ING Group Credit Update 2Q17

Amsterdam ▪ 2 August 2017

thinkforward

ING

Key points

- ING recorded 2Q17 net profit of EUR 1,371 mln, up 5.9% from the same period last year
- Strong results reflect continued loan growth at resilient margins and relatively low risk costs
- Our geographic footprint and product diversity enable us to continue to capture profitable growth
- Think Forward strategy a strong boost for fees; 2Q17 commission income up 17.0% versus 2Q16
- In the quarter, we welcomed our 10 millionth primary bank customer
- On a four-quarter rolling average basis, ING Group's underlying return on equity was stable at a robust 10.8%
- Fully loaded CET1 ratio constant at 14.5%; ING declares 2017 interim cash dividend of EUR 0.24 per ordinary share

Ambition 2020 – ING Group Financial Targets

		Actual 2016	**Actual 1H17**	Ambition 2020*
Capital	• CET1 ratio (%)	14.2%	**14.5%**	> Prevailing fully loaded requirements**
	• Leverage ratio (%)	4.8%	**4.6%**	> 4%
Profitability	• Underlying C/I ratio (%)***	54.2%	**53.6%**	50-52%
	• Underlying ROE (%)*** (IFRS-EU Equity)	10.1%	**10.8%**	Awaiting regulatory clarity
Dividend	• Dividend (per share)	EUR 0.66		Progressive dividend over time
Of which interim		EUR 0.24	**EUR 0.24**	

* 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 June 2017, this comprised the 1H17 interim profits not included in CET1 capital of EUR 1,706 mln

Business profile and strategy

We have a well-diversified portfolio with strong profitability

Retail Banking

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

Market Leaders
Netherlands, Belgium / Luxembourg

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

Growth Markets
Poland, Turkey, Romania and Asian bank stakes

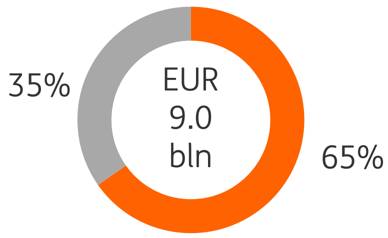
Wholesale Banking International Network

Wholesale Banking

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

Underlying income*

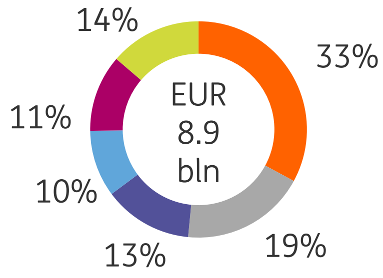
1H17



■ Retail Banking
■ Wholesale Banking

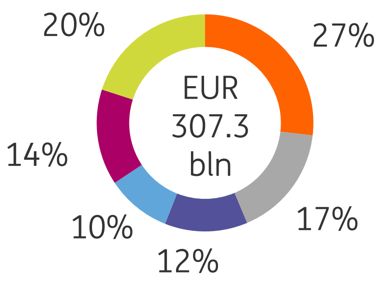
Underlying income**

1H17



RWA (end of period)**

1H17



■ 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 -93 mln in 1H17
** 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 14 mln in 1H17 and RWA was EUR 3.0 bln by 30 June 2017

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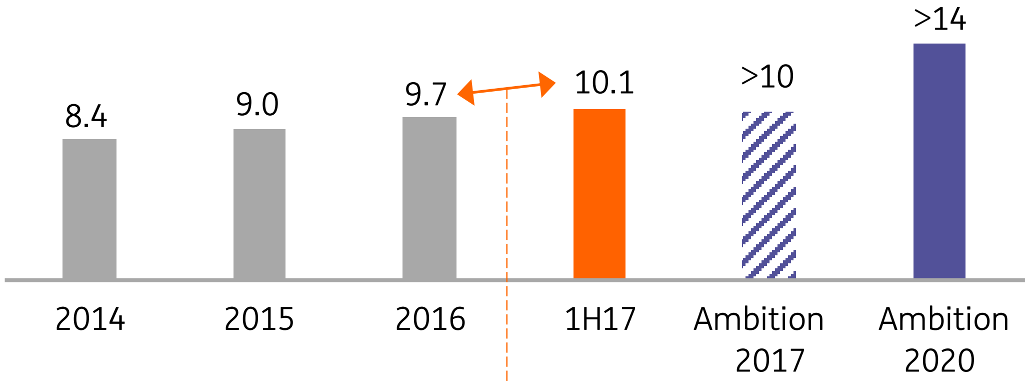
Our focus on primary customer relationships drives value

10 mln primary customers; many countries contributing



+107k
+43k
+26k
+71k
+34k
Other*: +126k

Core lending

1H17 net growth

EUR **+12.1** bln

Customer deposits

1H17 net growth

EUR **+12.1** bln

Commission income

1H17

EUR **1.4** bln

+14.7% YoY

Net Promoter Scores (NPS)

1H17

#1 in

7 of 13 retail countries

Customer value = **Number of customers** × **Share of primary** × **Cross-buy** × **Product value**

* Of which Netherlands 37k and BeLux 35k

Transformation programmes – important steps taken in 2Q17

Four major digital transformation programmes

Orange Bridge*

- Shared delivery organisation and shift to 'Agile' way of working in Belgium in progress
- Target segment-service-channel matrices agreed to come to shared customer proposition

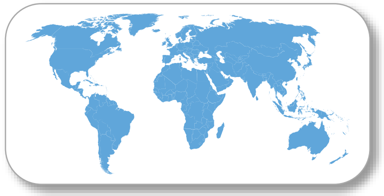
Model Bank

- Internal beta release of digital platform for Czech Republic which includes 4 key products
- Agreement on scope of first release in France

Welcome

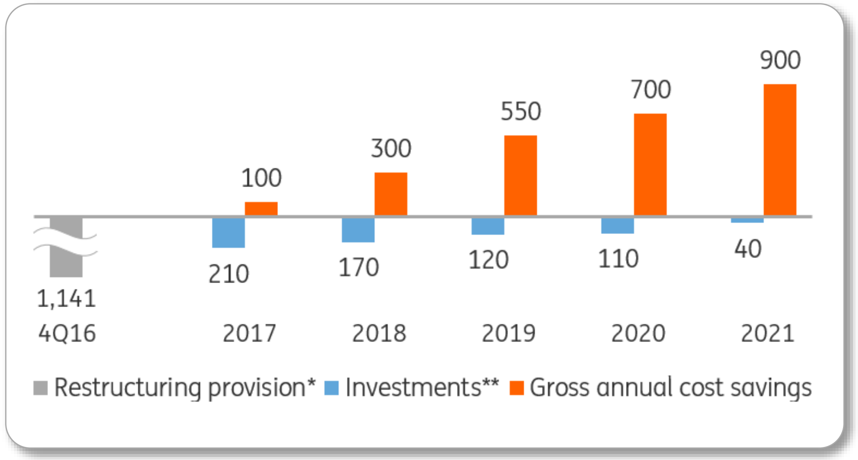
- Online tool (Yareto) for car loans released to support dealer channel
- Use of predictive analytics helps customers with locked Internet accounts

WTOM



- InsideBusiness, the WB client portal, now available to 4,600 clients in all 20 European countries

Estimated impact of digital transformation programmes (in EUR mln)



* Subject to and under relevant regulatory review
** Booked in 4Q16 as a special item
*** Defined as incremental expenses from newly announced programmes on 3 October 2016

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Innovative financing structures support our sustainability vision

Energy Transition	Circular Economy	Water
ING Economics Department publishes report named "Breakthrough of electric vehicle threatens European car industry", July 2017	*"Asset ownership will be replaced by pay-per-use models, which in turn will require a new type of owner and infrastructure. We will need to create new companies and new entities that own, manage and finance these assets."* ING at the first ever World Circular Economy Forum, June 2017	ING was the only commercial bank globally at the OECD Roundtable for Financing Water. Recognising our commitment, we are now the only bank on the advisory board

Innovative sustainable financing solutions for our clients

Sustainability improvement loans	Green / sustainable loans	Green / social bonds
BARRY CALLEBAUT LafargeHolcim EDF gasNatural	MARINE CONTRACTORS	KOMMUNAL KREDIT DBS

