

# ING Bank Credit Update

Amsterdam – 11 February 2015  
[www.ing.com](http://www.ing.com)

# Key points

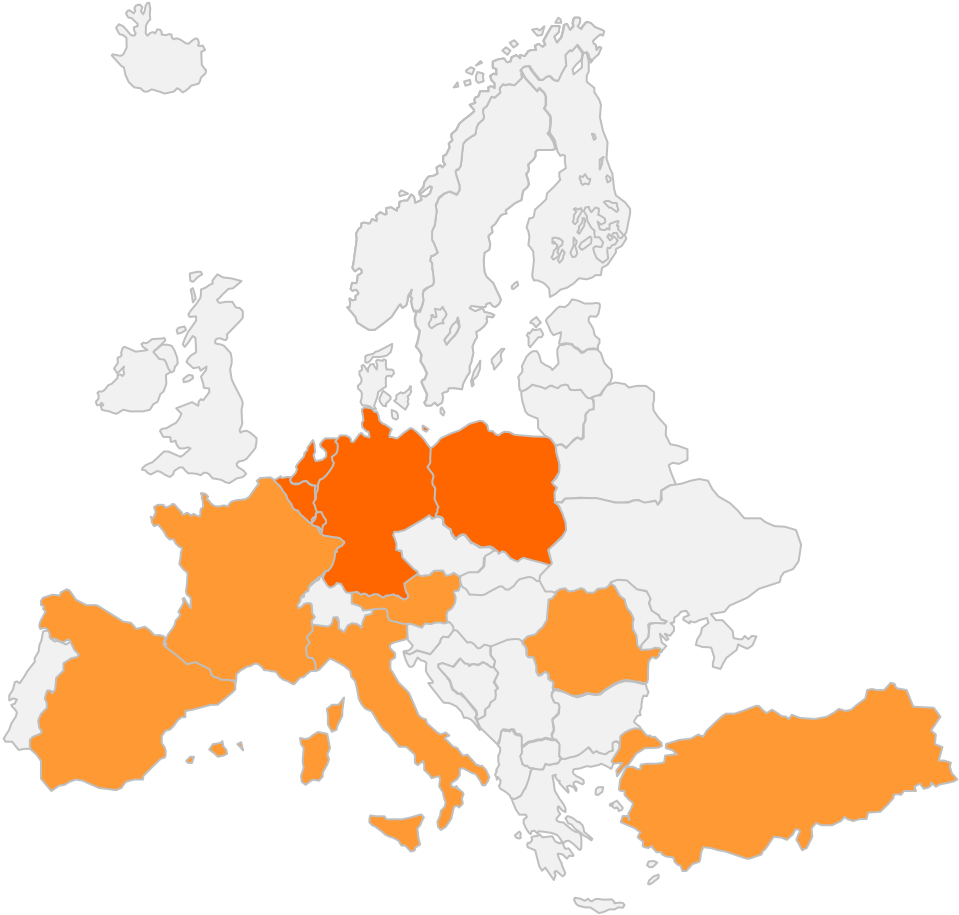
- On track to deliver on Ambition 2017
  - Significant progress on restructuring and strategic initiatives in 2014
  - Strong full year result reflects higher interest results, strict expense control and lower risk costs
  - Dividend payments reinstated for 2014; we propose to pay EUR 470 mln or EUR 0.12 per share
- The Bank's capital and liquidity position remains strong and funding needs are moderate
  - CRD IV Common equity Tier 1 ratio fully-loaded improved to 11.4%, up from 11.1% in 3Q14
  - Large part of the balance sheet is funded with stable retail based customer deposits
  - Long term funding has increased to EUR 103 billion, up from EUR 65 billion in 2009
  - ING Bank has modest long-term funding needs going forward
  - ING Bank has a sizeable EUR 183 billion liquidity buffer, which compares favourably to a balance sheet of EUR 829 billion



# ING Bank results

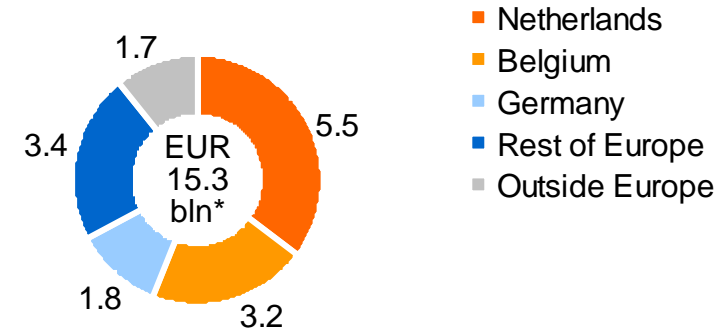
# ING Bank has strong positions in resilient northern European home markets

## Strong positions in European home markets

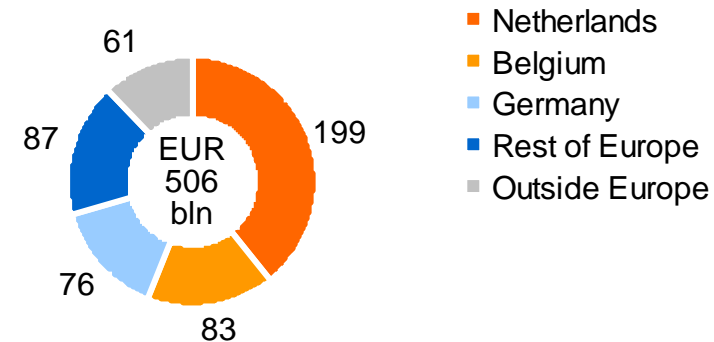


\* Total EUR 15.3 billion reported underlying income includes EUR 0.3 billion negative income reported under Other, not visible in the chart

## ING Bank total underlying income FY2014 (EUR bln)



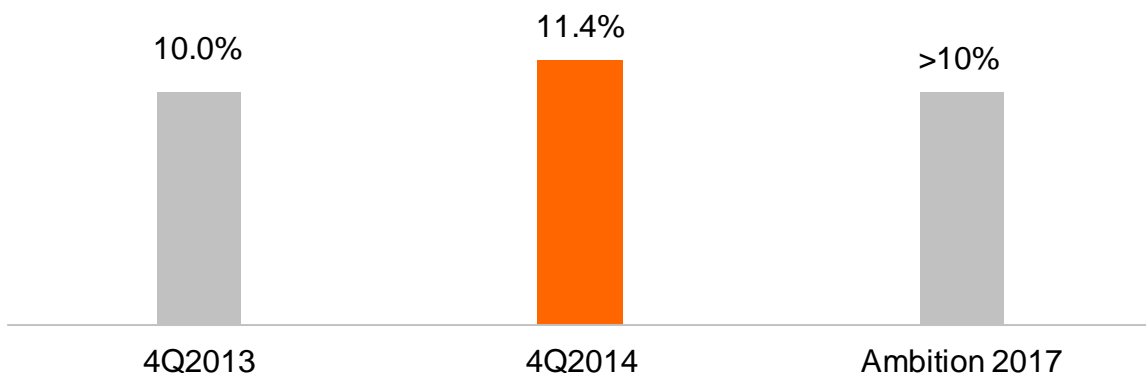
## Lending portfolio December 2014 (EUR bln)



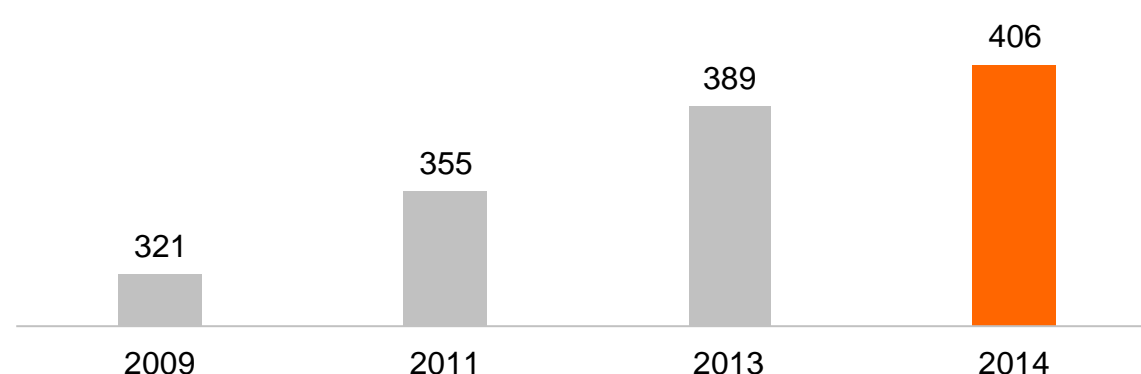


# ING Bank has key strengths to support our success

Fully-loaded CET1 ratio at 11.4%

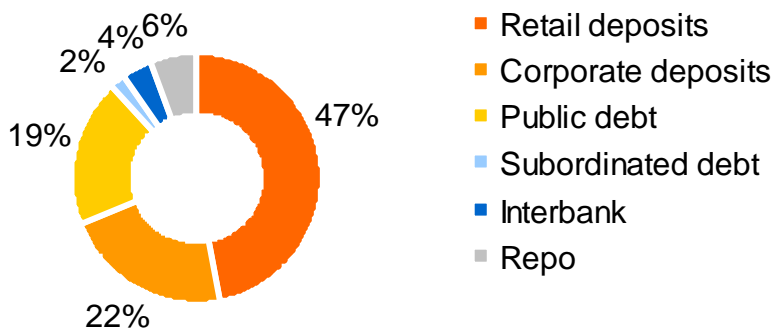


Strong retail deposit gathering ability\* (in EUR bln)



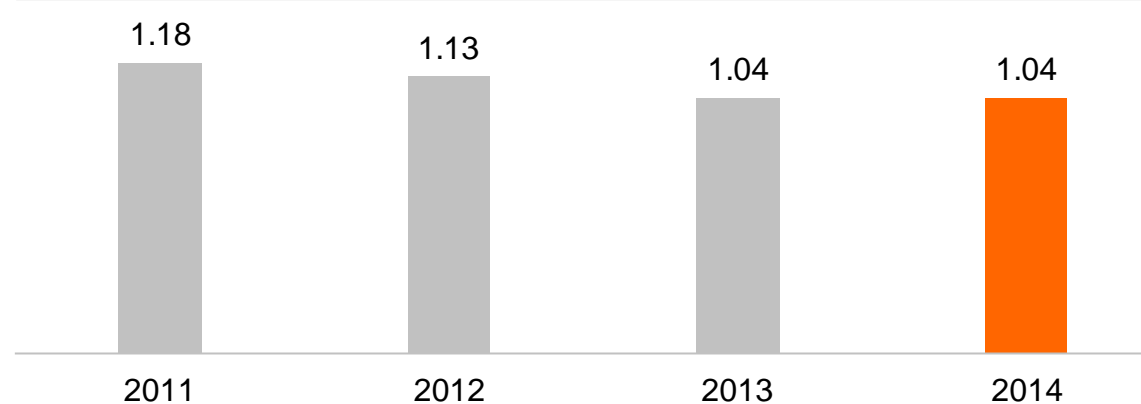
Conservative funding mix

Per 31 December 2014 (%)



\* Adjusted for divestments

Attractive Loan-to-Deposit Ratio\*



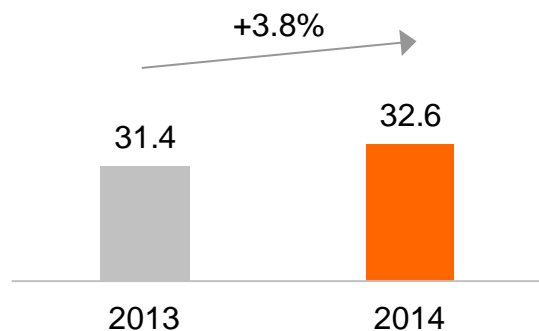
# ING has made significant progress on strategic initiatives in 2014

We launched our Think Forward Bank strategy in March 2014

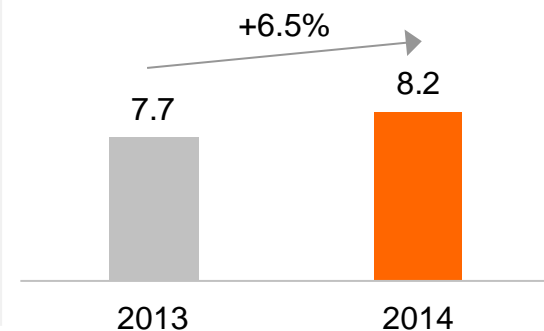


We added more than 1 mln individual customers in 2014

Individual customers



Primary customers\*



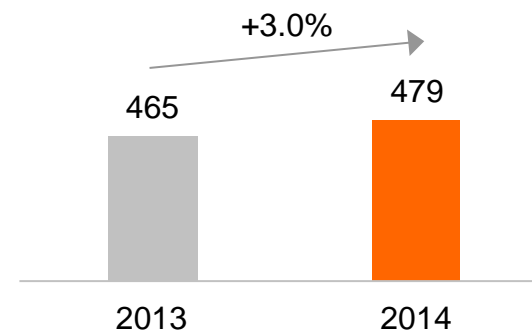
\* Primary customer: payment customer with recurrent income and at least one extra product

