

Wholesale Banking Industry Lending

ING Group Investor Day 2016

Christopher Steane, Global Head of Lending Services

Amsterdam, 3 October 2016



Key points

- Sustainability is at the core of our business and we are recognised as an industry leader
- Industry Lending is a high value-added product for clients and ING, while General Lending is an anchor product to build primary relationships
- Industry Lending has supported balance sheet optimization while delivering solid ROE
- We have a track record of disciplined growth
- Industry Lending is well diversified by sectors and geographies
- Risk costs are controlled by appropriate structuring

Sustainable Finance is embedded at all levels of our business

Main Sustainability Themes

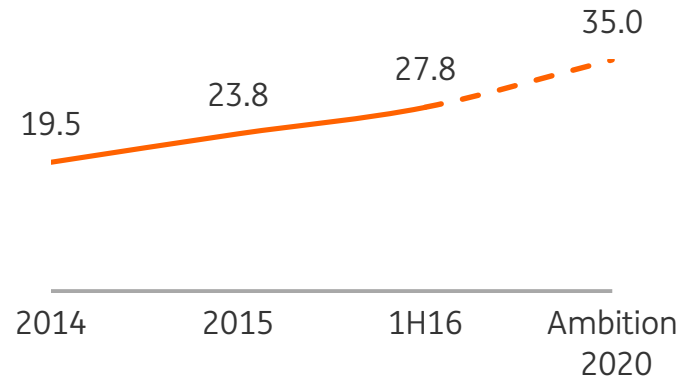
- Energy Transition
- Circular Economy
- Water



Approach

- All teams have (proactive) sustainability strategies defined
- All deals and clients are assessed on Sustainability
- Targets have been set to increase Sustainable Transitions Financed

Sustainable Transitions Financed* (in EUR bln)



Recognition



Ranked 1st and Industry Leader of 395 banks by Sustainalytics



90 out of 100 at DJSI; ING named among world leaders in its category



Top 3% of >2,000 companies at CDP; ING 1 of only 64 firms to receive 100A score



“Bond of the Year (Bank)” & “Biggest Issuer (Bank)”

* STF: measures lending to clients who are sustainable outperformers and financing of transactions for sustainable projects (i.e. renewable energy, low-carbon transport, social welfare)

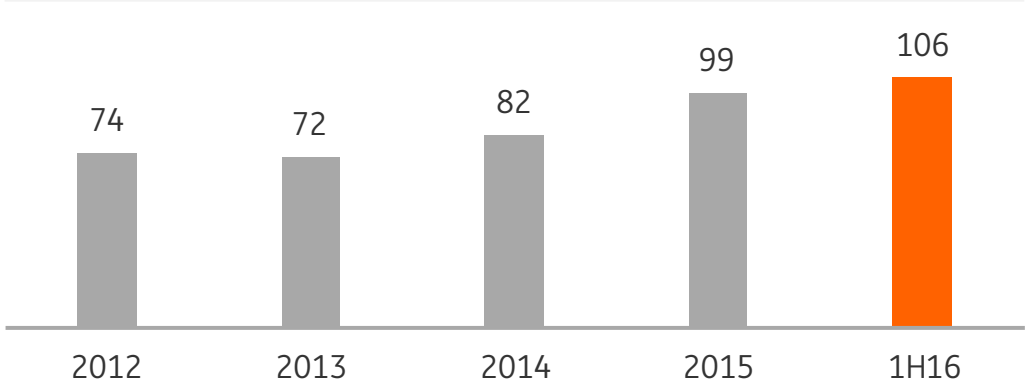
Industry Lending is high value-added product for customers and ING, while General Lending is anchor to build primary relationships



