ING Credit Update 1Q19

Amsterdam • 2 May 2019

thinkforward

ING

Key points

- ING posted 1Q19 net profit of €1,119 mln
- Results were supported by solid income despite challenging market conditions, good cost control, relatively low risk costs, and the release of a currency translation reserve
- On a four-quarter rolling average basis, underlying return on equity was 11.0%
- ING Group's CET1 ratio improved to 14.7% supported by the sale of ING's stake in Kotak Mahindra Bank
- We continue to improve the way we manage non-financial risk; global KYC enhancement programme is rolled out across more than 40 countries and 38 million customers with over 2,500 FTEs working on KYC across the bank
- Total issuance YTD 2019 was €11.6 bln with ~€2 bln maturities* in 1Q19 and ~€8 bln of OpCo Senior maturing in the next 3 quarters

* Excluding €1.5 bln of RMBS

Key value accelerators

Grow **primary customers** in Retail and Wholesale

Increase **cross-buy** leveraging own, partners' and third parties' products

Improve cross-border **scalability**

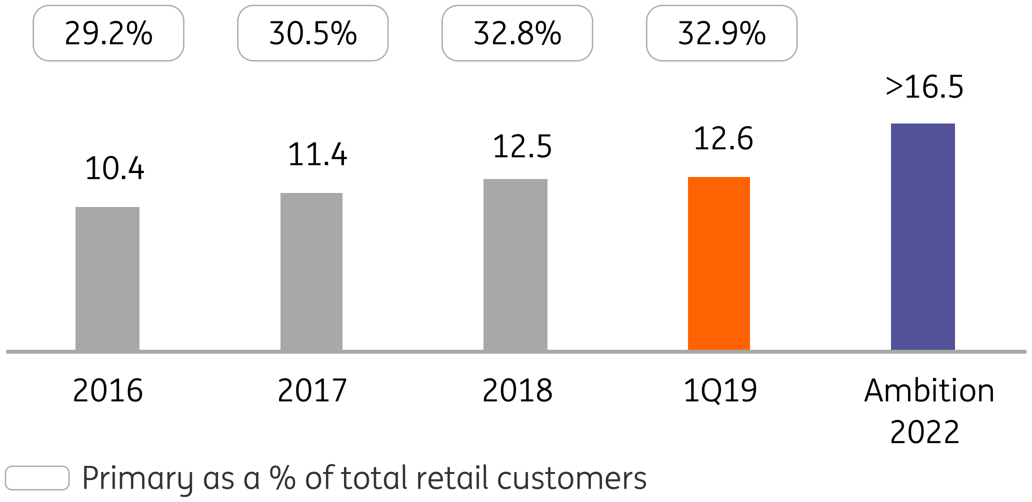
Faster **time-to-volume**

Benefit from attractive funding and lending **mix**

Enhance **sustainability** profile to increase opportunities

Our focus on primary customers and digital drives value

New target to reach 16.5 mln primary customers* by 2022



Core lending

1Q19 net growth

€ **+8.7** bln

Customer deposits

1Q19 net growth

€ **+4.8** bln

Net promoter scores (NPS)

1Q19

#1 in **6** out of 13 retail countries

of digital interactions**

1Q19

1.0 bln

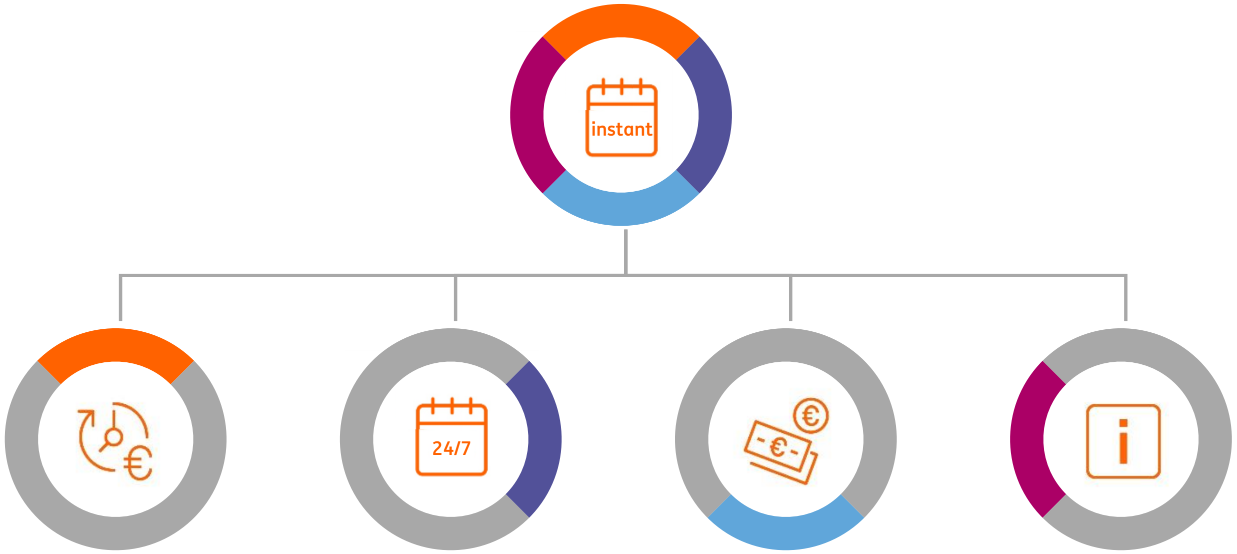
+25.6% YoY

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

* Definition: active payment customers with recurring income and at least one extra active product category
** Log-in to mobile app or Internet banking

New innovative solutions in the Payments and DLT space

Instant payments launched in the Netherlands and Belgium



Within **5 seconds** the money is directly available to the beneficiary

Every moment of the day, **all year round**, no daily cut-off times. **Book date = value date**

Initially payments with maximum of **€15,000 in Europe**, yet **no maximum in NL and BE**

Confirmation of payment (optional)

Main DLT* initiatives of ING in the trade space

- ING joined a consortium with MineHub to develop a blockchain-based platform that would help our clients in the metals and mining sector to lower costs, increase transparency and contribute to sustainable production and trading

MineHub

- First client transaction completed on Komgo, a platform that digitalises and streamlines trade and commodity finance

komgo

* DLT – Distributed Ledger Technology

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We are recognised as an industry leader in sustainability

Strong sustainability deal activity in 1Q19

- In 1Q19, ING has supported the issuance of 12 sustainable bond transactions, leading to a significant improvement in our Green Bond league table position, and 16 sustainable loan transactions of which 4 green loan transactions and 12 sustainability improvement loans, several of them structured by ING
- This included some sustainability 'firsts' as we empower clients in the transition to a low-carbon economy:

RCBC We believe in you.
PHP 15 bln green bond – 1st from the Philippines under ASEAN Green Bond Standards

LeasePlan
€500 mln green bond to finance electric vehicles – 1st for LeasePlan

xylem
$800 mln RCF – 1st sustainability improvement loan in the US general industrial sector

Recognition

SUSTAINALYTICS
Ranked 9th and **Industry Leader** of 336 global banks by Sustainalytics in March 2019

CDP A LIST 2016 CLIMATE
In January 2019, ING was named to **CDP's Climate A-list** for the 4th year running

- Our sustainability expertise was also recognised by several governments:

ING took part in an Austrian government working group on green finance to shape a sustainable future for the country

We received a Polish government mandate to issue euro-denominated green bonds

We were awarded a recurrent mandate to help Spanish regional governments in their sustainability goals

Business profile and strategy

Think Forward has been accelerated through structural changes

Think Forward strategy on a page

Purpose ▶ Empowering people to stay a step ahead in life and in business.

Customer Promise ▶ Clear and Easy | Anytime, Anywhere | Empower | Keep Getting Better

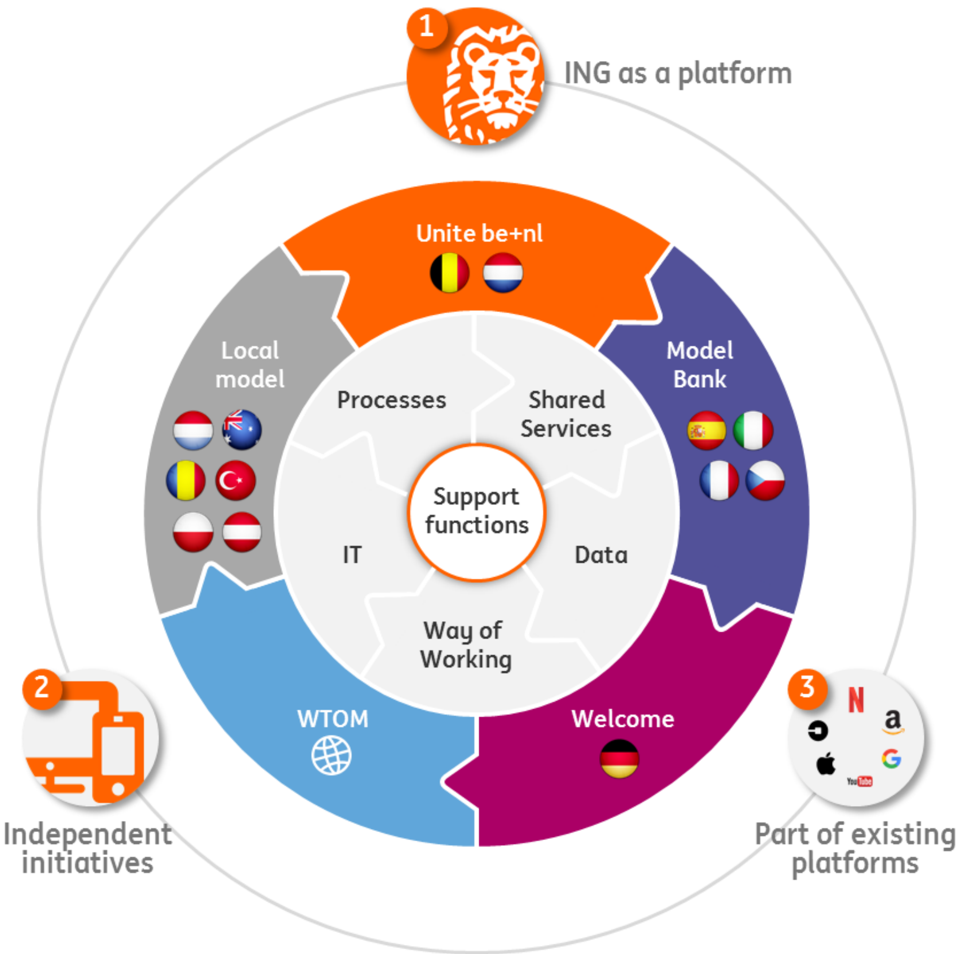
Strategic Priorities ▶

Creating a differentiating customer experience

1. Earn the primary relationship
2. Develop analytics skills to understand our customers better
3. Increase the pace of innovation to serve changing customer needs
4. Think beyond traditional banking to develop new services and business models

Enablers ▶ Simplify & Streamline | Operational Excellence | Performance Culture | Lending Capabilities

Transformation and platform programmes



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We are transforming into a dynamic digital player

	Classic bank	Dynamic digital player
Customers	• Mature, established	• Explorers, change-oriented
Products	• Owned	• Open architecture where relevant
Strategy	• Defensive, cost efficiency-focused	• Offensive, differentiation-focused
Time-to-volume	• Long	• Short
Footprint	• Regional	• Global
Resources	• Branches • Relationship managers • Tailored, country-specific, legacy systems	• Mobile/digital applications • Customer service teams • Modular, scalable, cutting-edge systems
Funding source	• Depositors	• Diversified, incl. directly from third parties
Fee model	• Multiple (high) fees (under threat)	• Relationship contribution fee
Cost drivers	• Personnel, loan loss provisions	• IT infrastructure

Where do we stand in such transition?