Creating a differentiating customer experience

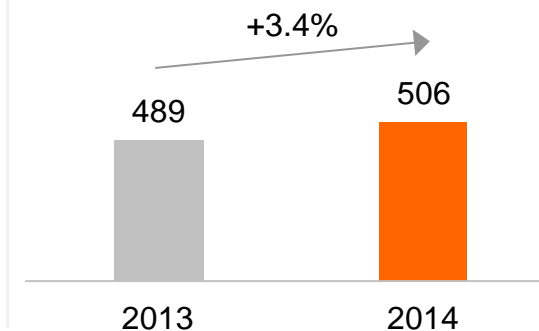
- Investment in omnichannel approach in the Netherlands to create consistent customer experience
- Biometrics technology in Belgium allows retail customers to use fingerprints to access their mobile app
- Mobile interface in Spain provides retail customers with insights in their financials
- Multi-product and multi-country portal provides Commercial Banking clients integrated access to products and services

Strong volume growth during 2014

Funds Entrusted (EUR bln)

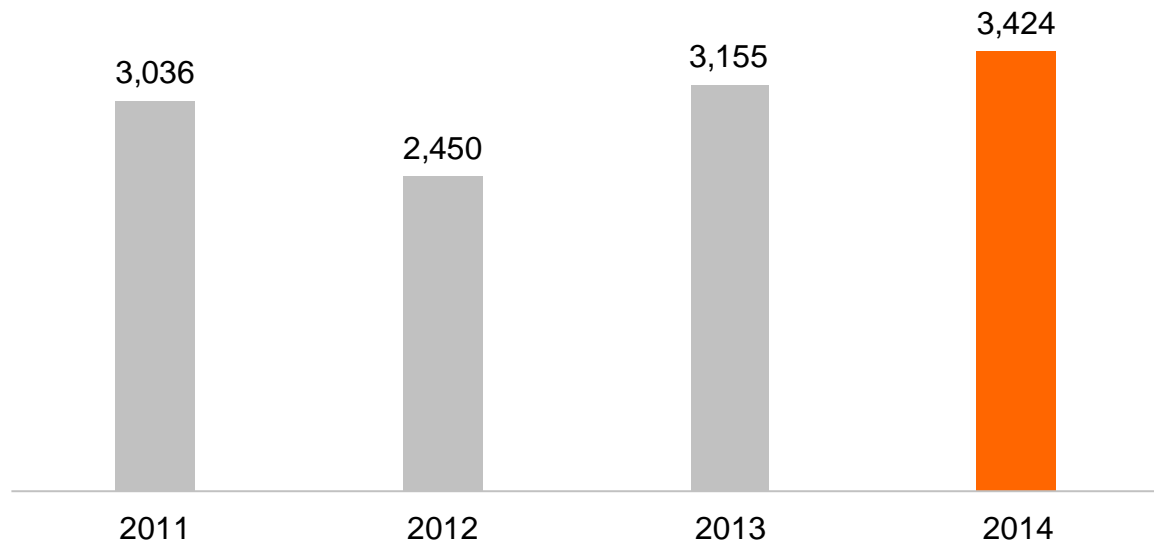


Lending assets (EUR bln)

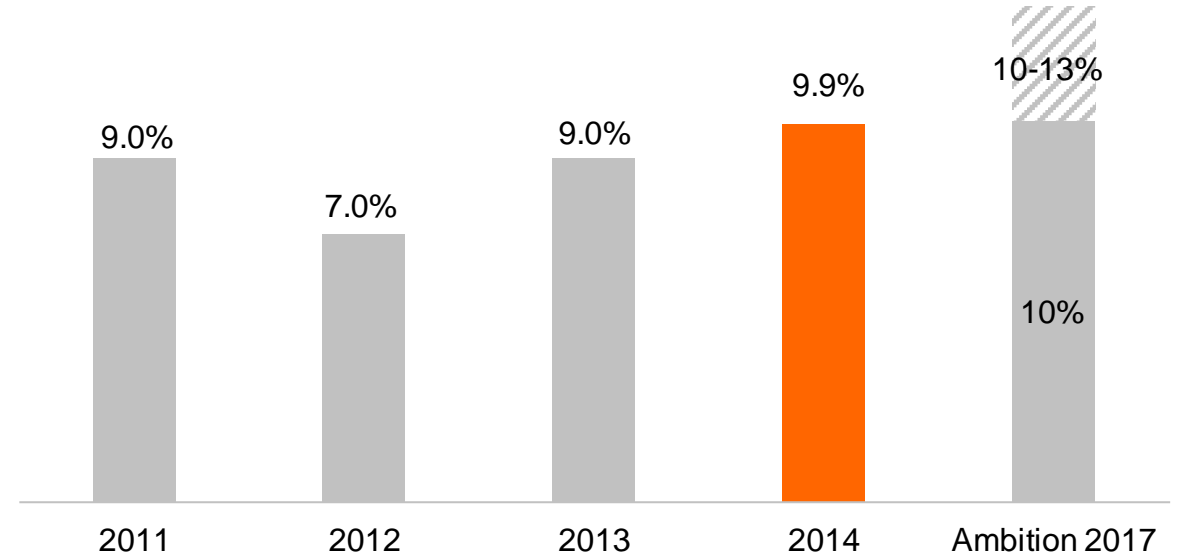


# Our consistent customer focus contributed to strong results in 2014...

Underlying net result Banking increased 8.5% from 2013  
(in EUR mln)



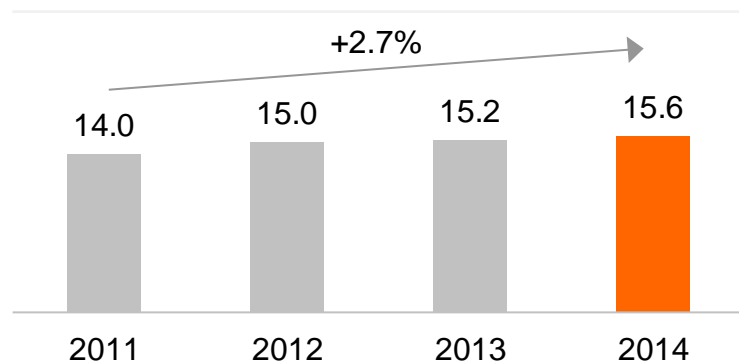
...resulting in underlying RoE of 9.9% in 2014



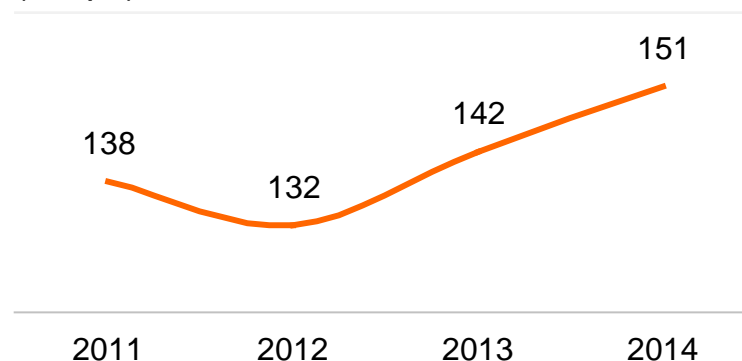
- Underlying net result Banking increased to EUR 3,424 mln, up 8.5% from 2013
- Underlying net result, excluding CVA/DVA and redundancy provisions, increased 22.6% to EUR 3,922 mln
  - Healthy income growth spurred by net interest income
  - Lower risk costs
- The underlying return on IFRS-EU equity was 9.9% in 2014, or 11.3% excluding CVA/DVA and redundancy provisions

# ...supported by healthy income growth, flat costs and lower risk costs

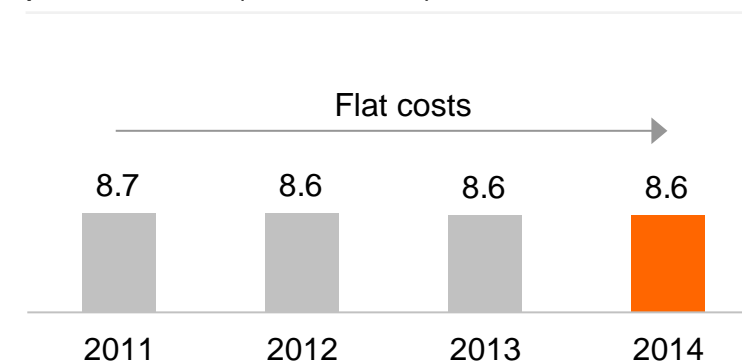
Underlying income excl. CVA/DVA\*  
(in EUR bln)



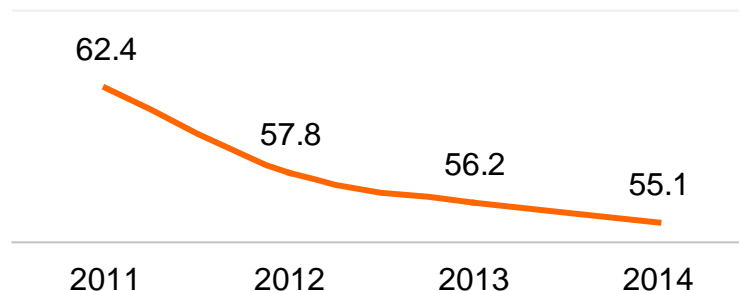
Net interest margin  
(in bps)



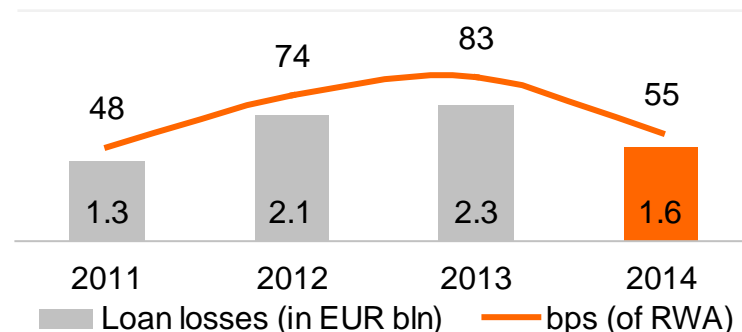
Underlying expenses excl. redundancy provisions\*\* (in EUR bln)



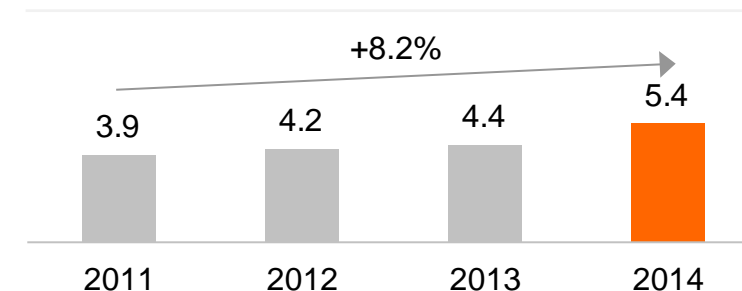
Cost/income ratio excl. CVA/DVA and redundancy provisions\*,\*\* (in %)



Risk costs started to decline from 2013  
(in EUR bln and bps of RWA)



Underlying pre-tax result excl. CVA/DVA and redundancy provisions\*,\*\* (in EUR bln)



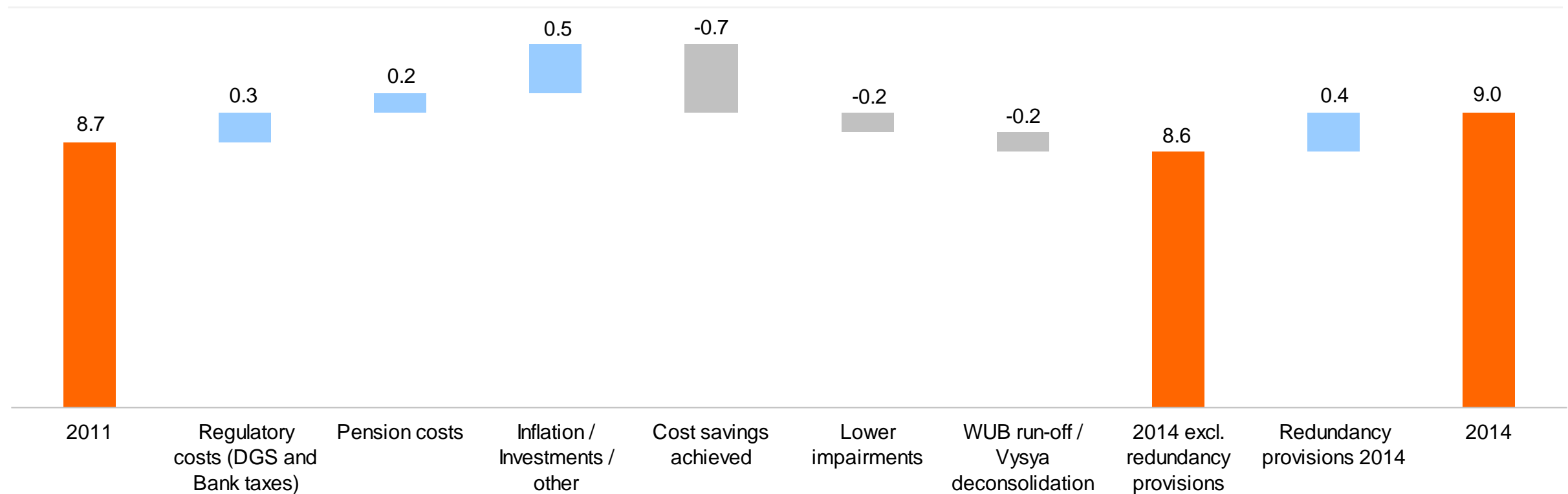
\* CVA/DVA was EUR 0.3 bln in 2011, EUR -0.6 bln in 2012, EUR 0.1 bln in 2013 and EUR -0.3 bln in 2014

\*\* Redundancy provisions were EUR 0.1 bln in 2013 and EUR 0.4 bln in 2014



# Expenses remained flat despite higher regulatory costs, higher pension costs and investments in future growth

Efficiency measures absorbed significant upward pressure on the cost base (in EUR bln)

