ING Credit Update 2Q19

Amsterdam ▪ 1 August 2019

thinkforward

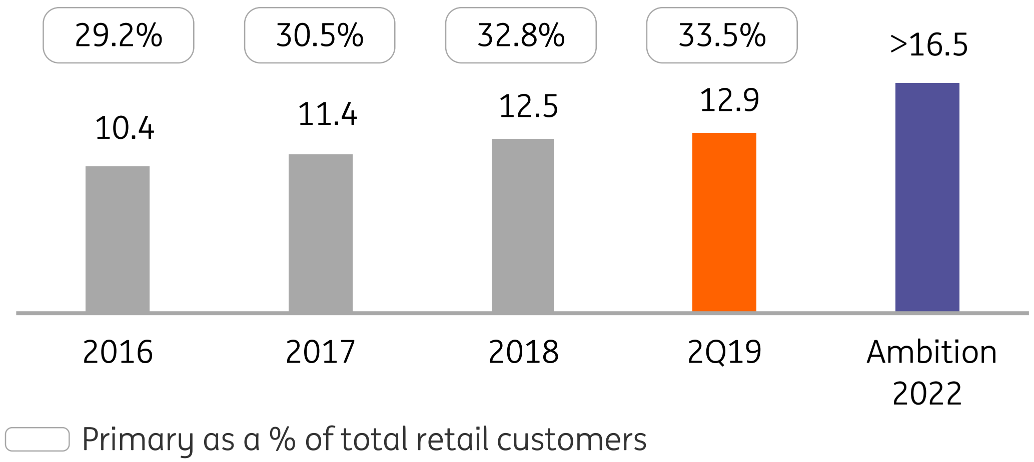
ING

Key points

- ING posted 2Q19 net profit of €1,438 mln, on par with 2Q18 despite the continued low interest rate environment
- Well-diversified primary customer growth of more than 300,000 with the total primary customer base reaching 12.9 mln. Primary customers now represent one-third of our Retail customer base
- We recorded net core lending growth of €7.4 bln in 2Q19; net customer deposit inflow amounted to €11.7 bln
- Results were supported by lending growth, margin improvements mainly on mortgages and relatively low risk costs. This countered margin pressure on customer deposits and increased KYC-related expenses
- On a four-quarter rolling average basis, underlying return on equity was 10.8%
- ING Group's CET1 ratio remained robust at 14.5%, slightly lower QoQ as a model parameter review led to higher Operational RWA. ING will pay an interim cash dividend of €0.24 per share over the first six months of 2019
- We continue to strengthen our management of non-financial risks; the global KYC enhancement programme is being rolled out across all countries and 39 mln customers. More than 3,000 FTEs are working on KYC-related activities

Well-diversified primary customer growth underpins commercial momentum

Target to reach >16.5 mln primary customers* by 2022



2Q19 net primary customer growth across Retail segments

Benelux
+75k

Challengers
+167k

Growth Markets
+67k

Core lending

2Q19 net growth

€ **+7.4** bln

Customer deposits

2Q19 net growth

€ **+11.7** bln

Net promoter scores (NPS)

2Q19

#1 in **7** out of 13 retail countries

* Definition: active payment customers with recurring income and at least one extra active product category

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We further strengthened our commitment to sustainability

Co-founding the Poseidon Principles

- ING is one of 11 major banks that launched the Poseidon Principles, which aim to support the shipping industry's reduction of carbon emissions by 50% by 2050
- Together, the banks hold a global shipping loan portfolio of approx. $100 bln, ~20% of the global ship finance portfolio
- The Poseidon Principles establish a way to assess and disclose whether financial institutions' lending portfolios are in line with adopted climate goals, aligning with our Terra approach

POSEIDON PRINCIPLES

Strong sustainability deal activity in 2Q19

- In 2Q19, ING has supported the issuance of 26 sustainable bond transactions and 12 sustainable loan transactions (of which 2 green loan transactions and 10 sustainability improvement loans), several of them structured by ING

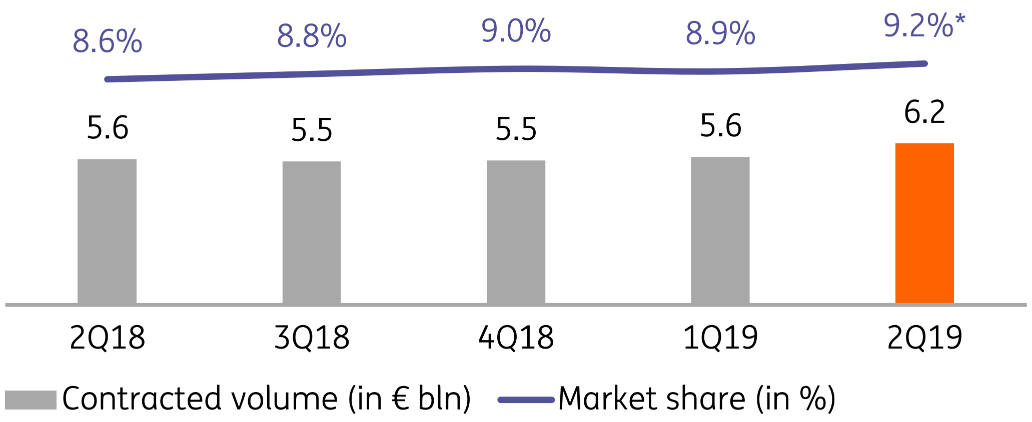
DÜRR GROUP: €200 mln Sustainability Schuldschein – 1st ESG-linked Schuldschein issued

MERLIN PROPERTIES: €1.55 bln sustainable improvement loan – largest loan for the real estate sector in Europe

PHILIPS: €750 mln green innovation bond – 1st bond issued under Philips' Green & Sustainability Innovation Bond Framework

Record quarter for Interhyp exceeding €6 bln in contracted volumes

Contracted volume and market share



interhyp gruppe
Das Zuhause der Baufinanzierung

#1 mortgage broker in Germany (part of ING Group since 2008)

Bester Baufinanzierer
Testsieger
Ausgabe 08/2019
€uro
24 Anbieter im Vergleich

Awarded "Top Mortgage Provider" by €uro magazine 14 years in a row

- Interhyp generated €22 bln of mortgage volume in 2018 and is Germany's market leader in providing private mortgages, offering access to more than 450 mortgage lenders
- Focus on offering the best customer experience has translated into a NPS of 84 and a growing market share in Germany, reaching 9.2% in 2Q19
- Also in terms of contracted volume realised, 2Q19 was a record quarter with €6.2 bln
- Interhyp is expanding to Austria, having started with the opening of an office in Vienna in 4Q18
- With revenues consisting of more than 95% commission income, Interhyp contributes to ING's ambition to grow net fee and commission income

* New mortgage volume according to most recent market share data from Deutsche Bundesbank for April / May 2019

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Continuing to improve our management of non-financial risks

Continuing focus on KYC-related activities

- The number of FTE working globally on know your customer (KYC) related activities has increased to >3,000
- We discuss internal assessments in connection with our global KYC enhancement programme with authorities in various countries
- Our increased focus on KYC and efforts to streamline operations are leading to an increased number of accounts that are being closed, including inactive accounts or accounts of which the customers were insufficiently responsive to information requests
- In Italy, in line with the global KYC enhancement programme, we are taking steps intended to improve processes and management of KYC as required by Banca d'Italia
- We welcome steps taken by authorities to achieve wider cooperation between banks, law enforcement and regulators, including the plan of action, presented by the Dutch ministers of Justice and Finance, under which data-sharing will be investigated to increase the effectiveness of the role of gatekeepers

Including developing promising tools to increase accuracy and efficiency of our KYC operations

- A Virtual Alert Handler using Artificial Intelligence (AI) to **sort 'false positives'** from the alerts that need more investigation, so far reducing 'false positives' by more than half
- A tool to **detect instances of fraudulent transactions** related to 'smurfing'; the practice of breaking up transactions into smaller amounts to evade conventional rules-based monitoring systems
- An advanced AI-based anomaly detection model to **automatically analyse and detect new potentially suspicious behaviour** in foreign currency clearing and settlement that ING executes on behalf of other banks

