

Dated 16 May 2017

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 16 May 2017.

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 report of the Issuer in respect of the year ended 31 December 2016, including the audited financial statements and auditors' report in respect of such year;
- (c) the publicly available audited consolidated financial statements of the Issuer in respect of the years ended 31 December 2015 and 2014 (in each case, together with the auditors' reports thereon and explanatory notes thereto);
- (d) the press release published by ING on 25 April 2017 entitled "ING to participate in Bank of Beijing share offering"; and
- (e) the press release entitled "ING 1Q17 net result EUR 1,143 million", as published by ING Group on 10 May 2017 (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 2017, 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, because the financial and statistical information reported by ING Group also contains certain financial items incurred solely at the level of ING Group (on a standalone basis) which are therefore not included in the consolidated operations of the Issuer (being a wholly-owned subsidiary of ING Group). Despite the incorporation by reference of one or more press releases published by it, 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 (<https://www.ing.com/Investor-relations/Fixed-income-information/Debt-securities-ING-Bank-N.V./Senior-bonds.htm> (for this Registration Document), <https://www.ing.com/Investor->

[relations/Annual-Reports.htm](#) (for the annual reports) and <https://www.ing.com/over-ons/corporate-governance/juridische-structuur-en-toezichhouders/statuten.htm> (for the Articles of Association)).

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. The Issuer is particularly exposed to financial, economic, market and political conditions in the Benelux countries, from which the Issuer derives a significant portion of its revenues. 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's 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 and changes in the regulatory environment in which the Issuer operates have, in the past had, and may in the future have a material adverse impact on shareholders' equity and net result, 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.

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. In 2008 and through early 2009, the financial services industry and the securities markets generally were materially and adversely affected by significant declines in the values of nearly all asset classes and by a serious lack of liquidity. Concerns over the slow economic recovery, the European sovereign debt crisis, the outcome of the negotiations between the UK and the EU following the UK referendum on EU membership (Brexit), the potential exit of other countries from the Eurozone, increasing political instability in Europe, , 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"), potential changes in U.S. laws, regulations and policies governing financial regulation, foreign trade and foreign investment following the inauguration of a new U.S. administration in January 2017, 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.

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 U.S., the international credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes, such as public and private equity, and real estate sectors. As a result of these and other factors, sovereign governments across the globe, including in regions where the Issuer operates, have also experienced budgetary and other financial difficulties, which have resulted in changes in economic policy including the implementation of 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 and the United Kingdom's withdrawal from the European Union" 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.

European sovereign debt crisis and the United Kingdom's withdrawal from the European Union

Market concerns over the direct and indirect exposure of European banks and insurers to the sovereign debt of several EU Member States since 2010 have resulted in a widening of credit spreads and increased costs of funding for some European financial institutions. The sovereign debt crisis has also highlighted issues relating to the strength of the banking sector in Europe and the Euro. In addition, risks and ongoing concerns about the crisis in the Italian banking sector and its potential spill-over effect into other Member States, deterioration of the political situation in Turkey, as well as the possible default by one or more Member States could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in these countries and the financial condition of European and other financial institutions, including the Issuer. For example, concerns regarding Greece's financial condition and potential exit from the Eurozone were raised again in early 2017. 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. The Issuer is exposed to the risk of downgrades of European sovereign ratings or corporate ratings, because they may affect its financial costs and, as a result its profitability. Market disruptions in Europe related to sovereign debt and the banking sector continue to be a threat to global capital markets and remain a challenge to global financial stability. 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, that may not be available. Market and economic disruptions stemming from the crisis in Europe also 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 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. Additionally extreme prolonged market events, such as the recent global credit crisis, could cause the Issuer to incur significant losses and may lead to USD funding shortages for EU banks.

In addition, although the UK is not a member state of the Eurozone, the decision of the UK to leave the EU may further destabilise the Eurozone. The outcome of the negotiations between the UK and the EU, which are expected to formally begin in March 2017 and to last for at least two years, remains highly uncertain as does its economic and operational impact on the Group and its counterparties. Concerns regarding other Member States' potential exit from the EU or the Eurozone also have emerged following the 'Brexit' referendum and may continue to emerge in the context of the French and German general elections in 2017. The possible exit from the EU and/or 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 EU and/or 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 EU and/or the Eurozone) may not recognise and/or enforce claims denominated in Euros (and/or in any replacement currency). 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.

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., 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 financial 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.

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

Adverse capital market conditions have in the past affected, and may in the future affect the cost of borrowed funds and the Issuer's ability to borrow on a secured and unsecured basis, thereby impacting the Issuer's ability to support and/or grow its businesses. Furthermore, although interest rates are at or near historically low levels, since the recent financial crisis, the Issuer has experienced increased funding costs due in part to the withdrawal of perceived government support of such institutions in the event of future financial crises. In addition, liquidity in the financial markets has also been negatively impacted as market participants and market practices and structures adjust to new regulations.

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, 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 included emergency funding and capital reinforcement, and a Dutch Credit Guarantee Scheme, both of which have expired. ING Group's completed Restructuring Plan and the divestments in connection with that plan altered the size and structure of the Group and involved significant costs, which required changes in ING's operations, funding and liquidity. Any potential future transactions with the Dutch State or any other government, if any 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.

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 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 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 laws and government regulation in the jurisdictions in which it conducts business. Regulatory agencies and supervisors 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, anti-terrorism financing, tax evasion, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures.

The Issuer’s revenues and profitability and those of its competitors have been and will continue to be impacted by requirements relating to capital, additional loss-absorbing capacity, leverage, minimum liquidity and long-term funding levels, requirements related to resolution and recovery planning, derivatives clearing and margin rules and levels of regulatory oversight, as well as limitations on which and, if permitted, how certain business activities may be carried out by financial institutions.

Following the start of the financial crisis, 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 and the U.S. 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 (including case law) could increase the Issuer’s taxes and its effective tax rates and 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”) issued in July 2014 a new accounting standard for financial instruments also known as IFRS 9 ‘Financial Instruments’. IFRS 9, which was endorsed by the EU in November 2016, will replace 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 resources-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 the 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 also "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.". For additional information, see the 'Review processes for setting benchmark rates' and 'Financial Economic Crime' paragraphs in the 'Main developments in 2016' part within the Compliance Risk in the Risk Management section in the annual report of the Issuer in respect of the year ended 31 December 2016, which is incorporated by reference herein. With respect to specific proceedings, see "General Information – Litigation".

Basel III, CRD IV and CRD V

In December 2010, the Basel Committee on Banking Supervision ("BCBS") announced higher global minimum capital standards for banks and introduced a new global liquidity standard and a new leverage ratio. The BCBS'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 common equity Tier 1 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 BCBS 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. The Issuer has been designated by the BCBS and the FSB as one of the global systemically important banks ("G-SIBs"), forming part of the G-SIFIs, since 2011, and by the Dutch Central Bank (De Nederlandsche Bank N.V., "DNB") and the Dutch Ministry of Finance as a domestic

SIFI since 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. In January 2017, the BCBS announced that it expected to complete finalisation of all revisions to the BASEL III framework, including the calibration of an aggregate capital floors framework and a leverage ratio minimum requirement, in ‘the near future’. There is a high degree of uncertainty as to whether any further amendments to the 2010 framework and standards will be made by the BCBS in the coming years, and how any such amendments would be implemented subsequently in the EU and in The Netherlands.

For European banks, the Basel III requirements were implemented through the Capital Requirements Regulation (“CRD IV Regulation”) and Capital Requirements Directive IV (“CRD IV Directive” and together with the CRD IV Regulation, the “CRR”), 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. 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 is transposed into national laws in each Member State, including the extent to which national regulators and supervisors set more stringent limits and additional capital requirements or surcharges. In the Netherlands, the CRR has been implemented through amendments to the Financial Supervision Act. In the next phase for 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 have suggested that stricter rules may be applied by a later framework. The BCBS released several consultative papers, containing proposals to change the methodologies for the calculation of capital requirements and is expected to issue further standards in this respect. Within these proposals the BCBS suggests methods to calculate risk-weighted assets (“RWA”) using more standardised or simpler methods in order to achieve greater comparability, transparency and consistency. In November 2016, the EC proposed substantial amendments (commonly referred to as CRD V) to the CRR (including the CRD IV Directive), the BRRD (as defined below) and the Single Resolution Mechanism Regulation to, among other things, implement these revisions in the EU legislation. Legislation is expected to be finalised in 2018. 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. The proposals cover multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of ‘non-preferred’ senior debt, the minimum requirement for own funds and eligible liabilities (“MREL”) and the integration of the TLAC standard into EU legislation. The proposals are to be considered by the European Parliament and the Council of the European Union and therefore remain subject to change. The final package of new legislation may not include all elements of the proposals and new or amended elements may be introduced through the course of the legislative process. Until the proposals are in final form, it is uncertain how the proposals will affect the Issuer or holders of its securities. 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 its 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.

In 2016, the ECB has also started the Targeted Review of Internal Models (“TRIM”), an exercise which will take several years and is aimed at bringing assurance that capital held reflects the underlying risks. There is also heightened supervisory attention for the credit quality of loans to corporates and/or households. These exercises could impact the RWA ING recognises for certain assets.

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, most of which are in place. Because some of the regulations have only recently taken effect or are yet to be finalised, the Issuer cannot predict with certainty how 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 have adopted margin requirements on uncleared swaps, which will begin to come into effect for ING Capital Markets LLC in 2017. The SEC is expected to adopt regulations establishing margin and capital requirements for security-based swaps. Along with the still indeterminate effective date for SEC regulations on, among others, reporting, registration, and internal and external business conduct with respect to security-based swaps, these are likely to materially impact ING Bank. Additionally, the CFTC is expected to adopt capital requirements for swap dealers, although the specific requirements, and any available exemptions, have not been finalised. If these

requirements are applicable to the Issuer, and no exemptions are available, it is possible that these requirements will be difficult for the Issuer to comply with and may, as a result, materially and adversely impact the Issuer's ability to operate as a swap dealer in the U.S. Other CFTC regulatory requirements, already implemented, include registration of swap dealers, business conduct rules imposed on swap dealers and requirements that some categories of 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 Issuer's position sizes in swaps referencing specified commodities and similarly limit the ability of counterparties to utilise certain of its products by narrowing the scope of hedging activity that is permitted for commercial end users, and the trading activity of speculators. 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 required to consider 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 at some point in time consider whether to establish a branch office in the U.S. If the Issuer 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 may continue to have profound and/or adverse consequences for the financial services industry, including for the Issuer. Dodd-Frank, in its current form, 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 whistleblower 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.

In February 2017, the U.S. Secretary of Treasury was directed by executive order to consult with other financial regulatory agencies to evaluate the current financial regulatory framework against core principles set out by the new U.S. administration. Such review may result in the revision, amendment or repeal, in all or in part, of Dodd-Frank and related rules and regulations. There can be no assurance that these or any other future reforms will not significantly impact the Issuer's business, financial condition and results of operations.

Foreign Account Tax Compliance Act and other US withholding tax regulations

Under provisions of U.S. tax law commonly referred to as FATCA, non-U.S. financial institutions are required to provide certain information on their U.S. accountholders and/or certain U.S. investors to the U.S. Internal Revenue Service ("IRS"). A 30% withholding tax is imposed on 'withholdable payments' (such as certain payments made in respect of certain products offered by members of the Group) made to non-compliant non-U.S. financial institutions. In addition to FATCA, non-U.S. financial institutions are required to comply with other U.S. withholding and reporting requirements on certain payments. The Issuer intends to take all necessary steps to comply with FATCA and other U.S. withholding tax regulations. The Issuer is for example updating and strengthening its withholding compliance programme and reviewing, amending and filing the necessary tax returns and information reports.

Many countries, including The Netherlands, have entered into agreements ("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 FATCA 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 then pass the information to the IRS.

If the Issuer is unable to comply with requirements imposed under IGAs or otherwise comply with FATCA (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. Payments made with respect to certain products offered by members of the Group may also be or become 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) compliance with the terms of IGAs and with FATCA, with any regulations or other guidance promulgated thereunder or any legislation promulgated under an IGA, and (ii) offering products subject to

U.S. withholding, 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. Failure to comply with FATCA and other U.S. withholding tax regulations could harm ING's reputation and could subject the Issuer to enforcement actions, fines and penalties, which could have a material adverse effect on the Issuer's business, reputation, revenues, results of operations, financial condition and prospects. For additional information with respect to specific proceedings, see "General Information – Litigation".

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 2 November 2016, 87 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 a 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) is expected to 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 amended the Dutch Financial Supervision Act and the Dutch Insolvency Act allowing Dutch authorities to take certain actions with respect to a failing bank or insurer that cannot be wound up under ordinary insolvency rules due to concerns regarding the stability of the overall financial system. It comprised two categories of measures. The first category of measures related to banks or insurers facing serious financial difficulties and included measures related to the timely and efficient liquidation of the failing institution. This set of measures gave the DNB the power to transfer customer deposits, assets and/or liabilities other than deposits and issued shares of an entity to third parties or to a bridge bank if the DNB deemed that, in respect of the relevant institution, there were signs of adverse developments with respect to its funds, solvency, liquidity or technical provisions and it could be reasonably foreseen that such developments would 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 triggered if the stability of the financial system is in serious and immediate danger as a result of the failure of a Dutch financial institution and includes measures intended to safeguard the stability of the financial system as a whole. This set of measures granted authority to the Dutch Minister of Finance to take immediate measures or proceed to expropriation of assets or liabilities, or shares in the capital, of failing financial institutions. 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, 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") and partly amending the Intervention Act. Certain measures introduced by the Intervention Act were replaced with respect to banking institutions with measures based on the BRRD and the SRM Regulation, as described below. 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 on 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 BRRD 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. In November 2016, the EC proposed amendments to the BRRD regarding the ranking of unsecured debt instruments in national insolvency proceedings (to include a new category of 'non-preferred' senior debt) and to enhance the stabilisation tools with the introduction of a moratorium tool.

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 resolution authority the power to, *inter alia*, (i) cancel existing shares and/or dilute existing shareholders by converting relevant capital instruments or eligible liabilities into shares of the surviving entity, (ii) cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include certain securities that have been or will be issued by ING Bank) of a failing financial institution or group and/or (iii) 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 granted to the 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 or alter the maturity date or interest payment date of debt instruments, including by suspending payment for a temporary period, or to amend the interest amount payable under such instruments. 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 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 resolution authority contemplated in the BRRD 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 national 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. As the contributions for the NRF and the SRF are

calculated on a different basis and by different authorities (DNB and SRB, respectively), the contributions to the SRF may deviate from the 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.

ING has a recovery plan in place 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 purpose. The completeness, quality and credibility of the recovery 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 resolvability assessment that is shared every year with the FSB and the preparation of a transitional resolution plan by the SRB. In November 2016, ING concluded that ING Group should be the designated resolution entity. At the end of January 2017, the SRB has informed ING that it supports the designation of ING Group as the point of entry.

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 risk culture, and a host of related issues associated with responses to the financial crisis.

In November 2015, the FSB published final standard on the adequacy of loss absorbing capacity held by G-SIBs. These comprise: (i) a set of principles on loss-absorbing and recapitalisation capacity of G-SIBs in resolution and (ii) a high level "termsheet" setting out an internationally agreed standard on the characteristics and adequacy of TLAC. The key requirement mandates G-SIBs, 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. In November 2016, the EC proposed amendments to the CRR and BRRD to implement the FSB's minimum TLAC requirement for G-SIBs, that are intended to align the TLAC requirement with the minimum requirement for own funds and eligible liabilities ("MREL"). In October 2016, the BCBS issued a final standard regarding the regulatory capital treatments of TLAC holdings of other G-SIBs, confirming that G-SIBs must deduct from their own TLAC exposures, TLAC instruments and liabilities issued by other G-SIBs.

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 Restructuring Plan are further described in Note 46 "The European Commission Restructuring Plan" to the consolidated financial statements of the Issuer for the year ended 31 December 2016, which are incorporated by reference herein.

In February 2013, the EC adopted a proposal setting out the details of a financial transaction tax, (“FTT”) under the enhanced cooperation procedure, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is established in the financial transaction tax zone (“FTT-zone”) or if the instrument which is the subject of the transaction is issued within the territory of a Member State in the FTT-zone. Ten Member States have indicated they wish to participate in the FTT (Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain) following Estonia’s withdrawal in 2015. The initial proposal contemplated that the FTT would enter 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 FTT-zone. However, the FTT remains subject to negotiation between the participating Member States and currently it is uncertain whether and in what form and by which Member States the FTT will be adopted. The implementation date of any FTT will thus depend on the future approval by participating Member States in the 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.

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 existing or new 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 and that are subject to reduced regulation. New entrants may rely on new technologies, advanced data and analytic tools, lower costs to serve, reduced regulatory burden and/or faster processes in order to challenge traditional banks. Developments in technology has also accelerated the use of new business models. For example, new business models have been observed in retail payments, consumer and commercial lending (such as peer-to-peer lending), foreign exchange and low-cost investment advisory services. In particular, the emergence of disintermediation in the financial sector resulting from new banking, lending and payment solutions offered by rapidly evolving incumbents, challengers and new entrants, in particular with respect to payment services and products, and the introduction of disruptive technology may impede the Issuer’s ability to grow or retain its market share and impact its revenues and profitability.