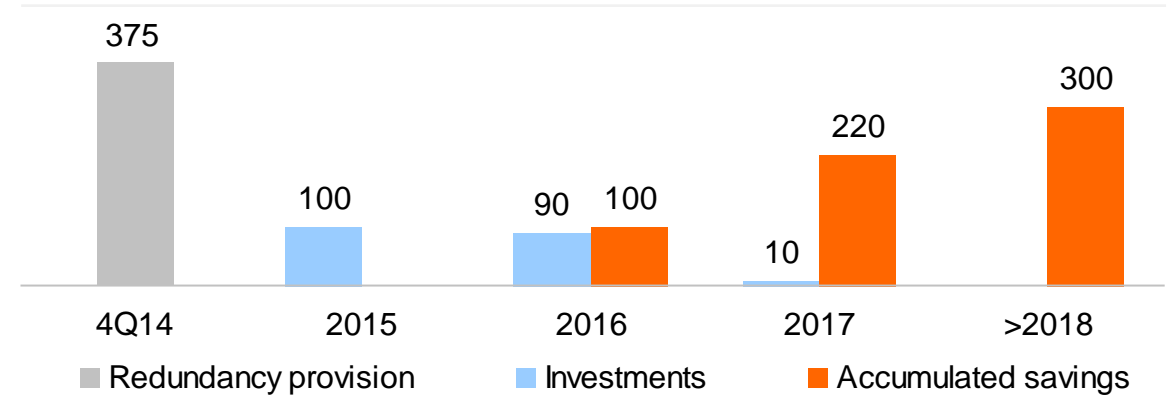


- Regulatory costs will increase further as the Dutch DGS and contribution to Single Resolution Fund are expected to be implemented in 2015
- In addition, we will continue to selectively invest in our businesses for future growth
- We continue to see further efficiency gains in the areas of IT and procurement to reach our targeted cost/income ratio of 50-53%

# Additional IT investments will deliver better service and harmonise systems and processes resulting in additional cost savings

- In November 2014, we announced to take the next steps in digital banking in the Netherlands
  - Omnichannel approach to create consistent customer service
  - Investment of EUR 200 mln to further simplify and automate IT
  - Reduction of Dutch workforce by 1,700 internal FTEs over 3-year period
  - Pre-tax provision of EUR 325 mln in 4Q14
  - Annual gross savings of around EUR 270 mln from 2018\*
- In 4Q, we have also taken additional steps in Commercial Banking related to the ongoing transformation programme
  - Net reduction of workforce by 250 FTEs over a three-year period
  - Pre-tax provision of EUR 39 mln in 4Q14
  - Annual cost savings of around EUR 30 million from 2018
- In 4Q14, we have also taken a provision of EUR 11 mln for further restructuring at WUB (related to outsourcing of activities)

Redundancy provisions, investments and accumulated savings programs announced in 4Q14 (in EUR mln)



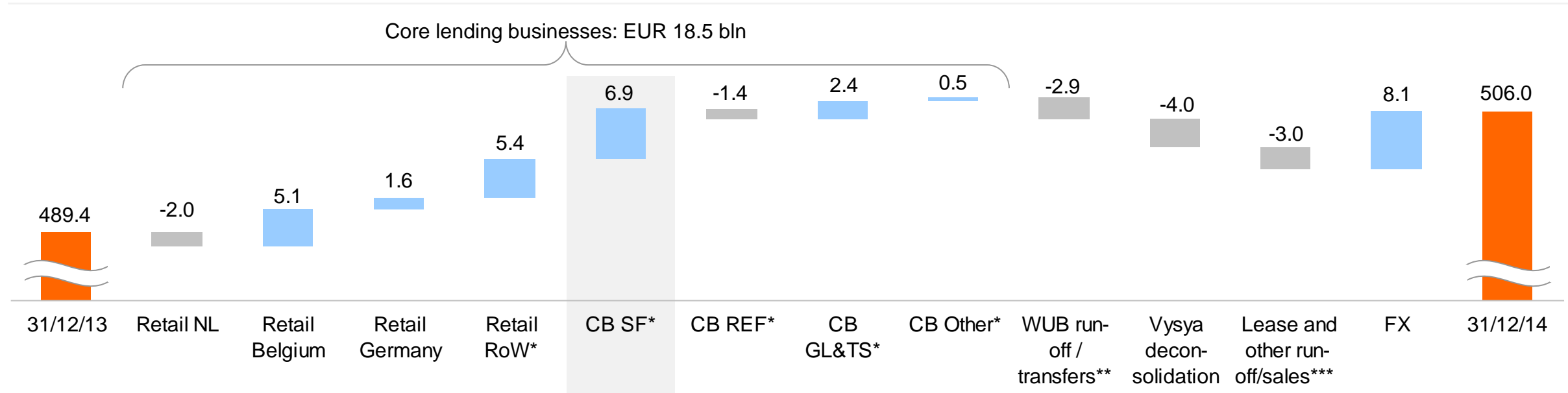
Cost savings (in EUR mln)

	Announced	Cost savings achieved	Cost savings by 2017	Cost savings by 2018
<b>Retail Banking NL</b>	2011-13	354	480	480
	2014		195	260
<b>ING Bank Belgium</b>	2012	105	160	160
<b>Commercial Banking</b>	2012	203	315	315
	2014		25	40
<b>Total Bank</b>		<b>662</b>	<b>1,175</b>	<b>1,255</b>

\* Approximately 5% of the savings are related to Commercial Banking

# Our core lending franchises grew by 3.8% in 2014, despite de-risking of Russian exposure and higher pre-payment levels of Dutch mortgages

Lending Assets ING Bank, 2014 (Client Balances, in EUR bln)



Our core lending franchises grew by EUR 18.5 bln, or 3.8%, in 2014

- Strong growth in Retail Banking outside of the Netherlands and in Structured Finance and Transaction Services within Commercial Banking
- Retail NL down due to higher pre-payments of Dutch mortgages and reduction in Business Lending NL, reflecting repayments and muted demand

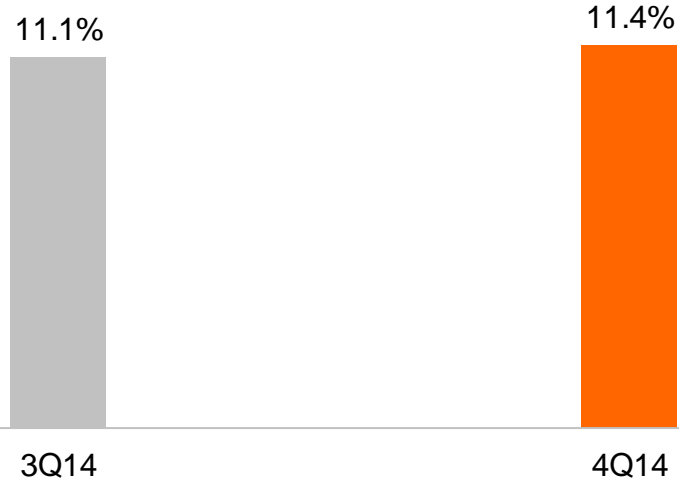
\* RoW is Rest of the World; SF is Structured Finance; REF is Real Estate Finance; GL&TS is General Lending & Transaction Services; Other includes Financial Markets

\*\* WUB run-off was EUR -1.7 bln in 2014 and transfers to NN was EUR -1.2 bln in 2014

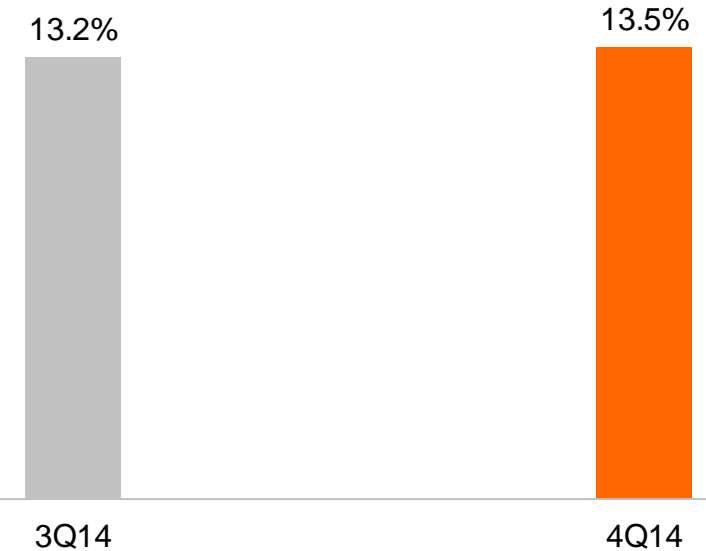
\*\*\* Lease run-off was EUR -2.1 bln in 2014; Other run-off /sales was EUR -0.9 bln in 2014 and refers to Australian White Label mortgage portfolio that is in run-off and was partly sold in 4Q14

# Strong capital position at Bank and Group level...

ING Bank CET1 fully-loaded ratio increased to 11.4%



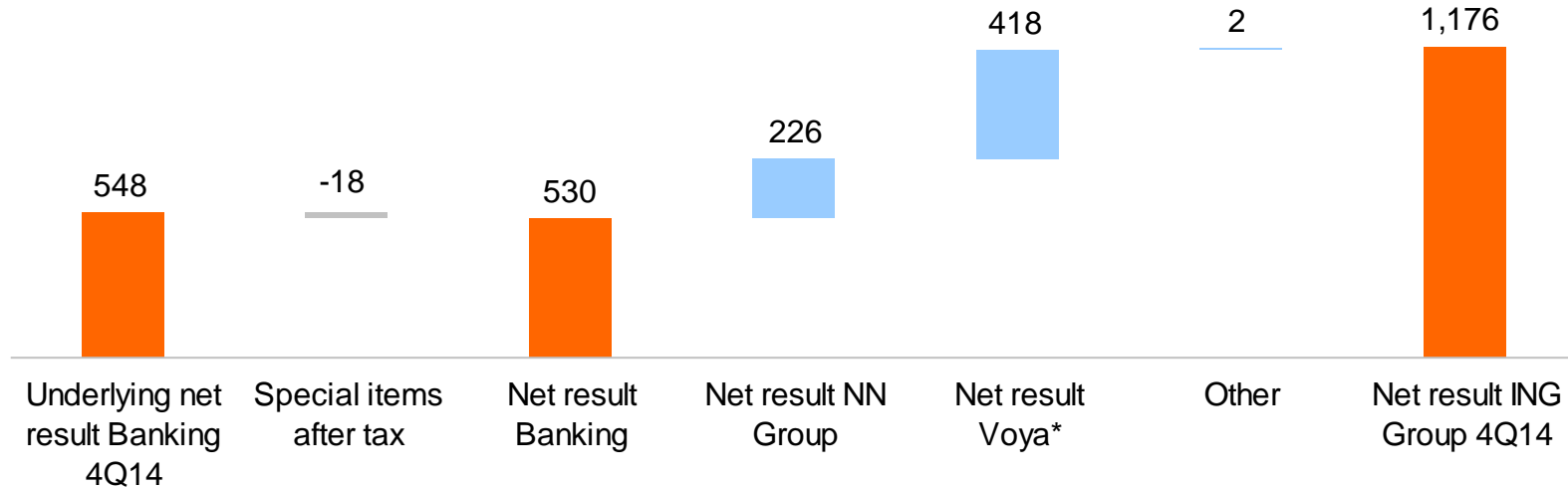
ING Group CET1 phased-in ratio increased to 13.5%



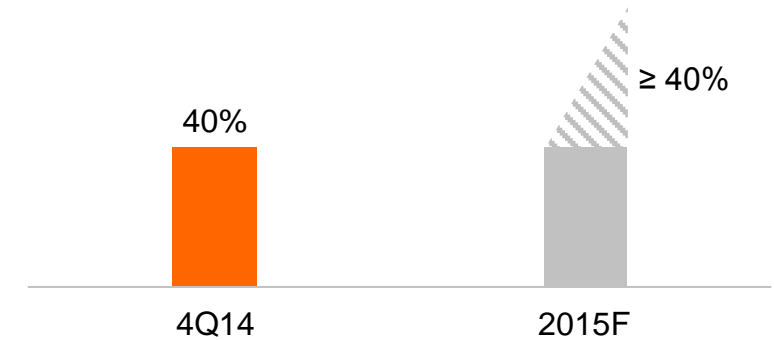
- ING Bank's CET1 ratio on a fully-loaded basis increased to 11.4% due to retained earnings and higher revaluation reserves
- ING Group CET1 phased-in ratio increased to 13.5% in 4Q14, from 13.2% in 3Q14, largely due to the net profit in 4Q14 after excluding the proposed dividend. This ratio is well in excess of 10.5%, which we understand will be the regulatory guidance level for the Group
- Following the divestment of the Insurance stakes, the pro-forma Group CET1 ratio on a fully loaded basis is 13.1%, well in excess of the Bank

# ...as well as strong Group results enable us to begin returning capital to our shareholders ahead of schedule

4Q14 net result ING Group includes net results NN Group and Voya  
(in EUR mln)



Dividend pay-out ratio  
(in % of Group net profit)

