FINANCIAL INSTITUTIONS

MOODY'S INVESTORS SERVICE

CREDIT OPINION

27 March 2019

Update

Rate this Research

RATINGS

ING Bank N.V.

Domicile	Amsterdam, Netherlands
Long Term CRR	Aa3
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aa3
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Aa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Yasuko Nakamura +33.1.5330.1030
VP-Sr Credit Officer
yasuko.nakamura@moodys.com

Delphine Larrousse +33.1.5330.3361
Associate Analyst
delphine.larrousse@moodys.com

Alain Laurin +33.1.5330.1059
Associate Managing Director
alain.laurin@moodys.com

Nick Hill +33.1.5330.1029
MD-Banking
nick.hill@moodys.com

» Contacts continued on last page

ING Bank N.V.

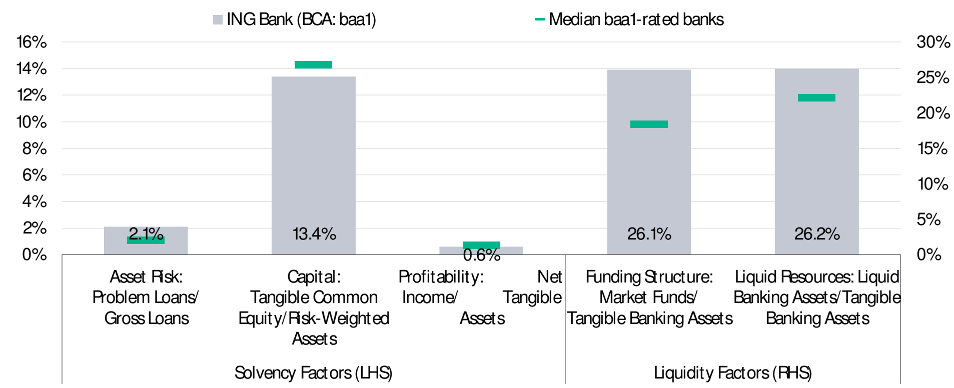
Semiannual update

Summary

ING Bank is the largest Dutch bank by assets (€887 billion at end-December 2018) and one of the largest financial institutions globally. Its Aa3 deposit and senior unsecured debt ratings primarily reflect the bank's (1) low asset risk, despite exposures to riskier activities and geographies as part of its diversified wholesale banking operations; (2) its strong profitability, based on a diversified business mix; and (3) its sound liquidity profile. In addition, as a result of the issuance in 2017 and 2018 of €17.7 billion loss-absorbing instruments by ING Groep (ING), the bank's parent company, in response to forthcoming regulatory requirements, the bank's depositors and senior creditors benefit from extremely low loss severity, reflected in a three-notch uplift from the Baseline Credit Assessment (BCA) of baa1. The probability of government support is moderate, which translates into an additional one notch uplift.

Exhibit 1

Rating Scorecard - Key Financial Ratios



Source: Moody's Financial Metrics

Credit strengths

» ING Bank's profitability has been resilient over the last few years, due to a balanced business mix across products, business lines and geographies.

» Asset risk is low, as a result of the bank's diversified activities.

» ING Bank's liquidity and funding profile is sound due to a decreased reliance on market-sensitive wholesale funding and lengthened debt maturities.

Credit challenges

» ING Bank is exposed to riskier activities (e.g. oil and commodity finance) and geographies (e.g. Ukraine and Turkey) as part of its generally well-diversified wholesale banking business.

» Low interest rates in the euro area will exert pressure on the bank's net interest margin.

Rating Outlook

The stable outlooks on ING Bank and ING Groep's long-term ratings reflect our expectation that, given the benign operating environment in the Netherlands and the major countries the bank is operating in, as well as its sound solvency and liquidity, the banking group's creditworthiness will remain steady over the medium term.

Factors that could lead to an upgrade

» ING Bank's BCA could be upgraded in case of (1) a material improvement in the operating environment in the EU countries to which the bank is mostly exposed, leading to substantially improved asset risk and a higher profitability level; (2) a strengthening capital position; or (3) a lower reliance on confidence-sensitive wholesale funding. An upgrade in the BCA would likely lead to an upgrade to all ratings of ING Bank and ING Groep.

Factors that could lead to a downgrade

» ING Bank's BCA could be downgraded in case of (1) an unexpected deterioration in asset risk and profitability; or (2) a material weakening in its capital position. A downgrade of the BCA would likely result in downgrades to all ratings.

