ING Group Credit Update 4Q16

Amsterdam ▪ 2 February 2017

thinkforward

ING

Key points

- ING recorded 2016 underlying net profit of EUR 4,976 mln, up 17.9% from 2015
- Strong commercial momentum on the back of an increase in primary customers (> 700,000 during 2016), robust business growth, and continued decline in risk costs
- 4Q16 ING net result (EUR 750 mln) impacted by c. EUR 1.1 bln pre-tax restructuring charge and impairments taken as a special item
- ING Group fully-loaded CET1 ratio rose to 14.2%, well above prevailing fully-loaded regulatory requirements
- ING Bank underlying return on equity was 11.6% for 2016, up from 10.8% in 2015; ING Group underlying return on equity at 10.1% for the full year
- At the end of January 2017, the Single Resolution Board (SRB) has decided to support the designation of ING Group as the point of entry

Ambition 2020 – ING Group Financial Targets

		Actual 2015	Actual 2016	Ambition 2020*
Capital	• CET1 ratio (%)	12.7%	14.2%	> Prevailing fully-loaded requirements**
	• Leverage ratio (%)	4.4%	4.8%	> 4%
Profitability	• Underlying C/I ratio (%)	55.9%	54.2%	50-52%
	• Underlying ROE (%) (IFRS-EU Equity)	8.6%	10.1%	Awaiting regulatory clarity
Dividend	• Dividend (per share)	EUR 0.65	EUR 0.66	Progressive dividend over time

* Ambition 2020 financial targets based on assumption of low-for-longer interest rate environment in the eurozone
** Currently estimated to be 11.75%, plus a comfortable management buffer (to include Pillar 2 Guidance)

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Business profile and strategy

We have a well-diversified portfolio with strong profitability

Retail Banking
- We use technology to offer a differentiating experience to our customers
- Distribution increasingly through mobile devices which requires simple product offering

Market Leaders
Netherlands, Belgium / Luxembourg

Challengers
Germany / Austria, Czech Republic, Spain / Portugal, Italy, France and Australia

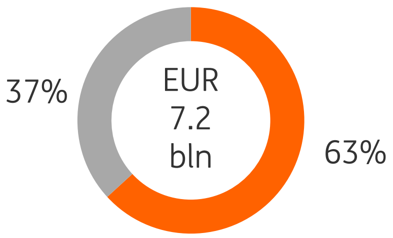
Growth Markets
Poland, Turkey, Romania and Asian bank stakes

Wholesale Banking International Network

Wholesale Banking
- Our business model is the same throughout our global WB franchise of more than 40 countries
- We focus on top-end corporates, including domestic blue chips and multinationals, and Financial Institutions

Underlying result before tax*

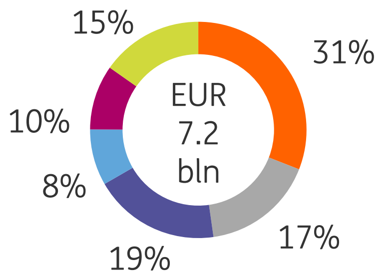
2016



Retail Banking
Wholesale Banking

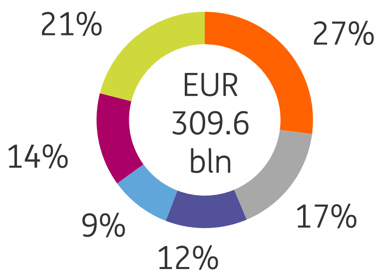
Underlying result before tax**

2016



RWA (end of period)**

2016

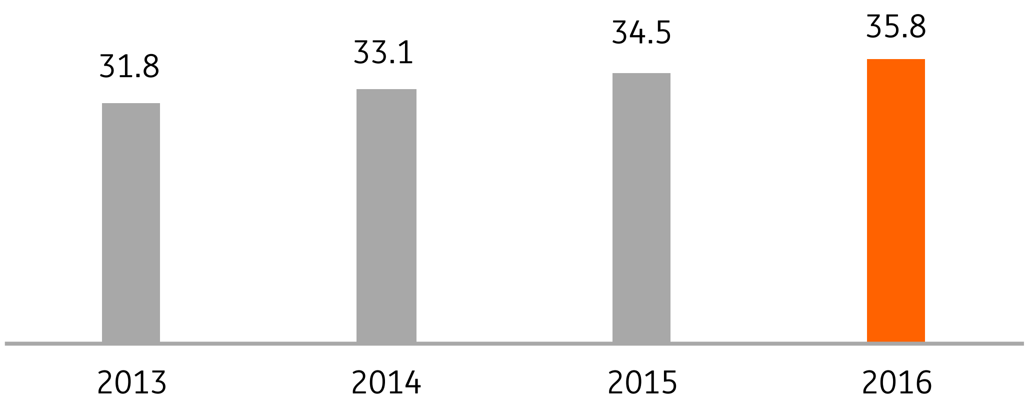


Netherlands | Belgium | Germany | Other Challengers | Growth Markets | WB Rest of World

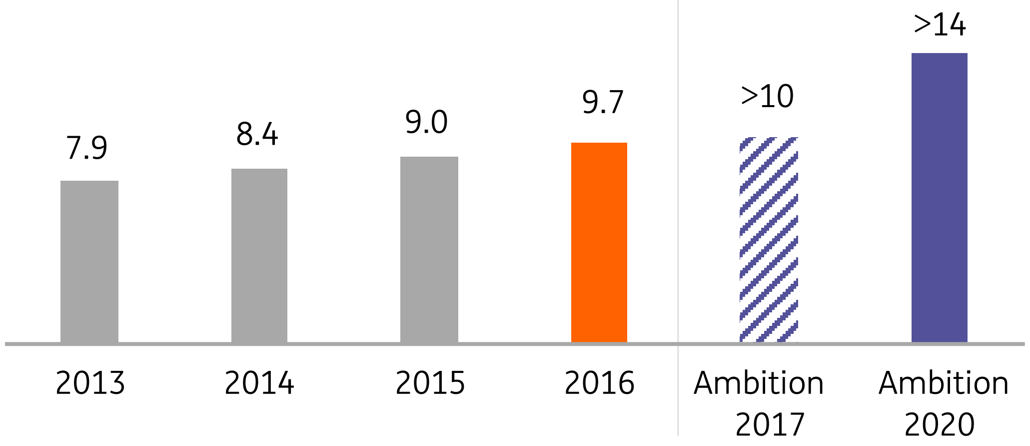
* As per business line split; segment “Corporate Line” not shown on slide. The underlying result before tax for this segment was EUR -219 mln in 2016
** As per geographical split; segment "Other" not shown on slide. For this segment (Corporate Line and Real Estate run-off portfolio), the underlying result before tax was EUR -197 mln in 2016 and RWA was EUR 2.5 bln at year-end

Our focus on primary customer relationships drives value

ING currently serves ~36 mln retail customers (in mln)



Targeting > 14 mln primary customers by 2020 (in mln)



ING Bank core lending

2016 net growth

+6.5%

EUR **+34.8** bln

ING Bank customer deposits

2016 net growth

+5.6%

EUR **+28.5** bln

Net Promoter Scores (NPS)

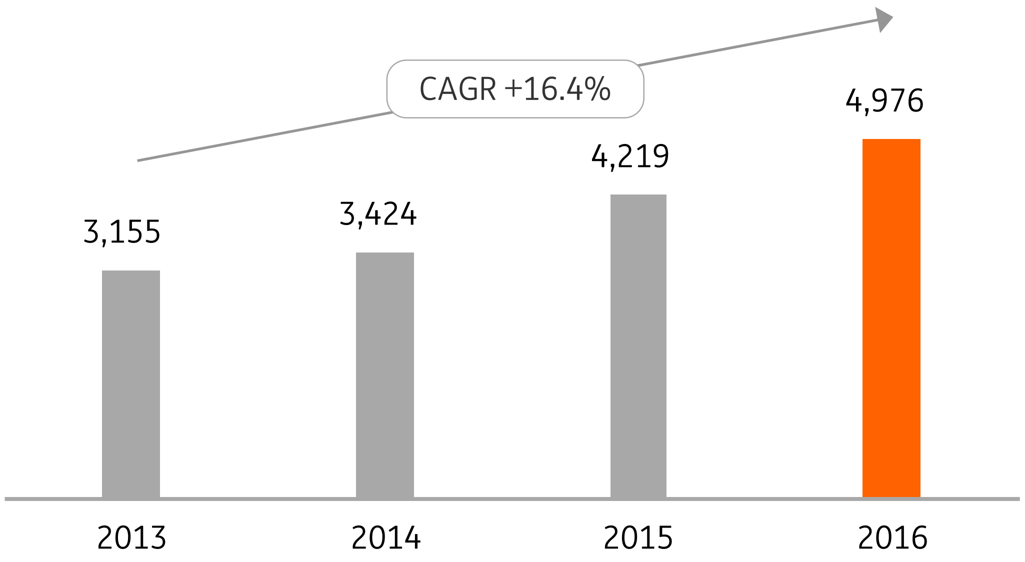
As per 4Q16

#1 in **7** of 13 retail countries

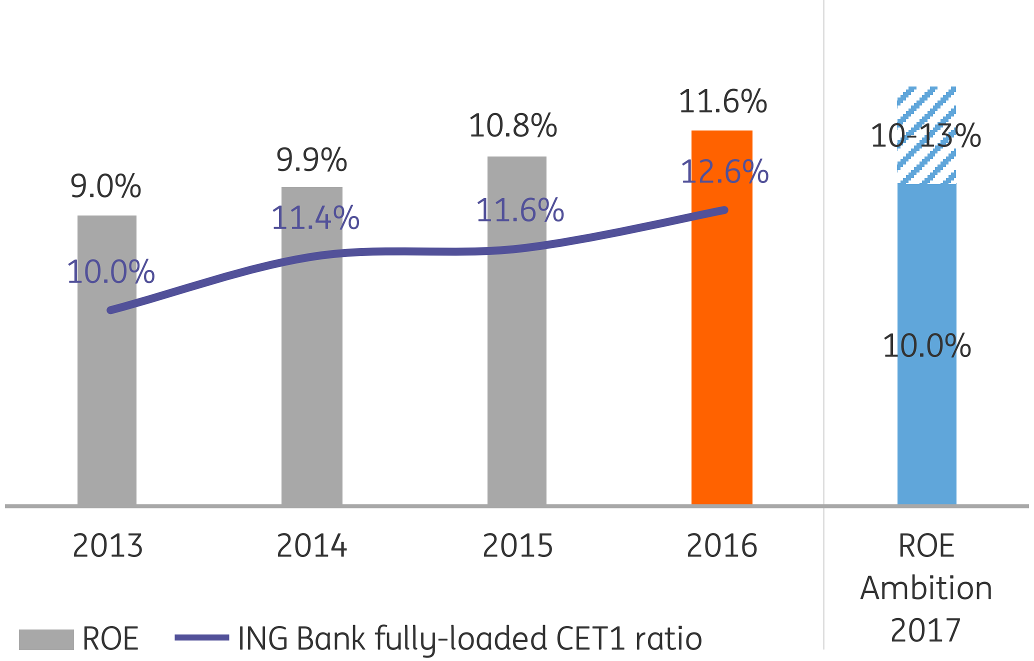
ING

Think Forward strategy delivered strong results in 2016

Underlying net result ING Bank (in EUR mln)



Underlying ROE ING Bank within target range (in %)



- Underlying net profit rose to EUR 4,976 mln, up 17.9% from 2015, notwithstanding headwinds from lower reinvestment yields
- ING Bank's underlying return on equity in 2016 improved to 11.6%, despite higher ING Bank CET1 capital

Transformation programmes improving customer experience and bringing further efficiency gains

Four major digital transformation programmes

"Orange Bridge"

Integrated universal banking platform in Belgium and the Netherlands
- Dialogue with stakeholders ongoing

"Model Bank"

Joint best-in-class digital platform and expansion of product capabilities
- Strategy and scope of first release agreed between countries
- Established project team in Spain

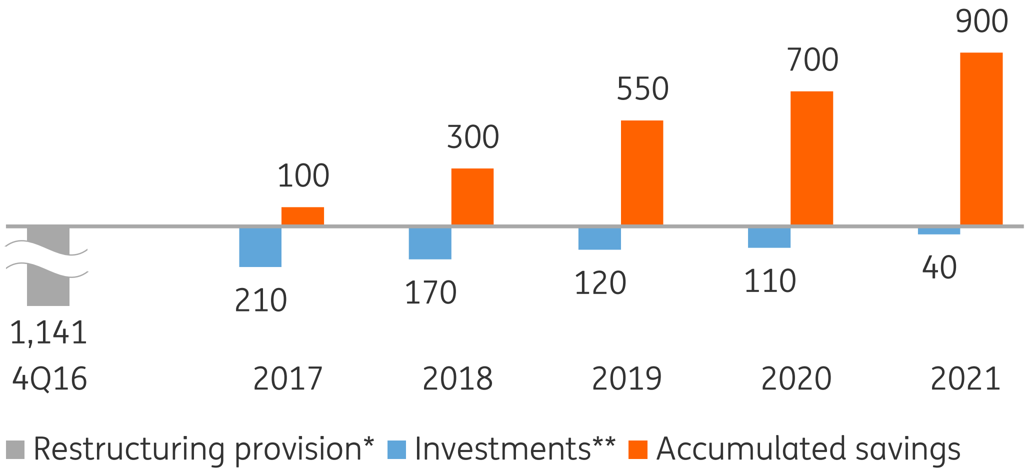
"Welcome"