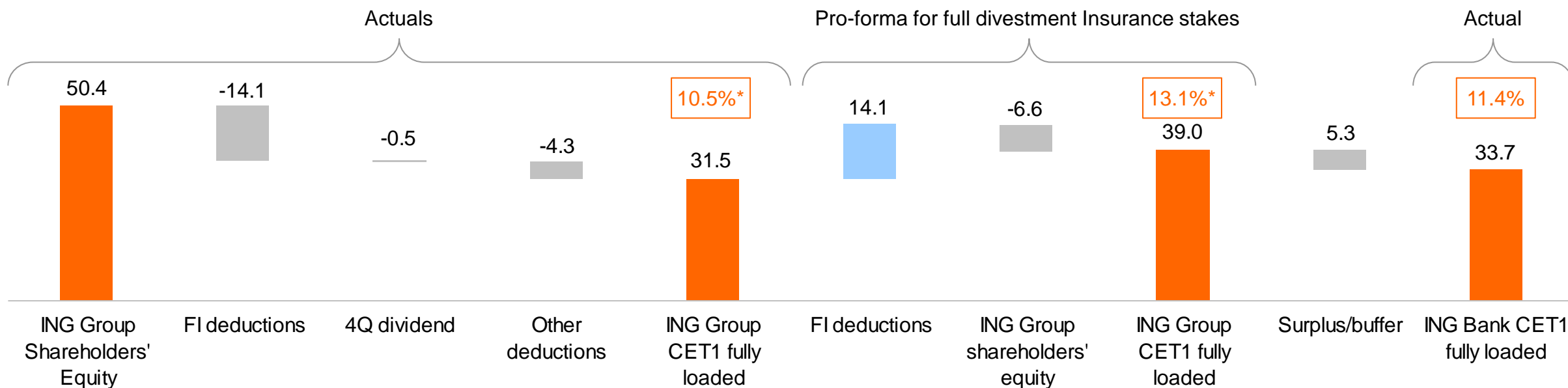


- ING Group fourth-quarter net profit EUR 1,176 mln (EUR 0.30 per share), including special items and Insurance results
- ING reinstates dividend payments on ordinary shares and will propose to pay EUR 470 mln or EUR 0.12 per share at the AGM
- Our intention is to pay at least 40% of ING Group's annual net profits to shareholders, through dividends, with effect from 2015
- Furthermore, at the end of each financial year, the Board will recommend whether to return additional capital to shareholders dependent on financial, strategic and regulatory considerations

\* ING's stake in Voya has been reduced to 19% in 4Q14. Consequently, ING lost significant influence and will account for its stake in Voya as an AFS investment going forward. The financial impact of the sale in 4Q14 is reflected in the EUR 418 mln net result from discontinued operations of Voya

# Group CET1 will be in excess of Bank following Insurance divestments

Fully-loaded common equity Tier 1 capital (EUR and %)



- The carrying values of NN Group and Voya (FI deductions) are deducted from Group Shareholders' equity
- The 4Q14 proposed dividend is already subtracted from Group capital
- Other deductions are almost similar to those applied in the Bank
- The full impact from divestment of Insurance stakes will set ING Group CET1 significantly ahead of ING Bank CET1

\* ING Group fully loaded CET1 ratio in 4Q14 is based on RWAs of EUR 301 bln; Pro-forma Group fully loaded is based on RWAs of EUR 298 bln



# On track to deliver on Ambition 2017

	2013	2014	Ambition 2017	Guidance
<b>CET1 (CRD IV)*</b>	10.0%	11.4%	>10%	<ul style="list-style-type: none"> <li>We will maintain a comfortable buffer above the minimum 10% to absorb regulatory changes and potential volatility</li> </ul>
<b>Leverage**</b>	3.9%	4.1%	~4%	
<b>C/I***</b>	56.2%	55.1%	50-53%	<ul style="list-style-type: none"> <li>Aim to reach 50-53% cost/income ratio in 2016. Over time, improve further towards the lower-end of the range</li> </ul>
<b>RoE (IFRS-EU equity)</b>	9.0%	9.9%	10-13%	
<b>Dividend pay-out</b>		40% of 4Q Group net profit	≥40%	<ul style="list-style-type: none"> <li>Target dividend pay-out ≥40% of ING Group's annual net profit</li> <li>Interim and final dividend; final may be increased with additional capital return</li> </ul>

\* 2013 is pro-forma for CRD IV

\*\* The leverage exposure of 4.1% at the end of 2014 is calculated using the published IFRS-EU balance sheet, in which notional cash pooling activities are netted, plus off-balance-sheet commitments. In January 2015, the EC formally adopted the Delegated Act for the leverage ratio. The pro-forma leverage ratio of ING Bank, taking into account the combined impact of grossing up the notional cash pool activities and the alignment with the Delegated Act, is 3.6%.

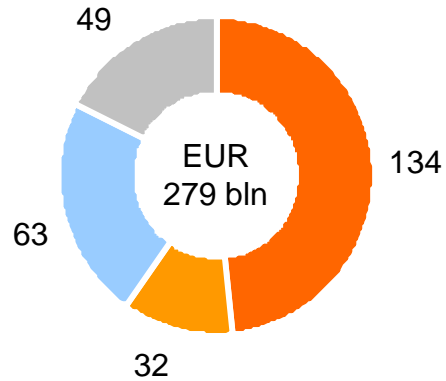
\*\*\* Excluding CVA/DVA and redundancy costs

The background image shows a busy port scene. In the foreground, a large container ship is docked, its upper decks filled with a dense grid of blue and white shipping containers. Below the containers, the ship's hull is painted blue. In the middle ground, a red cargo ship is moored, with the name 'ITAL CONTESSA' and 'HAMBURG' clearly visible on its side. Several thick yellow mooring lines stretch across the frame from the right towards the ships. In the far distance, across a body of water, another large white ship is visible under a bright blue sky with scattered white clouds.

# ING Bank asset quality

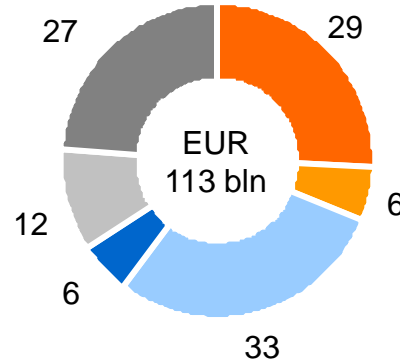
# A well diversified loan book

Residential mortgages\* (in EUR bln)



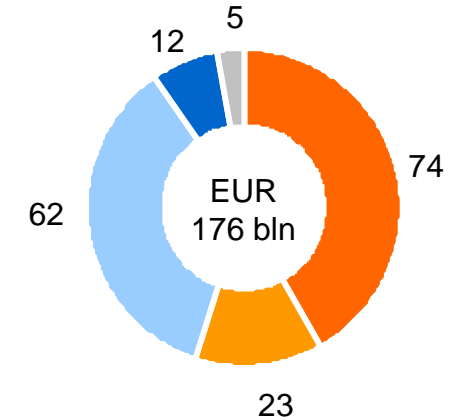
- Netherlands
- Belgium
- Germany
- Rest of World

Other retail lending\* (in EUR bln)



- Business lending Netherlands
- Other lending Netherlands\*\*
- Business lending Belgium
- Other lending Belgium\*\*
- Other lending Germany
- Other lending Rest of World

Commercial Banking\* (in EUR bln)



- Structured Finance
- Real Estate Finance
- General Lending & Transaction Services
- FM, Bank Treasury, Real Estate & other
- General Lease run-off

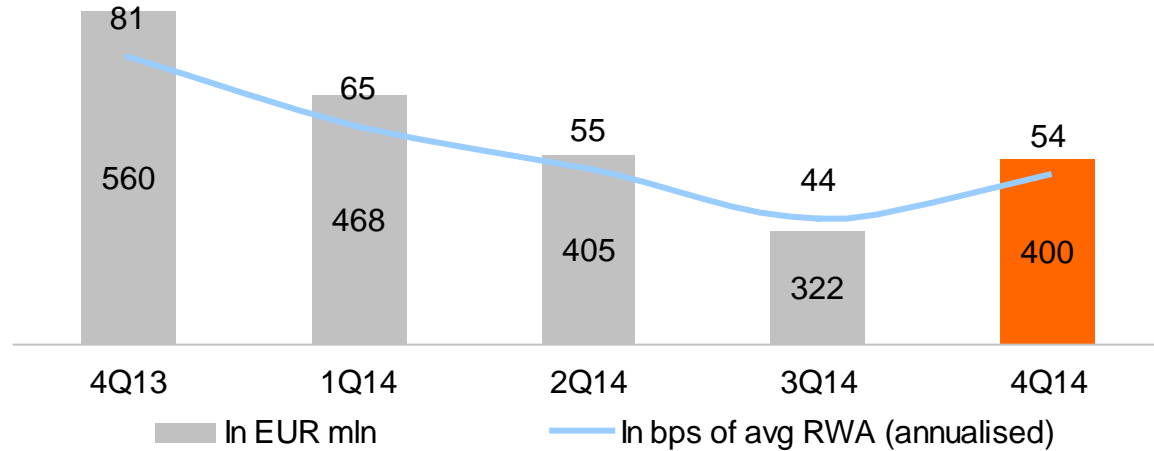
- ING Bank has a well diversified and collateralized loan book with a strong focus on own originated mortgages
- 69% of the portfolio is retail based

\* 31 December 2014 lending and money market credit risk outstanding, including guarantees and letters of credit (off balance sheet positions)

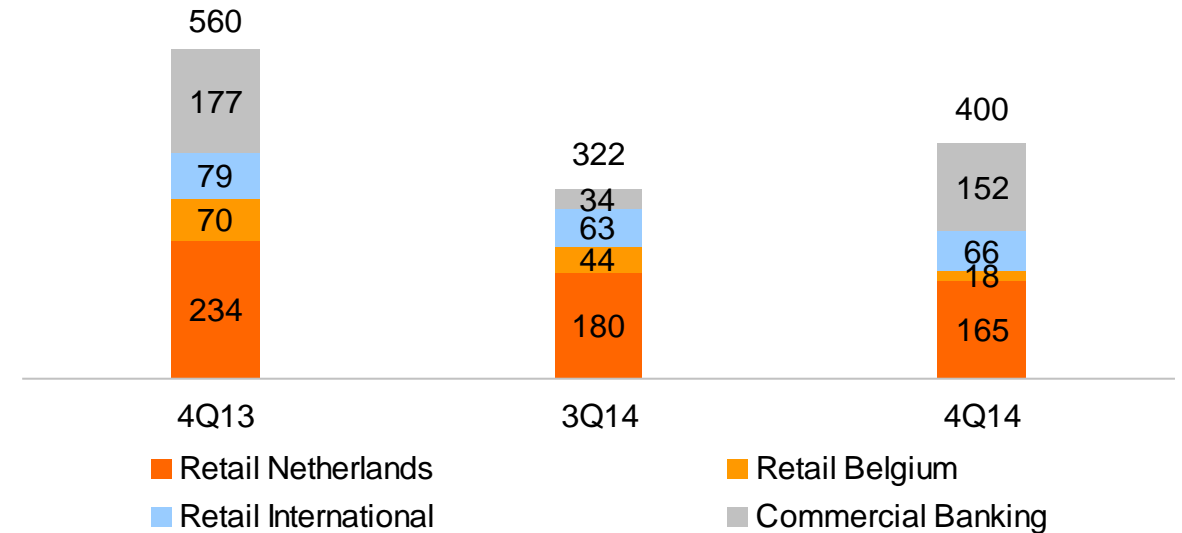
\*\* Other lending excludes Business lending

# Risk costs down from 4Q13; up from 3Q14, which was positively impacted by a release on a large file

Risk costs increased in 4Q14... (in EUR mln and bps of avg RWA)



...but risk costs Retail Banking trending down (in EUR mln)

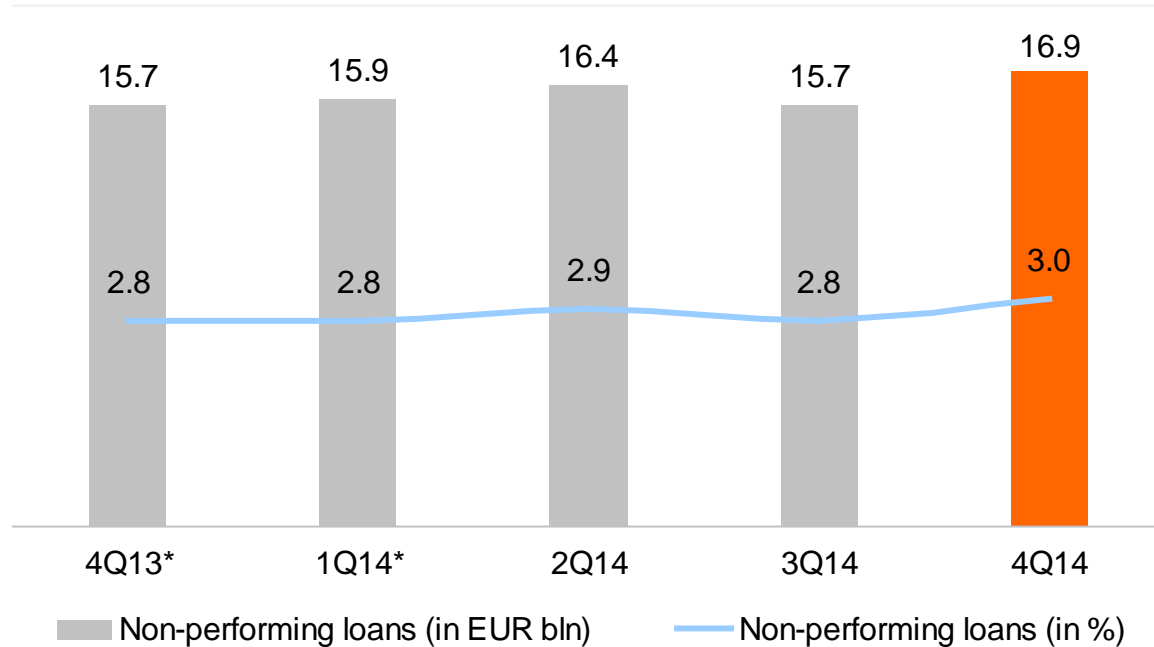


- Risk costs Commercial Banking increased to EUR 152 mln in 4Q14, from EUR 34 mln in 3Q14, which was flattered by a release on a large file
- Risk costs in Retail Banking decreased from the previous quarter, driven by Retail Netherlands and Retail Belgium



