>We are committed to maintaining a healthy Group CET1 ratio in excess of prevailing fully-loaded CET1 requirements, currently 12.5%, and to returning capital to our shareholders</li> </ul> |
| <b>Of which interim</b> |          | EUR 0.24 | EUR 0.24 | <ul style="list-style-type: none"> <li>We aim to pay a progressive dividend over time</li> </ul>   |

## ING Bank

|                                   | 2014  | 2015  | 1H16  | Ambition 2017 | Guidance  |
|-----------------------------------|-------|-------|-------|---------------|---|
| <b>CET1 (CRD IV)</b>              | 11.4% | 11.6% | 12.2% | >10%          | <ul style="list-style-type: none"> <li>Bank capital levels will gradually migrate towards Group capital levels</li> </ul>   |
| <b>Leverage ratio*</b>            | 3.6%  | 4.1%  | 4.1%  | ~4%           |   |
| <b>C/I**</b>                      | 58.7% | 55.9% | 56.4% | 50-53%        | <ul style="list-style-type: none"> <li>If the expected 2016 regulatory costs were equally distributed over the 4 quarters of 2016, then the 2Q16 cost/income ratio would have been 55.2%</li> </ul> |
| <b>RoE**<br/>(IFRS-EU equity)</b> | 9.9%  | 10.8% | 10.8% | 10-13%        | <ul style="list-style-type: none"> <li>If the expected 2016 regulatory costs were equally distributed over the 4 quarters of 2016, then the 1H16 RoE would have been 11.1%</li> </ul>               |

\* The leverage exposure of 4.4% for ING Group and 4.1% for ING Bank at 30 June 2016 is based on the Delegated Act. The leverage ratio based on the published IFRS-EU balance sheet is 4.5% for ING Bank at 30 June 2016

\*\* The reported cost/income and RoE in the first half of 2016 is significantly impacted by regulatory costs that are to a large extent booked in the first quarter of 2016

# Wrap up

# Wrap up

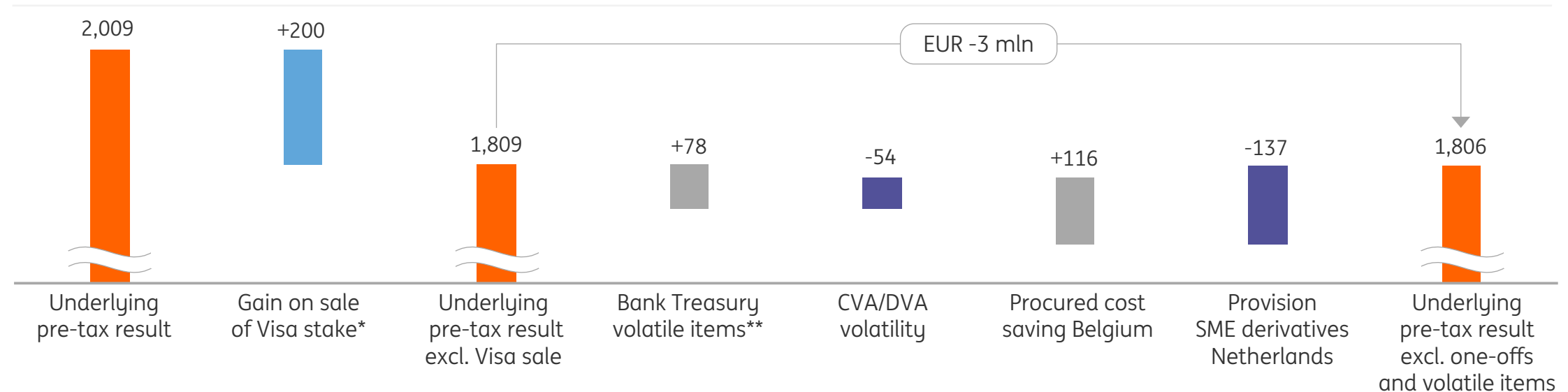
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- Results further supported by one-time gain on sale of Visa shares; other one-off expense items largely offsetting each other
- ING Group fully-loaded CET1 ratio of 13.1%, excluding EUR 2,552 million net profit for the first half of 2016. ING Bank's RoE at 10.8% over the first half of 2016
- ING declares 2016 interim cash dividend of EUR 0.24 per ordinary share, in line with last year
- Think Forward priority of new innovations keeps improving customer experience; focus on sustainability as we aim to drive sustainable progress