Business profile and strategy

Think Forward has been accelerated through structural changes

Think Forward strategy on a page

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

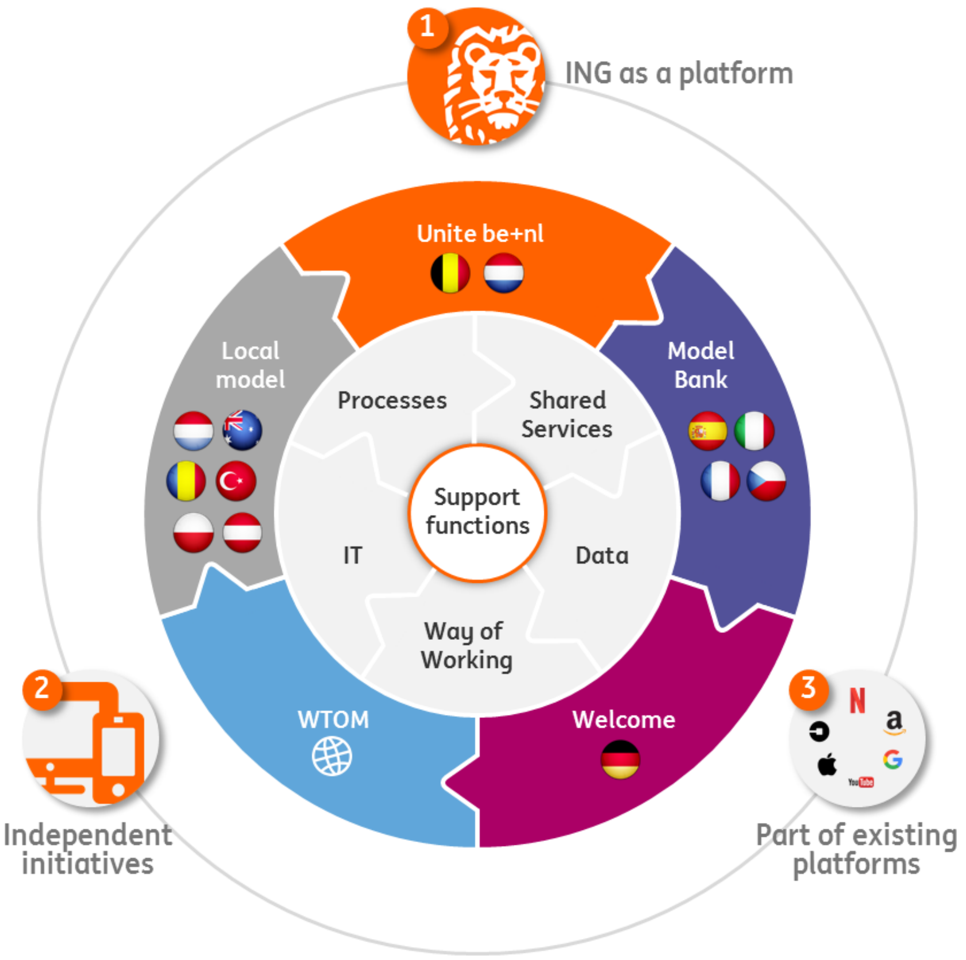
Customer Promise ▶ Clear and Easy | Anytime, Anywhere | Empower | Keep Getting Better

Strategic Priorities ▶ **Creating a differentiating customer experience**

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

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

Transformation and platform programmes

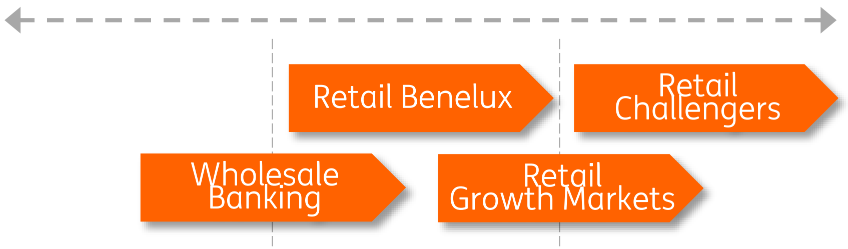


We are transforming into a dynamic digital player

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

Where do we stand in such transition?

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



Cross-border digital scalable player

Digital DNA and experience creating cross-border scalability are advantages

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

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

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

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

Cross-border scalability: reduction of

~600 branches and

~2,000 FTEs uniting BE & NL

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Well-diversified business mix with many profitable growth drivers

Retail Banking

- Focus on earning the primary relationship
- We use technology to offer a differentiating experience to our customers
- Distribution increasingly through mobile devices which requires simple product offering

Market Leaders
Netherlands, Belgium / Luxembourg

Challengers
Germany / Austria, Czech Republic, Spain, Italy, France and Australia

Growth Markets
Poland, Turkey, Romania and Asian bank stakes

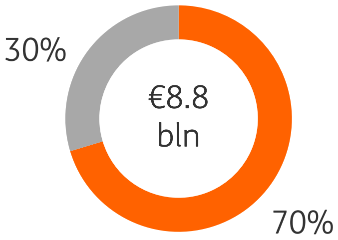
Wholesale Banking International Network

Wholesale Banking

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

Underlying income*

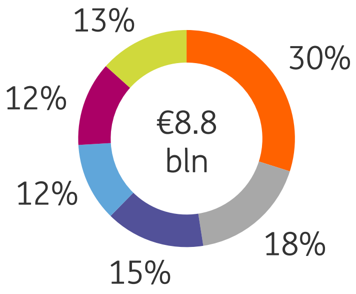
1H19



Retail Banking
Wholesale Banking

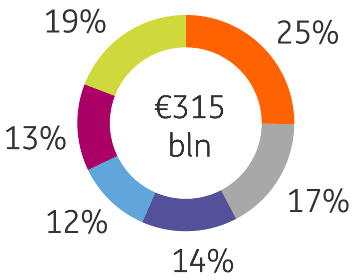
Underlying income*

1H19



RWA (end of period)*

1H19



Netherlands Belgium Germany Other Challengers Growth Markets WB Rest of World

* Segment Other" not shown on the slide. For this segment (Corporate Line and Real Estate run-off portfolio), the underlying income was €413 mln in 1H19 and RWA was €3.2 bln as per 30 June 2019

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Consistent focus on creating operating leverage

Roadmap from current market positions

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

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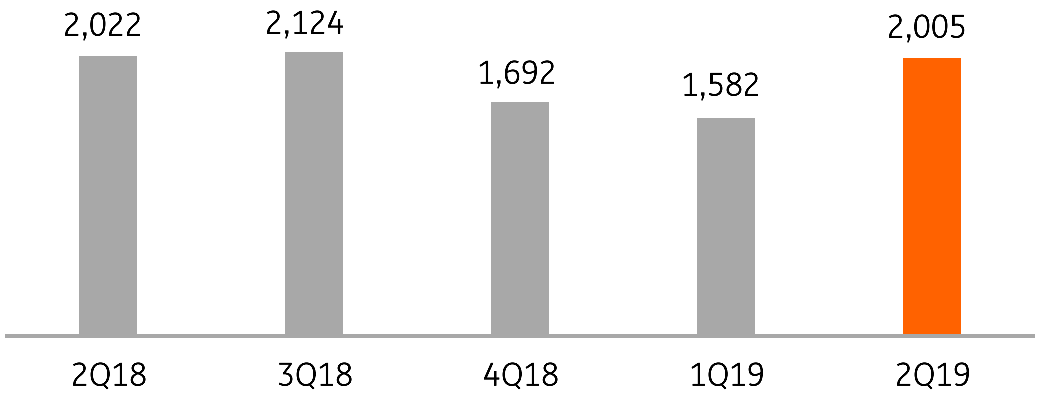
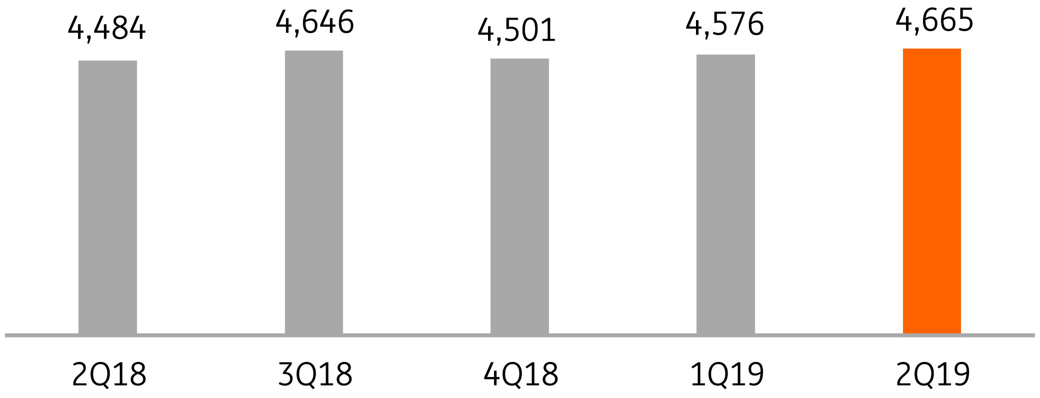
2Q19 results

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

Underlying pre-tax result (in € mln)



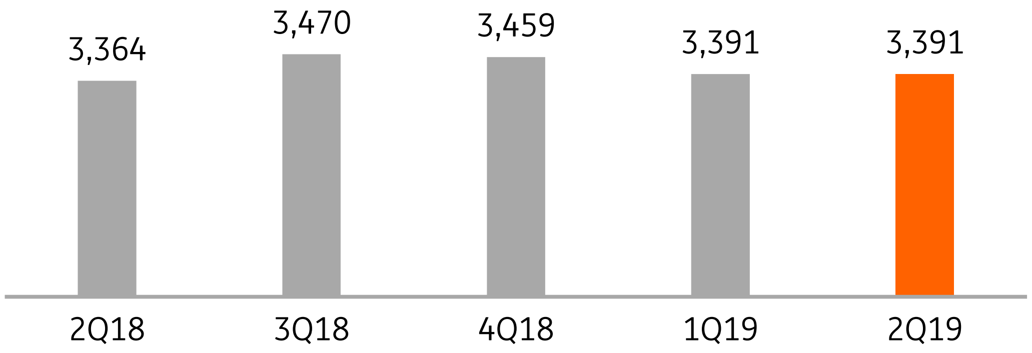
Total underlying income (in € mln)