Single-market, branch-led, owned-products bank

Cross-border digital scalable player

Retail Benelux

Retail Challengers

Wholesale Banking

Retail Growth Markets

Digital DNA and experience creating cross-border scalability are advantages

20+ years of experience as **direct banking pioneer**

1st bank to implement **agile** way of working

200+ **fintechs** we founded, partnered with and invested in

<9 months to launch **mobile-only** bank in the **Philippines**

Cross-border scalability: reduction of **~600** branches and **~2,000** FTEs uniting BE & NL

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Well-diversified business mix with many profitable growth drivers

Retail Banking
- Focus on earning the primary relationship
- 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

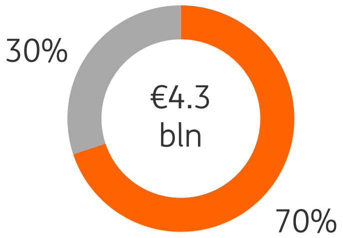
Growth Markets
Poland, Turkey, Romania and Asian bank stakes

Wholesale Banking International Network

Wholesale Banking
- Our business model is similar throughout our global WB franchise of more than 40 countries
- With a sector and client-driven strategy, our global franchises serve corporates, multinational corporations, financial institutions, governments and supranational bodies

Underlying income*

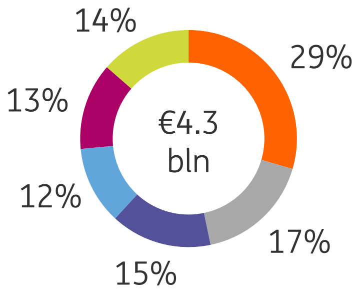
1Q19



- Retail Banking
- Wholesale Banking

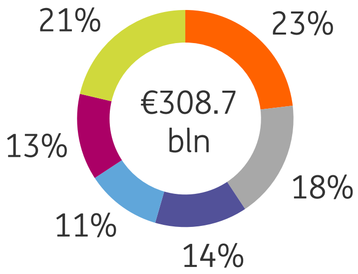
Underlying income*

1Q19



RWA (end of period)*

1Q19



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

* Segment "Other" not shown on the slide. For this segment (Corporate Line and Real Estate run-off portfolio), the underlying income was €233 mln in 1Q19 and RWA was €3.1 bln as per 31 March 2019

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Consistent focus on creating operating leverage

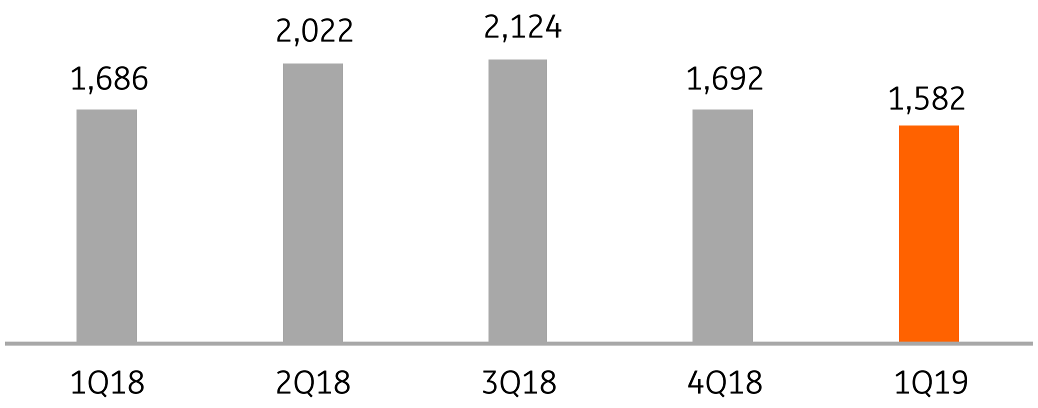
Roadmap from current market positions

	Retail Benelux	Retail Challengers & Growth Markets	Wholesale Banking	Financial ambitions
Income	↓	↑↑	↑	Focus on profitable lending and fee income
Costs	↓↓	↑	=	Cost discipline focus; some increases in markets that grow
Efficiency	↑	↑	↑	
	Scalability, Efficiency	Scalability, Growth	RWA optimisation and ROE focus	

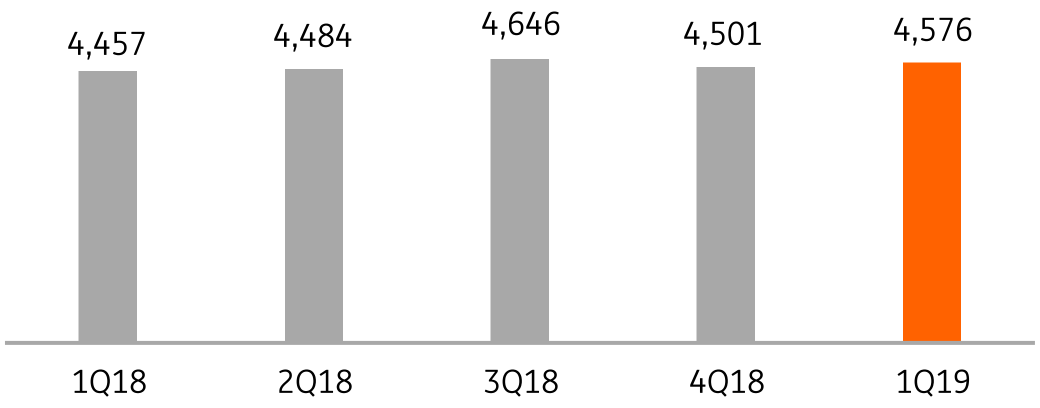
1Q19 results

Pre-tax result reflects solid income and higher but still relatively low risk costs

Underlying pre-tax result (in € mln)



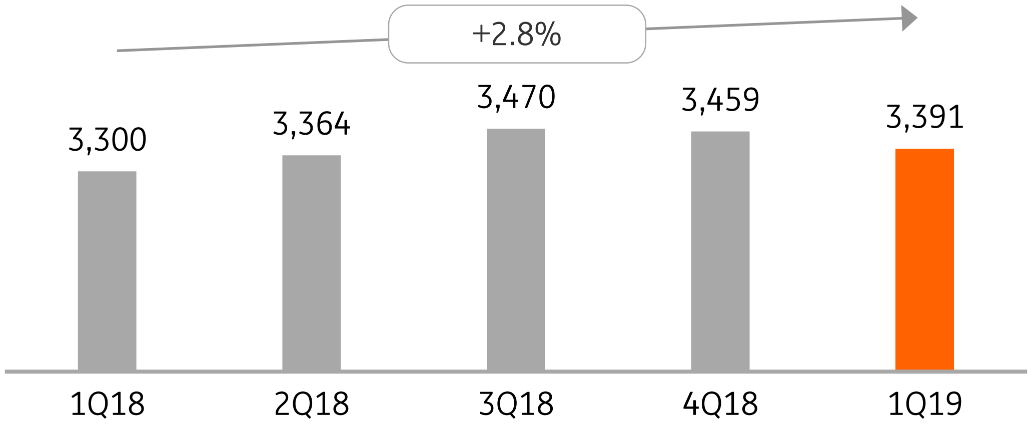
Total underlying income (in € mln)



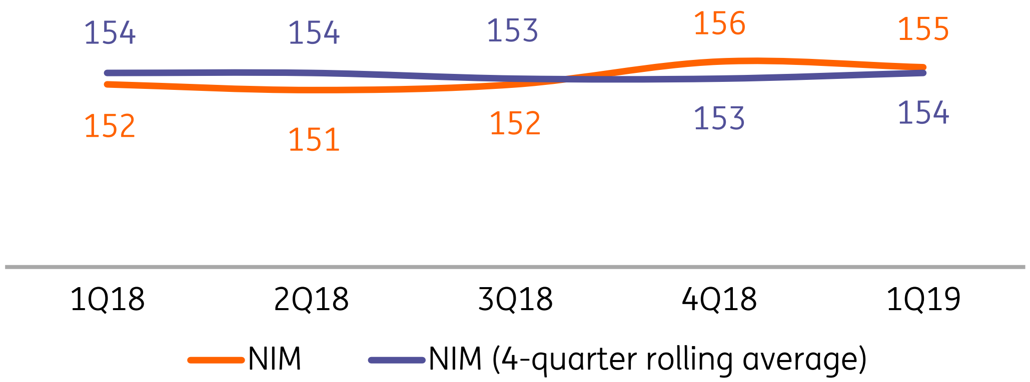
- 1Q19 underlying result before tax was €1,582 mln, down 6.2% from a year ago, fully explained by higher but still relatively low risk costs as an increase in operating expenses was more than offset by higher income
- The increase in total underlying income mainly reflects a €119 mln gain on the release of a currency translation reserve following the sale of ING's stake in Kotak Mahindra Bank in 1Q19. Excluding this gain, income was stable year-on-year as the impact of continued business growth was largely offset by lower Treasury-related revenues and negative valuation adjustments in Financial Markets
- Sequentially, the reduction in pre-tax result was almost fully caused by the seasonally higher regulatory costs recorded in the first quarter

NII improved year-on-year; 4-quarter rolling NIM at 154 bps

Net interest income excl. Financial Markets (FM) (in € mln)



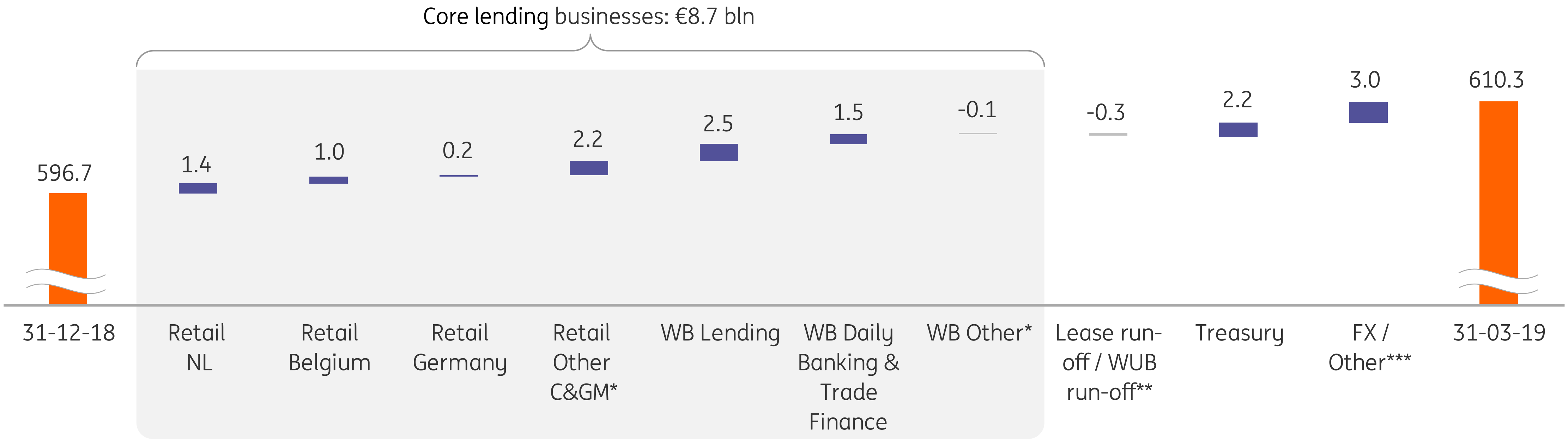
Net interest margin remained resilient in 1Q19(in bps)



- Net interest income, excluding Financial Markets, increased 2.8% compared to 1Q18. The increase was driven by higher interest results on customer lending due to volume growth and an improvement of the interest margin on residential mortgages. The interest margin on other customer lending and customer deposits declined
- Quarter-on-quarter, the decline in NII mirrors similar margin trends as described above despite higher average product volumes in 1Q19
- NIM at 155 bps, one basis point down on 4Q18, attributable to lower (volatile) interest results in Financial Markets, whereas the impact of lower interest margins on non-mortgage lending and customer deposits was offset by a lower average balance sheet