# Appendix



# 2Q16 results contain several one-offs and volatile items, but apart from Visa gain, net impact broadly neutral

2Q16 results one-offs and volatile items (in EUR mln)



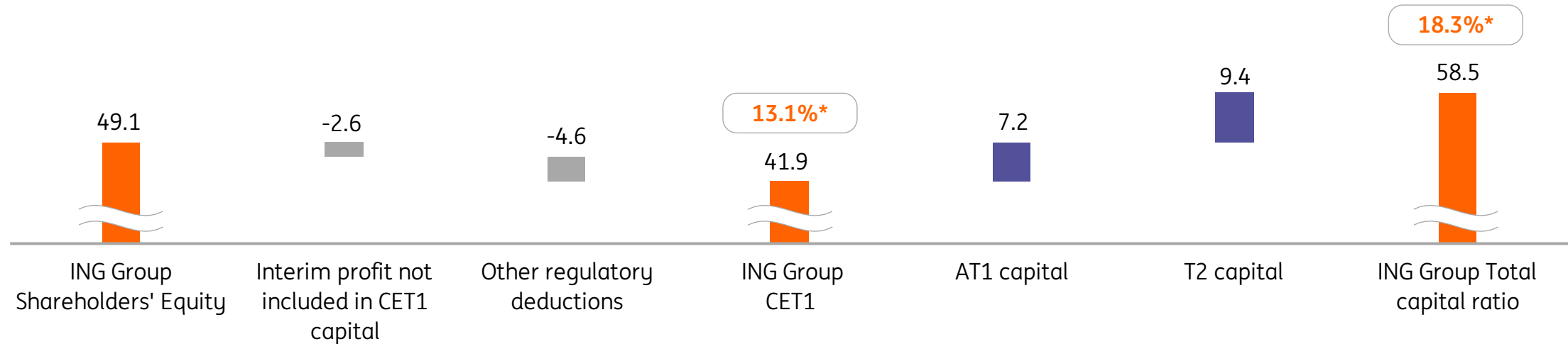
- Underlying pre-tax result excl. one-offs and volatile items stood at EUR 1,806 mln for 2Q16. EUR 200 mln relates to the one-off gain on the sale of Visa. Excluding this positive impact, there is actually a negligible negative effect of EUR 3 mln of the other one-offs and volatile items, underlining the strong underlying business momentum in the Bank

\* The gain on selling the Visa stakes amounts to EUR 200 mln and is split across investment income and other income, respectively EUR 163 mln and EUR 38 mln

\*\* Volatile items for Bank Treasury include amongst others the release of a hedge reserve related to the TLTRO (largely reported in the Corporate Line under other income) as well as general hedge ineffectiveness

# Total capital continues to grow even though 1H16 interim profit has not been included

ING Group 2Q16 fully-loaded available BIS capital\* (in EUR bln and %)



- ING Group's 2Q16 CET1 capital ratio stood at 13.1% which compares well to our fully-loaded CET1 requirement of 12.5%. The current CET1 ratio includes the impact of the sale of ING's final stake in NN Group on 14 April 2016
- Similar to 1Q16, ING has decided not to include the 2Q16 profit in Group CET1 capital. The full 1H16 interim net profit, including the gain on the sale of ING's final stake in NN Group, amounts to EUR 2,552 mln, or 80 bps of RWA
- As per 30 June 2016, ING Group's Total capital ratio stands at a healthy 18.3% which is a 80 bps increase versus 31 March 2016. The increase can be partly explained by the EUR 1 bln of Tier 2 bonds issued in April 2016

\* ING Group fully-loaded capital ratios are based on RWAs of EUR 319 bln, overview includes grandfathered securities

