MOODY'S
INVESTORS SERVICE

CREDIT OPINION
4 October 2018

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.

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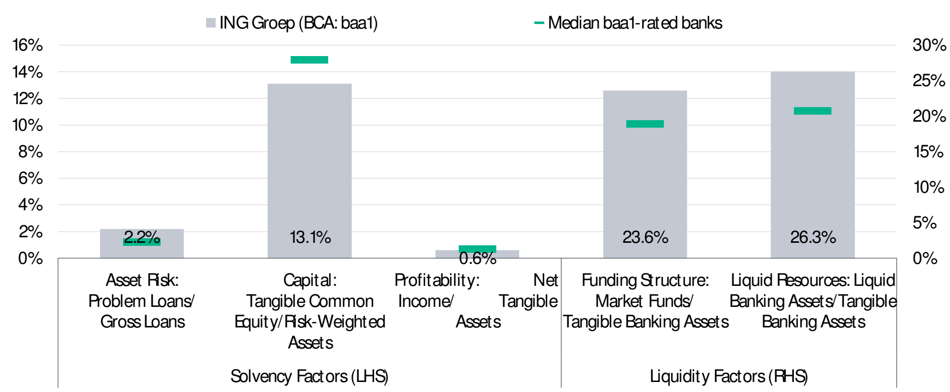
ING Bank N.V.

Semiannual update

Summary

ING Bank is the largest Dutch bank by assets (€906 billion at end-June 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, we expect ING Groep (ING), the bank's parent company, to issue a material amount of additional loss-absorbing instruments in response to forthcoming regulatory requirements. This issuance plan leads to an extremely low loss severity for the bank's senior unsecured debt and deposits, reflected in a three-notch uplift from the bank's Baseline Credit Assessment (BCA) of baa1. As ING Bank is a bank of global systemic importance, 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 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 the banking group's profitability will remain broadly resilient to pressure from low interest rates over the next 12-18 months, while asset risk will remain low and the capital position will continue to strengthen.

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 lower-than-expected 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 expected debt issuance, leading to increased loss-given-failure.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key indicators

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

	6-18[2]	12-17[2]	12-16[2]	12-15[2]	12-14[2]	CAGR/Avg.[3]
Total Assets (EUR million)	906,220	826,653	816,888	974,650	800,084	3.6[4]
Total Assets (USD million)	1,058,063	992,643	861,614	1,058,758	968,144	2.6[4]
Tangible Common Equity (EUR million)	41,659	40,801	40,200	36,375	31,839	8.0[4]
Tangible Common Equity (USD million)	48,639	48,993	42,401	39,514	38,527	6.9[4]
Problem Loans / Gross Loans (%)	1.9	2.2	2.4	2.2	3.2	2.4[5]
Tangible Common Equity / Risk Weighted Assets (%)	13.1	13.2	12.9	11.4	10.7	12.3[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	23.6	27.5	30.0	36.4	44.6	32.4[5]
Net Interest Margin (%)	1.6	1.7	1.5	1.5	1.6	1.6[5]
PPI / Average RWA (%)	2.5	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 (%)	56.3	54.0	58.8	53.3	59.7	56.4[5]
Market Funds / Tangible Banking Assets (%)	28.6	23.6	25.2	23.6	30.0	26.2[5]
Liquid Banking Assets / Tangible Banking Assets (%)	21.1	26.3	26.1	24.3	29.5	25.5[5]
Gross Loans / Due to Customers (%)	104.0	104.8	107.0	105.0	107.1	105.6[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 (€906 billion at end-June 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 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).

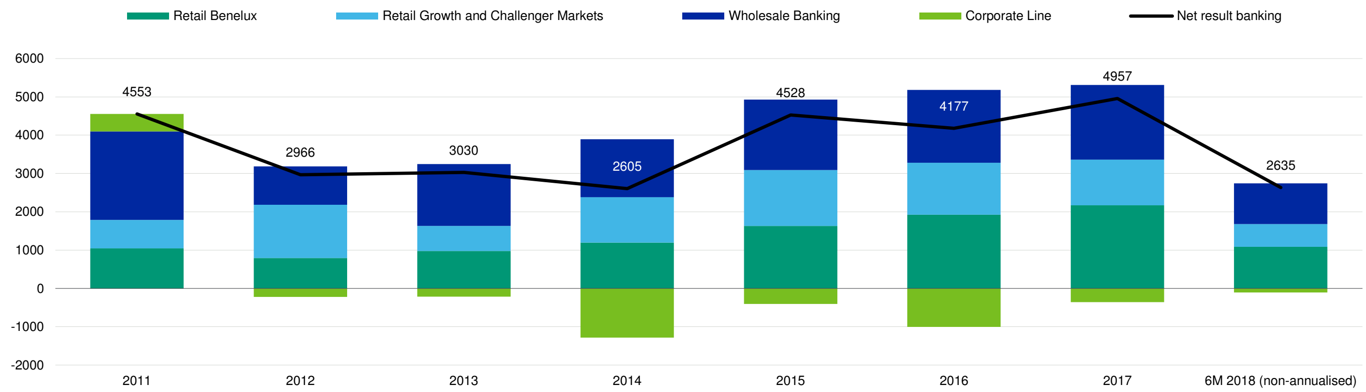
Additionally, the bank provides Wholesale Banking services in other countries (including USA, Mexico, Brazil, Russia, India) thanks to an extensive international network.

