ING Group Credit Update 3Q17

Amsterdam ▪ 2 November 2017

thinkforward

ING

Key points

- ING posted 3Q17 net profit of EUR 1,376 mln
- Primary customers increased to 10.5 mln with most countries contributing to the quarterly growth
- We recorded net core lending growth of EUR 8.0 bln in the quarter; net interest margin remains resilient
- Our geographic footprint and product diversity enable us to continue to capture profitable growth
- Another benign quarter for risk costs on the back of strong macroeconomic conditions in most of our markets
- On a four-quarter rolling average basis, ING Group’s underlying return on equity was up slightly at 11.0%
- Fully loaded CET1 ratio remained stable at 14.5%

Ambition 2020 – ING Group Financial Targets

		Actual 2016	**Actual 9M17**	Ambition 2020*
Capital	• CET1 ratio (%)	14.2%	**14.5%**	> Prevailing fully loaded requirements**
	• Leverage ratio (%)	4.8%	**4.5%**	> 4%
Profitability	• Underlying C/I ratio (%)***	54.2%	**53.8%**	50-52%
	• Underlying ROE (%)*** (IFRS-EU Equity)	10.1%	**11.0%**	Awaiting regulatory clarity
Dividend	• Dividend (per share)	EUR 0.66		Progressive dividend over time

* Ambition 2020 financial targets based on assumption of low-for-longer interest rate environment in the Eurozone
** Currently estimated to be 11.8%, plus a comfortable management buffer (to include Pillar 2 Guidance)
*** Based on 4-quarter rolling average; the ING Group ROE is calculated using IFRS-EU shareholders' equity after excluding 'interim profit not included in CET1 capital'. As at 30 September 2017, this comprised EUR 2,559 mln of the 9M17 interim profits (which is equal to the dividend paid over 2016) minus the interim dividend of EUR 933 mln paid in August

ING

Business profile and strategy

We have a well-diversified portfolio with strong profitability

Retail Banking

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

Market Leaders
Netherlands, Belgium / Luxembourg

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

Growth Markets
Poland, Turkey, Romania and Asian bank stakes

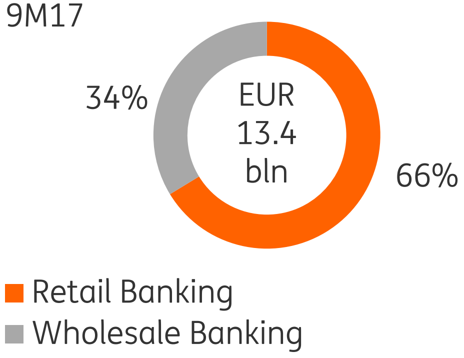
Wholesale Banking International Network

Wholesale Banking

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

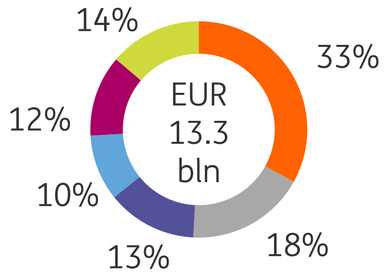
Underlying income*

9M17



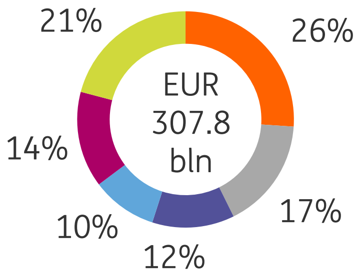
Underlying income**

9M17



RWA (end of period)**

9M17

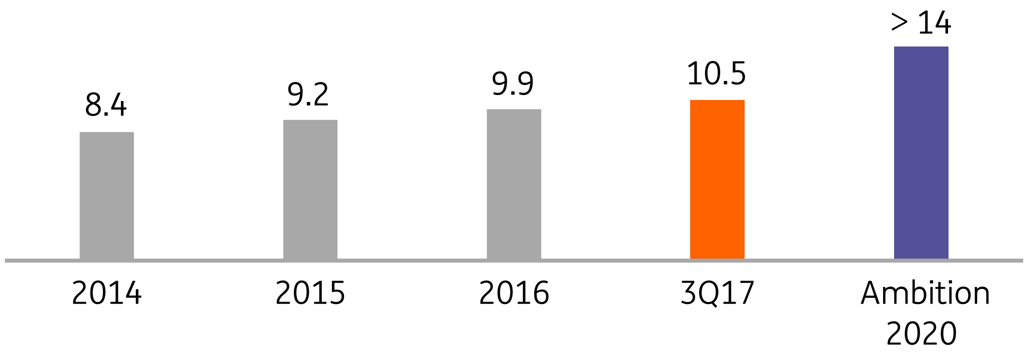


Netherlands Belgium Germany Other Challengers Growth Markets WB Rest of World

* As per business line split; segment "Corporate Line" not shown on slide. The underlying income for this segment was EUR -62 mln in 9M17
** As per geographical split by booking location; segment "Other" not shown on slide. For this segment (Corporate Line and Real Estate run-off portfolio), the underlying income was EUR 44 mln in 9M17 and RWA was EUR 3.2 bln by 30 September 2017

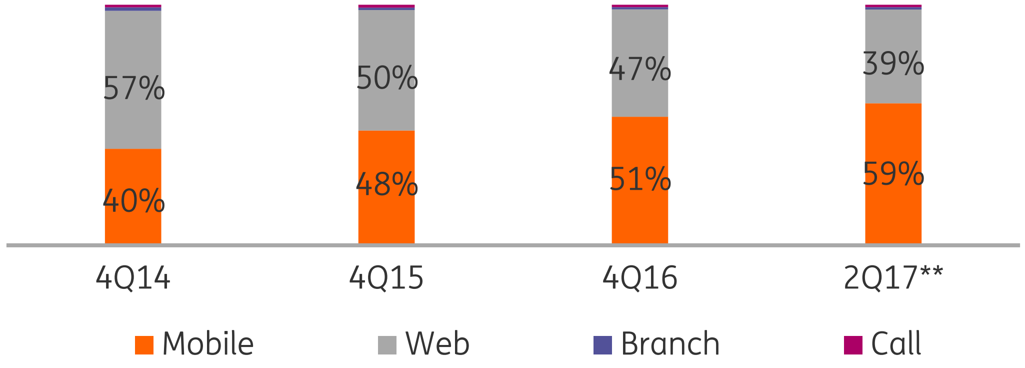
Primary customers drive cross-buy in an ever more mobile world

Primary customer growth on target (in mln)*



Share of mobile contacts growing fast

Based on all ING retail contacts per channel



Core lending

3Q17 net growth

EUR **+8.0** bln

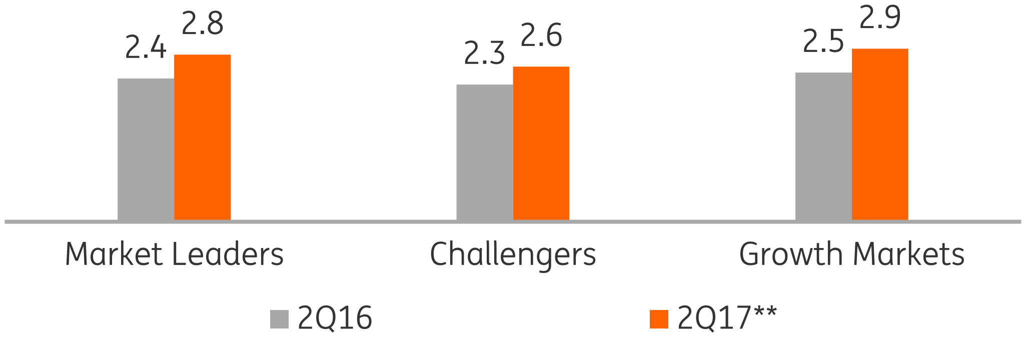
Customer deposits

3Q17 net growth

EUR **+4.2** bln

Cross-buy ratio makes good progress

Average number of products per primary customer***



* 200k additional primary customers due to restatement in 3Q17 in Poland, historical numbers have been restated as of 2015
** 3Q17 numbers not available yet
*** Defined as customers with active payment account and recurring income including one additional product

Preparing our businesses for the world of tomorrow

Material passport for buildings

ING has joined with Madaster, a platform that's devised digital "material passports" for office buildings, which fits within ING's circular economy programme

Sustainability recognition

Dow Jones Sustainability Indexes

Scored **89** out of 100 by DJSI; ING included in the DJSI World Index and Europe Index for banks

CDP A LIST 2017 CLIMATE

ING again awarded a position on this year's **Climate A List**; recognised as global leader in the corporate response to climate change

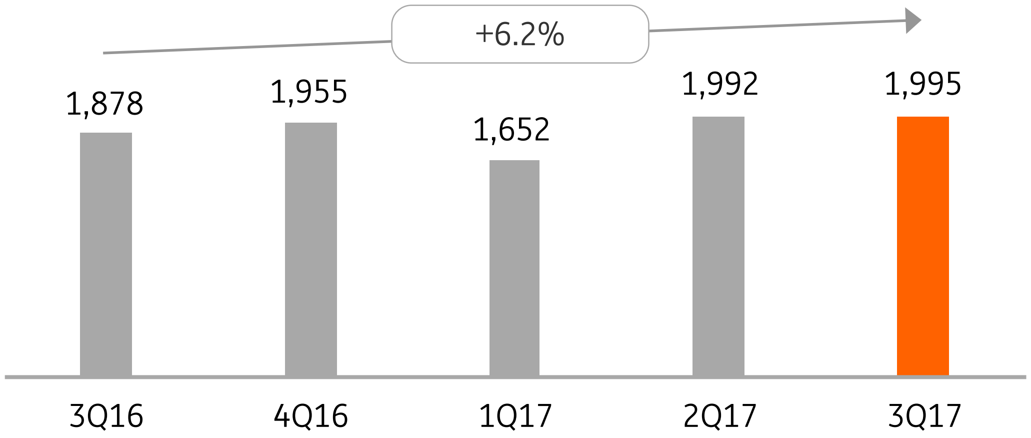
Recent notable deals and awards

- ING acted as joint mandated lead arranger in the GBP 250 mln bond for Anglian water, the first sterling (GBP) green bond in the public utility sector. ING was also part of the banking syndicate that is providing project financing for one of Australia's largest solar plants
- ING received an award from GlobalCapital for its innovative financing solution for Philips which was the first-ever loan where the interest rate is linked to the company's sustainability performance and rating. Recently, we successfully used a similar deal structure for Bpost, a leading postal operator in Belgium