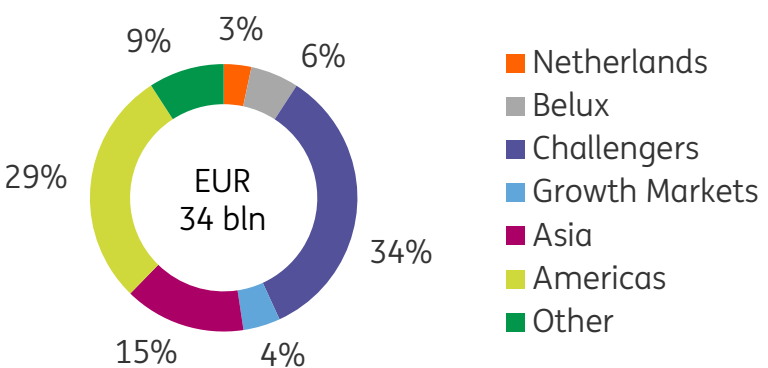
* Financial Markets (FM) products such as DCM and hedging solutions

Industry Lending has supported balance sheet optimisation while delivering solid ROE

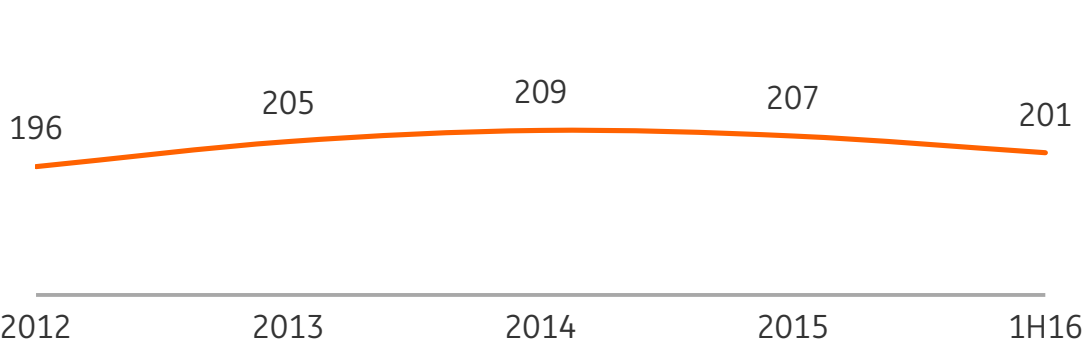
Industry lending development in customer lending (in EUR bln)



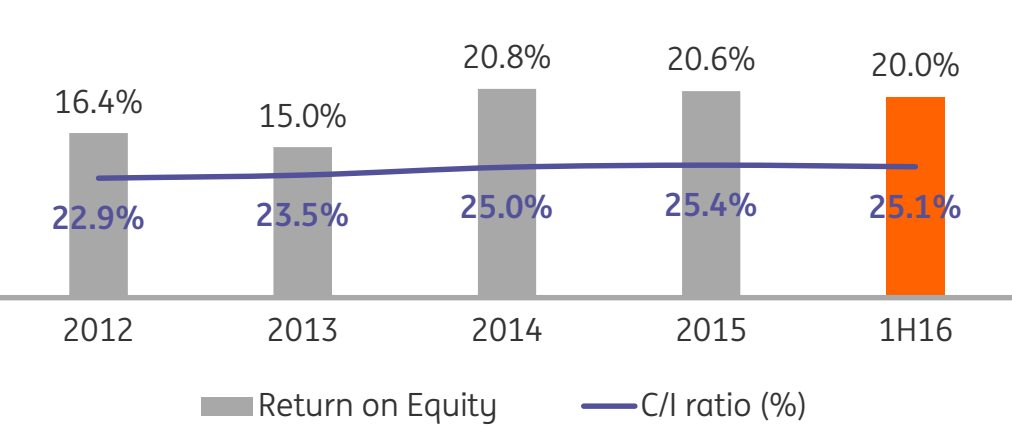
Industry Lending growth by region since end-2013



Net interest margin Industry Lending (in bps)



Return on Equity (in %)* and Cost Income ratio (in %)