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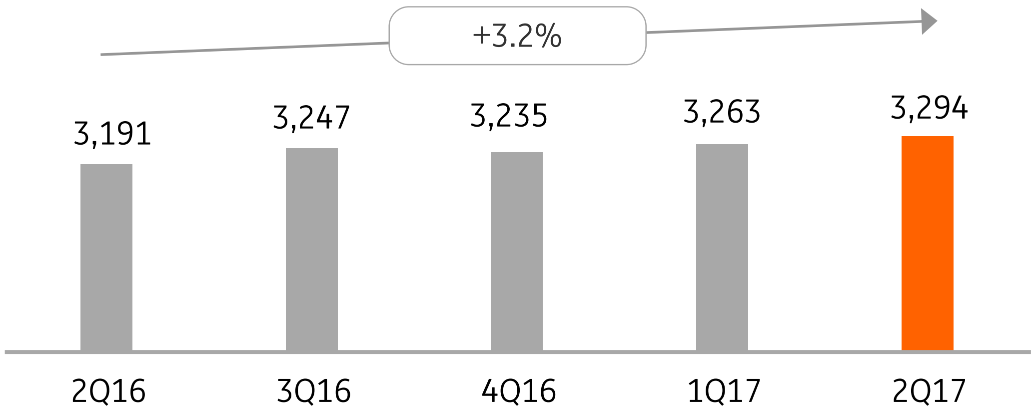
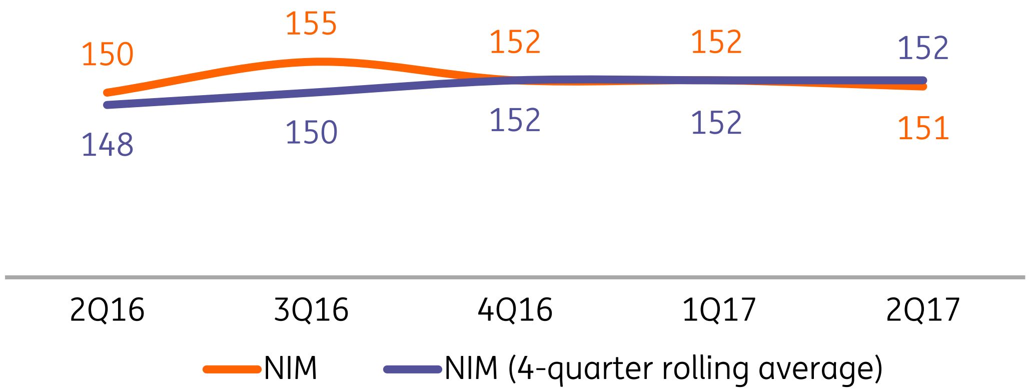
Update 2Q17 results

Robust NII supported by volume growth and margin resilience

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



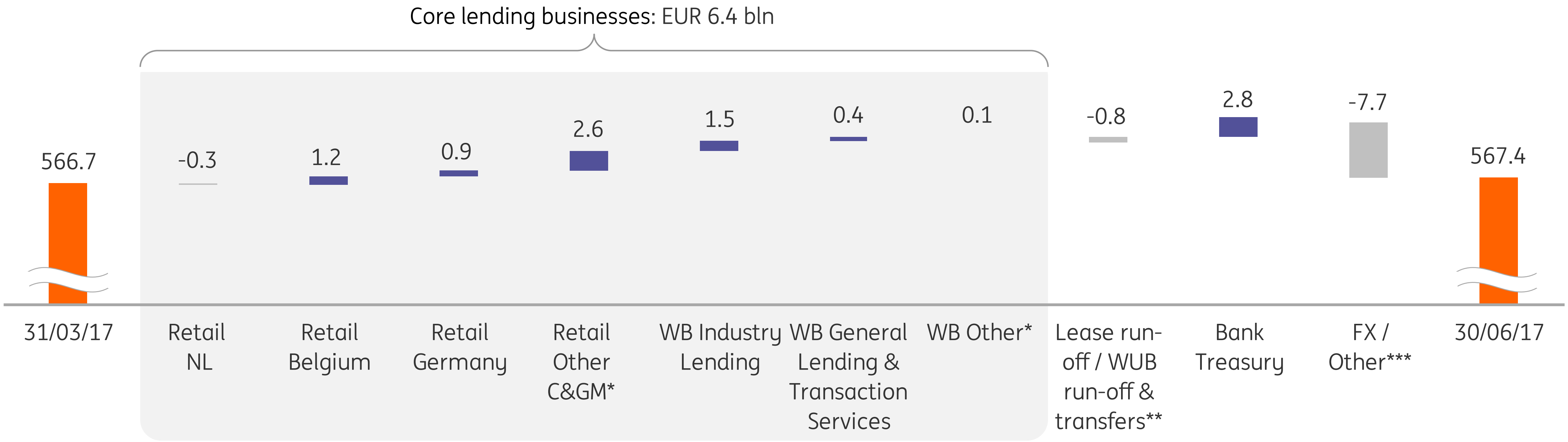
Net interest margin remains broadly stable (in bps)



- Net interest income excluding Financial Markets was up 3.2% versus 2Q16 and up slightly on the previous quarter:
  - Continued volume growth in mortgages as well as other Retail and Wholesale Bank lending
  - Retail lending margins narrowed somewhat sequentially; savings margin improved supported by further core savings rate adjustments
- Net interest margin down slightly quarter-on-quarter, caused by a 1 bp negative impact from lower net interest income within Financial Markets

Our core lending franchises grew by EUR 6.4 bln in 2Q17

Customer lending ING Group 2Q17 (in EUR bln)



- Our core lending franchises grew by EUR 6.4 bln in 2Q17:
  - Retail Banking increased by EUR 4.4 bln, mainly in the Other Challengers & Growth Markets and skewed towards non-mortgage lending
  - Wholesale Banking increased by EUR 2.0 bln, largely attributable to Industry Lending

* 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 transfer to NN was EUR -0.3 bln
*** FX impact was EUR -7.3 bln and Other EUR -0.4 bln

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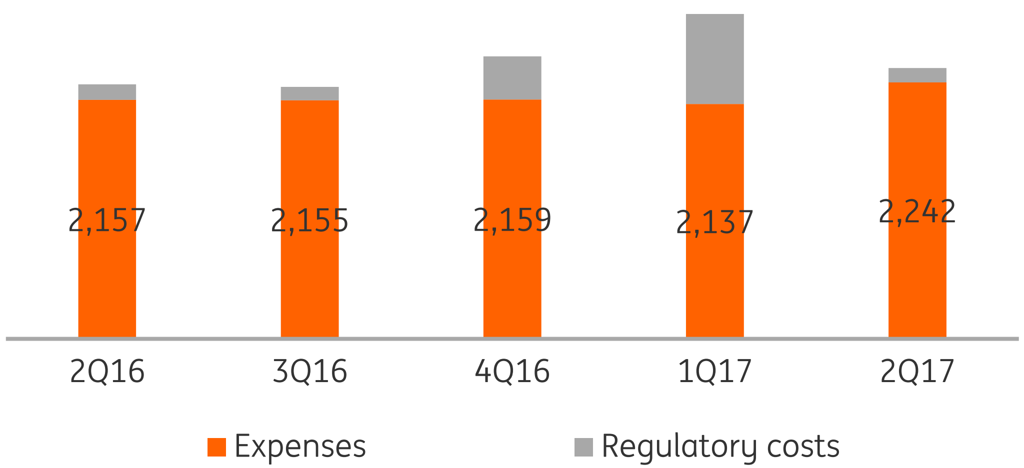
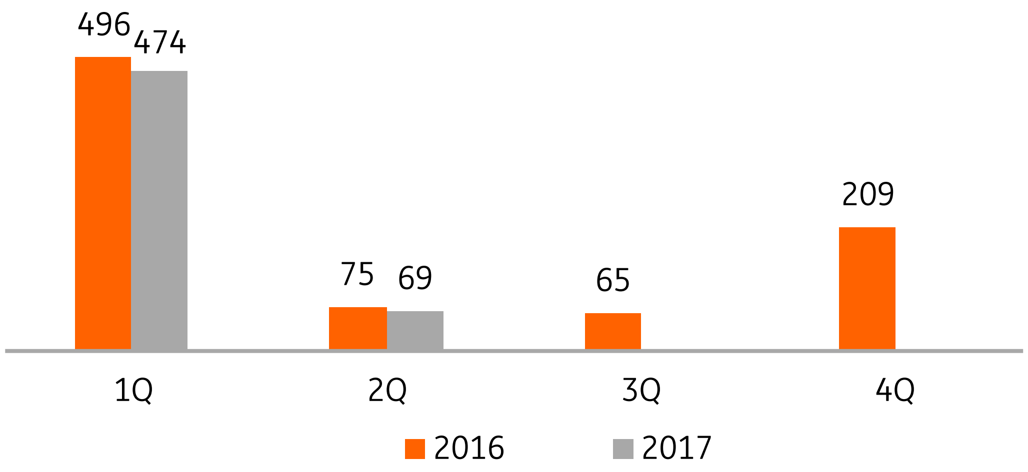
Operating expenses up modestly; regulatory costs stable YoY