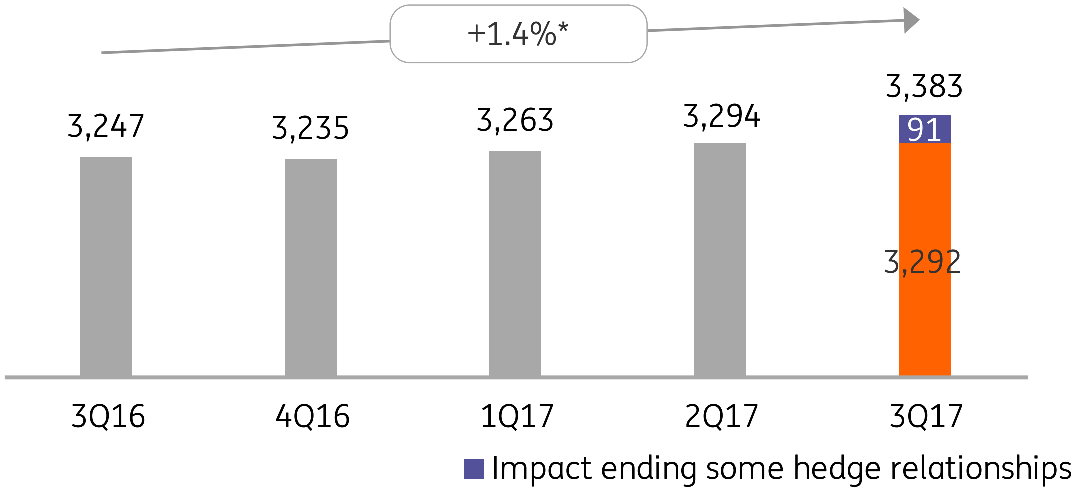
3Q17 results

Strong third-quarter results underpinned by resilient NII

Underlying pre-tax result (in EUR mln)



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

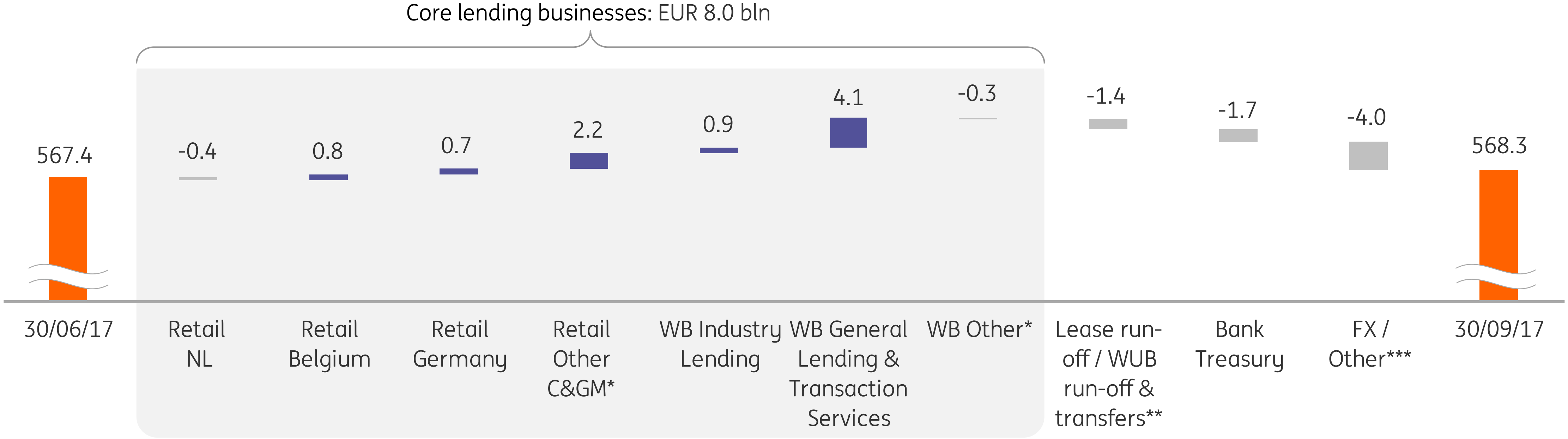


- Underlying result before tax of EUR 1,995 mln, mainly attributable to continued loan growth at stable margins, solid commission income, the annual dividend from Bank of Beijing and low risk costs
- Adjusted for the decision to end some hedge relationships (EUR 91 mln, which was offset by similar decline in other income), NII excluding FM was up 1.4% versus 3Q16 and flat on 2Q17:
  - Higher lending volumes were offset by a lower overall lending margin (but stabilising in 3Q17)
  - Slight decrease in the interest result on customer deposits offset by funding costs in Corporate Line benefiting from the maturity of high-cost legacy bonds

* Adjusted for the decision to end some hedge relationships

Core lending grew by EUR 8.0 bln in 3Q17

Customer lending ING Group 3Q17 (in EUR bln)

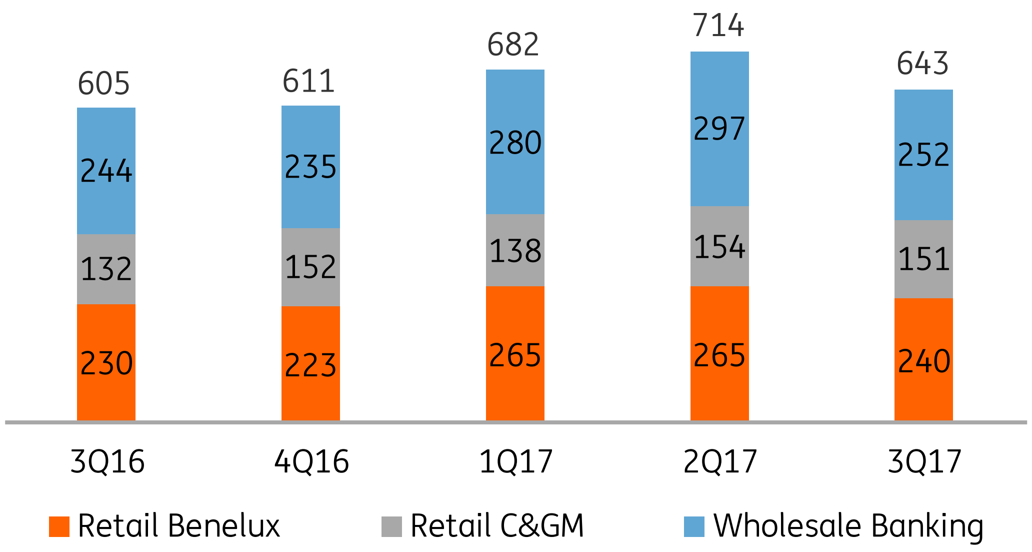


- Our core lending franchises grew by EUR 8.0 bln in 3Q17:
  - Retail Banking increased by EUR 3.3 bln, mainly in mortgages outside the Netherlands
  - Wholesale Banking increased by EUR 4.7 bln, largely attributable to General Lending & Transaction Services and to a lesser extent Real Estate Finance

* C&GM is Challengers & Growth Markets; WB Other includes Financial Markets
** Lease run-off was EUR -0.1 bln, WUB run-off was EUR -0.4 bln and WUB transfers to NN were EUR -0.8 bln
*** FX impact was EUR -3.8 bln and Other EUR -0.2 bln

Bank-wide focus on commission income pays off

Solid commission income across segments (in EUR mln)



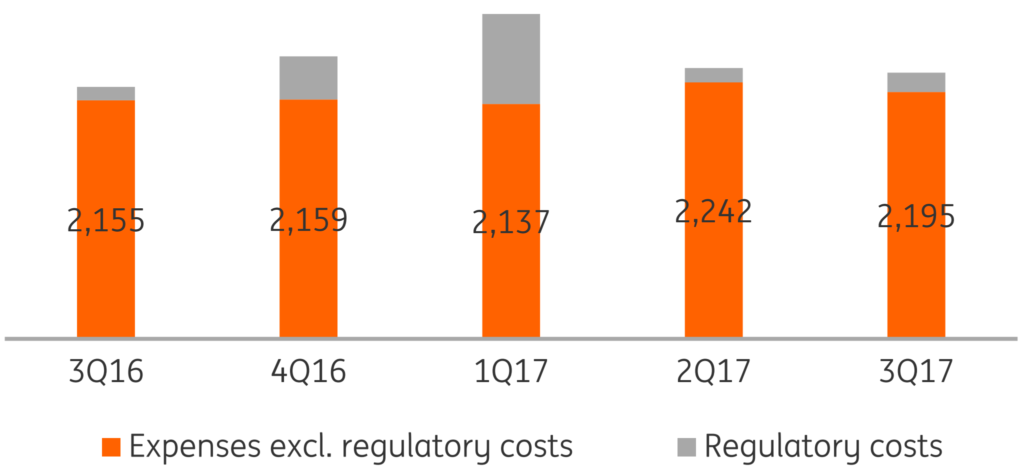
- Commission income rose 6.3% year-on-year to EUR 643 mln. The increase was driven by almost all segments and products, with the relatively strongest growth in Retail Challengers & Growth Markets and Retail Netherlands
- 2Q17 was an exceptionally strong quarter for Retail Belgium (investment products) and Wholesale Banking

Initiatives to drive fee income growth

Lending fees	• Acceleration of Consumer Lending • Volume growth in SME/MidCorp • Wholesale Banking growth in Industry Lending and General Lending
Fee products	• Offer more investment products, e.g. via robo advice • Insurance distribution linked to lending and stand-alone via mobile • Increase Financial Markets fee revenue via Debt Capital Markets
Payment fees	• Review of daily banking fees across our different markets • Selectively increase lending and payment fees to corporate clients
New sources	• E.g. referral of loans to third parties, comparison engines, attracting third parties to our platforms