Well-diversified net core lending growth in 1Q19

Customer lending ING Group 1Q19 (in € bln)

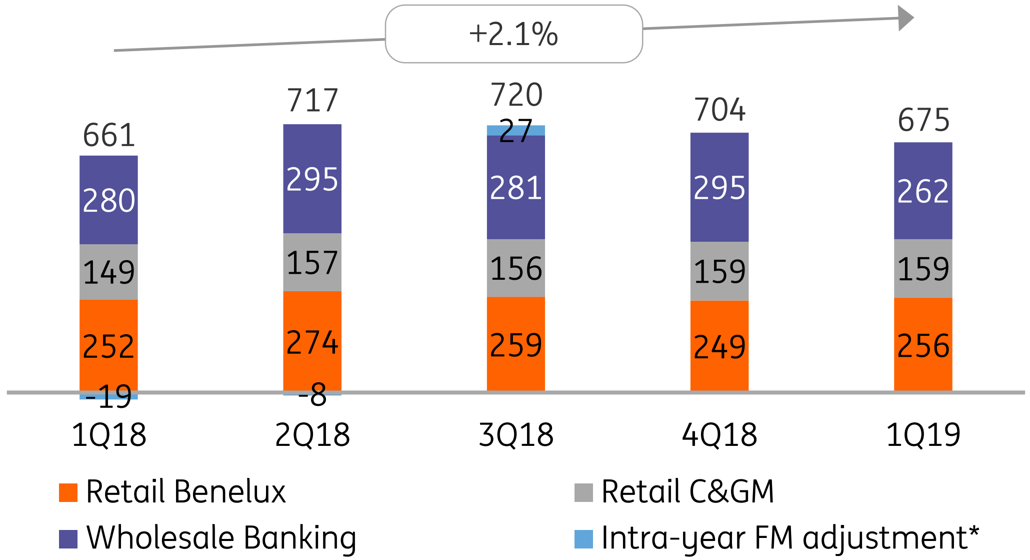


- Our core lending franchises grew by €8.7 bln in 1Q19:
  - Retail Banking increased by €4.8 bln of which €2.9 bln was mortgage growth in most countries and €2.0 bln was other lending growth, primarily in Retail Benelux
  - WB reported an increase of €3.9 bln, including volume growth in oil-price related Trade & Commodity Finance (TCF)

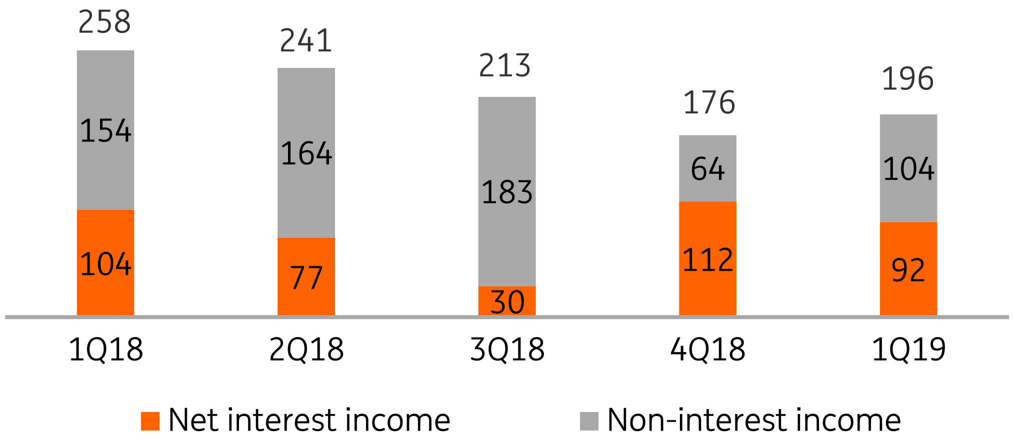
* C&GM is Challengers & Growth Markets; WB Other includes Financial Markets
** Lease and WUB run-off was €-0.3 bln (predominantly WUB)
*** FX impact was €2.4 bln and Other €0.6 bln

Resilient fee income development; challenging quarter for FM

Net fee and commission income (in € mln)



Underlying income Financial Markets (in € mln)



- Net fee and commission income rose to €675 mln from €661 mln one year ago, almost fully explained by higher Retail fees in the Netherlands and Germany, while fees in Turkey and Belgium declined. Fees in Wholesale Banking were down compared to 1Q18
- Sequentially, net fee and commission income fell by €29 mln, predominantly due to seasonally lower deal activity in WB Lending
- Financial Markets' total income was down on 1Q18, mainly caused by negative valuation adjustments which were only partly compensated by higher Rates and Credit Trading. The better trading result was the main explanation for the quarter-on-quarter increase in total income despite the aforementioned negative valuation adjustments in 1Q19

* Increase in Wholesale Banking fees in 3Q18 included €27 mln of income related to Global Capital Markets activities that was recorded under 'other income' in 1H18

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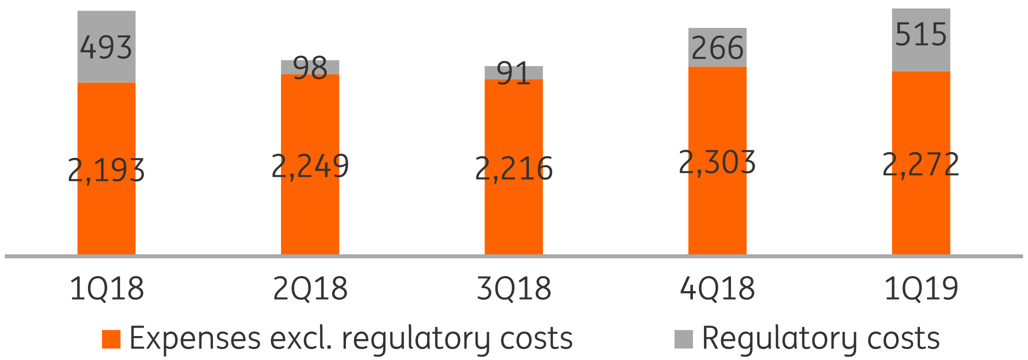
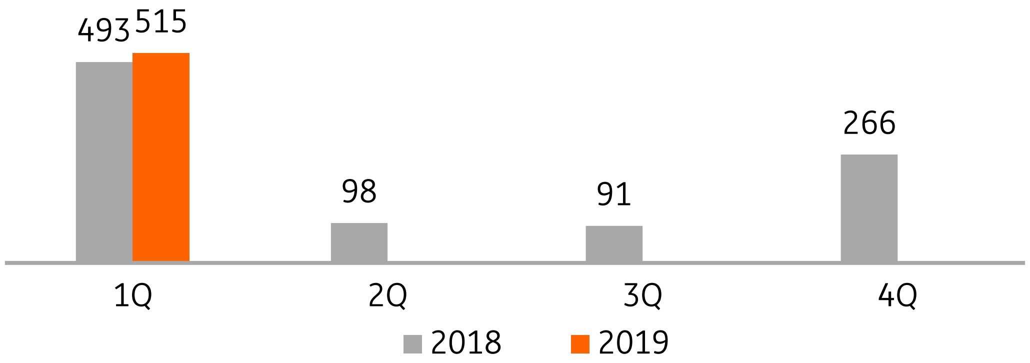
Retail Benelux cost savings underpin well-controlled cost base

Underlying operating expenses (in € mln)

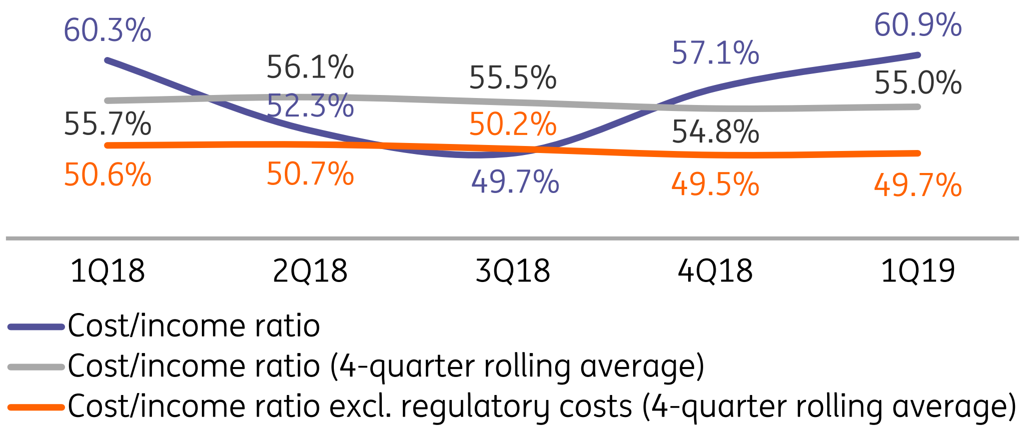


- Expenses excl. regulatory costs rose by €79 mln YoY, mainly in Retail Challengers & Growth Markets and Corporate Line. WB expenses excl. regulatory costs were broadly flat when corrected for the release of a litigation provision in Luxembourg in 1Q18. Retail Benelux recorded lower expenses due to cost savings
- Expenses excluding regulatory costs were down by €31 mln (or -1.3%) QoQ due to lower staff- and transformation-related expenses, as well as lower marketing costs, primarily in Retail Benelux

Regulatory costs* (in € mln)



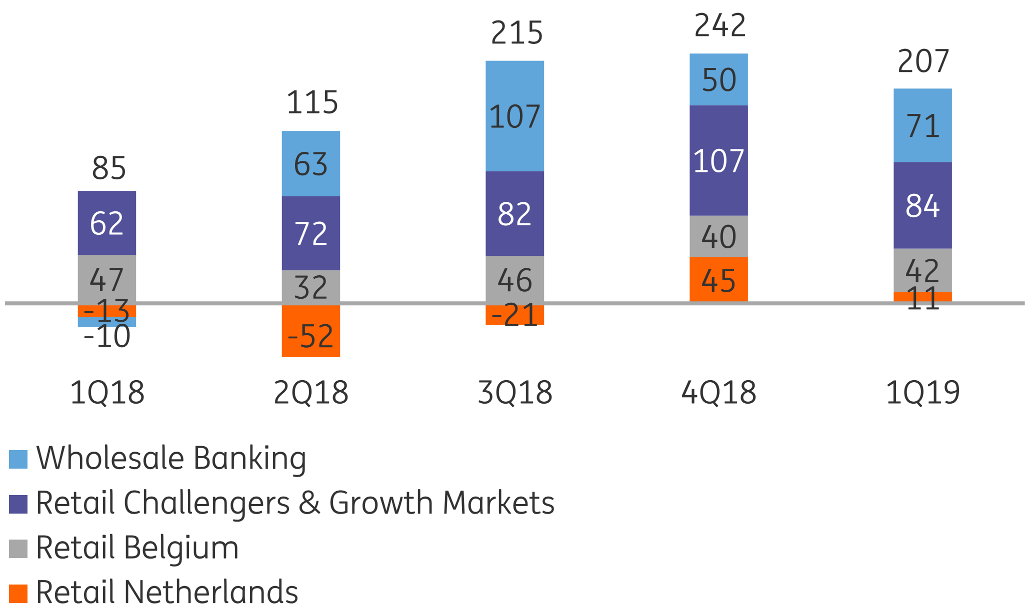
Underlying cost/income ratio



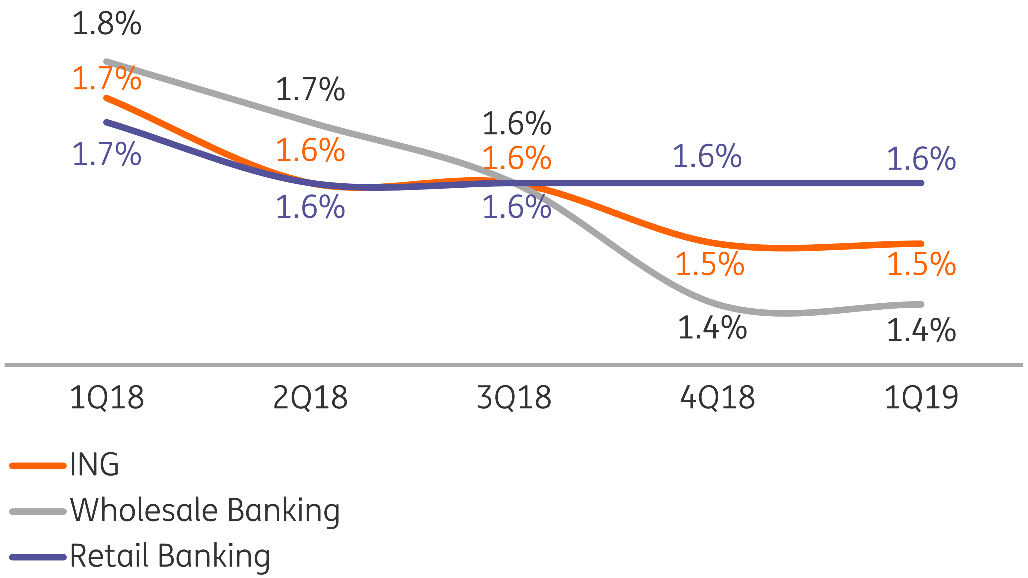
* Formal build-up phase of Deposit Guarantee Schemes (DGS) and Single Resolution Fund (SRF) should be completed by 2024