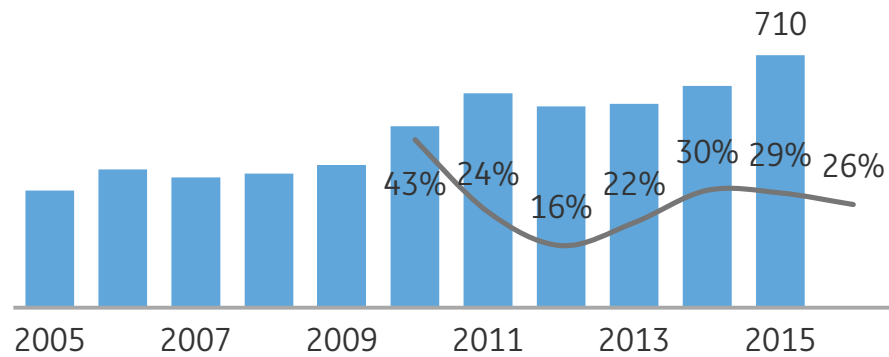
* Based on 10% of RWA



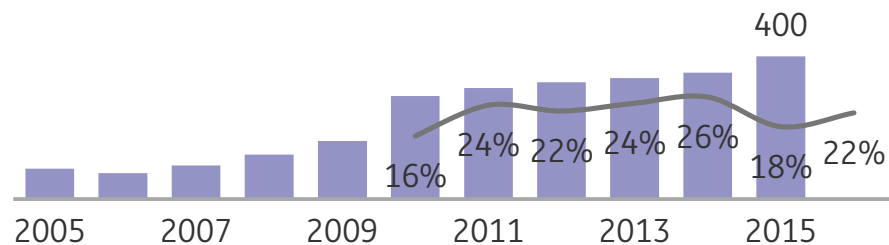
Our businesses have a track record of disciplined growth

We have grown Industry Lending segments steadily and profitably through the cycle

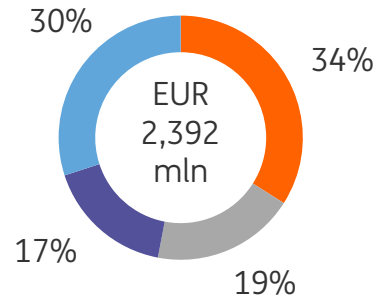
Specialised Financing Group (SFG) income (in EUR mln) and ROE (in %)



International Trade & Export Finance (ITEF) income (in EUR mln) and ROE (in %)

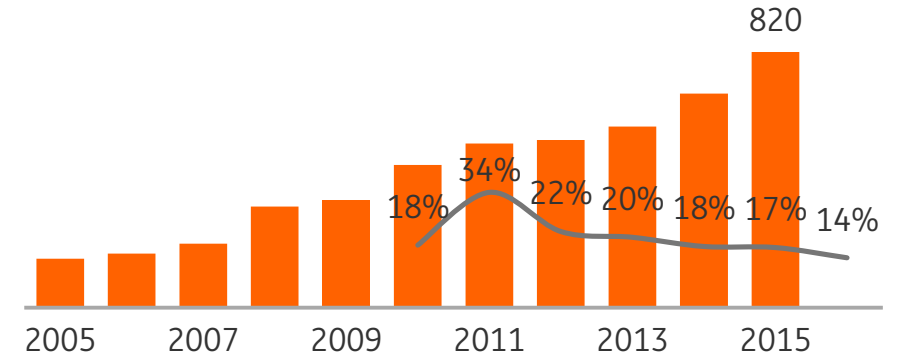


Industry Lending Income 2015

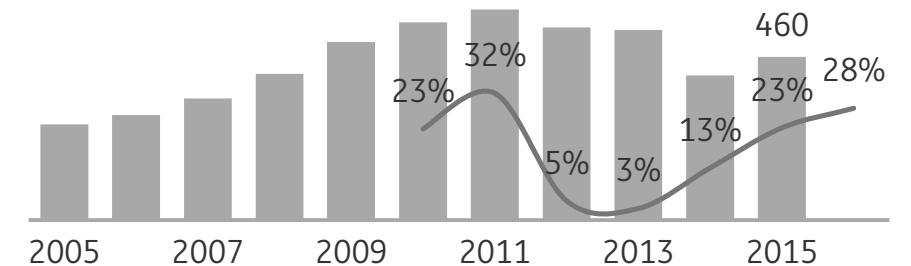


- ETIG
- REF
- ITEF
- SFG

Energy, Transport & Infrastructure Group (ETIG) income (in EUR mln) and ROE (in %)