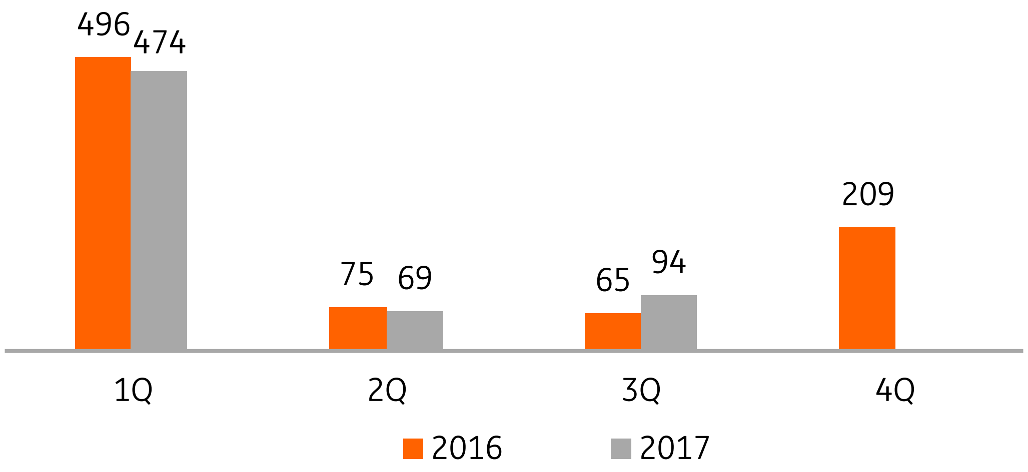
Operating expenses down quarter-on-quarter

Underlying operating expenses (in EUR mln)

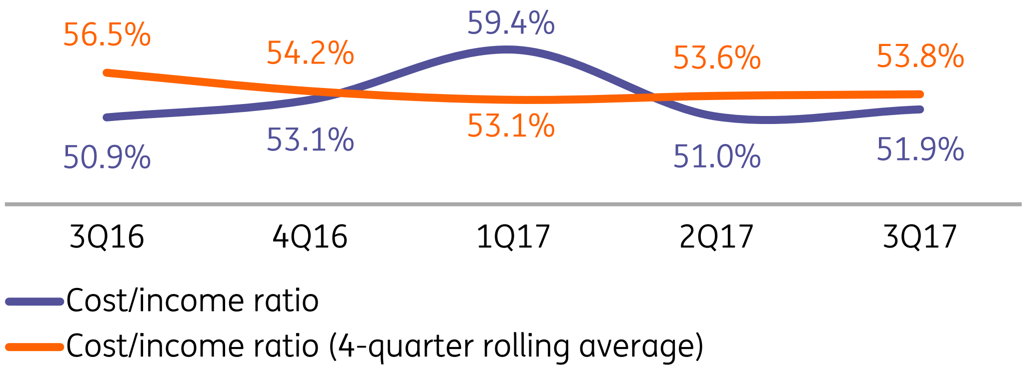


- Compared to the second quarter of 2017, total expenses declined by EUR 22 mln, or 1.0% despite a EUR 25 mln increase in regulatory costs
- Regulatory costs were EUR 29 mln higher than in 3Q16 which included a release of DGS contributions in Germany

Regulatory costs experience seasonality (in EUR mln)



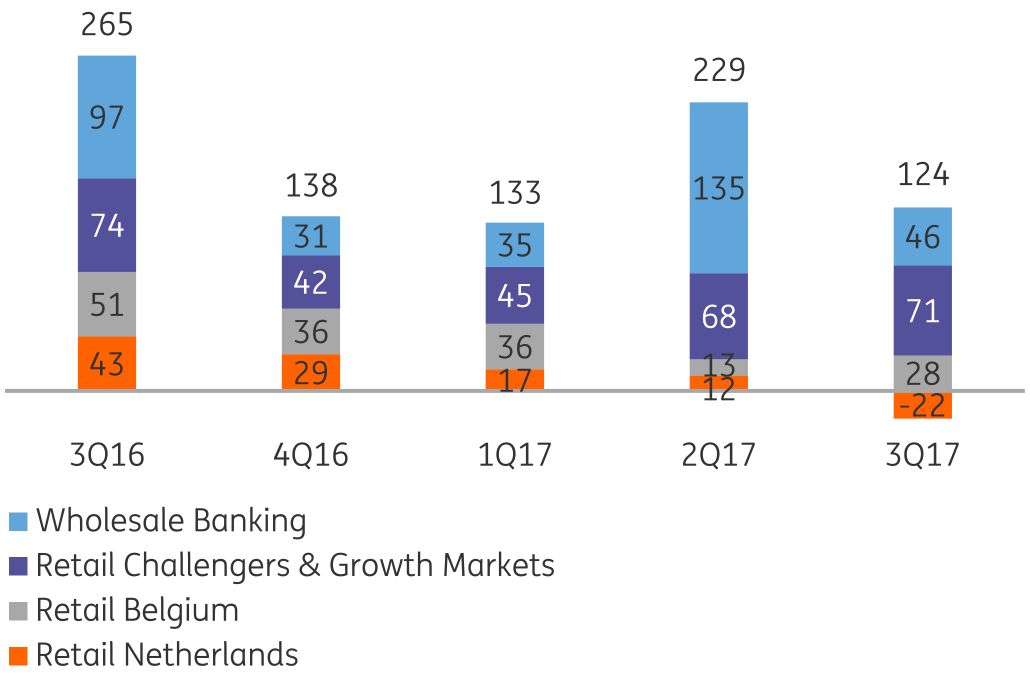
4-quarter rolling cost/income ratio broadly stable



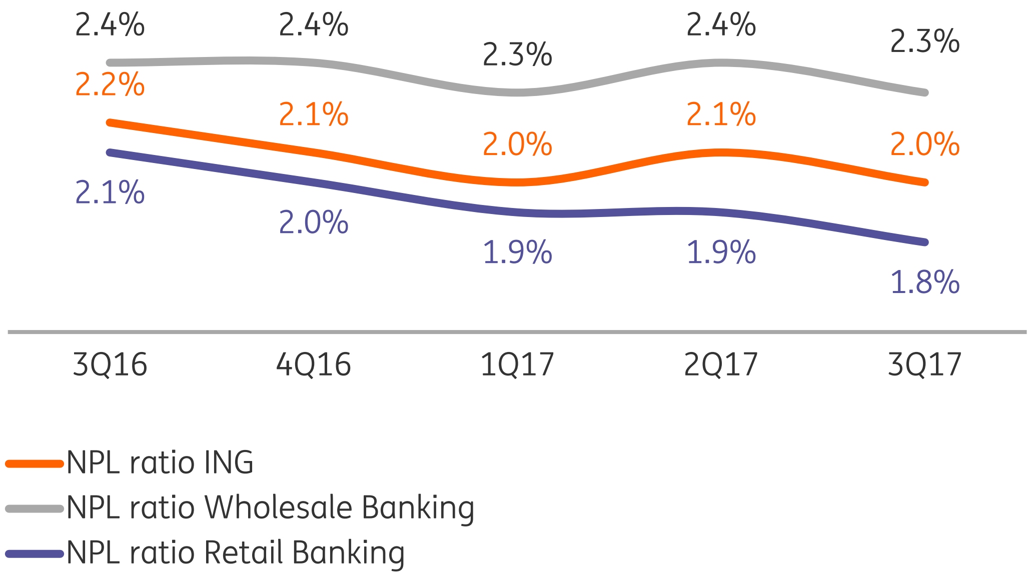
Asset quality

Risk costs down in 3Q17; NPLs remain favourably low

Risk costs (in EUR mln)



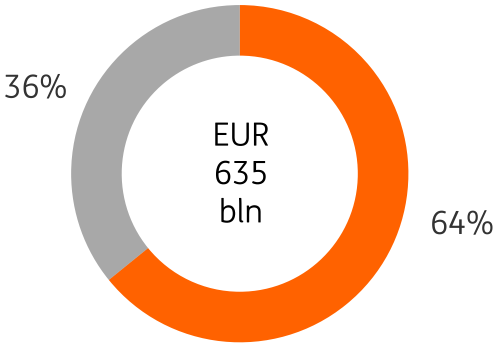
NPL ratio



- 3Q17 risk costs were EUR 124 mln, or 16 bps of average RWA, well below the 40-45 bps through-the-cycle average
- Retail Benelux risk costs were substantially lower again due to improved macro-economic and housing market conditions
- In Wholesale Banking, risks costs decreased quarter-on-quarter as a result of a limited number of increases, partially offset by some significant releases

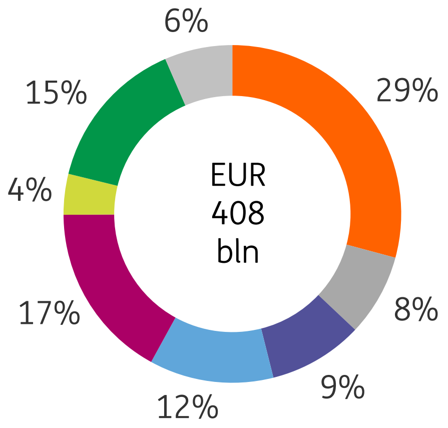
Lending credit outstandings are well-diversified

ING Group*



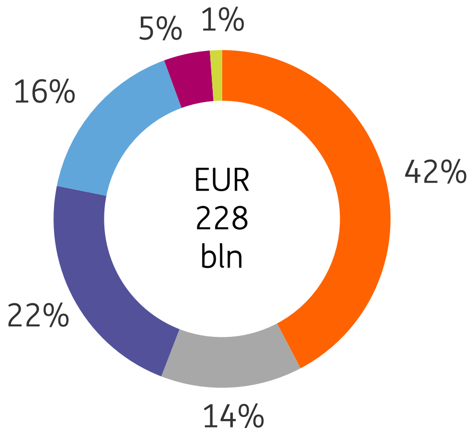
- Retail Banking
- Wholesale Banking

Retail Banking*



- Mortgages Netherlands
- Other lending Netherlands
- Mortgages Belgium
- Other lending Belgium
- Mortgages Germany
- Other lending Germany
- Mortgages Other C&GM
- Other lending Other C&GM