» ING Bank's deposit and senior unsecured debt ratings could also be downgraded should changing regulatory requirements or management strategy lead to a reduction in loss-absorbing instruments, leading to increased loss-given-failure.

Key indicators

Exhibit 2
ING Bank N.V. (Consolidated Financials) [1]

	12-18[2]	12-17[2]	12-16[2]	12-15[2]	12-14[2]	CAGR/Avg.[3]
Total Assets (EUR million)	870,828	826,653	816,888	974,650	800,084	2.1[4]
Total Assets (USD million)	995,482	992,643	861,614	1,058,758	968,144	0.7[4]
Tangible Common Equity (EUR million)	42,073	40,801	40,200	36,375	31,839	7.2[4]
Tangible Common Equity (USD million)	48,096	48,993	42,401	39,514	38,527	5.7[4]
Problem Loans / Gross Loans (%)	1.9	2.2	2.4	2.2	3.2	2.4[5]
Tangible Common Equity / Risk Weighted Assets (%)	13.4	13.2	12.9	11.4	10.7	12.3[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	23.8	27.5	30.0	36.4	44.6	32.5[5]
Net Interest Margin (%)	1.6	1.7	1.5	1.5	1.6	1.6[5]
PPI / Average RWA (%)	2.4	2.6	2.3	2.6	2.1	2.4[6]
Net Income / Tangible Assets (%)	0.6	0.6	0.6	0.5	0.5	0.6[5]
Cost / Income Ratio (%)	58.5	54.0	58.8	53.3	59.7	56.9[5]
Market Funds / Tangible Banking Assets (%)	26.1	22.0	25.2	23.6	30.0	25.4[5]
Liquid Banking Assets / Tangible Banking Assets (%)	26.2	26.3	26.1	24.3	29.5	26.5[5]
Gross Loans / Due to Customers (%)	107.3	104.8	107.0	105.0	107.1	106.2[5]

[1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully-loaded or transitional phase-in; IFRS. [3] May include rounding differences due to scale of reported amounts. [4] Compound Annual Growth Rate (%) based on time period presented for the latest accounting regime. [5] Simple average of periods presented for the latest accounting regime. [6] Simple average of Basel III periods presented.
Source: Moody's Financial Metrics

Profile

ING Bank is the main operating entity of ING Groep, the largest Dutch financial institution by assets (€887 billion at year-end 2018) and one of the largest in Europe and globally. The bank provides retail and wholesale banking services in over 40 countries and qualifies as a global systemically important bank (G-SIB) under the Financial Stability Board's identification criteria.

ING's Retail Banking services include mortgages, unsecured lending, payments, savings and current accounts. The retail client base of the bank is around 38.4 million individual customers. Wholesale Banking activities are divided in the following global franchises: Industry Lending, General Lending and Transaction Services, Financial Markets and Bank Treasury and Other.

ING has an important presence globally, which is organised along the following business lines:

» Market leaders (the Netherlands, Belgium and Luxembourg), where the bank holds a strong position both in Retail and Wholesale Banking;

» Challenger Markets (Germany, Austria, Spain, Italy, France, Australia, Czech Republic), where the bank has few or no branches and products are mostly digitally distributed (“direct-first” approach);

» Growth Markets (Poland, Romania, Turkey and Asian bank stakes).

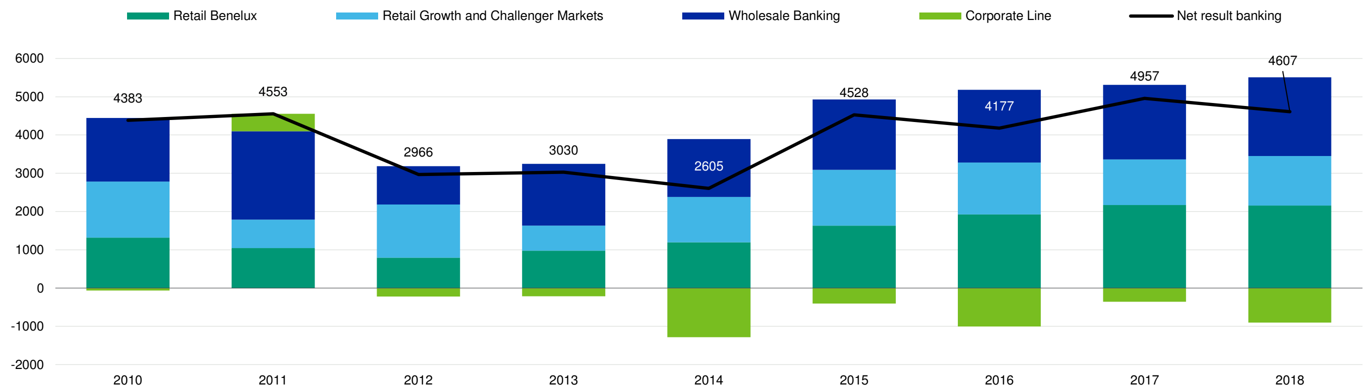
Additionally, the bank provides Wholesale Banking services in other countries (including USA, Mexico, Brazil, Russia, India) thanks to an extensive international network.