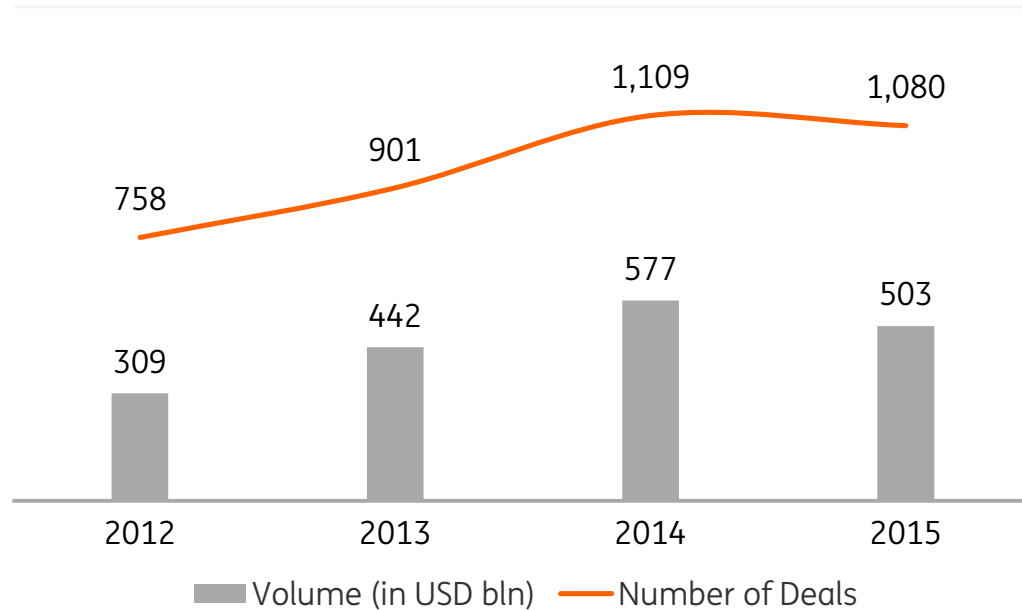


Real Estate Finance (REF) income (in EUR mln) and ROE (in %)