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 asset) stood at 58 bps on average over the past three years, above its Dutch peers. ING's profitability has recovered since 2014, benefitting from materially improved macroeconomic conditions in the Netherlands, higher returns in Challenger and Growth Markets, mainly in Germany, 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 3.6% in 2017 from 2016 to €13.7 billion, and continued to grow in H1 2018 (+2% on H1 2017), supported by a 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.

In October 2016, the group announced a series of measures aimed at preserving its profitability. These measures imply additional investments in digital banking of about €800 million from 2016 to 2021, and should result in a headcount reduction of 7,000 staff by 2021 (out of 54,000 in 2017) and €900 million of gross annual cost savings over the same horizon. The restructuring costs are covered by a €1.1 billion provision, booked in 2016. If implemented as planned, restructuring measures will help ING improve its cost efficiency and reach its cost-to-income target of 50-52%, from 56.3% in H1 2018, which is already a strong performance relative to many EU peers including domestic competitors.

Credit costs have reached a very low level (13 bps of average risk-weighted assets in H1 2018 and 22 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 stemming 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 three-year average NPL ratio (2.1% as at end-June 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 cost has decreased materially over the last few years, to reach a very low 22 bps of average RWAs in 2017 and 13 bps in H1 2018, well below the group's through-the-cycle average of 40-45 bps. However, ING's credit costs are slightly higher than Dutch peers, due to the group's increasing activities in some "growth markets", exposures in countries where macroeconomic conditions are less stable (e.g. Turkey) and to sectors affected by price volatility (e.g. oil and commodities).

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 may lead to higher credit costs in the medium term.

The first time application of IFRS 9 resulted in a material increase (+17%, a large portion of which was driven by stage 2 expected losses) in the amount of loan loss provisions to €5,423 million as at 1 January 2018, increasing the coverage of problem loans by provision to 44% from 38%, a credit positive.

ING's exposures to market risk are relatively limited compared to peers. RWAs for market and counterparty risks amounted to 5.5% of total RWAs in 2017. Market risk activities are mostly client-driven, as the group has very limited proprietary trading activity, and geared towards fixed income (interest rate and credit spread risks amount to about 77% of the market VaR before diversification effects).

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

As of 30 June 2018, ING Groep[4] reported a fully-loaded Common Equity Tier 1 (CET1) ratio of 14.1%, well above its minimum requirement of 11.8% in 2019.[5]

The Single Resolution Board (SRB) has set the minimum requirement for own funds and eligible liabilities (MREL) for ING Groep at 10.9% of its total liabilities and own funds. This requirement has been set on data as of 31 December 2016 and corresponds to €91 billion or 29% or ING Groep's RWAs at that time. The group already complies with this requirement.

As 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) by January 2019, and 23.5% by January 2022[6]. ING Groep disclosed a pro forma TLAC requirement of 21.5% as of 31 December 2017.

Nevertheless, the group intends to increase its 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]. This debt to be issued by the holding company will consist of Additional Tier 1, Tier 2 and senior unsecured debt securities, which will be structurally subordinated to the bank's own senior unsecured debt and deposits in a resolution scenario. In this regard, the group announced it intended to issue, through ING Groep, at least €16 billion of senior unsecured debt during the 3-year period starting at the end of 2016. Out of the total planned issuance, ING Groep has to date issued more than €10 billion of senior unsecured debt and more than €4 billion of Tier 2 debt. 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.

Finally, following the agreement on the finalization of Basel III rules last December (please also refer to our research report Basel Committee's agreement on risk weights is credit positive), the bank expects a 15-18% increase[8] in risk-weighted assets by 2027, other things being equal. Based on our calculations, this impact would reduce ING Groep's CET1 ratio by around 200 bps. Considering ING's current capitalisation and the timeframe for the implementation of the new rules (up to 2027 for the full output floor), we estimate 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