Detailed credit considerations

Profitability is resilient, benefiting from a highly diversified business mix

ING Bank's recurring earnings have proven resilient over the last three years. Its return on assets (net income/tangible assets) was 58 bps on average over the past three years, above its Dutch peers. Our estimated ratio for full-year 2018 is 55 bps, despite the €775 million negative impact of the settlement with the Dutch authorities for shortcomings on customer due diligence in the Netherlands (this one-off charge is included in the Corporate Line segment in the exhibit below). ING's profitability has recovered since 2014, benefitting from materially improved macroeconomic conditions in the Netherlands, higher returns in Challenger and Growth Markets, and increasing profits in wholesale banking, due to low credit costs and steady loan growth.

Exhibit 3
ING's net banking income by main business lines



Source: ING's Financial Statements

Net interest income, which accounts for 75%-80% of the bank's total underlying income, has remained fairly stable. ING Bank has overcome the negative pressure exerted by current conditions on interest margins by re-pricing deposits and growing its loan portfolio. The bank also benefits from a diversified earning base in the core retail and wholesale banking businesses. The bank's total net interest income was up 1.3% in 2018 to €13.9 billion, supported by strong commercial growth[1] and robust margins.[2]

However, the bank now has very little headroom to further lower interest rates paid on deposits. Deposit rates have reached extremely low levels in all EU bank markets (currently ranging from 1bp to 11bps) which will likely erode the net interest margin.

ING's cost-to-income ratio was 54.8% in 2018, a strong performance relative to many EU peers including domestic competitors. We expect the restructuring measures that have been implemented since the end of 2016 will help ING further improve its cost efficiency and reach its cost-to-income target of 50-52%.

Credit costs have reached a very low level (11 bps of gross loans in 2018 and 12 bps in 2017). We expect the improved loan performance, underpinned by a sustained recovery in the Dutch and Belgian economies, to continue to support low credit costs in the Benelux in the coming quarters.

ING Bank's profitability score of a3 is adjusted upwards by two notches from the baa2 initial score to take into account the high stability of earnings resulting from its diversified revenue streams.

Asset risk is low, despite exposures to some volatile sectors and geographies

ING Bank's exposure to the Dutch economy is much smaller than its domestic peers, owing to the high degree of geographical diversification of its operations (international exposures represent around 66% of its loan book). As a consequence, ING Bank's risk profile is less dependent on the Dutch macroeconomic environment.

Despite exposures to market segments that we consider riskier, ING's NPL ratio (stage 3 loans accounted for 1.5% of credit outstandings at year-end 2018) is relatively low compared to peers and in line with the Dutch average[3]. The high quality of assets reflects ING Bank's long operating track record in selected markets and products, despite its presence in more volatile wholesale banking activities (e.g. oil and commodities, project finance) and in more sensitive growth markets (e.g. Turkey, Russia, Ukraine).

In line with the improvement of macroeconomic conditions in most countries where the group is active, ING's credit costs have decreased materially over the last few years, to reach a very low 11 bps of outstanding gross loans in 2018 and 12 bps in 2017. Although we do not expect a major deterioration of economic conditions in the bank's main markets, ING's increasing activity in "growth markets" and relatively high exposure to sensitive market segments (including exposures in countries where macroeconomic conditions are less stable such as Turkey, and sectors affected by price volatility such as oil and commodities) may lead to higher credit costs in the medium term.

ING's exposures to market risk are relatively limited. RWAs for market risks amounted to 2% of total RWAs at year-end 2018.