In Germany, delivery of new omnichannel digital capabilities
- Introduced Multibanking App
- First processes digitised

"WB TOM"

- Single global platform for Wholesale
- Further roll-out of InsideBusiness, increased use of Global Services & Operations

Estimated impact of digital transformation programmes (in EUR mln)



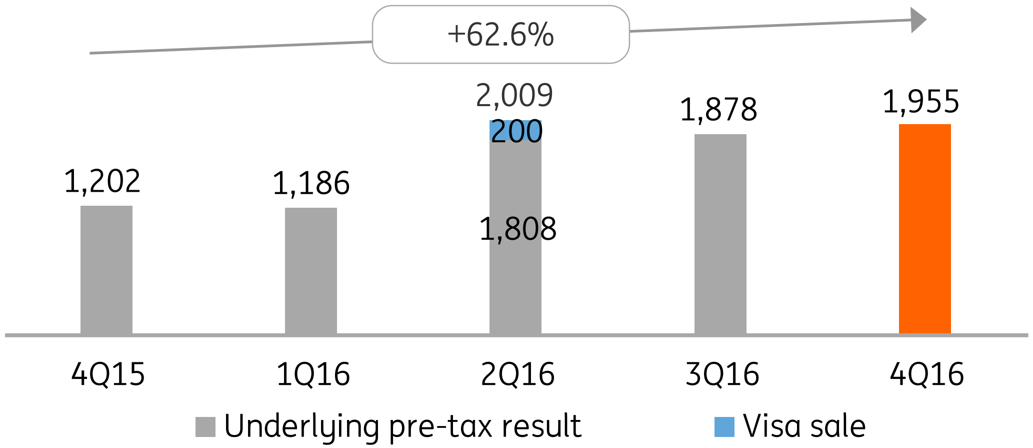
- EUR 1,141 mln pre-tax restructuring provisions booked as special items in line with previous guidance
- Estimated annual gross cost savings of EUR 900 mln by 2021
- Around 7,000 FTEs impacted

All projects described are proposed intentions of ING. No formal decisions will be taken until the information and consultation phases with the Work Councils have been properly finalised
* Special items pre-tax of EUR -1,141 mln (EUR -787 mln after tax), consisting of a pre-tax restructuring provision of EUR 1,032 mln and impairments on legacy IT systems and real estate of EUR 109 mln pre-tax. The remaining EUR 0.1 bln of restructuring provisions will be booked later as a special item
** Defined as incremental expenses from new announced programmes and includes project expenses, depreciation and amortisation of new IT assets, as well as impacts from impairments of legacy IT systems

Update 4Q16 results

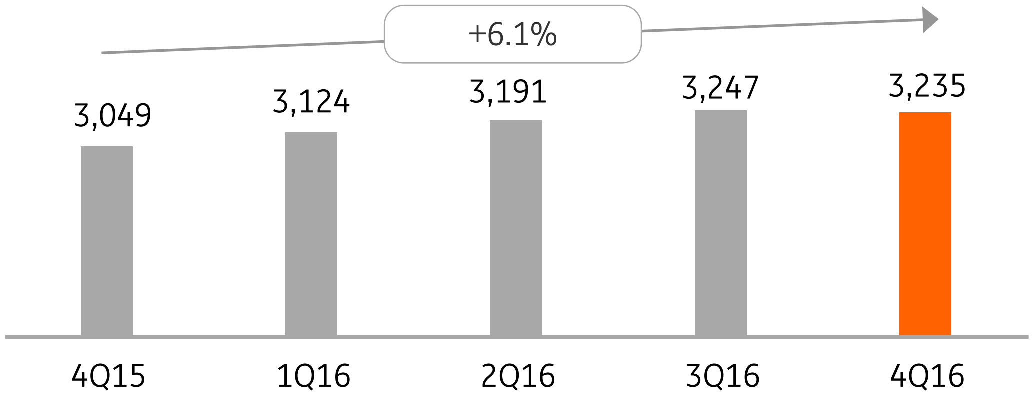
Strong fourth-quarter results reflecting resilient NII

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

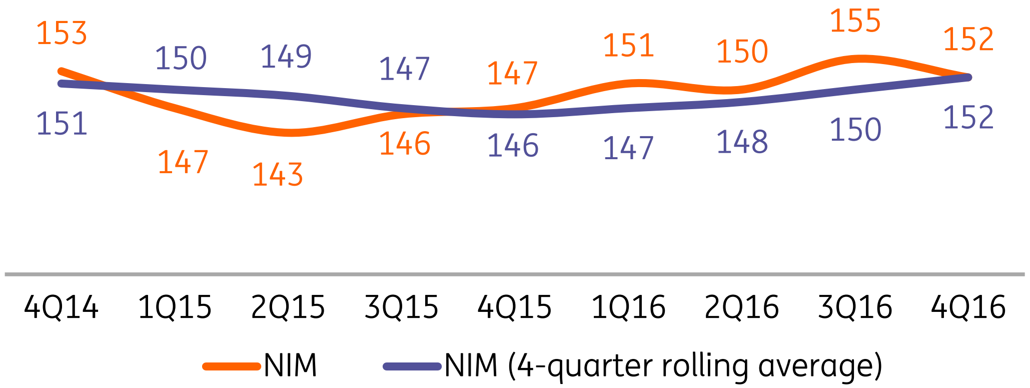


- 4Q16 underlying pre-tax profit up 62.6% year-on-year and 4.1% versus 3Q16
- NII was broadly flat versus 3Q16 due to:
  - Continued volume growth in both mortgages and Wholesale Banking lending
  - Stable lending margins but pressure on both savings and current account margins
- NIM is down 3 bps versus 3Q16 of which almost 2 bps is explained by lower FM interest income

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

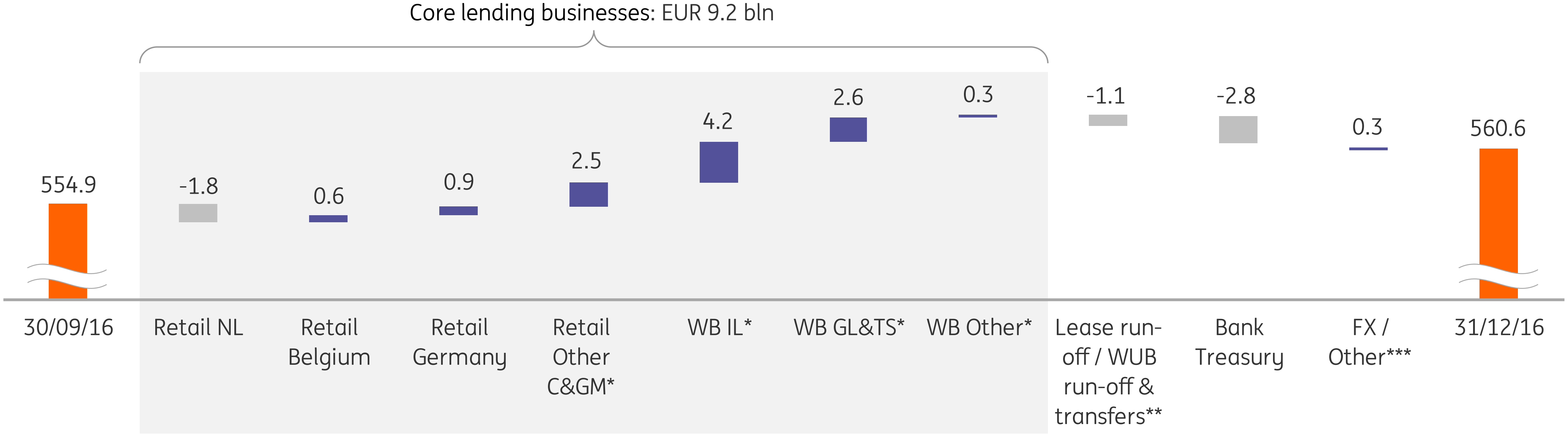


NIM trend reflects volatility in FM interest result (in bps)



Our core lending franchises grew by EUR 9.2 bln in 4Q16

Customer lending ING Bank 4Q16 (in EUR bln)



- Our core lending franchises grew by EUR 9.2 bln in 4Q16:
  - Wholesale Banking increased by EUR 7.1 bln which is driven by Industry Lending (partly due to rising commodity prices in Trade & Commodity Finance) and Working Capital Solutions
  - Retail Banking increased by EUR 2.1 bln, mainly in the Other Challengers & Growth Markets

* C&GM is Challengers & Growth Markets; IL is Industry Lending; GL&TS is General Lending & Transaction Services; WB 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
*** FX impact was EUR +2.7 bln and Other EUR -2.3 bln

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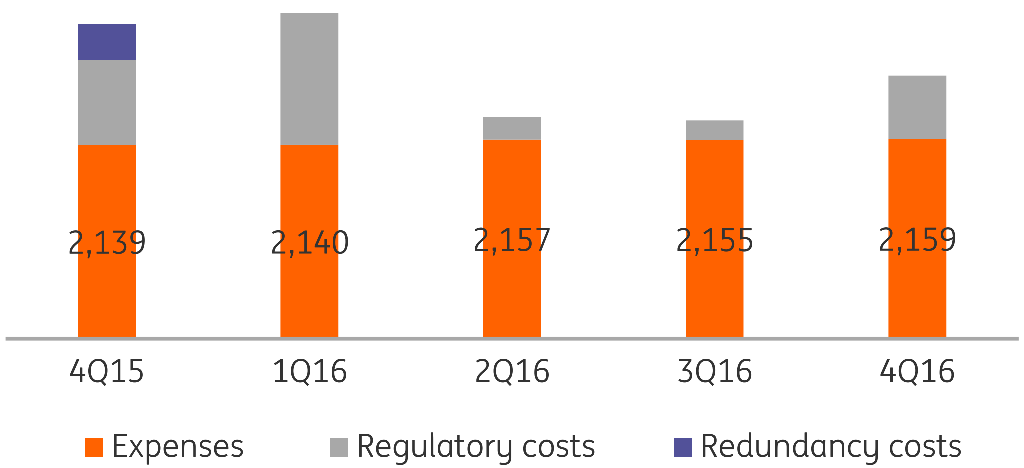
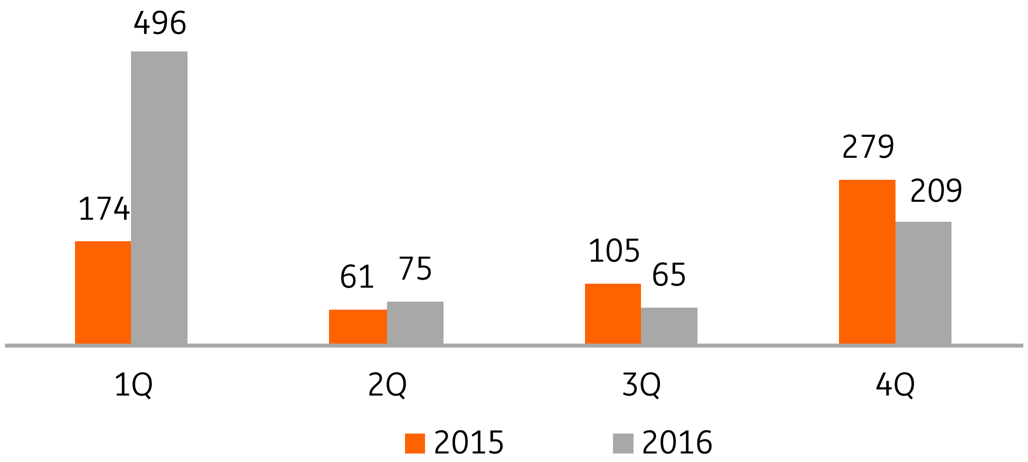
Underlying operating expenses remained stable

Underlying operating expenses (in EUR mln)

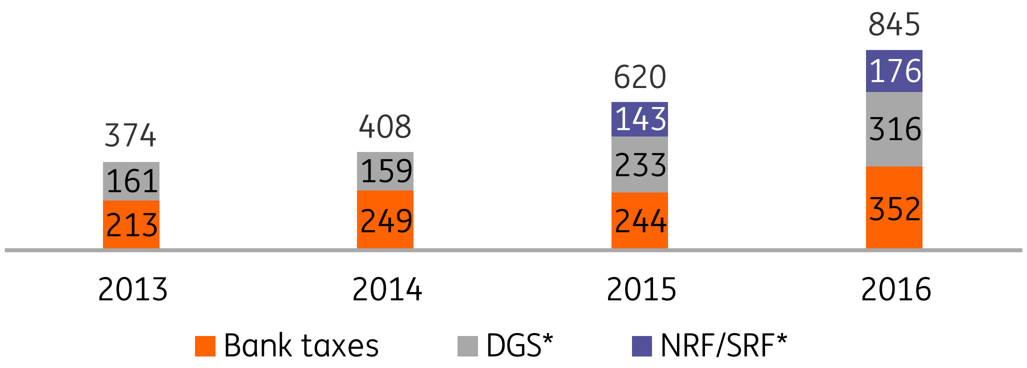


- Underlying expenses remained broadly flat year-on-year and sequentially
- 2016 regulatory costs totaled EUR 845 mln, down slightly from our previous estimate of EUR 900 mln. Lower regulatory costs were supported by a refund on DGS contributions in Germany