Increasing competition in the markets in which the Issuer operates 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 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, including those 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 of borrowers.

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 2015, 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 has changed 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 pays 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.

The first ex-ante DGS contribution has been charged in respect of the first quarter of 2016. The build-up of the ex-ante fund will take place in 34 quarters. 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’.

Currently, the EU is discussing the introduction of a pan-European deposit guarantee scheme, (partly) replacing or complementing national compensation schemes in two or three phases. Proposals contain elements of (re)insurance, mutual lending and mutualisation of funds. The new model is intended to be ‘overall cost-neutral’. A more definitive proposal is expected in 2017 or 2018.

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:

- 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;
- result in increased withdrawal of certain savings products, particularly those with fixed rates below market rates;
- 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:

- result in impairment charges to equity securities that the Issuer holds in its investment portfolios and reduced levels of unrealised capital gains available to it which would reduce its net income, and
- 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 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 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 in areas such as technology and operational management, client relationship management, finance, risk and product development, is

dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent.

As 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 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 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"). Currently, implementation of the CRD IV rules varies significantly across the various Member States. The proportionality principle that allows for a minimum threshold for deferrals and pay-out in financial instruments to identified staff is applied differently in the various European countries. For instance, in the Netherlands a threshold of €10,000 is applied; in Germany €50,000; in Belgium €75,000 and in the UK £500,000. This creates a situation where there is no level playing field. In addition, the Wbfo has introduced a variable remuneration cap of 20% of base salary for employees working in the financial sector in The Netherlands. Employees can be exempted and receive variable remuneration up to the Wbfo individual cap of 100%, provided that the average pay-out for the whole group does not exceed 20% of the collective base salaries. 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 Wbfo limits exit compensation, retention compensation and guaranteed variable remuneration. The introduction of the Wbfo has created 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 (i.e. that have their corporate seat in another EER country) are not limited to the 20% cap but can apply to the higher CRD IV caps (e.g. 100%, or up to 200% with shareholder approval).

Since the financial crisis, the Issuer has adapted its remuneration policies to the new national and international standards. Since the full repayment of the state aid by ING in 2014, the total remuneration package for the Executive Board members has been slightly increased, however, it remains 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 key personnel.

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, compliance, 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. Furthermore, 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 might 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 multidisciplinary 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. For additional information with respect to specific proceedings, see "General Information – Litigation".

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

Furthermore, the Issuer'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 including in respect of third parties with which the Issuer does business, may adversely impact the Issuer's business, results of operation and reputation.

The Issuer faces the risk that the design and operating effectiveness of its controls and procedures may prove to be inadequate. Operational risks are inherent to the Issuer's business. The Issuer's businesses depend on the ability to process a large number of transactions efficiently and accurately. In addition, the Issuer routinely transmits, receives and stores personal, confidential and proprietary information by email and other electronic means. Although the Issuer endeavours to safeguard its systems and processes, losses can result from inadequately trained or skilled personnel, IT failures (including due to a computer virus or a failure to anticipate or prevent cyber-attacks or other 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 natural disasters or other 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. As part of a continuous life cycle management process, the Issuer is replacing some important elements of its IT landscape as contemplated by ING's Think Forward strategy. Any failure or delay in implementation or integration of the new IT/operational systems on the anticipated time schedule or a failure of these systems to operate as anticipated

could affect the Issuer's ability to implement ING's Think Forward strategy in the manner and time frame currently contemplated. Like other financial institutions and global companies, the Issuer is regularly the target of attempted cyber-attacks, including denial-of-service attacks and attempts to gain unauthorised access, and the techniques used for such attacks are increasingly sophisticated. The Issuer has faced, and expect this trend to continue, an increasing number of attempted cyber-attacks as the Issuer has expended its mobile- and other internet-based products and services, as well as its usage of mobile and cloud technologies. In addition, due to the Issuer's interconnectivity with third-party vendors, exchanges, clearing houses, financial institutions and other third parties, the Issuer could be adversely impacted if any of them is subject to a successful cyber-attack or other information security event. Whilst the Issuer has policies and processes to protect its systems and networks, and strives to continuously monitor and develop them to protect its technology infrastructure and data from misappropriation, 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, hinder its operational effectiveness, result in regulatory censure, and could have a material adverse effect on its business, reputation, revenues, results of operations, financial condition and prospects.

Widespread outbreaks of communicable diseases 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. In addition, other events including 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, are not effective or do not sufficiently take such events into account, losses may increase further.

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 involved in governmental, regulatory, arbitration and legal proceedings and investigations involving claims by and against it which arise in the ordinary course its 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, tax evasion, prohibited transactions with countries or persons 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, tax 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 35 million customers in over 40 countries. ING has more than 54,000 employees.

The sale in 2016 of ING’s remaining stake in NN Group, ING’s former European/Japanese insurance businesses, completed ING’s restructuring.

ING Bank currently offers retail banking services to individuals, small and medium-sized enterprises (“SMEs”) and mid-corporates in Europe, Asia and Australia and 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 51,000 employees.

ING Bank’s purpose is to empower customers to stay a step ahead in life and in business. Its strengths include a well-known, strong brand with positive recognition from customers in many countries, a strong financial position, an omnichannel distribution strategy and an international network. Moreover, ING is currently among the leaders in the Dow Jones Sustainability Index “Banks industry” group.

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 has strong positions 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 direct banking 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 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. In addition, ING Bank has stakes in Bank of Beijing (China) and TMB (Thailand) and 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 Wholesale Banking is a primary-relationship driven European wholesale bank with global reach. It has an extensive international network of offices in more than 40 countries across Europe, the Americas, Asia and Australia. ING 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.

ING Wholesale Banking helps its clients to 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 client relationships. ING Wholesale Banking continues to grow Industry Lending by supporting clients with sector expertise and in-depth knowledge of their business. Transaction Services offers clients expertise in 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.

In addition to the basic banking services of lending, payments and cash management, and treasury, ING Wholesale Banking provides tailored banking solutions in areas including corporate finance, commercial finance (factoring), equity markets and debt capital markets to help its clients achieve their business goals. ING Wholesale Banking supports clients in realising their sustainability ambitions.

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.

On 13 May 2009, ING announced that – in line with the April 2009 strategy announcement – it was taking measures to simplify its governance. These measures have been implemented. On 26 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 Dutch Chamber of Commerce 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 16 March 2017, ING Bank published its application of the Dutch Banking Code for the financial year 2016 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 SA/NV 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, Robert W.P. Reibestein and A. (Ann) Sherry.

- Management Board Banking: R.A.J.G. (Ralph) Hamers (chairman), J.V. (Koos) Timmermans (vice-chairman), J.V. (Koos) Timmermans (CFO), R.M.M. (Roel) Louwhoff (COO), W.F. (Wilfred) Nagel* (CRO) and A. (Aris) Bogdaneris.

* Will retire from the Management Board Banking as further described below

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 Westminster N.V., The Netherlands.

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 SA/NV, 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.

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 Stonebranch, 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.

Changes to the Management Board Banking and Supervisory Board

On 8 May 2017, ING Group held its annual general meeting (the “AGM”). At the AGM, Koos Timmermans and Steven van Rijswijk were appointed as new members of the ING Group’s executive board (the “Executive Board”). This appointment includes an appointment as members of the Management Board Banking of ING Bank. Koos Timmermans became chief financial officer as per the end of the AGM, succeeding Patrick Flynn who had decided to pursue his career outside of ING. Steven van Rijswijk will become chief risk officer as of 1 August 2017, succeeding Wilfred Nagel, who will retire as of that date.

The AGM further appointed Jan Peter Balkenende, Margarete Haase and Hans Wijers as members of the Supervisory Board, which was announced on 16 March 2017. The appointment of Jan Peter Balkenende and Hans Wijers will be effective as per 1 September 2017. In light of a planned reduction of the total number of her board positions, the appointment of Margarete Haase will become effective at a later date upon decision of the Supervisory Board.

It is the intention of the Supervisory Board to elect Hans Wijers as its chairman to succeed Jeroen van der Veer in that capacity per the end of the AGM in 2018. In order to ensure a smooth transfer of responsibilities to Hans Wijers, the AGM reappointed Jeroen van der Veer as member of the Supervisory Board for a period of one year, ending as per the end of the AGM in 2018.

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 Castellà 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), Isabel Castellà and Henk Breukink.

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⁾

	2016	2015	2014	2013	2012
	<i>(EUR millions)</i>				
Balance sheet⁽²⁾					
Total assets	843,919	1,001,992	1,014,403	787,566	834,322
Total equity.....	44,146	41,495	38,686	33,760	35,807
Deposits and funds borrowed ⁽³⁾	664,365	823,568	826,044	624,274	633,683
Loans and advances.....	562,873	700,007	703,920	508,329	541,527
Results⁽⁴⁾					
Total income.....	17,514	17,070	15,674	15,327	16,298
Operating expenses.....	10,603	9,308	10,225	8,805	9,630
Additions to loan loss provisions.....	974	1,347	1,594	2,289	2,125
Result before tax.....	5,937	6,415	3,855	4,233	4,543
Taxation.....	1,635	1,684	1,032	1,080	1,171
Net result (before non-controlling interests).....	4,302	4,731	2,823	3,153	3,372
Attributable to Shareholders of the parent	4,227	4,659	2,744	3,063	3,281

	2016	2015	2014	2013	2012
	<i>(EUR millions)</i>				
Ratios (in %)					
BIS ratio ⁽⁵⁾	17.42	16.04	15.53	16.46	16.96
Tier 1 ratio ⁽⁶⁾	14.41	13.43	12.52	13.53	14.40

Notes:

- (1) These figures have been derived from the audited 2016 annual consolidated accounts of ING Bank N.V. in respect of the financial years ended 31 December 2012 to 2016. Loans and advances to customers and Customer deposits as at 31 December 2015 and 2014 are adjusted as a result of a change in accounting policies. Reference is made to Note 1 'Accounting policies' – Changes in accounting policies 2016 in the Annual Account of ING Bank N.V. Amounts for the years 2013 and 2012 have not been adjusted.
- (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 (as of the year 2014 based on Basel III phased-in) and 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 2016, 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 2016.

Significant Developments in 2016

2016 was an important year for ING, as it further strengthened its capitalisation. The further regulatory capital strengthening reflects the sale of the remaining stake in NN Group as well as strong profitability. Although the regulatory environment remains uncertain, ING's strong capital position ensures it can continue to support its customers to realise their financial future.

In January 2016, ING successfully sold 33 million ordinary shares of NN Group and exchanged the final tranche of EUR 337.5 million mandatory exchangeable subordinated notes, which had been issued in 2014 as part of the anchor investment in NN Group. These transactions reduced ING's remaining stake in NN Group from 25.8% to 14.1%. In April 2016, ING sold its remaining 14.1% stake in NN Group. The transactions together resulted in a profit of EUR 0.4 billion. The divestment of NN Group is the final step of ING's programme to divest all of its insurance and investment management businesses as part of the restructuring agreement with the European Commission. As a result of the sale of NN Group shares, NN Group is not an investment anymore and available Tier-1 instruments on-lent to NN Group do not need to be deducted and have become part of available Tier-1 capital. This had a positive impact on available Tier-1 capital of EUR 0.8 billion.

In March 2016, a GBP 66 million grandfathered additional Tier 1 security, which was fully on-lent to the Issuer, was redeemed by ING Group on its first call date. In April 2016, the Issuer issued EUR 1 billion CRD

IV-eligible Tier-2 instruments. The transaction had an issuer substitution option which gave ING the right to exchange these for subordinated Tier-2 notes issued by ING Group. On 13 March 2017, ING exercised such right to exchange which became effective on 11 April 2017.

In September 2016, ING Group redeemed USD 800 million 7.05% grandfathered Perpetual Debt Securities which were on-lent to the Issuer.

The transitional (phased-in) common equity Tier 1 requirement that ING Group had to meet on a consolidated basis in 2016 was set at 10.25%. This requirement is the sum of (i) 9.5% being the ECB's decision on the 2015 Supervisory Review and Evaluation Process ("SREP"), including the capital conservation buffer, and (ii) 0.75% for the Systemic Risk Buffer which has been set separately for Dutch systemic banks by the Dutch Central Bank (*De Nederlandsche Bank*, "DNB"). The fully-loaded Systemic Risk Buffer requirement is currently set at 3% for ING Group and phases in over four years, with a final implementation date of 1 January 2019. The impact from countercyclical buffer requirements was insignificant at the start of 2016.

At year-end 2016, ING Group received the ECB's decision on the 2016 SREP. The common equity Tier 1 requirement for ING Group was set at 9.0% in 2017. This requirement consists of a 4.5% Pillar 1 requirement, a 1.75% Pillar 2 requirement, a 1.25% Capital Conservation Buffer ("CCB") and the 1.50% SRB which has been set separately for Dutch systemic banks by DNB. This excludes Pillar 2 guidance, which is not disclosed. The CCB and the Systemic Risk Buffer are scheduled to phase-in over the coming years to 2.5% and 3.0% respectively by 1 January 2019. Consequently, the fully-loaded Maximum Distributable Amount ("MDA") trigger level is expected to rise from 9.0% in 2017 to 11.75% in 2019 and assumes a stable Pillar 2 requirement. In the event that ING Group breaches the MDA level, it may face restrictions to pay dividends, coupons on AT1 instruments and bonuses. ING Group believes that the impact from the Countercyclical Buffer ("CCyB") is negligible at this stage.

With a 14.2% Group common equity Tier 1 ratio as at 31 December 2016, ING Group is already in compliance with the current fully-loaded requirement of 11.75%.

To support orderly resolution, the BRRD requires banks to meet minimum requirements for own funds and eligible liabilities ("MREL"). In addition, ING Bank as a Global Systemically Important Bank ("G-SIB") needs to comply with the total loss absorption capacity ("TLAC") proposal published by the Financial Stability Board ("FSB") in November 2015.

Since 2012, ING has worked diligently with the different resolution authorities to determine a resolution strategy and to identify potential impediments to resolution. Following an intensive discussion throughout 2016, with the Single Resolution Board ("SRB") and the national resolution authority, DNB, in November 2016, ING concluded that ING Group should be its designated resolution entity. At the end of January 2017, the SRB has informed ING that it supports the designation of ING Group as the point of entry. Henceforth, ING Group will be the issuing entity for all TLAC/ MREL eligible debt consisting of Additional Tier 1, Tier 2 and senior unsecured debt.

G-SIBs will be required to meet the TLAC requirement alongside the minimum regulatory requirements set out in the Basel III framework. Specifically, they will be required to meet a Minimum TLAC requirement of at least 16% of the resolution group's risk-weighted assets ("TLAC RWA Minimum") as from 1 January 2019 and at least 18% as from 1 January 2022. Minimum TLAC must also be at least 6% of the Basel III leverage ratio denominator ("TLAC Leverage Ratio Exposure (LRE) Minimum") as from 1 January 2019, and at least 6.75% as from 1 January 2022. Buffer requirements will come on top of the RWA requirement but not on top of the leverage requirement. In addition, the Single Resolution Board has assumed full power as per 1 January 2016. The work plan for the SRB in 2016 will focus on determining the preferred resolution strategy, the resolution entity and the required amount of MREL.

The Issuer continues to maintain a strong and high quality capital level, with a fully-loaded Common Equity Tier-1 ratio and a phased-in Common Equity Tier-1 ratio of 12.6%, thereby complying with CRR/CRD IV solvency requirements. A dividend from the Issuer to ING Group of EUR 1.3 billion was paid in November 2016. The fourth quarter 2016 profit of EUR 0.6 billion is not included in the regulatory capital per December 2016 as this was upstreamed as dividend to ING Group in February 2017. The sale of 2.5% of Kotak Mahindra Bank shares, which was settled in October 2016, had no material impact on ING's capital ratios. The fully loaded and phased in Tier-1 ratios respectively increased from 13.9% to 14.7% and 13.4% to 14.4%, primarily reflecting developments in the Issuer's common equity Tier 1 ratio. This was partly offset by the redemption of the USD 800 million 7.05% grandfathered Perpetual Debt Securities in September.

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. Now that clarity has been provided on the preferred resolution strategy, ING intends to use the option to replace these ING Bank Tier 2 notes with ING Group Tier 2 notes at similar terms through exchange. The noteholders have agreed upfront to the terms and conditions to exchange their ING Bank Tier 2 notes for ING Group Tier 2.

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.

Market and Regulatory Context

Macroeconomic developments in 2016

Global economic developments

Similar to 2015, 2016 was not a strong year for the global economy. Growth in the US regained momentum, but the recovery in the Eurozone was not able to shift into higher gear and the Chinese economy continued to slow. However, although uncertainty about the global economic outlook and (geo)political uncertainty led to flares of financial market volatility, the global economy held up relatively well. Concerns about the global economy started in the first quarter, with disappointing data on the Chinese economy and a decline in oil prices. The world's main stock market indices fell 10 to 15 per cent. below 2015 year-end levels and corporate credit risk rose to levels not seen during the previous two-and-a-half years. Currencies of a number of important emerging economies came under downward pressure. Worries eventually faded, and stock markets and oil prices recovered, as the US Federal Reserve signalled it would be cautious and take the state

of the global economy into account when raising interest rates, and the Chinese authorities implemented measures to support the economy.