# Group capital position remains strong; profit generation supports 45 bps increase in Bank fully-loaded CET1 ratio

## Bank fully-loaded CET1 ratio development during 2Q16 (amounts in EUR bln and %)

|                                 | Capital     | RWA          | Ratio        | Change        |
|---------------------------------|-------------|--------------|--------------|---------------|
| <b>Actuals March 2016</b>       | <b>37.2</b> | <b>315.4</b> | <b>11.8%</b> |               |
| Interim profit included in CET1 | 1.4         |              |              | +0.45%        |
| Equity stakes*                  | 0.1         | 0.3          |              | +0.01%        |
| FX                              |             | 1.0          |              | -0.02%        |
| RWA** & Other                   | 0.1         | 0.3          |              | +0.02%        |
| <b>Actuals June 2016</b>        | <b>38.8</b> | <b>317.0</b> | <b>12.2%</b> | <b>+0.45%</b> |

## Group fully-loaded CET1 ratio development during 2Q16 (amounts in EUR bln and %)

|   | Capital     | RWA          | Ratio        | Change        |
|---|-------------|--------------|--------------|---------------|
| <b>Actuals March 2016</b>                         | <b>41.2</b> | <b>318.3</b> | <b>12.9%</b> |               |
| Capital deductions for investments in FI > 10%*** | 0.4         |              |              | +0.13%        |
| Equity stakes*                                    | 0.2         | -2.1         |              | +0.14%        |
| FX  |             | 1.0          |              | -0.03%        |
| RWA & Other***                                    | 0.1         | 1.8          |              | -0.05%        |
| <b>Actuals June 2016</b>                          | <b>41.9</b> | <b>319.1</b> | <b>13.1%</b> | <b>+0.20%</b> |

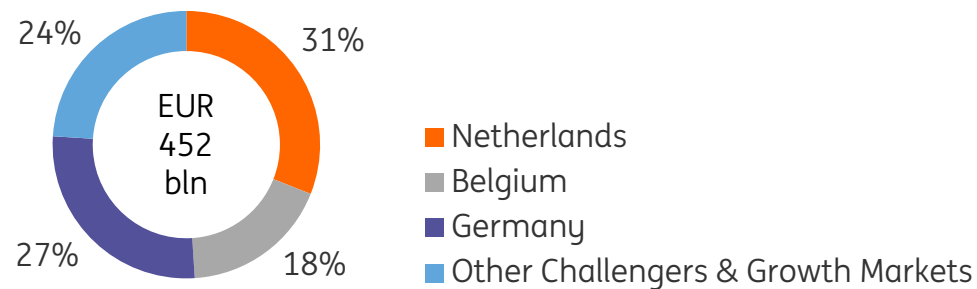
\* Includes higher valuations of Bank of Beijing and Kotak Mahindra (impact of +4 bps) as well as sale of Visa shares. Group additionally impacted by release revaluation reserve and RWAs for NN Group at final sale in April 2016

\*\* Increase RWA includes the positive impact from risk migration (+9 bps), lower market risk-weighted assets (+7 bps) and other including model updates (+2 bps), offset by negative impact of volume growth (-16 bps)

\*\*\* Mainly impacted by final sale of NN Group shares in April 2016. Other RWA increase is due to NN hybrids now being risk-weighted rather than deducted from Tier 1 capital