Regulatory costs experience seasonality (in EUR mln)



Regulatory costs split by type (in EUR mln)

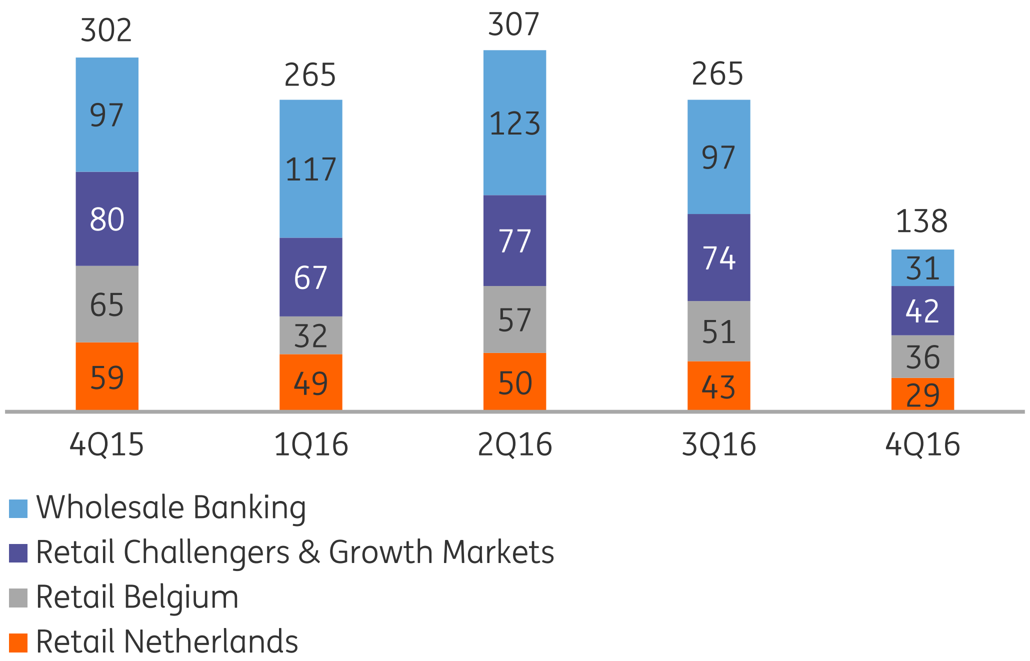


* Deposit Guarantee Scheme (DGS) and National Resolution Fund / Single Resolution Fund (NRF/SRF)

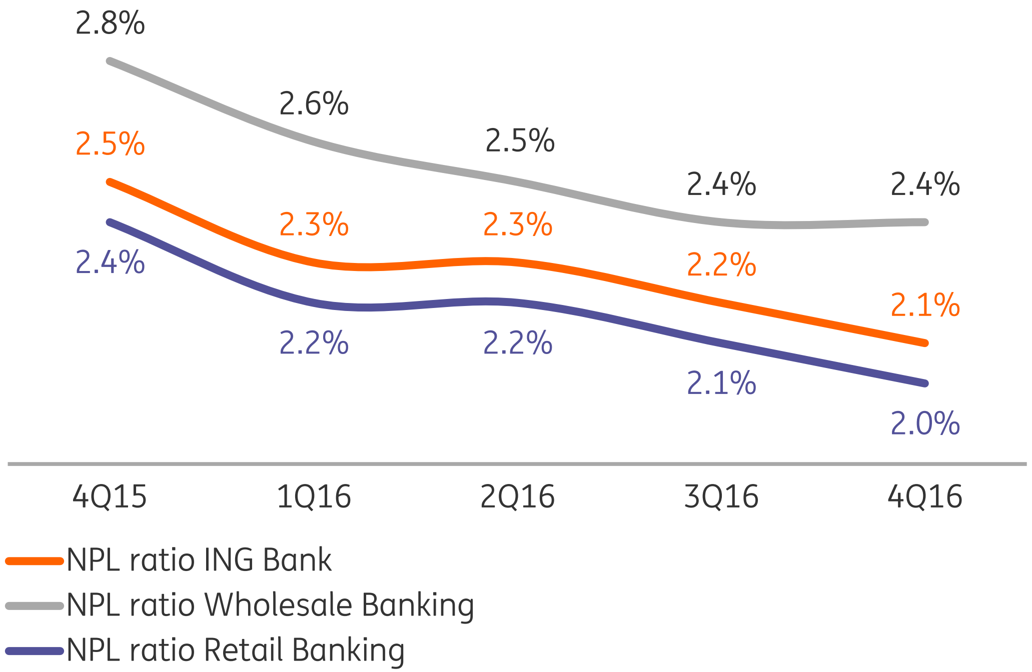
Asset quality

Risk environment benign; NPLs trending down

Risk costs (in EUR mln)



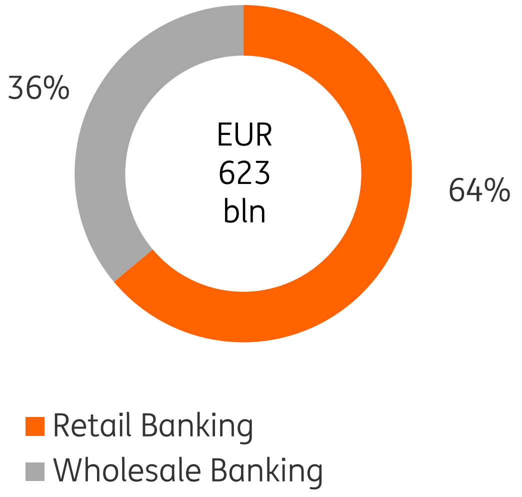
NPL ratio (in %)



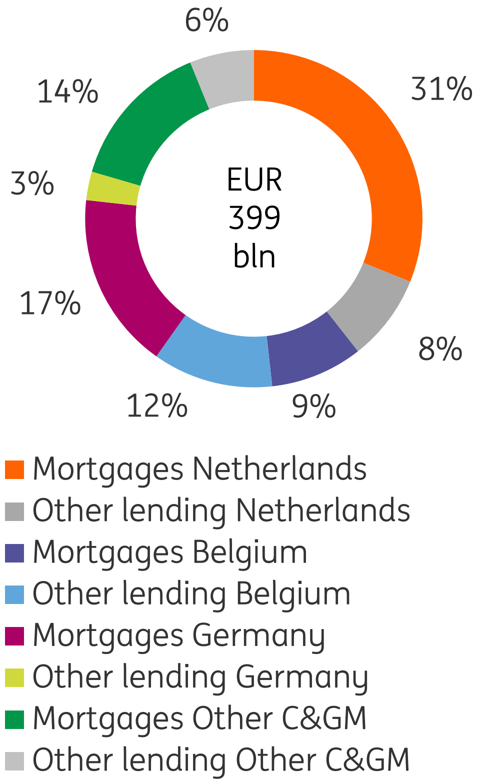
- 4Q16 risk costs were EUR 138 mln, or 18 bps of average RWA, well below the 40-45 bps through-the-cycle average
- The decline versus 3Q16 was flattered by a release in German mortgages and WB releases in Ukraine and Spain
- NPL ratio down slightly to 2.1%, with improvements in both Retail Benelux and Retail Challengers & Growth Markets

Lending credit outstandings are well diversified

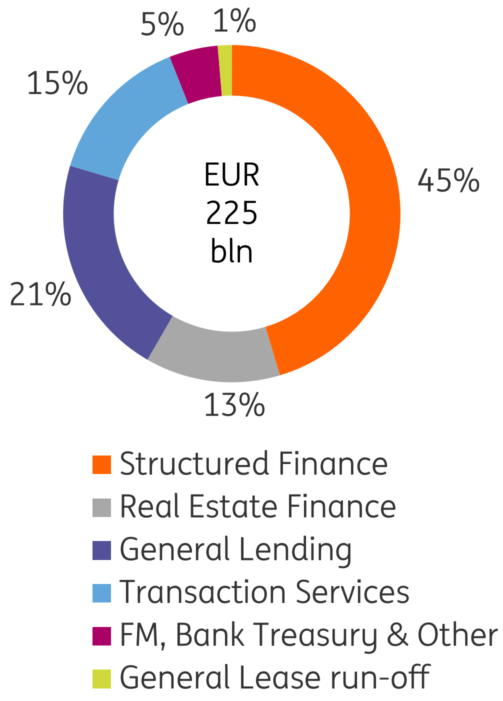
ING Bank*



Retail Banking*



Wholesale Banking*



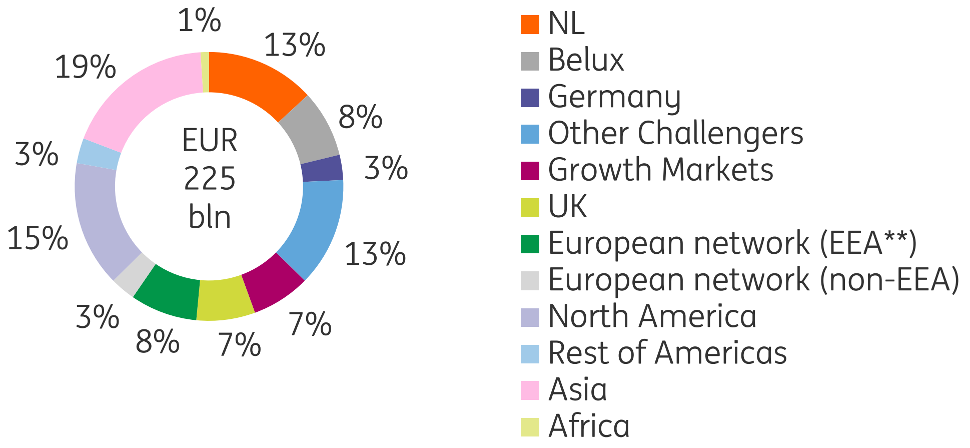
- ING Bank has a well-diversified and collateralised loan book with a strong focus on own-originated mortgages
- 64% of the portfolio is retail-based

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

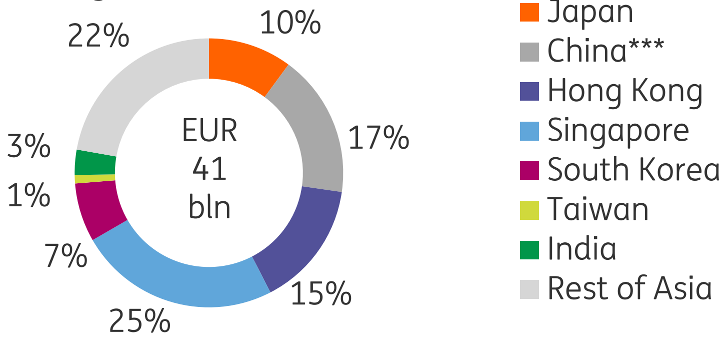
Lending credit outstandings Wholesale Banking well diversified by geography and sector

Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (4Q16)*

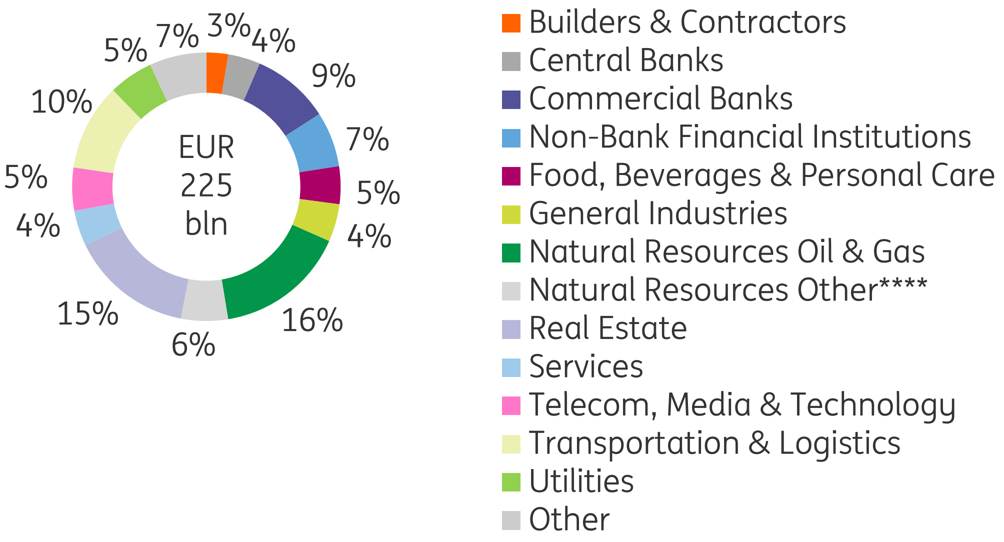


Lending Credit O/S Asia (4Q16)*



…and sectors

Lending Credit O/S Wholesale Banking (4Q16)*



* Data is based on country of residence, Lending Credit O/S include guarantees and letters of credit
** Member countries of the European Economic Area (EEA)
*** Excluding our stake in Bank of Beijing (EUR 2.9 bln at 31 December 2016)
**** Mainly Metals & Mining