Brexit

In late June 2016, financial market volatility increased as Britain surprised markets by deciding to leave the EU (“Brexit”). While the British pound depreciated to record lows against the US dollar and the Bank of England loosened monetary policy as a precaution, the immediate economic impact appears relatively limited. Still, there is long-term uncertainty, as the actual Brexit probably will not take place until 2019 at the earliest. It is still unclear what the relationship between the UK and the EU will be after Brexit.

Eurozone developments

Persistent low growth and declining inflation led the ECB to further loosen monetary policy in 2016. This triggered spectacular falls in market interest rates. Also because of Brexit fears, yields on German government bonds with a remaining maturity of 10 years became negative. While similar bonds issued by other Eurozone governments still carried positive yields, they were at historic low levels as well and often negative for shorter maturities. However, in the second half of the year, expectations about a more expansionary fiscal policy in the US following the presidential election victory of Donald Trump, an interest rate increase by the Federal Reserve, and an increase in oil prices, pushed up capital market interest rates again. ECB policies also resulted in a further decline in the cost of borrowing for Eurozone households and businesses and contributed to a modest increase in credit demand. Marked differences between countries remain, with credit growth generally more positive in northern European countries, while low or negative in southern ones.

Low-interest-rate environment

Persistent low interest rates will, over time, put banks’ net interest income under pressure. On mortgages for instance, ING could be confronted with higher than expected prepayment rates as the difference between rates on existing mortgages and the prevailing market rate lead customers to refinance. On savings, net interest income may decrease as savings rates approach zero and options to further reduce client rates on savings deposits diminish. ING actively manages its interest-rate risk exposure and successfully maintained the net interest margin on its core lending in 2016. 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 is reassessing its product characteristics.

Progress on relevant regulatory initiatives

The Single Supervisory Mechanism (SSM), the system of banking supervision for Europe, was in effect for the second full year in 2016. In this second year, the daily interactions on supervision between the European Central Bank (ECB), national competent authorities like the Dutch Central Bank in the Netherlands and banks were streamlined further.

The ECB in particular took important steps to communicate its expectations to the banking sector and public at large. For example, the ECB provided detailed information about its annual Supervisory Review and Evaluation Process (SREP) and its findings based on its sector-wide thematic review on risk governance and appetite. Such transparency helps support the banking union in coming together, as well as the efficiency and effectiveness of the ECB’s supervision.

ING remains a supporter of the SSM. With its strong European footprint, the Issuer has a clear interest in the proper functioning of European financial markets and in a harmonised approach to European banking supervision. The Issuer believes that this will contribute to a more efficient use of capital across Europe. As banks’ customers are more able to realise their ambitions, the European economy’s growth prospects will benefit. Harmonisation will also help the Issuer accelerate ING’s Think Forward strategy to create one digital banking platform across borders.

ING expects benefits from harmonised supervision to materialise over the coming years with converging supervisory practices, stress testing, streamlined reporting, and the cross-border flow of capital and liquidity.

Alongside the SSM, the Single Resolution Mechanism (SRM) came into force on 1 January 2016. It aims to ensure an orderly resolution process for failing banks. With SSM and SRM, two of the three pillars of the Banking Union have been established. More on this can be found in “Regulation and Supervision – Global Regulatory Environment” below.

The last remaining pillar, mutualisation of deposit guarantee schemes, is progressing at a much slower pace than the first two pillars. Lack of a common European deposit guarantee scheme leaves the eurozone potentially vulnerable to interdependence between banks and governments, despite the existence of the SSM and SRM.

The second EU Directive on Payment Services (PSD2) was adopted in October 2015 and will be implemented in the coming years. It will create an EU-wide single market for payment initiation services and account information services. Its main objective is to promote innovation and competition in the EU payments market. ING welcomes this development and sees the PSD2 as an opportunity to develop new and innovative ways of serving the Issuer’s customers. At the same time, the Issuer finds it important regulators take into account the changing competitive landscape and support financial services providers who embrace innovation and new ways of doing business and should ensure they can compete on a level playing field with newcomers.

In November 2016, the EC launched the review of the existing Capital Requirements Regulation (CRR) and Directive (CRD), and Bank Recovery and Resolution Directive (BRRD) regulation. These draft EC proposals are subject to approval by the European Parliament and Council. They consist of important new regulatory requirements for banks, including the Net Stable Funding Ratio (NSFR), the leverage ratio, review of the trading book and counterparty credit risk. The proposal also includes changes to transpose the FSB TLAC term sheet into EU law and introduces a harmonised approach for creditor hierarchy in Europe.

Regulatory costs and uncertainty

ING’s regulatory costs increased 36.3% in 2016. One main reason were costs for the new Dutch deposit guarantee scheme (EUR 129 million in 2016 compared with zero in 2015). A new European rule says that banks must pay into these deposit guarantee schemes on a regular basis and not just after a bank failure.

Bank taxes were also a major reason for higher costs in 2016; specifically a Polish bank tax of EUR 64 million compared with zero in 2015. This taxes a part of the Issuer’s balance sheet on which the Issuer already pays tax in the Netherlands. There is no European regulation on bank taxes and little coordination between countries addressing the fact that banks pay the same taxes in more than one country. The Issuer hopes that, as is already the case in Germany and foreseen in France, bank taxes will be abolished in the Netherlands and in other countries that still require them.

Other new regulation also contributed to the rise in costs for 2016, such as the European Single Resolution Mechanism (SRM) mentioned above. This required banks to begin paying contributions to the Single Resolution Fund as of January 2016.

A prominent source of regulatory uncertainty in 2016 was the Basel Committee on Banking Supervision (BCBS) proposals regarding risk-weighted assets. The proposals are intended to make risk-weight calculation simpler and more comparable across banks, limiting the use of banks’ own internal models. ING believes that the Basel proposals could allocate too high a risk weight to various lending activities, in particular mortgages, corporates and specialised lending. This would not be in line with historical loss rates and distorts sound economic incentives. ING does support increased comparability of internal models and therefore supports initiatives to address undue risk variability. It is involved in ECB and European Banking Authority (EBA) work underway to address this, such as the Targeted Review of Internal Models (TRIM) by the ECB. Apart

from the proposals in the area of credit risk, the BCBS is also considering changes in the areas of operational and market risk. The continuing uncertainty is detrimental for banks and the economy at large.

Other uncertainties concern loss-absorption requirements, which have not yet been finalised in the EU. The Financial Stability Board's total loss-absorbing capacity term sheet still has to be transposed into EU law before it is clear how to calculate the minimum requirement for own funds and eligible liabilities (MREL).

The range and complexity of non-prudential regulation is increasing. Regulation is becoming more stringent in areas like customer due diligence (CDD) and transaction monitoring to prevent and report money laundering (AML), terrorist financing, and fraud. Regulations such as the Common Reporting Standard (CRS) and FATCA, which require financial institutions to report detailed client-related information to competent authorities, are also adding to banks' regulatory burden. There are a number of risks in areas where applicable regulations are unclear, subject to multiple interpretations or under development, are in conflict with each other, or where regulators revise their guidance or courts overturn previous rulings. Meeting all these requirements within the strict timelines that have been set poses a significant operational challenge for banks. Regulations also need to strike a proper balance between consumer protection and innovation to allow banks to compete in the new competitive environment.

Competitive landscape

Technology is removing a number of the barriers to entry that once insulated the Issuer's business. The Issuer 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 the market for traditional banking services. Its customers, in turn, are willing to consider these offers.

Banks strive to act in the interests of their customers. Safe banking requires specific knowledge of financial services, in-depth knowledge of customers, and 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's long track record and strong brand place it well to seize these opportunities and become a better company for all of its stakeholders. ING Bank 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 the differentiating experience it offers them. ING intends to be even clearer about the strategic choices it makes.

ING Bank Strategy

ING's purpose is to empower people to stay a step ahead in life and in business. This is founded on ING's belief that the role of a financial institution is to support and promote economic, social and environmental progress at the same time as it generates healthy returns for shareholders. To fulfil that purpose, achieve financial and commercial success and create value for all its stakeholders ING Bank has developed the Think Forward strategy.

ING's approach to the customer experience is based on its Customer Promise. This is a pledge to customers to be Clear and Easy, available Anytime and Anywhere, to Empower and to Keep Getting Better. ING Bank does that by striving to be a leader in the digital customer experience based on easy access, simplified products and services, and tools to help customers make smart financial decisions.

The success of ING's strategy is reflected in the growing number of customers who want to bank with ING Bank, the high level of customer satisfaction and the growth of ING Bank's lending franchise. By end-2016

ING's total number of customers stood at almost 36 million, an increase of more than a million year-on-year. Primary customers also increased to 9.7 million, on track to achieve ING's target of 10 million primary customers by 2017; this ambition has now been increased to 14 million primary customers by 2020.

ING Bank enjoys high customer satisfaction scores in many of its markets, achieving number one Net Promoter Scores (NPS) in 7 of its 13 retail markets, and its net core lending grew during 2016 by more than six percent, supporting the economies of the countries where it is active.

One of the ways ING is fulfilling its purpose to empower customers is by offering products, services and tools that make it easier for customers to manage their money and make better financial decisions. In 2016, ING in Spain introduced My Money Coach, a free digital service that uses answers customers provide on their personal situation, risk appetite and financial knowledge to design a personalised plan to help them achieve their savings, investment and retirement goals. Last year ING Bank also expanded the range of the successful online Financially Fit planning tools in The Netherlands. Similar digital advisers are part of ING's offering or are being developed in Belgium, France, Poland and Spain.

In 2016, ING launched Moje ING in Poland, an omnichannel customer interface offering an easy overview of a customer's finances and financial planning tools and based on ING's successful Genoma platform in Spain. In the Netherlands, ING also introduced the "Kijk Vooruit" (or "Look Ahead") tool, which enables users to gain more control over their finances through an overview of future planned and predicted transactions.

ING believes that banking can play a significant role in creating a fairer and greener economy. This includes helping its clients to develop more sustainable business models and supporting clients who develop solutions to environmental and social challenges and also clients who are environmental outperformers in their sectors. ING's sustainable transitions financed came to more than EUR 34 billion in 2016. One notable deal ING was involved in was UK waste operator Shanks Plc's merger with the leading Dutch waste processor Van Gansewinkel Groep. ING served as advisor and underwriter for this deal that will create one of Europe's leading players in recycling and illustrates ING's commitment to the circular economy.

Accelerating Think Forward

While it is achieving successes with its strategy, rapid developments in technology, customer behaviour and the competitive landscape mean that ING needs to speed up its pace of transformation in order to offer customers a differentiating experience in the future. These trends include the continuing digitalisation of banking – especially the rapid growth of mobile devices as the main customer interface – and technology reducing barriers to enter the financial services markets, resulting in a wave of newcomers targeting segments underserved by traditional banks. In addition, new regulations are opening up Europe's payment market to non-banks, and digital ecosystems are developing that allow users to access social media, online purchases, services and payments all in one app. Low interest rates are also decreasing returns for customers and depressing banks' interest margins. And regulatory changes are increasing the cost of capital, limiting banks' capacity to continue to provide certain types of services at a reasonable price. This means that ING needs to look to new offerings that can provide consumers an alternative, for example to low yielding savings accounts, and generate fee income for the bank. It also needs to reduce its operating costs without compromising on the customer experience that it delivers.

To keep up with these developments and remain among the leaders in digital banking, ING Bank needs to offer a customer experience that is instant, personal, frictionless and relevant – one that meets the expectations customers have from their interactions with other leaders in the online digital experience.

The future of banks is not banking as we know it today. This is challenging ING Bank as a bank to re-think what it is. ING Bank believes it should be providing its customers, both Retail and Wholesale, with one platform that extends beyond banking. It should provide customers with their complete financial picture

across all institutions, with actionable insights so that they are empowered to make smart financial decisions. ING also envisages connecting its customers to solutions offered by third parties. And ING will connect its ecosystem to selected digital ecosystems, to be visible and present in the places where customers go when they are online.

To help ING achieve this, it announced in October 2016 an investment of EUR 800 million in continued digital transformation to further improve the customer experience and accelerate growth in primary customers and lending. This effort will be overseen by a newly created chief transformation officer role at Management Board Banking level that will be filled by Roel Louwhoff, who will combine the new role with his current one as chief operating officer.

ING's goal is to ultimately converge its different banking models into one globally scalable platform. As a first step, it will move to an intermediate state (2016-2021) where it will converge businesses with similar customer propositions that can benefit from a more standardised approach and economies of scale.

In the Netherlands and Belgium, ING Bank intends to improve its customer experience by moving to an integrated banking platform, leveraging the combined strengths of the omnichannel capabilities of the Netherlands with the relationship model and advice capabilities of Belgium. In its Challenger markets, ING Bank will work towards a Model Bank, with one retail strategy and harmonised retail proposition focused on increasing customer interaction, and supported by a shared services organisation. Germany's Welcome banking platform will further digitalise ING's business there and enable it to pilot key elements of the future integrated platform, which it plans over time to open to non-customers and for selected third parties. In Wholesale Banking, ING will continue its Target Operating Model (TOM) programme, further driving simplification, business growth and innovation.

In this intermediate state, ING is also laying the bank-wide, shared foundation that will allow it to develop into a single, integrated platform in the future. This comprises global process management, global data management, modular architecture, bank-wide shared services and cloud-based services.

ING will fund this journey and respond to headwinds on the economic growth and regulatory fronts through additional cost management and income diversification.

Elements of ING Bank's strategy

Strategic priorities

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

Earning 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 primary relationship as a customer with 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 they can use 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 banking. Through innovation, ING Bank can increase efficiency, improve the customer experience and gain competitive advantage. ING Bank's PACE methodology is designed to encourage fast experimentation and turn ideas quickly into new products and services for customers. ING Bank also promotes an internal culture of innovation through its employee-driven Innovation Bootcamps. To speed up the pace of innovation ING also partners with outside parties, including fintechs.

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. ING Bank envisages doing this by creating an open digital platform that also includes relevant offers from third parties, providing a complete financial view for customers in one place – including of their holdings at other institutions – so they are empowered to make better financial decisions, and also by finding ways to be relevant to customers earlier in their purchasing decision-process.

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.

Market Leaders – these are ING Bank's businesses in mature markets in the Benelux where it has strong positions 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 – these are businesses in markets where ING Bank offers both retail and wholesale banking services. Its retail activities are mainly direct-banking 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 businesses in 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.

Wholesale Banking – ING Wholesale Banking is a network bank for its clients across Europe with global reach and strong positions in a number of global franchises, including Industry Lending, Financial Markets and Transaction Services. ING Wholesale Banking is investing in its business transformation programme Target Operating Model and is targeting growth in its corporate client base, Industry Lending and Transaction Services. In Challenger countries it is expanding its lending activities to build locally optimised balance sheets and sustainable franchises.

ING Group's performance in 2016

The good progress that ING has made in 2016 implementing the Think Forward strategy and providing differentiating banking experience for customers, resulted in strong commercial and financial performance.

ING Group net result of EUR 4.7 billion and underlying net result of just under EUR 5 billion were driven by robust commercial growth at resilient margins and declining risk costs and achieved despite increasing regulatory costs.

ING's focus on primary customer relationships helped it to achieve healthy and balanced growth in its lending to customers and in customer deposits. Net core lending grew by nearly EUR 35 billion and customer deposits increased by EUR 22 billion in 2016, both increasing around six per cent.

Lending is well diversified across regions and categories, with particularly strong growth in the Challengers & Growth Markets and Industry Lending in Wholesale Banking. Substantial progress was also seen in fee and commission income, particularly in Challengers & Growth Markets where ING Bank is increasingly becoming the primary bank for customers.

ING believes that this strong profitability and growth and the important steps it is taking to accelerate the strategy enables it to continue to be successful in the future and providing a superior experience for customers.

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 page 34).

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 34).

Industry Lending

Industry Lending is a high value-added product for clients and ING Bank. ING Bank's Industry Lending teams provide financing to clients in selected markets based on specialist industry knowledge and expertise. Industry Lending, is broadly diversified across sectors and geographies. Its activities are grouped into the

Energy, Transport & Infrastructure Group, the Specialised Financing Group, the International Trade and Export Finance Group, and Real Estate Finance.

General Lending

General Lending is offered to corporate clients as the anchor product in a broader relationship typically involving flow products in Financial Markets (“FM”) or Transaction Services. It is typically less complex than Industry Lending with more standardised transactions. Client teams focus on cross-sell opportunities with other bank products.

Transaction Services

Transaction Services supports ING Bank’s client’s core processes and daily financial operations with tailor-made integrated solutions and advice. It comprises Payments & Cash Management, Trade Finance Services, Working Capital Solutions and Bank Mendes Gans, ING’s cash pooling business.

ING Bank is an important player in the issuing (corporate cards) and the retail payment markets. Both products lines generate fee-based income.

ING Bank is a top Payments & Cash Management provider in the Benelux. It also enhanced its ranking amongst the top league pan-European cash management banks due to the exit of a global competitor.

