

# ING 2016 underlying net profit EUR 4,976 million; FY 2016 dividend of EUR 0.66 per ordinary share

## ING records robust commercial growth in 2016 while achieving a number one NPS score in 7 of 13 retail markets

- ING gained over 1.4 million new retail customers and grew primary relationships by 8.1% to 9.7 million
- Business growth was robust in 2016 with EUR 34.8 billion net core lending growth and EUR 28.5 billion net customer deposit inflow

## ING Bank full-year 2016 underlying net profit of EUR 4,976 million, up 17.9% from full-year 2015

- Strong full-year 2016 results reflect robust commercial growth at resilient margins and a continued decline in risk costs
- 4Q16 underlying result before tax was EUR 1,955 million as income grew in line with higher business volumes

## ING Group fully-loaded CET1 ratio strengthened to 14.2%; Board proposes full-year 2016 dividend of EUR 0.66 per share

- ING proposes to pay final cash dividend of EUR 0.42 per ordinary share, following August 2016 interim cash dividend of EUR 0.24

### CEO statement

"ING has made significant progress in accelerating our Think Forward strategy, while consistently delivering on our customer promise," said Ralph Hamers, CEO of ING Group. "Our success in providing an exceptional banking experience is evident in the strong set of commercial and financial results that we posted for both the fourth quarter of 2016 and for the full year."

"In 2016, we introduced a steady wave of insightful financial tools to make banking easier and more accessible for customers, who are increasingly digital and self-directed. We also expanded the breadth of our innovation capabilities through ongoing internal efforts and by nurturing more than 70 active fintech partnerships. These and other initiatives supported customers' needs and drove our robust commercial growth, while underscoring our track record as a leader in digital banking."

"ING attracted 1.4 million new retail customers over the course of 2016, bringing our global customer base to 35.8 million. Of this total, 9.7 million are primary bank customers, which is an increase of 8.1% year-on-year. Our most recent Net Promoter Scores rank ING Bank as number one relative to competitors in seven of our 13 retail markets. These achievements reflect the hard work and focus of our employees to deliver a differentiating customer experience, each and every day."

"Business growth was robust across ING Bank in 2016, with net customer deposits increasing by EUR 28.5 billion, or 5.6%. We realised net growth in core lending of EUR 34.8 billion, which represents a 6.5% rise year-on-year. We also continued to support the transition to a greener economy, and our financing of sustainable projects and clients that are environmental outperformers rose to EUR 34.3 billion at year-end."

"For the full-year 2016, ING Bank recorded an underlying net profit of EUR 4,976 million, up 17.9% from 2015. This strong performance was driven by robust commercial growth at resilient margins and declining risk costs, and was achieved despite higher regulatory costs. ING Bank's full-year underlying return on equity rose to 11.6% from 10.8% in 2015. In the fourth quarter of 2016, the underlying result before tax of ING Bank was EUR 1,955 million, reflecting continued positive momentum in both Retail and Wholesale Banking. Income grew both year-on-year and sequentially in line with volume growth, while expenses and risk costs both declined year-on-year."

"ING Group's 2016 net result was EUR 4,651 million, or 16.0% higher than in 2015, including EUR -787 million of restructuring charges and impairments as announced on 3 October (recorded as special items after tax) and the EUR 474 million net result of the legacy Insurance business. The full-year 2016 underlying return on ING Group's IFRS-EU equity rose to 10.1% and ING Group's fully-loaded CET1 ratio strengthened to 14.2% at year-end 2016. We are comfortably ahead of prevailing fully-loaded requirements and well positioned for future regulatory uncertainties. We are pleased to propose a full-year 2016 cash dividend of EUR 0.66 per share, comprising the August 2016 interim dividend of EUR 0.24 and a final dividend of EUR 0.42 per share."

"In the past year, ING took important steps to start a path of convergence towards one digital banking platform, which will enable us to keep getting better in the face of changing customer behaviour and industry dynamics. I am convinced that the acceleration of our Think Forward strategy will allow us to build on our position of strength for the benefit of our customers."

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### Investor conference call

2 February 2017 at 9:00 am CET  
+31 (0)20 703 8261 (NL)  
+44 (0)330 336 9411 (UK)  
+1 719 325 2202 (US)  
Live audio webcast at [www.ing.com](http://www.ing.com)

### Media conference

2 February 2017 at 11:00 am CET  
Bijlmerplein 888, Amsterdam  
Or via Q&A +31 (0)20 531 5871 (NL)  
or +44 203 365 3210 (UK)  
Live audio webcast at [www.ing.com](http://www.ing.com)

# Share Information

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## Financial calendar

Publication 2016 ING Group Annual Report:	Thursday, 16 March 2017
2017 Annual General Meeting:	Monday, 8 May 2017
Ex-date for final dividend 2016 (Euronext Amsterdam)*:	Wednesday, 10 May 2017
Publication results 1Q2017:	Wednesday, 10 May 2017
Record date for final dividend 2016 entitlement (NYSE)*:	Thursday, 11 May 2017
Record date for final dividend 2016 entitlement (Euronext Amsterdam)*:	Thursday, 11 May 2017
Payment date final dividend 2016 (Euronext Amsterdam)*:	Thursday, 18 May 2017
Payment date final dividend 2016 (NYSE)*:	Thursday, 25 May 2017
Publication results 2Q2017:	Wednesday, 2 August 2017
Ex-date for interim dividend 2017 (Euronext Amsterdam)*:	Friday, 4 August 2017
Record date for interim dividend 2017 entitlement (Euronext Amsterdam)*:	Monday, 7 August 2017
Record date for interim dividend 2017 entitlement (NYSE)*:	Monday, 14 August 2017
Payment date interim dividend 2017 (Euronext Amsterdam)*:	Monday, 14 August 2017
Payment date interim dividend 2017 (NYSE)*:	Monday, 21 August 2017
Publication results 3Q2017:	Thursday, 2 November 2017

\* only if any dividend is paid

All dates are provisional

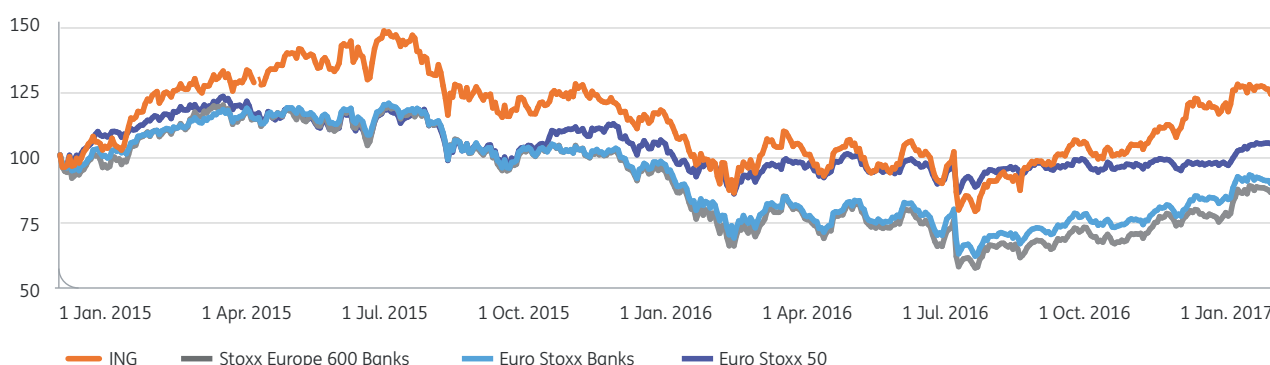
## Listing information

The ordinary shares of ING Group are listed on the exchanges of Amsterdam, Brussels and New York (NYSE).

Stock exchanges	Tickers (Bloomberg, Reuters)	Security codes (ISIN, SEDOL1)
Euronext Amsterdam and Brussels	INGA NA, INGA.AS	NL0011821202, BZ57390
New York Stock Exchange	ING US, ING.N	US4568371037, 2452643

## Relative share price performance

1 January 2015 to 31 December 2016

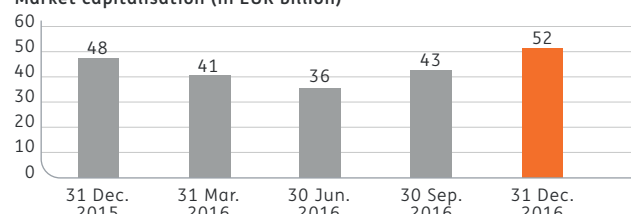


## Share information

	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
<b>Shares (in millions, end of period)</b>					
Total number of shares	3,870.2	3,871.5	3,878.0	3,878.1	3,878.5
- Treasury shares	1.5	1.0	1.1	0.8	0.6
- Shares outstanding	3,868.7	3,870.5	3,876.9	3,877.3	3,877.9
Average number of shares	3,868.9	3,869.4	3,875.8	3,877.1	3,877.6
<b>Share price (in euros)</b>					
End of period	12.45	10.63	9.18	10.99	13.37
High	13.74	12.45	11.47	11.45	13.72
Low	11.92	9.30	8.61	8.54	10.88
Net result per share (in euros)	0.21	0.32	0.33	0.35	0.19
Shareholders' equity per share (end of period in euros)	12.36	12.61	12.66	12.75	12.84
Dividend per share (in euros)	0.41	n.a.	0.24	n.a.	0.42
Price/earnings ratio <sup>1)</sup>	12.0	11.8	8.1	9.1	11.1
Price/book ratio	1.01	0.84	0.73	0.86	1.04

<sup>1)</sup> Four-quarter rolling average.

## Market capitalisation (in EUR billion)



## American Depositary Receipts (ADRs)

For questions related to the ING ADR program, please visit J.P. Morgan Depositary Receipts Services at [www.adr.com](http://www.adr.com), or contact:

### Broker/Institutional Investors

#### please contact:

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Shareholders or holders of ADRs can request a hard copy of ING's audited financial statements, free of charge at [www.ing.com/publications.htm](http://www.ing.com/publications.htm)

# Business & Sustainability Highlights

ING's purpose is to empower people to stay a step ahead in life and in business. We believe a financial institution should support and stimulate economic, social and environmental progress, leading to a better quality of life. We see this purpose as inherently sustainable.

One way we empower customers is by offering products, services and tools that make it easier for them to manage their money and make better financial decisions. Our goal is to be the bank they turn to first, and our 52,000 employees are encouraged to constantly think of better and innovative ways to service them. Here are a few recent highlights.

## Focus on our customers

At ING in Germany, our focus on growing primary relationships contributed to a record of over 50,000 new current account openings in October 2016. Investment account openings also reached an all-time-high in Germany, with more than 10,000 new accounts in November. This brought the number of accounts in Germany to an all-time high following very strong demand in the second half of 2016.

In Spain, our peer-to-peer payment app Twyp has grown to more than 300,000 users since its inception in December 2015. Twyp, an abbreviation of The Way You Pay, is an app that allows consumers to pay small amounts to contacts on their mobile devices in just a few seconds.

At ING in Romania, our retail customers were already able to get a loan at a branch within five minutes. Now they can also get a loan via their smartphone or computer in 10 minutes. It is another example of how we strive to service our customers anytime, anywhere. In December 2016, Romania reached the important milestone of 1 million active retail clients.

We also continued to empower entrepreneurs. For example, in Poland, we expanded our successful Moje ING platform to include entrepreneurs, enabling them to now gain insight into both their personal and business finances separately. In Romania, we introduced the online platform Startarium with resources for entrepreneurs to start or grow their business. The platform was one of ING's first Innovation Bootcamp finalists and demonstrates how good ideas born within the bank can be successfully developed and brought to market.

In Belgium, another major bank joined ING to further develop Payconiq, the omnichannel mobile payments platform created by ING. It aims to provide shopkeepers and consumers with a secure and inexpensive way to make payments without cards and terminals. Together, the three participating banks have close to two million customers who regularly use mobile banking and can become Payconiq clients. Payconiq can be used by anyone, independent of which bank they are with. Payconiq is accepted in over 16,000 shops in Belgium.

## Driving sustainable progress

Sustainability is both an environmental and economic necessity and we believe our role is to facilitate and finance society's shift to sustainability. One way we do this is by financing sustainable projects and clients that are

environmental outperformers in their sector. We measure this part of our business as 'sustainable transitions financed' (STF).

Our STF portfolio amounted to EUR 34.3 billion at year-end, a EUR 6.5 billion increase since our 30 June 2016 reporting. This growth was driven partly by more sustainable transactions and more business with environmentally outperforming clients. It also reflects further sustainability assessments of our loan book, particularly in the Dutch Real Estate Finance portfolio. A detailed analysis of the STF portfolio will be provided in our 2016 Annual Report.

One notable deal in the fourth quarter of 2016 was the JPY 3.9 billion (EUR 31.6 million) financing we provided to new client Nagi PV GK for a new 14-megawatt solar PV farm in Japan. Solar PV (photovoltaic) panels convert sunlight directly into electricity (compared with solar thermal panels, which convert sunlight into heat). Once operational in the second quarter of 2017, the solar PV farm will generate up to 16,300 megawatt hours of renewable electricity per year. This is equivalent to powering 4,500 homes.

In November 2016, ING launched the Sustainable Finance Collective Asia (SFCA), a first-of-its-kind funding initiative for sustainability projects in the region. The aim of SFCA is to encourage businesses to become more sustainable by making funding available for projects in the areas of the circular economy, sustainable energy or social impact.

In the Netherlands, ING announced in December 2016 that we'll only offer new financing for office buildings that meet the requirements for a 'green' energy label after 2017. As the Dutch market leader, ING is working towards only having green buildings in our portfolio by 2023. 'Brown', or non-sustainable buildings, won't be eligible for funding as of next year unless the owners have a sustainability plan in place.

## World's fifth most-sustainable company

In January 2017, ING was ranked fifth on the 2017 list of the world's 100 most-sustainable corporations by Corporate Knights, the world's largest magazine focused on sustainability and responsible business. Corporate Knights evaluated more than 4,000 companies across various sectors on common as well as industry-specific key performance indicators. Banks were ranked on energy efficiency, greenhouse gas emissions, water and waste management, employee turnover and the ratio of CEO to employee pay.

We maintained our spot in the FTSE4Good Index following FTSE's annual review in December 2016. The FTSE4Good Series is designed to help investors integrate environmental, social and governance (ESG) factors into their investment decisions. Our overall rating was 4 on a scale of 1 (lowest) to 5 (highest).

We were also proud to have been recognised as Global Bank of the Year 2016 by The Banker magazine. ING was also named Best Bank of the Year 2016 in Western Europe, the Netherlands and Belgium. The Banker cited ING's healthy results together with our leading strategy of investment in technology, innovation and focus on customer service.

# Consolidated Results

Consolidated results								
	4Q2016	4Q2015	Change	3Q2016	Change	FY2016	FY2015	Change
<b>Profit or loss (in EUR million)</b>								
Net interest income	3,341	3,172	5.3%	3,385	-1.3%	13,241	12,590	5.2%
Net commission income	611	607	0.7%	605	1.0%	2,433	2,320	4.9%
Investment income	39	-1		139	-71.9%	422	129	227.1%
Other income	470	265	77.4%	235	100.0%	1,363	1,513	-9.9%
<b>Total underlying income</b>	<b>4,461</b>	<b>4,043</b>	<b>10.3%</b>	<b>4,363</b>	<b>2.2%</b>	<b>17,458</b>	<b>16,552</b>	<b>5.5%</b>
Staff expenses	1,264	1,197	5.6%	1,250	1.1%	5,039	4,922	2.4%
Regulatory costs <sup>1)</sup>	209	279	-25.1%	65	221.5%	845	620	36.3%
Other expenses	895	1,062	-15.7%	905	-1.1%	3,572	3,704	-3.6%
<b>Operating expenses</b>	<b>2,369</b>	<b>2,539</b>	<b>-6.7%</b>	<b>2,220</b>	<b>6.7%</b>	<b>9,456</b>	<b>9,246</b>	<b>2.3%</b>
<b>Gross result</b>	<b>2,093</b>	<b>1,504</b>	<b>39.2%</b>	<b>2,143</b>	<b>-2.3%</b>	<b>8,002</b>	<b>7,306</b>	<b>9.5%</b>
Addition to loan loss provisions <sup>2)</sup>	138	302	-54.3%	265	-47.9%	974	1,347	-27.7%
<b>Underlying result before tax</b>	<b>1,955</b>	<b>1,202</b>	<b>62.6%</b>	<b>1,878</b>	<b>4.1%</b>	<b>7,028</b>	<b>5,959</b>	<b>17.9%</b>
Taxation	557	367	51.8%	522	6.7%	1,977	1,668	18.5%
Non-controlling interests	17	12	41.7%	20	-15.0%	75	72	4.2%
<b>Underlying net result</b>	<b>1,381</b>	<b>822</b>	<b>68.0%</b>	<b>1,336</b>	<b>3.4%</b>	<b>4,976</b>	<b>4,219</b>	<b>17.9%</b>
Net gains/losses on divestments	0	0		0		0	367	
Special items after tax	-787	-16		0		-799	-58	
<b>Net result from Banking</b>	<b>595</b>	<b>807</b>	<b>-26.3%</b>	<b>1,336</b>	<b>-55.5%</b>	<b>4,177</b>	<b>4,528</b>	<b>-7.8%</b>
Net result Insurance Other	158	12		12		33	-42	
Net result IC elimination between ING Bank and NN Group							-20	
Net result from discontinued operations NN Group	-2	0		1		441	-779	
Net result from discontinued operations Voya Financial							323	
<b>Net result ING Group</b>	<b>750</b>	<b>819</b>	<b>-8.4%</b>	<b>1,349</b>	<b>-44.4%</b>	<b>4,651</b>	<b>4,010</b>	<b>16.0%</b>
Net result per share (in EUR)	0.19	0.21		0.35		1.20	1.04	
<b>Capital ratios (end of period)</b>								
ING Group shareholders' equity (in EUR billion)				49	0.7%	50	48	4.1%
ING Group common equity Tier 1 ratio fully-loaded <sup>3)</sup>				13.5%		14.2%	12.7%	
ING Group common equity Tier 1 ratio phased-in				13.5%		14.1%	12.9%	
ING Bank shareholders' equity (in EUR billion)				45	-2.5%	44	41	6.6%
ING Bank common equity Tier 1 ratio fully-loaded				12.6%		12.6%	11.6%	
<b>Customer lending/deposits (end of period, in EUR billion)</b>								
Residential mortgages				282.4	0.0%	282.5	279.0	1.3%
Other customer lending				272.5	2.1%	278.1	253.7	9.6%
Customer deposits				522.8	1.6%	531.1	508.7	4.4%
<b>Profitability and efficiency</b>								
Underlying interest margin Banking	1.52%	1.47%		1.55%		1.52%	1.46%	
Underlying cost/income ratio Banking	53.1%	62.8%		50.9%		54.2%	55.9%	
Underlying return on IFRS-EU equity ING Group <sup>4)</sup>	11.1%	7.0%		10.8%		10.1%	8.6%	
Underlying return on IFRS-EU equity ING Bank <sup>4)</sup>	12.5%	8.2%		12.1%		11.6%	10.8%	
Employees ING Bank (FTEs, end of period)				51,776	-0.4%	51,546	52,368	-1.6%
<b>Risk</b>								
Non-performing loans/total loans (end of period)				2.2%		2.1%	2.5%	
Stock of provisions/provisioned loans (end of period)				41.0%		39.0%	38.5%	
Underlying risk costs in bps of average RWA	18	38		34		31	44	
Risk-weighted assets ING Bank (end of period, in EUR billion)				310.5	0.5%	312.1	318.2	-1.9%

<sup>1)</sup> Regulatory costs comprise bank taxes and contributions to the deposit guarantee schemes ('DGS') and the (European) single resolution fund ('SRF').