# NPL ratio rose to 3.0%, reflecting new forbearance definition

Non-performing loans excl. deconsolidation Vysya  
(in % and EUR bln)



- The NPL ratio increased slightly to 3.0% in 4Q14 due to the implementation of the EBA forbearance definition in 4Q14
  - Customers with loan modification have been retrospectively reclassified as non-performing to comply with EBA definitions
  - Impact of forbearance mainly visible in our residential mortgage portfolios within Retail Banking
- The NPL ratio of Commercial Banking decreased slightly, driven by lower non-performing loans in Real Estate Finance

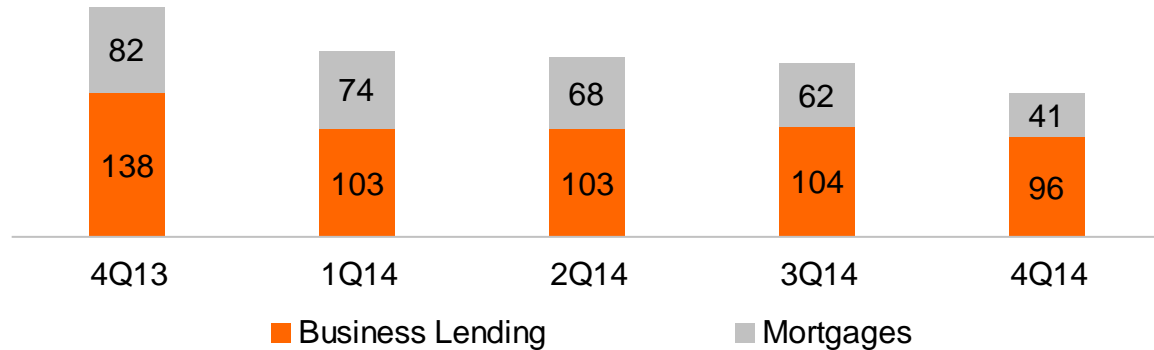
\* 4Q13-1Q14 are restated for the deconsolidation of Vysya

NPL ratio (in %)

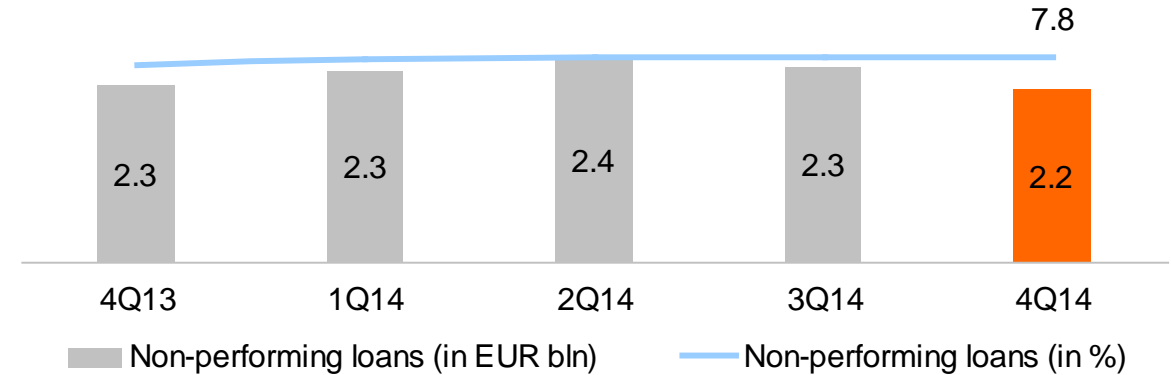
	4Q14	3Q14
<b>Retail Banking</b>		
- Dutch Mortgages	2.6	2.0
- Business Lending NL	7.8	7.8
- Retail Belgium	3.2	3.2
- Retail International	1.3	1.2
<b>Commercial Banking</b>		
- Structured Finance	2.1	2.0
- RE Finance	8.1	10.5
- General Lending & TS	2.0	1.9
- Lease run-off	21.8	19.8
<b>Other Retail and Commercial Banking</b>		
- Other RB and CB	6.4	2.8
<b>Total / average</b>	<b>3.0</b>	<b>2.8</b>

# Risk costs Retail Netherlands down, driven by lower risk costs for Dutch mortgages

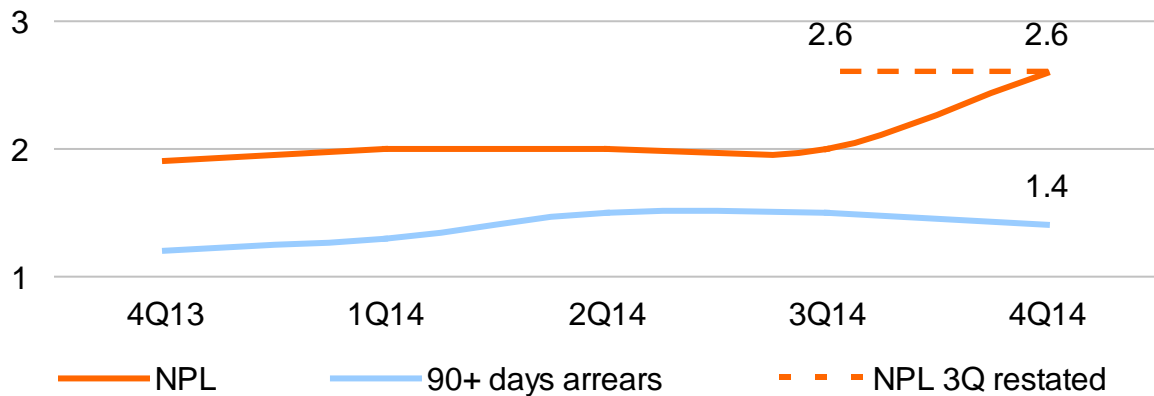
Risk costs Dutch mortgages and Business Lending NL (in EUR mln)



Non-performing loans Business Lending NL (in EUR bln and %)



Non-performing loans (NPL) ratio Dutch mortgages (in %)



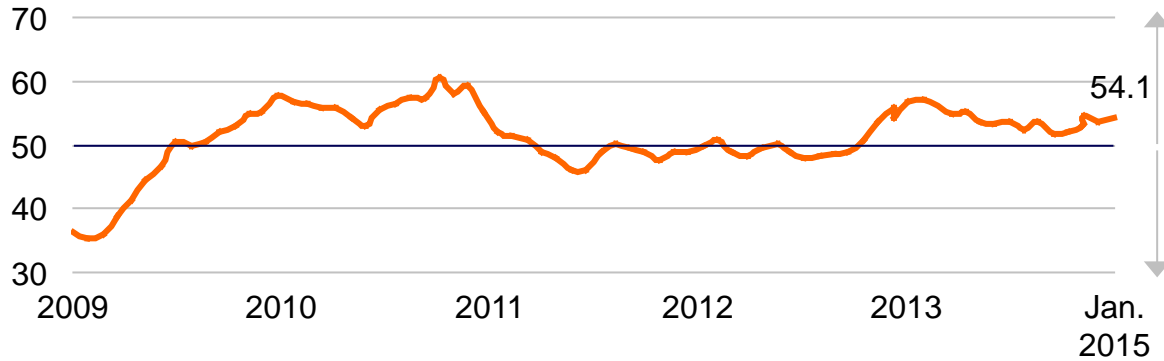
Risk costs Retail Netherlands expected to remain elevated

- Risk costs for Dutch mortgages declined to EUR 41 mln on the back of improving housing market
- The NPL ratio for Dutch mortgages increased to 2.6% due to the implementation of new forbearance definition
- The NPL ratio is stable compared to 3Q14 restated
- 90+ days arrears decreased to 1.4%, from 1.5% in 3Q14, reflecting the improvement in the housing market in the Netherlands
- Risk costs for Business Lending declined to EUR 96 mln

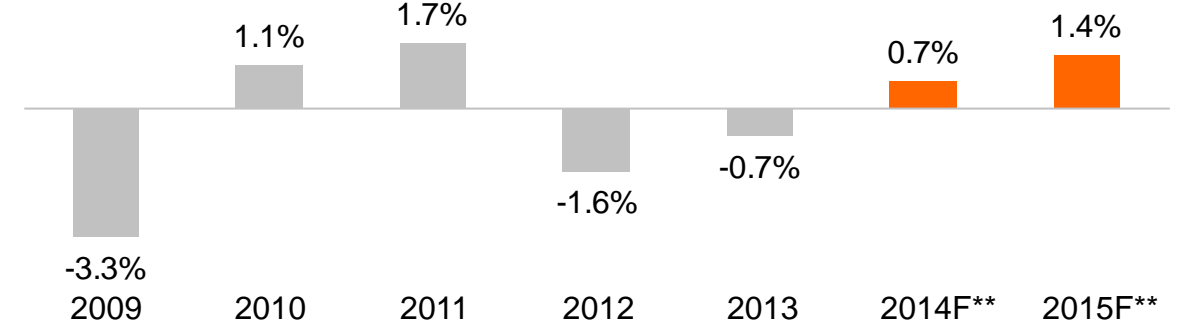


# Dutch economy and housing market continued its positive momentum

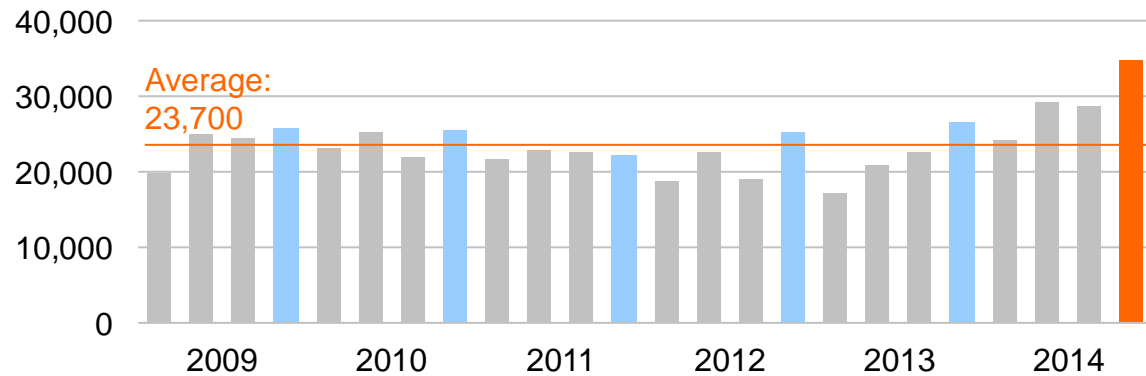
Dutch Purchasing Managers Index (PMI) was 54.1 in January 2015; above 50 indicates positive growth



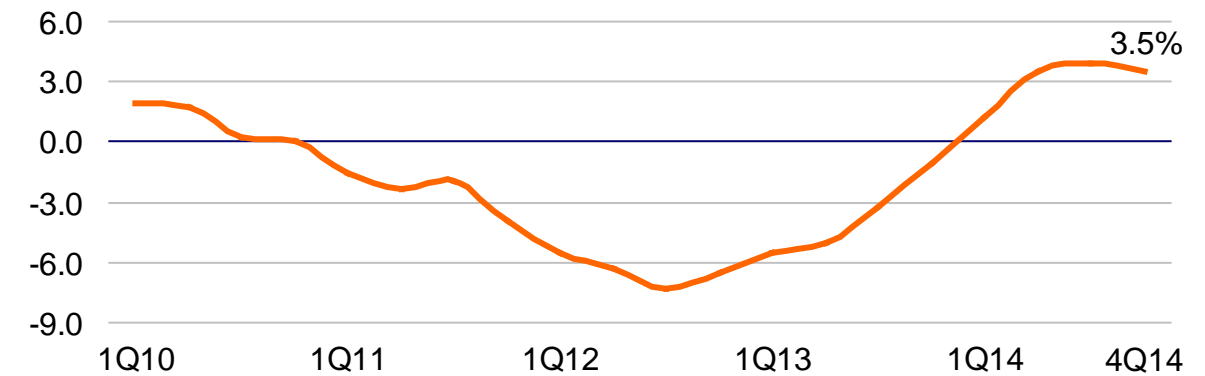
GDP growth 2009-2015 (in %)



Home sales in 2014 reached the highest level in 6 years\*



Dutch house prices in 4Q14 up 3.5% y-o-y\*



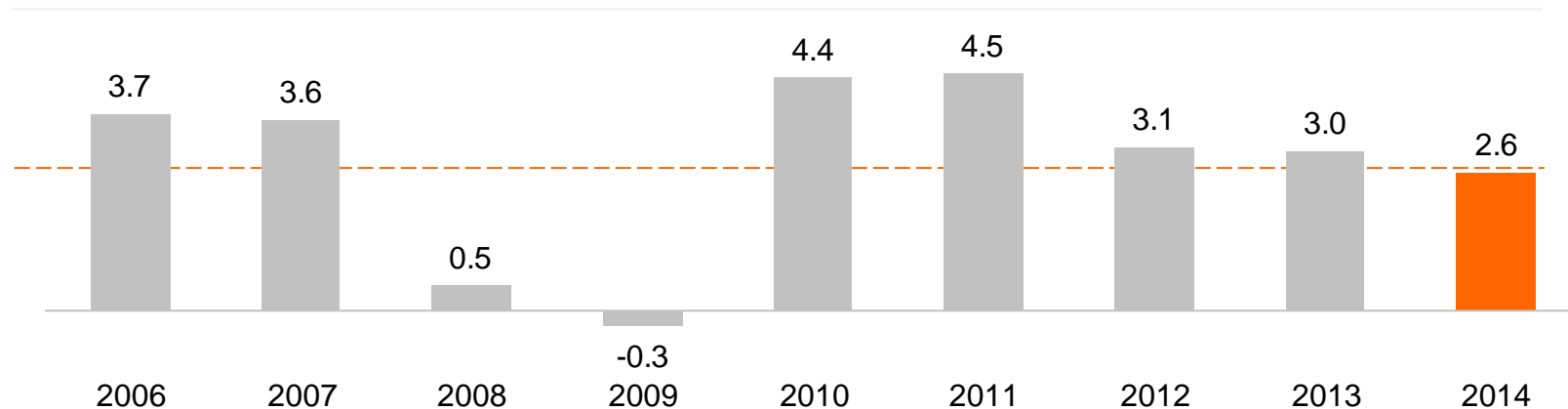
\* Source: NVM; \*\*Forecast ING Economics Department

An aerial photograph of a wind farm in a rural landscape. In the foreground, the white nacelle and part of a wind turbine tower are visible. A large, semi-transparent orange rectangle is overlaid on the center of the image, containing white text. The background shows rolling green fields, a small town, and distant hills under a clear sky.