# We further reduced client savings rates to align with record low interest rates

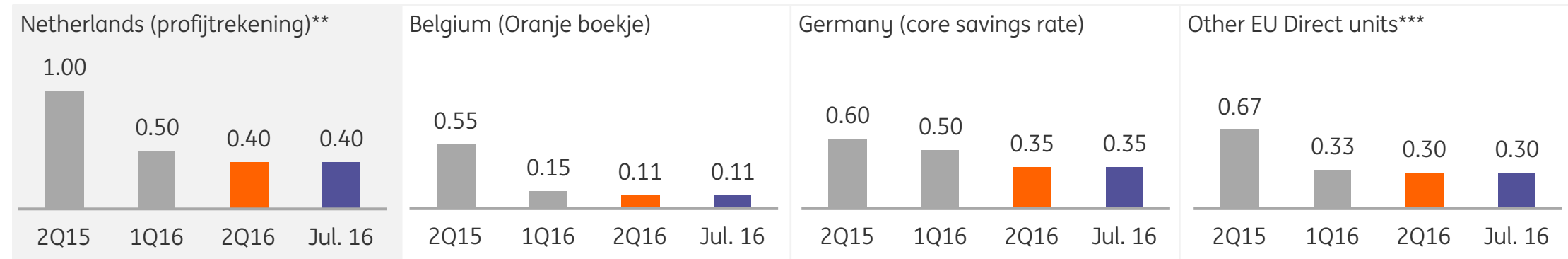
## 2Q16 retail customer deposits, breakdown by segment\*



## We further reduced savings rates in 2Q16

- In 2Q16, we reduced savings rates in the Netherlands, Germany, Italy, Czech Republic, Australia and Romania
- ING further reduced client savings rates in July 2016 in Poland

## Client savings rates



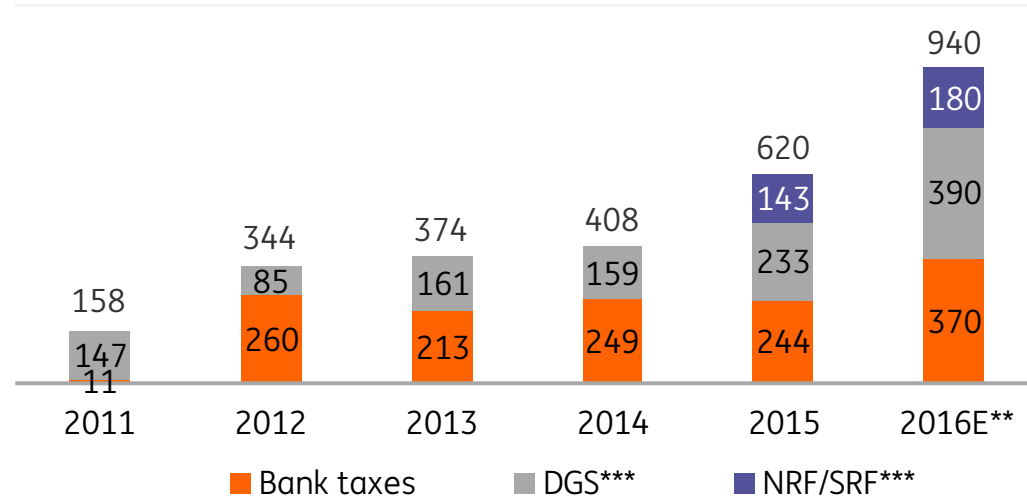
\* Around 80% are savings/deposits and around 20% are current accounts

\*\* Rate for savings up to EUR 25,000 is 40 bps, for savings between EUR 25,000-75,000 is 50 bps and for savings higher than EUR 75,000 is 65 bps

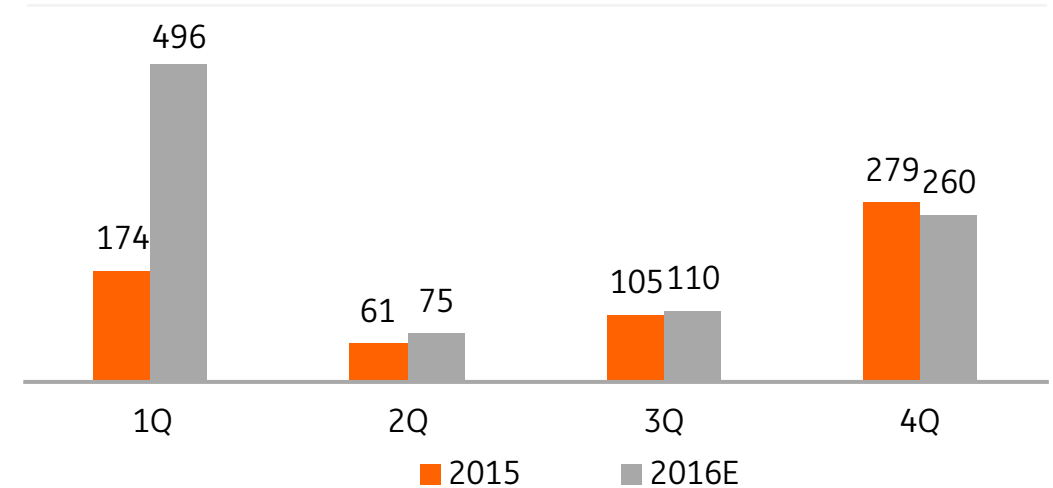
\*\*\* Unweighted average core savings rates in France, Italy and Spain