<sup>2)</sup> The amount presented in 'Addition to loan loss provisions' (which is equivalent to risk costs) includes write-offs and recoveries on loans and receivables not included in the stock of provision for loan losses.

<sup>3)</sup> The interim profit not included in the CET1 capital is the proposed dividend of EUR 1,629 million.

<sup>4)</sup> Annualised underlying net result divided by average IFRS-EU shareholders' equity.

Note: Underlying figures are non-GAAP measures. These are derived from figures according to IFRS-EU by excluding the impact from divestments, special items, Insurance Other, intercompany eliminations between ING Bank and NN Group, and discontinued operations.

# Consolidated Results

ING posted a strong set of full-year 2016 results, driven by higher net interest results reflecting the continuously positive business momentum and lower risk costs. The full-year 2016 underlying net profit was EUR 4,976 million, up 17.9% from 2015. This was achieved despite an increase in regulatory costs during 2016. Commercial performance was robust: ING Bank grew net core lending (excluding currency impacts) by EUR 34.8 billion, or 6.5%, and attracted EUR 28.5 billion of net customer deposits (excluding currency impacts and Bank Treasury). ING Group's 2016 net result was EUR 4,651 million, or 16.0% higher than in 2015, including EUR -799 million of special items after tax and the EUR 474 million net result of the legacy Insurance business. The full-year 2016 underlying return on ING Bank's IFRS-EU equity was 11.6%, and the underlying return on ING Group's IFRS-EU equity rose to 10.1%. The fully-loaded CET1 ratio for ING Group strengthened to 14.2% at year-end 2016.

In the fourth quarter of 2016, ING recorded a strong underlying result before tax of EUR 1,955 million, up 62.6% from a year ago, reflecting continued positive momentum in both Retail and Wholesale Banking. The net growth in our core customer lending franchises was EUR 9.2 billion in the fourth quarter of 2016 at attractive margins, while expenses remained under control. Risk costs and the non-performing loans ratio declined further in the quarter. The quarterly underlying net result from Banking was EUR 1,381 million. The net result of ING Bank, which includes special items after tax, was EUR 595 million. The fourth-quarter 2016 net result of ING Group came in higher at EUR 750 million due to positive revaluations of the NN Group and Voya warrants.

## Banking

ING Bank's strong fourth-quarter underlying result before tax of EUR 1,955 million was mainly attributable to continued loan growth at attractive margins, good cost control and a low level of risk costs. Strong performance in Financial Markets and Bank Treasury also supported the results. Regulatory expenses were EUR 209 million this quarter compared with EUR 279 million in the fourth quarter of 2015, supported by a refund on deposit guarantee scheme contributions in Germany. Risk costs declined to 18 basis points of average risk-weighted assets. Year-on-year, the underlying result before tax rose 62.6%. Compared with the already strong third quarter of 2016, the pre-tax result increased 4.1%.

## Total underlying income

Total underlying income rose 10.3% year-on-year to EUR 4,461 million. The increase was driven by a 5.3% rise in the interest result, largely reflecting strong volume growth in customer lending and customer deposits at resilient margins. Income was furthermore supported by higher commission income (particularly in the Retail Challengers & Growth Markets) and improved investment income. Other income rose by more than EUR 200 million, driven by higher revenues from Financial Markets and Bank Treasury activities due to increased client activity on the back of volatile markets and strong money markets results. Credit and debt valuation adjustments (CVA/DVA) in Wholesale Banking and the Corporate Line were negligible at EUR 14 million positive, compared to EUR -22 million in the fourth quarter of 2015.

Compared with the third quarter of 2016, which included EUR 72 million of negative CVA/DVA impacts, total underlying income increased by EUR 98 million, or 2.2%. Excluding CVA/DVA impacts, income improved slightly by 0.3%, as higher income in Wholesale Banking more than compensated for sequentially lower revenues in Retail Banking, as the third quarter of 2016 included the EUR 48 million annual dividend from the Bank of Beijing and a EUR 32 million gain on the sale of Kotak Mahindra Bank shares.

Total customer lending at ING Bank rose by EUR 5.7 billion in the fourth quarter to EUR 560.6 billion. Net growth in the core lending book (excluding Bank Treasury and the run-off portfolios, and adjusted for currency impacts and changes in cash pooling positions) was EUR 9.2 billion in the fourth quarter of 2016. This brought the total net growth of the core lending business in 2016 to EUR 34.8 billion versus EUR 21.7 billion in 2015.

Fourth-quarter net core lending growth was well diversified across Retail and Wholesale Banking. Residential mortgages increased by EUR 2.0 billion, as a further decline in Retail Netherlands was more than offset by mortgage growth in most other countries. Other net core lending grew by EUR 7.2 billion, of which EUR 0.1 billion was in Retail Banking. In Wholesale Banking, other net core lending grew by EUR 7.1 billion, particularly in Industry Lending and Working Capital Solutions.

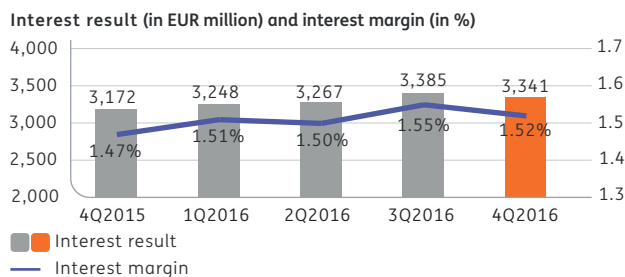
Customer deposits at ING Bank, excluding Bank Treasury and adjusted for currency impacts and changes in cash pooling positions, grew by EUR 12.1 billion in the fourth quarter of 2016. Retail Banking generated a net inflow of EUR 7.8 billion, predominantly outside of the Benelux. In Wholesale Banking, net customer deposits increased by EUR 1.9 billion. The remaining increase was related to higher placements of deposits by ING Group at ING Bank.

The total underlying interest result rose 5.3% to EUR 3,341 million from EUR 3,172 million in the fourth quarter of 2015. The interest result on customer lending activities rose, driven by higher volumes in both mortgages and non-mortgage



# Consolidated Results

customer lending, combined with a higher overall lending margin. The interest result on customer deposits was somewhat lower than it was a year ago as volume growth was offset by margin pressure on both savings and current accounts due to lower reinvestment yields. The growth of the interest result was furthermore supported by higher interest results in the Corporate Line, with part of the increase being structural due to a gradual redemption of the isolated legacy funding costs. Compared with the third quarter of 2016, the total underlying interest result declined by EUR 44 million, or 1.3%, including a EUR 32 million decrease in the interest result of Financial Markets. Excluding Financial Markets, the interest result declined marginally compared with the third quarter.



The fourth-quarter 2016 underlying net interest margin of ING Bank declined to 1.52% (down from 1.55% in the third quarter of 2016), of which almost two basis points were caused by lower interest results in Financial Markets. Sequentially, the interest margin on lending activities was stable. The interest margin on savings and current accounts declined due to the impact from the persistently low interest rate environment, while the further lowering of client savings rates in the fourth quarter was limited to some of the Challenger countries.

Commission income increased to EUR 611 million from EUR 607 million in the fourth quarter of 2015, which included a EUR 27 million one-time impact on consumer loan origination in Germany. Excluding this item, commission income rose 5.3% year-on-year, predominantly attributable to the Retail Challengers & Growth Markets and despite lower fee income in Financial Markets and Retail Belgium. On a full-year basis, commission income rose by EUR 113 million, or 4.9%. Compared with the third quarter of 2016, commission income rose by EUR 6 million, or 1.0%, as higher fee income in Retail Challengers & Growth Markets was partly offset by declines in Wholesale Banking (mainly related to Industry Lending) and Retail Belgium.

Investment income rose to EUR 39 million from EUR -1 million in the fourth quarter of 2015. The improvement was mainly caused by EUR 36 million of realised gains on the sale of equity and debt securities versus a small loss in the same quarter of 2015. Compared with the third quarter of 2016, investment income declined by EUR 100 million, as the third quarter included EUR 66 million of realised gains on the sale of equity and debt securities (of which EUR 32 million

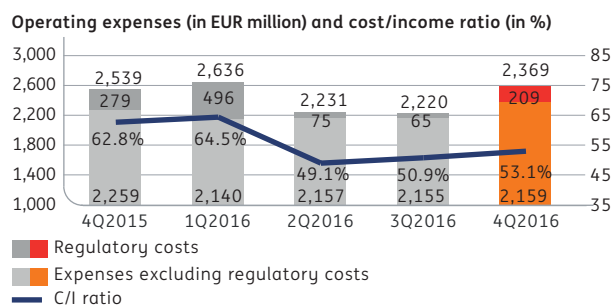
was from the sale of Kotak Mahindra Bank shares) and the EUR 48 million annual dividend from Bank of Beijing.

Other income increased to EUR 470 million from EUR 265 million in the fourth quarter of 2015, including the aforementioned EUR 37 million positive swing in CVA/DVA impacts and a EUR 98 million increase in Bank Treasury items, mainly due to strong money markets results and positive hedge ineffectiveness. The remaining increase was for an important part attributable to higher revenues from Financial Markets due to higher client activity. Compared with the third quarter of 2016, which included EUR -72 million of CVA/DVA impacts and EUR 47 million of higher Bank Treasury items, other income rose by EUR 235 million. Excluding the aforementioned items, the increase in other income was mainly due to higher revenues from Financial Markets.

## Operating expenses

Underlying operating expenses fell 6.7% to EUR 2,369 million compared with a year ago, reflecting ongoing cost-containment initiatives. Regulatory expenses were EUR 209 million in the fourth quarter of 2016, down from EUR 279 million in the previous year. The decline was partly caused by a refund on deposit guarantee contributions in Germany for deposits of over EUR 100,000 in the current quarter. Excluding regulatory costs and the EUR 120 million of restructuring provisions recorded in the fourth quarter of 2015, operating expenses increased by only EUR 20 million year-on-year to EUR 2,159 million. Additional expenses related to IT investments and selective business growth in the Retail Challengers & Growth Markets were largely offset by cost savings from the running cost-saving programmes and some incidental items.

Compared with the third quarter of 2016, operating expenses increased by EUR 149 million, or 6.7%. The increase reflects higher regulatory expenses (EUR 209 million versus EUR 65 million in the previous quarter) mainly due to the recording of the annual Dutch bank tax in the fourth quarter.



ING Bank's fourth-quarter underlying cost/income ratio was 53.1% compared with 62.8% one year ago and 50.9% in the previous quarter. On a full-year basis, the underlying cost/income ratio improved to 54.2% from 55.9% in 2015.

The cost-saving programmes that have been underway at ING Bank since 2011 are expected to generate gross annual

# Consolidated Results

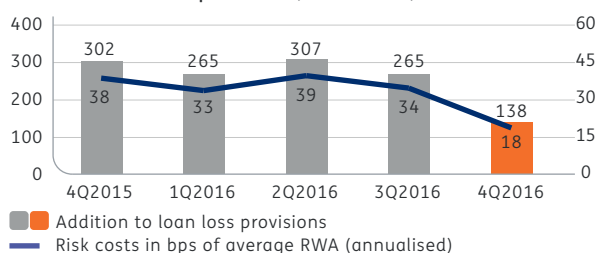
savings of EUR 1.2 billion by 2017, and EUR 1.3 billion by 2018. Of these targeted amounts, EUR 1,028 million of cost savings have already been achieved. The new programmes announced on ING's Investor Day on 3 October 2016 are expected to result in EUR 900 million of additional cost savings by 2021.

The total number of internal staff declined in the fourth quarter by 230 FTEs to 51,546 FTEs at the end of December 2016. Declines in internal staff were mainly recorded in the Benelux and Poland, partly offset by FTE increases in Germany and the international network of Wholesale Banking to support commercial growth.

## Addition to loan loss provisions

ING Bank recorded EUR 138 million of risk costs in the fourth quarter of 2016, down from EUR 302 million a year ago and EUR 265 million in the previous quarter.

Addition to loan loss provisions (in EUR million)



Net additions to loan loss provisions in Wholesale Banking were EUR 31 million, down from EUR 97 million in both the fourth quarter of 2015 and the previous quarter. The decline compared with both quarters was mainly attributable to releases in Ukraine and Spain.

Risk costs in Retail Netherlands declined in line with improved macroeconomic conditions to EUR 29 million from EUR 43 million in the previous quarter and from EUR 59 million in the fourth quarter of 2015. The declines were mainly caused by a lower net addition for Dutch business lending in the fourth quarter, which fell to EUR 15 million from more than EUR 50 million in both comparable quarters. In Retail Belgium, risk costs were EUR 36 million versus EUR 65 million one year ago and EUR 51 million in the previous quarter. Net additions in the Retail Challengers & Growth Markets were EUR 42 million, down from EUR 80 million one year ago and EUR 74 million in the previous quarter, primarily caused by a net release in Germany. By contrast, risk costs in Turkey increased.

The non-performing loan (NPL) ratio of ING Bank improved to 2.1% compared with 2.2% at the end of September 2016 and 2.5% at the end of December 2015.

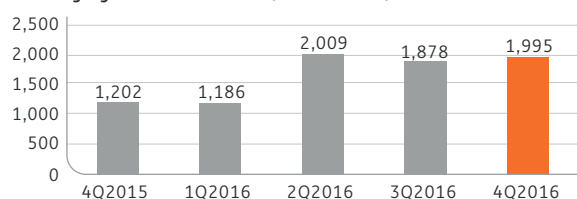
Total fourth-quarter risk costs at ING Bank were 18 basis points of average risk-weighted assets (RWA) versus 34 basis points in the previous quarter and 38 basis points in the fourth quarter of 2015. For the full-year 2016, risk costs

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.

## Underlying result before tax

ING Bank's fourth-quarter 2016 underlying result before tax was EUR 1,955 million, up 62.6% from a year ago, due to higher income and lower expenses and risk costs. Quarter-on-quarter, the underlying result before tax increased 4.1%, predominantly due to lower risk costs.

Underlying result before tax (in EUR million)



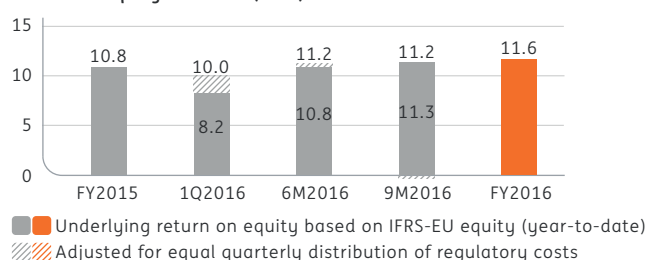
## Net result Banking

ING Bank's underlying net result rose to EUR 1,381 million from EUR 822 million in the fourth quarter of 2015 and increased 3.4% from EUR 1,336 million in the third quarter of 2016. The effective underlying tax rate was 28.5% compared with 30.6% a year ago and 27.8% in the previous quarter.

ING Bank's fourth-quarter 2016 net result was EUR 595 million and includes EUR -787 million of special items after tax (pre-tax EUR -1,141 million) related to the intended digital transformation programmes as announced on ING's Investor Day on 3 October 2016. Next to EUR 1,032 million of restructuring provisions, the special items include EUR 109 million of impairments on legacy IT systems (related to the announced IT investments on ING's Investor Day) and on certain real estate in own use. The net result in the fourth quarter of 2015 was EUR 807 million.

The full-year underlying return on ING Bank's IFRS-EU equity rose to 11.6% from 10.8% in 2015. This improvement was driven by a 17.9% increase in the underlying net result, partly offset by an almost 10% increase in the average equity base. The higher average equity base was mainly attributable to retained earnings and despite the impact of the EUR 1.3 billion capital upstream to ING Group in the fourth quarter of 2016.

Return on equity ING Bank (in %)



# Consolidated Results

## Net result ING Group

ING Group's fourth-quarter net result declined to EUR 750 million after deduction of the special items recorded this quarter, compared with EUR 819 million in the fourth quarter of 2015 and EUR 1,349 million in the third quarter of 2016. The net result of ING Group also includes the net results of the legacy Insurance businesses.

In the fourth quarter of 2016, ING Group recorded a net profit of EUR 156 million on the legacy Insurance activities, predominantly related to a higher valuation of warrants on Voya and NN Group shares compared with the end of September 2016. In the fourth quarter of 2015, ING Group's net result included EUR 12 million for the legacy Insurance activities.

ING Group holds warrants for approximately 35 million shares in NN Group at an exercise price of EUR 40.00 per share and warrants for approximately 26 million shares in Voya at an exercise price of USD 48.75 per share. There is no regulatory requirement to divest these warrants. The combined book value of these warrants was EUR 194 million at year-end 2016.

The full-year 2016 underlying return on ING Group's IFRS-EU equity was 10.1%, up from 8.6% in 2015.

ING Group's net result per share was EUR 0.19 in the fourth quarter of 2016, based on an average number of shares outstanding of 3,877.6 million during the quarter. ING Group's full-year 2016 net result was EUR 4,651 million, or EUR 1.20 per share.

## Dividend

ING is committed to maintaining a CET1 ratio above the prevailing fully-loaded requirement, currently estimated to be 11.75%, plus a comfortable management buffer (to include Pillar 2 Guidance). ING aims to pay a progressive dividend over time.

The Board proposes to pay a total 2016 dividend of EUR 2,560 million, or EUR 0.66 per ordinary share, subject to the approval of shareholders at the Annual General Meeting in May 2017. Taking into account the interim dividend of EUR 0.24 per ordinary share that was paid in August 2016, the final 2016 dividend will amount to EUR 0.42 per ordinary share and will be paid in cash, shortly after the Annual General Meeting.