Underlying operating expenses (in EUR mln)

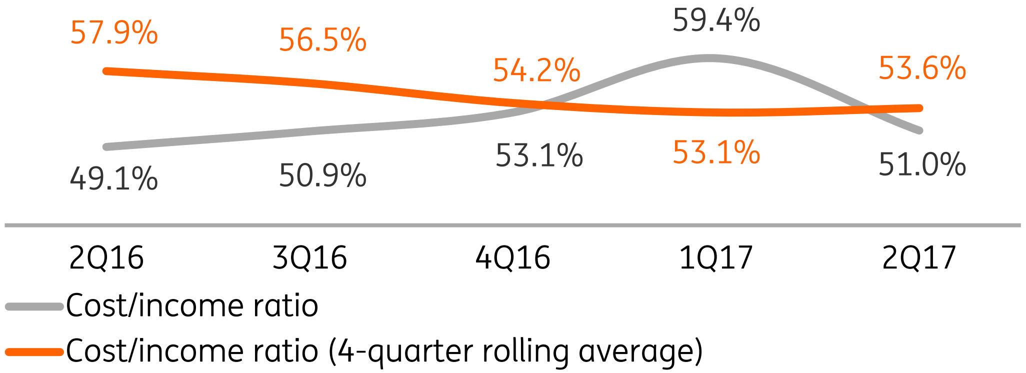


- Expense increase significantly impacted by a provision for a litigation related to a business that was discontinued in Luxembourg around the year 2000
- Excluding the legal provision, underlying expenses edged up as higher expenses to support business growth and transformation were only partly offset by ongoing cost-saving initiatives
- 2Q17 regulatory costs in line with last year and benefited from a downward adjustment of Belgian DGS contribution

Regulatory costs experience seasonality (in EUR mln)



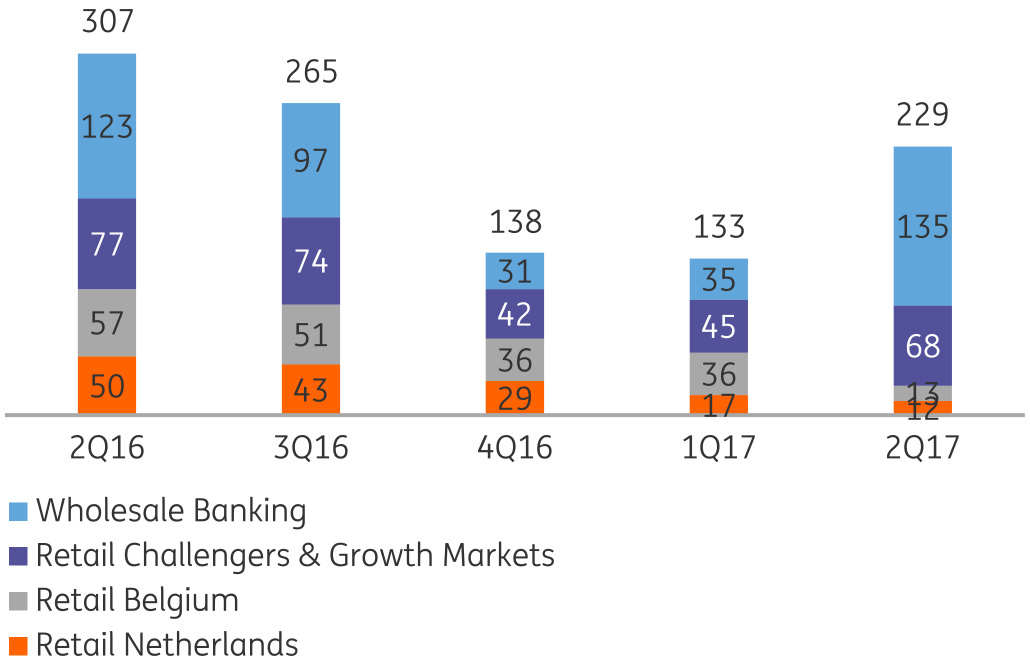
4-quarter rolling cost/income ratio broadly stable



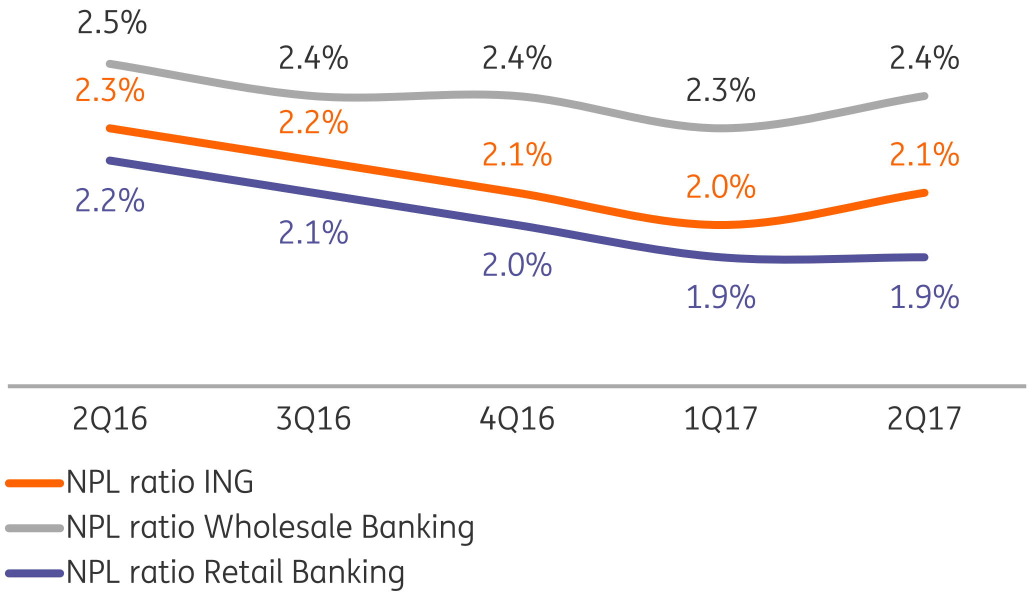
Asset quality

Risk costs up due to fewer releases; NPLs remain favourably low

Risk costs (in EUR mln)



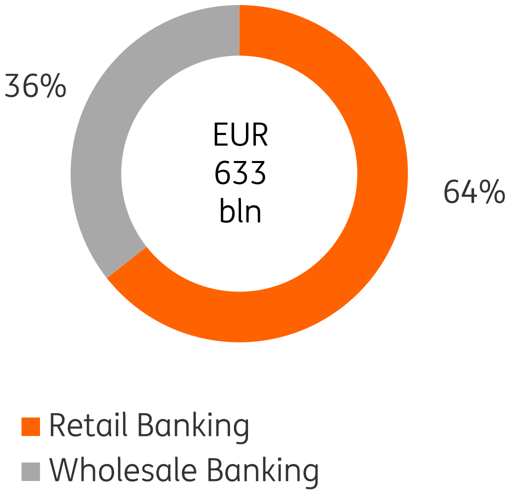
NPL ratio



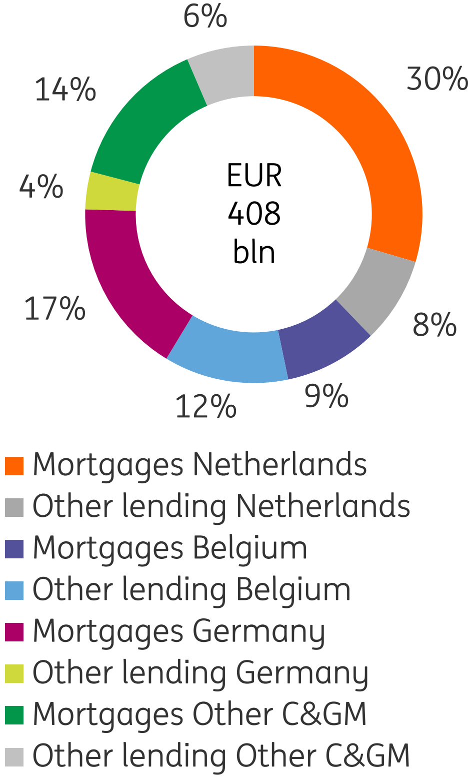
- 2Q17 risk costs were EUR 229 mln, or 30 bps of average RWA, well below the 40-45 bps through-the-cycle average
- Retail Benelux risk costs were substantially lower again due to improved macro-economic and housing market conditions
- In Wholesale Banking, there were higher risk costs for some larger files in Structured Finance