# Regulatory costs expected to be around EUR 940 mln for 2016

Regulatory costs breakdown by type  
(in EUR mln)\*



Increase regulatory costs in 2016 skewed to the first and fourth quarter\*\* (in EUR mln)



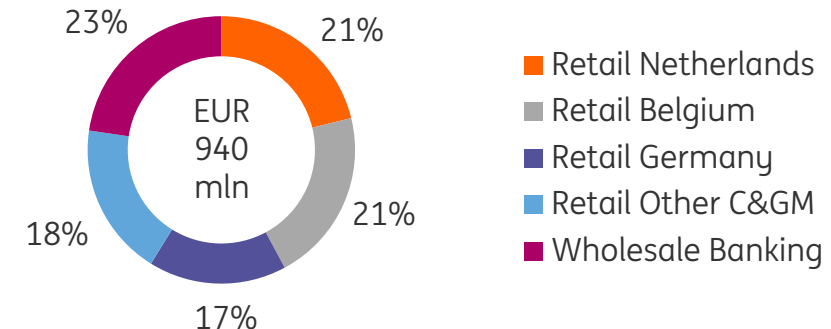
- The estimated 2016 regulatory costs are approximately EUR 940 mln, which is slightly down from our previous estimate of EUR 960 mln
- This is mostly the result of our decision to fulfil some of our SRF contributions via Irrevocable Payment Commitments, partly offset by a small increase in Belgian bank taxes

\* In addition to the regulatory costs in 2014 that were booked in expenses, we paid EUR 304 mln (booked in special items) for the nationalisation of SNS Reaal

\*\* 3Q16 and 4Q16 numbers are estimates and subject to change

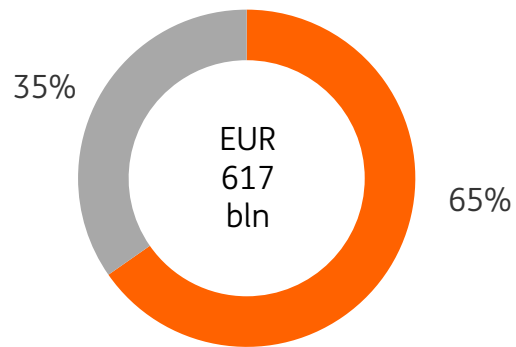
\*\*\* Deposit Guarantee Scheme (DGS) and National Resolution Fund / Single Resolution Fund (NRF/SRF)

Estimated regulatory costs by segment (2016)\*\*



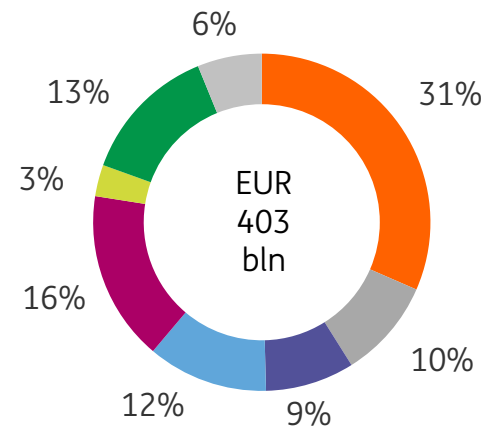
# Lending credit outstandings ING Bank are well diversified, two-thirds is retail