Wholesale Banking*



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

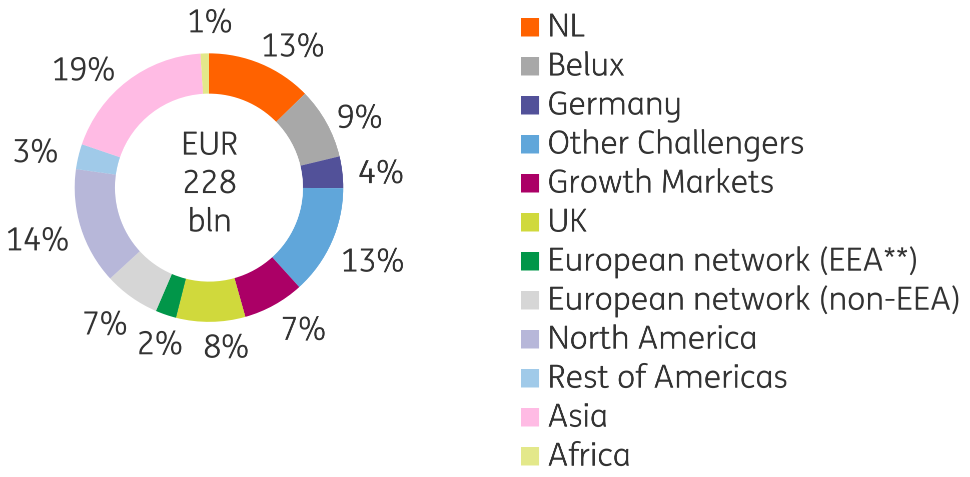
- ING has a well-diversified and collateralised loan book with a strong focus on own-originated mortgages
- 64% of the portfolio is retail-based

* 30 September 2017 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)

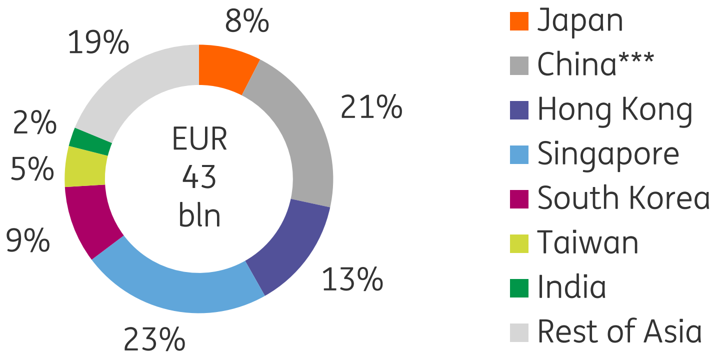
Wholesale Banking lending credit outstandings well-diversified by geography and sector

Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (3Q17)*

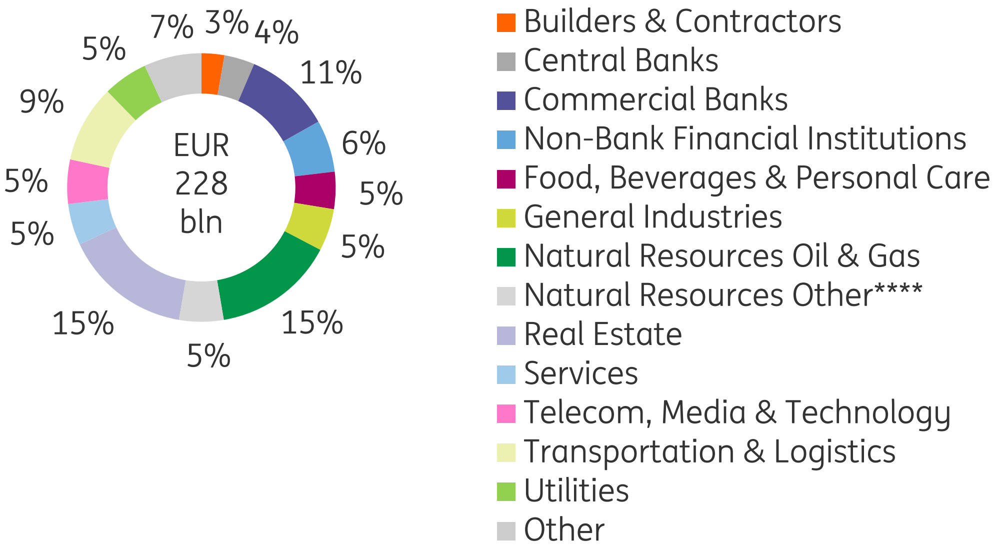


Lending Credit O/S Asia (3Q17)*



…and sectors

Lending Credit O/S Wholesale Banking (3Q17)*



* Data is based on country of residence; Lending Credit O/S include guarantees and letters of credit
** Member countries of the European Economic Area (EEA)
*** Excluding our stake in Bank of Beijing (EUR 2.4 bln at 30 September 2017)
**** Mainly Metals & Mining

Detailed NPL disclosure on selected lending portfolios

Selected lending portfolios

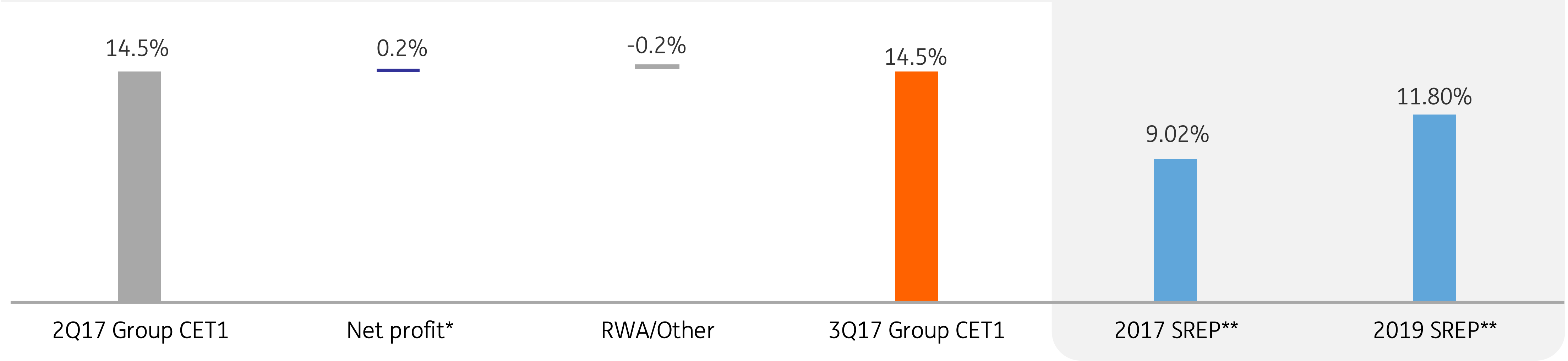
	Lending credit O/S 3Q17	NPL ratio 3Q17	Lending credit O/S 2Q17	NPL ratio 2Q17	Lending credit O/S 3Q16	NPL ratio 3Q16
Wholesale Banking	**227,714**	**2.3%**	**225,566**	**2.4%**	**215,779**	**2.4%**
Industry Lending	127,232	2.6%	127,907	2.6%	121,257	2.4%
Of which Structured Finance	96,289	2.9%	98,084	2.8%	92,941	2.3%
Of which Real Estate Finance	30,943	1.6%	29,823	1.9%	28,316	2.9%
Selected industries*						
Oil & Gas related	34,041	3.8%	34,287	3.6%	31,335	2.5%
Metals & Mining**	14,535	5.2%	14,529	5.0%	13,885	5.6%
Shipping & Ports***	12,756	6.5%	13,452	6.8%	13,498	4.9%
Selected countries						
Turkey****	16,876	2.6%	17,035	2.5%	18,875	2.5%
China*****	8,910	0.0%	7,934	0.0%	6,148	0.0%
Russia	4,778	2.8%	4,946	3.0%	5,614	2.8%
Ukraine	939	50.6%	953	51.6%	1,138	56.1%

* Includes WB Industry Lending, General Lending (CFIL) and Transaction Services
** Excluding Ukrainian and Russian Metals & Mining exposure, the NPL ratio would be 2.1%
*** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, NPL ratio is 3.6%
**** Turkey includes Retail Banking activities (EUR 8.9 bln)
***** China exposure is excluding Bank of Beijing stake