Lending credit outstandings are well-diversified

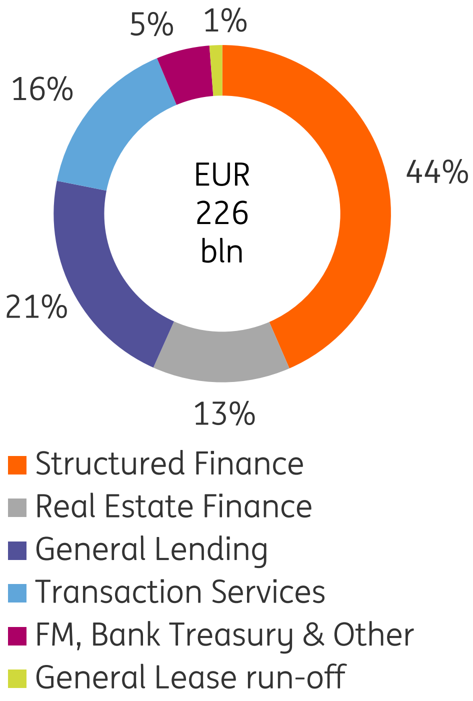
ING Group*



Retail Banking*



Wholesale Banking*



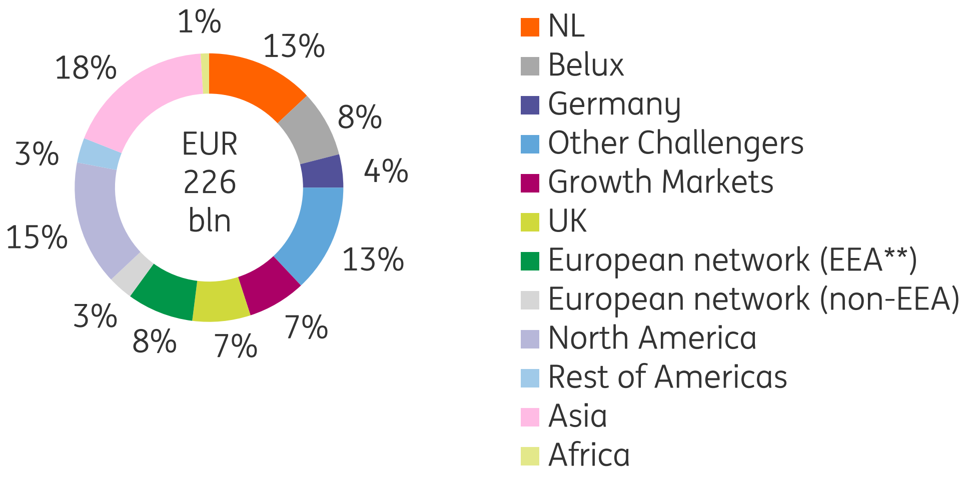
- ING has a well-diversified and collateralised loan book with a strong focus on own-originated mortgages
- 64% of the portfolio is retail-based

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

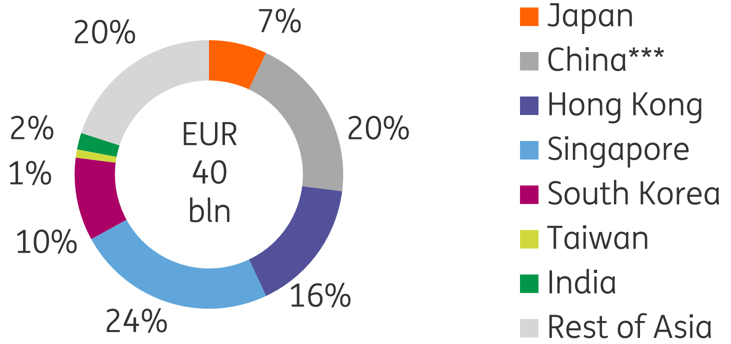
Wholesale Banking lending credit outstandings well-diversified by geography and sector

Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (2Q17)*

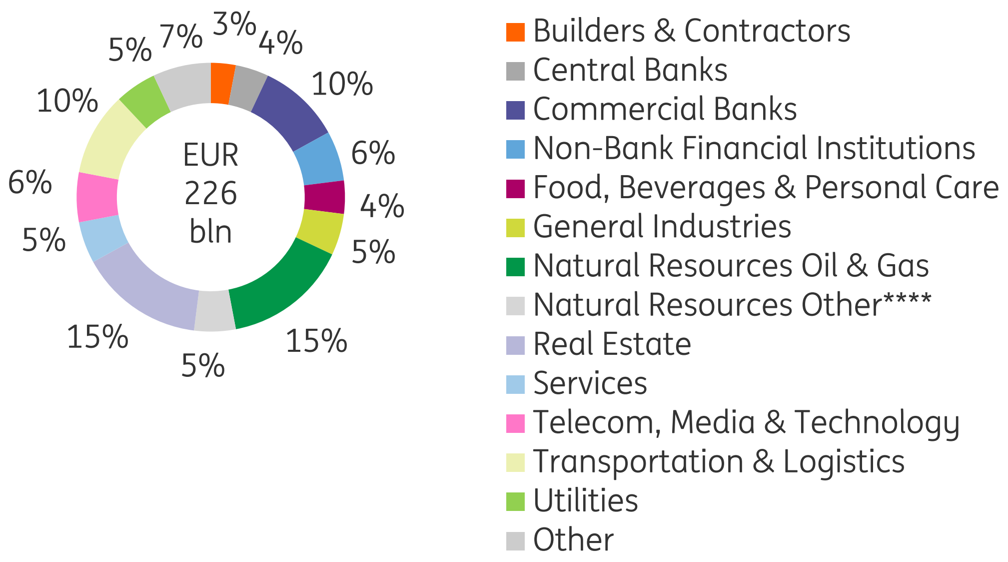


Lending Credit O/S Asia (2Q17)*



…and sectors

Lending Credit O/S Wholesale Banking (2Q17)*



* 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 2.6 bln at 30 June 2017)
**** Mainly Metals & Mining

Detailed NPL disclosure on selected lending portfolios

Selected lending portfolios

	Lending credit O/S 2Q17	NPL ratio 2Q17	Lending credit O/S 1Q17	NPL ratio 1Q17	Lending credit O/S 2Q16	NPL ratio 2Q16
Wholesale Banking	**225,566**	**2.4%**	**234,175**	**2.3%**	**214,059**	**2.5%**
Industry Lending	127,907	2.6%	131,979	2.4%	119,120	2.5%
Of which Structured Finance	98,084	2.8%	102,826	2.4%	91,909	2.4%
Of which Real Estate Finance	29,823	1.9%	29,153	2.4%	27,211	3.0%
Selected industries*						
Oil & Gas related	34,287	3.6%	36,495	2.7%	30,746	2.8%
Metals & Mining**	14,529	5.0%	15,485	4.4%	14,541	5.9%
Shipping & Ports***	13,452	6.8%	14,384	6.6%	12,857	4.4%
Selected countries						
Turkey****	17,035	2.5%	17,524	2.4%	19,917	2.0%
China*****	7,934	0.0%	8,544	0.0%	6,719	0.0%
Russia	4,946	3.0%	5,117	3.1%	5,851	3.0%
Ukraine	953	51.6%	1,077	48.5%	1,223	57.0%

* Includes WB Industry Lending, General Lending (CFIL) and Transaction Services
** Excluding Ukrainian and Russian Metals & Mining exposure, the NPL ratio would be 1.7%
*** 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 9.3 bln)
***** China exposure is excluding Bank of Beijing stake