Trade Finance Services (“TFS”) finances, settles and mitigates risks of international trade for clients in all markets globally, but primarily in Asia, the Middle East, Central and Eastern Europe and Latin America.

Working Capital Solutions (“WCS”) combines ING Bank’s Supply Chain Finance and Trade Receivables activities and is a key 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.

Bank Mendes Gans (“BMG”) is a specialist bank providing global liquidity management services, including multi-currency, multi-bank cash-pooling and netting solutions, to multinational corporations.

Financial Markets

FM is a well-diversified business targeting developed markets and emerging economies. It focuses on interest rates, currencies and to credit products. It aims to serve ING Bank’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. A multi-product global sales force offers a full range of products and services across three main business lines: FX Rates and Credit Trading, Global Equity Products and Global Capital Markets. It provides clients with hedging solutions to mitigate financial risk in all markets. It also provides investment solutions to meet specific investment objectives, as well as financing solutions through clients’ public or private debt or equity issuance, or through securities financing.

In Debt Capital Markets ING Bank continues to transform the business into a consistent top-10 European player in its chosen areas of focus. These areas of focus include supporting existing clients, maintaining its position as Dutch bank of choice for issuers, and capitalising on its continued balance sheet support for Russia, Turkey, Poland and Romania.

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 is a variety of proposals for laws and regulations 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 in the Netherlands 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, 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. 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 with the ECB assuming direct responsibility for a significant part of the prudential supervision of the Issuer 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.

As a third pillar to the Banking Union, the EU has harmonised regulations for Deposit Guarantee Schemes (“DGS”). Main elements are the creation of ex-ante funded DGS funds, financed by risk-weighted contributions from banks. As a next step, the EU is discussing a pan-European (or pan-banking union) DGS, (partly) replacing or complementing national compensation schemes. A more definitive proposal is expected in 2017 or 2018.

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 non-bank 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 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, the Internal Model Approach 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 the buffer is 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 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 Regulation (“CRR”) and 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 set a Pillar 2 requirement of 1.75% for ING Group.

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.

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. 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. Further, Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (“ITRA”) 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.

EU and US sanctions against Iran were partially lifted in January 2016 under the Joint Comprehensive Plan of Action (JCPOA) that was agreed in July 2015 by China, France, Germany, Russia, the United Kingdom, the United States, the European Union, and Iran. As noted above, ING Bank has maintained its policy not to enter

into new relationships with clients from Iran and processes remain in place to discontinue existing relationships involving Iran.

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’ where prescribed by applicable laws and procedures and in all cases subject of an increased level of scrutiny. Any interest or other payments ING Bank is legally required to make in connection with said positions are only made into such accounts. Funds can only be withdrawn by relevant Iranian parties from ‘frozen’ accounts after due regulatory consent from the relevant competent authorities. ING Bank has strict controls in place to monitor every transaction related to these accounts, specifically to ensure that no unauthorised account activity takes place in relation to accounts that are ‘frozen’. ING Bank may receive loan repayments, duly authorised by the relevant competent authorities where prescribed by applicable laws. For the relevant period, ING Bank had gross revenues of approximately USD 5.3 million, which was principally related to legacy loan repayment, and ING Bank estimates that it had net profit of approximately USD 63,641. ING Bank intends to terminate each of the legacy positions as the nature thereof and applicable law permits.

Also in 2016, the Ukraine-related sanctions imposed by both the US and the EU remained in force. 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.

The ING Bank Financial Economic Crime Policy (the “ING Bank FEC Policy”) and Minimum Standards directly reflect 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 local procedures aiming to enable them to comply with local laws, regulations and the ING Bank FEC Policy and Minimum Standards. Where local laws and regulations are more stringent, the local laws and regulations are applied. Likewise the FEC Policy and Minimum Standards prevail when the standards therein are stricter than stipulated in local laws and regulations and if not specifically forbidden (data privacy or bank secrecy).

The ING Bank FEC Policy and Minimum Standards provide a 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.

As a result of frequent evaluation of all businesses from economic, strategic and risk perspective ING Bank continues to believe that doing business involving certain specified countries should be discontinued. In that respect, ING Bank 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/or 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.

ING Bank has an FEC control framework in place to mitigate the risks related to Financial Economic Crime.

For further information regarding compliance with relevant laws, regulations, standards and expectations by ING Bank and its business in certain specified countries, see “Global Regulatory Environment” above.

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 Australian Financial Services Licence ("AFSL") and Australian Credit Licence ("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 Statement of Financial Position of ING Bank N.V. ⁽¹⁾

(amounts in EUR million)	31 December 2016	31 December 2015	31 December 2014
Assets			
Cash and balances with central banks	18,144	21,458	12,222
Loans and advances to banks	28,872	29,966	37,122
Financial assets at fair value through profit or loss			
- trading assets	114,512	131,485	136,964
- non-trading derivatives	2,309	3,216	4,303
- designated as at fair value through profit or loss	5,099	3,234	2,756
Investments			
- available-for-sale	82,912	87,000	95,401
- held-to-maturity	8,751	7,826	2,239
Loans and advances to customers	562,873	700,007	703,920
Investments in associates and joint ventures	1,003	842	861
Property and equipment	2,002	2,027	2,100
Intangible assets	1,484	1,567	1,655
Current tax assets	252	279	289
Deferred tax assets	1,000	813	1,126
Other assets	14,706	12,272	12,716
Assets held for sale	0	0	729
Total assets	843,919	1,001,992	1,014,403
Equity			
Shareholders' equity (parent)	43,540	40,857	38,064
Non-controlling interests	606	638	622
Total equity	44,146	41,495	38,686
Liabilities			
Subordinated loans	16,104	15,920	16,599
Debt securities in issue	101,305	117,556	120,959
Deposits from banks	31,964	33,808	30,003
Customer deposits	531,096	672,204	675,082
Financial liabilities at fair value through profit or loss			
- trading liabilities	83,167	88,807	97,901
- non-trading derivatives	3,585	4,364	6,357
- designated as at fair value through profit or loss	12,266	12,616	13,551
Current tax liabilities	546	590	442

(amounts in EUR million)	31 December 2016	31 December 2015	31 December 2014
Deferred tax liabilities	919	645	872
Provisions	2,028	964	1,017
Other liabilities	16,793	13,023	13,744
Total liabilities	799,773	960,497	975,717
Total equity and liabilities	843,919	1,001,992	1,014,403

Note:

- (1) Loans and advances to customers and Customer deposits, as at 31 December 2015 and 2014, are adjusted as a result of a change in accounting policies.

Breakdown of Shareholders' Equity of ING Bank N.V. ⁽¹⁾

	31 December 2016	31 December 2015	31 December 2014
Share Capital	525	525	525
Share premium	16,542	16,542	16,542
Revaluation reserve	4,810	4,897	4,781
Currency translation reserve	-791	-540	-609
Net defined benefit asset/liability remeasurement reserve	-371	-306	-370
Other reserves	22,825	19,739	17,195
Shareholders' equity (parent)	<u>43,540</u>	<u>40,857</u>	<u>38,064</u>

(1) These figures have been derived from the audited annual consolidated accounts of the Issuer in respect of the financial years ended 31 December 2016, 2015 and 2014.

Consolidated Statement of Profit or Loss of ING Bank N.V. ⁽¹⁾

(amounts in EUR million)	2016	2016	2015	2015	2014	2014
Interest income	44,221		46,397		48,376	
Interest expense	-30,904		-33,653		-35,770	
Net interest result		<u>13,317</u>		<u>12,744</u>		<u>12,606</u>
Investment income		421		127		213
Net result on disposals of group companies		1		2		195
Commission income	3,581		3,420		3,314	
Commission expense	-1,148		-1,100		-1,023	
Net commission income		<u>2,433</u>		<u>2,320</u>		<u>2,291</u>
Valuation results and net trading income		1,093		1,333		191
Share of profit from associates and joint ventures		77		493		76
Other income		172		51		102
Total income		<u>17,514</u>		<u>17,070</u>		<u>15,674</u>
Additions to loan loss provisions		974		1,347		1,594
Staff expenses		5,036		4,962		5,783
Other operating expenses		5,567		4,346		4,442
Total expenses		<u>11,577</u>		<u>10,655</u>		<u>11,819</u>
Result before tax		<u>5,937</u>		<u>6,415</u>		<u>3,855</u>
Taxation		1,635		1,684		1,032

(amounts in EUR million)	2016	2016	2015	2015	2014	2014
Net result (before non-controlling interests)		<u>4,302</u>		<u>4,731</u>		<u>2,823</u>

Note:

- (1) These figures have been derived from the audited annual consolidated accounts of ING Bank N.V. in respect of the financial years ended 31 December 2016 to 2014.

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.

The Issuer’s results of operations are affected by demographics and by a variety of market conditions, including economic cycles, banking industry cycles and fluctuations in stock markets, interest and foreign exchange rates, political developments and client behaviour changes. See “Risk Factors” for more factors that can impact the Issuer’s results of operations.

Financial environment

See “*Market and regulatory context*” for more information on the financial environment.

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 ING’s 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 some terms even 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, expenses and foreign investments is denominated in currencies other than euros, fluctuations

in the exchange rates used to translate foreign currencies, particularly the U.S. Dollar, Pound Sterling, Turkish Lira, Chinese Renminbi, Australian Dollar, Japanese Yen, Polish Zloty, Korean Won, the Indian Rupee, Brazilian Real and Russian Ruble into euros will impact its reported results of operations, cash flows and reserves 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. See Note 34 “Derivatives and hedge accounting” to the consolidated financial statements of the Issuer for the year ended 31 December 2016, which is incorporated by reference herein, for a description of ING Bank’s hedging activities with respect to foreign currencies. 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 common Tier-1 ratio.

For the years 2016, 2015 and 2014, the year-end exchange rates (which are the rates ING Bank uses in the preparation of the consolidated financial statements for balance sheet items not denominated in euros), and the average quarterly exchange rates (which are the rates ING uses in the preparation of the consolidated financial statements for income statement items and cash flows not denominated in euros) were as follows for the currencies specified below:

Average	4Q 2016	3Q 2016	2Q 2016	1Q 2016
U.S. Dollar.....	1.083	1.114	1.127	1.102
Australian Dollar	1.449	1.480	1.501	1.509
Brazilian Real	3.542	3.630	3.915	4.298
Chinese Renminbi.....	7.380	7.421	7.375	7.184
Pound Sterling	0.868	0.845	0.790	0.768
Indian Rupee.....	73.007	74.716	75.369	74.036
Korean Won.....	1,250.197	1,249.993	1,303.320	1,308.371
Turkish Lira.....	3.530	3.303	3.228	3.213
Polish Zloty	4.375	4.369	4.373	4.329
Russian Rouble.....	68.135	72.309	73.620	80.409
Average	4Q 2015	3Q 2015	2Q 2015	1Q 2015
U.S. Dollar.....	1.093	1.114	1.102	1.137
Australian Dollar	1.526	1.534	1.429	1.448
Brazilian Real	4.295	3.938	3.434	3.243
Chinese Renminbi.....	6.984	7.005	6.833	7.080
Pound Sterling	0.724	0.720	0.721	0.746
Indian Rupee.....	72.070	72.416	69.898	70.898
Korean Won.....	1,271.902	1,296.208	1,213.660	1,250.293
Turkish Lira.....	3.217	3.178	2.929	2.805
Polish Zloty	4.262	4.199	4.109	4.185
Russian Rouble.....	73.576	69.379	60.022	70.981

Average	4Q 2014	3Q 2014	2Q 2014	1Q 2014
U.S. Dollar.....	1.244	1.320	1.373	1.373
Australian Dollar	1.453	1.437	1.477	1.533
Brazilian Real	3.137	3.009	3.062	3.220
Chinese Renminbi.....	7.652	8.140	8.556	8.402
Pound Sterling	0.784	0.792	0.817	0.828
Indian Rupee.....	77.206	80.034	82.190	84.499
Korean Won.....	1,346.868	1,355.481	1,417.828	1,465.069
Turkish Lira.....	2.810	2.869	2.912	3.013
Polish Zloty	4.216	4.179	4.169	4.186
Russian Rouble.....	59.406	48.088	47.978	47.893
Year-end		2016	2015	2014
U.S. Dollar.....		1.055	1.089	1.215
Australian Dollar		1.460	1.490	1.482
Brazilian Real		3.434	4.313	3.229
Chinese Renminbi.....		7.333	7.069	7.533
Pound Sterling		0.857	0.734	0.779
Indian Rupee.....		71.696	72.085	76.843
Korean Won.....		1,274.184	1,276.681	1,335.467
Turkish Lira.....		3.723	3.182	2.829
Polish Zloty		4.417	4.265	4.288
Russian Rouble.....		64.485	79.963	72.267

Sovereign Debt Exposures

For information regarding certain sovereign debt exposures, see Note 5 “Investments” and section “Risk Management” to the consolidated financial statements of the Issuer for the year ended 31 December 2016, which are incorporated by reference herein.

Critical Accounting Policies

See Note 1 “Accounting policies” to the consolidated financial statements of the Issuer for the year ended 31 December 2016, which are incorporated by reference herein.

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’s management evaluates the results of its operations, including the business lines of the banking operations, using a non-IFRS financial performance measure called underlying result. To give an overview of the underlying result measure, ING Bank also presents consolidated underlying result before tax and underlying net result. Underlying figures are derived from figures determined in accordance with IFRS-EU by excluding the impact of divestments, special items and result from discontinued operations. 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.

While items excluded from underlying result are significant components in understanding and assessing ING Bank's consolidated financial performance, ING Bank believes that the presentation of underlying net result is relevant and useful for investors because it allows investors to understand the primary method used by management to evaluate ING Bank's operating performance and make decisions about allocating resources. In addition, ING Bank believes that the presentation of underlying net result helps investors compare its segment performance on a meaningful basis 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 by disregarding the effects of significant restructuring provisions and realised gains/losses on divestures as the timing of such events is largely subject to its discretion and influenced by market opportunities and ING Bank does not believe that they are indicative of future results. ING Bank believes that the most directly comparable GAAP financial measure to underlying net result is net result. However, underlying net result should not be regarded as a substitute for net result as determined in accordance with IFRS-EU. Because underlying net result is not determined in accordance with IFRS-EU, underlying net result as presented by ING Bank may not be comparable to other similarly titled measures of performance of other companies. In addition, ING Bank's definition of underlying net result may change over time. For further information on underlying result, as well as the reconciliation of ING Bank's underlying result before tax to its net result, see "Segment Reporting" below and Note 29 "Segments" to the Issuer's consolidated financial statements for the year ended 31 December 2016, which are incorporated by reference herein.

The following table sets forth the consolidated results of operations of the Issuer for the years ended 31 December 2016, 2015 and 2014:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	<i>(EUR millions)</i>		
Underlying income			
Net interest income	13,317	12,744	12,606
Net commission income	2,434	2,320	2,290
Total investment and other income	<u>1,763</u>	<u>1,639</u>	<u>574</u>
Total underlying income	<u><u>17,514</u></u>	<u><u>16,703</u></u>	<u><u>15,471</u></u>
Underlying expenditure			
Operating expenses	9,445	9,231	8,965
Addition to loan loss provision	974	1,347	1,594
Total underlying expenditure	<u><u>10,419</u></u>	<u><u>10,578</u></u>	<u><u>10,559</u></u>
Underlying result before tax	7,095	6,125	4,912
Taxation	1,993	1,703	1,271
Non-controlling interests	<u>75</u>	<u>72</u>	<u>79</u>
Underlying net result	<u><u>5,026</u></u>	<u><u>4,350</u></u>	<u><u>3,562</u></u>
Divestments ⁽¹⁾		367	202
Special items ⁽²⁾	(799)	(58)	(1,021)

	2016	2015	2014
	_____	_____	_____
		<i>(EUR millions)</i>	
	_____	_____	_____
Net result	4,227	4,659	1,744
	=====	=====	=====

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).
- (2) Special items: ING Group's digital transformation programmes (EUR -787 million, 2016), Retail Netherlands strategy (EUR -13 million, 2016, EUR -58 million, 2015, EUR -63 million, 2014), 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).

Year ended 31 December 2016 compared to year ended 31 December 2015

The Issuer posted strong results in 2016, driven by higher net interest income and lower risk costs. This was realised despite a sharp increase in operating expenses due to EUR 1,157 million of pre-tax charges recorded as special items, primarily related to the digital transformation programmes as announced on ING's Investor Day on 3 October 2016. The Issuer's net profit increased to EUR 4,227 million from a net result of EUR 4,659 million in 2015. The Issuer's 2016 net result includes special items after tax in a total amount of EUR -799 million (including EUR -787 million related to the Issuer's digital transformation programmes and EUR -13 million related to Retail Netherlands strategy).

Underlying net result for 2016 was EUR 5,026 million, an increase of 15.5% from EUR 4,350 million in 2015. Underlying net result is derived from total net result by excluding the impact of divestments, special items and result from discontinued operations.

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

The Issuer posted a strong set of full-year 2015 results, driven by higher net interest income and lower risk costs. This was realised despite a sharp increase in regulatory costs during 2015. The Issuer's net profit increased to EUR 4,659 million from a net result of EUR 2,744 million in 2014. The Issuer's 2015 net result included a EUR 367 million net result on divestments related to the merger between ING Vysya Bank and Kotak Mahindra Bank and EUR -58 million of special items after tax (related to Retail Netherlands strategy).