Risk costs up YoY, but remain below through-the-cycle average

Risk costs (in € mln)



Stage 3 ratio



- 1Q19 risk costs were €207 mln, or 14 bps of average customer lending, below the through-the-cycle average of approx. 25 bps. The bank's Stage 3 ratio remained unchanged at 1.5%
- Retail Netherlands recorded low risk costs of €11 mln in the quarter. Risk costs in Retail Belgium were broadly stable at €42 mln and were mainly related to business lending. Risk costs in the Retail Challengers & Growth Markets (€84 mln) were recorded mainly in Turkey, Spain and Poland, whereas risk costs in Germany were limited at €2 mln
- Wholesale Banking risk costs were €71 mln, mainly caused by a few individual Stage 3 provisions

ING Group financial ambitions

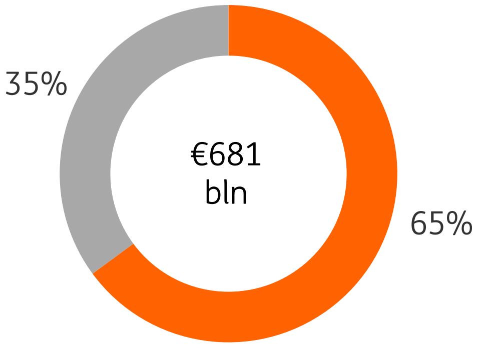
		Actual 2018	**Actual 1Q19**	Financial ambitions
Capital	• CET1 ratio (%)	14.5%	**14.7%**	~13.5%* (Basel IV)
	• Leverage ratio (%)	4.4%	**4.4%**	>4%
Profitability	• Underlying ROE (%)** (IFRS-EU Equity)	11.2%	**11.0%**	10-12%
	• *Underlying C/I ratio (%)***	*54.8%*	***55.0%***	*50-52%*
Dividend	• Dividend (per share)	€0.68		Progressive dividend

* Implies management buffer (incl. Pillar 2 Guidance) of ~170 bps over prevailing fully loaded CET1 requirements (currently 11.81% but is expected to rise to 11.83% by end-2019 and 11.84% in 2020 due to phasing-in of countercyclical buffers)
** 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 31 March 2019, this comprised the 2018 final dividend of €1,712 mln and €882 mln of the 1Q19 interim profit set aside for future dividend payments

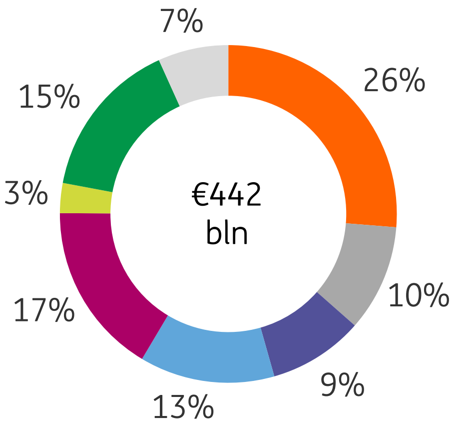
Asset quality

Well-diversified lending credit outstandings by activity

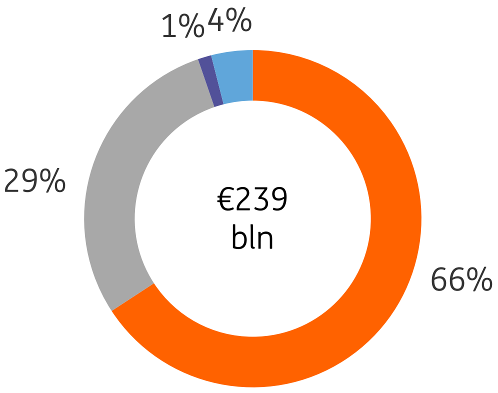
ING Group*



Retail Banking*



Wholesale Banking*



- ING has a well-diversified and well-collateralised loan book with a strong focus on own-originated mortgages; 65% of the portfolio is retail-based

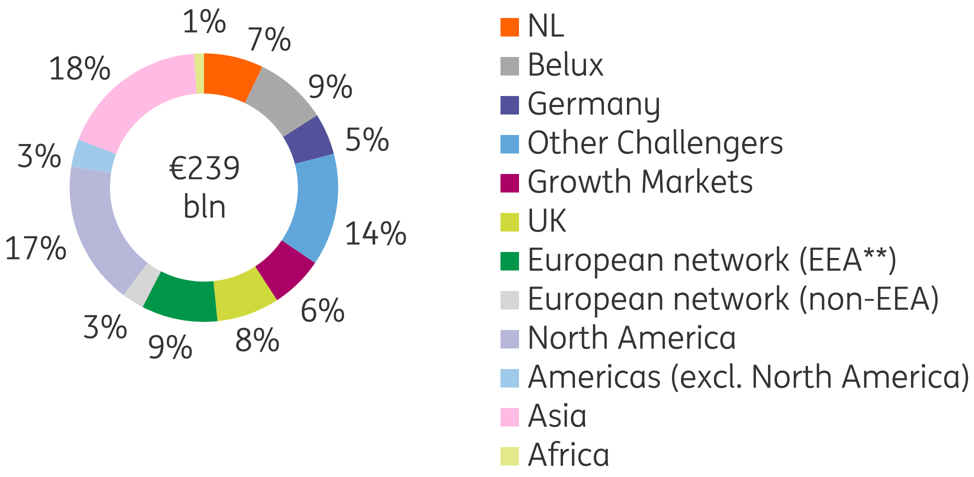
Note: percentages for Retail (Netherlands) and Wholesale Banking have changed versus 4Q18 as Real Estate Finance portfolio related to Dutch domestic midcorporates was transferred to Retail Netherlands from Wholesale Banking as per 1Q19

* 31 March 2019 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)

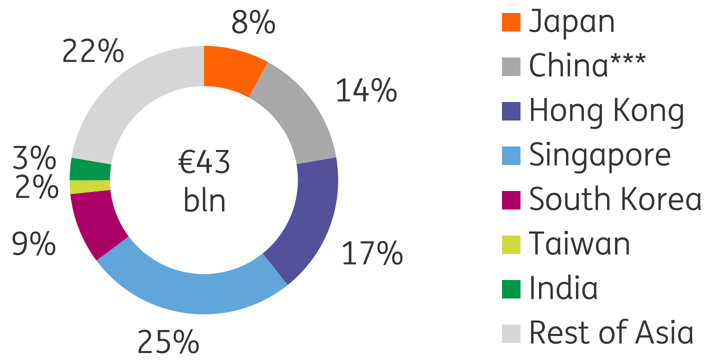
Granular Wholesale Banking lending credit outstandings by geography and sector

Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (1Q19)*

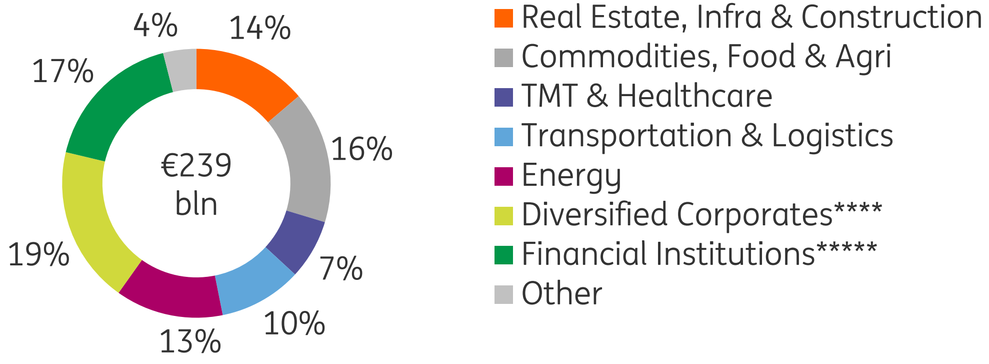


Lending Credit O/S Wholesale Banking Asia (1Q19)*



…and sectors

Lending Credit O/S Wholesale Banking (1Q19)*



Note: percentages for WB Netherlands are lower versus 4Q18 as Real Estate Finance portfolio related to Dutch domestic midcorporates was transferred to Retail Netherlands from Wholesale Banking as per 1Q19

* Data is based on country/region of residence; Lending and money market credit O/S, including guarantees and letters of credit but excluding undrawn committed exposures (off-balance sheet positions)

** Member countries of the European Economic Area (EEA)

*** Excluding our stake in Bank of Beijing (€2.3 bln at 31 March 2019)

**** Large corporate clients active across multiple sectors

***** Including Financial sponsors

Detailed Stage 3 disclosure on selected portfolios

Selected portfolios (in € mln)

	Lending credit O/S 1Q19	Stage 3 ratio 1Q19	Lending credit O/S 4Q18	Stage 3 ratio 4Q18	Lending credit O/S 1Q18	Stage 3 ratio 1Q18
Wholesale Banking	**238,992**	**1.4%**	**236,248**	**1.4%**	**221,882**	**1.8%**
Lending	157,262	1.4%	153,260	1.5%	135,273	2.2%
Daily Banking & Trade Finance	69,196	0.4%	68,708	0.3%	71,696	0.0%
Selected industries						
Real Estate Finance*	33,400	0.9%	33,800	1.1%	31,700	1.6%
Oil & Gas related**	39,228	1.6%	38,000	1.6%	37,941	2.5%
Metals & Mining	17,299	2.3%	16,249	2.2%	14,962	3.8%
Shipping & Ports***	15,292	3.3%	14,605	3.7%	13,175	5.7%
Selected countries						
Turkey****	12,073	3.1%	13,011	2.8%	15,627	2.4%
Russia	5,469	0.0%	5,700	0.2%	4,481	2.7%
Ukraine	924	21.0%	876	21.6%	798	41.6%

* Includes both WB Real Estate Finance portfolio and Dutch domestic midcorporates portfolio which was transferred from Wholesale Banking to Retail Netherlands in 1Q19
** Of which €3.2 bln (or 8% of Oil & Gas related exposures) are reserve-based lending activities
*** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, Stage 3 ratio is 2.1%
**** Turkey includes Retail Banking activities (€5.2 bln)

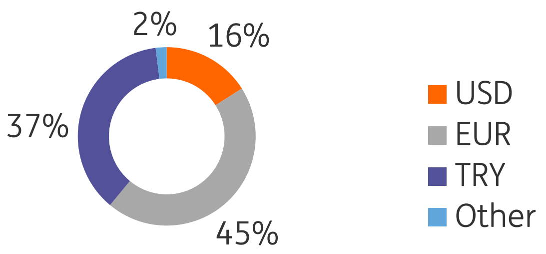
Overview Turkey exposure

Total exposure ING to Turkey* (in € mln)