Detailed NPL disclosure on selected lending portfolios

Selected lending portfolios

	Lending credit O/S 4Q16	NPL ratio 4Q16	Lending credit O/S 3Q16	NPL ratio 3Q16	Lending credit O/S 4Q15	NPL ratio 4Q15
Wholesale Banking	**224,916**	**2.4%**	**215,779**	**2.4%**	**200,717**	**2.8%**
Industry Lending	131,221	2.4%	121,257	2.4%	112,746	2.9%
Of which Structured Finance	102,084	2.3%	92,941	2.3%	85,799	2.2%
Of which Real Estate Finance	29,137	2.7%	28,316	2.9%	26,700	4.8%
Selected industries*						
Oil & Gas related	36,277	2.1%	31,335	2.5%	29,086	1.8%
Metals & Mining**	14,892	5.0%	13,885	5.6%	14,224	6.4%
Shipping & Ports***	14,668	5.3%	13,498	4.9%	12,535	3.7%
Selected countries						
Turkey****	18,262	3.1%	18,875	2.5%	19,328	1.8%
China*****	7,021	0%	6,148	0%	7,560	0%
Russia	5,100	3.2%	5,614	2.8%	5,752	2.9%
Ukraine	1,162	44.8%	1,138	56.0%	1,286	53.9%

* Includes WB Industry Lending, General Lending (CFIL) and Transaction Services
** Excluding Ukrainian and Russian Metals & Mining exposure, the NPL ratio would be just 1.6%
*** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, NPL ratio is only 2.2%
**** Turkey includes Retail Banking activities (EUR 9.5 bln)
***** China exposure is excluding Bank of Beijing stake

Lending to the broader Oil & Gas industry is largely short-term

Lending Credit O/S ING Bank to Oil & Gas industry (in EUR bln)

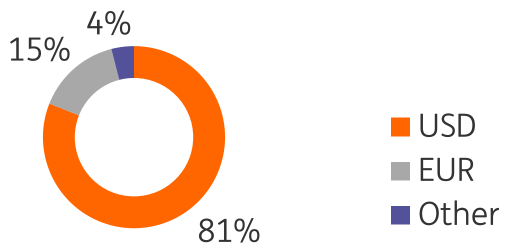
	4Q16	4Q15	Change 4Q-4Q	3Q16	Change 4Q-3Q
Total Lending Credit O/S	36.3	29.1	7.2	31.3	4.9

NPL ratio and coverage ratio Oil & Gas

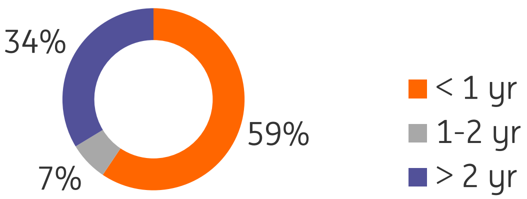
	4Q16	4Q15	3Q16
NPL ratio	2.1%	1.8%	2.5%
Coverage ratio	33%	21%	31%

- Both risk costs and NPL ratio decreased from 3Q16
- Our sub-investment grade portfolio is mostly senior secured and debt service ranks ahead of other debt and equity
- The increase in Oil & Gas outstandings are mainly caused by USD appreciation and increased oil price, as well as higher volume and new business

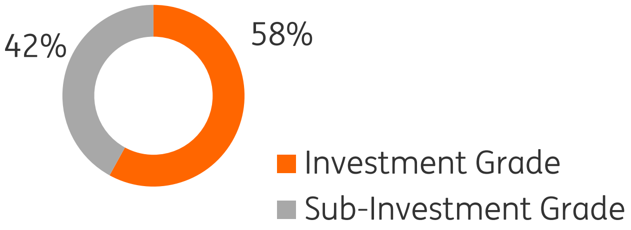
Lending outstanding per currency



Lending breakdown by maturity



Lending outstanding by rating



Lending to Metals & Mining industry is well diversified

Lending Credit O/S ING Bank to Metals & Mining (in EUR bln)

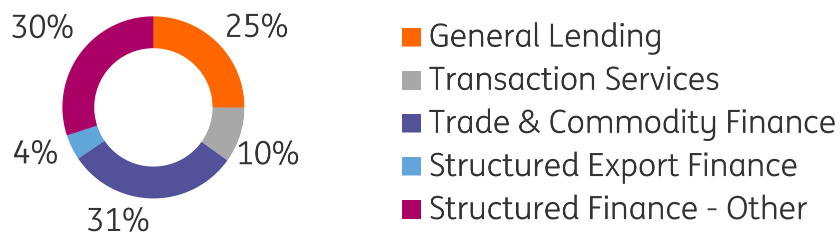
	4Q16	4Q15	Change 4Q-4Q	3Q16	Change 4Q-3Q
Total Lending Credit O/S*	14.9	14.2	0.7	13.9	1.0

NPL ratio and coverage ratio Metals & Mining

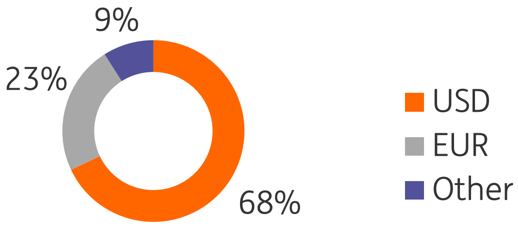
	4Q16	4Q15	3Q16
NPL ratio	5.0%	6.4%	5.6%
Coverage ratio	43%	42%	44%

- Metals & Mining lending portfolio is well diversified in terms of underlying commodities, type of product, type of exposures, structures and duration
- Increased Lending Credit outstandings fully explained by USD appreciation
- Around 30% is short-term self-liquidating trade finance and not sensitive to price risk
- Around 71% of the NPLs are related to our exposure to the Ukraine (around 52%) and Russia (around 18%). Excluding the Ukrainian and Russian exposure, the NPL ratio is 1.5%

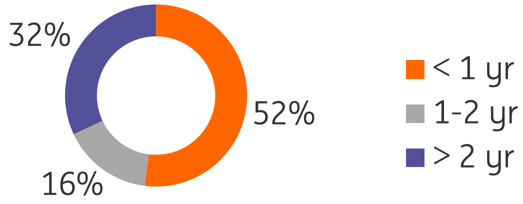
Lending outstanding by segment



Lending outstanding per currency



Lending breakdown by maturity



* Approximately EUR 1.7 bln is Retail Banking

The quality of our Russian portfolio remains strong

Exposure ING Bank to Russia (in EUR mln)

	4Q16	4Q15	Change 4Q-4Q	3Q16	Change 4Q-3Q
Total Lending Credit O/S	5,100	5,752	-652	5,614	-514
Other*	219	361	-142	629	-410
Total outstanding	**5,319**	**6,113**	**-794**	**6,243**	**-924**
Undrawn committed facilities	1,221	841	380	534	687

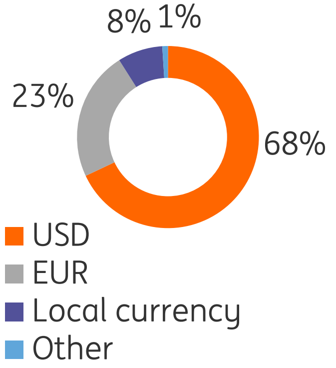
Note: data based on country of residence

NPL ratio and coverage ratio Russia

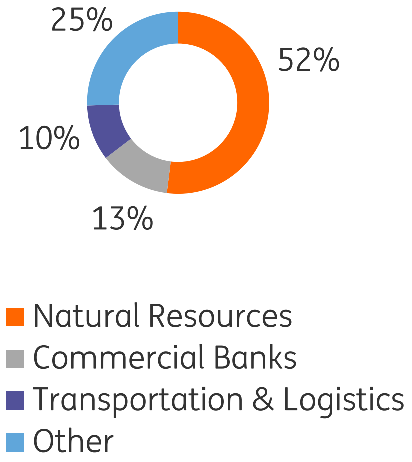
	4Q16	4Q15	3Q16
NPL ratio	3.2%	2.9%	2.8%
Coverage ratio	18%	18%	19%

- Total outstanding to Russia decreased by EUR 0.8 bln from 4Q15 and by EUR 0.9 bln from 3Q16, explained by a drop in short-term FI lending
- The lending exposure to Russia covered by Export Credit Agencies (ECA) is approximately EUR 0.8 bln
- Focus on mitigated exposures: ECA-covered, pre-export facilities, offshore collateralised and shorter tenors
- The quality of the portfolio remains strong with the NPL ratio unchanged at 3%

Lending outstanding per currency



Lending breakdown by industry



* Other includes investments, trading exposure and pre-settlement

Ukraine portfolio weak but stabilising

Exposure ING Bank to Ukraine (in EUR mln)

	4Q16	4Q15	Change 4Q-4Q	3Q16	Change 4Q-3Q
Total Lending Credit O/S	1,162	1,286	-124	1,138	24
Other*	-1	-2	1	-3	2
Total outstanding	**1,161**	**1,285**	**-124**	**1,135**	**26**
Undrawn committed facilities	31	33	-2	66	-35

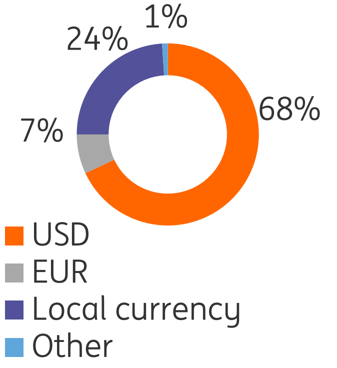
Note: data based on country of residence

NPL ratio and coverage ratio Ukraine

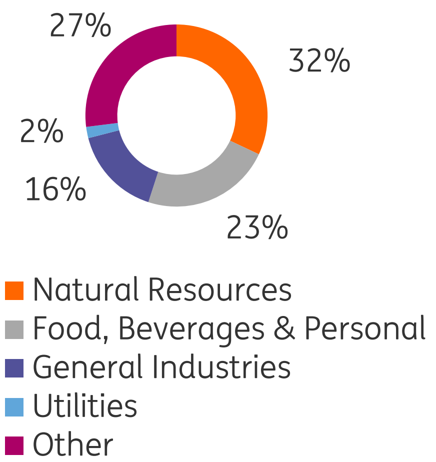
	4Q16	4Q15	3Q16
NPL ratio	45%	54%	56%
Coverage ratio	60%	60%	68%

- The NPL ratio improved from 56% in 3Q16 to 45% in 4Q16, having reached a bottom from a provisioning perspective
- Ukraine benefitted from releases of provisions for 4Q16