# Segment Reporting: Retail Banking

## Retail Benelux: Consolidated profit or loss account

In EUR million	Retail Benelux		Netherlands		Belgium	
	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015
<b>Profit or loss</b>						
Net interest income	1,390	1,382	910	910	480	471
Net commission income	223	229	138	135	86	94
Investment income	0	2	2	1	-2	1
Other income	163	77	95	36	68	41
<b>Total underlying income</b>	<b>1,776</b>	<b>1,691</b>	<b>1,145</b>	<b>1,082</b>	<b>631</b>	<b>608</b>
Expenses excl. regulatory costs	874	969	539	622	335	348
Regulatory costs	83	89	75	100	8	-12
<b>Operating expenses</b>	<b>957</b>	<b>1,058</b>	<b>614</b>	<b>722</b>	<b>343</b>	<b>336</b>
<b>Gross result</b>	<b>819</b>	<b>633</b>	<b>531</b>	<b>360</b>	<b>288</b>	<b>273</b>
Addition to loan loss provisions	65	124	29	59	36	65
<b>Underlying result before tax</b>	<b>754</b>	<b>508</b>	<b>502</b>	<b>301</b>	<b>252</b>	<b>207</b>
<b>Customer lending/deposits (end of period, in EUR billion)<sup>1)</sup></b>						
Residential mortgages	156.6	160.7	120.9	126.7	35.7	34.0
Other customer lending	75.5	75.6	34.4	37.4	41.1	38.3
Customer deposits	215.9	211.1	134.7	131.4	81.1	79.7
<b>Profitability and efficiency<sup>1)</sup></b>						
Cost/income ratio	53.9%	62.6%	53.6%	66.7%	54.4%	55.2%
Return on equity based on 10.0% common equity Tier 1 <sup>2)</sup>	25.6%	15.2%	29.7%	14.3%	19.4%	16.9%
Employees (FTEs, end of period)	17,636	18,751	9,048	9,928	8,588	8,823
<b>Risk<sup>1)</sup></b>						
Risk costs in bps of average RWA	31	56	23	41	43	85
Risk-weighted assets (end of period, in EUR billion)	83.3	89.5	49.1	57.7	34.2	31.8

<sup>1)</sup> Key figures based on underlying figures.

<sup>2)</sup> Underlying after-tax return divided by average equity based on 10.0% common equity Tier 1 ratio (annualised).

## Retail Benelux

*"In the Netherlands, fourth-quarter results were fairly resilient as stable margins, a good contribution from Bank Treasury and lower headcount following our cost-savings initiatives helped to offset the impact of lower lending volumes and the impact from the 2016 Dutch bank tax. The results of Belgium showed moderate improvement on both comparable quarters due principally to a hedge release and lower risk costs. Nevertheless, margin pressure is expected to continue: ING has already reached the minimum floor on savings rates in Belgium; and on mortgages we now see the effect of the high percentage of renegotiations across the book over recent quarters.*

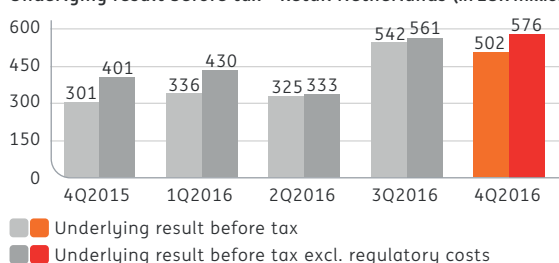
*Last October, we announced a number of intended initiatives to strengthen the Bank for the future. Discussions with various stakeholders have been productive during the past few months and are still ongoing. Looking ahead to 2017, we will continue to work constructively on our intended transformation while keeping our focus on delivering a differentiating customer experience. Once plans for the Benelux become more concrete, we will provide further updates."*

**Koos Timmermans**, Member and Vice-chairman, Management Board Banking

## Retail Netherlands

The fourth-quarter underlying result before tax of Retail Netherlands was EUR 502 million, up 66.8% from EUR 301 million a year ago, but down 7.4% from EUR 542 million in the previous quarter. Income was resilient due to stable interest margins and higher revenues from Bank Treasury, whereas underlying expenses were EUR 68 million higher than in the third quarter, mainly due to higher regulatory costs. Risk costs fell to EUR 29 million, supported by releases of provisions for business lending.

Underlying result before tax - Retail Netherlands (in EUR million)



Total underlying income rose 5.8% from a year ago to EUR 1,145 million. The increase was driven by higher income on savings accounts (driven by higher margins) and higher income from Bank Treasury, which were only partly offset by lower income on current accounts and business lending. The interest result was stable year-on-year at EUR 910 million, as higher savings volumes and margins were offset by lower lending volumes and lower margins on current accounts.

# Segment Reporting: Retail Banking

Customer lending fell by EUR 4.9 billion in the fourth quarter, of which EUR -0.9 billion was in the WUB portfolio, EUR -1.5 billion within Bank Treasury (including a fair value change in the mortgage hedge) and EUR -0.7 billion due to changes in cash pooling positions. Excluding these items, net core lending declined by EUR 1.8 billion, of which EUR -1.0 billion was in mortgages and EUR -0.8 billion in other lending, the latter reflecting subdued demand in business lending. Net customer deposits (excluding Bank Treasury and the changes in cash pooling positions) grew by EUR 0.7 billion.

Compared with the third quarter of 2016, income rose 1.1%, mainly due to positive hedge ineffectiveness results. Net interest income was stable as a slight improvement of the savings margin was offset by lower margins on current accounts, while lending margins were stable.

Underlying operating expenses were EUR 614 million, which is EUR 108 million, or 15.0%, lower than they were a year ago. The fourth quarter of 2015 included additional restructuring costs, a provision for Dutch SME clients with interest rate derivatives and EUR 25 million of higher regulatory costs. Sequentially, expenses rose by EUR 68 million, or 12.5%. This was mainly due to higher regulatory expenses reflecting the 2016 Dutch bank tax recorded in the fourth quarter and the seasonal impact of holiday provisions. These factors were only partly offset by ongoing cost-saving initiatives. From the existing cost-saving programmes announced since 2011, which aim to realise EUR 675 million of cost savings by the end of 2017, an amount of EUR 562 million have already been realised.

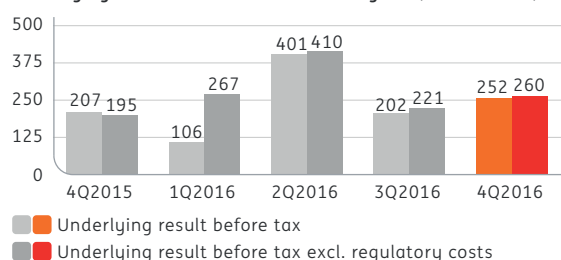
Risk costs declined to EUR 29 million, or 23 basis points of average risk-weighted assets, in the fourth quarter of 2016 compared with EUR 59 million a year ago and EUR 43 million in the previous quarter. The declines reflect releases of provisions in business lending due to the improvement in the Dutch economy. Risk costs for Dutch mortgages showed again a net release due to the ongoing improvement of the Dutch housing market.

Risk-weighted assets decreased by EUR 3.3 billion in the fourth quarter of 2016 to EUR 49.1 billion, mainly reflecting risk migration in the mortgage portfolio and in business lending, combined with lower volumes.

## Retail Belgium

The fourth-quarter 2016 underlying result before tax of Retail Belgium was EUR 252 million compared with EUR 207 million one year ago and EUR 202 million in the previous quarter. The improvement on both comparable quarters was mainly due to a one-time hedge release and lower risk costs.

Underlying result before tax - Retail Belgium (in EUR million)



Total underlying income was EUR 631 million, up EUR 23 million, or 3.8%, year-on-year, supported by higher Bank Treasury revenues and a one-time release from hedged items at Record Bank. Net interest income rose 1.9%, as higher income on mortgages and business lending (mainly reflecting higher volumes) slightly outweighed lower income on customer deposits due to continued pressure on margins. A further decline in savings margins is expected as ING has already reached the legal floor for client savings rates in Belgium. Commission and investment income were both lower year-on-year. On a sequential basis, income increased by EUR 14 million, or 2.3%, as a result of higher income from Bank Treasury and the one-off at Record Bank. Net interest income, and fee and investment income were all down as volume gains could not offset the pressure of lower margins.

Customer lending increased by EUR 0.6 billion in the fourth quarter, of which EUR 0.5 billion was related to mortgages and EUR 0.1 billion to other customer lending. Customer deposits remained stable at EUR 81.1 billion, as a decrease in savings was offset by higher current accounts.

Underlying operating expenses were EUR 343 million. This is an increase of 2.1% compared with a year ago, and a decline of 6.0% compared with the third quarter of 2016. In both cases the change is largely explained by movements in regulatory costs, while operating expenses excluding regulatory costs were slightly lower on both comparable quarters.

Fourth-quarter risk costs amounted to EUR 36 million, or 43 basis points of average risk-weighted assets, compared with EUR 65 million a year ago and EUR 51 million in the previous quarter. The improvement was mainly visible in business lending as the comparable quarters included relatively high additions for some specific files.

Risk-weighted assets in the fourth quarter of 2016 rose by EUR 1.2 billion to EUR 34.2 billion, mainly for mid-corporates and mortgages.

# Segment Reporting: Retail Banking

## Retail Challengers & Growth Markets: Consolidated profit or loss account

In EUR million	Retail Challengers & Growth Markets		Germany		Other	
	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015
<b>Profit or loss</b>						
Net interest income	956	904	410	427	546	477
Net commission income	152	127	53	62	99	66
Investment income	30	3	-1	2	31	0
Other income	51	77	-2	16	53	61
<b>Total underlying income</b>	<b>1,190</b>	<b>1,111</b>	<b>461</b>	<b>507</b>	<b>729</b>	<b>605</b>
Expenses excl. regulatory costs	625	578	208	196	417	381
Regulatory costs	27	56	-23	9	50	47
<b>Operating expenses</b>	<b>652</b>	<b>633</b>	<b>185</b>	<b>205</b>	<b>467</b>	<b>428</b>
<b>Gross result</b>	<b>538</b>	<b>478</b>	<b>276</b>	<b>302</b>	<b>262</b>	<b>177</b>
Addition to loan loss provisions	42	80	-46	13	87	67
<b>Underlying result before tax</b>	<b>496</b>	<b>398</b>	<b>321</b>	<b>288</b>	<b>175</b>	<b>110</b>
<b>Customer lending/deposits (end of period, in EUR billion)<sup>1)</sup></b>						
Residential mortgages	124.7	117.0	68.7	66.1	56.0	50.9
Other customer lending	32.7	31.9	9.8	10.4	22.9	21.6
Customer deposits	242.4	227.3	129.0	120.2	113.5	107.1
<b>Profitability and efficiency<sup>1)</sup></b>						
Cost/income ratio	54.8%	57.0%	40.2%	40.5%	64.1%	70.8%
Return on equity based on 10.0% common equity Tier 1 <sup>2)</sup>	21.3%	15.8%	37.9%	32.0%	12.5%	7.5%
Employees (FTEs, end of period)	22,424	22,502	4,540	4,262	17,884	18,240
<b>Risk<sup>1)</sup></b>						
Risk costs in bps of average RWA	23	44	-72	21	73	55
Risk-weighted assets (end of period, in EUR billion)	72.7	73.7	25.4	24.9	47.4	48.8

<sup>1)</sup> Key figures based on underlying figures.

<sup>2)</sup> Underlying after-tax return divided by average equity based on 10.0% common equity Tier 1 ratio (annualised).

## Retail Challengers & Growth Markets

*"Retail Challengers & Growth Markets recorded a strong performance in the fourth quarter of 2016, despite the impact from the persistently low interest rate environment. Pricing improvements, in combination with a further diversification of our product portfolio, resulted in another quarter of solid income. Our continued focus on generating fee income led to a 15% increase sequentially, which expanded the share of fee income versus total income to 13% in the fourth quarter."*

*We earned new customers and established more primary relationships in all countries, with Germany exceeding one million primary relationships in the fourth quarter. Although the strong growth in both primary clients and business volumes caused moderate growth in operational costs, we were able to reinforce cost discipline across all geographies with total headcount held flat year-on-year."*

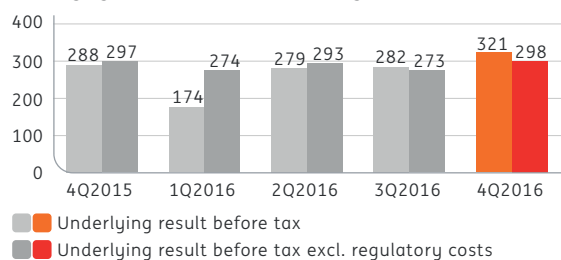
*As we move into 2017, I believe we are well-placed to continue delivering on our Think Forward priorities, while working on our transformation in five of our Challenger Markets towards becoming a Model Bank."*

**Aris Bogdaneris**, Member Management Board Banking, Head of Challengers & Growth Markets

## Retail Germany

Retail Germany's fourth-quarter 2016 underlying result before tax was EUR 321 million, up from EUR 288 million in the fourth quarter of 2015. The result in the fourth quarter of 2016 was supported by a net release in risk costs, mainly reflecting model updates for mortgages, and EUR 32 million of lower regulatory expenses. These impacts were only partly offset by lower income relative to a year ago (largely due to a one-time positive impact on consumer loan origination in the fourth quarter of 2015) and higher expenses from investments in the Welcome programme in the current quarter. Compared with the third quarter, the result before tax rose by EUR 39 million. This increase was driven by lower risk costs and lower regulatory expenses, which were partly offset by a decline in net interest income reflecting lower margins.

Underlying result before tax - Germany (in EUR million)



Total underlying income was EUR 461 million, down 9.1% from the fourth quarter of 2015. The decrease was mainly attributable to a EUR 23 million one-time positive impact

# Segment Reporting: Retail Banking

on consumer loan origination in the fourth quarter of 2015, lower net interest income, lower hedge ineffectiveness results and losses realised on the sale of bonds. Net interest income showed a small decline, consistent with the low interest rate environment and the fact that the last core savings rate adjustment happened in the second quarter of 2016. Compared with the previous quarter, total income decreased 3.6%. This was due to lower interest results and losses realised on the sale of bonds, which were only partly offset by higher commission income and improved hedge ineffectiveness results.

Total customer lending decreased by EUR 0.5 billion in the fourth quarter of 2016 to EUR 78.6 billion. Net core lending, which excludes Bank Treasury products and the fair value change in the mortgage hedge, grew by EUR 0.9 billion, of which EUR 0.8 billion was attributable to residential mortgages and EUR 0.1 billion to consumer lending. Customer deposits, excluding Bank Treasury, recorded a net growth of EUR 3.6 billion in the fourth quarter of 2016.

Total expenses were EUR 185 million in the fourth quarter of 2016. This includes EUR -23 million of regulatory costs caused by a refund on the 2016 deposit guarantee scheme costs for deposits over EUR 100,000. Excluding regulatory costs, total operating expenses were EUR 208 million in the fourth quarter of 2016, up 6.1% from a year ago. The increase was mainly due to a higher headcount at ING Germany and Interhyp in order to support their business growth and customer acquisition, as well as investments in the Welcome programme. Compared with the previous quarter, expenses excluding regulatory costs increased 4.5%, due also to the aforementioned factors. The cost/income ratio was 40.2% for the fourth quarter of 2016.

Risk costs were EUR -46 million compared with EUR 13 million in the fourth quarter of 2015 and EUR 5 million in the previous quarter. Fourth-quarter 2016 risk costs included a release of EUR 44 million, reflecting model updates for mortgages.

Risk-weighted assets edged down by EUR 0.1 billion in the fourth quarter of 2016 to EUR 25.4 billion.

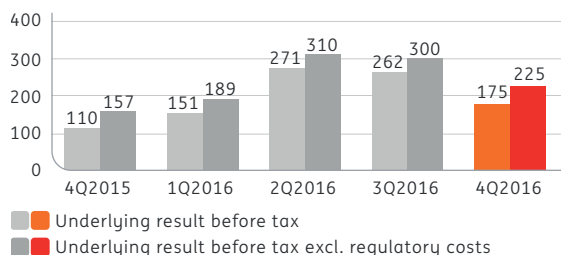
## Retail Other Challengers & Growth Markets

The underlying result before tax of Retail Other Challengers & Growth Markets increased to EUR 175 million in the fourth quarter of 2016 from EUR 110 million a year ago. The increase was attributable to revenue growth in most businesses. The positive development in revenues was only partly offset by higher expenses for IT, strategic projects, staff and marketing, as well as higher risk costs.

Compared with the third quarter of 2016, the underlying result before tax decreased by EUR 87 million, as the previous quarter included a EUR 32 million one-time gain from the reduction of ING's stake in Kotak Mahindra Bank and the annual Bank of Beijing dividend of EUR 48 million. Excluding these two items, the underlying result before tax decreased

by only EUR 7 million as strong underlying income growth in most markets was offset by higher regulatory, staff and marketing expenses, as well as higher risk costs.

**Underlying result before tax - Retail Other Challengers & Growth Markets (in EUR million)**



Total underlying income rose by EUR 124 million to EUR 729 million compared with a year ago. This increase was due to improved commercial results across most of the business units. Net interest income increased by EUR 69 million and commission income rose by EUR 33 million on the back of continued client and volume growth in most countries, as well as the lowering of the core savings rates in Australia and France in the fourth quarter. Investment income grew by EUR 31 million, reflecting realised gains from the sale of bonds. Sequentially, underlying income decreased by EUR 30 million as the previous quarter included the Bank of Beijing dividend and the one-time gain on Kotak.

Customer lending increased by EUR 1.3 billion in the fourth quarter of 2016 to EUR 78.9 billion. Excluding currency impacts and Bank Treasury, net core lending grew by EUR 2.5 billion, with the majority generated in Australia, Spain, Italy and Poland. Customer deposits, excluding currency impacts and Bank Treasury, grew by EUR 3.5 billion, mainly reflecting net inflows from customers in Australia, Spain and Poland.

Operating expenses rose by EUR 39 million from a year ago to EUR 467 million. This was due to higher IT and professional-services expenses related to strategic projects, as well as higher staff, marketing and regulatory expenses. Compared with the previous quarter, operating expenses rose by EUR 39 million due to IT investments in Model Bank and higher regulatory, staff and marketing expenses. The cost/income ratio was 64.1% versus 70.8% in the fourth quarter of 2015.

Risk costs were EUR 87 million versus EUR 67 million in the fourth quarter of 2015 and EUR 69 million in the previous quarter. Fourth-quarter 2016 risk costs in Turkey increased due to an add-on for SMEs and mid-corporates. Risk costs in basis points of average risk-weighted assets increased to 73 basis points in the fourth quarter of 2016 from 56 basis points in the previous quarter.