We assign an asset risk score of a3 to ING Bank, which reflects the good asset quality profile of the bank. The score is however constrained by its exposure to activities and markets that we consider more volatile, which explains the negative adjustment in the assigned score from the macro-adjusted score of a2.

Capital position is commensurate with the bank's risk profile and bail-in-able buffers will further increase under regulatory requirements

At-year-end 2018, ING Groep[4] reported a fully-loaded Common Equity Tier 1 (CET1) ratio of 14.5%, well above its minimum requirement of 11.8% in 2019.[5]

In 2018, the Single Resolution Board (SRB) set the minimum requirement for own funds and eligible liabilities (MREL) for ING Groep at 10.9% of its total liabilities and own funds (TLOF). This requirement was set on data as of 31 December 2016 and represents €91 billion or 29% or ING Groep's RWAs at that time. Including part of the bank's preferred senior unsecured debt within eligible liabilities, the group already complies with this requirement.

As a G-SIB entity, ING Groep is subject to Total Loss Absorbing Capacity (TLAC) rules, which are to be transposed into the EU law. The FSB framework requires a minimum TLAC of 21.5% of risk-weighted assets (RWAs) from January 2019, and 23.5% from January 2022[6]. Based on our estimations, ING Groep's TLAC already exceeds the requirement of 23.5% at year-end 2018.

Over the past two years, the group increased its MREL/TLAC buffer to build a management buffer above the minimum requirement and protect the bank's senior creditors by using its holding company (ING Groep)[7]. In 2017 and 2018, ING Groep issued €4.9 billion Tier 2 debt and €17.7 billion senior unsecured debt, that are structurally subordinated to the bank's own senior unsecured debt and deposits in a resolution scenario. We expect ING Groep to continue its issuance programme in line with its medium-term plan, based upon its continued good access to the capital markets. ING announced further €7 to 9 billion senior debt issuance from the holding company in 2019, replacing most ING Bank's senior debt that will mature, so as to further reinforce its MREL/TLAC buffers.

Finally, ING indicated in June 2018 that the estimated impact of Basel IV on its CET1 ratio would be around -200 bps, all other things being equal. Considering ING's current capitalisation, the timeframe for the implementation of the new rules (up to 2027 for the full output floor) and the group's ability to mitigate some of the impacts through management actions, we consider that the group will be able to meet the requirement in due time.

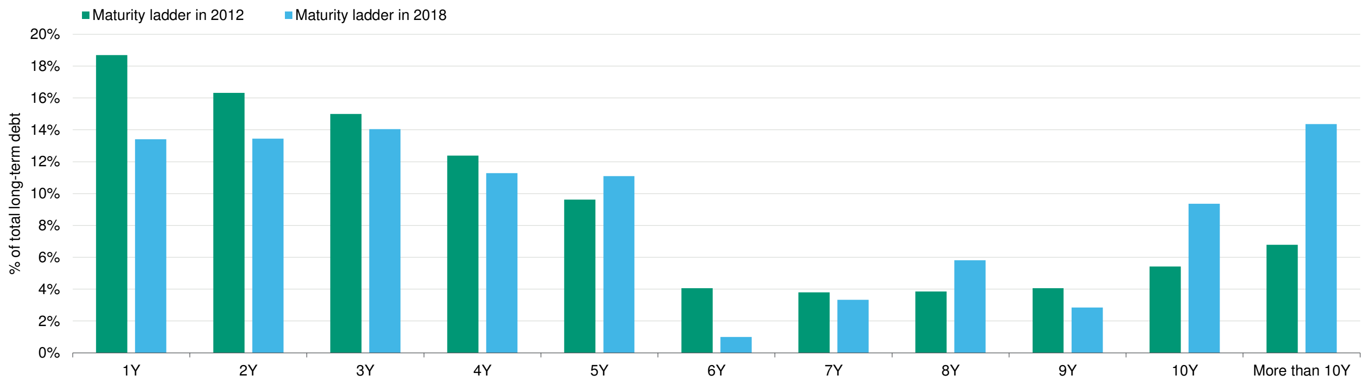
The bank's Tangible Common Equity / RWA ratio of 13.1% as at end-June 2018 translates into a capital score of a2.

Liquidity and funding profile is sound, despite reliance on confidence-sensitive market funding

As for other Dutch banks, ING Bank's reliance on wholesale funding remains high, reflecting the structural features of the Dutch banking system: a high proportion of Dutch households' savings are channelled towards mandatory pension funds, which structurally decreases the total amount of bank deposits.