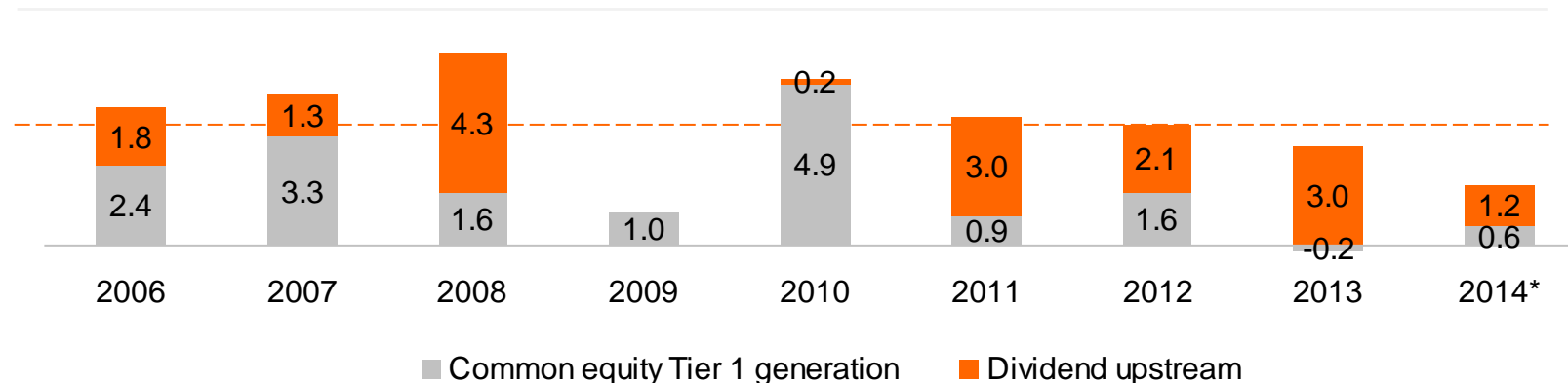
# ING Bank capital, liquidity and funding

# We have generated a sizeable amount of capital

Net profit (in EUR bln)



Common equity Tier 1 generation (in EUR bln)



\* 2014 change CET 1 capital versus pro forma 2013 CRD IV

A strong profitability track record

- ING Bank reported only one small loss in history
- Average annual profitability of EUR 2.8 billion since 2006, including during the years of financial crisis
- 2014 was affected by -/- EUR 0.8 billion negative special items (pension deal, SNS levy, partly offset by gain on deconsolidation Vysya)
- A normalisation of credit losses in The Netherlands will further improve the profitability

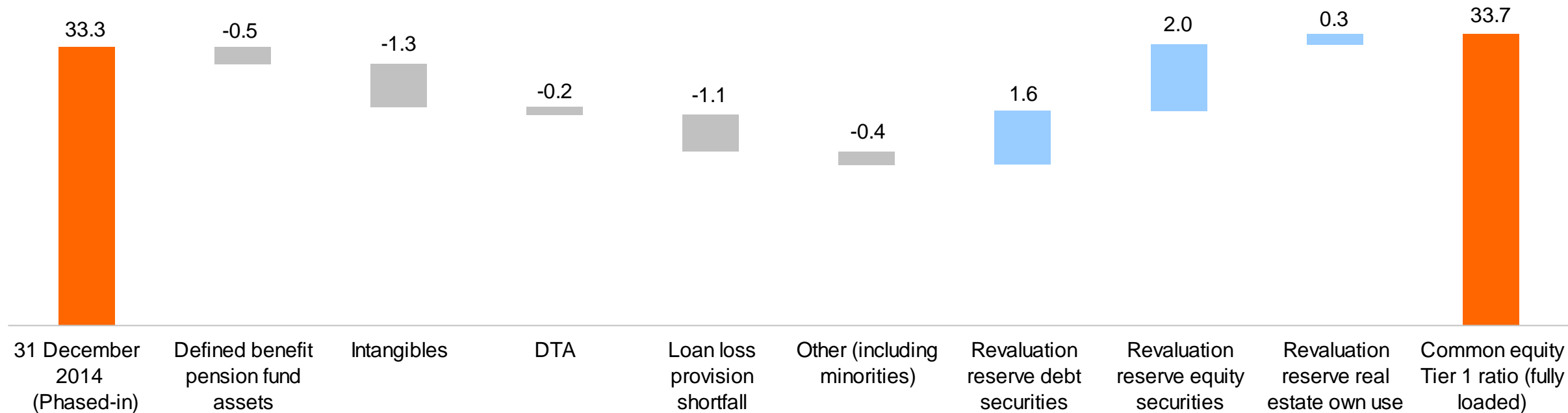
Consistently generating capital

- Average annual capital generation EUR 3.7 billion in the period 2006-2014
- Allowing EUR 9.5 billion of dividend up streams since 2011 to support the Group restructuring

# CRD IV Common equity Tier 1 ratio fully-loaded 11.4%

Impact CRD IV 4Q2014 (in EUR bln)

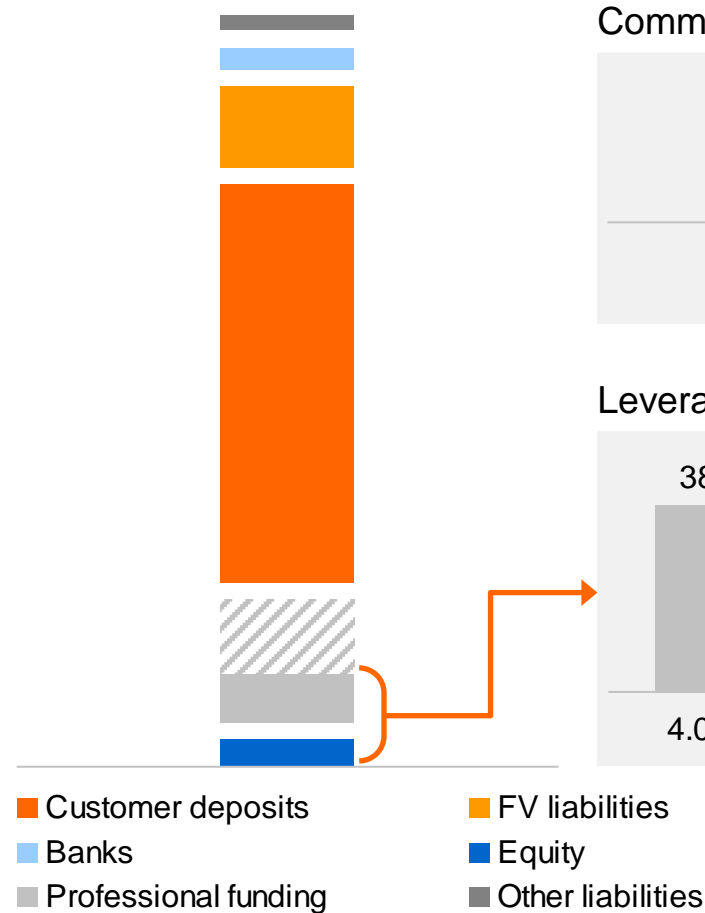
Common equity Tier 1 capital



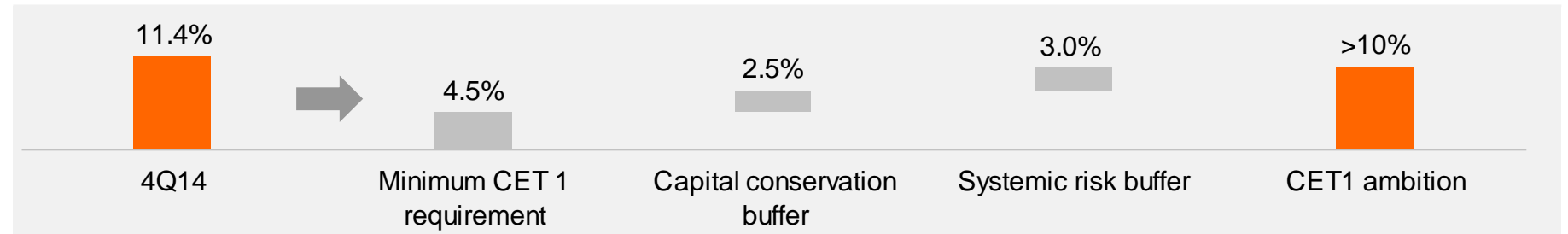
- Total risk-weighted assets fully-loaded amount to EUR 296.4 billion at December 2014

# Capital structure is strong

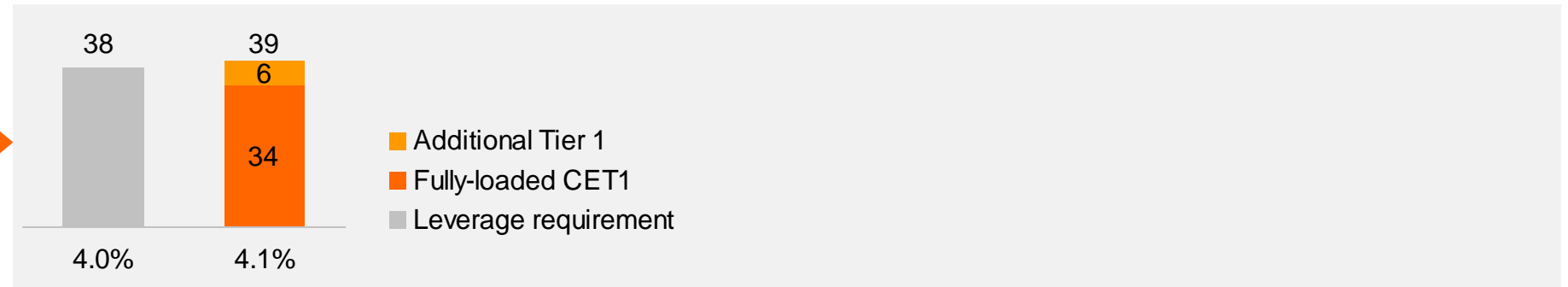
Total liabilities (31 December 2014)



Common equity Tier 1 ratio (fully-loaded) 31 December 2014



Leverage in line with ~4% target (EUR bln)\*

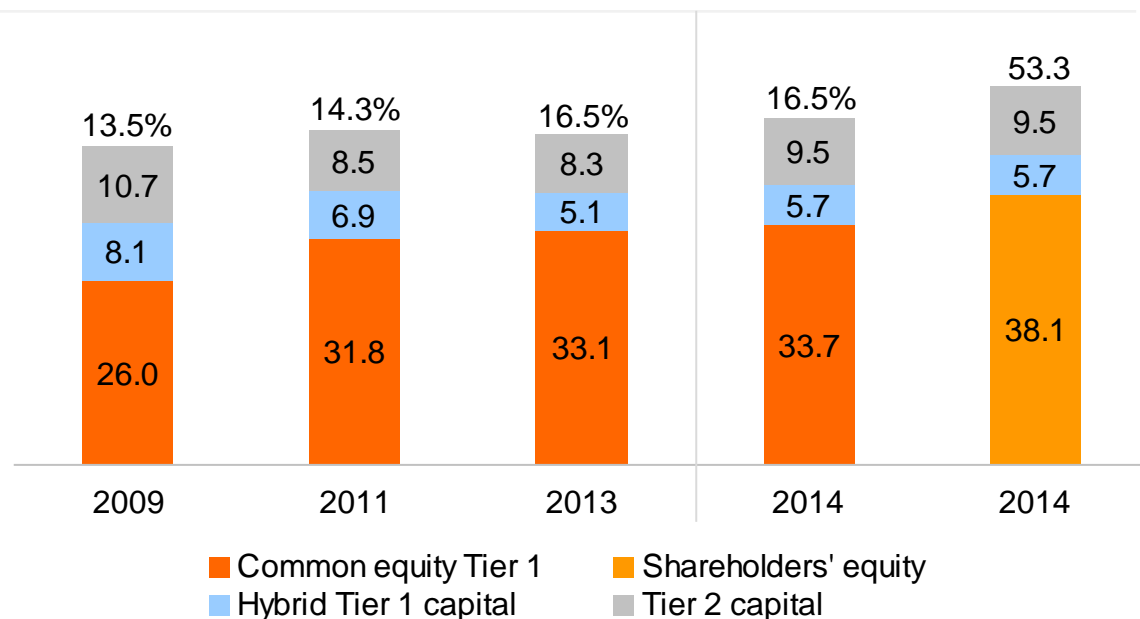


\* The leverage exposure of 4.1% at the end of 2014 is calculated using the published IFRS-EU balance sheet, in which notional cash pooling activities are netted, plus off-balance-sheet commitments. In January 2015, the EC formally adopted the Delegated Act for the leverage ratio. The pro-forma leverage ratio of ING Bank, taking into account the combined impact of grossing up the notional cash pool activities and the alignment with the Delegated Act, is 3.6%.