Group capital

Group CET1 ratio stable at 14.5%; interim dividend of EUR 0.24

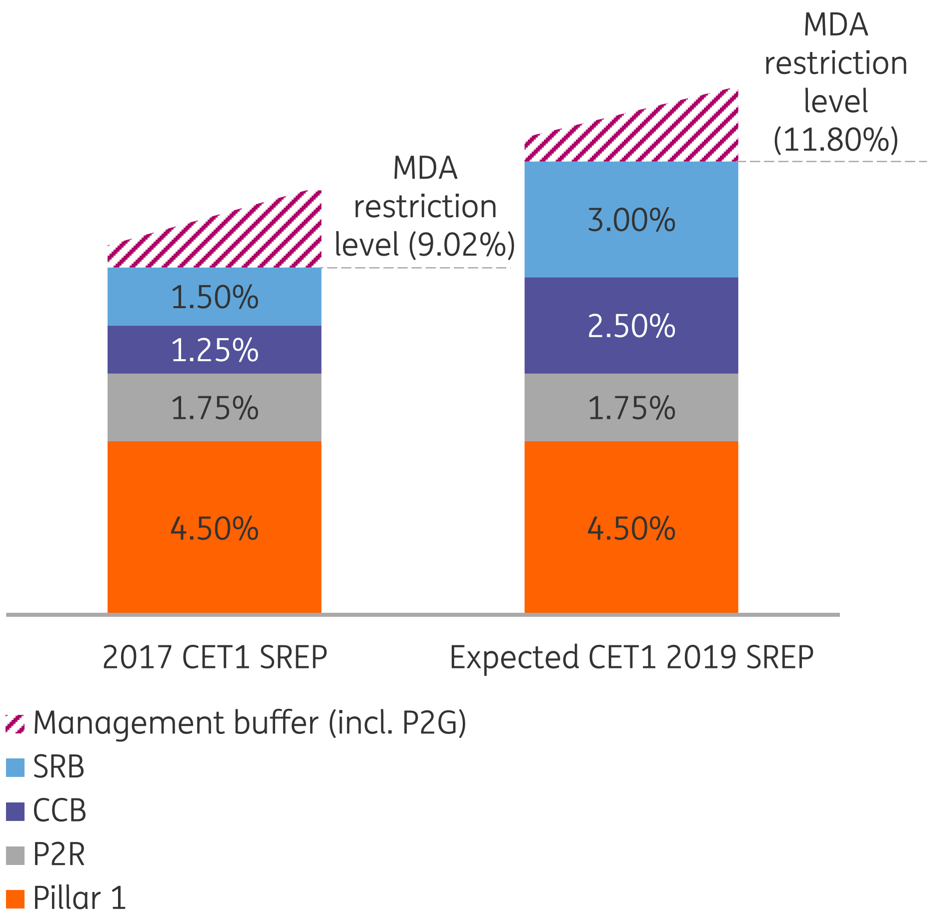
ING Group fully-loaded CET1 ratio development

- ING Group's 2Q17 fully loaded CET1 was stable at 14.5% as the inclusion of EUR 0.5 bln of net profit as well as FX impacts were largely offset by an increase in risk-weighted assets due to lending growth and model updates
- ING reserves an amount equal to one third of the 2016 total dividend in each of the first three quarters of 2017
- Interim cash dividend of EUR 0.24 per ordinary share, unchanged from the 2016 interim cash dividend, to be 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

* 2Q17 Group net profit of EUR 1,371 mln of which EUR 853 mln set aside for dividends and the remainder (EUR 518 mln) added to CET1 capital
** FX impact includes both FX impact on revaluation reserves and RWA
*** Including Countercyclical buffer of 0.02% for 2017 and 0.05% for 2019

ING Group's 2016 SREP process completed

ING Group SREP and Ambition*



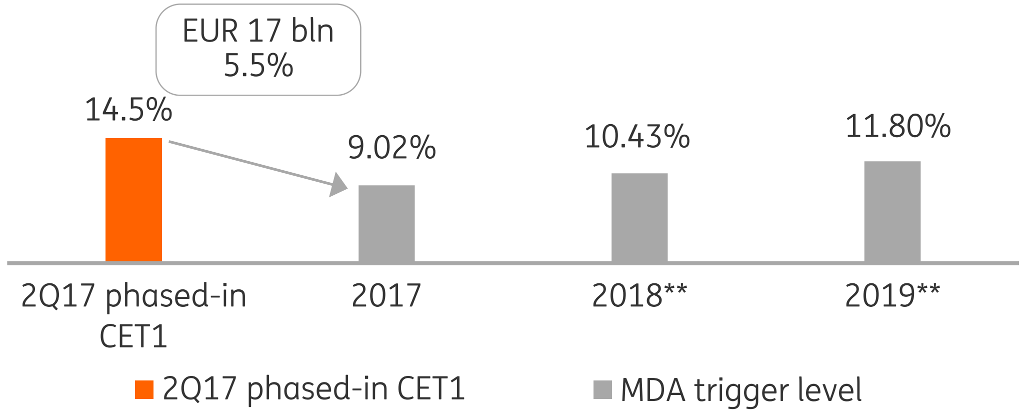
* Including Countercyclical buffer of 0.02% for 2017 and 0.05% for 2019

2016 SREP (Supervisory Review and Evaluation Process)

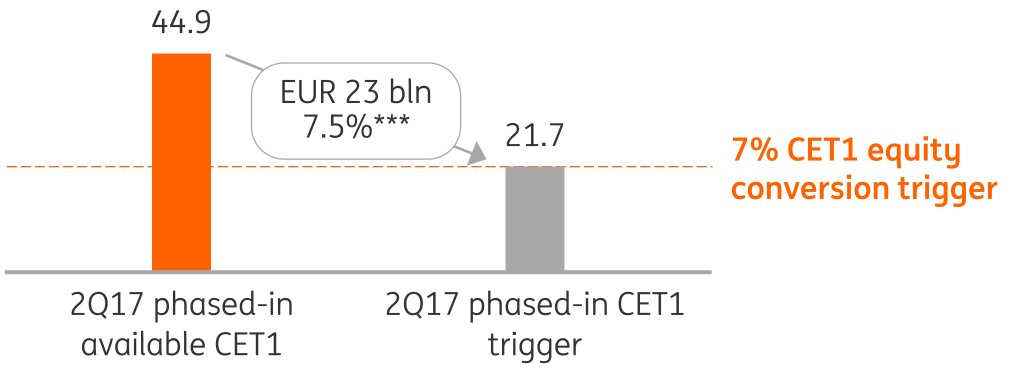
- ING Group has been notified of the European Central Bank (ECB) decision on the 2016 SREP which will set the capital requirements for 2017
- A 9.02% phased-in CET1 ratio requirement applies for 2017, of which:
  - 4.50% Pillar 1 minimum (P1)
  - 1.75% Pillar 2 Requirement (P2R)
  - 1.25% Capital Conservation 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 2Q17*



Buffer to Conversion Trigger 2Q17 (in EUR bln)



Buffer to MDA	• MDA restrictions will apply if ING Group breaches Combined Buffer Requirements (CBR) • Under the new MDA framework, ING's trigger level 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 2Q17, the buffer to the 2017 MDA restriction level is EUR 17 bln or 5.5% of RWAs • This excludes EUR 1.7 bln of interim profits that we have set aside for dividends in 1H17
Buffer to Conversion Trigger	• The ING Group phased-in capital buffer to conversion trigger (7% CET1) is high at EUR 23 bln
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, compared to EUR 36 bln in 2015

* Including Countercyclical buffer of 0.02% for 2017 and 0.05% for 2018 and 2019
** Subject to SREP process, assumes no change in P2R
*** Difference between 14.5% ING Group phased-in CET1 ratio in 2Q17 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
- Execution of current TLAC plans may provide rating upside
- Business model has limited exposure to volatile investment banking activities

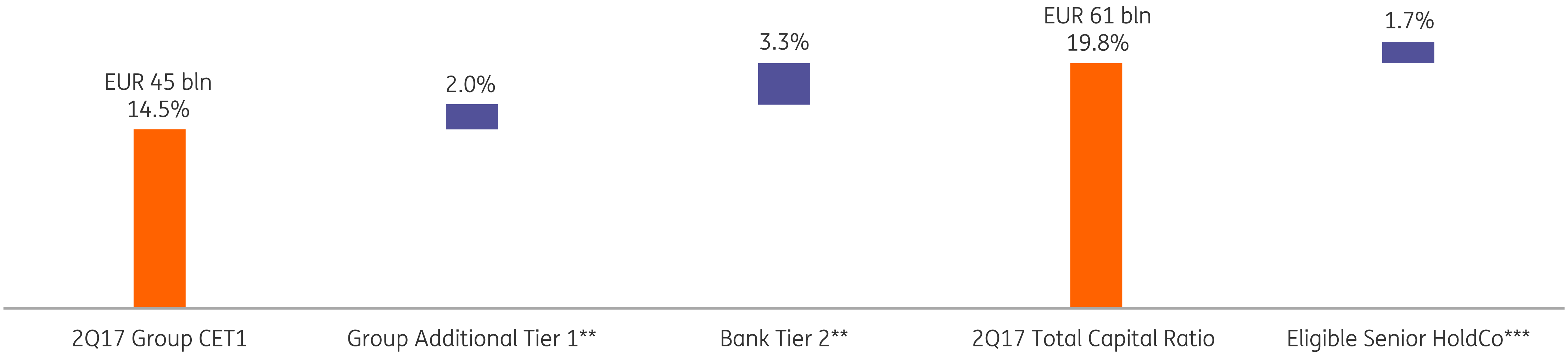
...which provides flexibility for TLAC issuance plans