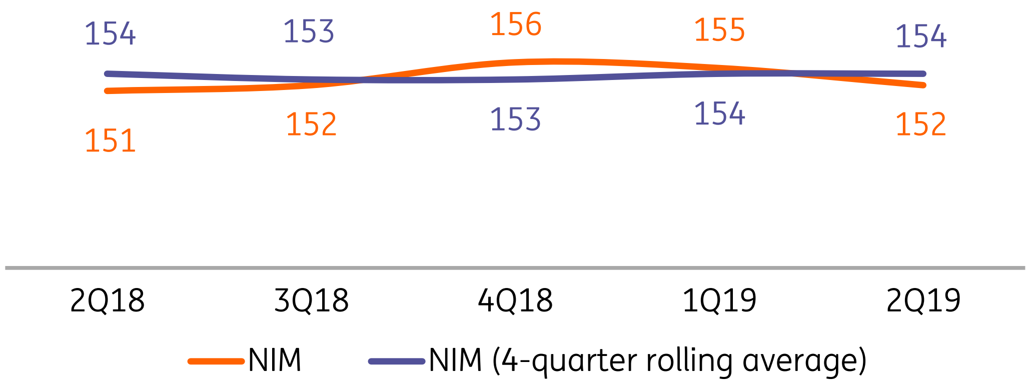
- 2Q19 underlying result before tax was €2,005 mln, down 0.8% from a year ago, due to higher but still relatively low risk costs while higher income was partially offset by an increase in operating expenses
- Sequentially, the increase in pre-tax result was almost fully caused by the seasonally higher regulatory costs recorded in 1Q19
- The year-on-year increase in total underlying income of €181 mln reflects the impact of continued business growth, higher Treasury-related revenues and the recognition of a €79 mln receivable related to the insolvency of a financial institution. This more than offset negative valuation adjustments in Financial Markets and margin pressure on customer deposits

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

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



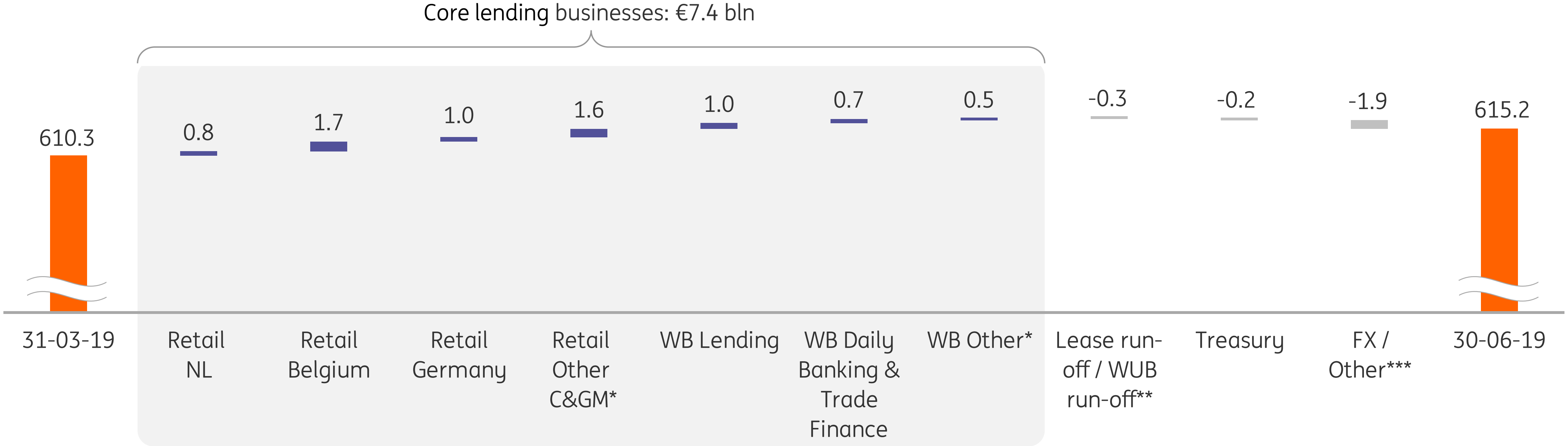
Net interest margin slightly lower in 2Q19
(in bps)



- Net interest income, excluding Financial Markets, increased 0.8% compared to 2Q18. The increase was driven by higher interest results on customer lending due to volume growth and an improvement of the interest margin on residential mortgages. The interest margin on other customer lending and customer deposits declined
- Sequentially, NII was stable and mirrors the aforementioned margin trends and higher average product volumes in 2Q19
- NIM was 152 bps, down three basis points QoQ attributable to a higher average balance sheet combined with the impact of lower interest margins on non-mortgage lending and customer deposits, as well as lower (volatile) interest results in Financial Markets

2Q19 net core lending growth primarily in Retail

Customer lending ING Group 2Q19 (in € bln)

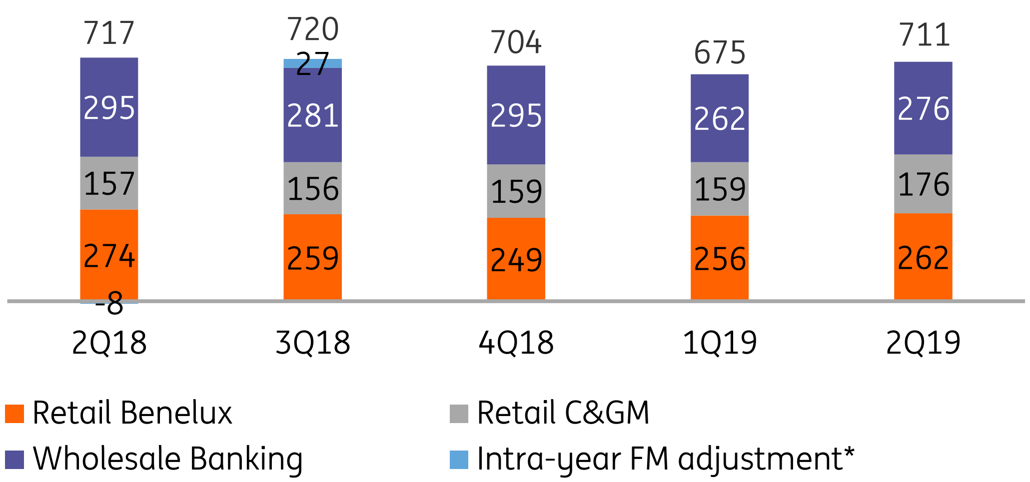


- Our core lending franchises grew by €7.4 bln in 2Q19:
  - Retail Banking increased by €5.1 bln of which €2.0 bln was mortgage growth in most countries and €3.1 bln was other lending growth, primarily in Retail Benelux
  - Wholesale Banking reported an increase of €2.3 bln

* C&GM is Challengers & Growth Markets; WB Other includes Financial Markets
** Lease and WUB run-off was €-0.3 bln (predominantly WUB)
*** FX impact was €-2.3 bln and Other €0.4 bln

Fee income stable YoY; first digital insurance products launched

Net fee and commission income (in € mln)



- Fee income was stable YoY, as higher Retail fees in Germany were offset by lower fees in Mid Corporates in Retail Netherlands, higher fees paid to agents in Retail Belux and a subdued syndicated loan market in Wholesale
- Sequentially, fee income rose by €36 mln, driven by higher Retail fees in Germany, higher daily banking fees in Retail OC&GM, higher fees on investment products in Retail Belux and seasonally higher deal activity in Wholesale

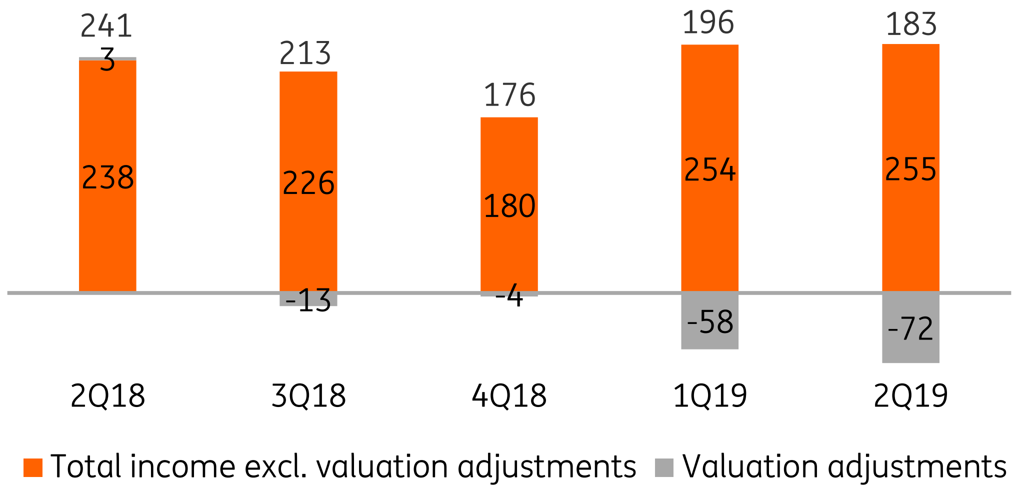
Making good progress with Yolt and AXA initiatives