Lending outstanding per currency



Lending breakdown by industry

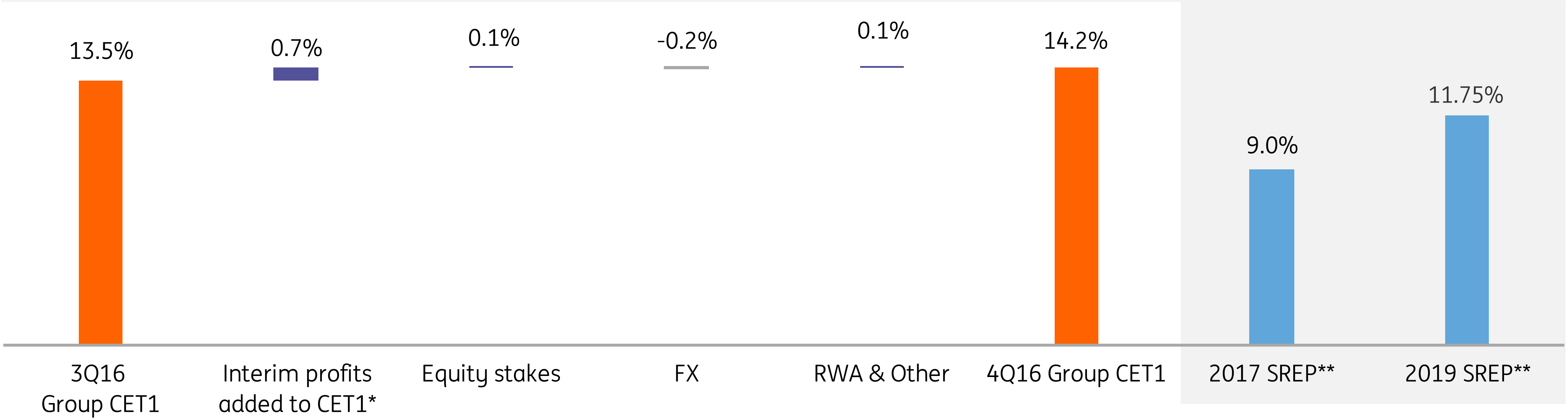


* Other includes investments, trading exposure and pre-settlement

Group and Bank capital

ING Group CET1 ratio at 14.2%

ING Group fully-loaded CET1 ratio development

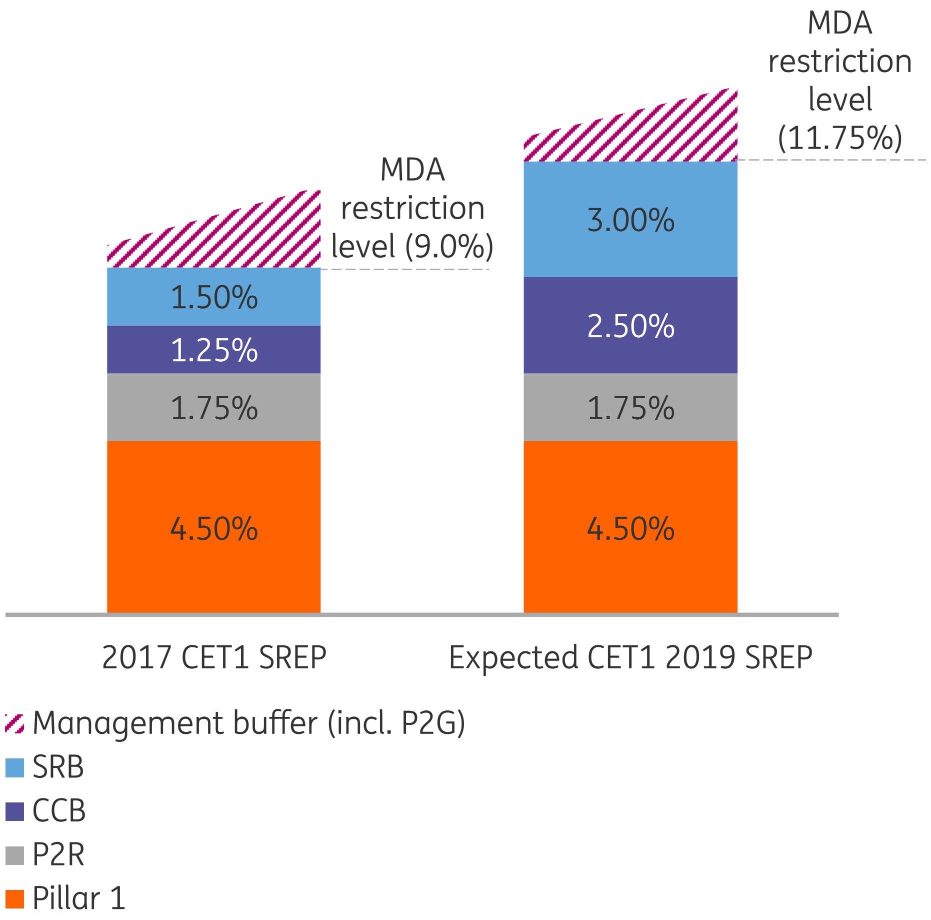


- ING Group's 4Q16 fully-loaded CET1 ratio rose to 14.2% mainly due to interim profits added to capital (excl. EUR 1,629 mln set aside for final dividend)
- ING's 2017 SREP (CET1) requirement has been reduced to 9.0% (including phased-in SRB) and is expected to be 11.75% fully-loaded by 2019, excluding Pillar 2 Guidance
- The full-year dividend proposal is EUR 0.66 per share which reflects regulatory uncertainty and growth opportunities

* Group interim profits at end-3Q16 (EUR 2,970 mln) and 4Q16 Group net profit (EUR 750 mln) after deduction of proposed final dividend payment (EUR 1,629 mln) have been included in Group CET1 capital
** Plus a comfortable management buffer (to include Pillar 2 Guidance)

ING Group’s 2016 SREP process completed

ING Group SREP and Ambition

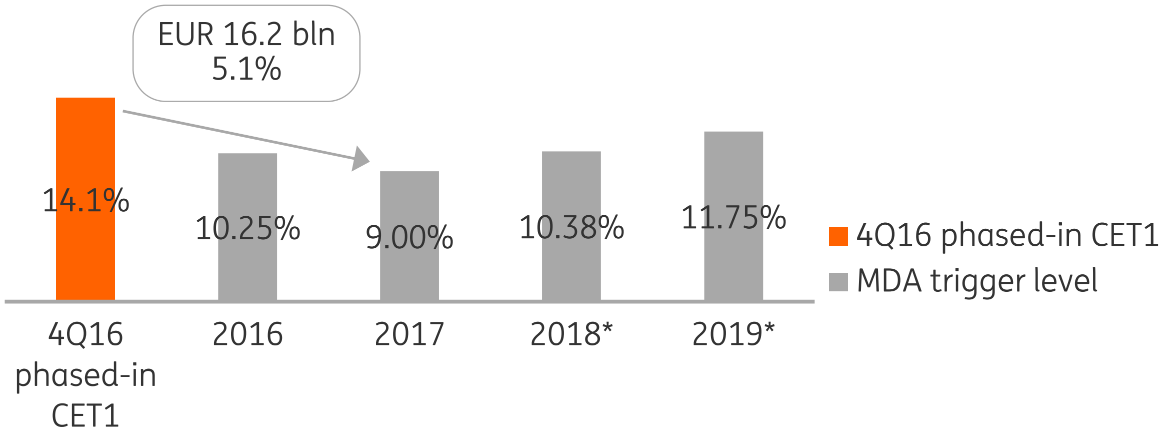


2016 SREP (Supervisory Review and Evaluation Process)

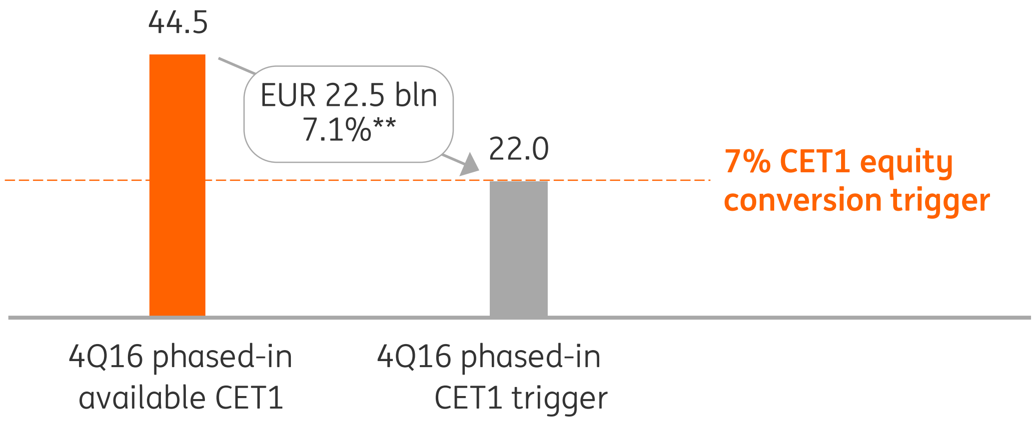
- ING Group has been notified of the European Central Bank (ECB) decision on the 2016 SREP which will set the capital requirements for 2017
- A 9.0% phased-in CET1 ratio requirement applies for 2017, of which:
  - 4.50% Pillar 1 minimum (P1)
  - 1.75% Pillar 2 Requirement (P2R)
  - 1.25% Capital Conservation Buffer (CCB)
  - 1.50% Systemic Risk Buffer (SRB)
  - Excluding Pillar 2 Guidance (P2G)
- A fully-loaded 11.75% CET1 requirement is expected for 2019 as the CCB and SRB are scheduled to phase-in over the coming years to 2.5% and 3.0%, and assuming no change in P2R
- ING Group’s CET1 Ambition is to remain above the prevailing fully-loaded requirements plus a comfortable management buffer (to include Pillar 2 Guidance)

Additional Tier 1: comfortable buffers to triggers

Buffer to MDA 4Q16



Buffer to Conversion Trigger 4Q16 (in EUR bln)



Buffer to MDA	• MDA restrictions will apply if ING Group breaches Combined Buffer Requirements (CBR) • Under the new MDA framework, ING's trigger level has declined from 10.25% in 2016 to 9.0% in 2017 and is expected to rise to 11.75% in 2019 under the assumption Pillar 2 requirements will remain the same. This includes the 1.75% Pillar 2 Requirement and excludes Pillar 2 Guidance • As per year-end 2016, the buffer to the 2017 MDA restriction level is EUR 16.2 bln or 5.1% of RWAs • This excludes EUR 1.6 bln of interim profits that we have set aside for the 2016 final dividend payment
Buffer to Conversion Trigger	• The ING Group phased-in capital buffer to conversion trigger (7% CET1) is high at EUR 22.5 bln
Available Distributable Items* **	• AT1 discretionary distributions may only be paid out of distributable items • As per year-end 2015, ING Group had EUR 36.2 bln of available distributable items (~80x the FY15 coupon payments on Tier 1 capital), largely stable compared to the EUR 36.0 bln at year-end 2014

*Subject to SREP process, assumes no change in P2R
** Difference between 14.1% ING Group phased-in CET1 ratio in 4Q16 and 7% CET1 equity conversion trigger
*** Available Distributable Items for year-end 2016 will be available in the consolidated annual accounts

HoldCo resolution strategy

ING well positioned for TLAC issuance plans

Strong current capital position....	...which provides flexibility for TLAC issuance plans
• ING maintains strong CET1 ratio	• ING Group fully-loaded CET1 ratio at 14.2%
• Steady state and TLAC needs are moderate	• ING Group currently has a TLAC shortfall of EUR 10-15 billion
• Strong capital generation capacity	• Generated 147 bps of ING Group fully-loaded CET1 capital in 2016
• ING amongst the highest rated HoldCo issuers	• HoldCo rated Baa1 / A- / A+
• Execution of current TLAC plans may provide rating upside	• *"We could raise our rating on ING Bank if the bank built in the next two years a sizable buffer of securities, which could be bailed-in in resolution"* – S&P*
• Business model has limited exposure to volatile investment banking activities	• ING's Wholesale Banking portfolio consists mainly of Industry Lending, General Lending and Transaction Services

* Most recent S&P credit opinion published 28/12/2016

New legislation focuses on loss absorbing capacity

Loss absorbing capacity

- Regulators have added total loss-absorbing capacity (TLAC) and (in the EU) minimum requirement for own funds and eligible liabilities (MREL) to the post-crisis regulatory reform aimed at ending too-big-to-fail
- Regulators are now looking to ensure that banks' liability structures provide sufficient TLAC and MREL to absorb losses and facilitate the recapitalisation of the bank in the event of resolution

TLAC

- Scope: G-SIBs
- Implementation:
  - 1/1/2019: the higher of 16% RWA or 6% of Basel 3 leverage exposures
  - 1/1/2022: the higher of 18% RWA or 6.75% of Basel 3 leverage exposures
- Buffer requirements will come on top of the RWA requirement*:
  - ING Group: 2.5% Capital Conservation Buffer + 3% Systemic Risk Buffer
- Home authorities of resolution entities could apply additional firm-specific requirements
- TLAC instruments should be subordinated to excluded liabilities

MREL

- Scope: EU banks
- Two components:
  - Loss absorption amount
  - Recapitalisation amount
- Implementation timeline pending
- MREL instruments are not currently required to be subordinated to operational liabilities
- MREL requirements could be subject to change, pending new regulations

* Minimum RWA requirement currently more constraining than minimum leverage requirement

Loss absorption and recapitalisation overview

Pre-resolution tools			Resolution tools	Insolvency tools
Going concern	**Recovery**	**PONV**	**Resolution**	**Liquidation**
• Dividend payments • AT1 coupon payments	• Dividends, AT1 coupons and variable remuneration subject to MDA restrictions • AT1 instruments convert into equity upon a breach of CET1 trigger	• Capital instruments • Conversion or write-down of these capital instruments at the point of non-viability (“PONV”)	• Remaining instruments, including senior unsecured* • Application of resolution tools	• Liquidation through normal insolvency proceedings

- There are a number of resolution tools granted to the relevant Resolution Authority under the BRRD, including (a) sale of a business, (b) bridge institution, (c) asset separation and (d) bail-in
- The resolution tools can only be applied when the relevant entity is put into resolution
- In resolution, the Resolution Authority could require a Business Reorganization Plan

* Certain exemptions may apply

ING's preferred approach to resolution

Current status

ING Group

- External senior unsecured
- External Additional Tier 1
- Common Equity Tier 1

ING Bank

- External senior unsecured
- External Tier 2
- Intra-group Additional Tier 1
- Intra-group Common Equity Tier 1

Resolution entity

- ING has always benefitted from the optionality of having both a HoldCo and an OpCo in place
- Both ING Group and ING Bank are issuing entities
- Historically, ING Group has issued Additional Tier 1 instruments as well as senior unsecured notes
- ING Bank has issued Tier 2 instruments as well as long and short-term senior funding
- In November 2016, we concluded that ING Group should be our designated resolution entity
- At the end of January 2017, the Single Resolution Board (SRB) has informed us that it supports the designation of ING Group as the point of entry

Benefits

- Simplification of the resolution structure
- Consistent with the approach taken by G-SIBs that have HoldCos
- From an issuance perspective, HoldCo senior is a proven concept being an existing asset class with deep and well established markets

Simplified indicative transition and end-state issuance structures

Transition structure

ING Group creditor hierarchy

- Senior unsecured (to be issued over time)
- Tier 2 (to be issued over time)
- Additional Tier 1
- Common Equity Tier 1

Downstreaming

ING Bank creditor hierarchy

- Intra-group senior unsecured | External senior unsecured
- Intra-group Tier 2 | External Tier 2*
- Intra-group Additional Tier 1
- Intra-group Common Equity Tier 1