Underlying net result for 2015 was EUR 4,350 million, an increase of 22.1% from EUR 3,562 million. Underlying net result is derived from total net result by excluding the impact of divestments, discontinued operations and special items.

Consolidated Assets and Liabilities

The following table sets forth ING Bank's condensed consolidated assets and liabilities as of 31 December 2016, 2015 and 2014:

	2016	2015	2014
	_____	_____	_____
		<i>(EUR billions)</i>	
	_____	_____	_____
Cash and balances with central banks.....	18.1	21.4	12.2

	2016	2015	2014
		<i>(EUR billions)</i>	
Loans and advances to banks	28.9	30.0	37.1
Financial assets at fair value through profit or loss	121.9	137.9	144.0
Investments	91.7	94.8	97.6
Loans and advances to customers ⁽¹⁾	562.9	536.5	518.1
Other assets	20.4	17.8	18.7
Assets held for sale	—	—	0.7
Total assets before change in accounting policy	843.9	838.5	828.6
Impact change in accounting policy on Loans and advances to customers ⁽¹⁾	—	163.5	185.8
Total assets	843.9	1,002.0	1,014.4
Deposits from banks	32.0	33.8	30.0
Customer deposits ⁽¹⁾	531.1	508.7	489.3
Financial liabilities at fair value through profit or loss	99.0	105.8	117.0
Other liabilities	20.3	15.2	16.1
Debt securities in issue/subordinated loans ⁽²⁾	117.4	133.5	137.6
Liabilities held for sale	—	—	—
Total liabilities before change in accounting policy	799.8	797.0	789.9
Impact change in accounting policy on Customer deposits ⁽¹⁾	—	163.5	185.8
Total liabilities	799.8	960.5	975.7
Shareholders' equity	43.5	40.9	38.1
Non-controlling interests	0.6	0.6	0.6
Total equity	44.1	41.4	38.7
Total liabilities and equity	843.9	1,002.0	1,014.4

Notes:

- (1) ING changed its accounting policy for the netting of cash pooling arrangements in the second quarter of 2016. In accordance with IFRS, the comparable amounts must be adjusted. In this table, however, the year-end 2015 and 2014 cash pool balances in Loans and advances to customers and Customer deposits are still presented on a net basis in order to provide consistent information to its users.
- (2) Subordinated loans includes other borrowed funds. Historical figures have been adjusted, as explained in Note 1 "Accounting policies" to the consolidated financial statements of the Issuer for the year ended 31 December 2016, which are incorporated by reference herein.

Customer deposits consists predominantly of savings accounts, credit balances on customer accounts and corporate deposits.

Year ended 31 December 2016 compared to year ended 31 December 2015

ING Bank N.V.'s total assets decreased to EUR 844 billion at year-end 2016 compared to EUR 1,002 billion at year-end 2015. Excluding the impact of the accounting policy change for cash pooling arrangements, total assets increased by EUR 5 billion, or 0.6%, to EUR 844 billion at year-end 2016, compared to EUR 839 billion at year-end 2015. Excluding EUR 1 billion of negative currency impacts, the increase was EUR 7 billion.

Loans and advances to customers increased by EUR 26 billion, which was due to the growth of the net core customer lending base by EUR 35 billion, partly offset by a reduction in non-core customer lending (among others in the WUB and Lease run-off portfolios). This increase was largely offset by lower financial assets at fair value through profit or loss (decreased trading securities and repo activity), lower cash and balances with central banks and lower investments (including a reduction of ING's stake in Kotak Mahindra Bank).

Customer deposits increased by EUR 22 billion, of which almost EUR 29 billion was driven by net growth, excluding currency impacts and Bank Treasury. Other liabilities increased by EUR 5 billion, which includes the redundancy provision recorded in the fourth quarter. These increases were largely offset by decreases of debt securities in issue (mainly lower long-term debt), financial liabilities at fair value through profit or loss (mirroring the asset side) and deposits from banks.

Shareholders' equity increased by EUR 2.7 billion, from EUR 40.9 billion at year-end 2015 to EUR 43.5 billion at year-end 2016. The increase was mainly due to the net result for the year 2016, partly offset by dividend payments.

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

ING Bank N.V.'s total assets decreased to EUR 1,002 billion at year-end 2015 from EUR 1,014 billion at year-end 2014. Excluding the impact of the accounting policy change for cash pooling arrangements (mentioned above), total assets increased by EUR 10 billion, or 1.2%, to EUR 839 billion at year-end 2015 compared to EUR 829 billion at year-end 2014. Total assets excluding assets held for sale, increased by EUR 11 billion, including EUR 11 billion of positive currency impacts. Excluding currency impacts, ING Bank N.V. 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 loans and advances to 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 N.V. continued to improve its funding profile, as customer deposits increased by EUR 19 billion, with an EUR 11 billion increase in savings and EUR 12 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 year-end 2014 to EUR 40.9 billion at year-end 2015. The increase was mainly due to the net result for the year 2015, partly offset by dividend paid to ING Group, to support the dividend policy of ING Group.

Segment Reporting

The Issuer's segments are based on the internal reporting structures. 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.

The Management Board of ING Bank set the performance targets, approve and monitor the budgets prepared by the business lines. Business lines formulate strategic, commercial and financial policy in conformity with the strategy and performance targets set by the Management Board of ING Bank.

The accounting policies of the segments are the same as those described in Note 1 “Accounting policies” to the consolidated financial statements of the Issuer for the year ended 31 December 2016, which is incorporated by reference herein. Transfer prices for inter-segment transactions are set at arm’s length. Corporate expenses are allocated to business lines based on time spent by head office personnel, the relative number of staff, or on the basis of income, expenses and/or assets of the segment.

As of 1 January 2016, Czech Republic, previously fully reported within Wholesale Banking is now segmented to both Retail and Wholesale Banking. The presentation of previously reported underlying profit or loss amounts has been adjusted to reflect this change.

As of 1 January 2015, the segment Retail Rest of the World was renamed to Retail Other. In addition to this, the attribution of ‘Underlying result’ to segments changed as follows as of such date:

‘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, became segmented to both Retail Banking and Wholesale Banking

Bank Treasury (excluding isolated legacy costs recorded within Corporate Line) became 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 or loss figures has been restated to reflect the above changes.

and despite a further lowering of client savings rates in several countries. The growth of net interest income was furthermore supported by improved net interest income in the Corporate Line, with part of the increase being structural due to a gradual redemption of the isolated legacy funding costs. Net commission income rose 4.9% to EUR 2,434 million from EUR 2,320 million in 2015, particularly in the Challengers & Growth Markets. Total investment and other income rose to EUR 1,763 million from EUR 1,639 million in 2015. Excluding the negative swing in CVA/DVA adjustments in Wholesale Banking and the Corporate Line (which were EUR -77 million in 2016, compared with EUR 224 million in 2015), total investment and other income increased by EUR 426 million, mainly due to a EUR 200 million gain on Visa shares and positive hedge ineffectiveness results, whereas 2015 included non-recurring charges related to the mortgage portfolios in Italy and Belgium due to higher-than-expected repayments and renegotiations.

Underlying operating expenses increased 2.3% to EUR 9,445 million, compared with EUR 9,231 million in 2015. In 2016, underlying operating expenses included EUR 845 million of regulatory expenses (including contributions to the new Dutch deposit guarantee scheme and a new bank tax in Poland) compared with EUR 620 million in 2015. Excluding regulatory costs, underlying operating expenses were marginally lower than a year ago. Increases due to IT investments and selective business growth in the Retail Challengers & Growth Markets and Wholesale Banking's Industry Lending, as well as additional provisioning for Dutch SME clients with interest rate derivatives that were sold in the Netherlands were fully offset by the benefits from the running cost-saving programmes and some incidental items, including a one-off expense adjustment in Belgium and an adjustment in the capitalisation and amortisation of software.

The net addition to the provision for loan losses declined 27.7% to EUR 974 million from EUR 1,347 million in 2015. Risk costs were 31 basis points of average risk-weighted assets, which is below ING Bank's through-the-cycle guidance range for risk costs of 40-45 basis points.

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

Net result from ING Bank's operations (including the impact of 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 result 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. Divestments in 2014 related to 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. Special items after tax in 2014 consisted of a EUR 653 million net charge to make the Dutch closed defined benefit pension fund financially independent, EUR 304 million of bank levies related to the nationalisation of SNS in the Netherlands and a EUR 63 million charge related to restructuring programmes in Retail Netherlands.

ING Bank's underlying banking operations posted a strong performance in 2015. The underlying result before tax rose 24.7% to EUR 6,125 million in 2015 from 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 of EUR 212 million during 2015.

Total underlying income rose 8.0% to EUR 16,703 million, from 15,471 million in 2014. Net interest income 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. Net commission income rose 1.3% to EUR 2,320 million from EUR 2,290 million in 2014. Total investment and other income increased to EUR 1,639 million, from EUR 574 million in 2014. This increase was mainly explained by a positive swing in credit and debt valuation adjustments (CVA/DVA) 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 at Financial Markets.

Underlying operating expenses increased 3.0% to EUR 9,231 million, compared with EUR 8,965 million in 2014. In 2015, underlying operating 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, underlying operating 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 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.

The Banking business lines are analysed using underlying result before tax in a format that is similar to the IFRS-EU profit and loss account.

Retail Netherlands

	Retail Netherlands		
	2016	2015	2014
	<i>(EUR millions)</i>		
Underlying income			
Net interest income	3,653	3,683	3,778
Net commission income	546	515	464
Other underlying income	237	205	87
Total underlying income	4,436	4,403	4,330
Underlying expenditure			
Operating expenses	2,560	2,475	2,678
Additions to the provision for loan losses	171	433	714
Total underlying expenditure	2,731	2,908	3,392
Underlying result before tax	1,705	1,495	938
Taxation	422	391	243

Retail Netherlands			
	2016	2015	2014
	<i>(EUR millions)</i>		
Non-controlling interests.....	—	—	—
Underlying net result.....	1,282	1,104	694
Special items	(192)	(58)	(63)
Net result.....	1,090	1,046	631

Year ended 31 December 2016 compared to year ended 31 December 2015

Net result of Retail Netherlands rose to EUR 1,090 million from EUR 1,046 million in 2015. Underlying net result increased 16.1% to EUR 1,282 million from EUR 1,104 million in 2015. Special items after tax excluded from underlying net result were equal to EUR -192 million in 2016, of which EUR -180 million related to the planned digital transformation programmes announced on ING's Investor Day on 3 October 2016 and EUR -13 million to the restructuring programmes in Retail Netherlands announced before 2013. Special items after tax in 2015 were EUR -58 million and were fully related to the earlier announced restructuring programmes in Retail Netherlands.

Underlying result before tax of Retail Netherlands rose to EUR 1,705 million from EUR 1,495 million in 2015, due to lower risk costs while underlying income was resilient due to stable interest margins and higher revenues from Bank Treasury. Underlying income rose 0.7% to EUR 4,436 million. Net interest income slightly declined, mainly caused by a decline in lending volumes and margin pressure on current accounts, partly offset by higher margins on savings and lending. The lower lending volumes were partly caused by the continued transfer of WestlandUtrecht Bank (WUB) mortgages to NN Group and the run-off in the WUB portfolio. Net core lending book (excluding the WUB portfolio, Bank Treasury products and movements in the mortgage hedge) declined by EUR 4.2 billion in 2016. The decline was both in mortgages and other lending; the latter reflecting subdued demand in business lending. Net customer deposits (excluding Bank Treasury) grew by EUR 7.1 billion. Net commission income rose by EUR 31 million, or 6.0%, and investment and other income was up EUR 32 million, in part due to a gain on the sale of Visa shares.

Underlying operating expenses increased 3.4% to EUR 2,560 million from EUR 2,475 million in 2015, mainly due to higher regulatory costs and an additional provision for Dutch SME clients with interest-rate derivatives, whereas in 2015 underlying operating expenses included some smaller restructuring provisions. These factors were partly offset by the benefits from ongoing cost-saving initiatives. From the existing cost-saving programmes announced since 2011, which aim to realise EUR 675 million of annual cost savings by the end of 2017, an amount of EUR 562 million have already been realised. Risk costs declined to EUR 171 million, or 32 basis points of average risk-weighted assets, from EUR 433 million in 2015. The decline was both in business lending and residential mortgages, reflecting the improvements in the Dutch economy and housing market.

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

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

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. Underlying 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. Net interest income 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 WestlandUtrecht (WUB) mortgages to NN Group and the run-off in the WUB portfolio. The net core lending book (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. Net commission income was up 11.0% and total investment and other income rose by EUR 118 million, in part due to positive hedge ineffectiveness, while in 2014 investment and other income included a one-off loss on the sale of real estate in own use. Excluding the redundancy provisions in 2014, underlying 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-saving programmes. The cost-saving programmes were 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.

Retail Belgium

	Retail Belgium		
	2016	2015	2014
	<i>(EUR millions)</i>		
Underlying income			
Net interest income	1,936	1,953	1,998
Net commission income	385	397	376
Investment and other income	253	195	243
Total underlying income	2,573	2,546	2,617
Underlying expenditure			
Operating expenses	1,438	1,532	1,524
Additions to the provision for loan losses	175	169	142
Total underlying expenditure	1,613	1,701	1,667
Underlying result before tax	961	845	951
Taxation	306	255	256
Non-controlling interests	1	6	1
Underlying net result	653	583	693
Special items	(418)	0	0
Net result	235	583	693

	Retail Germany		
	2016	2015	2014
	<i>(EUR millions)</i>		
Net interest income	1,689	1,634	1,500
Net commission income	183	172	143
Investment and other income	51	104	(27)
Total underlying income	1,923	1,910	1,615
Underlying expenditure			
Operating expenses	886	842	773
Additions to the provision for loan losses	(18)	57	72
Total underlying expenditure	868	899	845
Underlying result before tax	1,055	1,012	771
Taxation	315	328	230
Non-controlling interests	2	2	1
Underlying net result	738	681	540
Net result	738	681	540

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

Both net result and underlying net result of Retail Germany increased by EUR 57 million, or 8.4%, to EUR 738 million in 2016 from EUR 681 million in 2015. There were no special items or divestments in 2016 and 2015.

Retail Germany's underlying result before tax increased 4.2% to EUR 1,055 million, compared with EUR 1,012 million in 2015. This increase was supported by a net release in risk costs, partly offset higher expenses. Underlying income rose 0.7% to EUR 1,923 million, from EUR 1,910 million in 2015, supported by a gain on the sale of Visa shares. Net interest income increased 3.4% following continued business growth, partly offset by lower margins on most products. Net inflow in customer deposits (excluding Bank Treasury) was EUR 9.0 billion in 2016. The net production in customer lending (excluding Bank Treasury and movement in the mortgage hedge) was EUR 3.8 billion, of which EUR 3.0 billion was in mortgages and EUR 0.8 billion in consumer lending. Net commission income rose 6.4% to EUR 183 million. Investment and other income decreased by EUR 53 million, due to lower gains on the sale of bonds and less positive hedge ineffectiveness results, which was partly compensated by a EUR 44 million gain on the sale of Visa shares. Underlying operating expenses increased 5.2% to EUR 886 million, from EUR 842 million in 2015. The increase was mainly due to a higher headcount in order to support business growth and customer acquisition, as well as investments in strategic projects. This was partly offset by lower regulatory costs. The cost/income ratio was 46.1%, compared with 44.1% in 2015. Risk costs turned to a net release of EUR 18 million from a net addition of EUR 57 million in 2015, reflecting a benign credit environment in the German market and model updates for mortgages.

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

Both net result and underlying net result of Retail Germany increased by EUR 141 million, or 26.1%, to EUR 681 million in 2015 from EUR 540 million in 2014. There were no special items or divestments in 2015 and 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 in 2015 from EUR 1,615 million in 2014. 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. Underlying 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.

Retail Other

	Retail Other		
	2016	2015	2014
	<i>(EUR millions)</i>		
Underlying income			
Net interest income	2,107	1,935	1,832
Net commission income	320	278	331
Investment and other income	432	195	197
Total underlying income	2,859	2,408	2,359
Underlying expenditure			
Operating expenses	1,723	1,594	1,496
Additions to the provision for loan losses	278	210	165
Total underlying expenditure	2,001	1,804	1,661
Underlying result before tax	858	604	698
Taxation	178	142	140
Non-controlling interests	60	48	51
Underlying net result	620	414	508
Divestments	—	367	202
Special items	(12)	—	—
Net result	608	781	710

Year ended 31 December 2016 compared to year ended 31 December 2015

Net result of Retail Other decreased to EUR 608 million in 2016 compared with EUR 781 million in 2015, when the net result included a EUR 367 million gain from divestments, reflecting the result from the merger between ING Vysya Bank and Kotak Mahindra Bank. In 2016, special items after tax were EUR -12 million, fully related to the digital transformation programmes as announced on ING's Investor Day on 3 October 2016. Underlying net result which excludes divestments and special items, rose to EUR 620 million in 2016 compared with EUR 414 million in 2015.