Risk-weighted assets in the fourth quarter decreased by EUR 1.0 billion to EUR 47.4 billion, reflecting the settlement of the reduction of ING's stake in Kotak Mahindra Bank which was closed in the third quarter.

# Segment Reporting: Wholesale Banking

## Wholesale Banking: Consolidated profit or loss account

In EUR million	Total Wholesale Banking		Industry Lending		General Lending & Transaction Services		Financial Markets		Bank Treasury & Other	
	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015
<b>Profit or loss</b>										
Net interest income	959	907	560	485	273	257	106	123	19	43
Net commission income	235	251	123	119	95	93	18	41	-1	-1
Investment income	8	-8	0	-6	0	0	1	3	7	-5
Other income excl. CVA/DVA	263	154	10	5	25	13	154	95	75	40
Underlying income excl. CVA/DVA	1,465	1,304	693	602	393	363	279	262	100	76
CVA/DVA	6	-9					6	-9		
<b>Total underlying income</b>	<b>1,471</b>	<b>1,295</b>	<b>693</b>	<b>602</b>	<b>393</b>	<b>363</b>	<b>285</b>	<b>253</b>	<b>100</b>	<b>76</b>
Expenses excl. regulatory costs	592	652	168	149	187	201	222	226	14	76
Regulatory costs	99	100	27	25	22	15	43	57	8	3
<b>Operating expenses</b>	<b>691</b>	<b>753</b>	<b>195</b>	<b>174</b>	<b>209</b>	<b>216</b>	<b>265</b>	<b>284</b>	<b>22</b>	<b>79</b>
<b>Gross result</b>	<b>779</b>	<b>543</b>	<b>498</b>	<b>429</b>	<b>184</b>	<b>147</b>	<b>19</b>	<b>-31</b>	<b>78</b>	<b>-2</b>
Addition to loan loss provisions	31	97	2	63	9	24	-8	4	28	6
<b>Underlying result before tax</b>	<b>748</b>	<b>445</b>	<b>496</b>	<b>366</b>	<b>175</b>	<b>123</b>	<b>27</b>	<b>-35</b>	<b>50</b>	<b>-8</b>
<b>Customer lending/deposits (end of period, in EUR billion)<sup>1)</sup></b>										
Residential mortgages	1.1	1.3	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.3
Other customer lending	169.9	146.1	114.6	98.8	48.1	38.1	1.3	2.0	5.9	7.1
Customer deposits	64.8	62.5	1.7	1.5	50.4	46.4	4.6	4.4	8.2	10.2
<b>Profitability and efficiency<sup>1)</sup></b>										
Cost/income ratio	47.0%	58.1%	28.1%	28.9%	53.2%	59.5%	93.2%	112.2%	22.2%	102.8%
Return on equity based on 10.0% common equity Tier 1 <sup>2)</sup>	14.7%	8.0%	22.4%	19.0%	11.8%	8.1%	2.3%	-4.5%	12.5%	-9.2%
Employees (FTEs, end of period)	11,483	11,113								
<b>Risk<sup>1)</sup></b>										
Risk costs in bps of average RWA	8	26	1	43	8	22	-11	5	109	22
Risk-weighted assets (end of period, in EUR billion)	153.8	152.3	69.9	62.4	45.6	44.3	28.0	34.4	10.3	11.1

<sup>1)</sup> Key figures based on underlying figures.

<sup>2)</sup> Underlying after-tax return divided by average equity based on 10.0% common equity Tier 1 ratio (annualised).

## Wholesale Banking

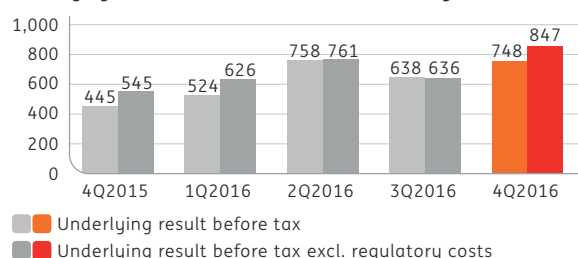
"Wholesale Banking recorded a strong fourth quarter. The improved year-on-year performance was mainly driven by volume growth in Industry Lending and increased client activity in Financial Markets. At the same time, risk costs and expenses remained under control. During 2016, Wholesale Banking grew net core lending by EUR 22.6 billion. We also continued to support the transition to a greener economy, and our financing of sustainable projects and clients that are environmental outperformers rose to EUR 34.3 billion at year-end. To further support our sustainable ambitions, new financing in the Netherlands will only be offered to 'green' office buildings after 2017, while continuing to help real estate clients make their buildings more sustainable.

We are very proud that we received the award for global and Western European bank of the year 2016 by The Banker magazine. This accolade recognises ING's healthy financial results together with our leading strategy of investment in technology, innovation and our focus on customer service. We appreciate this recognition of our hard work, which motivates us to keep getting better while delivering a differentiating experience to our customers."

**Isabel Fernandez**, Member Management Board Banking, Head of Wholesale Banking

Wholesale Banking posted a strong set of full-year 2016 results, reflecting excellent performance in Industry Lending, steady volume growth across industries and products and a low level of risk costs. Despite regulatory costs that continued to increase, total costs remained broadly flat year-on-year. The full-year 2016 underlying result before tax was EUR 2,668 million, up 5.3% from 2015.

### Underlying result before tax - Wholesale Banking (in EUR million)



In the fourth quarter of 2016, the underlying result before tax was EUR 748 million, or EUR 303 million higher than a year ago, reflecting healthy income progression, lower expenses and decreased risk costs. The year-on-year decline in operating expenses was mainly caused by the additional restructuring costs and provision for Dutch Real Estate Finance clients with interest rate derivatives which were taken in the fourth quarter of 2015. Risk costs declined further to 8 basis points of



# Segment Reporting: Wholesale Banking

average RWA due to the benign risk environment and active risk management on certain Ukrainian and Spanish files, which resulted in significant releases of loan loss provisions there.

Total underlying income was 13.6% higher than in the fourth quarter of 2015 and up 9.0% on the previous quarter. CVA/DVA impacts amounted to EUR 6 million for the quarter compared with EUR -9 million in the same quarter of 2015 and EUR -42 million in the previous quarter.

Total underlying income excluding CVA/DVA impacts improved 12.3% compared with a year ago, and was up 5.2% sequentially. These improvements were driven by continued volume growth in lending, stronger income in Bank Treasury, higher Bank Mendes Gans revenues (which benefited from positive interest rate developments in US dollar and euro), and higher Financial Markets income, particularly in the Equities, Forex and Bonds businesses due to increased client activity.

The interest result increased 5.7% year-on-year, but declined 0.5% from the previous quarter. The year-on-year increase was mainly in Industry Lending and General Lending and driven by portfolio growth, partly offset by volatility within Financial Markets and Bank Treasury & Other.

Commission income declined 6.4% compared with the fourth quarter of 2015 and was 3.7% lower than in the previous quarter. Year-on-year, commission income decreased mainly in Financial Markets. On a sequential basis, lower commission income was reported in Industry Lending.

Investment income rose to EUR 8 million from a loss of EUR 8 million in the fourth quarter of 2015, which included a capital loss in Bank Treasury & Other related to the sale of the UK Lease Portfolio. Compared with the previous quarter, investment income decreased by EUR 7 million.

Total other income amounted to EUR 269 million in the fourth quarter of 2016, up from EUR 145 million one year ago and EUR 127 million in the third quarter of 2016. Excluding CVA/DVA impacts, other income rose by EUR 109 million year-on-year and by EUR 94 million quarter-on-quarter, mainly due to higher revenues in Financial Markets.

Operating expenses decreased 8.2% from the same quarter of last year, as that quarter included additional restructuring costs, a provision for Dutch Real Estate Finance clients with interest rate derivatives that had been sold in the Netherlands, and higher IT costs. The operating expenses in the current quarter were impacted by positive currency effects, inflationary impacts and an increase in FTEs to support business growth. Compared with the third quarter of 2016, operating expenses were 12.4% higher, mainly due to the inclusion of the annual Dutch bank tax in the fourth quarter. Excluding regulatory costs, expenses declined 4.1% as the third quarter of 2016 included an IT-related restructuring provision.

Wholesale Banking's previously announced restructuring programmes are on track to realise EUR 340 million of cost

savings by the end of 2017. At the end of 2016, EUR 305 million of cost savings had already been realised.

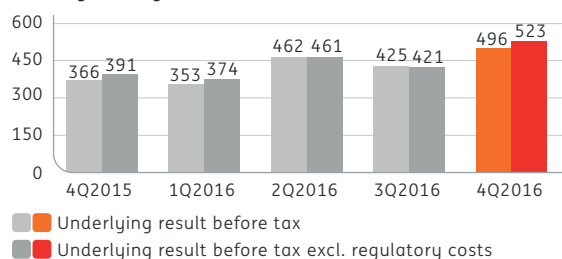
The underlying cost/income ratio was 47.0% in the fourth quarter of 2016, slightly up from 45.6% in the previous quarter, despite the booking of the annual Dutch bank tax in the fourth quarter.

Fourth-quarter 2016 risk costs for Wholesale Banking were EUR 31 million, or 8 basis points of average RWA, versus EUR 97 million in the fourth quarter of 2015 and EUR 97 million in the previous quarter. Risk costs in the current quarter reflect larger releases on Ukrainian and Spanish clients. Third-quarter 2016 risk costs included an increase caused by a model update for corporate clients, as well as additions for several Oil & Gas files.

Risk-weighted assets increased by EUR 5.0 billion in the fourth quarter of 2016 to EUR 153.8 billion as currency impacts from the appreciation of the US dollar, model updates and higher market risk were partly offset by positive risk migration.

## Industry Lending

Underlying result before tax - Industry Lending (in EUR million)



Industry Lending posted an underlying result before tax of EUR 496 million, up very strongly both year-on-year and sequentially due to continued business growth. The improvement in the underlying result before tax compared with the third quarter of 2016 was supported by strong income and low risk costs, helping to offset higher regulatory costs.

Income increased 15.1% from the fourth quarter of 2015, driven by continued robust volume growth in Structured Finance and Real Estate Finance, and partly supported by positive foreign currency effects. Year-on-year portfolio growth totalled EUR 14.6 billion, excluding FX effects, of which EUR 12.0 billion was related to Structured Finance and EUR 2.6 billion to Real Estate Finance. In the fourth quarter, net lending growth was EUR 4.2 billion, excluding FX effects, and mainly visible in International Trade & Export Finance (on higher oil prices) and Real Estate Finance.

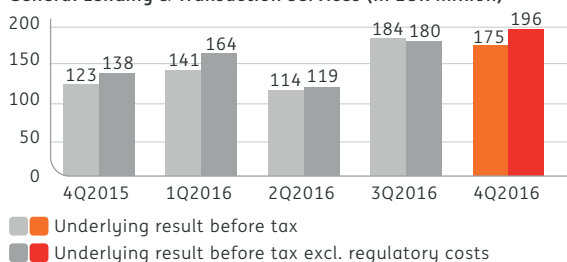
Expenses were 12.1% higher than in the fourth quarter of 2015, mainly due to ongoing investments to support future business growth. Expenses increased 30.0% sequentially, as the fourth quarter of 2016 included the annual Dutch bank tax. Excluding regulatory costs, expenses were up 9.1%.

# Segment Reporting: Wholesale Banking

The net addition to loan loss provisions amounted to EUR 2 million, down significantly from EUR 63 million in the same quarter of 2015 and EUR 86 million in the previous quarter. This was partly related to larger releases for Ukrainian and Spanish files.

## General Lending & Transaction Services

Underlying result before tax -  
General Lending & Transaction Services (in EUR million)



The underlying result before tax from General Lending & Transaction Services was EUR 175 million, or 42.3% higher year-on-year, reflecting stronger income, lower expenses and lower risk costs. Sequentially, the underlying result before tax declined 4.9%, as stronger income was offset by higher expenses and slightly higher risk costs.

Income rose 8.3% year-on-year and 8.6% sequentially on the back of continued portfolio growth in General Lending and Working Capital Solutions, as well as higher income in Payments & Cash Management and at Bank Mendes Gans. Income in Payments & Cash Management rose on both comparable quarters primarily due to higher commission income, which offset the impact of margin pressure as a result of the low interest rate environment. Income from Bank Mendes Gans was also up on both comparable quarters and benefited from positive interest rate developments in US dollar and euro.

Year-on-year, portfolio growth totalled EUR 8.3 billion excluding FX effects, of which EUR 5.0 billion was attributable to General Lending and EUR 2.9 billion to Working Capital Solutions. In the fourth quarter, net lending grew by EUR 2.6 billion.

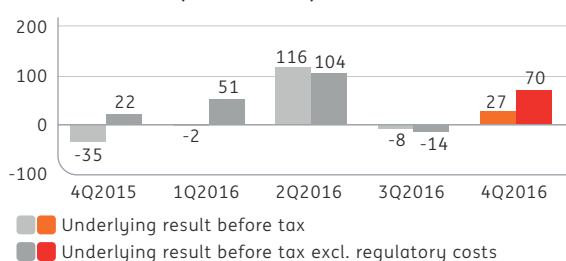
Expenses decreased 3.2% year-on-year, mainly due to lower IT expenses. Expenses increased 19.4% compared with the third quarter of 2016, mainly due to the annual Dutch bank tax. Risk costs were EUR 9 million for the quarter, up from EUR 3 million in the third quarter of 2016 and down from EUR 24 million in the fourth quarter of 2015.

## Financial Markets

Financial Markets posted an underlying result before tax of EUR 27 million, up from EUR -35 million in the fourth quarter of 2015 and EUR -8 million in the previous quarter. The result in the current quarter included EUR 6 million of CVA/DVA adjustments compared with EUR -9 million of CVA/DVA impacts a year ago and EUR -42 million in the previous

quarter. Income excluding CVA/DVA effects increased 6.5% year-on-year due to higher income in the Equities, Forex and Bonds businesses from higher client activity. Historically, income in the fourth quarter is generally lower than in the third quarter. However, in the fourth quarter of 2016 the client business remained strong. Income excluding CVA/DVA impacts increased 10.7% on the previous quarter due to higher income in the Structured Products, Equities and Forex businesses.

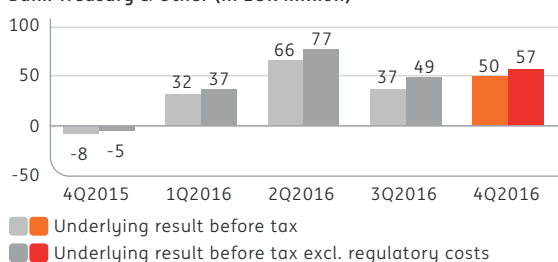
Underlying result before tax -  
Financial Markets (in EUR million)



Operating expenses declined 6.7% year-on-year due to lower regulatory costs and lower IT costs. Compared with the previous quarter, expenses increased 23.8% as the annual Dutch bank tax was included in the fourth quarter of 2016. Excluding regulatory costs, expenses increased 0.9% sequentially.

## Bank Treasury & Other

Underlying result before tax -  
Bank Treasury & Other (in EUR million)



Bank Treasury & Other recorded a fourth-quarter 2016 underlying result before tax of EUR 50 million, up from EUR -8 million in the same quarter of 2015 and EUR 37 million in the previous quarter. Income increased 31.6% year-on-year, mainly at Bank Treasury due to strong performance in money markets. Sequentially, income declined 15.3% mainly due to lower revenues in the run-off portfolio.

Operating expenses dropped to EUR 22 million from EUR 79 million in the fourth quarter of 2015 and EUR 77 million in the previous quarter. The fourth quarter of 2015 included additional restructuring costs and the provision for Dutch Real Estate Finance clients with interest rate derivatives that had been sold in the Netherlands. The third quarter of 2016 included among others an IT-related restructuring provision. Risk costs increased to EUR 28 million, of which EUR 15 million for the lease run-off portfolio and EUR 13 million at Corporate Investments.

# Segment Reporting: Corporate Line Banking

Corporate Line: Consolidated profit or loss account		
In EUR million	4Q2016	4Q2015
<b>Profit or loss</b>		
Net interest income	37	-22
Net commission income	0	0
Investment income	1	1
Other income	-12	-34
<b>Total underlying income</b>	<b>25</b>	<b>-55</b>
Expenses excl. regulatory costs	68	60
Regulatory costs	0	35
<b>Operating expenses</b>	<b>68</b>	<b>95</b>
<b>Gross result</b>	<b>-43</b>	<b>-150</b>
Addition to loan loss provisions	0	0
<b>Underlying result before tax</b>	<b>-43</b>	<b>-150</b>
of which:		
Income on capital surplus	51	30
Financing charges	-18	-24
Other Capital Management	79	82
Capital Management excl. DVA	112	88
Bank Treasury excl. DVA	-112	-134
DVA	9	-13
Other excl. DVA	-51	-91

Corporate Line Banking posted an underlying result before tax of EUR -43 million compared with EUR -150 million in the fourth quarter of 2015. The underlying pre-tax result improved due to higher income and lower expenses. The strong improvement in income was driven by higher income on capital surplus, positive DVA impacts and the further run-off of the legacy portfolio. Expenses were lower due to the full allocation of regulatory costs to the business lines, whereas in 2015 part of the Dutch bank tax was allocated to the Corporate Line. The underlying result before tax in the third quarter of 2016 was EUR -48 million.

The Capital Management-related result, excluding DVA impacts, was EUR 112 million in the fourth quarter of 2016 compared with EUR 88 million in the same quarter in the previous year.

Within the Capital Management-related results, income on capital surplus was EUR 51 million compared with EUR 30 million in the fourth quarter of 2015. The EUR 21 million improvement was driven by a lower allocation of capital income to the business units. Financing charges improved to EUR -18 million from EUR -24 million in the fourth quarter of 2015 due to the maturity of senior unsecured debt, which lowered the interest expenses. The result of Other Capital Management was EUR 79 million versus EUR 82 million one year ago.

Bank Treasury-related results include the isolated legacy costs (mainly negative interest results) of replacing short-term funding with long-term funding. The fourth-quarter 2016 result was EUR -112 million compared with EUR -134 million in the same quarter of 2015. The improvement was mainly due to the run-off of the legacy portfolio.

DVA on own-issued debt was EUR 9 million compared with EUR -13 million in the fourth quarter of 2015. The positive quarterly result was due to a widening of credit spreads in the fourth quarter of 2016 versus a tightening in the fourth quarter of 2015.

The result of Other, which includes shareholder expenses and unallocated general and regulatory expenses, was EUR -51 million versus EUR -91 million in the fourth quarter of 2015. In addition to the absence of regulatory costs in this quarter, the improvement was mainly caused by a higher value-added tax refund in the Netherlands, which was only partly offset by higher shareholder expenses.