Group capital

Group CET1 ratio stable at 14.5%

ING Group fully-loaded CET1 ratio development

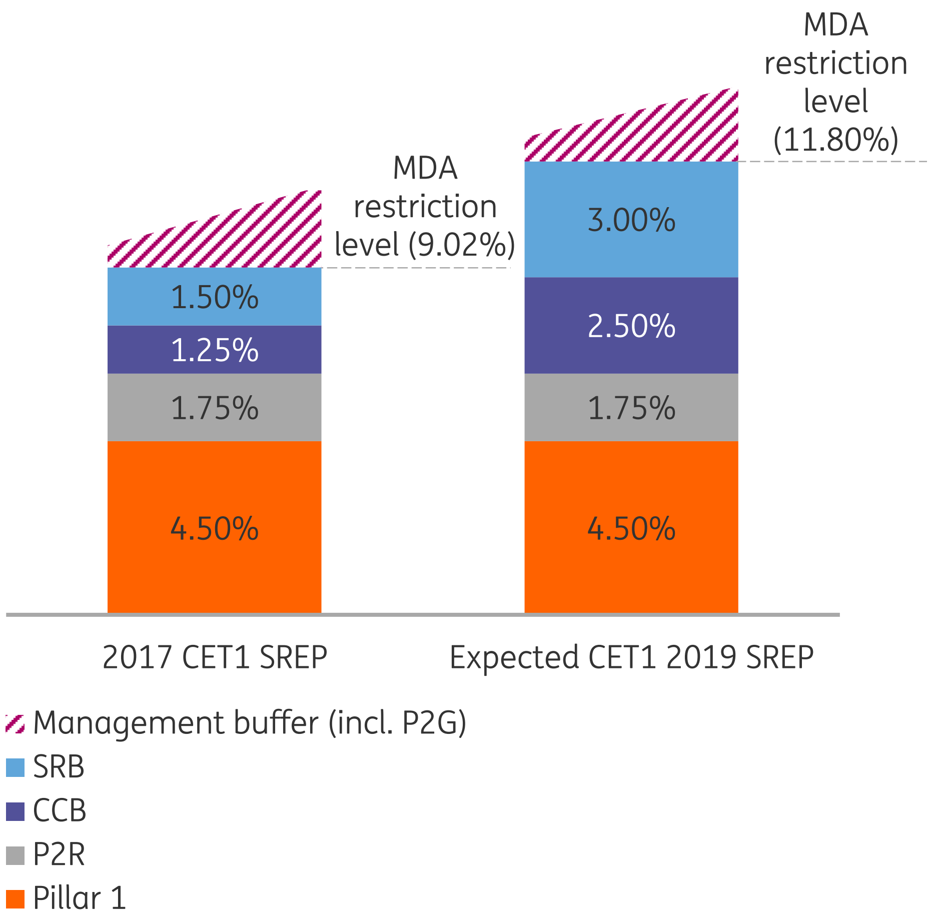


- ING Group's 3Q17 fully loaded CET1 ratio was stable at 14.5% as the inclusion of EUR 0.5 bln of net profit and positive risk migration were offset by an increase in risk-weighted assets due to lending growth and higher operational RWA
- Like in the previous two quarters, ING reserved an amount equal to one third of the 2016 total dividend
- Interim cash dividend of EUR 0.24 per ordinary share, unchanged from the 2016 interim cash dividend, was paid in August 2017
- Our 2017 SREP (CET1) requirement equals 9.02% and is expected to be 11.80% fully-loaded by 2019 assuming no change in our Pillar 2 requirements, excluding Pillar 2 Guidance

* 3Q17 Group net profit of EUR 1,376 mln of which EUR 853 mln set aside for dividends and the remainder (EUR 523 mln) added to CET1 capital
** Including Countercyclical buffer of 0.02% for 2017 and 0.05% for 2019

Recap of ING Group's SREP process

ING Group SREP and Ambition*



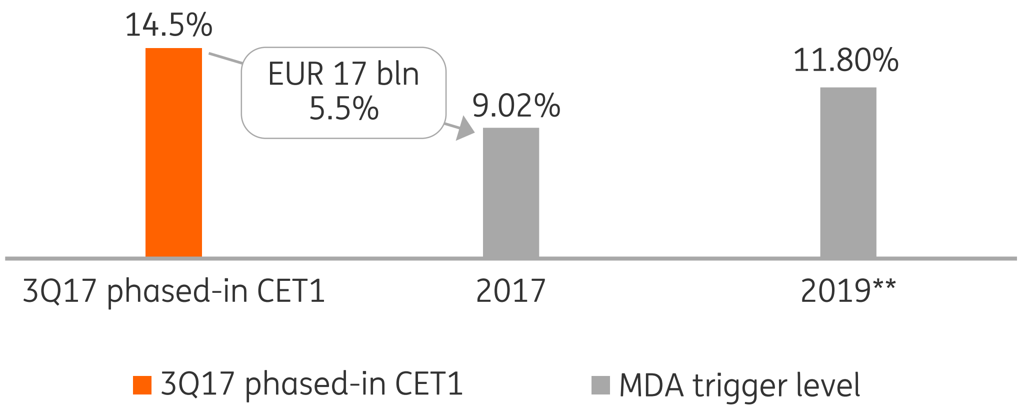
* Including Countercyclical buffer of 0.02% for 2017 and 0.05% for 2019

2016 SREP (Supervisory Review and Evaluation Process)

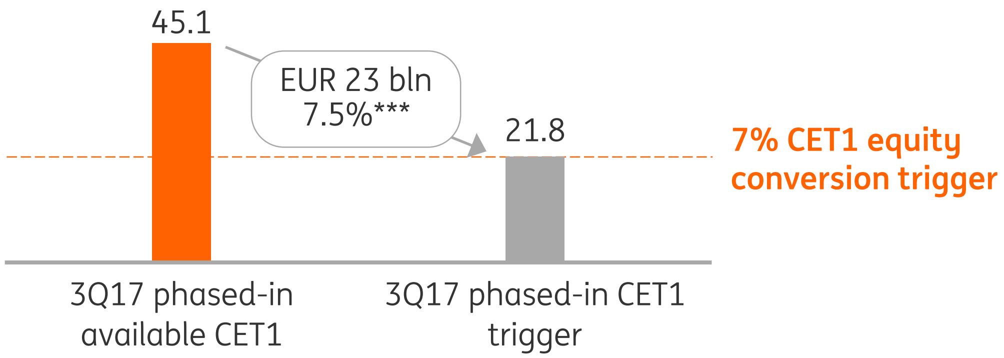
- ING Group was notified of the European Central Bank (ECB) decision on the 2016 SREP which has set the capital requirements for 2017
- A 9.02% phased-in CET1 ratio requirement applies for 2017, of which:
  - 4.50% Pillar 1 minimum (P1)
  - 1.75% Pillar 2 Requirement (P2R)
  - 1.25% Capital Conservation Buffer (CCB)
  - 1.50% Systemic Risk Buffer (SRB)
  - 0.02% Countercyclical Buffer (CCyB)
  - Excluding Pillar 2 Guidance (P2G)
- A fully-loaded 11.80% CET1 requirement is expected for 2019 as the CCB and SRB are scheduled to phase-in over the coming years to 2.5% and 3.0%, and assuming no change in P2R
- ING Group's CET1 Ambition is to remain above the prevailing fully-loaded requirements plus a comfortable management buffer (to include P2G)

Additional Tier 1: comfortable buffers to triggers

Buffer to MDA 3Q17*



Buffer to Conversion Trigger 3Q17 (in EUR bln)



Buffer to MDA	• MDA restrictions will apply if ING Group breaches Combined Buffer Requirements (CBR) • Under the MDA framework, ING's trigger level is 9.02% in 2017 and is expected to rise to 11.80% in 2019 under the assumption P2R will remain the same. This includes the 1.75% P2R and excludes P2G • As per 3Q17, the buffer to the 2017 MDA restriction level is EUR 17 bln or 5.5% of RWAs • This excludes EUR 1.6 bln of interim profits that we have set aside for dividends in 9M17
Buffer to Conversion Trigger	• The ING Group phased-in capital buffer to conversion trigger (7% CET1) is high at EUR 23 bln • This excludes EUR 1.6 bln of interim profits that we have set aside for dividends in 9M17
Available Distributable Items	• AT1 discretionary distributions may only be paid out of distributable items • As per year-end 2016, ING Group had EUR 38 bln of available distributable items

* Including Countercyclical buffer of 0.02% for 2017 and 0.05% for 2019
** Subject to SREP process, assumes no change in P2R
*** Difference between 14.5% ING Group phased-in CET1 ratio in 3Q17 and 7% CET1 equity conversion trigger

HoldCo resolution strategy

ING well positioned for TLAC issuance plans

Strong current capital position....

- ING maintains strong CET1 ratio
- Steady state TLAC needs to be met by 2019/2022
- Strong capital generation capacity
- ING amongst the highest rated HoldCo issuers
- Rating agencies recognise credibility of our TLAC issuance plan
- Business model has limited exposure to volatile investment banking activities

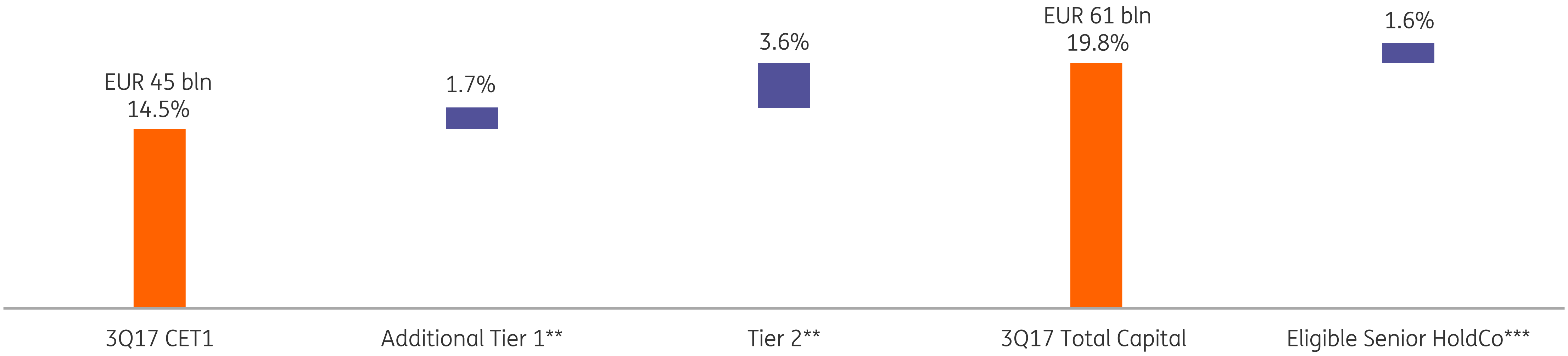
...which provides flexibility for TLAC issuance plans

- ING Group fully-loaded CET1 ratio at 14.5%
- ING Group currently has a very manageable TLAC shortfall
- Generated ~30 bps of ING Group fully-loaded CET1 capital in 9M17. In addition, EUR 1.6 bln has been reserved for dividend
- HoldCo rated Baa1 / A- / A+
- Ratings ING Bank upgraded* to 'Aa3' by Moody's and 'A+' by S&P on expectations that in the coming years ING will build up sizable buffer of bail-in-able debt
- ING's Wholesale Banking portfolio consists mainly of Industry Lending, General Lending and Transaction Services