End-state structure

ING Group creditor hierarchy

- Senior unsecured
- Tier 2
- Additional Tier 1
- Common Equity Tier 1

Downstreaming

ING Bank creditor hierarchy

- External senior unsecured
- Intra-group TLAC/MREL senior unsecured
- Intra-group Tier 2
- Intra-group Additional Tier 1
- Intra-group Common Equity Tier 1

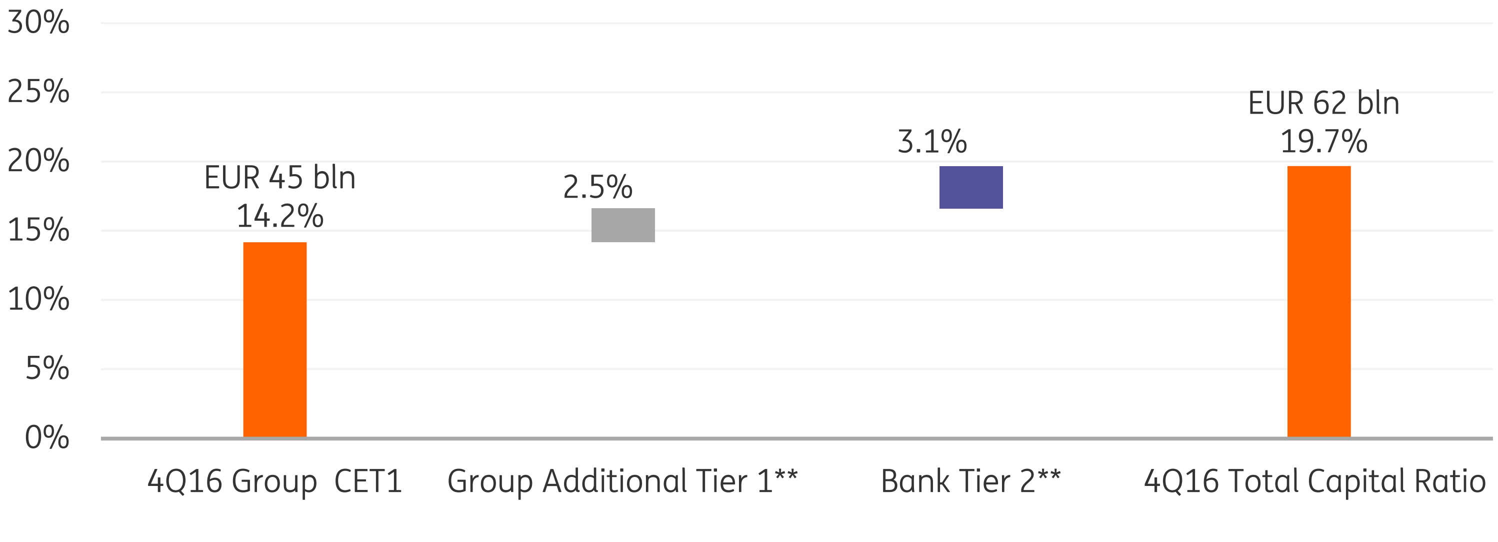
HoldCo issuance strategy

- All external TLAC/MREL-eligible debt will be issued by ING Group (HoldCo) going forward
- ING Group capital will be downstreamed to ING Bank like-for-like in both the transition and end-state structures
- ING Group senior unsecured will be downstreamed as ING Bank (a) senior unsecured, initially, and (b) intra-group TLAC/MREL senior unsecured, once the regulations for internal TLAC/MREL have been finalised**
- Losses arise at 'OpCo' level, and consequently apply at 'HoldCo' level

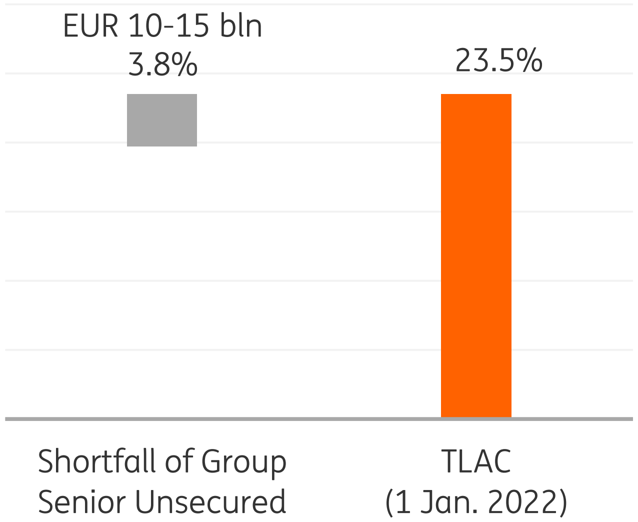
* ING has the option to replace the ING Bank EUR 1 bln Tier 2 notes issued in April 2016 with a first call date in April 2023 for ING Group Tier 2 notes up until April 2018
** The terms of securities already downstreamed as senior unsecured will be amended to become intra-group TLAC/MREL senior unsecured

TLAC requirements are manageable…

ING Group 4Q16 capital position*



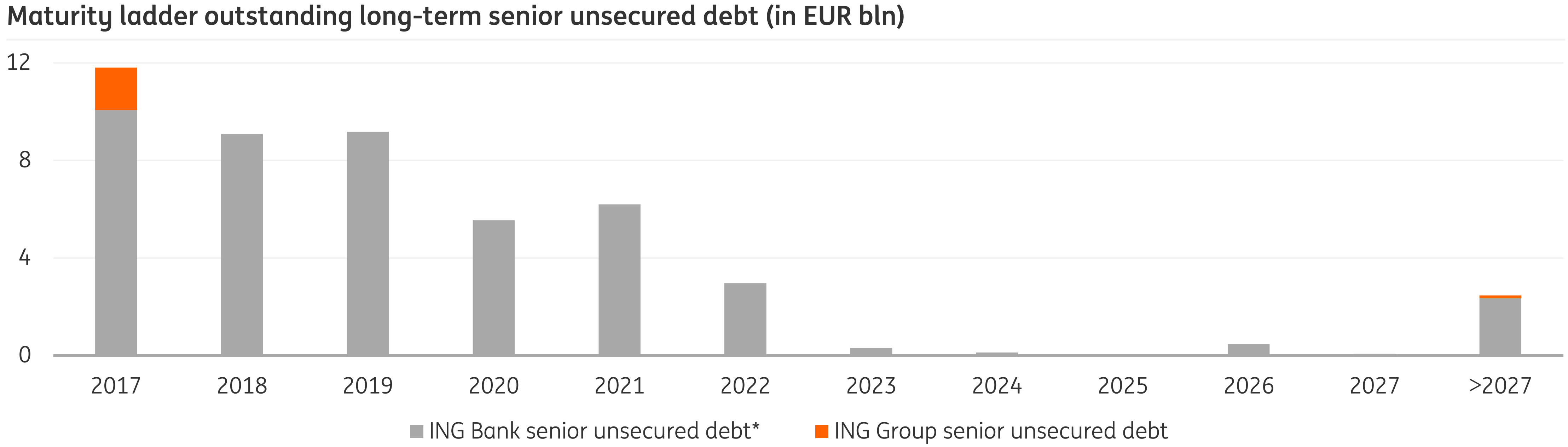
"Gap" bridged with ING Group senior unsecured issuance



- ING Group currently has a TLAC shortfall of EUR 10-15 billion; we intend to recycle maturing ING Bank senior unsecured debt over the next two years as ING Group senior unsecured debt
- This will allow us to comfortably grow into the minimum TLAC requirement of 23.5% from 1 January 2022 at an early stage. MREL requirements have yet to be determined and could well be higher
- Any potential shortfall related to MREL, new regulatory requirements or balance sheet growth will be met with additional Group issuance

* Regarding fully-loaded ratios
** Including grandfathered securities

…supported by a recycling strategy of ING Bank instruments



- ING Bank has EUR 43.1 billion of long-term senior unsecured debt maturing from 2017 until 2022 of which EUR 19.2 billion (6.1% of RWA) is maturing in 2017/2018
- In addition, EUR 1.75 billion of ING Group senior unsecured will mature in 2017
- Consequently, recycling these maturing notes will give us ample flexibility to comply with TLAC requirements

* As per the publication date of this Credit Update 4Q16; ING Bank NV consolidated figures shown for issued senior bonds are included with a tenor ≥ 1 year

Issuance entities under our proposed approach to resolution

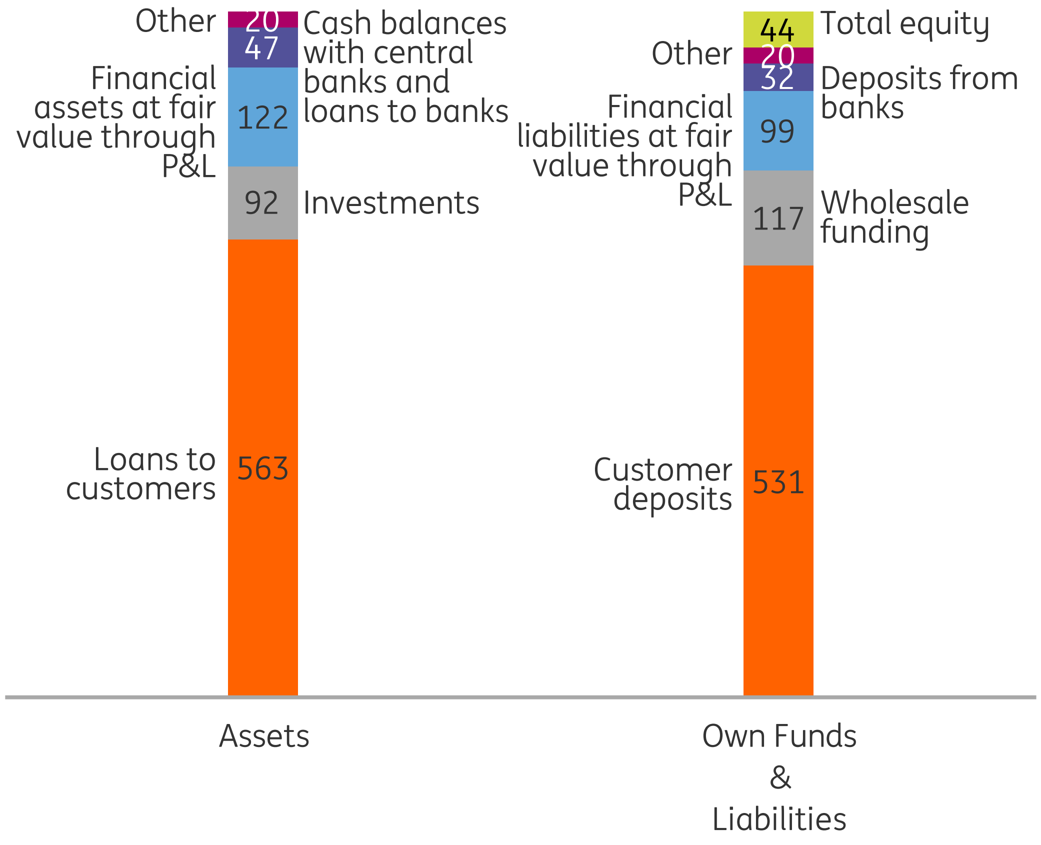
Issuance entities	Instruments
ING Group	• Capital instruments • Senior unsecured debt (TLAC / MREL eligible)
ING Bank	• Covered Bonds / secured funding • Senior unsecured debt (TLAC / MREL ineligible)
Various ING subsidiaries	• Covered Bonds / secured funding • Senior unsecured debt (TLAC / MREL ineligible)

Bank liquidity and funding

ING Bank balance sheet: strong and conservative with customer deposits as the primary source of funding

Balance sheet ING Bank (in EUR bln)

Balance sheet size ING Bank 31 December 2016: EUR 844 bln



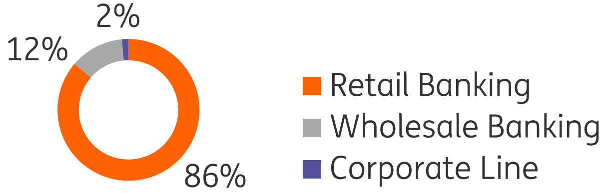
High quality customer loan book

- See “Asset Quality” section of the presentation

Attractive funding profile

- 63% of the balance sheet is funded by customer deposits
- 86% of total funds entrusted is retail based
- Attractive loan-to-deposit ratio of 105% as per 31 December 2016

Customer deposits by segment



Large, high quality liquidity buffer

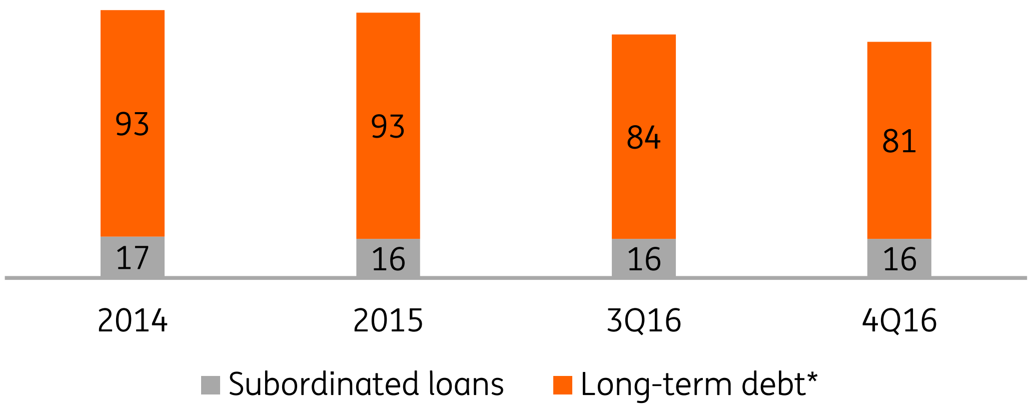
- See “Funding & Liquidity” sections of the presentation