# Segment Reporting: Geographical Split Banking

## Geographical split: Consolidated profit or loss account

In EUR million	Netherlands		Belgium		Germany		Other Challengers		Growth Markets		Wholesale Banking Rest of World		Other <sup>1)</sup>	
	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015
<b>Profit or loss</b>														
Net interest income	1,195	1,151	533	563	506	489	332	318	341	289	398	384	36	-22
Net commission income	188	198	99	124	60	73	58	40	87	69	117	103	0	0
Investment income	2	2	-2	1	-1	3	45	0	-2	0	-2	-3	-1	-3
Other income excl. CVA/DVA	126	48	184	55	5	18	12	21	80	77	64	66	-16	3
<b>Underlying income excl. CVA/DVA</b>	<b>1,511</b>	<b>1,399</b>	<b>814</b>	<b>743</b>	<b>571</b>	<b>583</b>	<b>448</b>	<b>379</b>	<b>506</b>	<b>435</b>	<b>577</b>	<b>549</b>	<b>20</b>	<b>-23</b>
CVA/DVA <sup>2)</sup>	-16	-38	4	-6	0	0	0	7	0	0	18	28	9	-13
<b>Underlying income</b>	<b>1,495</b>	<b>1,361</b>	<b>817</b>	<b>736</b>	<b>571</b>	<b>583</b>	<b>448</b>	<b>386</b>	<b>506</b>	<b>435</b>	<b>595</b>	<b>577</b>	<b>29</b>	<b>-36</b>
Expenses excl. regulatory costs	712	837	403	437	236	217	242	212	252	243	243	249	71	64
Regulatory costs	90	130	34	1	-18	14	25	13	42	48	36	39	0	35
<b>Operating expenses</b>	<b>802</b>	<b>967</b>	<b>437</b>	<b>438</b>	<b>218</b>	<b>230</b>	<b>267</b>	<b>225</b>	<b>295</b>	<b>291</b>	<b>279</b>	<b>288</b>	<b>71</b>	<b>99</b>
<b>Gross result</b>	<b>693</b>	<b>394</b>	<b>380</b>	<b>298</b>	<b>353</b>	<b>353</b>	<b>180</b>	<b>161</b>	<b>211</b>	<b>144</b>	<b>316</b>	<b>288</b>	<b>-42</b>	<b>-135</b>
Addition to loan loss provisions	51	107	33	64	-41	7	24	30	84	56	-13	37	0	0
<b>Underlying result before tax</b>	<b>642</b>	<b>287</b>	<b>348</b>	<b>234</b>	<b>394</b>	<b>345</b>	<b>156</b>	<b>131</b>	<b>127</b>	<b>87</b>	<b>330</b>	<b>252</b>	<b>-42</b>	<b>-135</b>
Retail Banking	502	301	252	207	321	288	84	66	90	44	0	0	0	0
Wholesale Banking	140	-14	96	26	73	57	71	65	37	43	330	252	0	15
Corporate Line	0	0	0	0	0	0	0	0	0	0	0	0	-43	-150
<b>Underlying result before tax</b>	<b>642</b>	<b>287</b>	<b>348</b>	<b>234</b>	<b>394</b>	<b>345</b>	<b>156</b>	<b>131</b>	<b>127</b>	<b>87</b>	<b>330</b>	<b>252</b>	<b>-42</b>	<b>-135</b>
<b>Customer lending/deposits (end of period, in EUR billion)<sup>3)</sup></b>														
Residential mortgages	121.9	127.8	35.8	34.1	68.8	66.1	48.3	44.0	7.7	6.9	0.0	0.0	0.0	0.0
Other lending	73.3	72.7	57.2	52.3	32.7	24.2	25.9	23.0	26.0	25.5	63.0	56.0	0.0	0.0
Customer deposits	165.2	159.9	94.9	94.5	129.9	120.9	86.4	80.8	32.8	31.7	14.0	13.0	8.0	7.9
<b>Profitability and efficiency<sup>3)</sup></b>														
Cost/income ratio	53.6%	71.0%	53.5%	59.5%	38.1%	39.5%	59.7%	58.3%	58.3%	67.0%	46.8%	50.0%	247.4%	n.a.
Return on equity based on 10.0% common equity Tier 1 <sup>4)</sup>	22.7%	8.3%	19.3%	11.9%	30.9%	30.0%	18.2%	14.3%	8.9%	6.5%	15.8%	9.4%	-136.9%	-77.0%
Employees (FTEs, end of period)	12,416	13,365	10,190	10,573	4,833	4,519	4,038	3,935	15,870	16,209	4,191	3,751	8	15
<b>Risk<sup>3)</sup></b>														
Risk costs in bps of average RWA	24	45	26	53	-45	9	36	43	76	51	-8	23	2	0
Risk-weighted assets (end of period, in EUR billion)	83.9	94.9	51.3	50.1	37.8	32.9	28.3	27.7	43.2	45.6	65.1	63.9	2.5	3.2

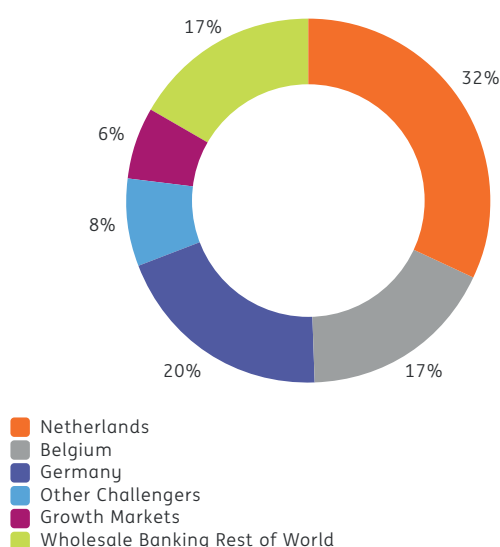
<sup>1)</sup> Region Other consists of Corporate Line and Real Estate run-off portfolio.

<sup>2)</sup> CVA/DVA reported within Wholesale Banking and Corporate Line.

<sup>3)</sup> Key figures based on underlying figures.

<sup>4)</sup> Underlying after-tax return divided by average equity based on 10.0% common equity Tier 1 ratio (annualised).

**Underlying result before tax - 4Q2016**  
Geographical split (in percentages) excluding Other



## The Netherlands

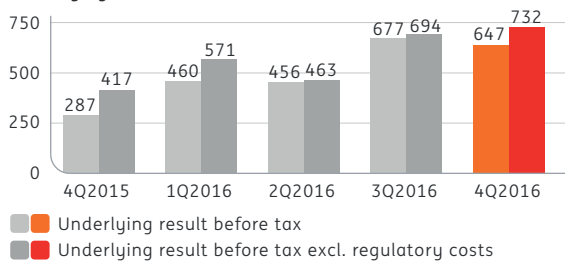
The fourth-quarter 2016 underlying result before tax of the banking activities in the Netherlands was EUR 642 million compared with EUR 287 million in the fourth quarter of 2015. This strong increase was driven by higher income, combined with lower expenses and risk costs. Total income rose by EUR 134 million year-on-year, or 9.8%, mainly due to higher income from Bank Treasury and the Wholesale Banking lending businesses. Expenses declined by EUR 165 million, or 17.1%, from one year ago. This decline was mainly caused by EUR 40 million of lower regulatory costs in the current quarter, whereas the quarter in the prior year included restructuring costs and an addition to the provision for Dutch SME and Real Estate Finance clients with interest rate derivatives. Risk costs declined to EUR 51 million from EUR 107 million a year ago, driven by further improvements in the Dutch economy.

Compared with the third quarter of 2016, the result before tax decreased by EUR 35 million due to the annual Dutch bank tax, which was recorded in the current quarter. Excluding regulatory costs, the underlying pre-tax result rose by EUR 37 million

# Segment Reporting: Geographical Split Banking

from the previous quarter. The fourth-quarter 2016 underlying cost/income ratio for the Netherlands improved to 53.6% from 71.0% in the fourth quarter of 2015, but was higher than the 49.8% in the third quarter of 2016. The underlying return on equity, based on a 10% common equity Tier 1 ratio, strengthened to 22.7% compared with 8.3% a year ago and 23.2% in the third quarter of 2016.

**Underlying result before tax - Netherlands (in EUR million)**

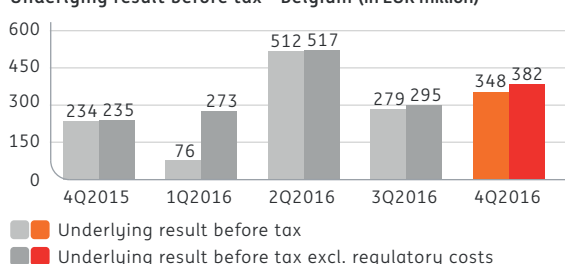


Total customer lending in the fourth quarter of 2016 decreased by EUR 4.9 billion to EUR 195.2 billion, of which EUR -0.9 billion was in the WUB portfolio (due to run-off and additional transfers of WUB mortgages to NN Group), EUR -1.6 billion in Bank Treasury lending and EUR -1.4 billion due to changes in cash pooling positions. Excluding all of these items, net core lending decreased by EUR 0.9 billion. Net core lending in Retail Banking declined by EUR 1.8 billion, of which EUR -1.0 billion was in mortgages and EUR -0.8 billion in Retail business lending. This was partly offset by EUR 0.9 billion of net lending growth in Wholesale Banking. Total customer deposits increased by EUR 1.0 billion during the fourth quarter of 2016 to EUR 165.2 billion. Net customer deposits (excluding Bank Treasury products, currency impacts and the changes in cash pooling positions) grew by EUR 3.8 billion in the fourth quarter. Current accounts rose by EUR 4.1 billion, but customer savings and deposits declined by EUR 0.4 billion.

## Belgium

The banking activities in Belgium, including ING Luxembourg, recorded an underlying result before tax of EUR 348 million, up 48.7% from EUR 234 million in the fourth quarter of 2015. The increase was fully attributable to higher income and lower risk costs. Income rose by EUR 81 million, or 11.0%, year-on-year, primarily due to higher revenues from Financial Markets and Bank Treasury, despite lower interest margins and commission income. Risk costs declined to EUR 33 million from EUR 64 million a year ago, whereas expenses were stable. Compared

**Underlying result before tax - Belgium (in EUR million)**



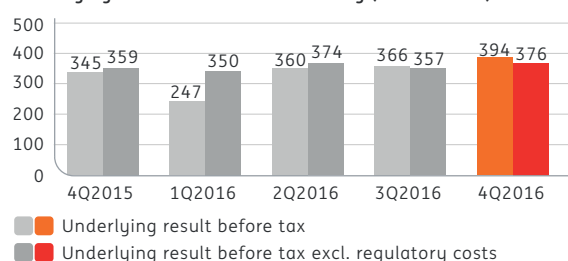
with the third quarter of 2016, the result before tax rose by EUR 69 million, or 24.7%, of which EUR 50 million was in Retail Banking and EUR 19 million in Wholesale Banking. The underlying cost/income ratio improved to 53.5% from 59.5% in the fourth quarter of 2015 and 57.5% in the previous quarter. The underlying return on equity, based on a 10% common equity Tier 1 ratio, rose to 19.3% in the fourth quarter of 2016, up from 11.9% a year ago and 16.4% in the previous quarter.

Total customer lending rose by EUR 2.2 billion in the fourth quarter of 2016 to EUR 92.9 billion, including EUR 0.1 billion from Bank Treasury and currency movements. The quarterly net production in mortgages was EUR 0.5 billion. Growth in other (non-mortgage) customer lending was EUR 1.6 billion and was predominantly generated in Wholesale Banking. Customer deposits declined by EUR 2.3 billion to EUR 94.9 billion, recorded entirely in Wholesale Banking.

## Germany

The underlying result before tax of the banking activities in Germany, including ING Austria, increased 14.2% to EUR 394 million from the fourth quarter of 2015, driven by lower risk costs. Income fell 2.1%, mainly due to a one-time positive impact on consumer loan origination in the fourth quarter of 2015, as well as lower hedge ineffectiveness results and losses realised on the sale of bonds. The impact of these factors was partly offset by higher net interest income resulting from volume growth. Expenses, excluding regulatory costs, increased by EUR 19 million year-on-year, or 8.8%, mainly reflecting an increase in staff to support business growth and investments in the Welcome programme. Risk costs were EUR -41 million compared with EUR 7 million a year ago. The underlying cost/income ratio was 38.1% versus 39.5% in the fourth quarter of 2015. The underlying return on equity, based on a 10% common equity Tier 1 ratio, increased to 30.9% in the fourth quarter of 2016 from 30.0% a year ago and 26.8% in the previous quarter.

**Underlying result before tax - Germany (in EUR million)**



Total customer lending increased by EUR 2.8 billion in the fourth quarter of 2016 to EUR 101.5 billion. Excluding Bank Treasury products, currency impacts and a transfer of EUR 2.2 billion of loans from Wholesale Banking Rest of World to ING Germany as part of the balance-sheet optimisation programme, the net production in customer lending was EUR 1.7 billion. This consisted of EUR 0.8 billion of Wholesale Banking loans, EUR 0.8 billion of residential mortgages and EUR 0.1 billion in consumer lending. Customer deposits



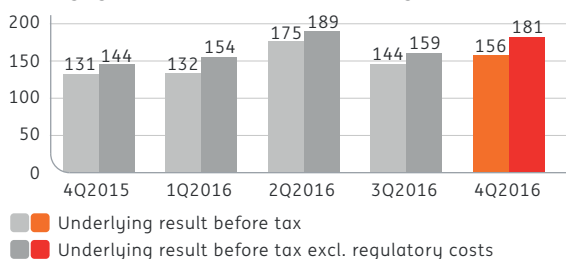
# Segment Reporting: Geographical Split Banking

increased by EUR 3.8 billion to EUR 129.9 billion, of which EUR 2.8 billion was in customer savings and deposits and EUR 1.0 billion in current accounts.

## Other Challengers

The segment Other Challengers includes ING's banking activities in Australia, Czech Republic, France, Italy, Spain and Portugal, as well as the results of the UK legacy run-off portfolio. The fourth-quarter 2016 result before tax of this segment increased by EUR 25 million to EUR 156 million compared with the fourth quarter of 2015. Income rose by EUR 62 million, driven by improved commercial results in most countries and capital gains from the sale of bonds. The EUR 42 million increase in expenses year-on-year was primarily due to a EUR 12 million increase in regulatory costs, combined with higher IT costs and higher professional-services expenses relating to strategic initiatives, including the Model Bank programme that was announced on ING's Investor Day on 3 October 2016. Risk costs decreased by EUR 6 million year-on-year to EUR 24 million, mainly due to releases in Wholesale Banking in Spain that were recorded in the current quarter. The underlying cost/income ratio increased to 59.7% from 58.3% in the fourth quarter of 2015. The underlying return on equity, based on a 10% common equity Tier 1 ratio, rose to 18.2% in the fourth quarter of 2016 from 14.3% a year ago and 14.2% in the previous quarter.

Underlying result before tax - Other Challengers (in EUR million)



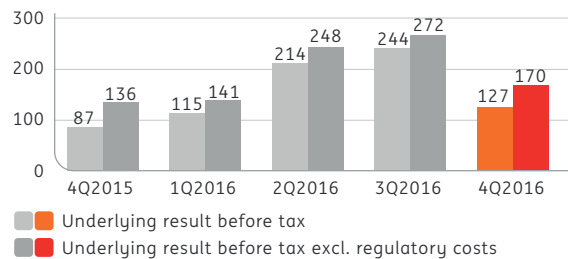
Total customer lending grew by EUR 2.8 billion in the fourth quarter to EUR 74.2 billion. Net core lending growth, excluding currency impacts and Bank Treasury products, was EUR 2.7 billion and mainly generated by Australia and Italy. Customer deposits increased by EUR 2.3 billion in the fourth quarter to EUR 86.4 billion. Excluding currency impacts and Bank Treasury products, net customer deposits grew by EUR 2.2 billion, mainly due to increases in Australia and Spain.

## Growth Markets

The segment Growth Markets consists of ING's banking activities in Poland, Romania and Turkey, as well as the Asian bank stakes. The fourth-quarter underlying result before tax of this segment increased by EUR 40 million to EUR 127 million compared with the fourth quarter of 2015. The increase was a result of higher income, only partly offset by slightly higher expenses and higher risk costs. Income rose by EUR 71 million, primarily due to improved commercial results in Poland, Turkey and Romania, which more than compensated for the impact of negative currency effects and

a lower share of profit from TMB. The EUR 4 million year-on-year increase in expenses was mainly the result of higher IT and severance expenses, and was partially offset by currency impacts and lower regulatory expenses. The increase in risk costs was mainly related to Turkey, due to an add-on for SMEs and mid-corporates. The underlying cost/income ratio improved to 58.3% from 67.0% in the fourth quarter of 2015. The underlying return on equity, based on a 10% common equity Tier 1 ratio, rose to 8.9% in the fourth quarter from 6.5% a year ago, but declined from 18.5% in the third quarter of 2016 as that quarter included the annual dividend from Bank of Beijing and the gain on the sale of Kotak Mahindra Bank shares.

Underlying result before tax - Growth Markets (in EUR million)

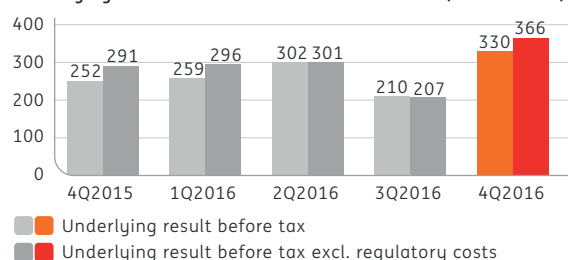


Total customer lending in the fourth quarter of 2016 decreased by EUR 0.8 billion to EUR 33.7 billion. Excluding currency impacts and Bank Treasury products, net customer lending grew by EUR 0.6 billion due to increases in Poland, Turkey and Romania. Total customer deposits increased by EUR 0.3 billion to EUR 32.8 billion. Adjusted for currency impacts and Bank Treasury products, net customer deposits grew by EUR 1.4 billion due to inflows in Poland, Turkey and Romania.

## Wholesale Banking Rest of World

Wholesale Banking Rest of World encompasses ING's activities in the UK, Americas, Asia and other countries in Central and Eastern Europe. This segment recorded an underlying result before tax of EUR 330 million, up from EUR 252 million in the fourth quarter of 2015 and EUR 210 million in the third quarter of 2016. The result in the current quarter includes EUR 18 million of CVA/DVA adjustments compared with EUR 28 million a year ago and EUR -44 million in the third quarter of 2016.