ING Bank\*



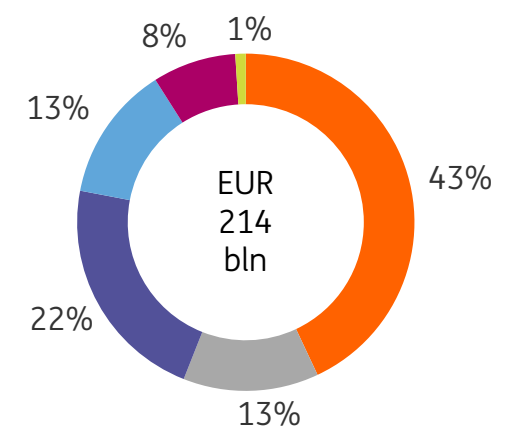
- Retail Banking
- Wholesale Banking

Retail Banking\*



- Mortgages Netherlands
- Other lending Netherlands
- Mortgages Belgium
- Other lending Belgium
- Mortgages Germany
- Other lending Germany
- Mortgages Other C&GM
- Other lending Other C&GM
- General Lease run-off

Wholesale Banking\*



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

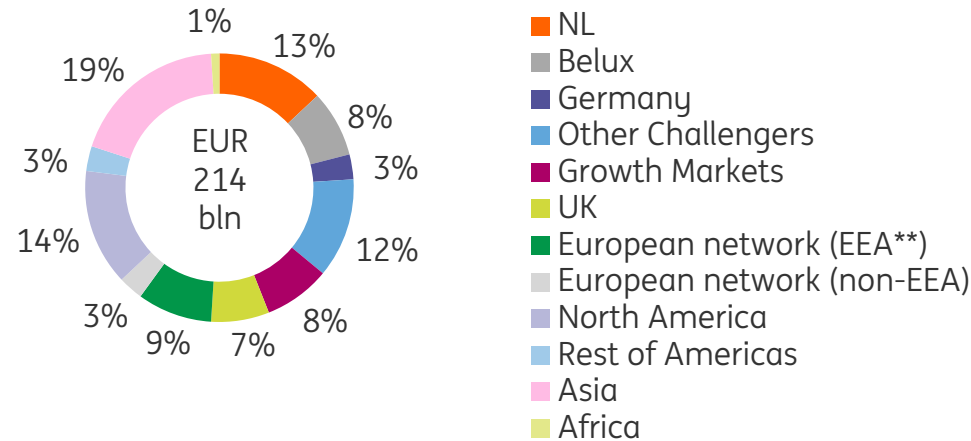
- ING Bank has a well-diversified and collateralised loan book with a strong focus on own-originated mortgages
- 65% of the portfolio is retail-based

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

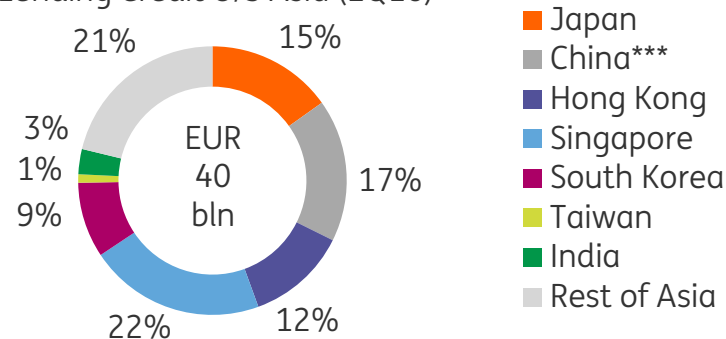
# Lending credit outstandings Wholesale Banking well diversified by geography and sector