* Most recent rating actions published by S&P on 26/07/2017 and by Moody's on 27/09/2017

TLAC requirements are manageable…

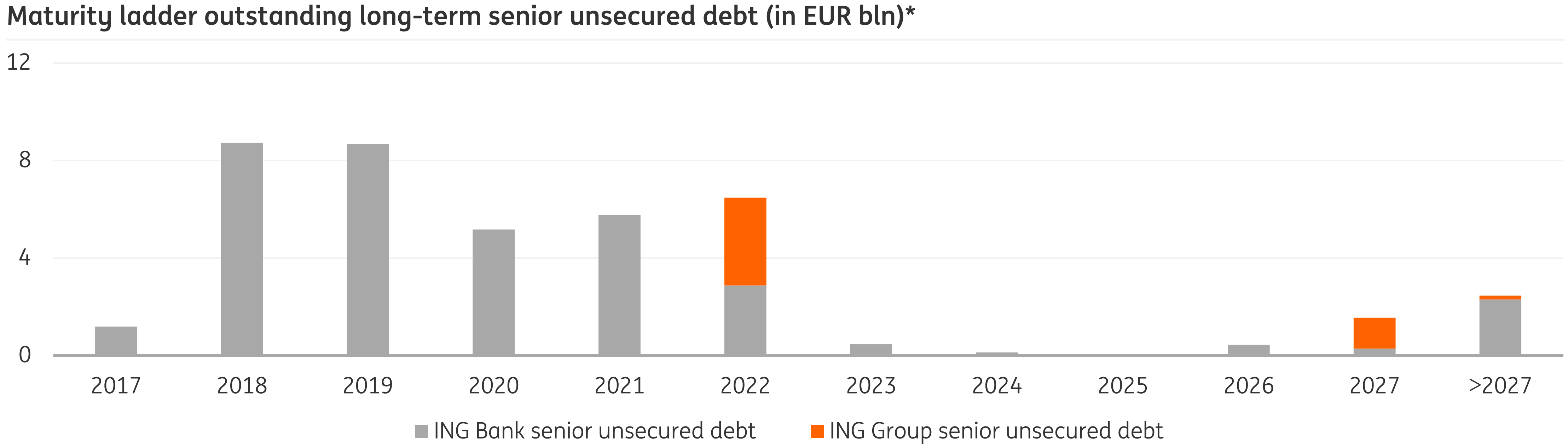
ING Group 3Q17 fully-loaded capital position*



- ING's TLAC ratio moved towards the minimum 2019 requirement, being 21.5%
- MREL requirements have yet to be determined and could well be higher
- Any potential (higher) shortfall related to MREL requirements, new regulatory initiatives and balance sheet growth will be met with additional Group issuance

* Concerns fully-loaded ratios
** This is a combination of Group and Bank Securities. Including grandfathered securities
*** Ratio as of end of 3Q17 and subject to EUR/USD exchange rate (Senior HoldCo debt issuance of USD 4 bln and EUR 1.5 bln)

...supported by a recycling strategy of ING Bank instruments



- ING Bank has EUR 32.4 bln of long-term senior unsecured debt maturing from 4Q17 until 2022, of which EUR 9.9 bln (3.2% of RWAs) maturing in 4Q17 and 2018
- Recycling maturing notes will give us ample flexibility to comply with remaining TLAC requirements

* As per 30 September 2017; ING consolidated figures shown for issued senior bonds are included with a tenor ≥ 1 year

Issuance entities under our approach to resolution

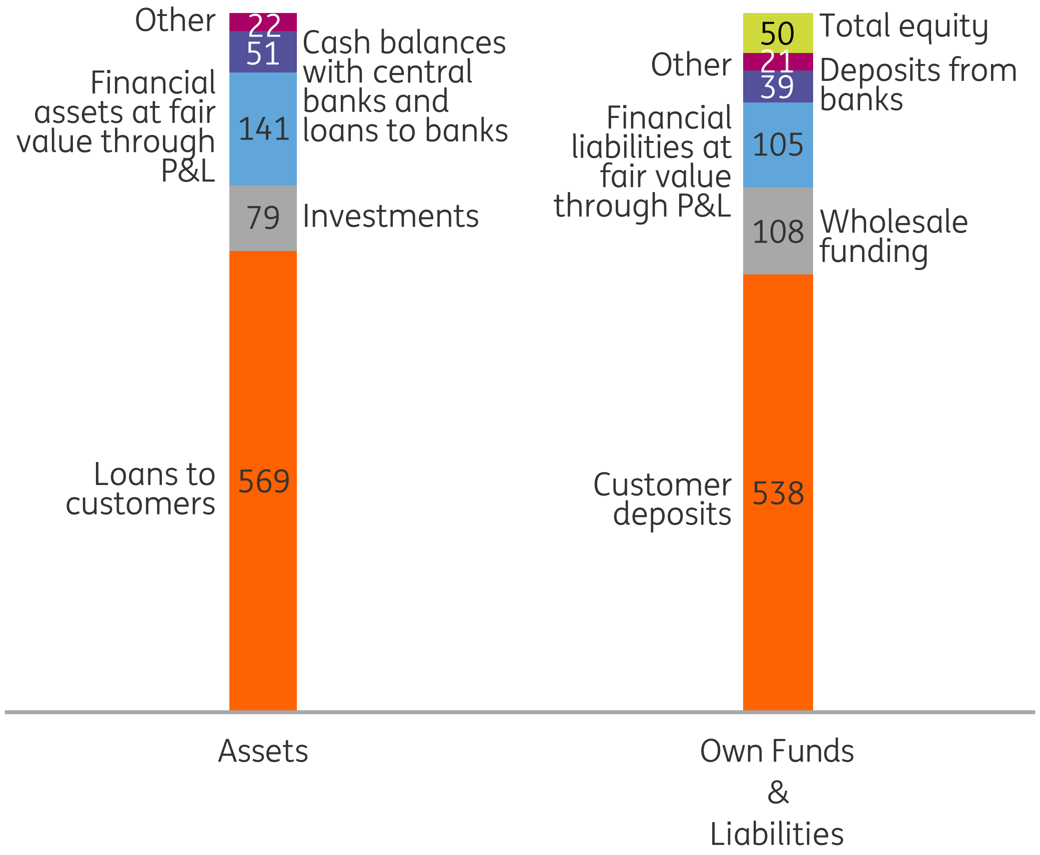
Issuance entities	Instruments
ING Group	• Capital instruments • Senior unsecured debt (TLAC / MREL eligible)
ING Bank	• Covered Bonds / secured funding • Senior unsecured debt (TLAC / MREL ineligible)
Various ING subsidiaries	• Covered Bonds / secured funding • Senior unsecured debt (TLAC / MREL ineligible)

Liquidity and funding

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

Balance sheet ING Group (in EUR bln)

Balance sheet size ING Group 30 September 2017: EUR 862 bln



High quality customer loan book

- See “Asset Quality” section of the presentation

Attractive funding profile

- 62% of the balance sheet is funded by customer deposits
- 88% of total customer deposits is Retail Banking based
- Attractive loan-to-deposit ratio of 105% as per 30 September 2017

Conservative trading profile

- Majority of our Financial Markets business is customer flow based where we largely hedge out positions, reflected in large but often offsetting assets and liabilities at FV positions
- Average VaR during 3Q17 decreased to EUR 6 mln for ING’s trading portfolio

Robust rating profile with strong trend over the last quarters

Main credit ratings of ING on 1 November 2017

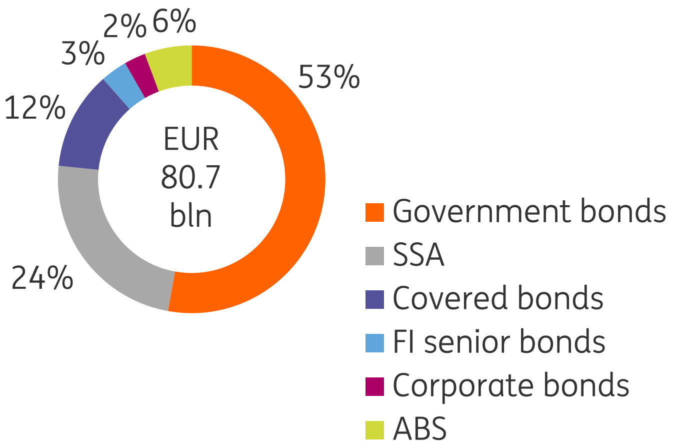
	S&P	Moody's	Fitch
Stand-alone rating	a	baa1	a+
Government support	-	1 notch	-
Junior debt support	1 notch	N/A	-
Moody's LGF support	N/A	3 notches	N/A
ING Bank NV (OpCo)			
Bank senior LT rating	A+	Aa3	A+
Outlook	Stable	Stable	Stable
Bank senior ST rating	A-1	P-1	F1
Tier 2	BBB+	Baa2	A
ING Groep NV (HoldCo)			
Group senior LT rating	A-	Baa1	A+
AT1	BB	Ba1	BBB-
Tier 2	BBB	Baa2	A

Latest ING Bank rating actions

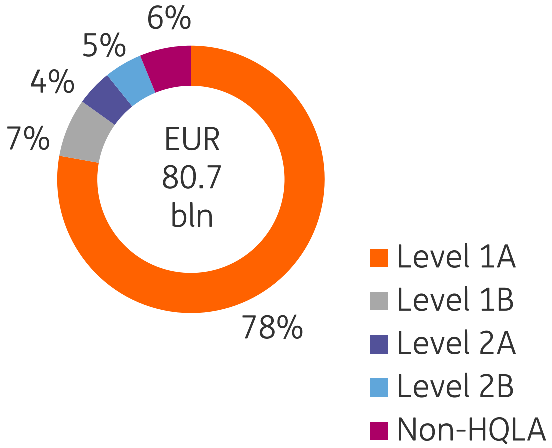
- Moody's: Sep-2017 ING Bank was upgraded to Aa3 from A1 with a stable outlook. The improvement was driven by resilient profitability, low asset risk, a strengthening capital position, as well as the expected build-up of loss-absorbing capital at ING Group
- S&P: Jul-2017 ING Bank was upgraded to 'A+' reflecting expectation that in the coming years ING will build a sizable buffer of bail-in-able debt, while maintaining strong capital adequacy metrics thanks to resilient financial performance, supportive internal capital generation, and a broadly similar risk profile
- Fitch: Apr-2016 rating uplift from 'A' to 'A+' reflecting ING's solid financial metrics and strong execution of strategy, supported by higher capital ratios, which resulted in an improvement of ING Bank's viability rating