- 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 1H17
- HoldCo rated Baa1 / A- / A+
- Rating uplift to 'A+' by S&P on expectations that "*in the coming two years ING Group will build a sizable buffer of bail-in-able debt protecting its bank's senior creditors, while maintaining strong capital adequacy metrics thanks to resilient financial performance*"*
- ING's Wholesale Banking portfolio consists mainly of Industry Lending, General Lending and Transaction Services

* Most recent S&P credit opinion published 26/07/2016

TLAC requirements are manageable…

ING Group 2Q17 capital position*

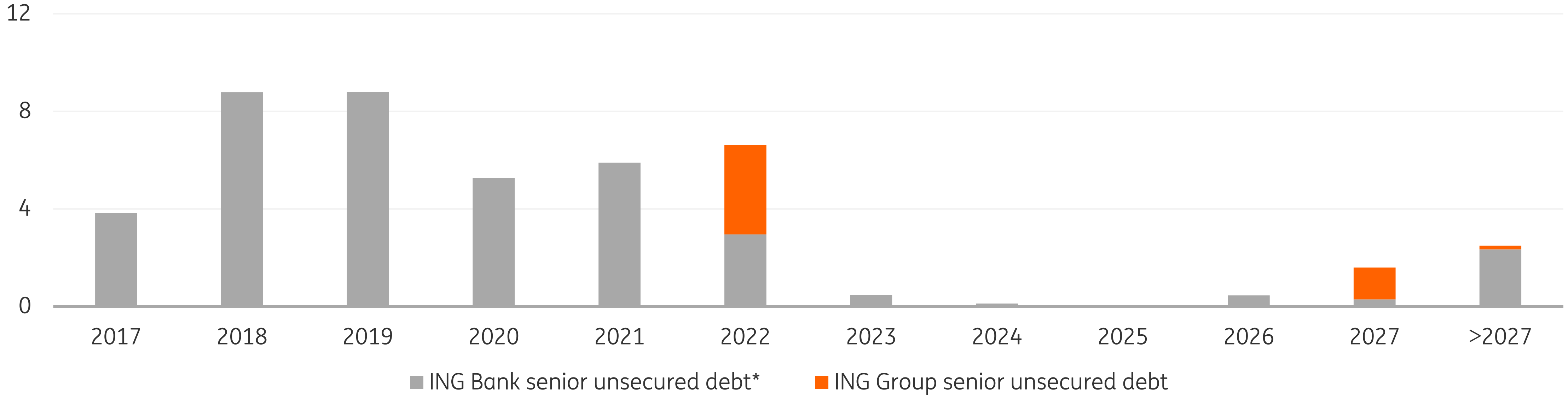


- ING had a successful start to its TLAC issuance strategy with EUR 5 bln of Senior HoldCo debt issued in March/April 2017
- The pro-forma TLAC ratio would be 21.5%, in line with the 2019 TLAC requirements
- MREL requirements have yet to be determined and could well be higher
- Any potential (higher) shortfall related to MREL requirements, new regulatory initiatives and balance sheet growth will be met with additional Group issuance

* Concerns fully-loaded ratios
** Including grandfathered securities
*** Ratio as of 2Q17 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

Maturity ladder outstanding long-term senior unsecured debt (in EUR bln)



- ING Bank has EUR 35.5 bln of long-term senior unsecured debt maturing from 2017 until 2022 of which EUR 12.6 bln (4.1% of RWA) is maturing in 2017/2018
- Recycling maturing notes will give us ample flexibility to comply with remaining TLAC requirements

* As per the publication date of this Credit Update 2Q17; ING consolidated figures shown for issued senior bonds are included with a tenor ≥ 1 year

Issuance entities under our approach to resolution

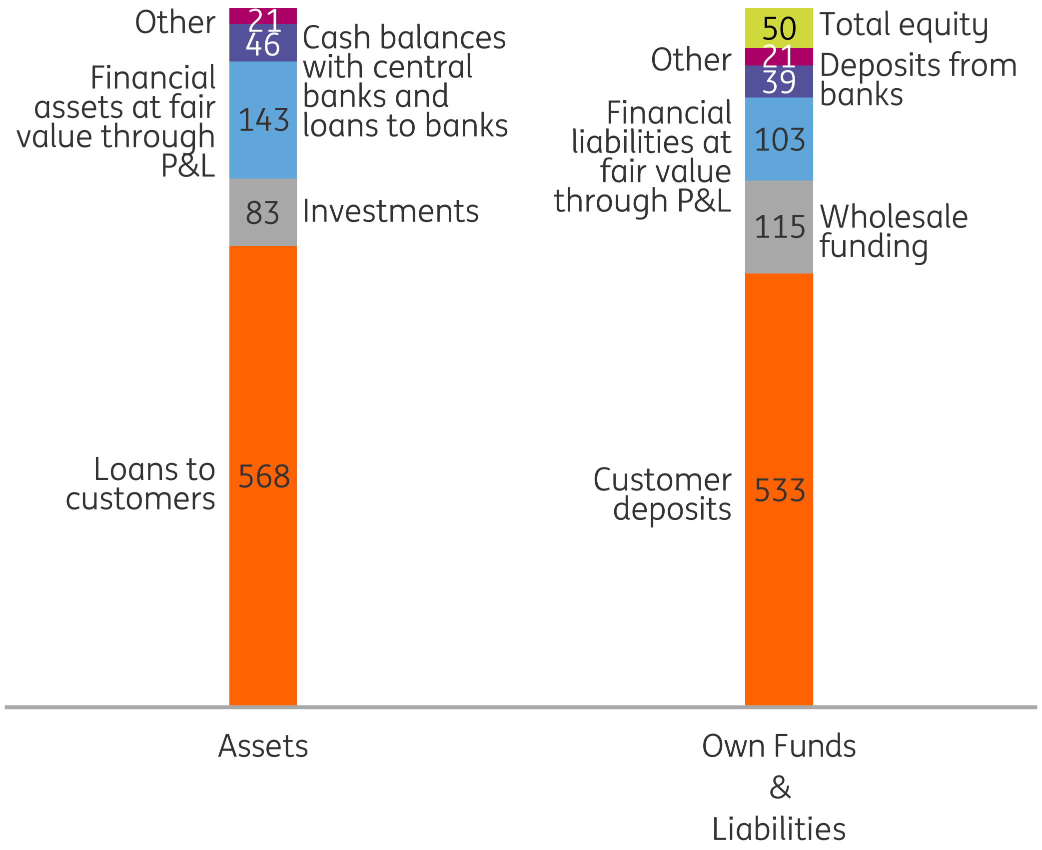
Issuance entities	Instruments
ING Group	• Capital instruments • Senior unsecured debt (TLAC / MREL eligible)
ING Bank	• Covered Bonds / secured funding • Senior unsecured debt (TLAC / MREL ineligible)
Various ING subsidiaries	• Covered Bonds / secured funding • Senior unsecured debt (TLAC / MREL ineligible)

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 June 2017: EUR 862 bln



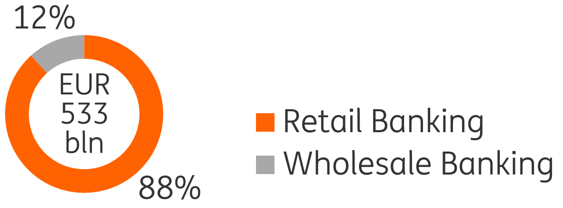
High quality customer loan book

- 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 based
- Attractive loan-to-deposit ratio of 105% as per 30 June 2017