- Yolt, our smart money app, which provides customers a one-stop overview of their accounts, has attracted **>900,000 registered users in the UK** since its launch in June 2017
- Within our global partnership with **AXA**, we launched **travel and car insurance** as well **income protection** in two countries, and additional products will be launched in the coming quarters

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

FM income impacted by negative valuation adjustments

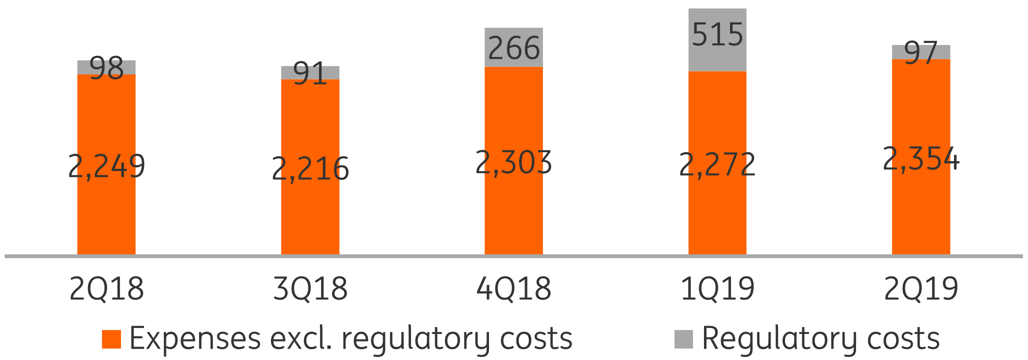
Underlying income Financial Markets (in € mln)



- Financial Markets' total income was lower year-on-year, fully driven by negative model valuation adjustments and negative marked-to-market movements on hedges
- Excluding these valuation adjustments, income was up by €17 mln from higher Commodities and Credit Trading, despite lower income of Global Securities Finance
- Sequentially, income excluding valuation adjustments was stable, as higher Commodities trading compensated for lower activity in Rates and Credit

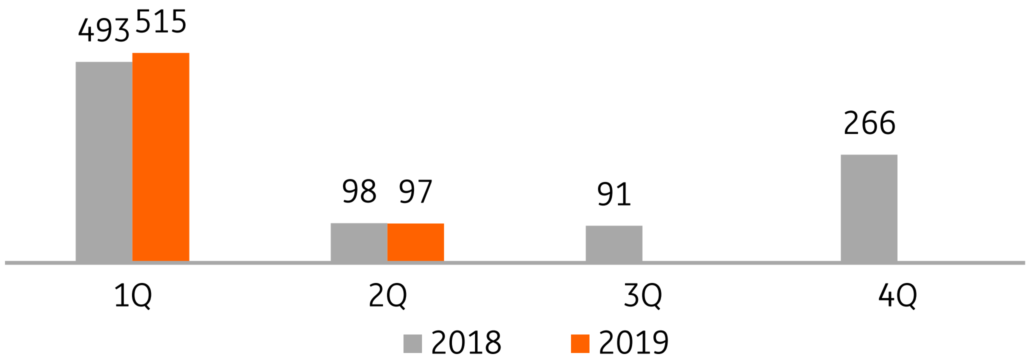
Stable cost/income ratio despite higher KYC-related expenses

Underlying operating expenses (in € mln)

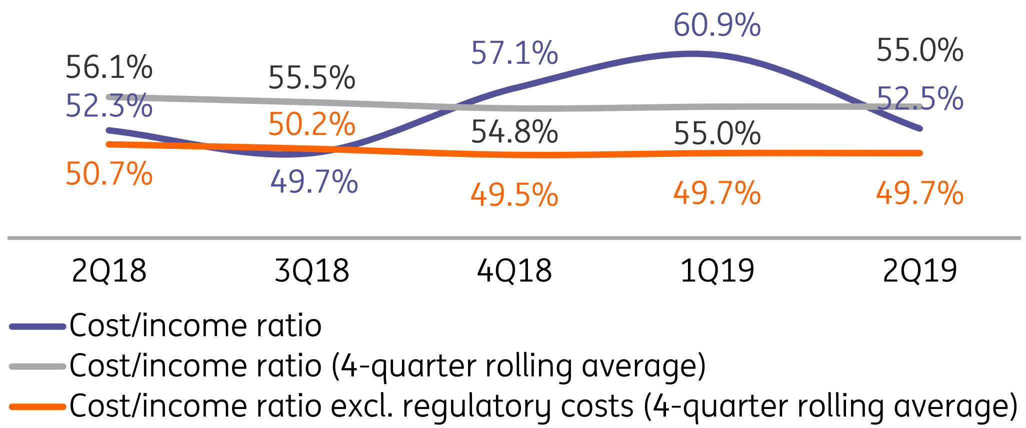


- Expenses excluding regulatory costs rose by €105 mln YoY, partially driven by higher KYC-related expenses. An increase was mainly visible in the Corporate Line and Retail C&GM, including a restructuring provision related to the Agile transformation in Germany. Expenses excl. regulatory costs in Wholesale and Retail Benelux were broadly flat, reflecting continued cost control
- Expenses excl. regulatory costs were up by €82 mln QoQ due to the aforementioned provision in Germany, higher staff-related expenses, including for KYC-related activities, and transformation-related expenses in Retail Benelux

Regulatory costs* (in € mln)



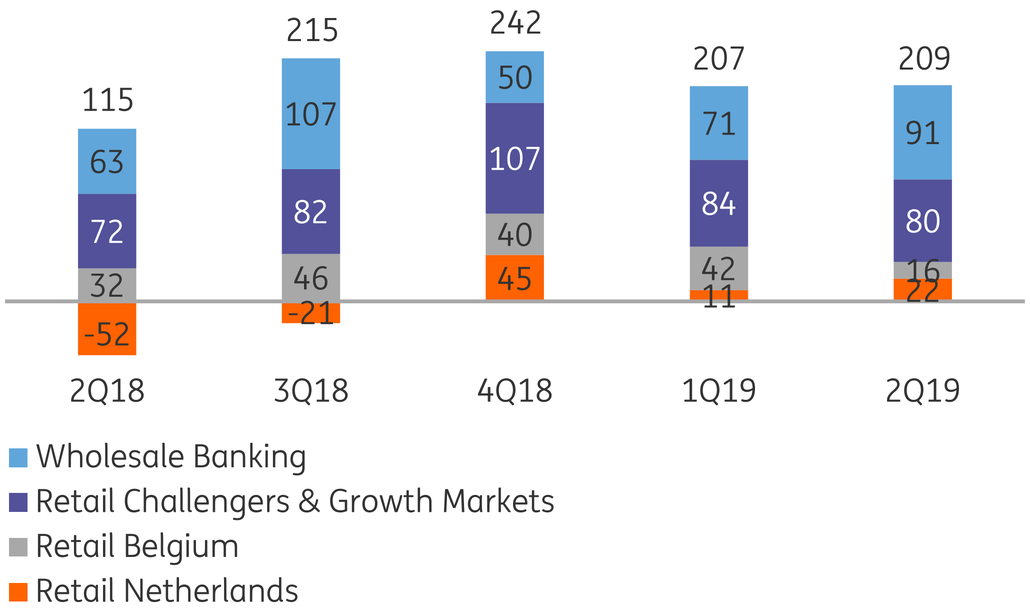
Underlying cost/income ratio



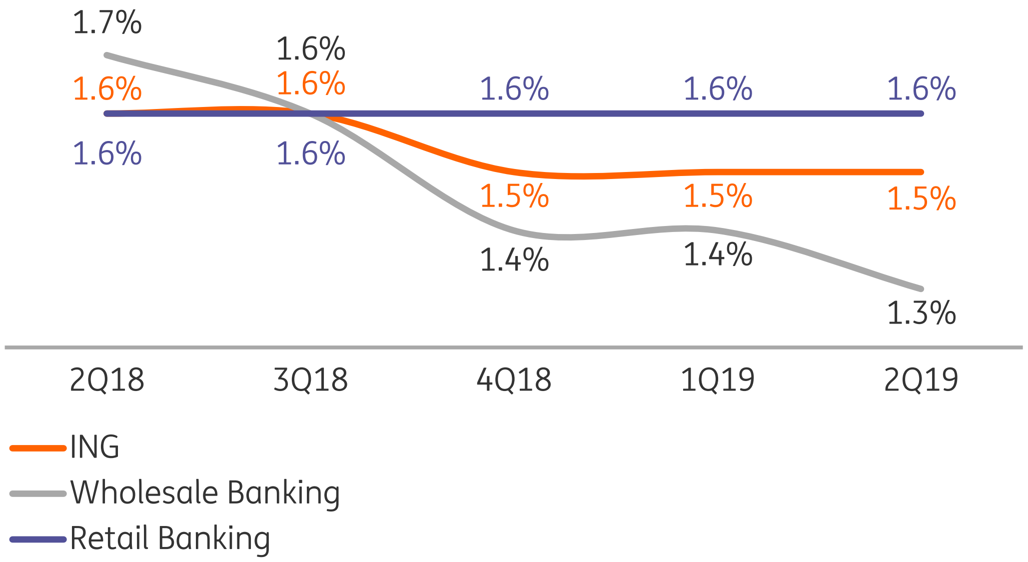
* Formal build-up phase of Deposit Guarantee Schemes (DGS) and Single Resolution Fund (SRF) should be completed by 2024