Retail Other's underlying result before tax rose to EUR 858 million, from EUR 604 million in 2015. The increase was largely attributable to a EUR 109 million gain on the sale of Visa shares in 2016, while 2015 included a EUR 97 million of non-recurring charges in Italy related to increased prepayments and renegotiations of fixed-term mortgages. Total underlying income increased by EUR 451 million, or 18.7%, to EUR 2,859 million. Excluding the gain on Visa shares in 2016 and the one-off charge in Italy in 2015, underlying income grew by 9.8%. This increase was mainly attributable to revenue growth in most businesses and was furthermore supported by a EUR 32 million one-time gain from the reduction of ING's stake in Kotak Mahindra Bank. Net interest income rose 8.9% due to volume growth in most countries and higher margins on lending, partly offset by lower margins on current accounts. Net production (excluding currency effects and Bank Treasury) in both customer lending and customer deposits was EUR 7.8 billion in 2016. Net commission income rose 15.1% due to continued client and volume growth in most countries. Underlying operating expenses increased by EUR 129 million, or 8.1%, to EUR 1,723 million. This increase was mainly due to increased regulatory costs as well as higher IT and professional-services expenses related to strategic projects. The cost/income ratio improved to 60.3% from 66.2% in 2015. The addition to the provision for loan losses was EUR 278 million, or 57 basis points of average risk-weighted assets in 2016, up from EUR 210 million, or 45 basis points of average risk-weighted assets in 2015. The increase was mainly attributable to higher risk costs in Turkey.

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

Net result of Retail Other increased to EUR 781 million in 2015 compared with EUR 710 million in 2014. In 2015, the impact of divestments was EUR 367 million, reflecting the result from the merger between ING Vysya Bank and Kotak Mahindra Bank. In 2014, the impact of divestments was EUR 202 million and related to the change in accounting of ING Vysya Bank. Underlying net result (excluding divestments) declined to EUR 414 million in 2015 compared with EUR 508 million in 2014.

Retail Other's underlying result before tax decreased to EUR 604 million, from EUR 698 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 4.9%. Total underlying income rose by EUR 49 million, or 2.1%, to EUR 2,408 million. This increase was 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. Underlying operating expenses increased by EUR 98 million, or 6.6%, 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 in 2015, up from EUR 165 million, or 40 basis points, in 2014. The increase was mainly visible in Turkey and Poland.

Wholesale Banking

	Wholesale Banking		
	2016	2015	2014
	<i>(EUR millions)</i>		
Underlying income			
Net interest income	3,750	3,538	3,508
Net commission income	1,003	962	979
Investment and other income	855	1,070	383
Total underlying income	5,608	5,570	4,870
Operating expenses	2,572	2,559	2,392
Additions to the provision for loan losses	368	478	500
Total underlying expenditure	2,940	3,036	2,893
Underlying result before tax	2,668	2,533	1,978
Taxation	753	676	469
Non-controlling interests	11	16	26
Underlying net result	1,903	1,841	1,483
Special items	(149)	—	—
Net result	1,754	1,841	1,483

Year ended 31 December 2016 compared to year ended 31 December 2015

Net result of Wholesale Banking declined to EUR 1,754 million in 2016 compared with EUR 1,841 million in 2015. Underlying net result increased to EUR 1,903 million from EUR 1,841 million in 2015. Special items after tax excluded from underlying net result were equal to EUR -149 million in 2016 and were fully related to the intended digital transformation programmes as announced on ING's Investor Day on 3 October 2016.

Wholesale Banking's underlying result before tax increased to EUR 2,668 million in 2016, from EUR 2,533 million in 2015. Credit and debt valuation adjustments (CVA/DVA), fully recorded in Financial Markets, were EUR -71 million in 2016 compared with EUR 181 million in 2015. Excluding CVA/DVA impacts, the increase in pre-tax result was 16.4%, reflecting excellent performance in Industry Lending, steady volume growth across industries and products, and a lower level of risk costs.

Industry Lending posted an underlying result before tax of EUR 1,736 million, up 14.4% compared with 2015, driven by continued business growth in Structured Finance and Real Estate Finance at attractive margins. The underlying result before tax from General Lending & Transaction Services rose by 31.3% to EUR 613 million, due to lower expenses and risk costs. Income growth was limited as volume growth was largely offset by some pressure on margins. Financial Markets underlying result before tax fell to EUR 134 million from EUR 462 million in 2015, largely due to the aforementioned negative swing in CVA/DVA impacts. The underlying result before tax of Bank Treasury & Other was EUR 185 million, up from EUR 87

million in 2015, which was negatively impacted by a EUR 92 million impairment on an equity stake. Excluding this impairment, the pre-tax result increased by EUR 6 million as higher Bank Treasury results were offset by lower results in the run-off businesses, mainly due to lower sales results in the Real Estate Development portfolio.

Underlying income increased 0.7% to EUR 5,608 million compared with 2015. Excluding CVA/DVA impacts, income rose 5.4% driven by strong volume growth in lending and higher income in Bank Treasury. Net production of customer lending (excluding Bank Treasury and currency impacts) was EUR 21.8 billion in 2016. Wholesale Banking's net core lending book (also excluding Lease run-off) grew by EUR 22.6 billion, due to strong growth in Structured Finance and General Lending & Transaction Services. The net inflow in customer deposits (excluding Bank Treasury and currency impacts) was EUR 3.1 billion. Net interest income rose 6.0% on 2015, whereas net commission income increased by 4.3%. Underlying operating expenses increased 0.5% to EUR 2,572 million, mainly due to higher regulatory costs and an increase in FTEs to support business growth. This increase was largely offset by benefits from cost saving initiatives and lower IT change costs. The previously announced restructuring programmes are on track to realise EUR 340 million of annual cost savings by the end of 2017. At the end of 2016, EUR 305 million of annual cost savings had already been realised. Risk costs declined to EUR 368 million, or 24 basis points of average risk-weighted assets, from EUR 478 million, or 33 basis points of average risk-weighted assets, in 2015. Lower risk costs were mainly visible in General Lending and to a lesser extent Industry Lending, in part due to larger releases on Ukraine clients.

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

Both net result and underlying net result of Wholesale Banking increased to EUR 1,841 million in 2015 compared with EUR 1,483 million in 2014. There were no special items or divestments in 2015 and 2014.

Wholesale Banking posted a good set of results due to continued strong Industry Lending performance, good volume growth and improved Financial Markets results. Underlying result before tax rose to EUR 2,533 million in 2015, from EUR 1,978 million in 2014. Credit and debt valuation adjustments (CVA/DVA) in Wholesale Banking, fully recorded in Financial Markets, were EUR 181 million positive in 2015 versus EUR 216 million of negative adjustments in 2014. Excluding CVA/DVA impacts, underlying result before tax rose 7.2% from 2014.

Industry Lending posted an underlying result before tax of EUR 1,517 million, up 16.9% compared with 2014. This increase was mainly caused by higher income in Structured Finance and Real Estate Finance due to strong volume growth. 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 462 million, up from EUR 130 million in 2014, mainly reflecting the aforementioned positive swing in CVA/DVA impacts. The underlying result of Bank Treasury & Other was EUR 87 million compared with EUR 41 million in 2014. The result was supported by 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, partly offset by a EUR 92 million impairment on an equity stake.

Underlying income rose 14.4% on 2014, mainly in Financial Markets and Industry Lending. 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 2014. Underlying operating expenses increased 7.0% to EUR 2,559 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.

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 2016, 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 2016, 2015 and 2014 (certain figures have been restated (please see page 53 for more information)).

	2016	2015	2014
	<i>(EUR millions)</i>		
Result before tax.....	5,937	6,415	3,855
Adjusted for:			
- depreciation.....	536	614	594
- addition to loan loss provisions.....	974	1,347	1,594
- other	1,580	-227	1,947
Taxation paid	-1,555	-1,306	-887
Changes in:			
- amounts due from banks, not available on demand	-1,168	6,760	3,361
- trading assets.....	16,976	5,485	-23,802
- non-trading derivatives	1,725	-742	-2,260
- other financial assets at fair value through profit and loss..	-3,400	-282	-614
- loans and advances to customers	-29,668	-21,143	-12,935
- other assets.....	-1,280	1,106	-366
- amounts due to banks, not payable on demand.....	-346	5,175	3,353
- customer deposits and other funds on deposit.....	23,682	19,600	17,803
- trading liabilities	-5,634	-8,276	23,855

	2016	2015	2014
		<i>(EUR millions)</i>	
- other financial liabilities at fair value through profit and loss	-432	-1,254	-524
- other liabilities	1,030	1,689	1,639
Net cash flow from operating activities	8,957	14,961	16,613
Investment and advances:			
- group companies			-
- associates	-49	-24	-31
- available-for-sale investments	-27,003	-43,092	-73,348
- held-to-maturity investments			
- real estate investments	-1,731	-3,457	-315
- property and equipment	-351	-326	-355
- assets subject to operating leases	-64	-37	-34
- loan portfolio			
- other investments	-288	-256	-257
Disposals and redemptions:			
- group companies			-398
- associates	54	119	187
- available-for-sale investments	31,165	48,232	60,098
- held-to-maturity investments	630	1,219	1,172
- property and equipment	63	73	54
- assets subject to operating leases	12	17	3
- loan portfolio	1,295	3,590	2,382
- other investments	9	3	2
Net cash flow from investing activities	3,742	6,061	-10,840
Proceeds from issuance of subordinated loans	1,085	2,085	3,266
Repayments of subordinated loans	-961	-4,244	-2,788
Proceeds from borrowed funds and debt securities	106,174	133,290	135,318
Repayments from borrowed funds and debt securities	-121,998	-140,120	-142,996
Issuance of ordinary shares/capital injection			
Issuance of preference shares			
Payments to acquire treasury shares			
Sales of treasury shares.....			
Dividends paid.....	-1,345	-2,200	-1,225

	2016	2015	2014
	<i>(EUR millions)</i>		
Net cash flow from financing activities	-17,045	-11,189	-8,425
Net cash flow	-4,346	9,833	-2,652
Cash and cash equivalents at beginning of year	20,354	10,863	13,509
Effect of exchange rate changes on cash and cash equivalents	155	-342	6
Cash and cash equivalents at end of year	16,163	20,354	10,863

At 31 December 2016, cash and cash equivalents include cash and balances with central banks of EUR 18,144 million (2015: EUR 21,458 million; 2014: EUR 12,222 million). See Note 28 “Cash and cash equivalents” to the ING Bank consolidated financial statements for the year ended 31 December 2016.

Year ended 31 December 2016 compared to year ended 31 December 2015

At 31 December 2016 and 2015, ING Bank had EUR 16,163 million and EUR 20,354 million, respectively, of cash and cash equivalents. The decrease in cash and cash equivalents is mainly attributable to banks on demand positions with central banks.

Specification of cash position (EUR millions):

	2016	2015
	<i>(EUR millions)</i>	
Cash and balances with central banks.....	18,144	21,458
Short dated government paper	512	363
Cash and cash equivalents classified as assets held for sale		
Banks on demand.....	-2,493	-1,467
Cash balance and cash equivalents	16,163	20,354

The EUR 6,004 million decrease in ING Bank’s net cash flow from operating activities, consist of EUR 8,957 million cash inflow for the year ended 31 December 2016, compared to EUR 14,961 million cash inflow for the year ended 31 December 2015.

Cash flow from operating activities in 2016 was largely effected by the cash outflow from loans to and deposits from banks, the cash outflow from loans and advances, the cash inflow from customer deposits and the large cash inflow from trading assets. In 2016 there was a small cash outflow from loans and deposits to and from banks, compared to a strong cash inflow in 2015 mainly related to less (reverse) repurchase transactions. The cash inflow from loans and advances was caused by increasing corporate lending and partly compensated by the cash inflow from customer deposits due to increased savings and increased current accounts from corporates. In addition in 2016 the cash inflow from trading assets is related to a mixture of less equity securities required to hedge equity swaps, less trading government bonds and a decrease in (reverse) repurchase activities.

Net cash flow from investing activities was EUR 3,742 million compared to EUR 6,061 million in 2015. Investments in available-for-sale securities was EUR 27,003 million and EUR 43,092 million in 2016 and 2015, respectively. Disposals and redemptions of available-for-sale securities amounted to EUR 31,165 million and EUR 48,232 million in 2016 and 2015, respectively.

Net cash flow from financing activities in 2016 amounted to a cash outflow of EUR -17,054 million compared to a cash outflow in 2015 of EUR -11,189 million. In 2016 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 2016 amounted to EUR 1,354 compared to a dividend payment in 2015 of EUR 2,220 million.

The operating, investing and financing activities described above resulted in net cash and cash equivalents of EUR 16,163 million at year-end 2016 compared to EUR 20,354 million at year-end 2015, a decrease of EUR 4,191 million and a negative cash flow of EUR -4,346 million in 2016 compared to a positive net cash flow of EUR 9,833 million in 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
	<i>(EUR millions)</i>	
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.

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 2016 rules. ING reports these metrics for ING Group and ING Bank. During 2016, ING Group and ING Bank were adequately capitalised.

ING Bank capital position according to CRR/CRD IV

	Fully loaded	Phased-in	Phased-in
	2016	2016	2015
	<i>(EUR millions)</i>		
Shareholders' equity (parent).....	43,540	43,540	40,857
Interim profit non included in CET capital ⁽¹⁾	617	617	
Regulatory adjustments	-3,548	-3,661	-4,103
Available common equity Tier 1	39,375	39,262	36,753
Additional Tier 1 securities ⁽²⁾	6,496	6,496	7,248
Regulatory adjustments additional Tier 1		-798	-1,281
Available Tier 1 capital	45,871	44,960	42,721
Supplementary capital Tier 2 bonds ⁽³⁾	9,488	9,488	8,570
Regulatory adjustments Tier 2	109	-86	-239
BIS capital	55,467	54,362	51,052
Risk weighted assets.....	312,086	312,086	318,202
Common equity Tier 1 ratio.....	12.62%	12.58%	11.55%
Tier 1 ratio	14.70%	14.41%	13.43%
BIS ratio	17.77%	17.42%	16.04%

Notes:

- (1) The interim profit of the fourth quarter 2016 has not been included in CET1 capital as of 31 December 2016
- (2) Of which EUR 3,542 million (2015: EUR 3,531 million) is CRR/CRD IV compliant and EUR 2,954 million (2015: EUR 3,718 million) to be replaced as capital recognition subject to CRR/CRDIV grandfathering rules.

- (3) Of which EUR 7,347 million (2015: EUR 6,229 million) is CRR/CRD IV-compliant and EUR 2,141 million (2015: EUR 2,431 million) to be replaced as capital recognition is subject to CRR/CRD IV grandfathering rules.

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 requirements, excluding buffers, for the 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 2016 and 31 December 2015. See Note 40 "Contingent liabilities and commitments" to the ING Bank N.V. consolidated financial statements for the year ended 31 December 2016.

	Total 2016	Less than one year	More than one year	Total 2015	Less than one year	More than one year
	<i>(EUR millions)</i>					
ING Bank N.V.						
Banking operations						
Contingent liabilities in respect of:						
- discounted bills.....	1	1	-	-	-	-
- guarantees.....	24,870	20,178	4,692	22,192	17,772	4,420
- irrevocable letters of credit.....	13,546	13,380	166	11,162	10,905	257
- other contingent liabilities.....	348	39	309	244	244	
Irrevocable facilities.....	98,554	66,633	31,921	98,378	56,998	41,380
Total.....	137,319	100,231	37,088	131,976	85,919	46,057

SELECTED STATISTICAL INFORMATION

The information in this section is unaudited and sets forth selected statistical information regarding the operations of ING Bank. Information for 2016, 2015 and 2014 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		
	2016	2015	2014
Return on shareholders' equity of ING Bank.....	10.0%	11.8%	7.7%
Return on assets of ING Bank	0.5%	0.6%	0.3%
Shareholders' equity to assets of ING Bank	5.2%	4.9%	4.6%
Net interest margin of ING Bank.....	1.5%	1.5%	1.5%

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.

Assets⁽¹⁾

	Interest-earning assets								
	2016			2015			2014		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
	<i>(EUR millions)</i>	<i>(%)</i>	<i>(EUR millions)</i>	<i>(%)</i>		<i>(EUR millions)</i>	<i>(%)</i>		
Time deposits with banks									
domestic.....	32,058	58	0.2	29,058	51	0.2	16,032	72	0.4
foreign.....	22,888	323	1.4	26,299	290	1.1	30,578	330	1.1
Loans and advances.....									
domestic.....	219,036	6,674	3.0	225,425	7,618	3.4	225,332	8,336	3.8
foreign.....	381,663	11,651	3.1	362,259	11,449	3.2	335,075	11,538	3.4
Interest-earning securities ⁽¹⁾									
domestic.....	35,842	472	1.3	34,637	537	1.6	33,374	634	1.9

Interest-earning assets

	2016			2015			2014		
	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.....	69,780	1,638	2.3	75,100	1,765	2.4	76,955	2,006	2.6
Other interest-earning assets									
domestic.....	14,762	31	0.2	8,353	38	0.5	14,692	106	0.7
foreign.....	20,907	77	0.4	17,194	87	0.5	15,796	164	1.0
Total.....	796,936	20,924	3.0	778,325	21,835	2.8	747,834	23,186	3.1
Non-interest earning assets	34,612			41,334			38,177		
Derivatives assets.....	44,818			49,363			39,907		
Total assets⁽²⁾.....	876,366			869,021			825,918		
Percentage of assets applicable to foreign operations		63.6%			64.5%			65.2%	
Interest income on derivatives		22,917			24,333			25,137	
Other		380			229			53	
Total interest income.....		44,221			46,397			48,376	

Note:

- (1) ING has changed its accounting policy for the netting of cash pooling arrangements in the second quarter of 2016. In accordance with IFRS, the comparable amounts must be adjusted. The comparable amounts are adjusted in the ING 2016 Annual Accounts. In the above table however, the year-end 2015 and 2014 cash pool balances in Customer deposits are still presented on a net basis in order to provide consistent information to its users.
- (2) Substantially all interest-earning securities held by ING Bank are taxable securities.