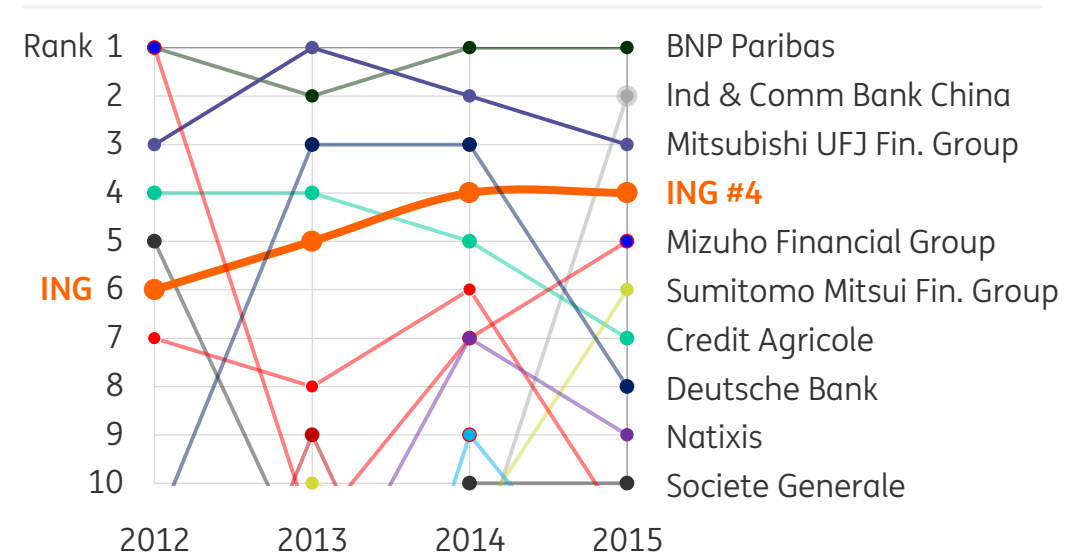


Global Market Transactions have grown strongly since 2012

Industry Lending (excl. REF) Global Market Transactions



Industry Lending (excl. REF) Global Bookrunner



Examples of drivers that supported growth of the overall market

- Large projects requiring joint ventures
- Extension of public private partnerships
- Restructuring of mature industries
- Energy market transition

Industry Lending is well diversified across sectors...

Industry Lending credit outstanding* 2Q16 (in EUR bln)

Specialised Financing Group (SFG)

- Medium-term cash flow based lending in established markets with careful client and deal selection



International Trade & Export Finance (ITEF)

- TCF: short term, self-liquidating trade related business, often collateralised; comprehensive risk covers



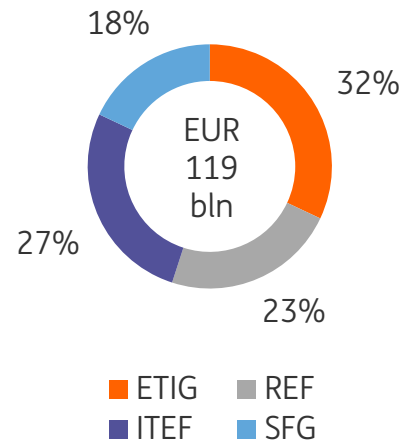
Energy, Transport & Infrastructure Group (ETIG)

- Longer tenor lending via senior secured debt with strong collateral



Real Estate Finance (REF)

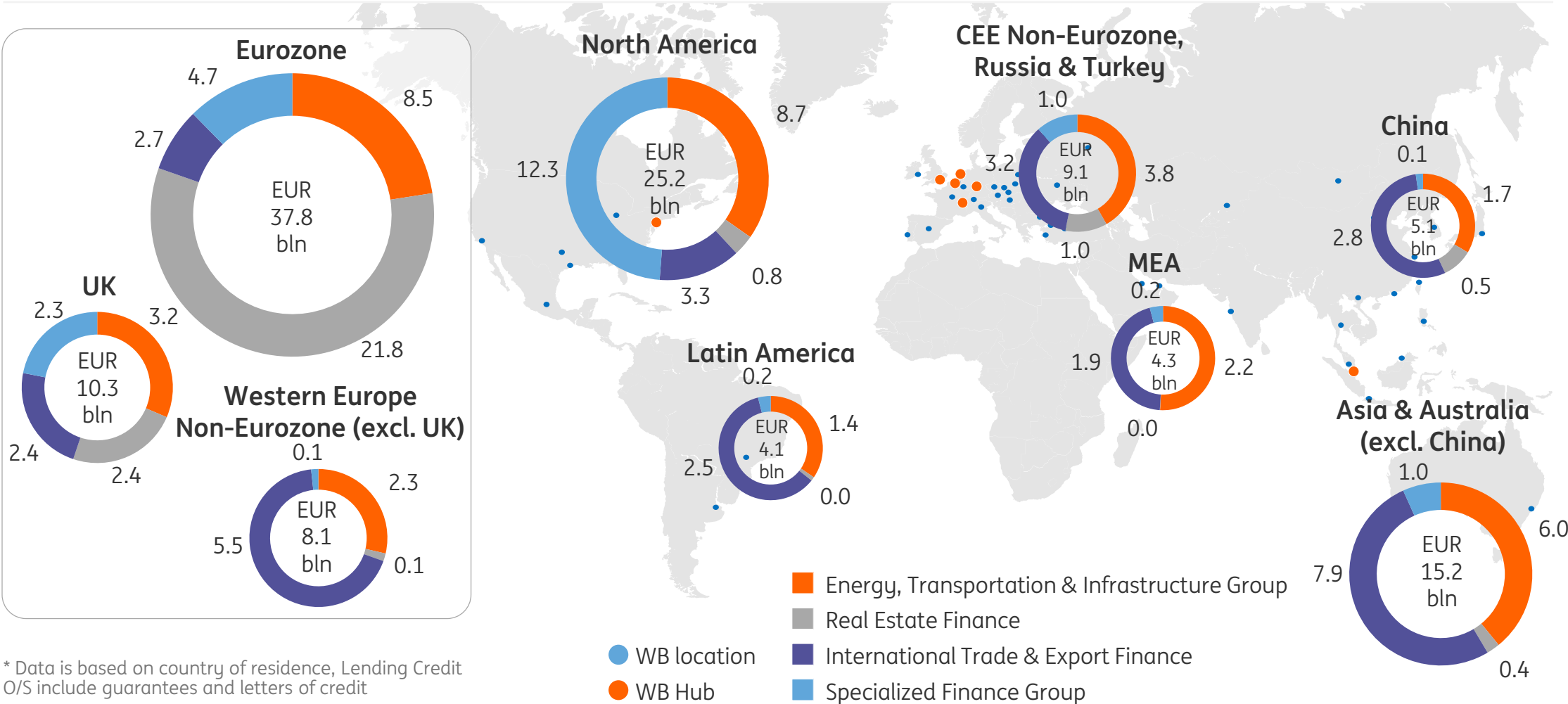
- Secured financing against income producing real estate in deep and liquid markets