Risk costs stable QoQ, remaining below through-the-cycle average

Risk costs (in € mln)



Stage 3 ratio



- 2Q19 risk costs were €209 mln, or 14 bps of average customer lending, below the through-the-cycle average of approx. 25 bps. The bank's Stage 3 ratio remained unchanged at 1.5%
- Retail Netherlands recorded higher risk costs of €22 mln, reflecting mortgage model updates. Retail Belgium risk costs were lower at €16 mln, mainly due to a decrease in risk costs in business lending. Lower risk costs in Retail C&GM at €80 mln, mostly booked in Spain, Australia and Poland, while Germany recorded a €25 mln net release, largely reflecting mortgage model updates
- WB risk costs increased to €91 mln, primarily due to a few individual Stage 3 provisions in France, the Netherlands and the Americas

ING Group financial ambitions

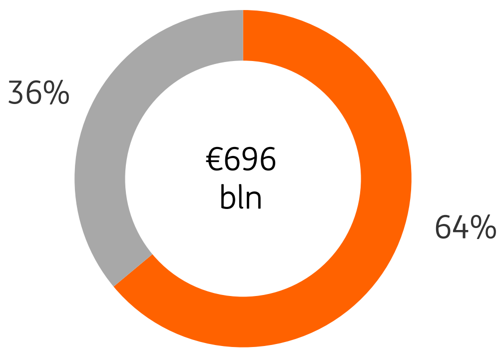
		Actual 2018	Actual 2Q19	Financial ambitions
Capital	• CET1 ratio (%)	14.5%	**14.5%**	~13.5%* (Basel IV)
	• Leverage ratio (%)	4.4%	**4.3%**	>4%
Profitability	• Underlying ROE (%)** (IFRS-EU Equity)	11.2%	**10.8%**	10-12%
	• *Underlying C/I ratio (%)***	*54.8%*	***55.0%***	*50-52%*
Dividend	• Dividend (per share)	€0.68		Progressive dividend
Of which interim		€0.24	**€0.24**	

* Implies management buffer (incl. Pillar 2 Guidance) of ~170 bps over prevailing fully loaded CET1 requirements (currently 11.81%, but is expected to rise to 11.83% by end-2019 and 11.95% in 2020 due to phasing-in of countercyclical buffers)
** Based on 4-quarter rolling average, the ING Group ROE is calculated using IFRS-EU shareholders' equity after excluding 'interim profit not included in CET1 capital'. As at 30 June 2019, interim profit not included in CET1 capital amounts to €1,764 mln, set aside for future dividend payments

Asset quality

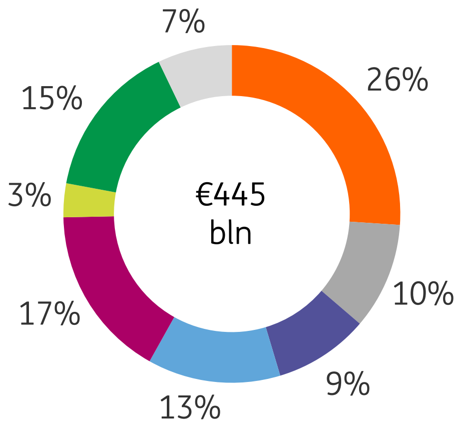
Well-diversified lending credit outstandings by activity

ING Group*



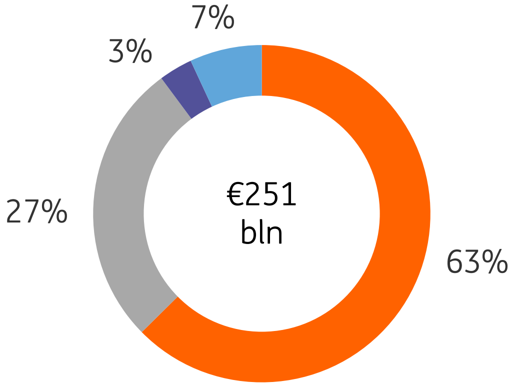
- Retail Banking
- Wholesale Banking

Retail Banking*



- Mortgages Netherlands
- Other lending Netherlands
- Mortgages Belgium
- Other lending Belgium
- Mortgages Germany
- Other lending Germany
- Mortgages Other C&GM
- Other lending Other C&GM

Wholesale Banking*



- Lending
- Daily Banking & Trade Finance
- Financial Markets
- Treasury & Other

- ING has a well-diversified and well-collateralised loan book with a strong focus on own-originated mortgages; 64% of the portfolio is retail-based

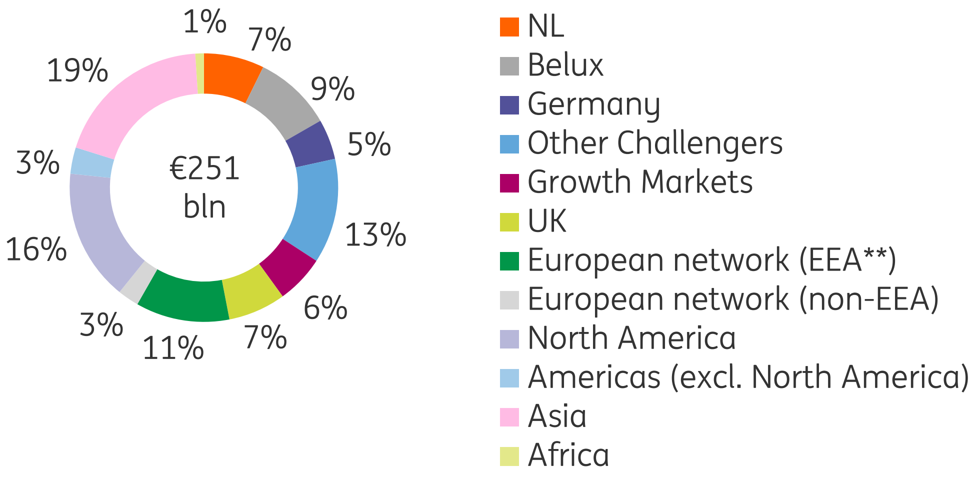
Note: percentages for Retail (Netherlands) and Wholesale Banking have changed versus 4Q18 as Real Estate Finance portfolio related to Dutch domestic midcorporates was transferred to Retail Netherlands from Wholesale Banking as per 1Q19

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

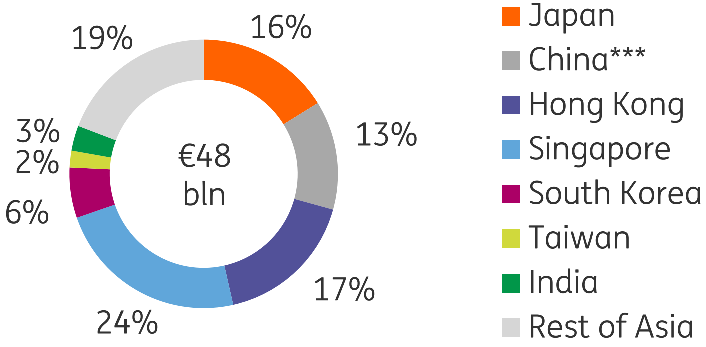
Granular Wholesale Banking lending credit outstandings by geography and sector

Loan portfolio is well diversified across geographies...