Conservative trading profile

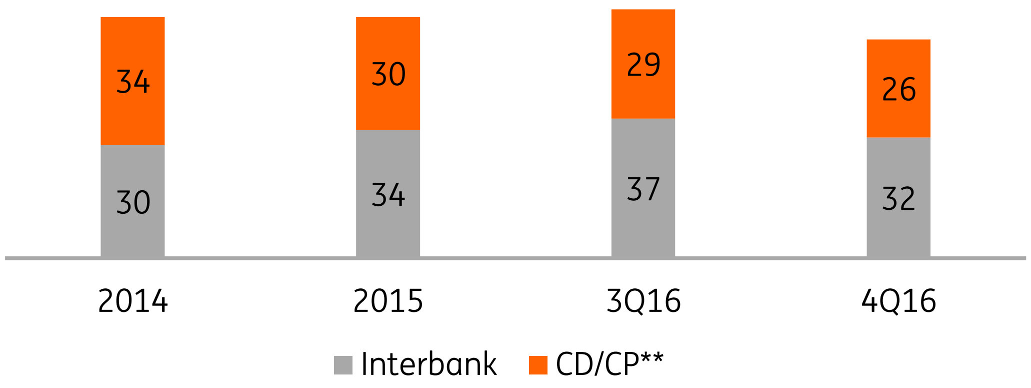
- Majority of our Financial Markets business is customer flow based where we largely hedge out positions, reflected in large but often off-setting assets and liabilities at FV positions
- Average VaR during 4Q16 was EUR 7 mln for ING Bank’s trading portfolio, down from EUR 9 mln in 3Q16

ING Bank maintains a strong long-term funding position supported by solid credit rating profile

Long-term funding (in EUR bln)



Short-term professional funding (in EUR bln)



ING Bank credit ratings on 2 February 2017

	Long-term rating	Outlook	Short-term rating
S&P	A	Stable	A-1
Moody's	A1	Stable	P-1
Fitch	A+	Stable	F1

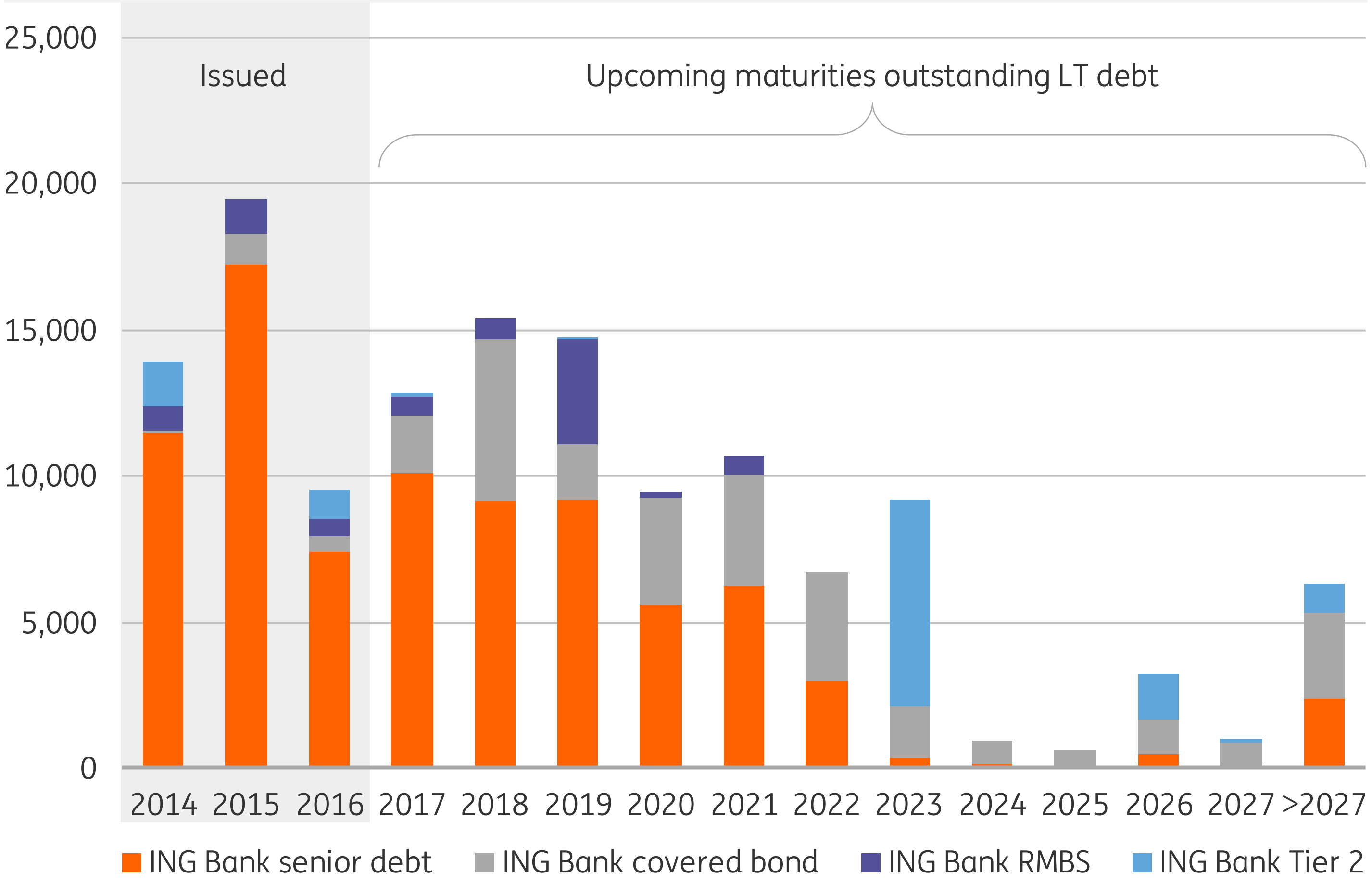
Asset encumbrance remains low

- At year-end 2016, the asset encumbrance ratio for ING Bank was 19%
- ING manages its balance sheet prudently whereby a variety of funding sources is readily available
- Given this diversified funding strategy, the level of asset encumbrance of ING's balance sheet is relatively low compared to other European lenders

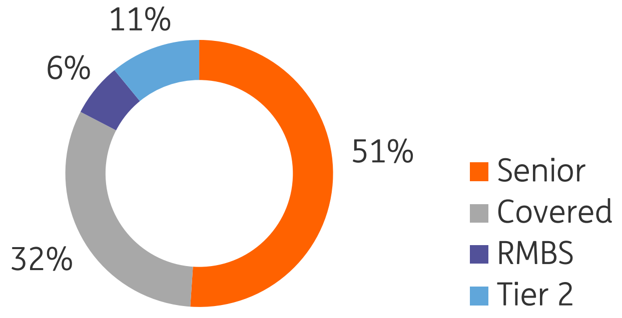
* Long-term debt recognised under Debt securities in issue and (minor part) under Financial liabilities at fair value through P&L
** CD/CP refers to Bank Treasury amounts only

ING Bank has modest long-term funding needs

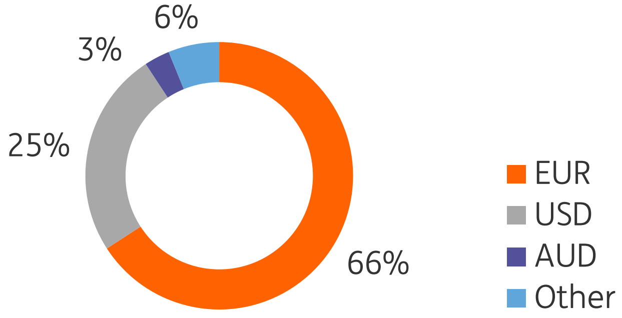
Maturity ladder outstanding long-term debt (in EUR mln)



Outstanding LT debt by type



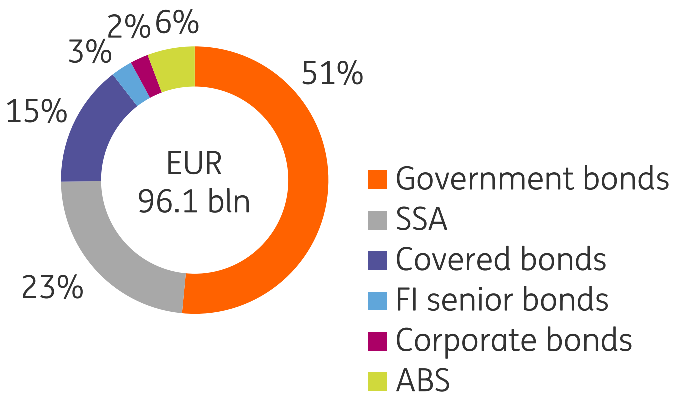
Outstanding LT debt by currency



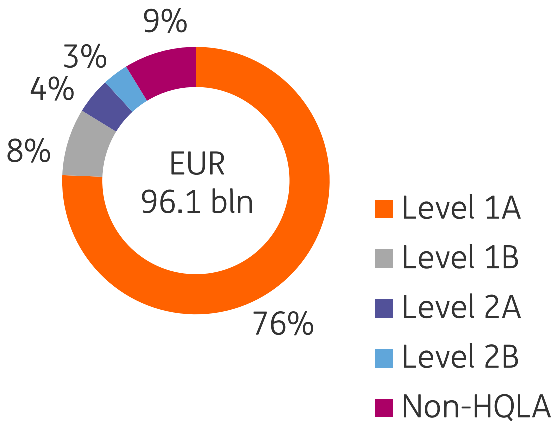
ING Bank NV consolidated figures shown for issued senior bonds are included with a tenor ≥ 1 year

Investment portfolio consists of high quality assets

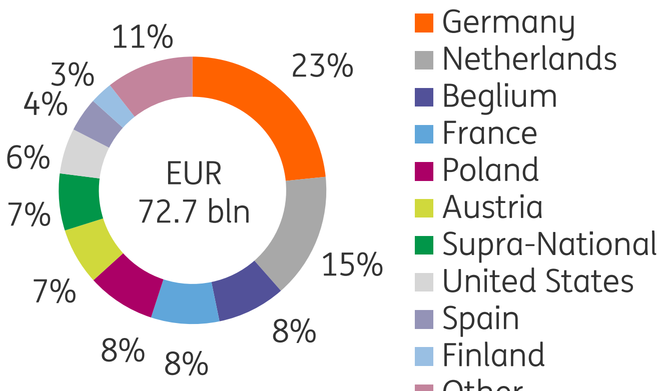
Debt securities by type



Debt securities by LCR category



Level 1A assets by country



Strong investment portfolio with mainly HQLA assets

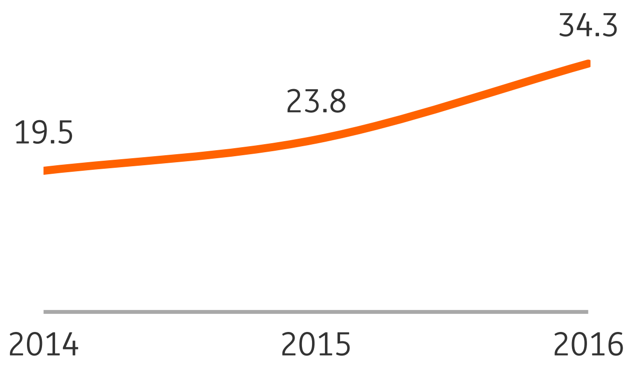
- ING Bank's investment portfolio decreased to EUR 96.1 billion in 4Q16. The decrease is mainly the result of maturities and sales, notably in government and ABS, which more than offset new LCR HQLA investments
- EUR 87.7 billion of bonds in the investment portfolio qualify as HQLA (91%) and 80.5 billion of bonds qualify as Level 1 HQLA under the EU's Delegated Act
- The investment portfolio has an average tenor of 4.2 years
- Total liquidity buffer well exceeds short-term wholesale debt*

* Includes ING Bank NV long-term debt with remaining lifetime < 12 months and balance of CD/CP Issued

Appendix

Sustainability is embedded throughout our business

Sustainable Transitions Financed* (STF, in EUR bln)



Driving sustainable progress

- Growth in STF was partly driven by new business and also reflects further sustainability assessments of our loan book, particularly in the Dutch Real Estate Finance portfolio

Sustainability news in 4Q16

- ING launched the Sustainable Finance Collective Asia
- Real Estate Finance will only offer new financing for office buildings in the Netherlands that meet the requirements for a 'green' energy label after 2017
- ING acted as mandated lead arranger on the financing of a solar farm in Japan for Nagi PV GK. The project will produce the equivalent in electricity of powering 4,500 homes