Underlying result before tax - WB Rest of World (in EUR million)



# Segment Reporting: Geographical Split Banking

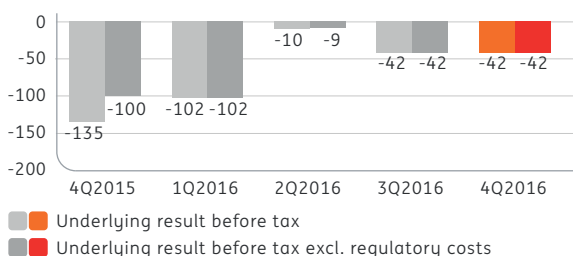
Income excluding CVA/DVA impacts increased 5.1% from the fourth quarter of 2015 and rose 6.5% sequentially due to strong business growth in Industry Lending. Expenses declined 3.1% compared with a year ago, but they increased 19.7% from the previous quarter, mainly due to the contribution to the annual Dutch bank tax in the fourth quarter. Risk costs improved and resulted in a net release of EUR -13 million versus net additions of EUR 37 million in the fourth quarter 2015 and EUR 55 million in the previous quarter. The net release in the current quarter was supported by positive developments in the Ukrainian portfolio. The underlying cost/income ratio improved to 46.8% from 50.0% in the fourth quarter of 2015. The underlying return on equity, based on a 10% common equity Tier 1 ratio, rose to 15.8% in the fourth quarter from 9.4% a year ago and 10.4% in the previous quarter.

Total customer lending increased by EUR 3.6 billion in the fourth quarter of 2016 to EUR 63.0 billion. Excluding Bank Treasury products, currency impacts and a transfer of loans to Germany, net customer lending grew by EUR 3.1 billion from the previous quarter. Net customer deposits (excluding currency impacts and Bank Treasury products) increased by EUR 0.9 billion to EUR 14.0 billion.

## Other

The segment Other consists of the Corporate Line Banking and the Real Estate run-off portfolio. The fourth-quarter 2016 underlying result before tax was EUR -42 million compared with EUR -135 million in the fourth quarter of 2015. The quarterly loss in the Corporate Line narrowed to EUR 43 million from a loss of EUR 150 million a year ago, mainly due to higher income on capital surplus, positive DVA impacts and the run-off in the legacy portfolio. By contrast, the fourth quarter of 2015 included EUR 35 million of the Dutch bank tax versus nil in the current quarter. The pre-tax result from the Real Estate run-off portfolio fell to EUR 0 million from EUR 15 million in the fourth quarter of 2015.

Underlying result before tax - Other (in EUR million)



Customer deposits increased by EUR 2.4 billion in the fourth quarter to EUR 8.0 billion. The increase was fully related to a higher placement of deposits from ING Group at ING Bank, following a capital upstream from ING Bank and the issuance of a CRD IV-compliant loan by ING Group.

# Consolidated Balance Sheet

ING Group: Consolidated balance sheet							
in EUR million	31 Dec. 16	30 Sep. 16	31 Dec. 15		31 Dec. 16	30 Sep. 16	31 Dec. 15
<b>Assets</b>				<b>Equity</b>			
Cash and balances with central banks	18,144	24,331	21,458	Shareholders' equity	49,793	49,444	47,832
Loans and advances to banks	28,858	27,192	29,988	Non-controlling interests	606	645	638
Financial assets at fair value through profit or loss	122,093	143,879	138,048	<b>Total equity</b>	<b>50,399</b>	<b>50,089</b>	<b>48,470</b>
- trading assets	114,504	136,888	131,467	<b>Liabilities</b>			
- non-trading derivatives	2,490	2,459	3,347	Deposits from banks	31,964	36,971	33,813
- designated as at fair value through profit or loss	5,099	4,532	3,234	Customer deposits <sup>1)</sup>	522,942	516,884	500,777
Investments	91,663	93,259	94,826	- savings accounts	315,697	313,892	305,941
- debt securities available-for-sale	78,888	81,616	82,567	- credit balances on customer accounts	173,230	166,217	153,253
- debt securities held-to-maturity	8,751	7,796	7,826	- corporate deposits	32,687	35,646	40,244
- equity securities available-for-sale	4,024	3,847	4,433	- other	1,328	1,129	1,339
Loans and advances to customers <sup>1)</sup>	563,660	558,604	537,343	Financial liabilities at fair value through profit or loss	98,974	120,781	105,680
- customer lending	561,367	555,645	533,490	- trading liabilities	83,167	104,754	88,807
- securities at amortised cost	7,471	8,472	9,625	- non-trading derivatives	3,541	3,518	4,257
- provision for loan losses	-5,178	-5,513	-5,772	- designated as at fair value through profit or loss	12,266	12,509	12,616
Investments in associates and joint ventures	1,141	983	962	Other liabilities	20,345	20,271	15,329
Property and equipment	2,002	1,987	2,027	Debt securities in issue	103,234	109,590	121,289
Intangible assets	1,484	1,623	1,567	Subordinated loans <sup>3)</sup>	17,223	15,956	16,411
Other assets <sup>2)</sup>	16,036	18,684	13,397	Liabilities held for sale			
Assets held for sale			2,153				
<b>Total assets before change accounting policy</b>	<b>845,081</b>	<b>870,542</b>	<b>841,769</b>	<b>Total liabilities before change accounting policy</b>	<b>794,716</b>	<b>820,453</b>	<b>793,299</b>
Impact change accounting policy on Loans and advances to customers <sup>1)</sup>			163,464	Impact change accounting policy on Customer deposits <sup>1)</sup>			163,464
<b>Total assets</b>	<b>845,081</b>	<b>870,542</b>	<b>1,005,233</b>	<b>Total liabilities</b>	<b>794,716</b>	<b>820,453</b>	<b>956,763</b>
				<b>Total equity and liabilities</b>	<b>845,081</b>	<b>870,542</b>	<b>1,005,233</b>

<sup>1)</sup> 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 will be adjusted in the ING 2016 Annual accounts. In this press release, however, the year-end 2015 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.

<sup>2)</sup> Other assets includes real estate investments. Historical figures have been adjusted.

<sup>3)</sup> Subordinated loans includes other borrowed funds. Historical figures have been adjusted.

ING Group's total assets decreased by EUR 25.5 billion in the fourth quarter to EUR 845.1 billion, including EUR 4.4 billion of currency impacts. At comparable exchange rates, total assets decreased by EUR 29.8 billion, mostly due to lower trading assets and lower cash and balances with central banks. On the liability side of the balance sheet, the reduction reflects decreases in trading liabilities, debt securities in issue and deposits from banks, which were partly offset by higher customer deposits. Net core customer lending at ING Bank increased by EUR 9.2 billion and the net production of customer deposits was EUR 12.1 billion. ING Bank's loan-to-deposit ratio remained flat at 1.05 compared with the end of September.

## Cash and balances with central banks

Cash and balances with central banks decreased by EUR 6.2 billion to EUR 18.1 billion, as part of active liquidity management.

## Loans and advances to and deposits from banks

Loans and advances to banks increased by EUR 1.7 billion to

EUR 28.9 billion. Deposits from banks decreased by EUR 5.0 billion to EUR 32.0 billion.

## Financial assets/liabilities at fair value

Financial assets at fair value through profit or loss decreased by EUR 21.8 billion to EUR 122.1 billion, mainly due to lower repo activity as well as lower trading securities and derivatives as a result of higher interest rates. This is mirrored on the liability side of the balance sheet, where financial liabilities at fair value through profit or loss also decreased by EUR 21.8 billion. Financial assets and liabilities at fair value consist predominantly of derivatives, securities and (reverse) repos, and are mainly used to facilitate client needs.

## Investments

Investments decreased by EUR 1.6 billion to EUR 91.7 billion, mainly due to a reduction in government bonds.

## Loans and advances to customers

Loans and advances to customers increased by EUR 5.1 billion to EUR 563.7 billion. Excluding a EUR 1.4 billion decrease due to changes in cash pooling positions, the increase was EUR 6.5 billion. This was partly due to EUR 9.2 billion of net core lending growth at ING Bank, which was offset by a decline in the run-off portfolios of WUB and Leasing, a decrease in short-

# Consolidated Balance Sheet

## ING Group: Change in shareholders' equity

	ING Group		ING Bank N.V.		Holding/Eliminations	
in EUR million	4Q2016	3Q2016	4Q2016	3Q2016	4Q2016	3Q2016
<b>Shareholders' equity beginning of period</b>	<b>49,444</b>	<b>49,086</b>	<b>44,675</b>	<b>43,389</b>	<b>4,769</b>	<b>5,697</b>
Net result for the period	750	1,349	617	1,345	133	4
Unrealised revaluations of equity securities	185	107	185	107		
Unrealised revaluations of debt securities	-98	-15	-96	-15	-2	
Realised gains/losses equity securities released to profit or loss	-9	-55	-9	-55		
Realised gains/losses debt securities transferred to profit or loss	-28	-9	-28	-9		
Change in cash flow hedge reserve	-471	-39	-471	-39		
Other revaluations	-44	-190	-45	-190	1	
Defined benefit remeasurement	18	-24	18	-24		
Exchange rate differences	32	19	32			19
Changes in treasury shares	1	2			1	2
Employee stock options and share plans	21	17	19	16	2	1
Dividend		-931	-1,345		1,345	-931
Other	-8	127	-12	150	4	-23
<b>Total changes</b>	<b>349</b>	<b>358</b>	<b>-1,135</b>	<b>1,286</b>	<b>1,484</b>	<b>-928</b>
<b>Shareholders' equity end of period</b>	<b>49,793</b>	<b>49,444</b>	<b>43,540</b>	<b>44,675</b>	<b>6,253</b>	<b>4,769</b>

## ING Group: Shareholders' equity

	ING Group		ING Bank N.V.		Holding/Eliminations	
in EUR million	31 Dec. 16	30 Sep. 16	31 Dec. 16	30 Sep. 16	31 Dec. 16	30 Sep. 16
Share premium/capital	16,989	16,987	17,067	17,067	-78	-80
Revaluation reserve equity securities	2,656	2,481	2,656	2,481		
Revaluation reserve debt securities	1,174	1,299	1,176	1,299	-2	
Revaluation reserve cashflow hedge	777	1,248	777	1,248		
Other revaluation reserves	204	205	201	203	3	2
Defined benefit remeasurement reserve	-371	-389	-371	-389		
Currency translation reserve	-770	-758	-791	-779	21	21
Treasury shares	-8	-9			-8	-9
Retained earnings and other reserves	24,491	24,480	18,598	19,935	5,893	4,545
Net result year to date	4,651	3,900	4,227	3,610	424	290
<b>Total</b>	<b>49,793</b>	<b>49,444</b>	<b>43,540</b>	<b>44,675</b>	<b>6,253</b>	<b>4,769</b>

term Bank Treasury lending and the continued transfers of WUB residential mortgages to NN Group. Retail Banking grew its net core lending assets outside the Netherlands in both residential mortgages and other customer lending. The growth in Wholesale Banking mainly occurred in Industry Lending and Working Capital Solutions.

### Other assets/liabilities

Other assets decreased by EUR 2.6 billion, mainly due to a lower amount of financial transactions pending settlement. Other liabilities increased by EUR 0.1 billion, due to the increase of the redundancy and restructuring provisions related to the digital transformation programmes as announced on ING's Investor Day on 3 October 2016. This was largely offset by a lower amount of financial transactions pending settlement.

### Debt securities in issue

Debt securities in issue decreased by EUR 6.4 billion to EUR 103.2 billion. The decrease was partly caused by a EUR 3.3 billion reduction in CD/CPs on the back of the strong liquidity position at ING Bank. Other debt securities, mainly long-term debt, declined by EUR 3.1 billion.

### Customer deposits

Customer deposits at ING Group increased by EUR 6.1 billion to EUR 522.9 billion. At ING Bank, the net production of customer deposits was EUR 12.1 billion excluding currency impacts, Bank Treasury and the changes in cash pooling positions. Retail Banking recorded EUR 7.8 billion of net production in customer deposits, supported by growth in most countries, particularly Germany. In Wholesale Banking, net customer deposits increased by EUR 1.9 billion, mainly in Transaction Services. The remaining increase at ING Bank was related to a higher placement of deposits by ING Group due to a capital upstream from ING Bank and the issuance of securities that qualify as Additional Tier 1 capital under CRR / CRD IV.

### Total equity

Shareholders' equity increased by EUR 0.3 billion to EUR 49.8 billion in the fourth quarter. The increase was attributable to the EUR 0.8 billion net result for the quarter, which was partly offset by a EUR 0.5 billion decline in the cash flow hedge reserve.

Shareholders' equity per share increased to EUR 12.84 as per 31 December 2016 from EUR 12.75 as per 30 September 2016.

# Consolidated Balance Sheet

## Annual development consolidated balance sheet

In 2016, ING Group's balance sheet before the change in accounting policy increased by EUR 3 billion, including EUR 1 billion of negative currency impacts. Excluding assets held for sale and at comparable exchange rates, total assets increased by EUR 7 billion. Loans and advances to customers increased by EUR 26 billion (of which EUR 35 billion was driven by net core lending growth at ING Bank). The increases were largely offset by declines in financial assets at fair value, cash and balances with central banks, investments and assets held for sale.

Customer deposits increased by EUR 22 billion (of which EUR 29 billion was driven by net growth at ING Bank, excluding currency impacts and Bank Treasury). Other liabilities increased by EUR 5 billion, which includes the redundancy provisions recorded in the fourth quarter of 2016. The increases on the liability side of the balance sheet were largely offset by EUR 18 billion of lower debt securities in issue and a EUR 7 billion decline in financial liabilities at fair value.

Total equity increased by EUR 1.9 billion. Of the EUR 4.7 billion net result, EUR 2.5 billion was paid as dividend in 2016. Shareholders' equity per share increased from EUR 12.36 on 31 December 2015 to EUR 12.84 on 31 December 2016.



# Risk & Capital Management

## ING Bank: Loan book<sup>1)</sup>

in EUR million	Credit outstandings		Non-performing loans		NPL%	
	31 Dec. 2016	30 Sep. 2016	31 Dec. 2016	30 Sep. 2016	31 Dec. 2016	30 Sep. 2016
Residential mortgages Netherlands	123,873	125,804	1,479	1,638	1.2%	1.3%
Other lending Netherlands	33,087	34,582	2,134	2,244	6.4%	6.5%
of which Business Lending Netherlands	24,732	25,307	1,864	1,976	7.5%	7.8%
Residential mortgages Belgium	35,301	34,860	1,053	1,042	3.0%	3.0%
Other lending Belgium	46,038	47,480	1,388	1,450	3.0%	3.1%
of which Business Lending Belgium	37,096	36,656	1,090	1,149	2.9%	3.1%
<b>Retail Benelux</b>	<b>238,299</b>	<b>242,726</b>	<b>6,054</b>	<b>6,374</b>	<b>2.5%</b>	<b>2.6%</b>
Residential mortgages Germany	67,610	66,799	505	535	0.7%	0.8%
Other lending Germany	10,935	14,280	193	190	1.8%	1.3%
Residential mortgages Other C&G Markets	57,179	55,368	368	375	0.6%	0.7%
Other lending Other C&G Markets	24,487	24,560	854	935	3.5%	3.8%
<b>Retail Challengers &amp; Growth Markets</b>	<b>160,211</b>	<b>161,007</b>	<b>1,920</b>	<b>2,035</b>	<b>1.2%</b>	<b>1.3%</b>
Industry Lending	131,221	121,257	3,188	2,923	2.4%	2.4%
of which Structured Finance	102,084	92,941	2,391	2,109	2.3%	2.3%
of which Real Estate Finance	29,137	28,316	797	814	2.7%	2.9%
General Lending & Transaction Services	80,267	75,914	1,194	1,217	1.5%	1.6%
FM, Bank Treasury, Real Estate & Other	13,428	18,608	956	945	7.1%	5.1%
of which General Lease run-off	2,955	3,105	883	911	29.9%	29.3%
<b>Wholesale Banking</b>	<b>224,916</b>	<b>215,779</b>	<b>5,338</b>	<b>5,085</b>	<b>2.4%</b>	<b>2.4%</b>
<b>Total loan book</b>	<b>623,426</b>	<b>619,512</b>	<b>13,312</b>	<b>13,494</b>	<b>2.1%</b>	<b>2.2%</b>

<sup>1)</sup> Lending and money market credit outstandings, including guarantees and letters of credit but excluding undrawn committed exposures (off-balance positions).

ING Bank's non-performing loans (NPL) ratio further improved in the fourth quarter of 2016 as a result of continued lending growth and a modest decline in NPLs. ING Group's capital position improved strongly, with the fully-loaded common equity Tier 1 ratio increasing to 14.2%.

## Credit risk management

ING Bank's non-performing loans ratio further improved compared with the previous quarter. The decrease in the NPL ratio is a reflection of the benign risk environment.

Within Retail Netherlands' residential mortgage portfolio, the decrease in NPLs more than offset the reduction in credit outstandings, resulting in a further decline of the NPL ratio to 1.2% from 1.3% in the previous quarter. For the business lending portfolio in the Netherlands, the NPL ratio decreased to 7.5% from 7.8% in the third quarter, mainly caused by lower NPLs.

Within Retail Belgium, the NPL ratio for residential mortgages remained flat at 3.0% as an increase in credit outstandings was offset by higher NPL amounts. For the business lending portfolio in Belgium, the NPL ratio decreased to 2.9% from 3.1% in the third quarter following a reduction in NPL amounts combined with a slight increase of credit outstandings. For Retail Challengers & Growth Markets, the NPL ratio decreased to 1.2% from 1.3% in the previous quarter as the reduction in NPLs - especially in Other lending Other Challengers & Growth Markets - more than offset the reduction in credit outstandings.

In Wholesale Banking, the NPL ratio remained flat at 2.4% as an increase in credit outstandings was offset by higher NPL amounts. The same applies to the NPL ratio for Structured Finance, where the NPL ratio remained flat at 2.3%. In Real Estate Finance, the NPL ratio dropped by 0.2 percentage points to 2.7% caused by lending growth and lower NPLs. For the oil and gas portfolio, the NPL ratio improved to 2.1% from

## ING Bank: Stock of provisions<sup>1)</sup>

in EUR million	Retail Benelux	Retail Challengers & Growth Markets	Wholesale Banking	Total ING Bank 4Q 2016	Total ING Bank 3Q 2016
<b>Stock of provisions at begin of period</b>	<b>1,953</b>	<b>1,326</b>	<b>2,255</b>	<b>5,534</b>	<b>5,739</b>
Changes in composition of the Bank				0	0
Amounts written off	-142	-87	-161	-390	-487
Recoveries of amounts written off	10			10	16
Increases in loan loss provisioning	207	140	192	539	544
Releases from loan loss provisioning	-142	-98	-161	-401	-279
Net additions to loan loss provisions	65	42	31	138	265
Exchange or other movements	-2	-4	22	16	1
<b>Stock of provisions at end of period</b>	<b>1,884</b>	<b>1,277</b>	<b>2,147</b>	<b>5,308</b>	<b>5,534</b>
<b>Coverage ratio 4Q 2016</b>	<b>31.1%</b>	<b>66.5%</b>	<b>40.2%</b>	<b>39.9%</b>	
Coverage ratio 3Q 2016	30.6%	65.2%	44.3%	41.0%	

<sup>1)</sup> At the end of December 2016, the stock of provisions included provisions for amounts due from banks (EUR 11 million) and provisions for contingent liabilities recorded under Other Provisions (EUR 119 million).