Investment portfolio consists of high quality assets

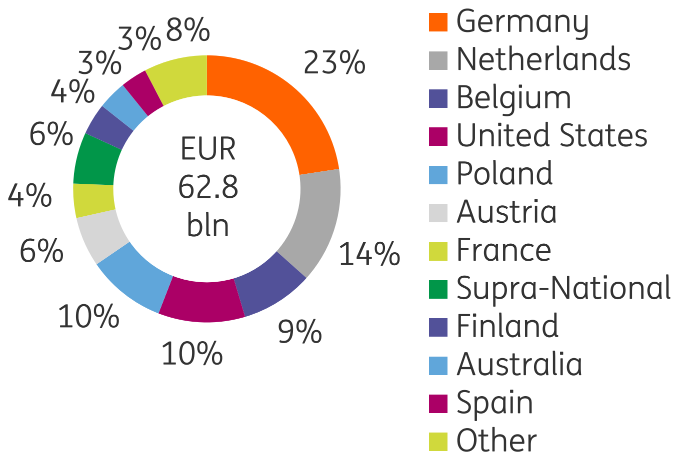
Debt securities by type



Debt securities by LCR category



Level 1A assets by country



Strong investment portfolio with mainly HQLA assets

- ING Group's investment portfolio decreased to EUR 80.7 bln in 3Q17. The decrease is mainly the result of maturities and sales, notably government bonds, SSA and ABS, which more than offset new LCR HQLA investments
- EUR 75.7 bln of bonds in the investment portfolio qualify as HQLA (94%) and EUR 68.6 bln of bonds qualify as Level 1 HQLA (85%) under the EU's Delegated Act
- The investment portfolio has an average tenor of 4.6 years
- Total liquidity buffer well exceeds short-term wholesale debt*

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

Appendix

Outstanding benchmark capital securities

(Additional) Tier 1 securities issued by Group

Currency	Issue date	First call date	Coupon	Issued	Outstanding**
USD (CRR/CRDIV compliant)	Nov-16	Apr-22	6.875%	1,000	1,000
USD (CRR/CRDIV compliant)	Apr-15	Apr-20	6.000%	1,000	1,000
USD (CRR/CRDIV compliant)	Apr-15	Apr-25	6.500%	1,250	1,250
USD	Jun-07	Jun-12	6.375%	1,045	1,045
USD	Sep-05	Jan-11	6.125%	700	700
EUR	Jun-04	Jun-14	10yr DSL +10	1,000	563
EUR	Jun-03	Jun-13	10yr DSL +50	750	432

Tier 2 securities issued by Group

Currency	Issue date	First call date	Maturity	Coupon	Outstanding**
EUR (CRR/CRDIV compliant)	Sep-17	Sep-24	Sep-29	1,625%	1,000
EUR (CRR/CRDIV compliant)	Feb-17	Feb-24	Feb-29	2.50%	750
EUR (CRR/CRDIV compliant)	Apr-16*	Apr-23	Apr-28	3.00%	1,000

Tier 2 securities issued by Bank

Currency	Issue date	First call date	Maturity	Coupon	Outstanding**
EUR (CRR/CRDIV compliant)	Feb-14	Feb-21	Feb-26	3.63%	1,500
USD (CRR/CRDIV compliant)	Nov-13	Nov-18	Nov-23	4.125%	2,058
EUR (CRR/CRDIV compliant)	Nov-13	Nov-18	Nov-23	3.50%	1,057
USD (CRR/CRDIV compliant)	Sep-13	n/a	Sep-23	5.80%	2,000
GBP	May-08	May-18	May-23	6.875%	800
EUR	May-08	May-18	May-23	6.125%	1,000
EUR	Jul-07	Jul-22	Jul-27	10yr CMS +4	150

* ING has exercised the option to replace the ING Bank EUR 1 bln Tier 2 notes issued in April 2016 for ING Group Tier 2 notes in April 2017
** Amount outstanding in original currency

Recent ING HoldCo, OpCo Senior and Covered benchmarks

HoldCo Senior Unsecured*

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
US456837AG8	Mar-17	Mar-22	5yr	3.15%	USD	1,500	T + 125
US456837AH6	Mar-17	Mar-27	10yr	3.95%	USD	1,500	T + 155
US456837AJ28	Mar-17	Mar-22	5yr	3mL + 115	USD	1,000	3mL + 115
XS1576220484	Mar-17	Mar-22	5yr	0.75%	EUR	1,500	m/s + 70

OpCo Senior Unsecured*

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
US449786BG67	Aug-16	Aug-19	3yr	3mL + 61	USD	250	3mL + 61
US449786BH41	Aug-16	Aug-19	3yr	1.65%	USD	450	T + 83
US449786BF84	Aug-16	Aug-21	5yr	3mL + 88	USD	250	3mL + 88
US449786BJ07	Aug-16	Aug-21	5yr	2.05%	USD	600	T + 93

Covered Bond**

ISIN	Issue date	Maturity	Tenor	Currency	Issued
XS1565338743	Feb-17	Feb-27	10yr	EUR	1,500
XS1433124457	Jun-16	Sep-24	8yr	EUR	1,500
XS1433124705	Jun-16	Sep-26	10yr	EUR	1,500

* OpCo USD issues under 144A / RegS format and HoldCo USD issues SEC registered
** Internally placed Soft Bullet Covered Bonds issued under ING Bank´s EUR 10 bln Soft Bullet Covered Bond programme

ING

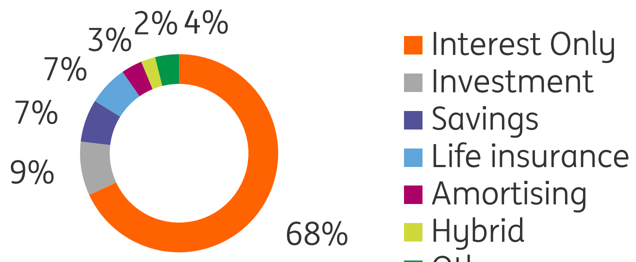
ING Bank's covered bond programme...

- ING Bank NV EUR 30 bln Hard and Soft Bullet Covered Bonds programme
  - UCITS, CRR and ECBC Label compliant. Rated Aaa/AAA/AAA (Moody's/S&P/Fitch)
  - Programme is used for external issuance purposes; separate EUR 10 bln Soft Bullet Covered Bonds programme for internal transactions only
  - Cover pool consists of 100% prime Dutch residential mortgage loans, all owner occupied and in EUR only. As per 30 September 2017, no arrears > 90 days in the cover pool
  - Strong Dutch legislation with minimum legally required over collateralisation (OC) of 5% and LTV cut-off rate of 80%
- Latest investor reports are available on www.ing.com/IR

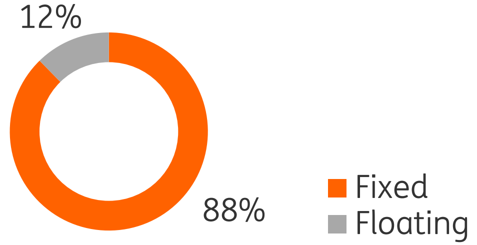
Portfolio characteristics (as per 30 September 2017)

Net principal balance	EUR 29,241 mln
Outstanding bonds	EUR 22,678 mln
# of loans	175,758
Avg. principal balance (per borrower)	EUR 166,373
WA current interest rate	3.16%
WA maturity	18.2 years
WA remaining time to interest reset	5.6 years
WA seasoning	11.5 years
WA current indexed LTV	71.9%
Min. documented OC	18.0%
Nominal OC	28.9%