Sustainable Finance Collective Asia

Recognition

FTSE4Good	• ING remains a **constituent of the FTSE4Good Index** following the Dec-16 review
Corporate Knights	• Ranked **5th in the 2017 Top 100 list** of the world's most sustainable corporations
The Banker – Bank of the Year 2016 – GLOBAL	• ING named **Global Bank of the Year** at The Banker's Best Bank Awards 2016

* STF: measures lending to clients who are environmental and/or social outperformers or financing of transactions for sustainable projects (i.e. renewable energy, low-carbon transport, social welfare)

ING

Robust rating profile with strong trend over the last quarters

Credit ratings on 2 February 2017

	S&P	Moody's	Fitch
Stand-alone rating	bbb+	baa1	a+
Business position	1 notch		
Capital and earnings	1 notch		
Government support	-	1 notch	-
Junior debt support	-	N/A	-
Moody's LGF support	N/A	2 notches	N/A
ING Bank NV (OpCo)			
Bank senior LT rating	A	A1	A+
Outlook	Stable	Stable	Stable
Bank senior ST rating	A-1	P-1	F1
Tier 2	BBB+*	Baa2	A
ING Groep NV (HoldCo)			
Group senior LT rating	A-	Baa1	A+
AT1	BB	Ba1	BBB-

* Tier 2 rating for latest instrument with issuer substitution option via exchange is BBB

Latest ING Bank rating actions

- S&P: Jun-2015 outlook change from 'A' Negative to 'A' Stable on strengthening capital
- Moody's: May-2015 rating uplift from 'A2' to 'A1' following the publication of Moody's new bank rating methodology
- Fitch: Apr-2016 rating uplift from 'A' to 'A+' reflecting ING's solid financial metrics and strong execution of strategy, supported by higher capital ratios, which resulted in an improvement of ING Bank's viability rating

Outstanding capital securities

(Additional) Tier 1 securities issued by Group

Currency	Issue date	First call date	Coupon	Issued	Outstanding**
USD	Dec-00	Dec-10	3mL + 360	1,500	522
USD	Dec-02	Dec-07	7.200%	1,100	1,100
EUR	Jun-03	Jun-13	10yr DSL +50	750	432
USD	Oct-03	Jan-09	6.200%	500	500
EUR	Jun-04	Jun-14	10yr DSL +10	1,000	563
USD	Sep-05	Jan-11	6.125%	700	700
USD	Jun-07	Jun-12	6.375%	1,045	1,045
USD (compliant)	Apr-15	Apr-25	6.500%	1,250	1,250
USD (compliant)	Apr-15	Apr-20	6.000%	1,000	1,000
USD (compliant)	Nov-16	Apr-22	6.875%	1,000	1,000

Tier 2 securities issued by Bank

Currency	Issue date	First call date	Maturity	Coupon	Outstanding**
EUR	Jul-07	Jul-22	Jul-27	10yr CMS +4	150
EUR	May-08	May-18	May-23	6.125%	1,000
GBP	May-08	May-18	May-23	6.875%	800
USD (compliant)	Sep-13	n/a	Sep-23	5.80%	2,000
EUR (compliant)	Nov-13	Nov-18	Nov-23	3.50%	1,057
USD (compliant)	Nov-13	Nov-18	Nov-23	4.13%	2,058
EUR (compliant)	Feb-14	Feb-21	Feb-26	3.63%	1,500
EUR (compliant)*	Apr-16	Apr-23	Nov-28	3.00%	1,000

* ING has the option to replace the ING Bank EUR 1 bln Tier 2 notes issued in April 2016 with a first call date in April 2023 for ING Group Tier 2 notes up until April 2018
** Amount outstanding in original currency

Recent ING Bank Senior, Covered and RMBS benchmarks

Senior Unsecured

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
US449786BG67	Aug-16	Aug-19	3yr	3mL + 61	USD	250	3mL + 61
US449786BH41	Aug-16	Aug-19	3yr	1.65%	USD	450	T + 83
US449786BF84	Aug-16	Aug-21	5yr	3mL + 88	USD	250	3mL + 88
US449786BJ07	Aug-16	Aug-21	5yr	2.05%	USD	600	T + 93
US44987CAK45	Mar-16	Mar-19	3yr	3mL + 113	USD	500	3mL + 113
US44987CAN83	Mar-16	Mar-19	3yr	2.3%	USD	750	T + 115
US44987CAM01	Mar-16	Mar-21	5yr	2.75%	USD	600	T + 128
XS1368576572	Feb-16	Feb-21	5yr	0.75%	EUR	1,250	ms + 73

Covered Bond*

ISIN	Issue date	Maturity	Tenor	Currency	Issued
XS1433124457	Jun-16	Sep-24	8yr	EUR	1,500
XS1433124705	Jun-16	Sep-26	10yr	EUR	1,500
XS1373214243	Feb-16	Feb-23	7yr	EUR	425
XS1373212460	Feb-16	Feb-23	7yr	EUR	575

Dutch RMBS (Orange Lion)

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
NL0011275425	Jun-15	Jul-22	6yr (WAL)	3mE + 29	EUR	750	3mE + 29

* Internally placed Soft Bullet Covered Bonds issued under ING Bank´s EUR 10 bln Soft Bullet Covered Bond programme

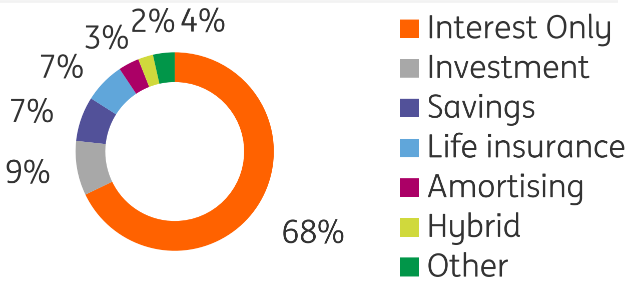
ING Bank’s covered bond programme…

- ING Bank NV EUR 30 bln Hard and Soft Bullet Covered Bonds programme
  - UCITS, CRR and ECBC Label compliant. Rated Aaa/AAA/AAA (Moody’s/S&P/Fitch)
  - Programme is used for external issuance purposes; separate EUR 10 bln Soft Bullet Covered Bonds programme for internal transactions only
  - Cover pool consists of 100% prime Dutch residential mortgage loans, all owner occupied and in EUR only. As per 31 December 2016, no arrears > 90 days in the cover pool
  - Strong Dutch legislation with min. legally required OC of 5% and LTV cut-off rate of 80%
- Latest investor reports are available on www.ing.com/IR

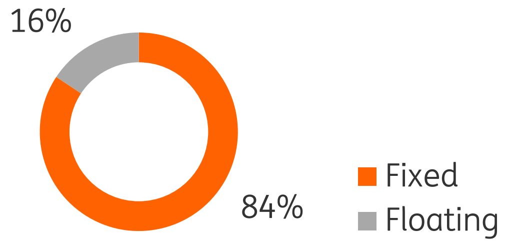
Portfolio characteristics (as per 31 December 2016)

Net principal balance	EUR 31,965 mln
Outstanding bonds	EUR 24,568 mln
# of loans	190,297
Avg. principal balance (per borrower)	EUR 167,973
WA current interest rate	3.34%
WA maturity	18.9 years
WA remaining time to interest reset	5.5 years
WA seasoning	10.8 years
WA current indexed LTV	73.9%
Min. documented OC	25.8%
Nominal OC	30.1%

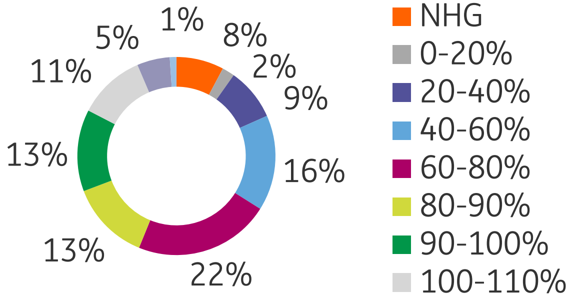
Repayment type



Interest rate type

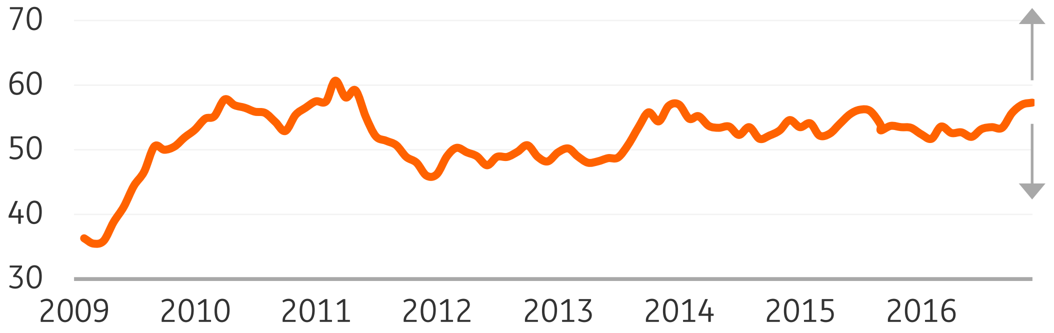


Current Indexed LTVs

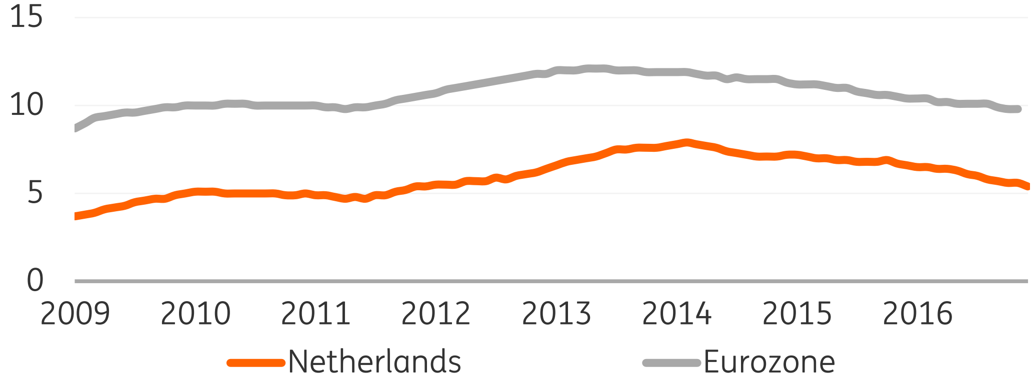


…benefiting from improving Dutch economy and housing market

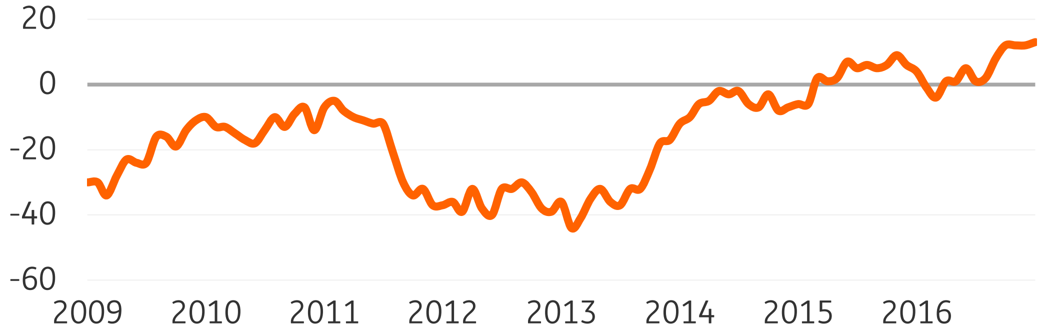
Dutch Purchasing Managers Index (PMI) was 57.3 in December 2016 which indicates positive growth



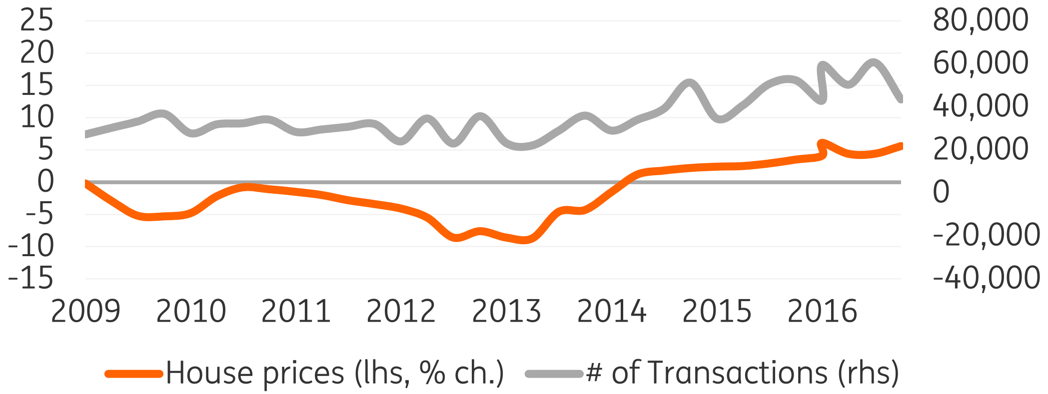
Unemployment rates (%) continue to decline



Dutch consumer confidence* turning positive yet again but recovery remains fragile



Dutch house prices and market turnover underlining healthy state of the housing market**



* Source: Central Bureau for Statistics
** Source: NVM (Dutch Association of Realtors)

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. The Final statements for 2016 are in progress and may be subject to adjustments from subsequent events. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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

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