# Risk & Capital Management

2.5% in the previous quarter, mainly caused by increased credit outstandings.

ING Bank's stock of provisions decreased by EUR 0.2 billion to EUR 5.3 billion in the fourth quarter of 2016, mainly due to amounts written off. ING Bank's provision coverage ratio decreased to 39.9% from 41.0% in the previous quarter as the decrease in the stock of provisions more than off set the reduction in NPL amounts. This decrease was mainly due to Wholesale Banking, as the coverage ratio decreased following an increase in NPL amounts combined with higher write-offs. The coverage ratio for Retail Benelux and Retail Challengers & Growth Markets increased as the decline in NPL amounts more than off set the decrease in provisions. ING Bank's loan portfolio consists predominantly of asset-based and/or well-secured loans, including Structured Finance, Real Estate Finance and residential mortgages.

## Securities portfolio

In the fourth quarter of 2016, ING Bank's overall exposure to debt securities decreased to EUR 96.1 billion from EUR 98.9 billion in the previous quarter, mainly due to maturing and sold bonds. Government bonds were reduced by EUR 1.1 billion. The revaluation reserve of debt securities dropped slightly to EUR 1.2 billion after tax from EUR 1.3 billion after tax in the third quarter.

ING Bank: Debt securities <sup>1)</sup>		
in EUR billion	31 Dec. 16	30 Sep. 16
Government bonds	49.5	50.6
Sub-sovereign, Supranationals and Agencies (SSA)	22.4	22.9
Covered bonds	14.1	14.8
Financial Institutions <sup>2)</sup>	2.5	2.2
Corporate bonds	2.1	2.3
ABS	5.5	6.1
<b>Total</b>	<b>96.1</b>	<b>98.9</b>

<sup>1)</sup> Excluding positions at fair value through the P&L but including securities classified as Loans & Receivables.

<sup>2)</sup> Including Central Bank bills.

Breakdown government bonds		
in EUR billion	31 Dec. 16	30 Sep. 16
The Netherlands	10.1	10.2
Belgium	6.3	6.3
Poland	6.0	6.5
France	5.3	5.6
Germany	5.3	4.7
Austria	4.3	4.3
United States	4.0	2.6
Spain	2.6	2.6
Finland	2.3	2.3
Turkey	0.7	0.9
Italy	0.3	1.5
Other	2.5	3.1
<b>Total</b>	<b>49.5</b>	<b>50.6</b>

## Funding and liquidity

In the fourth quarter, ING Bank issued EUR 1.0 billion of long-term secured and unsecured senior debt, which was more than offset by maturities, early repayments and redemptions. This resulted in a net decrease of EUR 3.1 billion in long-term debt securities. ING Bank's loan-to-deposit ratio, excluding securities recognised at amortised cost, remained flat at 1.05 and the liquidity position was above minimum requirements.

## Market risk

The average Value-at-Risk (VaR) decreased in the fourth quarter of 2016 to EUR 7 million compared to EUR 9 million in the third quarter. This decrease was mostly due to fluctuations in the financial markets. The overnight VaR for ING Bank's trading portfolio fluctuated between EUR 5 million and EUR 11 million.

ING Bank: Consolidated VaR trading books				
in EUR million	Minimum	Maximum	Average	Quarter-end
Foreign exchange	1	4	2	2
Equities	2	6	3	4
Interest rate	3	7	5	5
Credit spread	5	8	7	7
Diversification			-10	-10
<b>Total VaR<sup>1)</sup></b>	<b>5</b>	<b>11</b>	<b>7</b>	<b>6</b>

<sup>1)</sup> The total VaR for the columns Minimum and Maximum cannot be calculated by taking the sum of the individual components since the observations for both the individual markets as well as for total VaR may occur on different dates.

# Risk & Capital Management

ING Bank: Capital position				
	2019 rules (fully-loaded)		2016 rules (phased-in)	
in EUR million	31 Dec. 16	30 Sep. 16	31 Dec. 16	30 Sep. 16
Shareholders' equity (parent)	43,540	44,675	43,540	44,675
- Interim profit not included in CET1 capital <sup>(1)</sup>	-617	-1,345	-617	-1,345
- Other regulatory adjustments	-3,548	-4,320	-3,661	-4,284
Regulatory adjustments	-4,165	-5,665	-4,278	-5,629
<b>Available common equity Tier 1 capital</b>	<b>39,375</b>	<b>39,010</b>	<b>39,262</b>	<b>39,046</b>
Subordinated loans qualifying as Tier 1 capital <sup>(2)</sup>	6,496	6,286	6,496	6,286
Regulatory adjustments additional Tier 1 <sup>(3)</sup>	0	0	-798	-859
<b>Available Tier 1 capital</b>	<b>45,871</b>	<b>45,296</b>	<b>44,960</b>	<b>44,473</b>
Supplementary capital - Tier 2 bonds <sup>(4)</sup>	9,488	9,280	9,488	9,280
Regulatory adjustments Tier 2	109	104	-86	-106
<b>Available BIS capital</b>	<b>55,467</b>	<b>54,680</b>	<b>54,362</b>	<b>53,646</b>
Risk-weighted assets	312,086	310,473	312,086	310,473
<b>Common equity Tier 1 ratio</b>	<b>12.6%</b>	<b>12.6%</b>	<b>12.6%</b>	<b>12.6%</b>
Tier 1 ratio	14.7%	14.6%	14.4%	14.3%
Total capital ratio	17.8%	17.6%	17.4%	17.3%

<sup>(1)</sup> The interim profit of the fourth quarter of 2016 (EUR 617 million) has not been included in CET1 capital.

<sup>(2)</sup> Including EUR 3,542 million which is CRR/CRD IV-compliant, and EUR 2,954 million to be replaced as capital recognition is subject to CRR/CRD IV grandfathering rules.

<sup>(3)</sup> Such as goodwill and intangibles.

<sup>(4)</sup> Including EUR 7,347 million which is CRR/CRD IV-compliant, and EUR 2,141 million to be replaced as capital recognition is subject to CRR/CRD IV grandfathering rules.

## Capital ratios ING Bank

ING Bank's fully-loaded common equity Tier 1 ratio remained strong, ending the year 2016 at 12.6%. In the fourth quarter of 2016, common equity Tier 1 capital increased by EUR 0.4 billion to EUR 39.4 billion, despite the decision not to include the fourth-quarter net profit in common equity Tier 1 capital. This profit will be upstreamed as dividend to ING Group, which is in line with the previous quarter. The increase in common equity Tier 1 capital was driven by several smaller items, of which the main components were an increase in equity revaluation reserves as well as a lower impact from goodwill and intangibles on regulatory capital reflecting currency movements.

Risk-weighted assets (RWA) increased by EUR 1.6 billion to EUR 312.1 billion, primarily due to higher credit RWA on the back of the EUR 3.0 billion impact from currency movements.

ING Bank's fully-loaded Tier 1 ratio (including grandfathered securities) increased to 14.7% at 31 December 2016 mirroring developments in ING Bank's common equity Tier 1 ratio. The fully-loaded total capital ratio (including grandfathered securities) ended the year 2016 at 17.8%.

The leverage ratio of ING Bank according to the Delegated Act (including grandfathered securities) takes into account the impact of grossing up the notional cash pool activities for regulatory purposes. On 31 December 2016, the leverage ratio was 4.2%, an increase of 0.1 percentage point, which mainly reflects a marginal increase in Tier 1 capital during the fourth quarter of 2016.

## Risk-weighted assets (RWA)

At the end of December 2016, ING Bank's total RWA were EUR 312.1 billion, or EUR 1.6 billion higher than at the end of the previous quarter. The increase includes a EUR 3.0 billion impact from foreign currency movements, primarily reflecting

the appreciation of the US dollar. Credit risk-weighted assets, excluding foreign currency impacts, decreased by EUR 1.0 billion. This was driven by positive risk migration (mainly in the Benelux), partially offset by volume growth, model adjustments and a higher market value for Bank of Beijing. Market risk-weighted assets increased by EUR 0.3 billion to EUR 6.7 billion, while operational risk-weighted assets declined by EUR 0.7 billion to EUR 40.5 billion versus the previous quarter.

ING Bank: Composition of RWA		
in EUR billion	31 Dec. 16	30 Sep. 16
Credit RWA	264.9	262.9
Operational RWA	40.5	41.2
Market RWA	6.7	6.3
<b>Total RWA</b>	<b>312.1</b>	<b>310.5</b>

## Ratings

During the fourth quarter of 2016, the ratings and outlooks from S&P, Moody's and Fitch remained unchanged.

Main credit ratings of ING on 2 February 2017						
	Standard & Poor's		Moody's		Fitch	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
ING Groep N.V.	A-	Stable	Baa1	Stable	A+	Stable
ING Bank N.V.	A	Stable	A1	Stable	A+	Stable

# Risk & Capital Management

ING Group: Capital position				
	2019 rules (fully-loaded)		2016 rules (phased-in)	
in EUR million	31 Dec. 16	30 Sep. 16	31 Dec. 16	30 Sep. 16
Shareholders' equity (parent)	49,793	49,444	49,793	49,444
- Interim profit not included in CET1 capital <sup>1)</sup>	-1,629	-2,970	-1,629	-2,970
- Other regulatory adjustments	-3,596	-4,339	-3,698	-4,293
Regulatory adjustments	-5,225	-7,310	-5,327	-7,263
<b>Available common equity Tier 1 capital</b>	<b>44,568</b>	<b>42,135</b>	<b>44,466</b>	<b>42,181</b>
Additional Tier 1 securities <sup>2)</sup>	7,706	6,434	7,706	6,434
Regulatory adjustments additional Tier 1	0	0	-809	-870
<b>Available Tier 1 capital</b>	<b>52,274</b>	<b>48,569</b>	<b>51,364</b>	<b>47,745</b>
Supplementary capital - Tier 2 bonds <sup>3)</sup>	9,488	9,280	9,488	9,280
Regulatory adjustments Tier 2	109	104	-86	-107
<b>Available BIS capital</b>	<b>61,871</b>	<b>57,953</b>	<b>60,765</b>	<b>56,919</b>
Risk-weighted assets	314,325	312,820	314,325	312,820
<b>Common equity Tier 1 ratio</b>	<b>14.2%</b>	<b>13.5%</b>	<b>14.1%</b>	<b>13.5%</b>
Tier 1 ratio	16.6%	15.5%	16.3%	15.3%
Total capital ratio	19.7%	18.5%	19.3%	18.2%

<sup>1)</sup> The interim profit not included in CET1 is the proposed dividend of EUR 1,629 million, subject to approval of the shareholders at the Annual General Meeting in May 2017.

<sup>2)</sup> Including EUR 3,052 million which is CRR/CRD IV-compliant, and EUR 4,654 million to be replaced as capital recognition is subject to CRR/CRD IV grandfathering rules.

<sup>3)</sup> Including EUR 7,347 million which is CRR/CRD IV-compliant, and EUR 2,141 million to be replaced as capital recognition is subject to CRR/CRD IV grandfathering rules.

## Capital ratios ING Group

The fully-loaded common equity Tier 1 ratio for ING Group increased strongly to 14.2% in the fourth quarter of 2016. Common equity Tier 1 capital increased by EUR 2.4 billion as EUR 2.1 billion of the 2016 full-year net profit was included in capital. This reflects the EUR 0.8 billion net profit for the fourth quarter of 2016 and the release of EUR 1.3 billion of 'interim profit not included in CET1 capital' following our full-year 2016 dividend proposal. The remaining increase in common equity Tier 1 capital and the developments in risk-weighted assets largely mirror developments at ING Bank.

ING Group's fully-loaded Tier 1 ratio (including grandfathered securities) rose to 16.6% at 31 December 2016 from 15.5% at 30 September 2016. The increase of 1.1 percentage point reflects changes in the fully-loaded common equity Tier 1 ratio, as well as the successful issuance of USD 1.0 billion CRR/CRD IV-compliant Additional Tier 1 securities in November 2016. The fully-loaded total capital ratio (including grandfathered securities) increased to 19.7% at the end of December 2016.

ING Group's phased-in common equity Tier 1 ratio rose from 13.5% at the end of September 2016 to 14.1% at the end of December 2016, largely mirroring trends in fully-loaded common equity Tier 1 capital. This is well in excess of the 9.0% common equity Tier 1 requirement for 2017, which was set by the ECB following the Supervisory Review and Evaluation Process (SREP). This excludes Pillar 2 Guidance, which is not disclosed. Based on the 2016 SREP, we expect a fully-loaded CET1 requirement of 11.75% by 2019 with the phasing-in of the capital conservation buffer and of the systemic risk buffer over the coming years and assuming no change in our Pillar 2 requirements. ING Group is already meeting this requirement amply.

The leverage ratio of ING Group according to the Delegated Act (including grandfathered securities) takes into account the impact of grossing up the notional cash pool activities. The leverage ratio on 31 December 2016 was 4.8%, an

increase of 0.4 percentage point which mainly reflects the increase in Tier 1 capital during the fourth quarter of 2016.

## Dividend

ING's dividend policy aims to pay a progressive dividend over time which will reflect considerations including expected future capital requirements, growth opportunities available to the Group, net earnings, and regulatory developments. The Executive Board proposes to pay a total cash dividend of EUR 2,560 million, or EUR 0.66 per ordinary share, over the financial year 2016. This is subject to the approval of shareholders at the Annual General Meeting in May 2017. Taking into account the interim dividend of EUR 0.24 per ordinary share paid in August 2016, the final dividend will amount to EUR 0.42 per ordinary share and will be paid fully in cash. The total amount of EUR 1,629 million is fully covered by the remaining balance of 'interim profits not included in CET1 capital' at year-end 2016.

ING is committed to maintaining a CET1 ratio above the prevailing fully-loaded requirement, currently estimated to be 11.75%, plus a comfortable management buffer (to include Pillar 2 Guidance), and a Group leverage ratio above 4%.

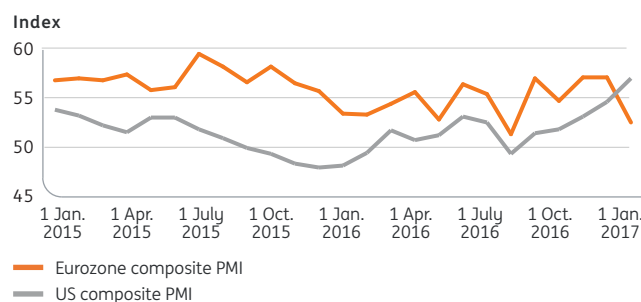
## Resolution strategy

In November 2016, we concluded that ING Group should be our designated resolution entity. At the end of January 2017, the Single Resolution Board (SRB) has informed us that it supports the designation of ING Group as the point of entry. 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. On 6 April 2016, ING Bank had issued EUR 1 billion of Tier 2 bonds with an issuer substitution option through exchange. 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 notes.

# Economic Environment

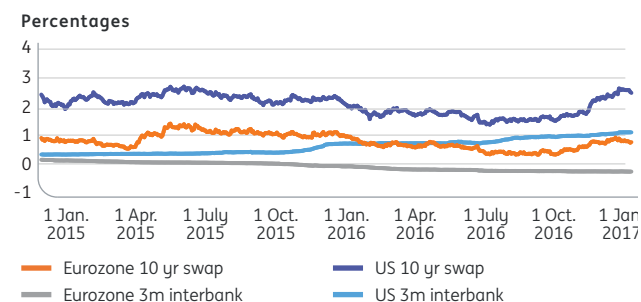
## Economic activity

- The eurozone composite purchasing managers' index (PMI) increased in the past few months as new orders came in more quickly and recent production was stronger than expected. This seems to outweigh the political risks that are currently lingering in the EU.
- In the US, the composite PMI also strengthened. The manufacturing sector witnessed strong improvements in activity over recent months with consistent increases in the sector's PMI since August.
- The PMIs are regarded as timely indicators of underlying trends in economic activity.



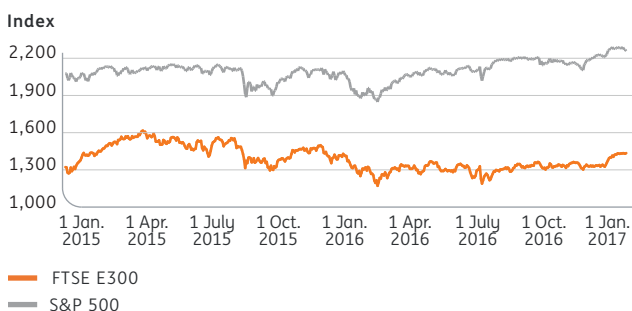
## Interest rates

The yield curve steepened significantly after the US elections in November 2016, as expectations of the number of rate hikes by the Federal Reserve increased. Higher interest rates in the US had a spillover effect on the eurozone. The ECB's reduction of quantitative easing to EUR 60 billion per month from March until December 2017, together with improved economic expectations, helped lift the long end of the curve in the eurozone. The short end remained stable as the ECB has not changed its interest rates since June 2016.



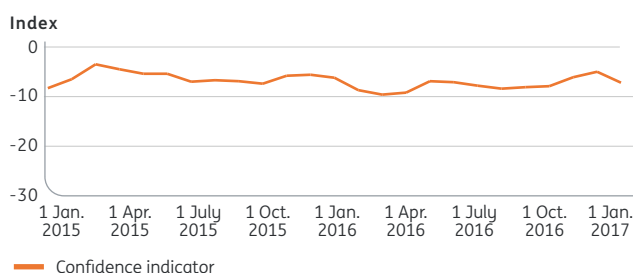
## Stock markets

Financial markets ended 2016 on a high note. Expectations of a pro-business and pro-growth government under President Trump caused stock prices to soar and US equity market indices to push new highs. The Euro Area FTSE 300 Index saw a more moderate response to the Trump election win, but also ended the year at a 2016 high.