Lending Credit O/S Wholesale Banking (2Q19)*

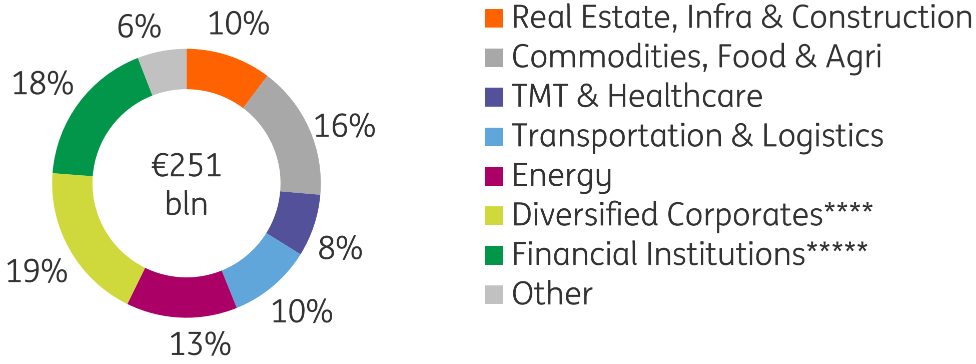


Lending Credit O/S Wholesale Banking Asia (2Q19)*



...and sectors

Lending Credit O/S Wholesale Banking (2Q19)*



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

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

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

*** Excluding our stake in Bank of Beijing (€2.1 bln at 30 June 2019)

**** Large corporate clients active across multiple sectors

***** Including Financial sponsors

Detailed Stage 3 disclosure on selected portfolios

Selected portfolios (in € mln)

	Lending credit O/S 2Q19	Stage 3 ratio 2Q19	Lending credit O/S 1Q19	Stage 3 ratio 1Q19	Lending credit O/S 2Q18	Stage 3 ratio 2Q18
Wholesale Banking	**251,034**	**1.3%**	**238,992**	**1.4%**	**246,961**	**1.7%**
Lending	157,162	1.5%	157,262	1.4%	155,658	2.1%
Daily Banking & Trade Finance	68,375	0.4%	69,196	0.4%	75,349	0.1%
Selected industries						
Real Estate Finance*	33,824	0.9%	33,400	0.9%	33,536	1.5%
Oil & Gas related**	38,607	1.7%	39,228	1.6%	41,346	2.7%
Metals & Mining	16,903	2.3%	17,299	2.3%	15,994	3.1%
Shipping & Ports***	14,931	3.3%	15,292	3.3%	14,266	5.4%
Selected countries						
Turkey****	11,437	3.6%	12,073	3.1%	15,413	2.3%
Russia	5,576	0.1%	5,469	0.0%	4,688	2.7%
Ukraine	833	24.0%	924	21.0%	763	25.4%

* Includes both WB Real Estate Finance portfolio and Dutch domestic midcorporates portfolio which was transferred from Wholesale Banking to Retail Netherlands in 1Q19
** Of which €3.0 bln (or 8% of Oil & Gas related exposures) are reserve-based lending activities
*** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, Stage 3 ratio is 2.4%
**** Turkey includes Retail Banking activities (€4.4 bln)

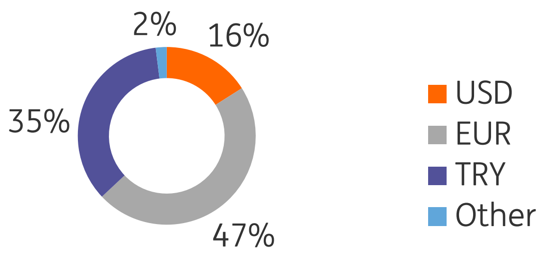
Overview Turkey exposure

Total exposure ING to Turkey* (in € mln)

	2Q19	1Q19	Change
Lending Credit O/S Retail Banking	**4,821**	**5,189**	**-7.1%**
Residential mortgages	525	573	-8.4%
Consumer lending	1,147	1,243	-7.7%
SME/Midcorp	3,149	3,373	-6.7%
Lending Credit O/S Wholesale Banking	**6,617**	**6,884**	**-3.9%**
Total Lending Credit O/S*	**11,437**	**12,073**	**-5.3%**

- Intra-group funding reduced from €2.7 bln at end-1Q19 to €2.5 bln at end-2Q19
- Total outstandings to Turkey reduced rapidly, partly due to Turkish lira depreciation
- ING only provides FX lending to corporate customers with proven FX revenues; only limited rolling-over of FX lending facilities
- ECA-insured lending (Export Credit Agencies) is approx. €1.7 bln; approx. €0.9 bln of SME/Midcorp lending benefits from KGF cover (Turkish Credit Guarantee Fund)
- Quality of the portfolio remains relatively strong with a Stage 3 ratio of 3.6%

Lending Credit O/S by currency



Lending Credit O/S by remaining maturity

TRY**	~1 year
FX	~2 years

Stage 3 ratio and coverage ratio

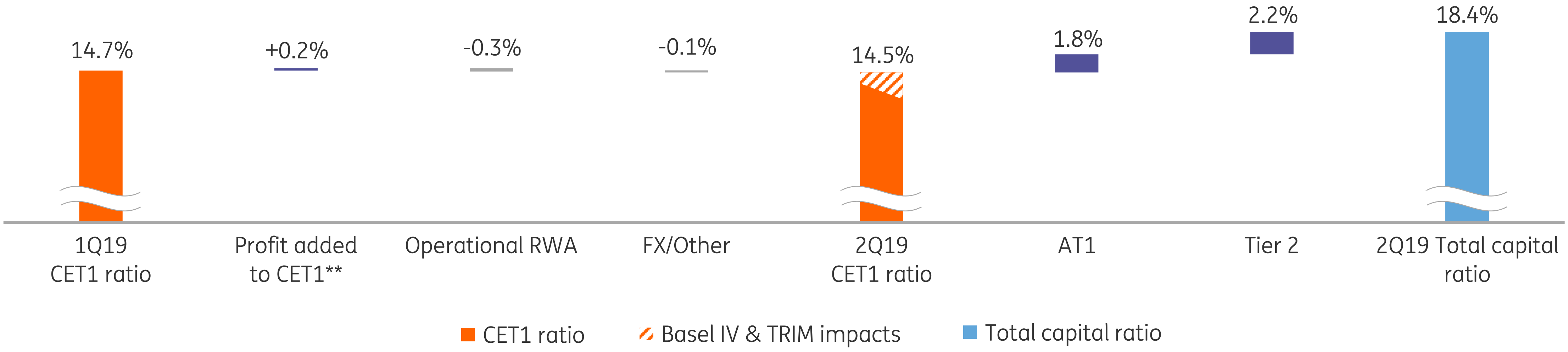
	2Q19	1Q19
Stage 3 ratio	3.6%	3.1%
Coverage ratio	53%	55%

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

Group capital, funding & liquidity

ING Group Total capital ratio up at 18.4% at the end of 2Q19

ING Group Total capital ratio development*



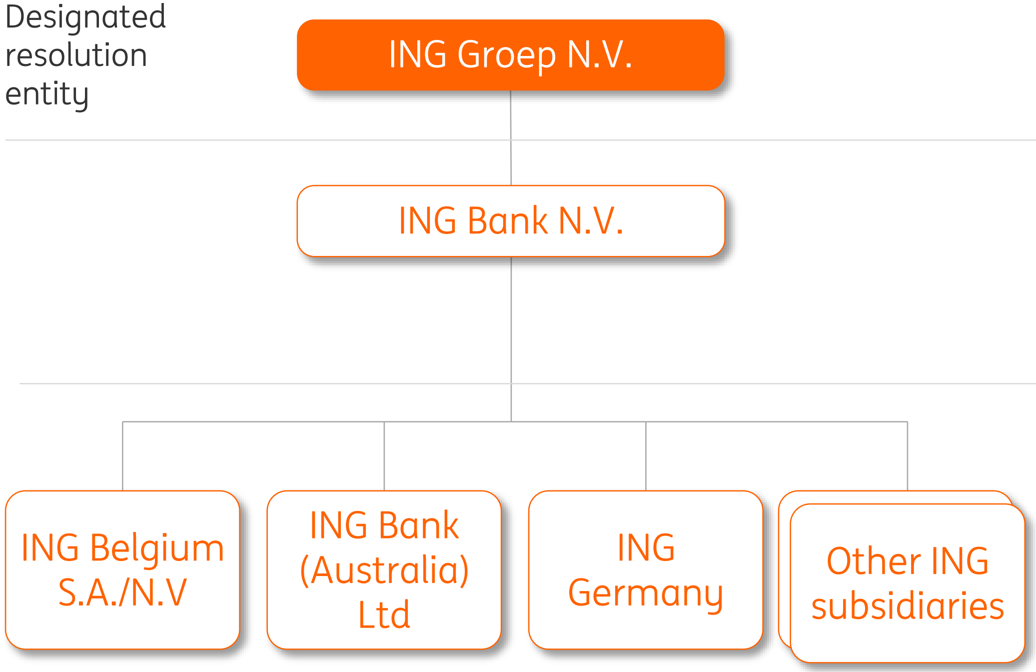
- 2Q19 CET1 ratio decreased to 14.5%, as higher RWA were only partially offset by an addition of quarterly profit. RWAs were up by €6.4 bln QoQ, mostly explained by higher Operational RWA following model updates. Credit RWA were roughly flat as lending growth was offset by positive risk migration and currency impacts
- Approx. 80% of Basel IV RWA impact is expected from revisions to internal models (effective as per Jan-2022). Other regulatory developments (e.g. TRIM) remain uncertain with respect to magnitude and timing
- With a long implementation phase, potential management actions and the pending transposition of Basel IV into EU law, we are well positioned to achieve our CET1 ratio ambition of around 13.5%