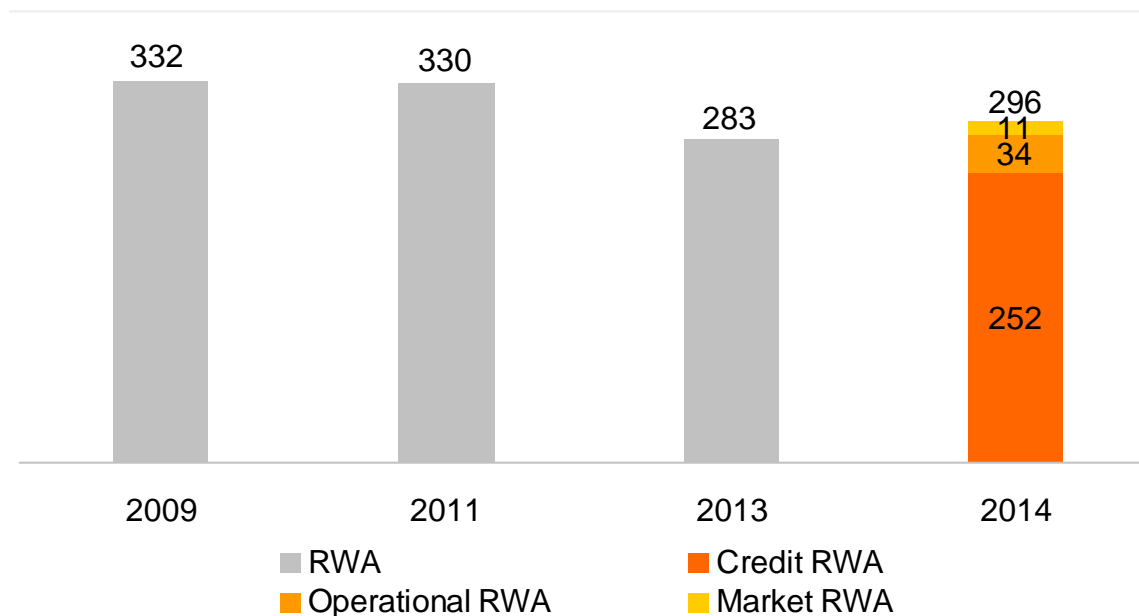


# ING Bank has a sizeable capital buffer

Total capital (in EUR billion)\*



ING Bank total Risk Weighted Assets (in EUR billion)



- ING Bank's total capital amounted to EUR 53 bln, or 6.4% of total balance sheet, at December 2014
- The increase over the years up until 2013 was primarily driven by higher common equity Tier 1, which offset a reduction in Tier 2 capital
- After a reduction in 1Q14 due to the CRD IV implementation impact and pension deal; a comfortable capital buffer remains as per 2014, in large part due to the earnings capacity of the Bank
- The uptick in 2014 RWA is due to the CRD IV implementation and lending volume growth

\* 2009-2013 are Basel II figures. 2014 are CRD IV fully-loaded figures

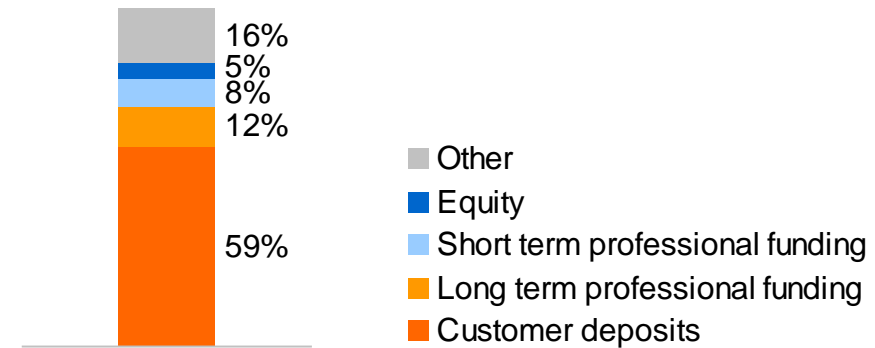


# Deposits are the primary source of funding

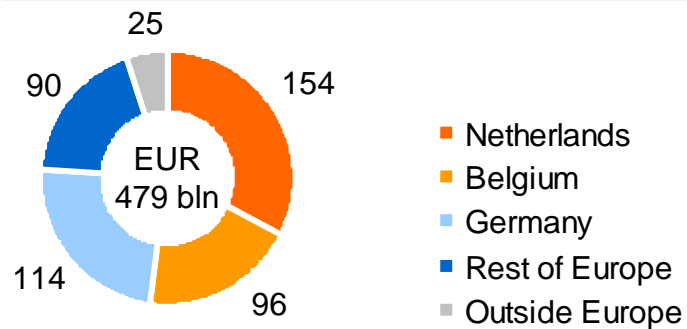
## Continued growth in deposits

- 59% of the balance sheet is funded by customer deposits
- 85% of funds entrusted is retail based
- ING continued to grow its deposits base even in crisis years

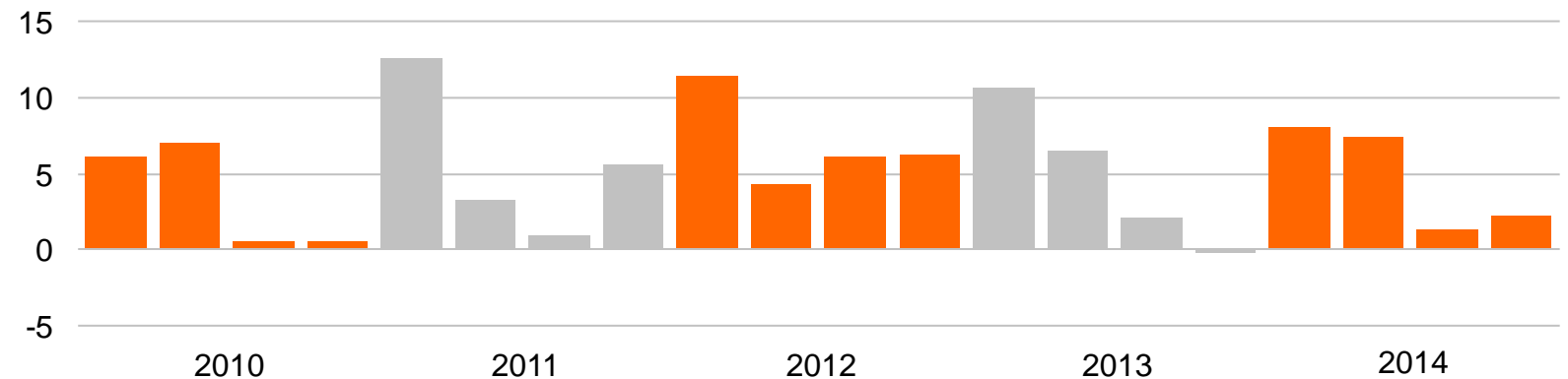
## Total liabilities (31 December 2014, in %)



## ING Bank total funds entrusted December 2014 (EUR bln)

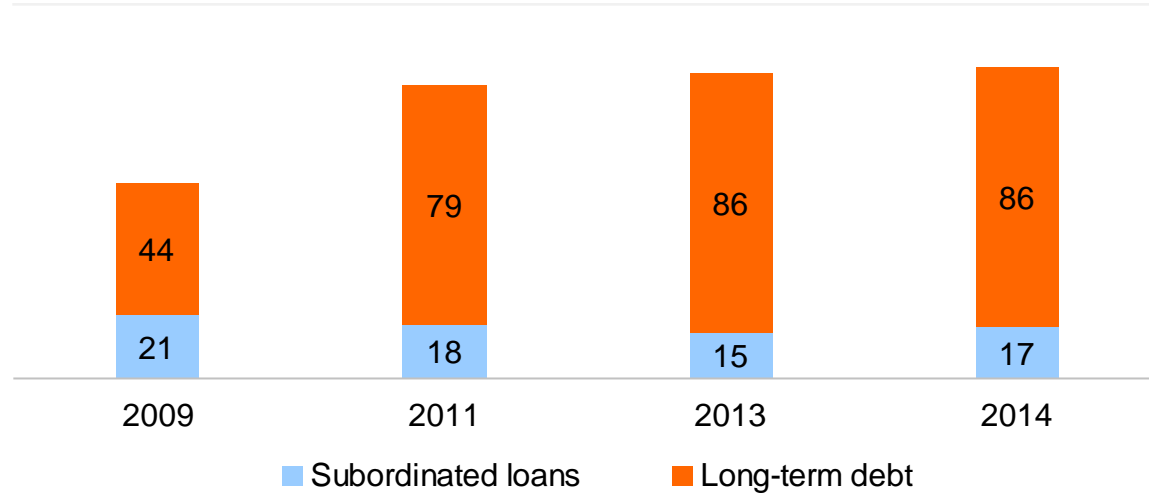


## Retail Banking net inflow in funds entrusted (in EUR bln)

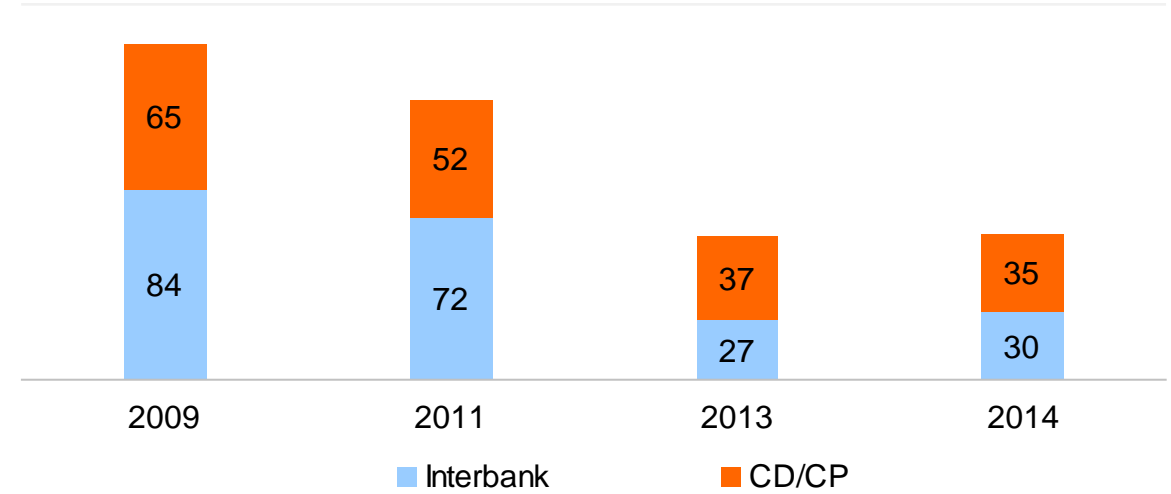


# Long-term debt issuance has increased over time

Long-term funding increased (in EUR bln)



Short-term professional funding reduced (in EUR bln)



ING Bank NV ratings

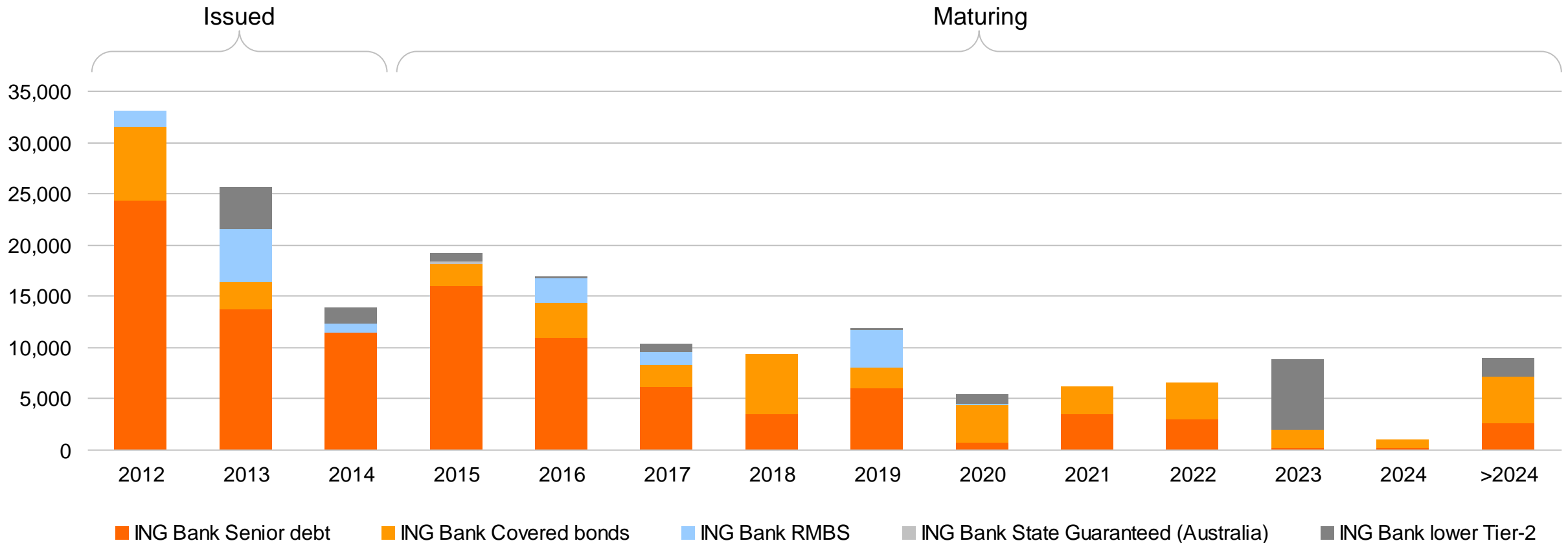
	Long term rating	Outlook	Short term rating
S&P	A	Negative	A-1
Moody's	A2	Negative	P-1
Fitch	A+	Negative	F1+