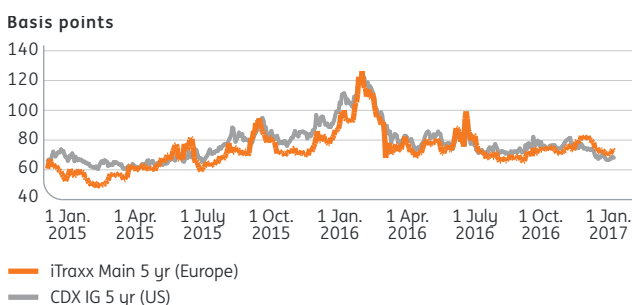
## Consumer confidence

Eurozone consumers ended the year on a high note as the declining unemployment rate decreased significantly and wage growth ticked up slightly. This outweighed the impact of higher gasoline prices and the uncertainty caused by the Italian referendum in December, bringing confidence to levels well above the long-term average.



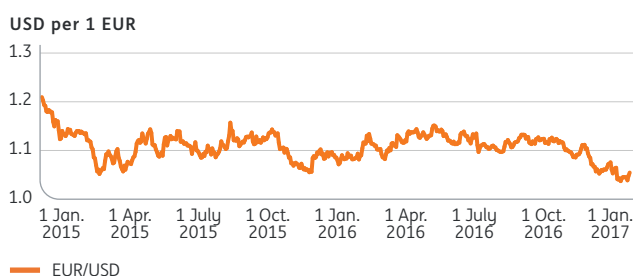
## Credit markets

Despite increased geopolitical uncertainty and concerns about stability in the Italian economy, corporate credit risk remained low during the fourth quarter of 2016. Both the US election result and the Italian referendum outcome impacted CDS spreads only mildly.



## Currency markets

The dollar has strengthened significantly since the US presidential elections. Markets are counting on more interest rate hikes from the Fed in 2017, given expectations of more fiscal stimulus under President Trump. This is causing the dollar to strengthen strongly against the euro.





# Appendix

## Consolidated profit or loss account: ING Group

ING Group: Consolidated profit or loss account								
In EUR million	Total ING Group		of which: Retail Banking		of which: Wholesale Banking		of which: Corporate Line Banking	
	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015
Net interest income	3,341	3,172	2,346	2,286	959	907	37	-22
Net commission income	611	607	376	356	235	251	-0	-0
Investment income	39	-1	30	5	8	-8	1	1
Other income	470	265	213	154	269	145	-12	-34
<b>Total underlying income</b>	<b>4,461</b>	<b>4,043</b>	<b>2,965</b>	<b>2,802</b>	<b>1,471</b>	<b>1,295</b>	<b>25</b>	<b>-55</b>
Expenses excl. regulatory costs	2,159	2,259	1,499	1,547	592	652	68	60
Regulatory costs	209	279	110	144	99	100	0	35
<b>Operating expenses</b>	<b>2,369</b>	<b>2,539</b>	<b>1,609</b>	<b>1,691</b>	<b>691</b>	<b>753</b>	<b>68</b>	<b>95</b>
<b>Gross result</b>	<b>2,093</b>	<b>1,504</b>	<b>1,356</b>	<b>1,111</b>	<b>779</b>	<b>543</b>	<b>-43</b>	<b>-150</b>
Addition to loan loss provisions	138	302	107	204	31	97	0	0
<b>Underlying result before tax Banking</b>	<b>1,955</b>	<b>1,202</b>	<b>1,249</b>	<b>907</b>	<b>748</b>	<b>445</b>	<b>-43</b>	<b>-150</b>
Taxation	557	367	319	278	193	146	45	-57
Non-controlling interests	17	12	15	8	2	4	-	-
<b>Underlying net result Banking</b>	<b>1,381</b>	<b>822</b>	<b>916</b>	<b>621</b>	<b>553</b>	<b>294</b>	<b>-87</b>	<b>-93</b>
Net gains/losses on divestments	-	-	-	-	-	-	-	-
Net result from divested units	-	-	-	-	-	-	-	-
Special items after tax	-787	-16	-	-16	-	-	-787	-
<b>Net result Banking</b>	<b>595</b>	<b>807</b>	<b>916</b>	<b>605</b>	<b>553</b>	<b>294</b>	<b>-874</b>	<b>-93</b>
Net result Insurance Other	158	12						
Net result intercompany elimination between ING Bank and NN Group								
Net result from discontinued operations NN Group	-2	-						
Net result from discontinued operations Voya Financial								
<b>Net result ING Group</b>	<b>750</b>	<b>819</b>						

ING Group: Consolidated profit or loss account								
In EUR million	Total ING Group		of which: Retail Banking		of which: Wholesale Banking		of which: Corporate Line Banking	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
Net interest income	13,241	12,590	9,385	9,205	3,750	3,538	106	-153
Net commission income	2,433	2,320	1,433	1,363	1,003	962	-3	-4
Investment income	422	129	340	153	53	-26	29	2
Other income	1,363	1,513	633	546	802	1,096	-72	-129
<b>Total underlying income</b>	<b>17,458</b>	<b>16,552</b>	<b>11,791</b>	<b>11,267</b>	<b>5,608</b>	<b>5,570</b>	<b>59</b>	<b>-285</b>
Expenses excl. regulatory costs	8,611	8,626	5,963	5,999	2,370	2,417	277	210
Regulatory costs	845	620	643	443	201	142	1	35
<b>Operating expenses</b>	<b>9,456</b>	<b>9,246</b>	<b>6,606</b>	<b>6,442</b>	<b>2,572</b>	<b>2,559</b>	<b>278</b>	<b>245</b>
<b>Gross result</b>	<b>8,002</b>	<b>7,306</b>	<b>5,185</b>	<b>4,824</b>	<b>3,036</b>	<b>3,011</b>	<b>-219</b>	<b>-529</b>
Addition to loan loss provisions	974	1,347	606	870	368	478	0	0
<b>Underlying result before tax Banking</b>	<b>7,028</b>	<b>5,959</b>	<b>4,579</b>	<b>3,955</b>	<b>2,668</b>	<b>2,533</b>	<b>-219</b>	<b>-530</b>
Taxation	1,977	1,668	1,222	1,117	753	676	2	-125
Non-controlling interests	75	72	63	56	11	16	-	-
<b>Underlying net result Banking</b>	<b>4,976</b>	<b>4,219</b>	<b>3,294</b>	<b>2,782</b>	<b>1,903</b>	<b>1,841</b>	<b>-221</b>	<b>-404</b>
Net gains/losses on divestments	-	367	-	367	-	-	-	-
Net result from divested units	-	-	-	-	-	-	-	-
Special items after tax	-799	-58	-13	-58	-	-	-787	-
<b>Net result Banking</b>	<b>4,177</b>	<b>4,528</b>	<b>3,281</b>	<b>3,091</b>	<b>1,903</b>	<b>1,841</b>	<b>-1,007</b>	<b>-404</b>
Net result Insurance Other	33	-42						
Net result intercompany elimination between ING Bank and NN Group		-20						
Net result from discontinued operations NN Group	441	-779						
Net result from discontinued operations Voya Financial		323						
<b>Net result ING Group</b>	<b>4,651</b>	<b>4,010</b>						

# Appendix

## Consolidated profit or loss account: Geographical split

Geographical split: Consolidated profit or loss account

In EUR million	Total ING Group		Netherlands		Belgium		Germany		Other Challengers		Growth Markets		Wholesale Banking Rest of World		Other	
	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015	4Q2016	4Q2015
Net interest income	3,341	3,172	1,195	1,151	533	563	506	489	332	318	341	289	398	384	36	-22
Net commission income	611	607	188	198	99	124	60	73	58	40	87	69	117	103	0	-0
Investment income	39	-1	2	2	-2	1	-1	3	45	-0	-2	0	-2	-3	-1	-3
Other income	470	265	110	10	187	49	5	18	12	28	80	77	82	93	-7	-10
<b>Total underlying income</b>	<b>4,461</b>	<b>4,043</b>	<b>1,495</b>	<b>1,361</b>	<b>817</b>	<b>736</b>	<b>571</b>	<b>583</b>	<b>448</b>	<b>386</b>	<b>506</b>	<b>435</b>	<b>595</b>	<b>577</b>	<b>29</b>	<b>-36</b>
Expenses excl. regulatory costs	2,159	2,259	712	837	403	437	236	217	242	212	252	243	243	249	71	64
Regulatory costs	209	279	90	130	34	1	-18	14	25	13	42	48	36	39	0	35
<b>Operating expenses</b>	<b>2,369</b>	<b>2,539</b>	<b>802</b>	<b>967</b>	<b>437</b>	<b>438</b>	<b>218</b>	<b>230</b>	<b>267</b>	<b>225</b>	<b>295</b>	<b>291</b>	<b>279</b>	<b>288</b>	<b>71</b>	<b>99</b>
<b>Gross result</b>	<b>2,093</b>	<b>1,504</b>	<b>693</b>	<b>394</b>	<b>380</b>	<b>298</b>	<b>353</b>	<b>353</b>	<b>180</b>	<b>161</b>	<b>211</b>	<b>144</b>	<b>316</b>	<b>288</b>	<b>-42</b>	<b>-135</b>
Addition to loan loss provisions	138	302	51	107	33	64	-41	7	24	30	84	56	-13	37	0	0
<b>Underlying result before tax Banking</b>	<b>1,955</b>	<b>1,202</b>	<b>642</b>	<b>287</b>	<b>348</b>	<b>234</b>	<b>394</b>	<b>345</b>	<b>156</b>	<b>131</b>	<b>127</b>	<b>87</b>	<b>330</b>	<b>252</b>	<b>-42</b>	<b>-135</b>
Retail Banking	1,249	907	502	301	252	207	321	288	84	66	90	44	-	-	-	-
Wholesale Banking	748	445	140	-14	96	26	73	57	71	65	37	43	330	252	0	15
Corporate Line	-43	-150	-	-	-	-	-	-	-	-	-	-	-	-	-43	-150
<b>Underlying result before tax</b>	<b>1,955</b>	<b>1,202</b>	<b>642</b>	<b>287</b>	<b>348</b>	<b>234</b>	<b>394</b>	<b>345</b>	<b>156</b>	<b>131</b>	<b>127</b>	<b>87</b>	<b>330</b>	<b>252</b>	<b>-42</b>	<b>-135</b>
Taxation	557	367	161	87	101	89	110	109	30	33	29	15	77	105	48	-70
Non-controlling interests	17	12	-	-	2	1	1	0	-	-	14	11	-	-	-	-
<b>Underlying net result Banking</b>	<b>1,381</b>	<b>822</b>	<b>481</b>	<b>200</b>	<b>245</b>	<b>145</b>	<b>283</b>	<b>236</b>	<b>126</b>	<b>98</b>	<b>83</b>	<b>61</b>	<b>253</b>	<b>147</b>	<b>-90</b>	<b>-65</b>
Net gains/losses on divestments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result from divested units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special items after tax	-787	-16	-	-16	-	-	-	-	-	-	-	-	-	-	-787	-
<b>Net result Banking</b>	<b>595</b>	<b>807</b>	<b>481</b>	<b>185</b>	<b>245</b>	<b>145</b>	<b>283</b>	<b>236</b>	<b>126</b>	<b>98</b>	<b>83</b>	<b>61</b>	<b>253</b>	<b>147</b>	<b>-877</b>	<b>-65</b>
Net result Insurance Other	158	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result intercompany elimination between ING Bank and NN Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result from discontinued operations NN Group	-2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result from discontinued operations Voya Financial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net result ING Group</b>	<b>750</b>	<b>819</b>														

# Appendix

## Consolidated profit or loss account: Geographical split

### Geographical split: Consolidated profit or loss account

In EUR million	Total ING Group		Netherlands		Belgium		Germany		Other Challengers		Growth Markets		Wholesale Banking Rest of World		Other	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
Net interest income	13,241	12,590	4,699	4,677	2,183	2,287	2,025	1,812	1,373	1,268	1,274	1,147	1,579	1,551	107	-153
Net commission income	2,433	2,320	779	754	482	497	241	215	171	156	309	267	452	435	-2	-4
Investment income	422	129	79	-77	48	18	48	70	65	14	170	57	-13	17	24	30
Other income	1,363	1,513	288	264	511	416	27	50	68	10	290	273	215	563	-36	-63
<b>Total underlying income</b>	<b>17,458</b>	<b>16,552</b>	<b>5,845</b>	<b>5,619</b>	<b>3,225</b>	<b>3,217</b>	<b>2,340</b>	<b>2,146</b>	<b>1,677</b>	<b>1,449</b>	<b>2,043</b>	<b>1,743</b>	<b>2,233</b>	<b>2,566</b>	<b>94</b>	<b>-189</b>
Expenses excl. regulatory costs	8,611	8,626	3,076	3,091	1,544	1,745	896	813	874	820	972	973	959	957	289	227
Regulatory costs	845	620	225	130	252	199	91	103	77	19	131	88	70	46	1	35
<b>Operating expenses</b>	<b>9,456</b>	<b>9,246</b>	<b>3,301</b>	<b>3,220</b>	<b>1,796</b>	<b>1,943</b>	<b>987</b>	<b>917</b>	<b>951</b>	<b>840</b>	<b>1,103</b>	<b>1,061</b>	<b>1,029</b>	<b>1,003</b>	<b>290</b>	<b>262</b>
<b>Gross result</b>	<b>8,002</b>	<b>7,306</b>	<b>2,545</b>	<b>2,399</b>	<b>1,429</b>	<b>1,274</b>	<b>1,354</b>	<b>1,229</b>	<b>726</b>	<b>610</b>	<b>940</b>	<b>683</b>	<b>1,204</b>	<b>1,563</b>	<b>-197</b>	<b>-451</b>
Addition to loan loss provisions	974	1,347	310	654	215	166	-13	77	120	99	240	176	103	175	0	0
<b>Underlying result before tax Banking</b>	<b>7,028</b>	<b>5,959</b>	<b>2,235</b>	<b>1,744</b>	<b>1,215</b>	<b>1,108</b>	<b>1,367</b>	<b>1,152</b>	<b>607</b>	<b>511</b>	<b>700</b>	<b>506</b>	<b>1,101</b>	<b>1,388</b>	<b>-197</b>	<b>-451</b>
Retail Banking	4,579	3,955	1,705	1,495	961	845	1,055	1,012	325	266	533	338	-	-	-	-
Wholesale Banking	2,668	2,533	530	249	254	263	312	141	281	245	168	169	1,101	1,388	22	78
Corporate Line	-219	-530	-	-	-	-	-	-	-	-	-	-	-	-	-219	-530
<b>Underlying result before tax</b>	<b>7,028</b>	<b>5,959</b>	<b>2,235</b>	<b>1,744</b>	<b>1,215</b>	<b>1,108</b>	<b>1,367</b>	<b>1,152</b>	<b>607</b>	<b>511</b>	<b>700</b>	<b>506</b>	<b>1,101</b>	<b>1,388</b>	<b>-197</b>	<b>-451</b>
Taxation	1,977	1,668	555	469	353	315	426	382	173	174	125	79	335	367	10	-117
Non-controlling interests	75	72	-	-	1	6	2	2	-	-	71	64	-	-	-	-
<b>Underlying net result Banking</b>	<b>4,976</b>	<b>4,219</b>	<b>1,680</b>	<b>1,276</b>	<b>860</b>	<b>787</b>	<b>939</b>	<b>768</b>	<b>433</b>	<b>337</b>	<b>504</b>	<b>363</b>	<b>766</b>	<b>1,021</b>	<b>-207</b>	<b>-334</b>
Net gains/losses on divestments	-	367	-	-	-	-	-	-	-	-	-	367	-	-	-	-
Net result from divested units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special items after tax	-799	-58	-13	-58	-	-	-	-	-	-	-	0	-	-	-787	-
<b>Net result Banking</b>	<b>4,177</b>	<b>4,528</b>	<b>1,668</b>	<b>1,218</b>	<b>860</b>	<b>787</b>	<b>939</b>	<b>768</b>	<b>433</b>	<b>337</b>	<b>504</b>	<b>730</b>	<b>766</b>	<b>1,021</b>	<b>-994</b>	<b>-334</b>
Net result Insurance Other	33	-42	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result intercompany elimination between ING Bank and NN Group	-	-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result from discontinued operations NN Group	441	-779	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net result from discontinued operations Voya Financial	-	323	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net result ING Group</b>	<b>4,651</b>	<b>4,010</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-

### ING profile

ING is a global financial institution with a strong European base, offering banking services through its operating company ING Bank. The purpose of ING Bank is empowering people to stay a step ahead in life and in business. ING Bank's 52,000 employees offer retail and wholesale banking services to customers in over 40 countries.

ING Group shares are listed on the exchanges of Amsterdam (INGA NA, INGA.AS), Brussels and on the New York Stock Exchange (ADRs: ING US, ING.N).

Sustainability forms an integral part of ING's corporate strategy, which is evidenced by ING Group shares being included in the FTSE4Good index and in the Dow Jones Sustainability Index (Europe and World) where ING is among the leaders in the Banks industry group.

### Further information

All publications related to ING's 4Q16 results can be found at [www.ing.com/4q16](http://www.ing.com/4q16), including a video interview with Ralph Hamers. The interview is also available on YouTube.

Additional financial information is available at [www.ing.com/qtr](http://www.ing.com/qtr):

- ING Group historical trend data
- ING Group analyst presentation (also available via SlideShare)

See also [ing.world](http://ing.world), ING Group's online magazine, which can be found in the About Us section on [www.ing.com](http://www.ing.com).

Frequent news updates can be found in the Newsroom or via the @ING\_news Twitter feed. Photos of ING operations, buildings and its executives are available for download at Flickr. Footage (B-roll) of ING is available via [videobankonline.com](http://videobankonline.com), or can be requested by emailing [info@videobankonline.com](mailto:info@videobankonline.com). ING presentations are available at SlideShare.

### Important legal information

Elements of this press release contain or may contain information about ING Groep N.V. and/ or ING Bank N.V. within the meaning of Article 7(1) to (4) of EU Regulation No 596/ 2014.

Projects may be subject to regulatory approvals. Insofar as they could have an impact in Belgium, all projects described are proposed intentions of the bank. No formal decisions will be taken until the information and consultation phases with the Work Council have been properly finalised.

ING Group's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this document, except as described otherwise, the same accounting principles are applied as in the 2015 ING Group consolidated annual accounts. The Financial statements for 2016 are in progress and may be subject to adjustments from subsequent events. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets,

(2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) potential consequences of European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (6) changes affecting interest rate levels, (7) changes affecting currency exchange rates, (8) changes in investor and customer behaviour, (9) changes in general competitive factors, (10) changes in laws and regulations, (11) changes in the policies of governments and/or regulatory authorities, (12) conclusions with regard to purchase accounting assumptions and methodologies, (13) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (14) changes in credit ratings, (15) ING's ability to achieve projected operational synergies and (16) the other risks and uncertainties detailed in the most recent annual report of ING Groep N.V. (including the Risk Factors contained therein) and ING's more recent disclosures, including press releases, which are available on [www.ING.com](http://www.ING.com). Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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