Liabilities⁽¹⁾

	Interest-bearing liabilities								
	2016			2015			2014		
	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.....	13,701	21	0.2	11,391	18	0.1	3,336	23	0.7
foreign.....	13,066	224	1.7	12,723	252	2.0	9,782	281	2.9
Demand deposits ⁽²⁾									
domestic.....	51,119	100	0.2	45,065	88	0.2	41,916	134	0.3
foreign.....	72,185	26	0.0	63,876	56	0.1	54,437	95	0.2
Time deposits ⁽²⁾									
domestic.....	24,624	138	0.6	29,858	86	0.3	31,266	95	0.3
foreign.....	16,654	208	1.2	18,725	265	1.4	18,972	251	1.3
Savings deposits ⁽²⁾									
domestic.....	92,814	531	0.6	90,549	883	1.0	88,149	1,168	1.3
foreign.....	256,240	1,924	0.8	249,318	2,513	1.0	239,101	3,374	1.4
Short-term debt									
domestic.....	11,271	54	0.5	15,630	44	0.3	17,486	63	0.4
foreign.....	23,012	192	0.8	21,535	142	0.7	24,091	182	0.8
Long-term debt									
domestic.....	69,253	1,821	2.6	78,557	2,077	2.6	75,319	2,277	3.0
foreign.....	14,992	445	3.0	16,917	455	2.7	18,220	575	3.2
Subordinated liabilities									
domestic.....	16,541	430	2.6	17,398	455	2.6	16,689	717	4.3
foreign.....	205	9	4.3	319	15	4.6	438	30	6.8
Other interest-bearing liabilities									
domestic.....	27,140	-87	-0.3	18,673	-10	-0.1	18,340	29	0.2
foreign.....	43,136	407	0.9	44,107	359	0.8	46,908	318	0.7
Total.....	745,955	6,442	0.9	734,640	7,698	1.1	704,453	9,612	1.4
Non-interest bearing liabilities.....	39,588			42,210			43,645		
Derivatives liabilities....	47,358			52,009			42,504		
Total liabilities.....	832,900			828,858			790,602		
Group capital.....	43,465			40,163			35,316		
Total liabilities and capital.....	876,366			869,021			825,918		
Percentage of liabilities applicable to foreign operations.....		59.8%			61.3%			62.3%	
Other interest expense: interest expenses on		23,636			25,241			26,024	

	Interest-bearing liabilities								
	2016			2015			2014		
	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield
	(EUR millions)	(%)	(EUR millions)	(%)	(EUR millions)	(%)	(EUR millions)	(%)	(%)
derivatives									
other		826			714			134	
Total interest expense		30,904			33,653			35,770	
Total net interest result		13,317			12,744			12,606	

Note:

- (1) ING has changed its accounting policy for the netting of cash pooling arrangements in the second quarter of 2016. In accordance with IFRS, the comparable amounts must be adjusted. The comparable amounts are adjusted in the ING 2016 Annual Accounts. In the above table however, the year-end 2015 and 2014 cash pool balances in Customer deposits are still presented on a net basis in order to provide consistent information to its users.
- (2) 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 88 footnote⁽¹⁾ for more information.

	2016 over 2015			2015 over 2014		
	Increase (decrease)			Increase (decrease)		
	due to changes in			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	5	2	7	58	-79	-21
foreign	-38	70	33	-46	6	-40
Loans and advances						
domestic	-216	-727	-943	3	-722	-719
foreign	613	-411	202	936	-1,025	-89

	2016 over 2015 Increase (decrease) due to changes in			2015 over 2014 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
	<i>(EUR millions)</i>			<i>(EUR millions)</i>		
Interest-earning securities						
domestic.....	19	-84	-65	24	-121	-97
foreign.....	-125	-2	-127	-48	-193	-242
Other interest-earning assets						
domestic.....	29	-36	-7	-46	-22	-68
foreign.....	19	-29	-10	14	-91	-77
Interest income						
domestic.....	-163	-845	-1,008	39	-944	-904
foreign.....	469	-372	97	856	-1,303	-448
Total	307	-1,217	-911	895	2,247	-1,352
Other interest income			-1,265			-627
Total interest income			-2,176			-1,979

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

	2016 Average rate	2015 Average rate
	%	%
Interest spread		
domestic.....	1.6	1.6
foreign.....	1.8	1.9
Total.....	1.7	1.8
Net interest margin		
domestic.....	1.6	1.5
foreign.....	1.9	2.0
Total.....	1.8	1.8

	2016 over 2015 Increase (decrease) due to changes in			2015 over 2014 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
	<i>(EUR millions)</i>			<i>(EUR millions)</i>		

Interest-bearing liabilities

Time deposits from banks

	2016 over 2015 Increase (decrease) due to changes in			2015 over 2014 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
	<i>(EUR millions)</i>			<i>(EUR millions)</i>		
domestic.....	4	0	4	55	-61	-5
foreign.....	7	-35	-28	85	-113	-29
Demand deposits						
domestic.....	12	0	12	10	-56	-46
foreign.....	7	-37	-30	17	-56	-39
Time deposits						
domestic.....	-15	67	52	-4	-4	-8
foreign.....	-29	-28	-57	-3	17	14
Savings deposits						
domestic.....	22	-374	-352	32	-316	-284
foreign.....	70	-659	-589	144	-1,005	-861
Short-term debt						
domestic.....	-12	23	10	-7	-13	-19
foreign.....	10	40	50	-19	-20	-40
Long-term debt						
domestic.....	-246	-10	-256	98	-298	-200
foreign.....	-52	42	-10	-41	-79	-120
Subordinated liabilities						
domestic.....	-21	-4	-25	30	-293	-262
foreign.....	-5	-1	-6	-8	-7	-15
Other interest-bearing liabilities						
domestic.....	-5	-73	-77	1	-40	-39
foreign.....	-8	56	48	-19	61	42
Interest expense						
domestic.....	-261	-371	-632	215	-1,080	-864
foreign.....	0	-622	-622	154	-1,202	-1,047
Total.....	-261	-993	-1,255	369	-2,281	-1,912
Other interest expense.....			-1,494			-205
Total interest expense.....			-2,749			-2,117
Net interest						
domestic.....	98	-474	-376	-175	136	-40
foreign.....	470	250	720	702	-102	600
Net Interest.....	468	-224	344	526	34	560
Other net interest result.....			229			-422

	2016 over 2015 Increase (decrease) due to changes in			2015 over 2014 Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
	<i>(EUR millions)</i>			<i>(EUR millions)</i>		
Net interest result			573			138

Investments of ING Bank

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

	Year ended 31 December		
	2016	2015	2014
	<i>(EUR millions)</i>		
Debt securities available for sale			
Dutch government	8,968	9,016	9,599
German government	12,617	13,033	17,413
Central banks	1,253	803	842
Belgian government	5,497	6,591	8,256
Other governments	24,010	27,204	30,055
Corporate debt securities			
Banks and financial institutions	20,154	20,080	21,009
Other corporate debt securities	1,577	1,512	1,935
U.S. Treasury and other U.S. Government agencies	2,713	2,868	2,875
Other debt securities	<u>2,099</u>	1,459	699
Total debt securities available for sale	<u>78,888</u>	<u>82,566</u>	<u>92,683</u>
Debt securities held to maturity			
Dutch government	1,105	1,124	
German government	0	529	
Other governments	5,583	4,376	315
Banks and financial institutions	1,498	1,219	1,567
Other corporate debt securities	215	221	
U.S. Treasury and other U.S. Government agencies			
Other debt securities	<u>350</u>	357	357
Total debt securities held to maturity	<u>8,751</u>	<u>7,826</u>	<u>2,239</u>
Shares and convertible debentures	4,024	4,434	2,718

	Year ended 31 December		
	2016	2015	2014
		<i>(EUR millions)</i>	
Land and buildings ⁽¹⁾	946	1,059	1,100
Total	92,609	95,885	98,740

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 section "Risk Management" in the ING Bank consolidated financial statements for the year ended 31 December 2016.

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	Book value	Yield	Book value	Yield
	<i>(EUR millions)</i>		<i>(EUR millions)</i>		<i>(EUR millions)</i>	
		%		%		%
Debt securities available for sale						
Dutch government	610		3,592		4,766	
German government	1,050		6,505		5,062	
Belgian government	1,184		3,198		1,115	
Central banks	1,253					
Other governments	3,255		11,020		8,825	
Banks and financial institutions	4,682		10,641		4,806	
Corporate debt securities	241		836		500	
U.S. Treasury and other U.S. Government agencies			958		1,251	
Other debt securities	<u>2</u>		<u>86</u>		<u>1,317</u>	
Total debt securities available for sale	12,277	2.3	36,836	1.6	27,642	1.7

	Over 10 years		Total
	Book value	Yield	Book value
	<i>(EUR millions)</i>	%	<i>(EUR millions)</i>
Debt securities available for sale			
Dutch government			8,968
German government			12,617
Belgian government			5,497
Central banks			1,253
Other governments	910		24,010
Banks and financial institutions	25		20,154
Corporate debt securities			1,577
U.S. Treasury and other U.S. Government agencies	504		2,713
Other debt securities	694		2,099
Total debt securities available for sale	2,133	2.0	78,888

	1 year or less		Between 1 and 5 years		Between 5 and 10 years	
	Book value	Yield	Book value	Yield	Book value	Yield
	<i>(EUR millions)</i>	%	<i>(EUR millions)</i>	%	<i>(EUR millions)</i>	%
Debt securities held to maturity						
Dutch government			225		272	
German government						
Belgian government	264		562		86	
Central banks						
Other governments	1,772		1,496		161	
Banks and financial institutions	504		818		176	
Corporate debt securities			215			
U.S. Treasury and other U.S. Government agencies						
Other debt securities			45			
Total debt securities held to maturity	2,540	2.3	3,361	2.1	695	3.1

	Over 10 years		Total
	Book value	Yield	Book value
	<i>(EUR millions)</i>	%	<i>(EUR millions)</i>
Debt securities held to maturity			
Dutch government	608		1,105
German government			
Belgian government			912
Central banks			

	Over 10 years		Total
	Book value	Yield	Book value
	<i>(EUR millions)</i>	%	<i>(EUR millions)</i>
Other governments.....	1,242		4,671
Banks and financial institutions.....			1,498
Corporate debt securities			215
U.S. Treasury and other U.S. Government agencies.....			
Other debt securities	<u>305</u>		<u>350</u>
Total debt securities held to maturity.....	<u>2,155</u>	0.3	<u>8,751</u>

At 31 December 2016, ING Bank also held the following securities for the banking operations that exceeded 10 % of shareholders' equity:

	2016	
	Book value	Market value
	<i>(EUR millions)</i>	<i>(EUR millions)</i>
German government	12,645	12,645
Dutch government.....	10,074	10,312
French government	5,668	5,670
Belgian government.....	6,409	5,425
Poland government	5,158	5,151

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 6 "Loans and advances to customers" to the consolidated financial statements of the Issuer for the year ended 31 December 2016 (certain figures have been restated (please see page 55 in this Registration Document for more information)).

Loans and loan loss provisions

2016	2015
<i>(EUR millions)</i>	

Loans past due 90 days	8,630	11,578
Other impaired loans	4,457	<u>3,747</u>
Total impaired loans (loans with a loan loss provision).....	<u>13,087</u>	<u>15,325</u>
Potential problem loans	<u>6,304</u>	<u>6,240</u>
Total impaired loans and potential problem loans	19,391	21,565
Loans neither impaired nor potential problem loans.....	577,523	<u>713,230</u>
Total	<u>596,914</u>	<u>734,795</u>

This amount is presented in the balance sheet as:

Amounts due from Banks	28,863	29,016
Loans and advances to customers.....	568,051	705,779
Total	<u>596,914</u>	<u>734,795</u>

Loan loss provisions included in:

Amounts due from Banks	11	14
Loans and advances to customers.....	5,178	5,772
Other Provision	119	
Total loan loss provisions	<u>5,308</u>	<u>5,786</u>

2016

2015

Loans and advances by customer type:

Loans secured by public authorities	46,380	49,126
Loans secured by mortgages.....	318,629	308,623
Loans guaranteed by credit institutions	1,180	5,008
Personal lending.....	23,099	22,677
Asset backed securities excluding MBS.....	3,380	4,936
Corporate loans	175,383	315,409
Total	<u>568,051</u>	<u>705,779</u>

2016

2015

Loan loss provisions by customer type:

Loans secured by public authorities	7	2
Loans secured by mortgages.....	1,188	1,536
Loans guaranteed by credit institutions	14	15
Personal lending.....	742	889
Mortgage backed securities (MBS)		–
Asset backed securities excluding MBS.....	2	2
Corporate loans	<u>3,355</u>	<u>3,342</u>

Total	5,308	5,786
	2016	2015
Increase in Loan loss provision by customer type:		
Loans secured by public authorities	5	–
Loans secured by mortgages.....	-348	-326
Loans guaranteed by credit institutions.....	-1	7
Personal lending.....	-147	19
Mortgage backed securities (MBS).....		–
Asset backed securities excluding MBS.....		
Corporate loans	13	91
Total	-478	-209
The net decrease in Loan loss provision includes:		
Increase in loan loss provision (P&L).....	974	1,347
Write-offs and other.....	-1,452	-1,556
Total	-478	-209

The following table sets forth the gross loans and advances to banks and customers as at 31 December 2016, 2015, 2014, 2013 and 2012 under IFRS-EU.

IFRS-EU	Year ended 31 December				
	2016	2015	2014	2013	2012
			<i>(EUR millions)</i>		
By domestic offices:					
Loans guaranteed by public authorities	27,746	30,912	27,665	29,132	35,857
Loans secured by mortgages.....	126,885	128,685	139,079	139,475	153,594
Loans to or guaranteed by credit institutions.....	10,621	16,334	17,307	11,686	14,641
Other private lending.....	4,376	5,636	6,635	4,857	5,048
Mortgage backed securities (MBS).....				0	0
Asset backed securities excluding MBS.....	1,227			0	0
Other corporate lending.....	37,707	196,248	217,070	43,907	42,891
Total domestic offices	208,562	377,815	407,756	229,057	252,031
By foreign offices:					
Loans guaranteed by public authorities	18,634	18,214	18,894	15,119	14,917
Loans secured by mortgages.....	191,744	179,938	161,007	147,763	152,369
Loans to or guaranteed by credit institutions.....	19,422	17,688	25,508	33,378	28,824

IFRS-EU	Year ended 31 December				
	2016	2015	2014	2013	2012
			<i>(EUR millions)</i>		
Other private lending.....	18,723	17,041	16,096	21,904	19,550
Asset backed securities excluding MBS	2,153	4,937	5,318	6,336	7,044
Other corporate lending.....	137,676	119,162	111,347	99,865	104,644
Total foreign offices.....	388,352	356,980	338,170	324,365	327,348
Total gross loans and advances to banks and customers.....	596,914	734,795	745,926	553,422	579,379

(1) ING has changed its accounting policy for the netting of cash pooling arrangements in the second quarter of 2016. In accordance with IFRS, the comparable amounts must be adjusted. The comparable amounts for 2015 and 2014 are adjusted in the above table.

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 2016.

	1 year or less	1 year to 5 years	After 5 years	Total
By domestic offices:				
Loans guaranteed by public authorities	3,134	2,647	21,965	27,746
Loans secured by mortgages.....	6,509	19,851	100,525	126,885
Loans to or guaranteed by credit institutions.....	9,022	1,115	484	10,621
Other private lending.....	2,071	1,021	1,284	4,376
Mortgage backed securities (MBS).....				
Asset backed securities excluding MBS			1,227	1,227
Other corporate lending.....	22,798	11,527	3,382	37,707
Total domestic offices.....	43,534	36,161	128,867	208,562
By foreign offices:				
Loans guaranteed by public authorities	6,250	6,374	6,010	18,634
Loans secured by mortgages.....	19,671	51,501	120,572	191,744
Loans to or guaranteed by credit institutions.....	15,714	2,977	731	19,422
Other private lending.....	7,045	8,834	2,844	18,723
Asset backed securities excluding MBS	1	51	2,101	2,153
Other corporate lending.....	51,298	62,112	24,266	137,676
Total foreign offices.....	99,979	131,849	156,524	388,352
Total gross loans and advances to banks and customers.....	143,513	168,010	285,391	596,914

The following table analyses loans and advances to banks and customers by interest rate sensitivity by maturity at 31 December 2016.