* Small differences in the graph due to rounding
** €556 mln which consists of 2Q19 Group net profit of €1,438 mln minus €882 mln set aside for future dividend payments
*** Current SREP requirement is 11.81% but will increase to 11.83% by the end of 2019 and 11.95% in 2020 due to phasing-in of countercyclical buffers

Issuance entities under our approach to resolution

Issuance entities

Designated resolution entity



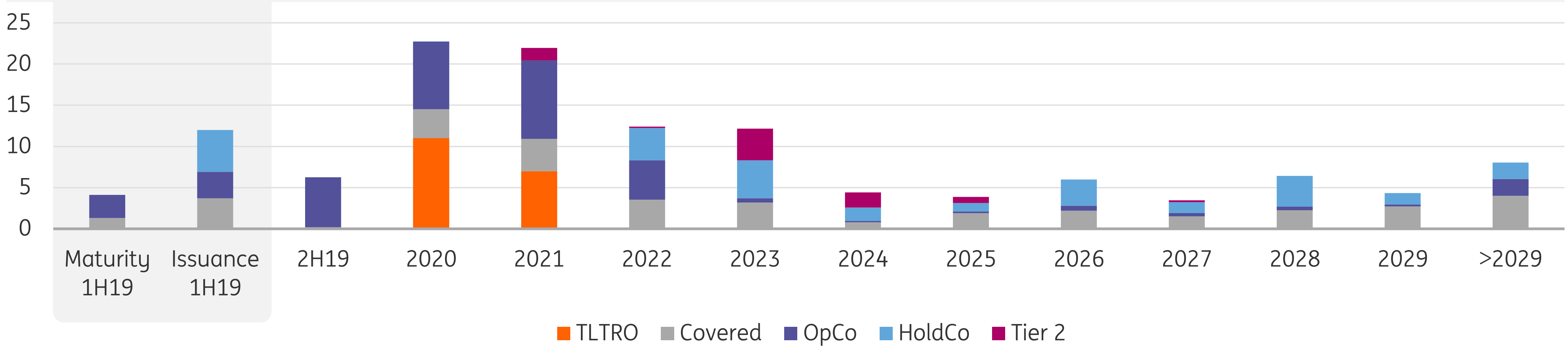
Eligible instruments for TLAC/MREL

	TLAC	Current MREL req.	Future MREL req.*
• Own funds (CET1 / AT1 / T2)	✓	✓	✓
• Senior unsecured debt (> 1 yr)**	✓	✓	✓
• Own funds	✓	✓	✓
• Senior unsecured debt (> 1 yr)	✗	✓	✗
• Secured funding	✗	✗	✗
• Operational funding needs (un)-secured debt	✗	✗	✗

* As per the SRB MREL policy from 16 January 2019
** As per the MREL/TLAC requirements, only debt with remaining maturity of >1yr is eligible

Long-term debt maturity ladder and issuance activity in 2019

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



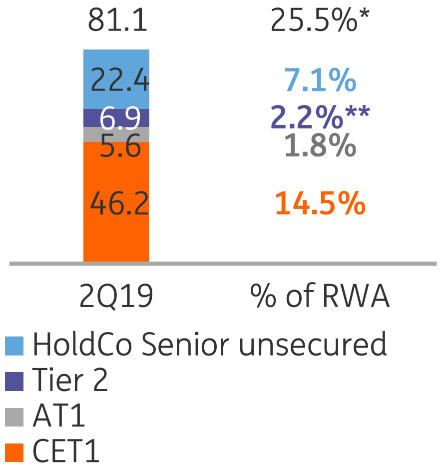
Issuance activity in 2019 year-to-date

- Total issuance YTD 2019 was €13.1 bln with ~€4 bln maturities in 1H19 and ~€6 bln of OpCo Senior maturing in 2H19
- ~€1.1 bln of AT1 was issued in PerpNC5 format
- ~€5.1 bln of HoldCo Senior debt was issued across various currencies (EUR, USD, JPY, AUD, and NOK)
- ~€3.2 bln of OpCo Senior funding was raised through public and private channels
- ~€3.7 bln of covered bonds was issued through ING Bank N.V and ING Germany
- ING Bank has ~€29 bln of long-term senior unsecured debt maturing from 2019 until 2022

* As per 30 June 2019; Tier 2 maturities based on 1st call date for callable bonds and contractual maturity for bullets; excluding RMBS

ING is on track with its 2019 issuance plan

ING Group TLAC instruments (in € bln)*

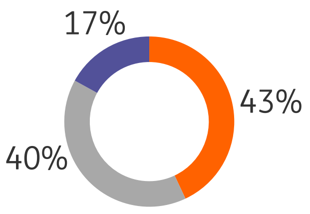


Key points

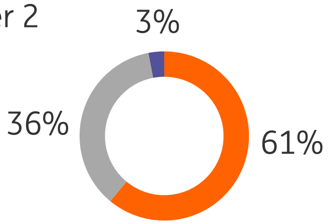
- ING is currently meeting both MREL and TLAC requirements
- ING expects to receive solo MREL requirement in 4Q19/1Q20 with a phase-in period

Currency split*

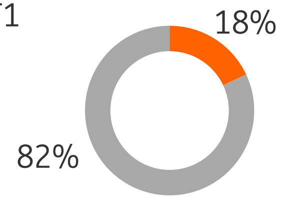
HoldCo Senior



Tier 2



AT1



EUR USD Other

Group / Bank issuance plan

Senior debt issuance

- ~€7-9 bln of HoldCo Senior planned for 2019, tenors ≥ 5 yrs, of which €5.1 bln has been already issued
- Maturing OpCo Senior will be recycled as HoldCo Senior to the extent needed to further build the TLAC/MREL position following regulatory requirements
- OpCo Senior will be issued with tenors ≤ 4 yrs, for internal ratio management and general corporate funding purposes

Tier 2

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

AT1

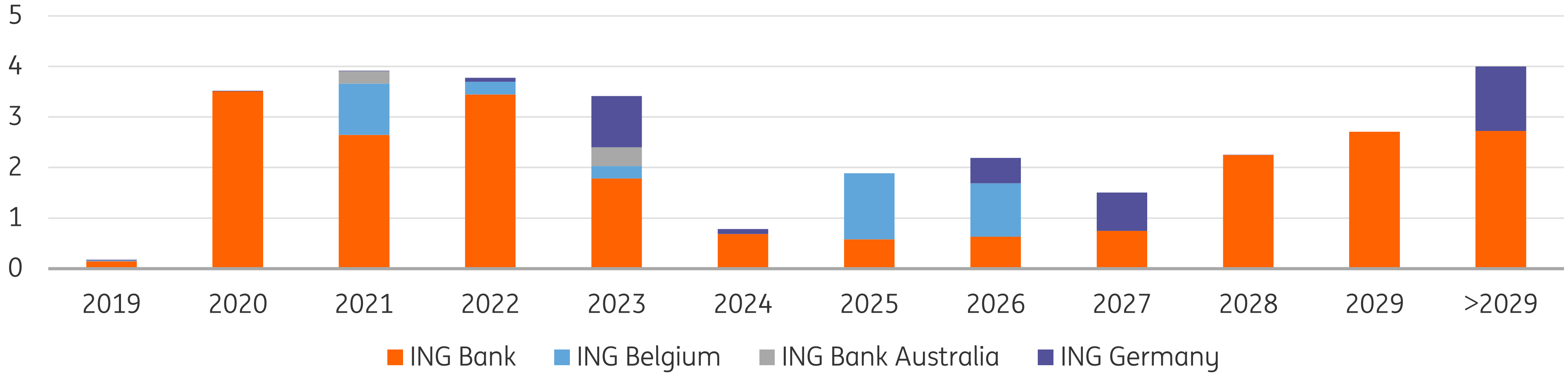
- Outstanding AT1 of €5.6 bln meets regulatory requirement of min. 1.5%
- ~€1.6 bln grandfathered until 31 Dec 2021 following the grandfathering rules*
- ~€4.0 bln CRD IV compliant

* TLAC requirements apply to ING Group at the consolidated level of the resolution group and are currently set at the higher of 16% of RWA or 6% TLAC leverage. Effective 1 January 2022, these requirements will increase to the higher of 18% of RWA or 6.75% of TLAC Leverage (to which the leverage ratio buffer requirement of 0.5% will then be added). The combined buffer requirement (5.56% of RWA as at 30 June 2019) will be added to the RWA-based TLAC requirement when CRDV has been incorporated into Dutch law.
** Including regulatory adjustments for Tier 2

Other subsidiaries remain active mainly through their covered bond programmes

	ING Bank N.V.	ING Belgium S.A./N.V	ING Bank (Australia) Ltd	ING Germany
Instruments overview	• Secured funding • Senior unsecured	• Secured funding	• Secured funding	• Secured funding
Outstanding	• Covered bond**: ~€21 bln • Senior unsecured: ~€33 bln	• Covered bond: ~€4 bln	• Covered bond: AUD$1 bln	• Covered bond: ~€4 bln
Covered Bond programme	• ING Bank Hard and Soft Bullet CB Programme • ING Bank Soft bullet CB Programme	• ING Belgium Residential Mortgage Pandbrieven Programme	• ING Australia Covered Bond Programme	• ING-DiBa Residential Mortgage Pfandbrief Programme