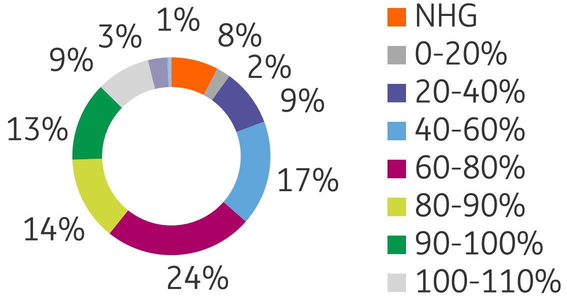
Repayment type



Interest rate type

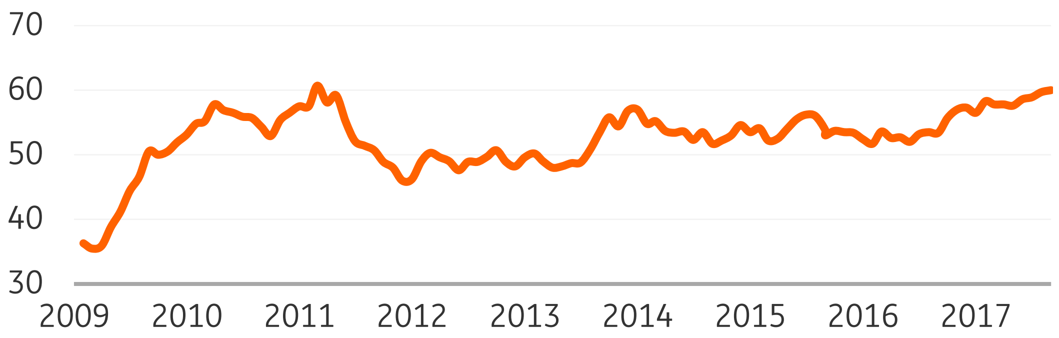


Current Indexed LTVs

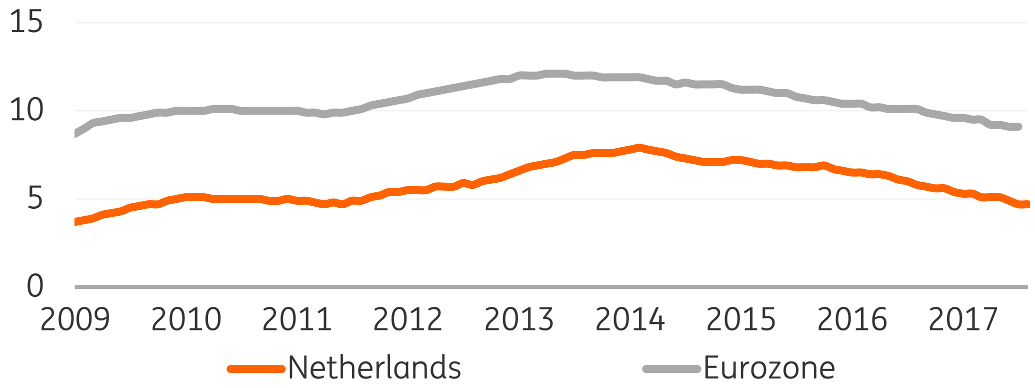


…benefiting from continued improvement of the Dutch economy and housing market

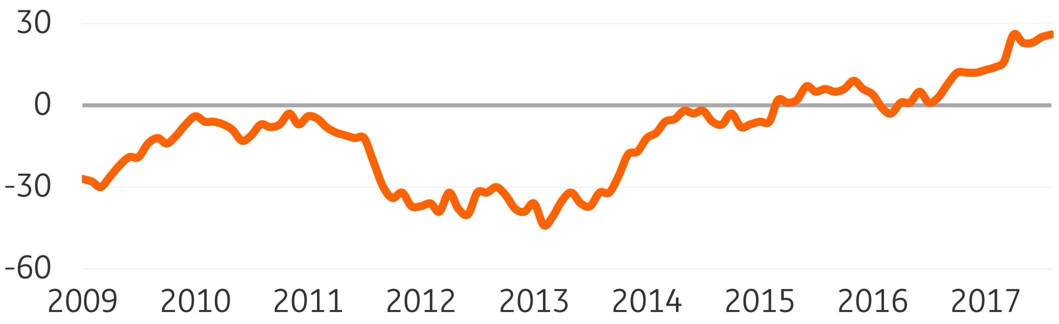
Dutch Purchasing Managers Index (PMI) was 60 in September 2017, which indicates positive growth in industry



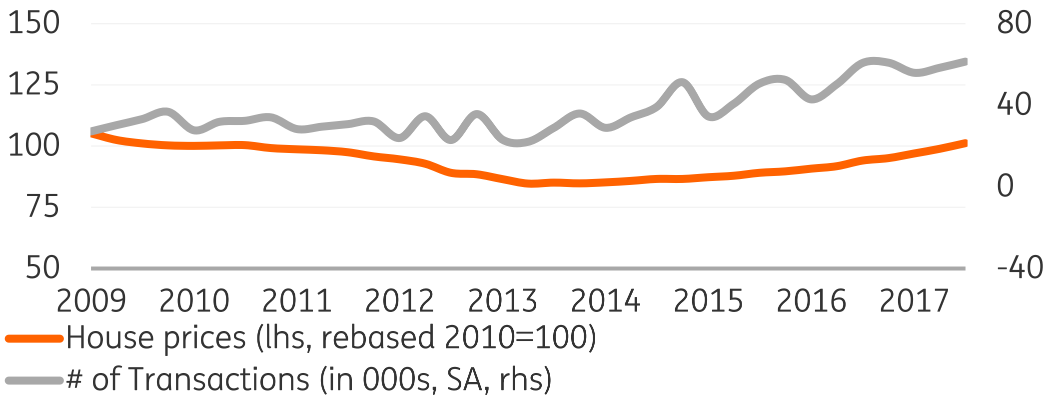
Dutch unemployment rate (%) continue to decline



Dutch consumer confidence* has surged since beginning of the year



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



* Source: Central Bureau for Statistics
** Source: NVM (Dutch Association of Realtors), Statistics Netherlands/CBS

New legislation focuses on loss absorbing capacity

Loss absorbing capacity

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

TLAC

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

MREL

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

* Minimum RWA requirement currently more constraining than minimum leverage requirement

Loss absorption and recapitalisation overview

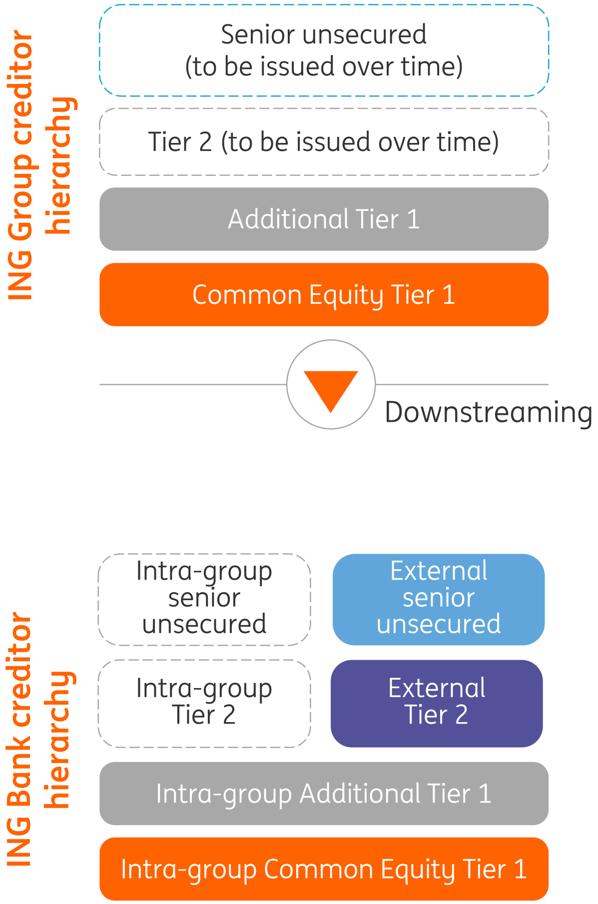
Pre-resolution tools			Resolution tools	Insolvency tools
Going concern	**Recovery**	**PONV**	**Resolution**	**Liquidation**
• Dividend payments • AT1 coupon payments	• Dividends, AT1 coupons and variable remuneration subject to MDA restrictions • AT1 instruments convert into equity upon a breach of CET1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

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

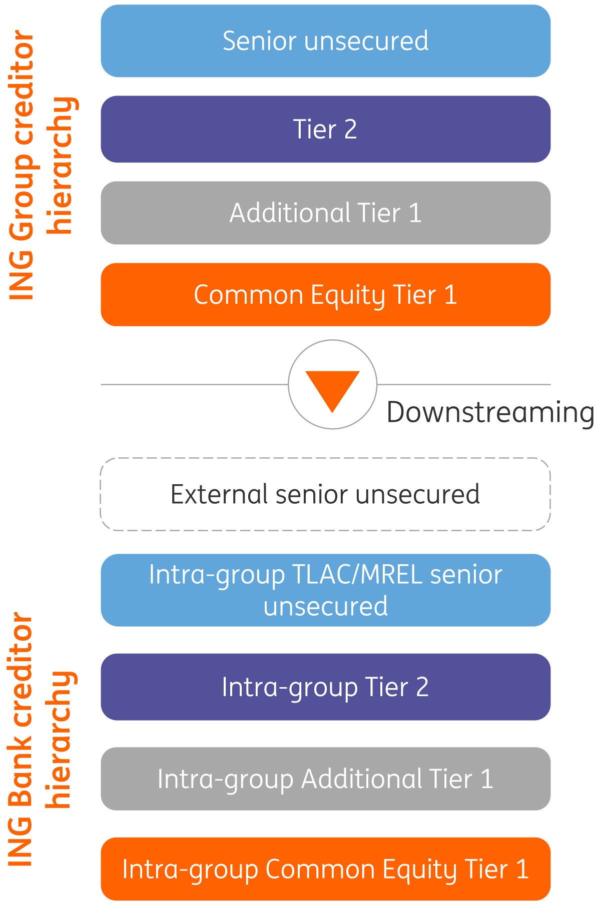
* Certain exemptions may apply

Simplified indicative transition and end-state issuance structures

Transition structure



End-state structure



HoldCo issuance strategy

- Earlier this year, the SRB informed us that it supports the designation of ING Group as the point of entry
- All external TLAC/MREL-eligible debt will be issued by ING Group (HoldCo) going forward
- ING Group capital will be downstreamed to ING Bank like-for-like in both the transition and end-state structures
- ING Group senior unsecured will be downstreamed as ING Bank (a) senior unsecured, initially, and (b) intra-group TLAC/MREL senior unsecured, once the regulations for internal TLAC/MREL have been finalised*
- Losses arise at ‘OpCo’ level, and consequently apply at ‘HoldCo’ level

* The terms of securities already downstreamed as senior unsecured will be amended to become intra-group TLAC/MREL senior unsecured

Important legal information

Projects may be subject to regulatory approvals.

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 2016 ING Group consolidated annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to a number of factors, including, 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) potential consequences of European Union countries leaving the European Union or a break-up of the euro, (4) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit and capital markets generally, including changes in borrower and counterparty creditworthiness, (5) changes affecting interest rate levels, (6) changes affecting currency exchange rates, (7) changes in investor and customer behaviour, (8) changes in general competitive factors, (9) changes in laws and regulations and the interpretation and application thereof, (10) geopolitical risks and policies and actions of governmental and regulatory authorities, (11) changes in standards and interpretations under International Financial Reporting Standards (IFRS) and the application thereof, (12) conclusions with regard to purchase accounting assumptions and methodologies, and other changes in accounting assumptions and methodologies including changes in valuation of issued securities and credit market exposure, (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) the outcome of current and future legal and regulatory proceedings, (16) ING's ability to achieve its strategy, including projected operational synergies and cost-saving programmes and (17) 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. Many of those factors are beyond ING's control.

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