	1 year or less <u>(EUR millions)</u>	Over 1 year <u></u>	Total <u></u>
Non-interest earning	4,261	2,038	6,299
Fixed interest rate	60,105	74,225	134,330
Semi-fixed interest rate(1)	11,349	195,649	206,998
Variable interest rate	67,798	181,489	249,287
Total	<u>143,513</u>	<u>453,401</u>	<u>596,914</u>

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 2016:

	Total outstanding <u></u>
Private Individuals	39.5%

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 2016, 2015, 2014, 2013 and 2012 under IFRS-EU (certain figures have been restated (please see

page 55 in this Registration Document and Note 6 “Loans and advances to customers” to the consolidated financial statements of the Issuer for the year ended 31 December 2016 for more information)).

IFRS-EU	Year ended 31 December				
	2016	2015	2014	2013	2012
	(EUR millions)				
Loans past due 90 days and still accruing interest					
Domestic	5,292	7,523	8,714	8,088	6,367
Foreign	3,338	4,055	5,528	4,767	3,734
Total loans past due 90 days and still accruing interest	8,630	11,578	14,242	12,855	10,101

As at 31 December 2016, EUR 8,176 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 13,133 million as at 31 December 2016.

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 2016, 2015, 2014, 2013 and 2012 under IFRS-EU.

IFRS-EU	Year ended 31 December				
	2016	2015	2014	2013	2012
	(EUR millions)				
Troubled debt restructurings:					
Domestic	325	86	112	813	781
Foreign	277	376	304	742	476
Total troubled debt restructurings	602	462	416	1,555	1,257

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 2016 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 2016.

	Year ended 31 December 2016		
	Domestic Offices	Foreign Offices	Total
	(EUR millions)		
Interest income that would have been recognised under the original contractual terms	0	1	1
Interest income recognised in the profit and loss account	0	1	1

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 6,304 million as at 31 December 2016. Of this total, EUR 2,734 million relates to domestic loans and EUR 3,571 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 2016, 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 2016, 2015 and 2014 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 2016					
Government & official institutions	Banks & other financial Institutions	Commercial & industrial	Other	Total	Cross-border Commitments

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

As of 31 December 2016 Switzerland, Singapore, Hong Kong, Canada, Japan, Austria, Spain and Poland has cross-border outstandings between 0.50% and 0.80% of total assets.

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 section “Loan loss provisions” in Note 1 “Accounting policies” to the consolidated financial statements of the Issuer for the year ended 31 December 2016.

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 2016, 2015, 2014, 2013 and 2012 under IFRS-EU.

IFRS-EU	Year ended 31 December				
	2016	2015	2014	2013	2012
	<i>(EUR millions)</i>				
Balance on 1 January	5,786	5,995	6,154	5,505	4,950
Change in the composition of the Group			170	-20	-13
Charge-offs:					
Domestic:					
Loans guaranteed by public authorities	-207		-	-	-
Loans secured by mortgages	-323	-436	-435	-301	-144
Loans to or guaranteed by credit institutions			-12	-5	-5
Other private lending	-93	-121	-50	-34	-47
Other corporate lending	-234	-447	-483	-569	-601
Foreign:					
Loans guaranteed by public authorities					-18
Loans secured by mortgages	-129	-154	-90	-54	-64
Loans to or guaranteed by credit institutions				-3	
Other private lending	-233	-303	-124	-167	-133
Other corporate lending	-275	-257	-535	-476	-670
Total charge-offs	-1,494	-1,718	-1,729	-1,609	-1,682

IFRS-EU	Year ended 31 December				
	2016	2015	2014	2013	2012
	<i>(EUR millions)</i>				
Recoveries:					
Domestic:					
Loans guaranteed by public authorities					
Loans secured by mortgages.....	14	23	36	34	35
Loans to or guaranteed by credit institutions					
Other private lending	-210	16	13	7	12
Other corporate lending	6	-5	9	22	37
Foreign:					
Loans guaranteed by public authorities					
Loans secured by mortgages.....	3	4	6	4	1
Loans to or guaranteed by credit institutions					
Other private lending	8	37	31	31	30
Other corporate lending	273	16	9	18	27
Total recoveries.....	94	91	104	116	142
Net charge-offs.....	-1,400	-1,627	-1,625	-1,493	-1,540
Additions and other adjustments (included in value Adjustments to receivables of the Banking operations)	922	1,418	1,636	2,162	2,108
Balance on 31 December	5,308	5,786	5,995	6,154	5,505
Ratio of net charge-offs to average loans and advances to banks and customers	0.23%	0.28%	0.29%	0.26%	0.25%

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 2016, 2015, 2014, 2013 and 2012 under IFRS-EU.

IFRS-EU	Year ended 31 December									
	2016		2015		2014		2013		2012	
	<i>(EUR millions)</i>	<i>(%)⁽¹⁾</i>	<i>(EUR millions)</i>	<i>(%)⁽¹⁾</i>	<i>(EUR millions)</i>	<i>(%)⁽¹⁾</i>	<i>(EUR millions)</i>	<i>(%)⁽¹⁾</i>	<i>(EUR millions)</i>	<i>(%)⁽¹⁾</i>
Domestic:										
Loans guaranteed by public authorities.....		4.65	0	5.29	0	4.73	0	5.26	0	6.20
Loans secured by mortgages	550	21.26	819	21.97	1,069	24.72	1,265	25.21	878	26.55
Loans to or guaranteed by credit institutions.....	2	1.78	0	2.05	0	2.11	0	2.11	0	2.94
Other private lending	122	0.73	177	0.89	169	0.87	139	0.88	144	0.87

IFRS-EU	Year ended 31 December									
	2016		2015		2014		2013		2012	
	(EUR millions)	(%) ⁽¹⁾	(EUR millions)	(%) ⁽¹⁾	(EUR millions)	(%) ⁽¹⁾	(EUR millions)	(%) ⁽¹⁾	(EUR millions)	(%) ⁽¹⁾
Other corporate lending	1,738	6.32	1,904	7.32	1,820	7.08	1,566	7.93	1,423	7.62
Total domestic.....	2,412	34.73	2,900	37.52	3,058	39.51	2,970	41.38	2,445	44.18
Foreign:										
Loans guaranteed by public authorities.....	7	3.12	2	3.19	2	3.37	2	2.73	2	2.57
Loans secured by mortgages	638	32.12	717	30.03	793	26.67	631	26.70	710	26.28
Loans to or guaranteed by credit institutions.....	12	3.25	15	3.09	8	4.67	21	6.03	30	4.56
Other private lending	620	3.14	712	2.98	701	4.20	672	3.96	650	3.37
Mortgage backed securities	2	0.36	2	0.86	2	0.95	142	1.14	76	1.22
Other corporate lending	1,617	23.06	1,438	22.32	1,431	20.63	1,716	18.05	1,592	17.82
Total foreign.....	2,896	65.06	2,886	62.48	2,937	60.49	3,184	58.61	3,060	55.82
Total	5,308	100.00	5,786	100.00	5,995	100.00	6,154	100.00	5,505	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 2.6% to EUR 549,194 million in 2016, compared to 2015 (EUR 535,372 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 18.2% of the category 'Debt securities' (20.9% at the end of 2015). 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.

	2016		2015		2014	
	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	4		2,143		2,452	–
– interest bearing.....	1,415	2.3	739	2.8	675	1.5

	2016		2015		2014	
	Average deposit	Average rate	Average deposit	Average rate	Average deposit	Average rate
	(EUR millions)	%	(EUR millions)	%	(EUR millions)	%
Time.....	13,601	0.1	11,344	0.1	3,300	0.7
Other.....	<u>55</u>	5.1	135	1.0	2,436	0.7
Total domestic offices	15,075		14,361		8,863	–
In foreign offices						
Demand – non-interest bearing	5		1,347		1,698	–
– interest bearing.....	5,025	1.0	5,556	0.9	4,205	1.2
Time.....	12,704	1.8	12,616	2.0	9,486	2.9
Other.....	<u>2,835</u>	1.3	3,799	2.0	6,278	0.7
Total foreign offices	20,569		23,318		21,667	–
Total deposits by banks	<u>35,644</u>		<u>37,679</u>		<u>30,530</u>	–
Customer accounts						
In domestic offices:						
Demand – non-interest bearing	297		1,204		683	–
– interest bearing.....	52,494	0.2	46,348	0.2	44,756	0.3
Savings	92,508	0.5	90,067	0.8	87,951	1.1
Time.....	17,244	1.2	27,710	0.8	31,267	1.0
Other.....	<u>335</u>	6.0	409	4.2	878	2.3
Total domestic offices	162,878		165,738		165,535	–
In foreign offices:						
Demand – non-interest bearing	432		3,411		4,094	–
– interest bearing.....	77,172	0.1	68,190	0.3	59,506	0.3
Savings	255,825	0.7	248,768	0.9	238,933	1.3
Time.....	16,305	2.4	18,452	2.6	18,687	3.0
Other.....	<u>1,676</u>	0.5	1,270	0.6	878	1.3
Total foreign offices	<u>351,410</u>		340,091		322,098	–
Total customer accounts	<u>514,288</u>		<u>505,829</u>		<u>487,633</u>	–

(¹) ING has changed its accounting policy for the netting of cash pooling arrangements in the second quarter of 2016. In accordance with IFRS, the comparable amounts must be adjusted. The comparable amounts are adjusted in the ING 2016 Annual Accounts. In the above table however, the year-end 2015 and 2014 cash pool balances in Customer deposits are still presented on a net basis in order to provide consistent information to its users.

	2016		2015		2014	
	Average deposit	Average rate	Average deposit	Average rate	Average deposit	Average rate
	(EUR millions)	%	(EUR millions)	%	(EUR millions)	%
Debt securities						
In domestic offices:						
Debentures.....	68,326	2.3	76,026	2.4	71,821	2.6
Certificates of deposit	9,857	0.5	13,909	0.4	15,660	0.4
Other.....	<u>0</u>	0.0		0.0	773	0.0
Total domestic offices.....	78,183		89,935	–	88,254	–
In foreign offices:						
Debentures.....	6,986	2.7	7,051	3.7	7,954	3.7
Certificates of deposit	8,001	0.9	9,512	1.2	10,601	1.2
Other.....	<u>5,026</u>	2.6	5,401	3.0	5,486	3.3
Total foreign offices.....	20,013		21,964	–	24,041	–
Total debt securities.....	98,196		111,899	–	112,295	–

For the years ended 31 December 2016, 2015 and 2014, the aggregate amount of deposits by foreign depositors in domestic offices was EUR 46,587 million, EUR 46,778 million and EUR 47,019 million, respectively.

On 31 December 2016, 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	1,639	24.8	8,602	67.3
6 months or less but over 3 months.....	4,191	63.4	3,122	24.4
12 months or less but over 6 months	781	11.8	774	6.1
Over 12 months.....	<u>0</u>	<u>0.0</u>	<u>284</u>	<u>2.2</u>
Total.....	6,611	100.0	12,782	100.0

The following table shows the amount outstanding for time certificates of deposit and other time deposits exceeding EUR 20,000 issued by foreign offices at 31 December 2016.

Time certificates of deposit.....	(EUR millions)
	6,416
Other time deposits	31,949
Total.....	38,365

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		
	2016	2015	2014
	<i>(EUR millions, except % data)</i>		
Commercial paper:			
Balance at the end of the year	13,920	11,361	11,868
Monthly average balance outstanding during the year	17,089	14,124	15,368
Maximum balance outstanding at any period end during the year	24,205	16,585	17,670
Weighted average interest rate during the year	0.73%	0.30%	0.28%
Weighted average interest rate on balance at the end of the year	0.89%	0.37%	0.37%
Securities sold under repurchase agreements:			
Balance at the end of the year	37,613	39,920	39,441
Monthly average balance outstanding during the year	56,803	47,802	45,029
Maximum balance outstanding at any period end during the year	68,527	55,212	56,658
Weighted average interest rate during the year	0.23%	0.25%	0.39%
Weighted average interest rate on balance at the end of the year	0.35%	0.30%	0.45%

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 report of the Issuer in respect of the year ended 31 December 2016, including the audited financial statements and auditors' report in respect of such year;
- (iii) the publicly available audited consolidated financial statements of the Issuer in respect of the years ended 31 December 2015 and 2014 (in each case, together with the auditors' reports thereon and explanatory notes thereto);
- (iv) 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);
- (v) a copy of this Registration Document; and
- (vi) 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 positive) 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 2016.

At the date hereof, there has been no material adverse change in the prospects of ING Bank N.V. since 31 December 2016.

Litigation

The Issuer and its consolidated subsidiaries are involved in governmental, regulatory, arbitration and legal proceedings and investigations 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 governmental, regulatory, arbitration and legal proceedings and investigations, the Issuer is of the opinion that some of the proceedings and investigations set out below may have or have in the recent past had a significant effect on the financial position, profitability or reputation of the Issuer and/or the Issuer and its consolidated subsidiaries.

Because of the geographic spread of its business, the Issuer may be subject to tax audits, investigations and procedures in numerous jurisdictions at any point in time. Although the Issuer believes that it has adequately provided for all its tax positions, the ultimate resolution of these audits, investigations and procedures may result in liabilities which are different from the amounts recognised. ING has also recently identified issues in connection with its US tax information reporting and withholding obligations in respect of prior periods. While a provision has been recorded, the review of such issues is ongoing.

In July 2016, investors in derivatives tied to the Singapore Interbank Offer Rate (“SIBOR”) filed a U.S. class action complaint in the New York District Court alleging that several banks, including ING, conspired to rig the prices of derivatives tied to SIBOR and the Singapore Swap Offer Rate (“SOR”). The lawsuit refers to investigations by the Monetary Authority of Singapore (“MAS”) and other regulators, including the U.S. Commodity Futures Trading Commission (“CFTC”), in relation to rigging prices of SIBOR- and SOR-based derivatives. In April 2017, the New York District Court issued an oral ruling dismissing all claims. The court granted leave to plaintiffs to amend their complaint. Currently, it is not possible to provide an estimate of the (potential) financial effect of this claim.

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 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, 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, VEB and certain other claimants 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. According to the settlement documentation, as filed by Ageas with the Court of Appeal in May 2016, the settlement agreement contains a third-party clause by which the banks will also be released from the claims made by VEB and certain other claimants, if the settlement 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 medical insurance coverage to current and retired employees till the beginning of 2015 via a subdivision of ASCEL: FMC) 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 have been initiated aiming to either uphold the former insurance coverage or reimburse the increase of premium. In a decision of September 2016, the Court has considered that FMC has validly been closed but that, as the medical coverage qualifies as an insurance contract not linked with the professional activity of the claimants, ING could not unilaterally terminate the agreement between FMC and the pensioners. The Court has yet to determine the amount of damages. The Court decision is subject to appeal. A provision has been taken.

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. 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 could become material.

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 appointed a Committee of independent experts (the “Committee”) which has established a uniform recovery framework for Dutch SME clients with interest rate derivatives. ING has adopted this recovery framework and will reassess individual files against this framework. ING has taken an additional provision for the financial consequences of the recovery framework. In April 2017, ING has informed the majority of the relevant clients whether they are in scope of the recovery framework, and thus eligible for compensation, or not.

ING Bank is the subject of criminal investigations by Dutch authorities regarding various requirements related to the client on-boarding, money laundering and corrupt practices. ING Group has also received related information requests from U.S. authorities. ING Group and ING Bank are cooperating with such ongoing investigations and requests. It is currently not feasible to determine how the ongoing investigations and requests may be resolved or the timing of any such resolution, nor to estimate reliably the possible timing, scope or amounts of any resulting fines, penalties and/or other outcome, which could be significant.

Auditors

The financial statements of the Issuer for the financial years ended 31 December 2015 and 31 December 2014, 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 and an unqualified auditors’ report on the financial statements for the financial year ended 31 December 2014 dated 16 March 2015.

The auditors' reports in respect of the financial years ended 31 December 2015 and 31 December 2014, 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 financial statements of the Issuer for the financial year ended 31 December 2016 have been audited by KPMG Accountants N.V. The auditors of KPMG Accountants N.V. 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). KPMG Accountants N.V. has issued an unqualified auditors' report on the financial statements for the financial year ended 31 December 2016 dated 13 March 2017.

The auditors' report in respect of the financial year ended 31 December 2016, incorporated by reference herein are included in the form and context in which they appear with the consent of KPMG Accountants N.V., who have authorised the contents of these auditors' reports. As the securities to be issued have not been and will not be registered under the Securities Act, KPMG have not filed and will not file a consent under the Securities Act with respect to this auditors' report.

Dividend Information

The Issuer has paid the following cash dividends to ING Group in respect of each of the past five years: EUR 1,345 million in 2016, EUR 2,200 million in 2015, EUR 1,225 million in 2014, EUR 2,955 million in 2013 and EUR 2,125 million in 2012.

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.

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 2014 and 2015*

Ernst & Young Accountants LLP
Antonio Vivaldistraat 150
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The Netherlands

As from 1 January 2016

KPMG Accountants N.V.
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The Netherlands

A33906926