## Loan portfolio is well diversified across geographies...

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

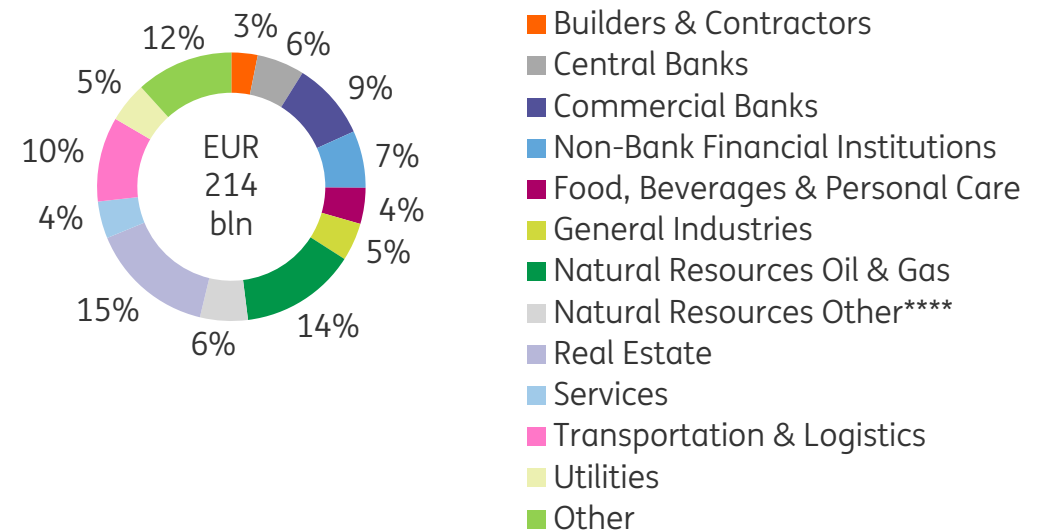


Lending Credit O/S Asia (2Q16)\*



## ...and sectors

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



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

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

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

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

\*\*\*\* Mainly metals and mining

# Wholesale Banking NPL ratio continued to improve in 2Q16

## Selected lending portfolios – risk cost guidance for ING Bank unchanged

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

\* Excluding Ukrainian and Russian Metals & Mining exposure, the NPL ratio is just 2.0%

\*\* Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, NPL ratio is only 1.2%

\*\*\* Turkey includes Retail Banking activities (EUR 11.2 bln)

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



# Lending to the oil & gas industry is well diversified and oil price risk is manageable

|                                   |  | Lending credit O/S |      |   |
|-----------------------------------|--|--------------------|------|---|
|                                   |  | In EUR bln         | In % |   |
| Trade and Commodity Finance       | • Trade-related exposure; short-term self-liquidating trade finance, generally for major trading companies, either pre-sold or price hedged, not exposing the Bank to oil price risk | 13.7               | 44%  | 85% of lending is not directly exposed to oil price risk  |
| Export Finance                    | • ECA covered loans in oil & gas: typically 95-100% credit insured   | 1.7                | 6%   |   |
| Corporate Lending                 | • Corporate Loans in oil & gas sector: predominantly loans to investment grade integrated oil companies  | 5.6                | 18%  |   |
| Midstream                         | • E.g. pipelines, tank farms, LNG terminals, etc.: these assets typically generate revenues from long-term tariff-based contracts, not affected by oil price movements               | 5.3                | 17%  |   |
| Other Offshore Services Companies | • Diversified portfolio of companies active in pipe laying, heavy lifting, subsea services, etc., corporate guaranteed   | 0.7                | 2%   | Somewhat exposed to oil price risk  |
| Offshore Drilling Companies       | • Loans to finance drilling rigs, generally backed by 2-5 yr charter contracts and corporate guaranteed  | 1.0                | 3%   |   |
| Reserve Based Lending*            | • Financing based on borrower's oil & gas assets. Loans secured by reserves of oil & gas. Includes smaller independent oil & gas producers   | 2.8                | 9%   | On EUR 3.8 bln of exposure, we may see higher loan losses due to the oil price decline in the past year |
| Total Oil & Gas related exposure  |  | EUR 30.8 bln       |      |   |

- The EUR 2.7 bln quarter-on-quarter increase in oil & gas exposure was mainly in Trade & Commodity Finance and largely due to higher commodity prices
- ING has very limited activity in oil field services sector in the US; our Reserve Based Lending portfolio is almost entirely senior secured and debt service ranks ahead of other debt and equity

\* Individual RBL clients have different combinations of oil and gas but overall portfolio composition is approximately 60% oil and 40% gas

# Important legal information

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

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

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