	1Q19	4Q18	Change
Lending Credit O/S Retail Banking	**5,189**	**5,709**	**-9.1%**
Residential mortgages	573	595	-3.7%
Consumer lending	1,243	1,355	-8.3%
SME/Midcorp	3,373	3,760	-10.3%
Lending Credit O/S Wholesale Banking	**6,884**	**7,301**	**-5.7%**
Total Lending Credit O/S*	**12,073**	**13,011**	**-7.2%**

- Amortisation of loan book is being used to reduce intra-group funding (from €3.0 bln at end-4Q18 to €2.7 bln at end-1Q19)
- Total outstandings to Turkey reduced rapidly, mostly due to Turkish lira depreciation
- ING only provides FX lending to corporate customers with proven FX revenues; only limited rolling-over of FX lending facilities
- ECA-insured lending (Export Credit Agencies) is approx. €1.7 bln; approx. €0.9 bln of SME/Midcorp lending benefits from KGF cover (Turkish Credit Guarantee Fund)
- Quality of the portfolio remains strong with a Stage 3 ratio of 3.1%

Lending Credit O/S by currency



Lending Credit O/S by remaining maturity

TRY**	~1 year
FX	~2 years

Stage 3 ratio and coverage ratio

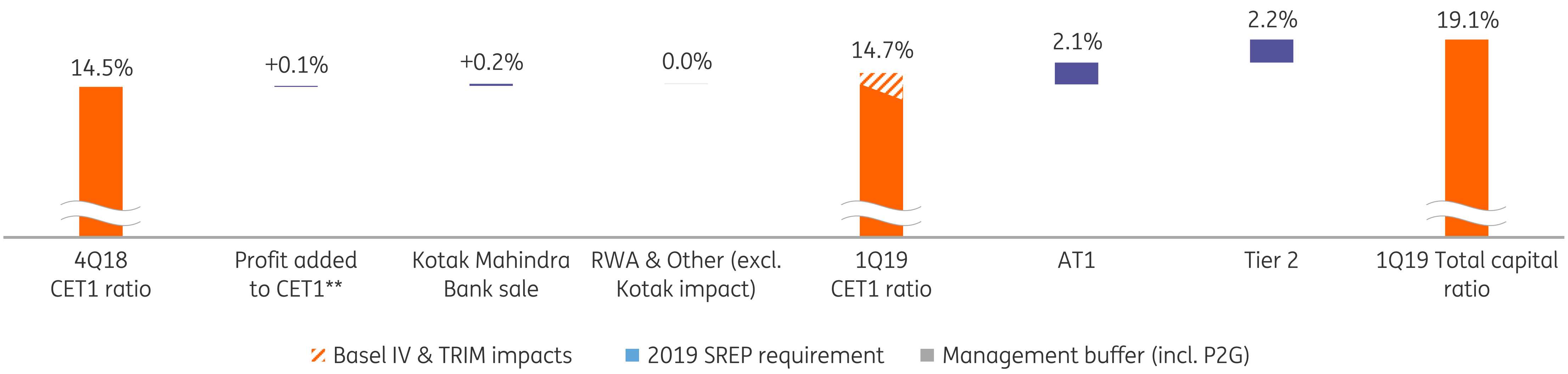
	1Q19	4Q18
Stage 3 ratio	3.1%	2.8%
Coverage ratio	55%	48%

* Data based on country of residence. Lending credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)
** Excludes residential mortgages, which have an average remaining maturity of ~6 years

Group capital, funding & liquidity

ING Group Total capital ratio up at 19.1% at the end of 1Q19

ING Group Total capital ratio development*

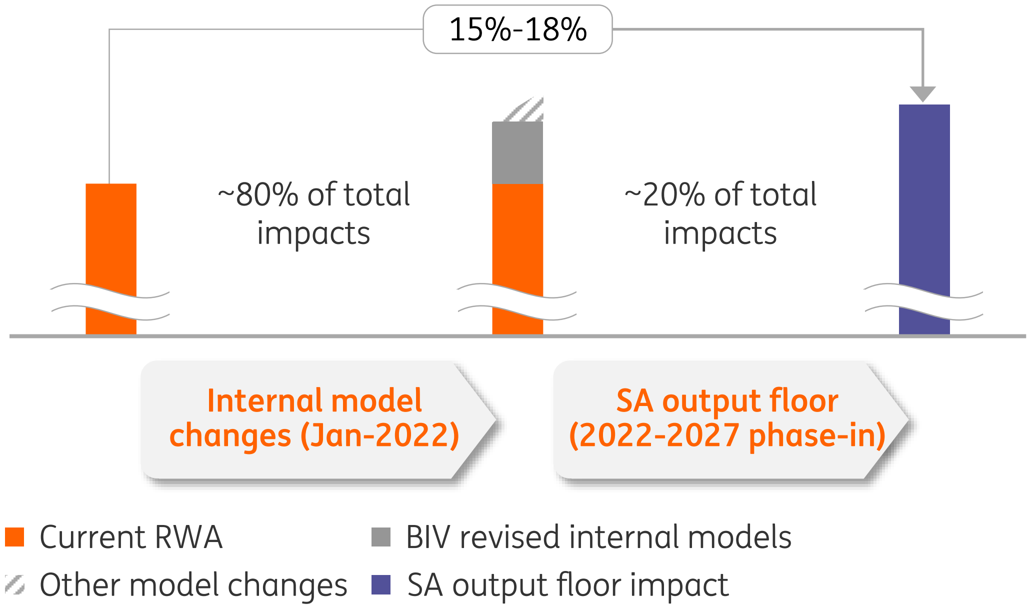


- 1Q19 Total capital ratio increased to 19.1% due to the addition of interim profits, lower RWAs and AT1 issuance in February 2019
- RWAs were down €2.3 bln QoQ, mostly explained by the sale of our residual stake in Kotak Mahindra Bank and positive risk migration. These decreases were partly offset by currency impacts, model updates and volume growth
- On 25 April ING announced the call of $1.045 bln of grandfathered AT1 (they will be redeemed on 15 June). This brings the AT1 from 2.1% to pro-forma 1.8%

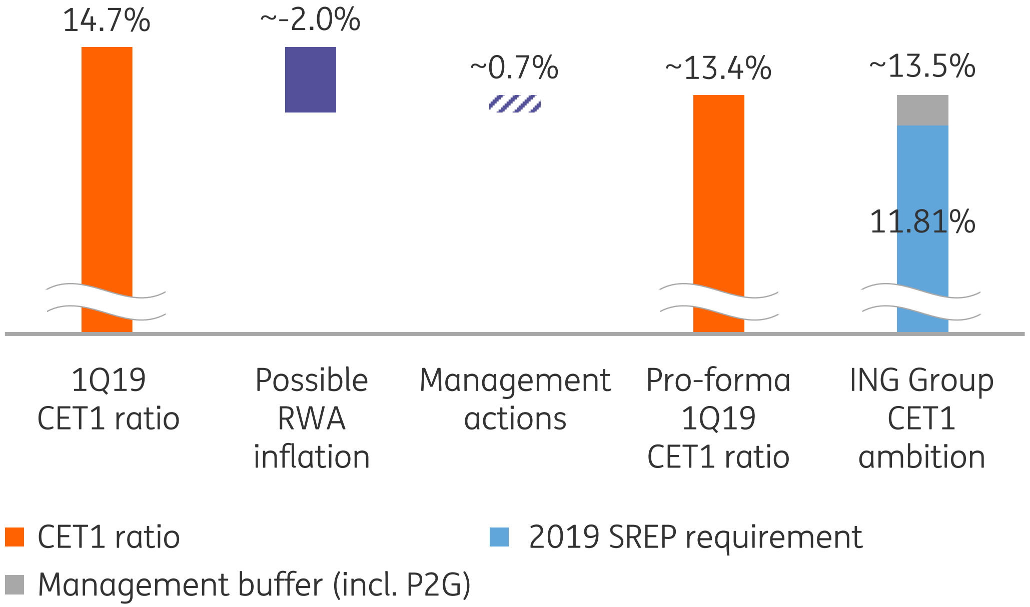
* Small differences in the graph due to rounding
** €237 mln which consists of 1Q19 Group net profit of €1,119 mln minus €882 mln set aside for future dividend payments

Basel IV and other RWA impacts are being actively managed

Pro-forma RWA impact from Basel IV and model changes



Limited amount of CET1 capital build required until 2027



- Most impact is expected from revisions to internal models stemming from Basel IV (effective as per Jan-2022). Other regulatory developments (e.g. TRIM) are uncertain with respect to magnitude and timing
- With a long implementation phase, potential management actions and the pending transposition of Basel IV into EU law, we are well positioned to achieve our CET1 ratio ambition of around 13.5%
- Current SREP requirement is 11.81% but is expected to rise to 11.83% by end-2019 and 11.84% in 2020 due to phasing-in of countercyclical buffers

Management actions to partly mitigate RWA impacts

Product Features, Data Quality and Regulations

- We see opportunities to adjust certain product features (e.g. collateral) and increase the scope of external rating coverage
- Together with the industry, ING is putting forward proposals to tailor Basel IV (BIV) to European context
- New data fields are required to use preferential treatments under BIV

Started

Income Enhancement

- Some pricing opportunities exist in retail, mainly for mortgages and business lending
- The internal pricing hurdle is being updated to reflect the higher RWA from BIV
- Ability to re-price will depend on competitive environment and how BIV affects it

Started

Disintermediation and Capital Relief

- ING developed its distribution capabilities with different types of transactions:
  I. Significant risk transfers
  II. Future flow transactions
  III. Block sales
- Distribution techniques can be scaled to mitigate impact from TRIM or BIV

Prepared & ready

Portfolio mix

- All businesses will need to make internal hurdles, also after BIV
- If repricing is required to remain above hurdle, future growth may be affected
- Given regulatory uncertainty and the potential from other management actions, it is too early to draw conclusions on the portfolio mix

Preparing

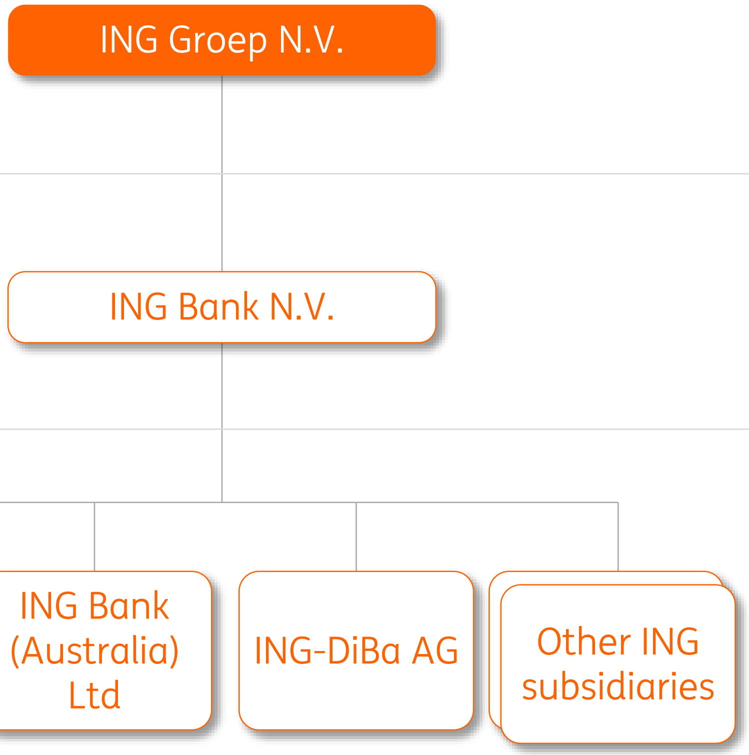
No regret → Contingent upon regulations and other actions