Customer deposits by segment



Conservative trading profile

- Majority of our Financial Markets business is customer flow based where we largely hedge out positions, reflected in large but often off-setting assets and liabilities at FV positions
- Average VaR during 2Q17 remained stable at EUR 7 mln compared to the previous quarter for ING's trading portfolio

Robust rating profile with strong trend over the last quarters

Main credit ratings of ING on 2 August 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	2 notches	N/A
ING Bank NV (OpCo)			
Bank senior LT rating	A+	A1	A+
Outlook	Stable	Positive	Stable
Bank senior ST rating	A-1	P-1	F1
Tier 2	BBB+*	Baa2	A
ING Groep NV (HoldCo)			
Group senior LT rating	A-	Baa1	A+
AT1	BB	Ba1	BBB-

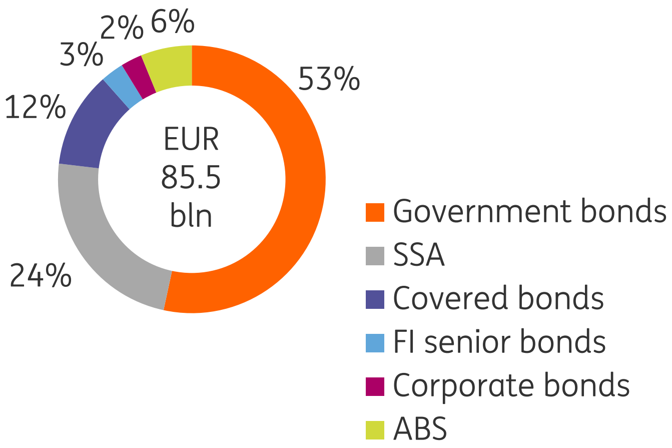
* Tier 2 rating for latest instrument with issuer substitution option via exchange is BBB

Latest ING Bank rating actions

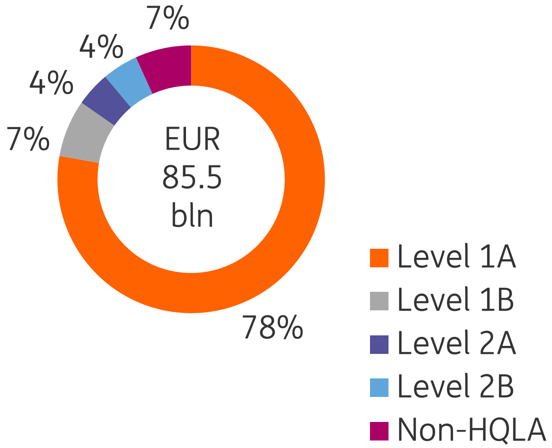
- S&P: Jul-2017 ING Bank was upgraded to 'A+' reflecting expectation that in the coming years ING will build a sizable buffer of bail-in-able debt, while maintaining strong capital adequacy metrics thanks to resilient financial performance, supportive internal capital generation, and a broadly similar risk profile
- Moody's: Apr-2017 outlook change from 'A1' Stable to 'A1' Positive on expected increase of ING Group's bail-in-able debt buffer
- 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
- S&P: Jun-2015 outlook change from 'A' Negative to 'A' Stable on strengthening capital
- Moody's: May-2015 rating uplift from 'A2' to 'A1' following the publication of Moody's new bank rating methodology

Investment portfolio consists of high quality assets

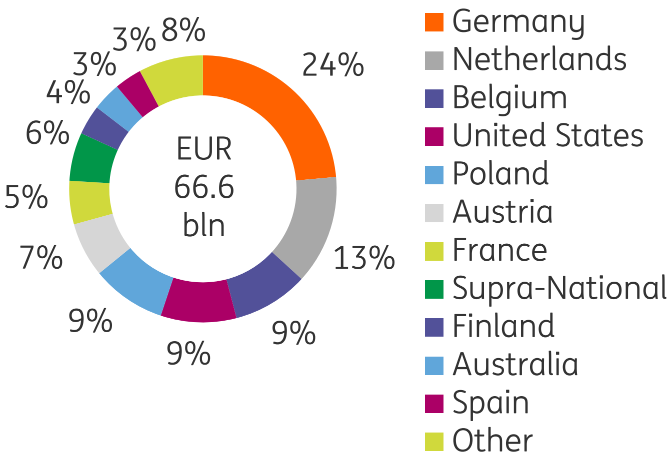
Debt securities by type



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 85.5 bln in 2Q17. The decrease is mainly the result of maturities and sales, notably government bonds and covered bonds, which more than offset new LCR HQLA investments
- EUR 79.7 bln of bonds in the investment portfolio qualify as HQLA (93%) and 72.5 bln of bonds qualify as Level 1 HQLA 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 (compliant)	Nov-16	Apr-22	6.875%	1,000	1,000
USD (compliant)	Apr-15	Apr-20	6.000%	1,000	1,000
USD (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
USD	Oct-03	Jan-09	6.200%	500	500
EUR	Jun-03	Jun-13	10yr DSL +50	750	432
USD	Dec-00	Dec-10	3mL + 360	1,500	522

Tier 2 securities issued by Group

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

Tier 2 securities issued by Bank

Currency	Issue date	First call date	Maturity	Coupon	Outstanding**
EUR (compliant)	Feb-14	Feb-21	Feb-26	3.63%	1,500
USD (compliant)	Nov-13	Nov-18	Nov-23	4.13%	2,058
EUR (compliant)	Nov-13	Nov-18	Nov-23	3.50%	1,057
USD (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

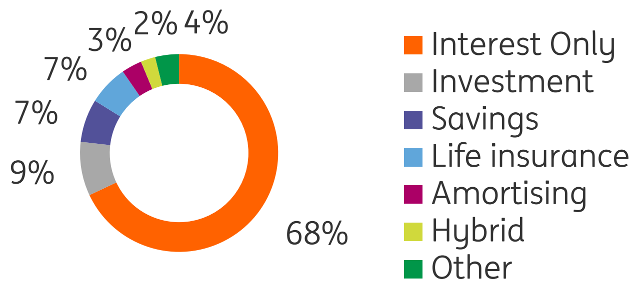
ING Bank's covered bond programme...

- 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 June 2017, no arrears > 90 days in the cover pool
  - Strong Dutch legislation with min. legally required OC of 5% and LTV cut-off rate of 80%
- Latest investor reports are available on www.ing.com/IR

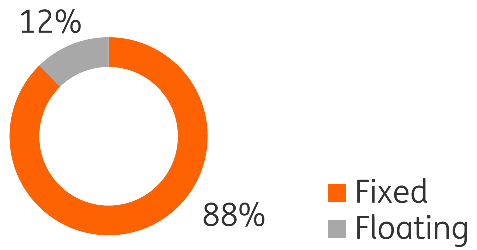
Portfolio characteristics (as per 30 June 2017)

Net principal balance	EUR 30,381 mln
Outstanding bonds	EUR 22,699 mln
# of loans	181,696
Avg. principal balance (per borrower)	EUR 167,205
WA current interest rate	3.21%
WA maturity	18.4 years
WA remaining time to interest reset	5.6 years
WA seasoning	11.2 years
WA current indexed LTV	73.3%
Min. documented OC	17.9%
Nominal OC	33.8%