However, ING has improved its funding structure in recent years thanks to its cash-rich subsidiaries in Belgium or Germany, and a decreasing loan portfolio in the Netherlands, strengthening its loan-to-deposit ratio (107% at year-end 2018). Furthermore, ING has lengthened the maturity profile of its wholesale funding, thus reducing its refinancing risk (see exhibit 4).

Exhibit 4
ING's long-term maturity profile has been extended
ING's long-term debt maturity ladders in 2012 and 2018 (as % of total outstanding long-term debt)



Source: ING's Financial Statements

The reduction in the bank's reliance on confidence-sensitive market funding is reflected in the assigned funding structure score of baa2.

The bank's high-quality liquid assets (HQLA) portfolio amounted to €136 billion (of which €124 billion were level 1 assets). We believe this liquidity buffer to be sufficient to cover discontinuity in the bank's short-term wholesale funding: based on our calculation, total wholesale funding[8] amounted to approximately €171 billion at year-end 2018, out of which about €87 billion were to maturing within one year. Furthermore, ING Bank's median proportion of encumbered assets stood at 19% in 2018, a level which is below the EU banks' average (at around 26%) and leaves sufficient amount of loans available to be packaged into central bank eligible securitizations, if required.

The transferability of ING's liquidity among the group's various entities is however constrained by local supervisors' requirement to maintain minimum liquidity buffers in some subsidiaries. The group tends nevertheless to optimize its cash-rich entities' liquidity by transferring to them, or originating out of them increasing amounts of assets - wholesale assets (e.g. structured finance loans to ING Belgium and ING Germany) and retail assets (e.g. Belgian and Dutch mortgages to ING Germany). These constraints on liquidity transfer are reflected in ING's liquidity score of baa1, one notch below the initial score of a3 resulting from its ratio of liquid assets on tangible banking assets of 26.3%.

Support and structural considerations

Loss Given Failure analysis

ING Bank (together with its parent ING Groep) is subject to the EU Bank Recovery and Resolution Directive (BRRD), which we consider to be an Operational Resolution Regime. We assume a residual tangible common equity at failure of 3% and losses post-failure of 8% of tangible banking assets, a 25% run-off in "junior" wholesale deposits (amounting to 26% of total deposits), a 5% run-off in preferred deposits, and assign a 25% probability of deposits being preferred to senior unsecured debt. These are in line with our standard assumptions.

As a result of instrument volume and the MREL/TLAC buffers built since the end of 2016 through the issuance of senior debt from the holding company (ING Groep), our advanced LGF analysis indicates an extremely low loss-given-failure for ING Bank's junior depositors and senior unsecured creditors, resulting in a three-notch uplift from the firm's Adjusted BCA of baa1.

Regarding ING Groep's senior unsecured debt, our LGF analysis shows a moderate loss-given-failure leading to a Preliminary Rating Assessment in line with the bank's Adjusted BCA.

As for junior securities issued by ING Bank and ING Groep, our LGF analysis shows a high loss-given-failure. This leads to ratings one notch below the bank's Adjusted BCA. For ING Groep's junior subordinated and preference share instruments, we also incorporate additional notching down from ING Bank's adjusted BCA of one and two notches, to baa3 and ba1, respectively, in order to reflect coupon suspension risk ahead of failure.

Government support considerations

We consider the probability of government support for ING Bank's senior debt and deposits to be moderate, due to its systemic importance both domestically and more broadly. This results in an additional one-notch uplift for both ING Bank's deposit and debt ratings.

For ING Groep's senior unsecured debt, we consider the probability of government support to be low given their explicitly loss-absorbing nature, which results in no uplift from the bank's Adjusted BCA.

For junior securities, the probability of government support is also low, and, as such, the ratings for these instruments do not include any related uplift, either.

Counterparty Risk Assessment

CR Assessments are opinions of how counterparty obligations are likely to be treated if a bank fails and are distinct from debt and deposit ratings in that they (1) consider only the risk of default rather than both the likelihood of default and the expected financial loss suffered in the event of default and (2) apply to counterparty obligations and contractual commitments rather than debt or deposit instruments. The CR assessment is an opinion of the counterparty risk related to a bank's covered bonds, contractual performance obligations (servicing), derivatives (e.g., swaps), letters of credit, guarantees and liquidity facilities.

ING Bank's CR Assessment is positioned at Aa3(cr)/Prime-1(cr).