* Lending Credit O/S include guarantees and letters of credit

...and geographies in which we operate; footprint varies depending on location

Industry Lending credit outstandings* 2Q16 (in EUR bln)



* Data is based on country of residence, Lending Credit O/S include guarantees and letters of credit

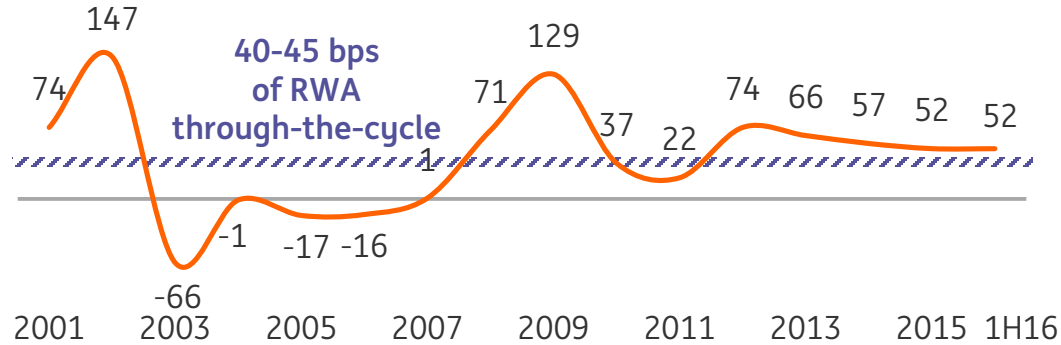
Portfolio diversification: case study Metals & Mining

	Classic Mining							Metal / Steelmaking			Suppliers and Manufacturers			Traders	
	Aggregates	Base Metals	Precious Metals	Fertilizer and Industrial Minerals	Iron ore	Metallurgical Coal and Ferro-alloys	Thermal Coal	Aluminium	Smelting	Steel	Downstream - Aluminium	Downstream - Base metals	Downstream - Steel	Suppliers	Traders
Wholesale Banking Business Unit															
General Lending	▪	▪▪		▪		▪▪	▪	▪	▪▪	▪▪▪	▪▪	▪▪	▪▪	▪▪	▪▪▪
Trade Finance Services and Working Capital Solutions	▪	▪		▪	▪	▪		▪	▪	▪▪▪	▪	▪	▪	▪	▪▪
Trade & Commodity Finance			▪						▪	▪		▪		▪▪▪	
Structured Export Finance		▪▪			▪▪					▪▪			▪▪	▪▪	
Natural Resources		▪▪▪	▪▪	▪▪	▪▪	▪▪	▪▪	▪▪		▪		▪	▪▪	▪▪	
Structured Metals and Energy Finance		▪▪	▪▪		▪▪	▪▪	▪▪	▪▪	▪▪	▪▪▪				▪▪	
Other	▪	▪		▪▪	▪	▪	▪	▪	▪▪	▪▪	▪▪	▪▪	▪▪	▪▪	
Lending Outstanding	▪▪	▪▪▪▪	▪▪	▪▪	▪▪	▪▪	▪▪	▪▪▪	▪▪▪	▪▪▪	▪▪	▪▪	▪▪	▪▪	▪▪▪
Size of Portfolio (in EUR mln):	▪ < 50		▪▪ >50 <200				▪▪▪ >200 <500			▪▪▪▪ >500			▪▪▪▪▪ >1,000		