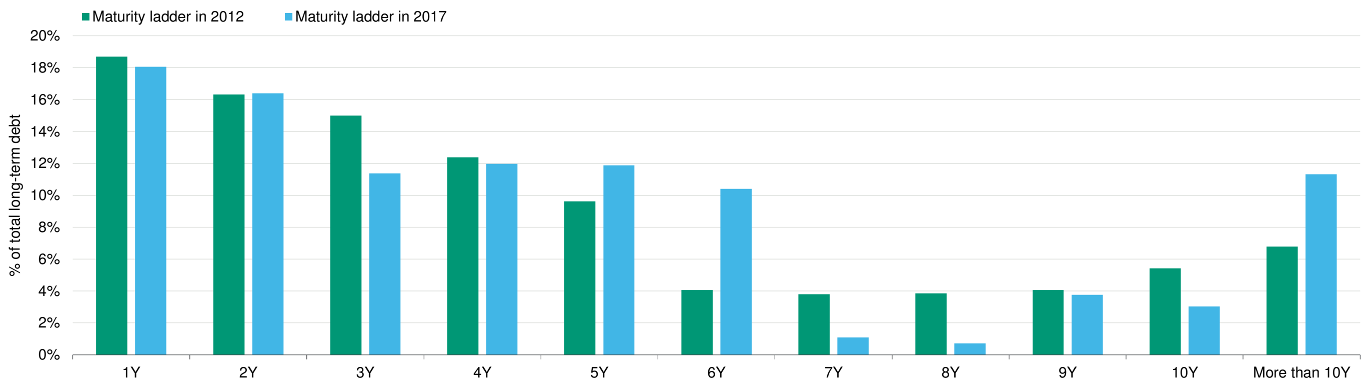
As for other Dutch banks, ING Bank's reliance on wholesale funding remains high, reflecting the structural features of the Dutch banking system: a high proportion of Dutch households' savings are channelled towards mandatory pension funds, which structurally decreases the total amount of bank deposits.

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 (105% at end-June 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 2017 (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 €129 billion (of which €116 billion were level 1 assets). We believe this liquidity buffer to be sufficient to cover a discontinuation of the bank's short-term wholesale funding: based on our calculation, total wholesale funding[9] amounted to approximately €171 billion as of 30 June 2018, out of which about €91 billion was short-term. Furthermore, ING Bank's proportion of encumbered assets stood at 19%, in December 2017, 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.

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. This is one notch higher than that based on the most recent liability structure, reflecting our expectation that ING will continue to issue debt in order to comply with MREL/TLAC requirements, with a resulting reduction in loss-given-failure. ING has communicated planned issuance of around €16 billion of holding company's senior unsecured debt under its medium- and long-term funding plan by the end of 2019. We expect that ING will continue its issuance programme in line with its medium- and long-term funding plan, based upon the group's continued good access to the capital markets.

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

ING is a systemically important bank in the Netherlands and globally. We thus consider the probability of government support to be moderate, resulting 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 positioned 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	2.2%	a2	←→	a3	Sector concentration	Expected trend
Capital						
TCE / RWA	13.1%	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	23.6%	baa1	←→	baa2	Deposit quality	Term structure
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	26.3%	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	268,966	52.6%	286,816	56.1%
Deposits	175,001	34.2%	157,151	30.8%
Preferred deposits	129,501	25.3%	123,026	24.1%
Junior Deposits	45,500	8.9%	34,125	6.7%
Senior unsecured bank debt	30,750	6.0%	30,750	6.0%
Dated subordinated bank debt	6,312	1.2%	6,312	1.2%
Senior unsecured holding company debt	7,103	1.4%	7,103	1.4%
Dated subordinated holding company debt	5,089	1.0%	5,089	1.0%
Preference shares (holding company)	2,489	0.5%	2,489	0.5%
Equity	15,331	3.0%	15,331	3.0%
Total Tangible Banking Assets	511,041	100%	511,041	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	19.8%	19.8%	19.8%	19.8%	3	3	3	3	0	a1
Counterparty Risk Assessment	19.8%	19.8%	19.8%	19.8%	3	3	3	3	0	a1 (cr)
Deposits	19.8%	7.1%	19.8%	13.1%	2	3	2	3	0	a1
Senior unsecured bank debt	19.8%	7.1%	13.1%	7.1%	2	1	2	3	0	a1
Dated subordinated bank debt	5.7%	3.5%	5.7%	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 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 (U.S.) FUNDING LLC	
Bkd Commercial Paper	P-1
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-2(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 Gross loans grew 4% in H1 2018 from year-end 2017.

2 Net interest margins were 151 bps in H1 2018.

3 See European Central Bank/ Single Supervisory Mechanism, Supervisory Banking Statistics, September 2017

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 This estimate assumes a stable portfolio and risk-weighted assets based on the current economic environment. Also, the estimate and does not take into account management actions as well as potential adjustments to Pillar 2, to model parameters (for instance, related to the targeted review of internal models, TRIM) or to the systemic risk buffer

9 Wholesale funding includes interbank borrowings and debt securities issued.

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