ING

Issuance entities under our approach to resolution

Issuance entities

Designated resolution entity



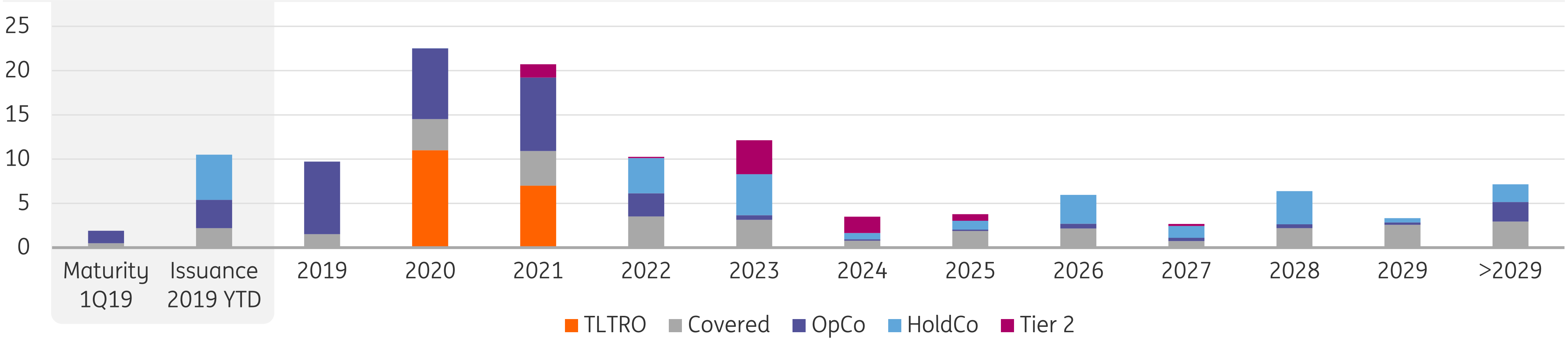
Eligible instruments for TLAC/MREL

	TLAC	Current MREL req.	Future MREL req.*
• Own funds	✓	✓	✓
• Subordinated debt (AT1 / T2)	✓	✓	✓
• Senior unsecured debt (> 1 yr)	✓	✓	✓
• Own funds	✓	✓	✓
• Senior unsecured debt (> 1 yr)	✗	✓	✗
• Secured funding	✗	✗	✗
• Operational funding needs (un)-secured debt	✗	✗	✗

* As per the SRB MREL policy from 16 January 2019

Long-term debt maturity ladder and issuance activity in 2019

Long-term debt maturity ladder (in € bln)*



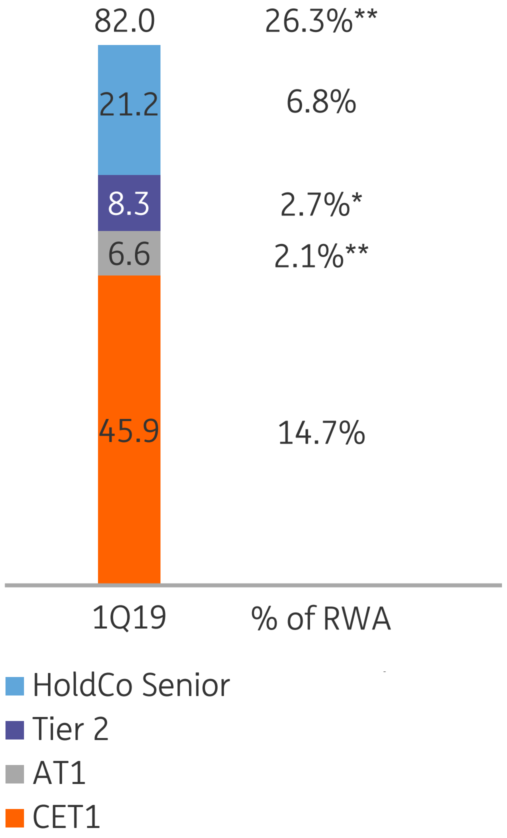
Issuance activity in 2019

- Total issuance YTD 2019 was €11.6 bln with ~€2 bln maturities in 1Q19 and ~€8 bln of OpCo Senior maturing in the next 3 quarters
- ~€1.1 bln of AT1 was issued in PerpNC5 format
- ~€5.2 bln of HoldCo Senior debt was issued across various currencies (EUR, USD, JPY, AUD, and NOK)
- ~€3.2 bln of OpCo Senior funding was raised through public and private channels
- ~€2.2 bln of covered bonds was issued through ING Bank N.V.
- ING Bank has ~€27 bln of long-term senior debt maturing from 2019 until 2022

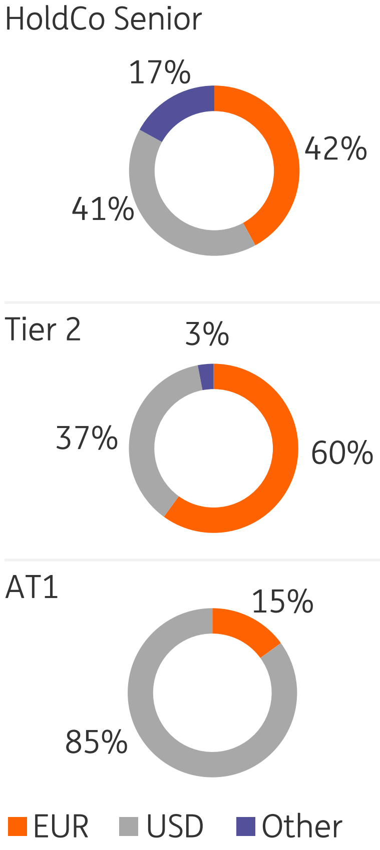
* As per 31 March 2019; Tier 2 maturities based on 1st call date for callable bonds and contractual maturity for bullets; excluding RMBS

ING's debt issuance programme in 2019

ING Group instruments* (in € bln)



Currency split*



Group / Bank issuance plan***

Senior debt issuance

- ~€7-9 bln of HoldCo Senior planned for 2019, tenors ≥ 5 yrs , of which €5.2 bln has been already issued
- Maturing OpCo Senior will be recycled as HoldCo Senior to the extent needed to further build the TLAC/MREL position following regulatory requirements
- OpCo Senior will be issued with tenors ≤ 4 yrs, for internal ratio management and general corporate funding purposes

Tier 2

- Outstanding Tier 2 of ~€8 bln meets regulatory requirement of min. 2%
- We intend to refinance Bank Tier 2 with Group instruments
  - ~€5 bln is Group Tier 2 and ~€3 bln is Bank Tier 2

AT1

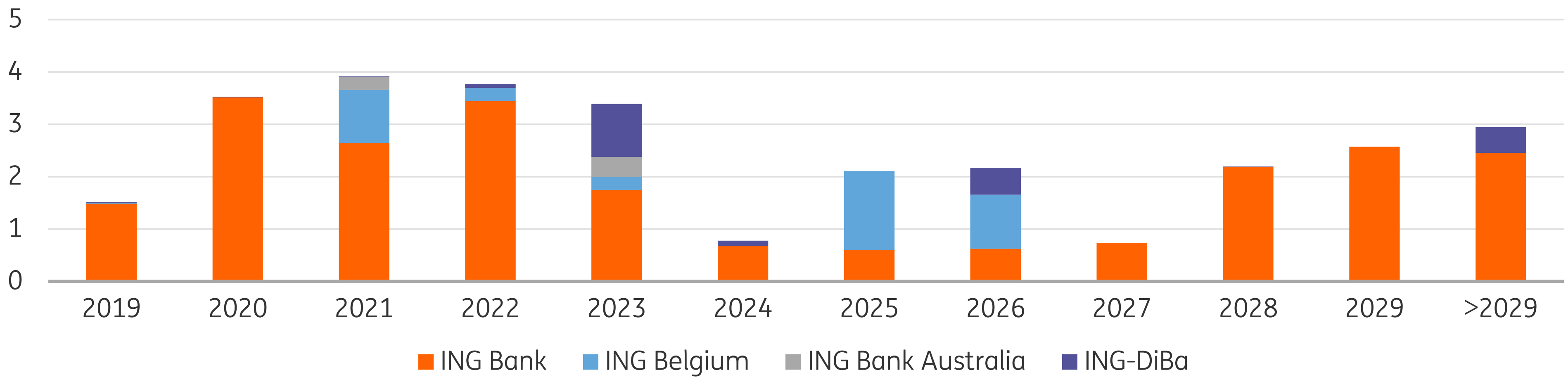
- Outstanding AT1 of €6.6 bln meets regulatory requirement of min. 1.5%
- ~€2.5 bln grandfathered until 31 Dec 2021 following the grandfathering rules**
- ~€4.0 bln CRD IV compliant
- On 25 April ING announced the call of $1.045 bln of grandfathered AT1 (it will be redeemed on 15 June)

* As per 31 March 2019. Not taking into account Tier 2 regulatory adjustments
** ING announced the call of $1.045 bln of grandfathered AT1. Excluding called AT1, this brings the AT1 ratio and the pro-forma TLAC ratio to 1.8% and 26.0% respectively
*** Does not take into account RWA and balance sheet developments

Other subsidiaries remain active mainly through their covered bond programmes

	ING Bank N.V.	ING Belgium S.A./N.V	ING Bank (Australia) Ltd	ING-DiBa AG
Instruments overview	• Secured funding • Senior unsecured	• Secured funding	• Secured funding	• Secured funding
Outstanding	• Covered bond**: ~€23 bln • Senior unsecured: ~€32 bln	• Covered bond: ~€4 bln	• Covered bond: AUD$1 bln	• Covered bond: ~€2 bln
Covered Bond programme	• ING Bank Hard and Soft Bullet CB Programme • ING Bank Soft bullet CB Programme	• ING Belgium Residential Mortgage Pandbrieven Programme	• ING Australia Covered Bond Programme	• ING-DiBa Residential Mortgage Pfandbrief Programme

Maturity profile covered bond (in € bln)*

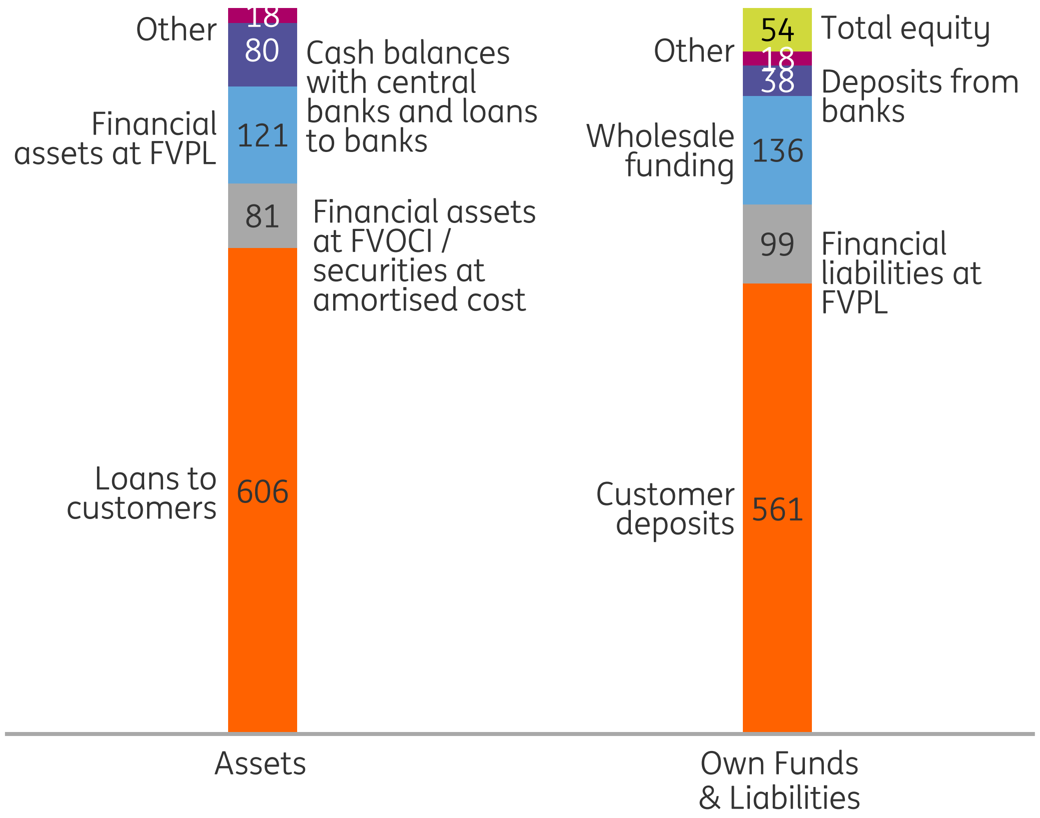


* As per 31 March 2019; Maturity ladder as per contractual maturity
** Outstanding for the ING Bank Hard and Soft Bullet CB Programme