Risk costs are controlled by appropriate structuring

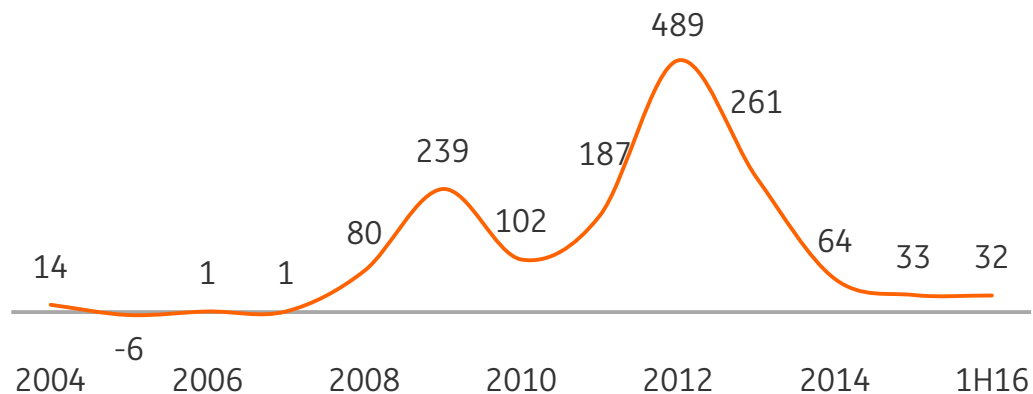
Long Term Risk Record SF

Underlying risk costs in bps of average RWA



Long term Risk Record REF

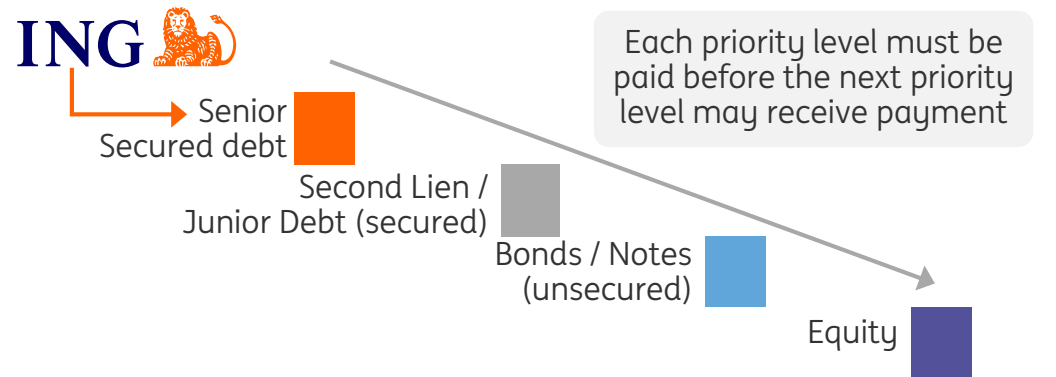
Underlying risk costs in bps of average RWA



Risks are controlled in a number of ways

- Industry and sub-sector selection
- Geographical selection
- Client selection
- Transaction structure
- Collateral value of the assets

Priority Ranking Capital Structure and Debt Service



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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 2015 ING Group consolidated annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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