ING Bank N.V. covered bond programme

- ING Bank has a EUR 35 billion legislative AAA rated covered bond programme
- EUR 29 billion is outstanding
- Weighted average indexed LTV 80.8% as per 4Q14

# ING Bank has modest long-term funding needs

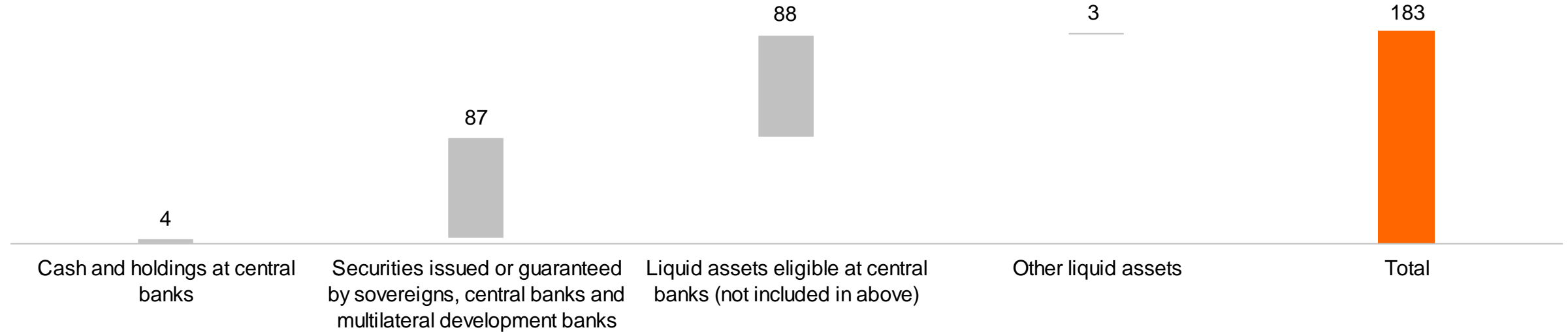
Maturity ladder outstanding long-term debt (in EUR million)



\* Figures shown for issued senior bonds are included with a tenor  $\geq 1$  year

# ING Bank has a sizeable liquidity buffer

ING Bank liquidity buffer 31 December 2014 (in EUR billion)



## A sizeable liquidity buffer

- ING Bank has a sizeable liquidity buffer of EUR 183 billion
- This compares favourably to a balance sheet of EUR 829 billion
- LCR is > 100%, already meeting CRR/CRD IV requirements

# Appendix

ITAL CONTESSA  
HAMBURG



# Reported ING Group capital structure at 31 December 2014

## Reported ING Group capital structure - 31 December 2014

ING Bank	38.1	Equity	50.4
NN Group (68%)*	13.5	Group Debt	1.5
Voya (19%)	1.6	Hybrids	6.6
Hybrids <sup>B</sup>	5.7	Provision loss exchangeable**	0.9
Hybrids <sup>I</sup>	0.9	Other	0.3
	59.8		59.8

\* Shareholders' Equity of EUR 13,870 at 4Q14 minus FY 2014 net result from discontinued operations NN Group of EUR -321 mln on the classification of NN Group as held for sale per 30 September 2014

\*\* The IPO of NN Group had a negative impact on shareholders' equity of ING Group of EUR 4,264 mln (booked in 3Q14), of which EUR 1,012 mln for the 2nd and 3rd tranche of the mandatorily exchangeable notes in 2015/16. The difference between the market value and estimated IFRS carrying value of these notes has been deducted from pro-forma Group equity through a provision which is EUR 920 mln as of 31 December 2014.

## Illustrative calculation of impact deconsolidation NN Group

- We will divest our remaining 68.1% stake in NN Group over time, while maintaining an orderly market
- Upon deconsolidation, the divestment result will reflect ING Group's remaining share (at transaction date) in the difference between the carrying value of NN Group and the market value
- Assuming full deconsolidation and share price NN Group of EUR 24.85 on 31 December 2014, from 68.1%
  - Total impact on Group Equity of approximately EUR -6.6 bln, consisting of:
    - Difference between 68.1% MV being EUR 5.9 bln and 68.1% 4Q14 BV being EUR 13.5 bln
    - EUR -0.9 bln anchor provision taken in 4Q14
  - Total P/L impact of approximately EUR -0.5 bln. This reflects ING's EUR 6.1 bln share in the positive revaluation reserves
  - If ING further reduces its ownership in NN Group prior to deconsolidation, then the negative P/L impact will be smaller



# Exposure ING Bank to Russia reduced by EUR 2.1 bln at constant FX

## Exposure ING Bank to Russia (in EUR mln)

	4Q14	3Q14	2Q14	Change 4Q-2Q	Change 4Q-2Q at constant FX
Total Lending Credit O/S	6,189	6,851	7,256	-1,067	-1,412
Other*	843	947	700	143	-645
<b>Total outstanding</b>	<b>7,032</b>	<b>7,798</b>	<b>7,956</b>	<b>-924</b>	<b>-2.058</b>
Undrawn committed Facilities	1,050	1,141	1,032	18	-62

Note: data is based on country of residence

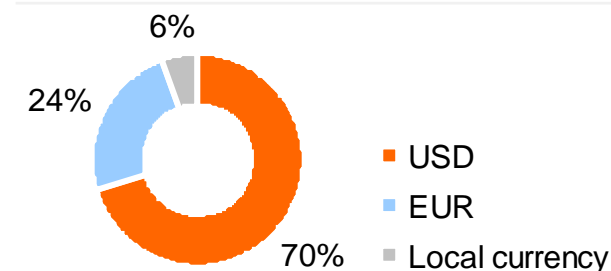
## NPL ratio and Coverage ratio Russia, 31 December 2014

	4Q14	3Q14	2Q14
NPL ratio	3%	2%	0%
Coverage ratio	16%	18%	>100%

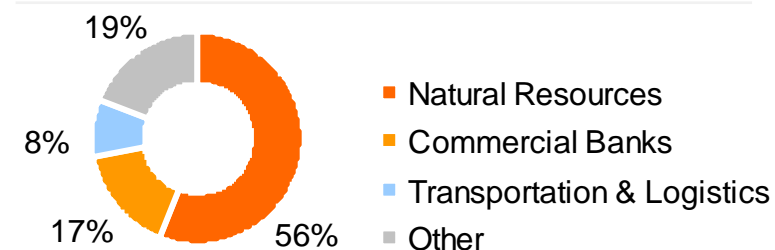
- Total Lending credit outstanding to Russia has been reduced by EUR 1,067 mln since 2Q14, EUR 1,412 mln at constant FX
- The lending exposure to Russia covered by Export Credit Agencies (ECA) is stable at EUR 1.1 bln, despite reduction of overall lending portfolio
- Focus on mitigated exposures; ECA-covered, pre-export facilities, offshore collateralized and shorter tenors
- Other exposure\* increased by EUR 143 mln since 2Q14, mainly due to the MtM on derivatives as a result of the ruble depreciation. At constant FX, Other exposure decreased by EUR 645 mln.
- The quality of the portfolio remains strong with the NPL ratio at 3% and a coverage ratio of 16%

\* Other includes Investments, trading exposure and pre-settlement

## Lending outstanding per currency



## Lending breakdown by Industry



# Exposure ING Bank to the Ukraine

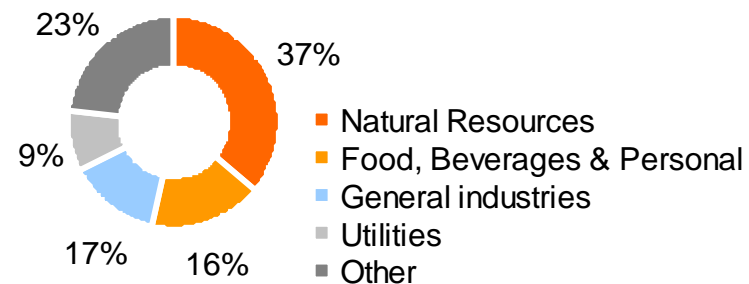
Exposure ING Bank to the Ukraine (in EUR mln)

	4Q14	3Q14	2Q14	Change 4Q-2Q
Total Lending Credit O/S	1,214	1,289	1,369	-155
Other*	12	20	13	-1
<b>Total outstanding</b>	<b>1,226</b>	<b>1,309</b>	<b>1,382</b>	<b>-156</b>
Undrawn committed Facilities	44	89	161	-117

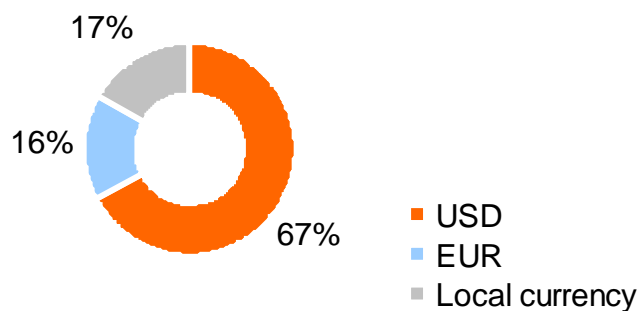
Note: data is based on country of residence

- Total Lending credit outstanding to the Ukraine has been reduced by EUR 156 mln since 2Q14
- The NPL ratio increased to 35% in 4Q14, reflecting the economic recession in the Ukraine
- The coverage ratio was 50% in 4Q14

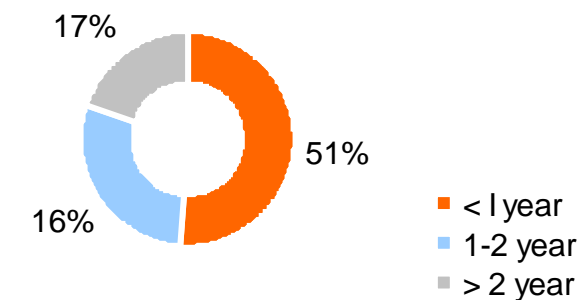
Lending breakdown by Industry



Lending outstanding per currency



Lending maturity



\* Other includes Investment, trading exposure and pre-settlement

# Exposure ING Bank to Oil & Gas Industry - oil price risk is limited

		Lending Credit O/S	
<b>Trade Finance</b>	<ul style="list-style-type: none"> <li>Trade related exposure; short-term self-liquidating trade finance, generally for major trading companies, either pre-sold or price hedged, not exposing the bank to oil price risk</li> </ul>	50%	88% of lending is not directly exposed to oil price risk
<b>Export Finance</b>	<ul style="list-style-type: none"> <li>ECA covered loans in oil &amp; gas: typically 95-100% credit insured</li> </ul>	4%	
<b>Corporate Lending</b>	<ul style="list-style-type: none"> <li>Corporate Loans in oil &amp; gas sector: predominantly loans to investment grade integrated oil companies</li> </ul>	21%	
<b>Midstream</b>	<ul style="list-style-type: none"> <li>E.g. pipelines, tank farms, LNG terminals, etc.: these assets typically generate revenues from long-term tariff based contracts, not affected by oil price movements</li> </ul>	13%	
<b>Offshore Drilling Companies</b>	<ul style="list-style-type: none"> <li>Loans to finance drilling rigs, generally backed by 3-7 yr charter contracts and corporate guaranteed</li> </ul>	3%	Somewhat exposed to oil price risk
<b>Other Offshore Services Companies</b>	<ul style="list-style-type: none"> <li>Diversified portfolio of companies active in pipe laying, heavy lifting, subsea services, wind park installation etc. Corporate guaranteed</li> </ul>	3%	
<b>Reserve Based Lending</b>	<ul style="list-style-type: none"> <li>Financing based on borrower's oil &amp; gas assets. Loans secured by reserves of oil &amp; gas. Includes smaller independent oil &amp; gas producers</li> </ul>	6%	Exposed to oil price risk but other risk mitigants provide protection
<b>Total Oil &amp; Gas related exposure</b>		EUR 27 bln	

- ING has stress tested the Reserve Based Lending portfolio. Based on the current oil price environment, we see limited risk of increased loan losses

# 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, the same accounting principles are applied as in the 3Q2014 ING Group Interim Accounts. The Financial statements for 2014 are in progress and may be subject to adjustments from subsequent events. 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, 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) consequences of a potential (partial) break-up of the euro, (4) the implementation of ING's restructuring plan to separate banking and insurance operations, (5) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations, (14) changes in the policies of governments and/or regulatory authorities, (15) conclusions with regard to purchase accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit ratings, (18) ING's ability to achieve projected operational synergies and (19) the other risks and uncertainties detailed in the Risk Factors section contained in the most recent annual report of ING Groep N.V. Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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