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

Balance sheet ING Group (in € bln)

Balance sheet size ING Group 31 March 2019: €905 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
- 89% of total customer deposits is Retail Banking based
- Attractive loan-to-deposit ratio of 108% as per 31 March 2019*

Conservative trading profile

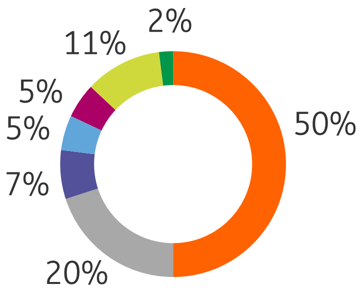
- Majority of our Financial Markets business is customer flow based where we largely hedge out positions, reflected in large but often offsetting assets and liabilities at FV positions
- Average VaR for ING’s trading portfolio during 1Q19 decreased to €8 mln from €12 mln in the previous quarter due to reduced market volatility

* Loan-to-deposit ratio is customer lending including provision for loan losses divided by customer deposits

Robust liquidity position

Funding mix*

31 March 2019



ING holds sizeable liquidity buffer

- ING's funding consists mainly of retail deposits, corporate deposits and public debt
- ING's 12-month moving average LCR increased from 123% to 125% in 1Q19
- Besides the HQLA buffer, ING maintains large pools of ECB-eligible assets, in the form of internal securitisations and credit claims

Liquidity buffer

- Level 1: mainly core European sovereign bonds, SSA, US Treasuries and core European and Nordic covered bonds
- Level 2A: mainly Canadian covered bonds
- Level 2B: mainly short-dated German Auto ABS and high-quality German corporate bonds
- ING currently does not have any Italian government, SSA or covered bonds in the investment portfolio

LCR 12-month moving average (in € bln)

	31 Mar. 19	31 Dec. 18
Level 1	125.0	124.0
Level 2A	4.2	4.6
Level 2B	6.0	7.1
Total HQLA	**135.2**	**135.6**
Outflow	**199.4**	**200.3**
Inflow	**90.8**	**89.7**
LCR	**125%**	**123%**

* Liabilities excluding trading securities and IFRS equity
** Includes SME/Midcorp from Retail Banking

Strong rating profile at both Group and Bank level

Main credit ratings of ING on 1 May 2019

	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	AA-
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

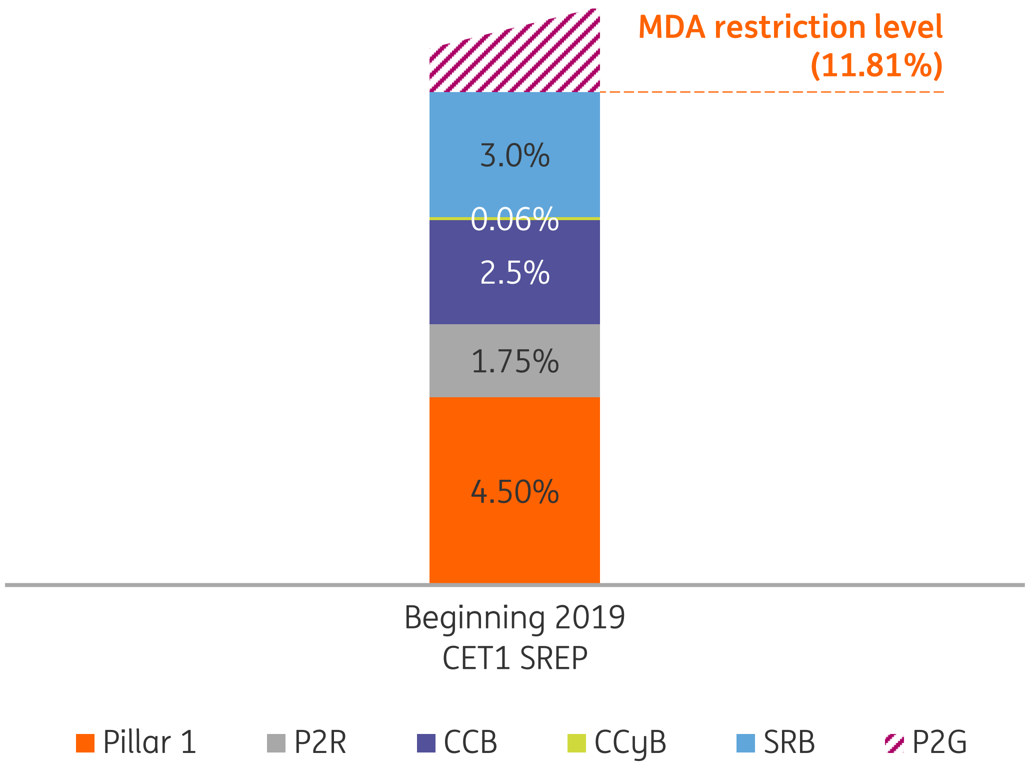
Latest ING rating actions

- Fitch: Feb-2019 ING Bank was upgraded to AA- from A+ with a stable outlook. The upgrade reflects the build-up of a significant and sustainable buffer of junior debt at the bank that could be made available to protect its senior third-party creditors from default
- 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 the 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

Appendix

Managing our capital position above regulatory requirements

ING Group SREP*



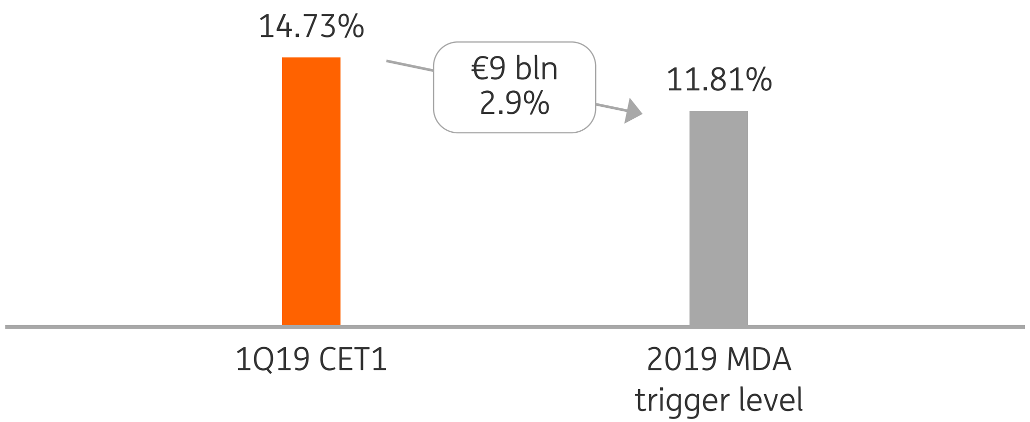
2019 SREP (Supervisory Review and Evaluation Process)

- Following the conclusion of the annual SREP process in February 2019, the European Central Bank has set ING Group's capital requirements for 2019
- A 11.81% CET1 ratio requirement applies for the beginning of 2019, of which:
  - 4.50% Pillar 1 minimum (P1)
  - 1.75% Pillar 2 Requirement (P2R)
  - 2.50% Capital Conservation Buffer (CCB)
  - 3.00% Systemic Risk Buffer (SRB)
  - 0.06% Countercyclical Buffer (CCyB)
  - This excludes Pillar 2 Guidance (P2G)
- We have set a Basel IV CET1 ambition of around 13.5% implying a management buffer (including P2G) of 1.7%

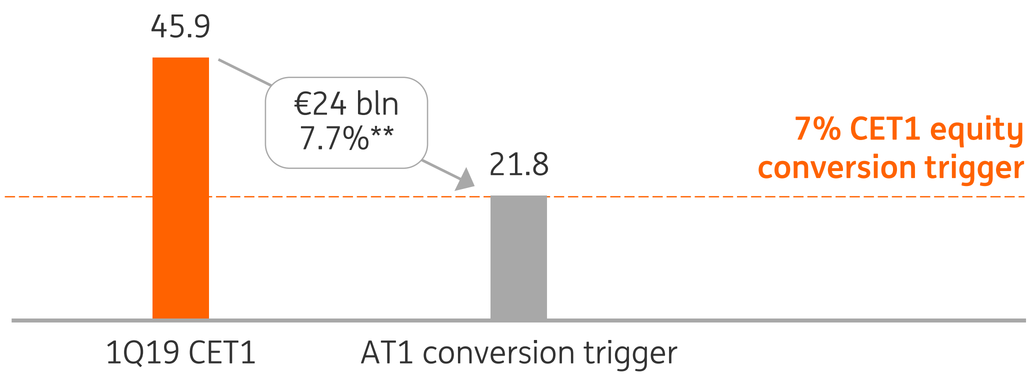
* Current SREP requirement is 11.81% but is expected to rise to 11.83% by end-2019 and 11.84% in 2020 due to phasing-in of countercyclical buffers

Additional Tier 1: comfortable buffers to triggers

Buffer to MDA 1Q19*



Buffer to Conversion Trigger 1Q19 (in € 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 11.81% at the beginning of 2019 and would increase to 11.83% by the end of 2019 due to phasing-in of the countercyclical buffer. ING's trigger level includes the 1.75% P2R and excludes P2G • As per 1Q19, the buffer to the 2019 MDA restriction level is €9 bln or 2.9% of RWAs • This excludes €882 mln of profits that we have set aside for future dividend payment
Buffer to Conversion Trigger	• The ING Group capital buffer to conversion trigger (7% CET1) is high at €24bln • This excludes €882 mln of profits that we have set aside for future dividend payment
Available Distributable Items	• AT1 discretionary distributions may only be paid out of distributable items • As per year-end 2018, ING Group had approx. €43 bln of available distributable items following the CRDIV definition

* Including Countercyclical buffer of 0.06% for beginning 2019 which would phase-in to 0.08% by the end of 2019
** Difference between 14.7% ING Group phased-in CET1 ratio in 1Q19 and 7% CET1 equity conversion trigger

Outstanding benchmark capital securities

(Additional) Tier 1 securities issued by Group

Currency	Issue date	First call date	Coupon	Issued	Outstanding**
USD (CRR/CRDIV compliant)	Feb-19	Apr-24	6.750%	1,250	1,250
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**
USD (CRR/CRDIV compliant)	Mar-18	Mar-23	Mar-28	4.70%	1,250
EUR (CRR/CRDIV compliant)	Mar-18	Mar-25	Mar-30	2.00%	750
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)	Sep-13	n/a	Sep-23	5.80%	2,000

* CRR/CRDIV compliant AT1 USD instruments issued in 2015 are SEC registered
** Amount outstanding in original currency
*** On 25 April ING announced the call of $1.045 bln of grandfathered AT1 (will be redeemed on 15 June)
**** ING has exercised the option to replace the ING Bank €1 bln Tier 2 notes issued in April 2016 for ING Group Tier 2 notes in April 2017