This CR Assessment, prior to government support, is three notches above the bank's BCA of baa1, based on the cushion against default provided by instruments subordinated to the senior obligations represented by the CR Assessment. The CR Assessment also benefits from one notch of government support, in line with our support assumptions on deposits and senior unsecured debt.

Counterparty Risk Ratings (CRR)

Moody's Counterparty Risk Ratings are opinions of the ability of entities to honour the uncollateralized portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honoured. CRR liabilities typically relate to transactions with unrelated parties. Examples of CRR liabilities include the uncollateralized portion of payables arising from derivatives transactions and the uncollateralized portion of liabilities under sale and repurchase agreements. CRRs are not applicable to funding commitments or other obligations associated with covered bonds, letters of credit, guarantees, servicer and trustee obligations, and other similar obligations that arise from a bank performing its essential operating functions.

ING Bank's CRR is positioned at Aa3/Prime-1.

The CRR, prior to government support, is three notches higher than the adjusted BCA of baa1, based on the level of subordination to CRR liabilities in the bank's balance sheet, and assuming a nominal volume of such liabilities. The CRR also benefits from one notch of government support, in line with our support assumptions on deposits and senior unsecured debt.

About Moody's Scorecard

Our Scorecard is designed to capture, express and explain in summary form our Rating Committee's judgment. When read in conjunction with our research, a fulsome presentation of our judgment is expressed. As a result, the output of our Scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The Scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 5

ING Bank N.V.

Macro Factors		
Weighted Macro Profile	**Strong +**	**100%**

Factor	**Historic Ratio**	**Initial Score**	**Expected Trend**	**Assigned Score**	**Key driver #1**	**Key driver #2**
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.1%	a2	←→	a3	Sector concentration	Expected trend
Capital						
TCE / RWA	13.4%	a2	←→	a2		
Profitability						
Net Income / Tangible Assets	0.6%	baa2	←→	a3	Earnings quality	
Combined Solvency Score		a3		a3		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	26.1%	baa2	←→	baa2	Deposit quality	Term structure
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	26.2%	a3	←→	baa1	Intragroup restrictions	Asset encumbrance
Combined Liquidity Score		baa1		baa2		
Financial Profile				baa1		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint:				Aaa		
Scorecard Calculated BCA range				a3-baa2		
Assigned BCA				baa1		
Affiliate Support notching				0		
Adjusted BCA				baa1		

Balance Sheet	**in-scope (EUR million)**	**% in-scope**	**at-failure (EUR million)**	**% at-failure**
Other liabilities	228,878	48.1%	246,505	51.8%
Deposits	172,818	36.3%	155,191	32.6%
Preferred deposits	127,885	26.9%	121,491	25.5%
Junior Deposits	44,933	9.4%	33,700	7.1%
Senior unsecured bank debt	30,585	6.4%	30,585	6.4%
Dated subordinated bank debt	3,588	0.8%	3,588	0.8%
Senior unsecured holding company debt	17,705	3.7%	17,705	3.7%
Dated subordinated holding company debt	5,141	1.1%	5,141	1.1%
Preference shares (holding company)	2,559	0.5%	2,559	0.5%
Equity	14,266	3.0%	14,266	3.0%
Total Tangible Banking Assets	475,540	100%	475,540	100%

Debt class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	22.6%	22.6%	22.6%	22.6%	3	3	3	3	0	a1
Counterparty Risk Assessment	22.6%	22.6%	22.6%	22.6%	3	3	3	3	0	a1 (cr)
Deposits	22.6%	9.1%	22.6%	15.5%	3	3	3	3	0	a1
Senior unsecured bank debt	22.6%	9.1%	15.5%	9.1%	3	2	3	3	0	a1
Dated subordinated bank debt	5.4%	3.5%	5.4%	3.5%	-1	-1	-1	-1	0	baa2

Instrument class	Loss Given Failure notching	Additional Notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	a1	1	Aa3	Aa3
Counterparty Risk Assessment	3	0	a1 (cr)	1	Aa3 (cr)	--
Deposits	3	0	a1	1	Aa3	Aa3
Senior unsecured bank debt	3	0	a1	1	Aa3	Aa3
Dated subordinated bank debt	-1	0	baa2	0	Baa2	Baa2