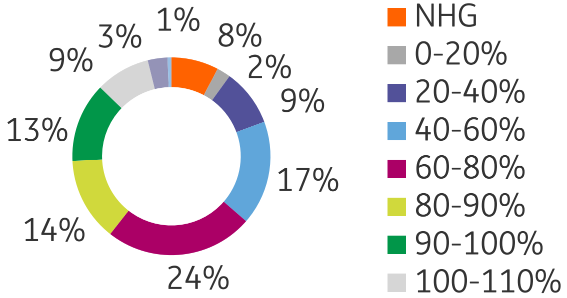
Repayment type



Interest rate type

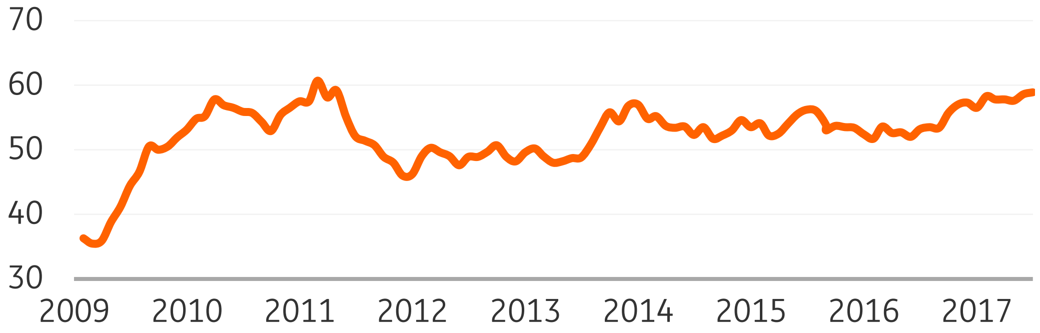


Current Indexed LTVs

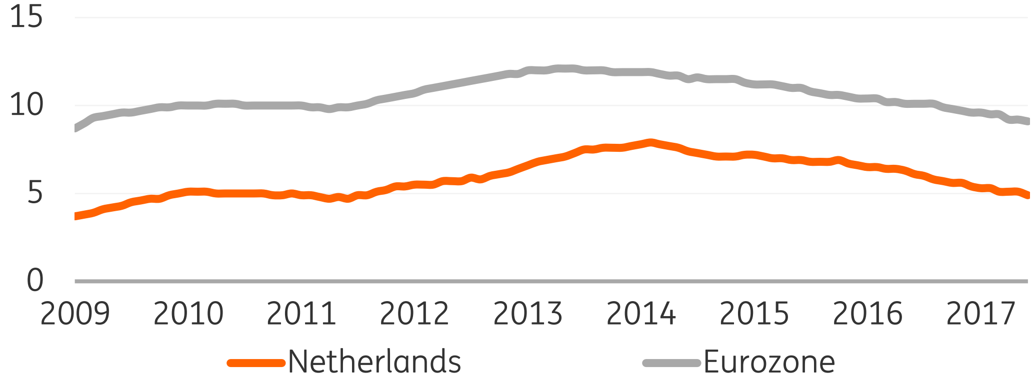


...benefiting from continued improvement of the Dutch economy and housing market

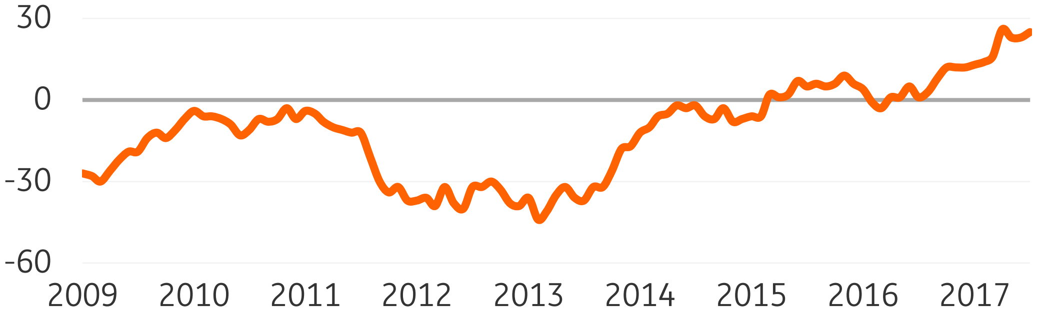
Dutch Purchasing Managers Index (PMI) was 58.9 in July 2017, which indicates positive growth in industry



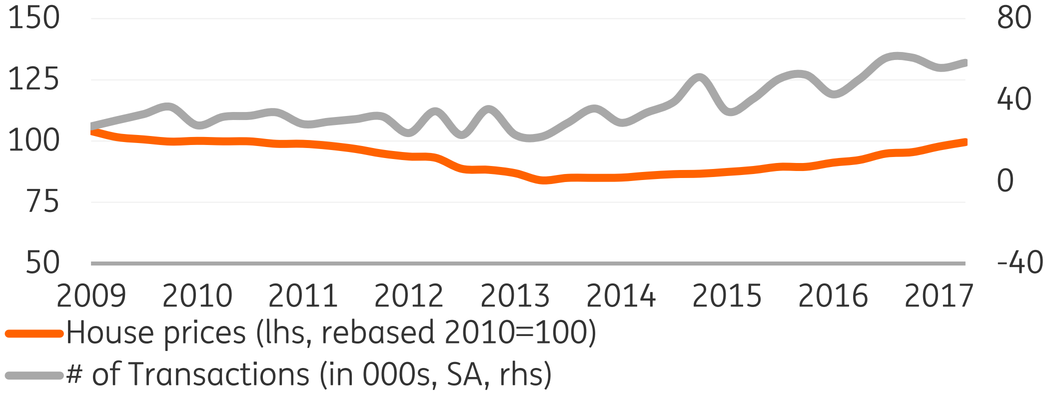
Unemployment rates (%) continue to decline



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

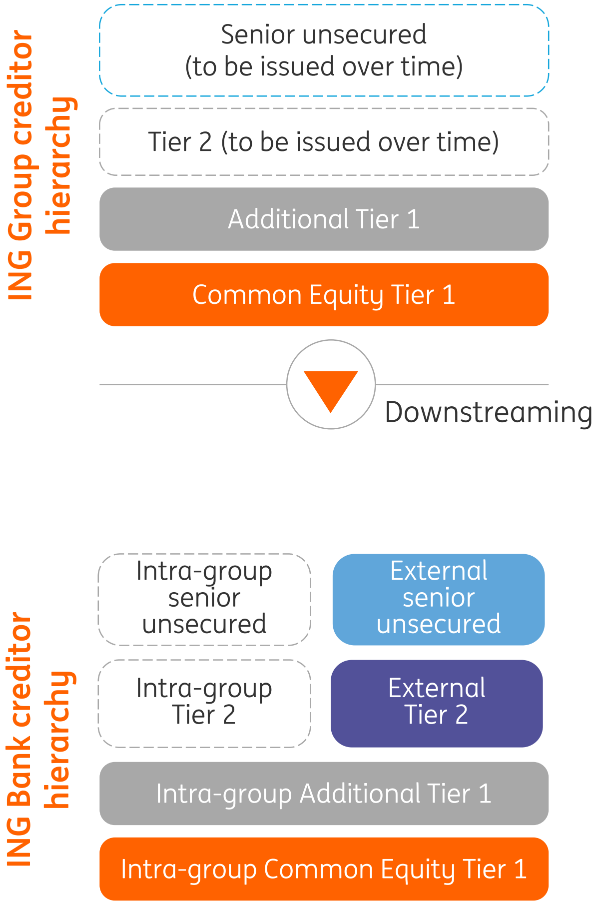
Pre-resolution tools			Resolution tools	Insolvency tools
Going concern	**Recovery**	**PONV**	**Resolution**	**Liquidation**
• Dividend payments • AT1 coupon payments	• Dividends, AT1 coupons and variable remuneration subject to MDA restrictions • AT1 instruments convert into equity upon a breach of CET1 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

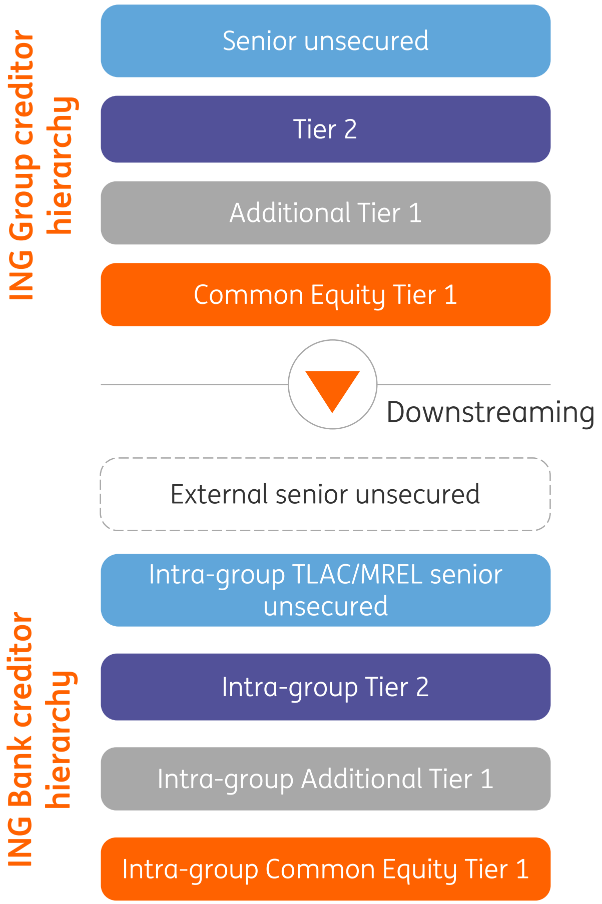
* Certain exemptions may apply

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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