Most recent HoldCo Senior transactions

HoldCo Senior Unsecured, EUR issuances

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
XS1933820372	Jan-19	Jan-26	7yr	2.125%	EUR	1,000	m/s + 170
XS1909186451	Nov-18	Nov-30	12yr	2.500%	EUR	1,500	m/s + 135
XS1882544973	Sep-18	Sep-28	10yr	2.000%	EUR	1,500	m/s + 110
XS1882544205	Sep-18	Sep-23	5yr	3mE + 85	EUR	1,000	3mE + 85
XS1882544627	Sep-18	Sep-23	5yr	1.000%	EUR	1,000	m/s + 80
XS1771838494	Feb-18	Feb-25	7yr	1.125%	EUR	1,000	m/s + 42

HoldCo Senior Unsecured, USD issuances*

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
US456837AP87	Apr-19	Apr-24	5yr	3.55%	USD	1,000	T + 130
US456837AQ60	Apr-19	Apr-29	10yr	4.05%	USD	1,000	T + 158
US45685NAA46 (RegS/144a)	Nov-18	Jan-26	7yr	4.625	USD	1,250	T + 150
US456837AM56	Oct-18	Oct-28	10yr	4.550%	USD	1,250	T + 150
US456837AK90	Oct-18	Oct-23	5yr	4.100%	USD	1,500	T + 112.5
US456837AL73	Oct-18	Oct-23	5yr	3mL + 100	USD	500	3mL + 100

HoldCo Senior Unsecured, $AUD, JPY, GBP issuances

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
JP552843AKE0	Feb-19	Feb-2029	10yr	1.074%	JPY	21,100	YSO + 77
JP552843BKE8	Feb-19	Feb-2024	5yr	0.810%	JPY	88,900	YSO + 88
XS1953146245	Feb-19	Feb-2026	7yr	3.000%	GBP	1,000	G + 210
JP552843AJQ6	Dec-18	Dec-23	5yr	0.848%	JPY	107,500	YSO + 75
JP552843BJQ4	Dec-18	Dec-28	10yr	1.169%	JPY	19,200	YSO + 90
XS1917902196	Dec-18	Jun-29	10.5yr	5.00%	AUD	175	ASW + 226
XS1917901974	Dec-18	Dec-22	4yr	3mBBSW+155	AUD	400	3mBBSW + 155

* HoldCo USD issues are SEC registered unless mentioned otherwise   Green bond

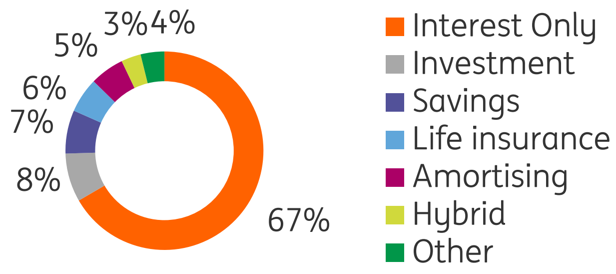
ING Bank's covered bond programme...

- ING Bank NV €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 €15 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 euro only. As per 31 March 2019, 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%
  - Successfully issued €2.0 bln 10 year covered bond in February 2019
- Latest investor reports are available on www.ing.com/ir

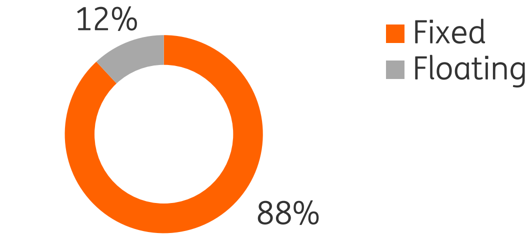
Portfolio characteristics (as per 31 March 2019)

Net principal balance	€27,851 mln
Outstanding bonds	€22,539 mln
# of loans	167,135
Avg. principal balance (per borrower)	€166,708
WA current interest rate	2.90%
WA remaining maturity	17.21 years
WA remaining time to interest reset	5.58 years
WA seasoning	12.44 years
WA current indexed LTV	62.64%
Min. documented OC	5.26%
Nominal OC	22.53%

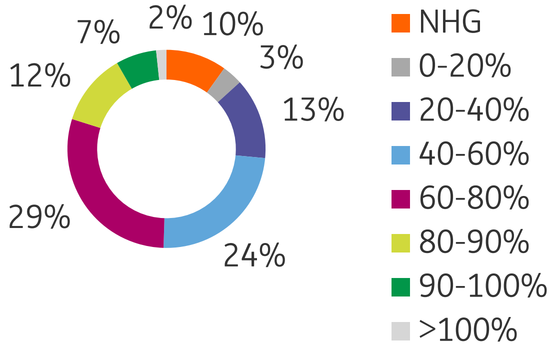
Repayment type



Interest rate type

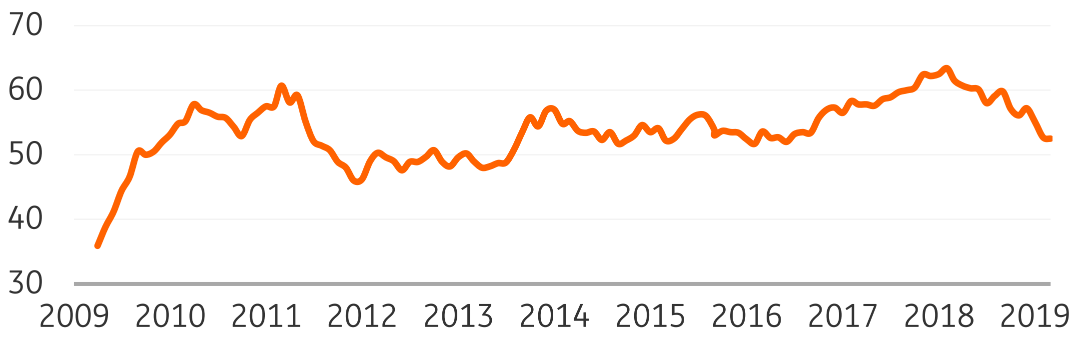


Current Indexed LTVs

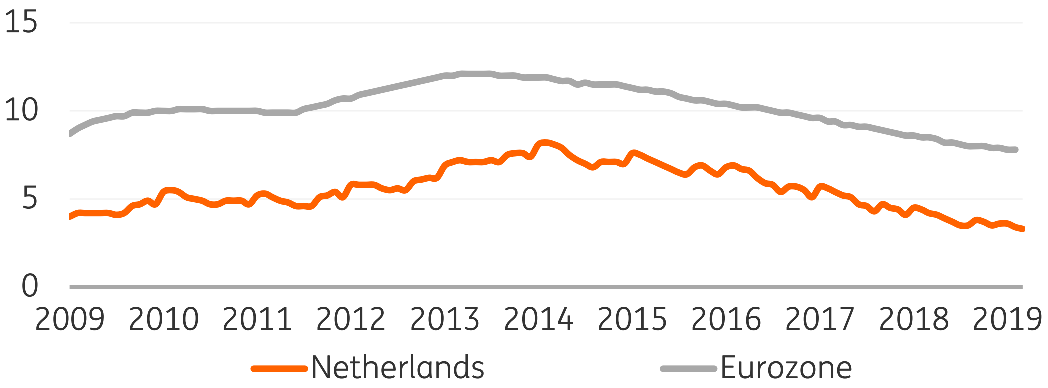


...benefiting from a continued strong Dutch economy and housing market

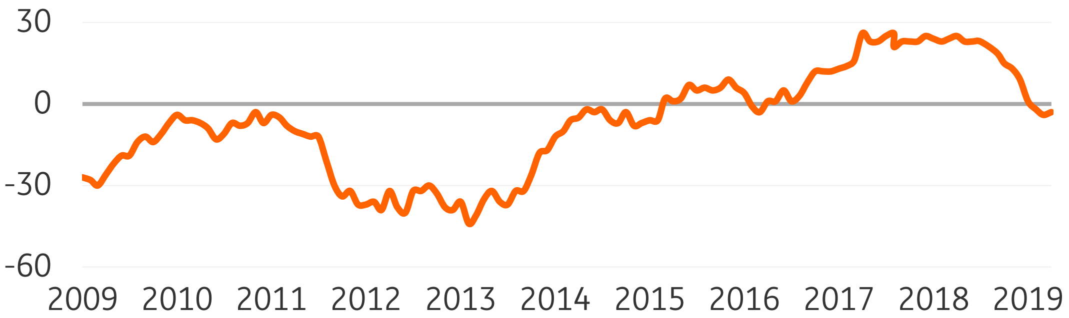
Dutch Purchasing Managers Index (PMI) was 52.5 as of March 2019, which indicates positive industrial growth



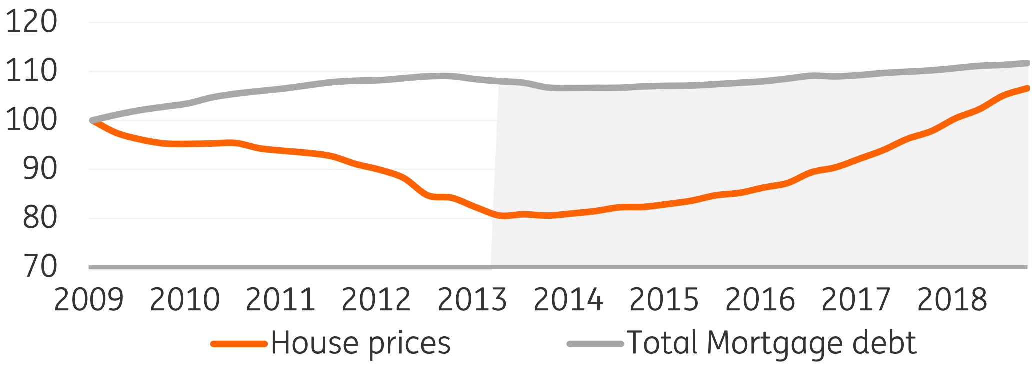
Dutch unemployment rate (%) continues to decline



Dutch consumer confidence slides down in 1Q19



Dutch house price increases in the last five years are not credit-driven*



Source: Central Bureau for Statistics for all data besides Dutch PMI (IHS Markit) and Eurozone unemployment (Eurostat)
* Latest data 4Q18

Important legal information

ING Group's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this document, except as described otherwise, the same accounting principles are applied as in the 2018 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 the United Kingdom leaving the European Union or a break-up of the euro, (4) changes in the fiscal position and the future economic performance of the US including potential consequences of a downgrade of the sovereign credit rating of the US government, (5) potential consequences of a European sovereign debt crisis, (6) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, (7) changes in conditions in the credit and capital markets generally, including changes in borrower and counterparty creditworthiness, (8) changes affecting interest rate levels, (9) inflation and deflation in our principal markets, (10) changes affecting currency exchange rates, (11) changes in investor and customer behaviour, (12) changes in general competitive factors, (13) changes in or discontinuation of 'benchmark' indices, (14) changes in laws and regulations and the interpretation and application thereof, (15) changes in compliance obligations including, but not limited to, those posed by the implementation of DAC6, (16) geopolitical risks, political instabilities and policies and actions of governmental and regulatory authorities, (17) changes in standards and interpretations under International Financial Reporting Standards (IFRS) and the application thereof, (18) 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, (19) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (20) changes in credit ratings, (21) the outcome of current and future legal and regulatory proceedings, (22) operational risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (23) risks and challenges related to cybercrime including the effects of cyber-attacks and changes in legislation and regulation related to cybersecurity and data privacy, (24) the inability to protect our intellectual property and infringement claims by third parties, (25) the inability to retain key personnel, (26) business, operational, regulatory, reputation and other risks in connection with climate change, (27) ING's ability to achieve its strategy, including projected operational synergies and cost-saving programmes and (28) the other risks and uncertainties detailed in this 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. (29) This document may contain inactive textual addresses to internet websites operated by us and third parties. Reference to such websites is made for information purposes only, and information found at such websites is not incorporated by reference into this document. ING does not make any representation or warranty with respect to the accuracy or completeness of, or take any responsibility for, any information found at any websites operated by third parties. ING specifically disclaims any liability with respect to any information found at websites operated by third parties. ING cannot guarantee that websites operated by third parties remain available following the publication of this document, or that any information found at such websites will not change following the filing of this document. Many of those factors are beyond ING's control.

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