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Financial Metrics

Ratings

Exhibit 6

Category	Moody's Rating
ING BANK N.V.	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	Aa3/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Senior Unsecured	Aa3
Subordinate	Baa2
Commercial Paper -Dom Curr	P-1
Other Short Term -Dom Curr	(P)P-1
ING BANK A.S. (TURKEY)	
Outlook	Negative
Counterparty Risk Rating	Ba2/NP
Bank Deposits -Fgn Curr	B2/NP
Bank Deposits -Dom Curr	Ba3/NP
NSR Bank Deposits	Aa1.tr/TR-1
Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	ba3
Counterparty Risk Assessment	Ba2(cr)/NP(cr)
ING BANK N.V. - SAO PAULO	
Outlook	Stable
Counterparty Risk Rating -Fgn Curr	Ba1/NP
Counterparty Risk Rating -Dom Curr	A3/P-2
Bank Deposits -Fgn Curr	Ba3/NP
Bank Deposits -Dom Curr	A3/P-2
NSR Bank Deposits	Aaa.br/BR-1
Counterparty Risk Assessment	A3(cr)/P-2(cr)
ING BANK N.V., TOKYO BRANCH	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	Aa3/P-1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)

Commercial Paper -Dom Curr	P-1
ING BANK SLASKI S.A.	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	A1(cr)/P-1(cr)
ING BANK N.V., SYDNEY BRANCH	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Senior Unsecured -Dom Curr	Aa3
Commercial Paper	P-1
Other Short Term	(P)P-1
ING (U.S.) FUNDING LLC	
Bkd Commercial Paper	P-1
ING BELGIUM INTERNATIONAL FINANCE S.A.	
Outlook	Stable
Bkd Sr Unsec MTN -Dom Curr	(P)A2
ING BELGIUM SA/NV	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Bank Deposits	A1/P-1
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	baa1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
ING-DIBA AG	
Outlook	Stable
Counterparty Risk Rating	A1/P-1
Bank Deposits	A2/P-1
Baseline Credit Assessment	a2
Adjusted Baseline Credit Assessment	a2
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
ING BANK (AUSTRALIA) LIMITED	
Outlook	Stable
Counterparty Risk Rating	A2/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa1
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Issuer Rating	A3
ST Issuer Rating	P-2
ING BANK N.V. (SINGAPORE)	
Outlook	Stable
Counterparty Risk Rating	Aa3/P-1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Senior Unsecured	Aa3
ING GROENBANK N.V.	
Counterparty Risk Rating	Aa3/P-1
Counterparty Risk Assessment	Aa3(cr)/P-1(cr)
Senior Unsecured MTN -Dom Curr	(P)Aa3
Other Short Term -Dom Curr	(P)P-1

Source: Moody's Investors Service

Endnotes

1 The bank's core lending book (excluding lease portfolio in run-off and treasury's assets) grew 6.4% in 2018.

2 Net interest margins were 153 bps in 2018 versus 154 bps in 2017.

3 ABN AMRO Bank and Rabobank reported a NPL ratio of 2.2% and 3.5% respectively at year-end 2018

4 For supervisory authorities (European Central Bank and De Nederlandsche Bank) ING Groep is the main regulated entity for regulatory capital purposes

5 The scorecard below shows ING Bank's Tangible Common Equity ratio instead of that of ING Groep, which is the regulated entity. The difference between the bank and the group ratios stems from €6 billion of accumulated reserves at the holding company level. Although part of this excess capital could be distributed to shareholders in the future, we do not expect this to happen in the short run as the future regulatory framework and supervisory requirements are not yet fully finalized (e.g. transposition of final Basel III rules in the EU, MREL requirements, etc.).

6 TLAC requirements of 16% of RWAs from 2019 and 18% from 2022 plus a Capital Conservation buffer of 2.5% and a Systemic Risk buffer of 3%, based on current guidance

7 ING announced, in November 2016, that ING Groep will be the group's designated resolution entity. This single-point of entry strategy has been approved by the European Single Resolution Board (SRB) in January 2017.

8 Wholesale funding includes interbank borrowings and debt securities issued.

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Contacts

Yasuko Nakamura +33.1.5330.1030
VP-Sr Credit Officer
yasuko.nakamura@moodys.com

Alain Laurin +33.1.5330.1059
Associate Managing Director
alain.laurin@moodys.com

Delphine Larrousse +33.1.5330.3361
Associate Analyst
delphine.larrousse@moodys.com

Nick Hill +33.1.5330.1029
MD-Banking
nick.hill@moodys.com

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