Maturity profile covered bond (in € bln)*

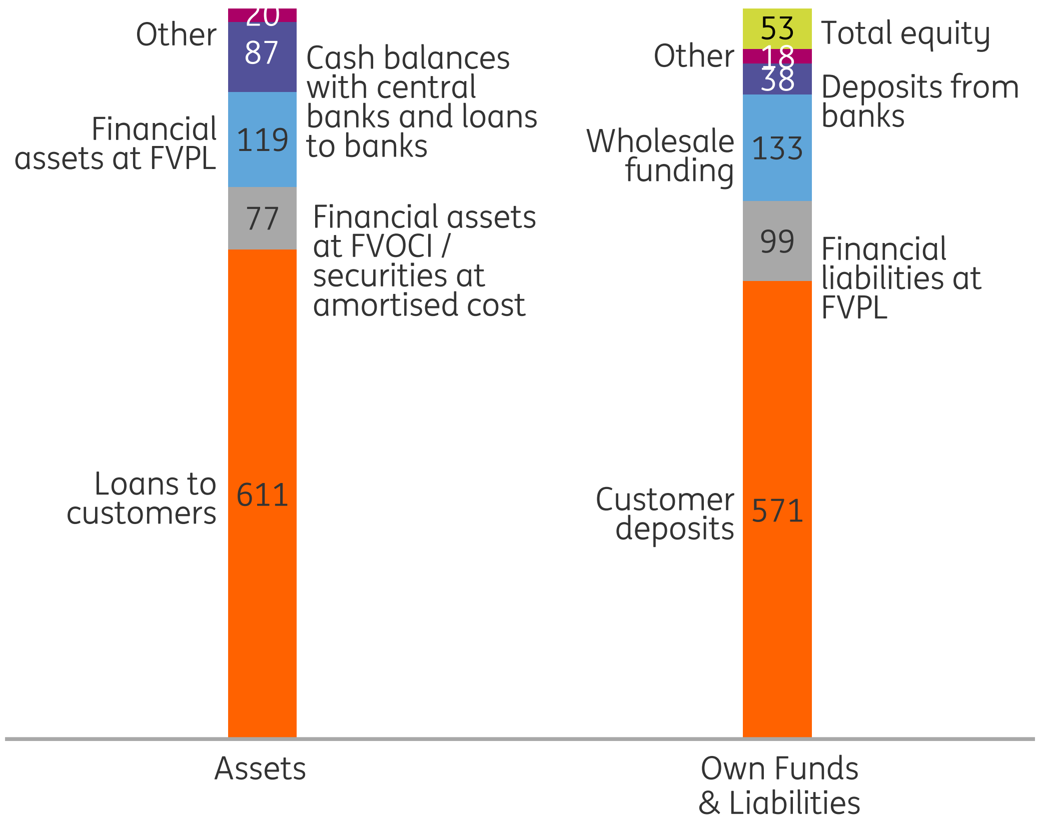


* As per 30 June 2019; Maturity ladder as per contractual maturity
** Outstanding for the ING Bank Hard and Soft Bullet CB Programme

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

Balance sheet ING Group (in € bln)

Balance sheet size ING Group 30 June 2019: €913 bln



High quality customer loan book

- See “Asset Quality” section of the presentation

Attractive funding profile

- 63% of the balance sheet is funded by customer deposits
- 89% of total customer deposits is Retail Banking based
- Attractive loan-to-deposit ratio of 107% as per 30 June 2019*

Conservative trading profile

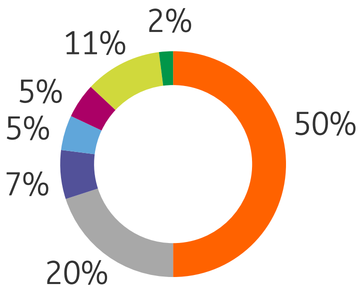
- Majority of our Financial Markets business is customer flow based where we largely hedge out positions, reflected in large but often offsetting assets and liabilities at FV positions
- Average VaR for ING’s trading portfolio during 2Q19 decreased to €6 mln from €8 mln in the previous quarter

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

Robust liquidity position

Funding mix*

30 June 2019



ING holds sizeable liquidity buffer

- ING's funding consists mainly of retail deposits, corporate deposits and public debt
- ING's 12-month moving average LCR slightly increased from 125% in 1Q19 to 126% in 2Q19
- Besides the HQLA buffer, ING maintains large pools of ECB-eligible assets, in the form of internal securitisations and credit claims

Liquidity buffer

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

LCR 12-month moving average (in € bln)

	30 Jun. 19	31 Mar. 19
Level 1	127.4	125.0
Level 2A	4.2	4.2
Level 2B	5.0	6.0
Total HQLA	**136.5**	**135.2**
Outflow	**199.6**	**199.4**
Inflow	**91.5**	**90.8**
LCR	**126%**	**125%**

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

Strong rating profile at both Group and Bank level

Main credit ratings of ING on 31 July 2019

	S&P	Moody's	Fitch
Stand-alone rating	a	baa1	a+
Government support	-	1 notch	-
Junior debt support	1 notch	N/A	-
Moody's LGF support	N/A	3 notches	N/A
ING Bank NV (OpCo)			
Bank senior LT rating	A+	Aa3	AA-
Outlook	Stable	Stable	Stable
Bank senior ST rating	A-1	P-1	F1+
Tier 2	BBB+	Baa2	A
ING Groep NV (HoldCo)			
Group senior LT rating	A-	Baa1	A+
AT1	BB	Ba1	BBB-
Tier 2	BBB	Baa2	A

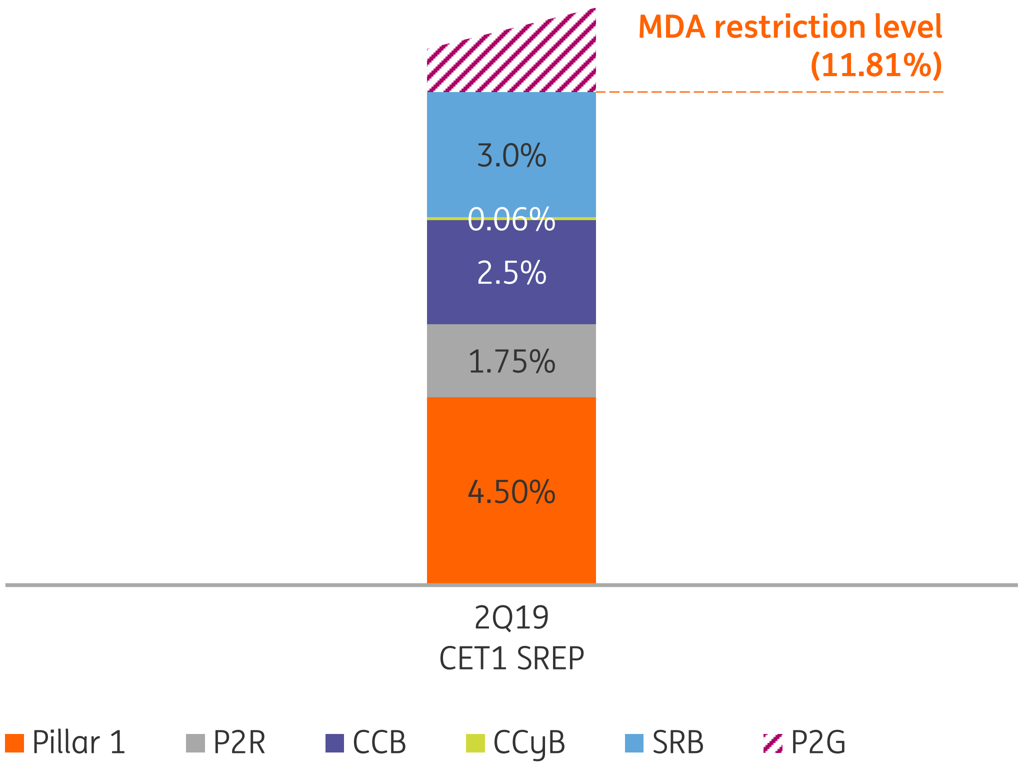
Latest ING rating actions

- Fitch: Feb-2019 ING Bank was upgraded to AA- from A+ with a stable outlook. The upgrade reflects the build-up of a significant and sustainable buffer of junior debt at the bank that could be made available to protect its senior third-party creditors from default
- Moody's: Sep-2017 ING Bank was upgraded to Aa3 from A1 with a stable outlook. The improvement was driven by resilient profitability, low asset risk, a strengthening capital position, as well as the expected build-up of loss-absorbing capital at ING Group
- S&P: Jul-2017 ING Bank was upgraded to A+ reflecting the expectation that in the coming years ING will build a sizable buffer of bail-in-able debt, while maintaining strong capital adequacy metrics thanks to resilient financial performance, supportive internal capital generation, and a broadly similar risk profile

Appendix

Managing our capital position above regulatory requirements

ING Group SREP*



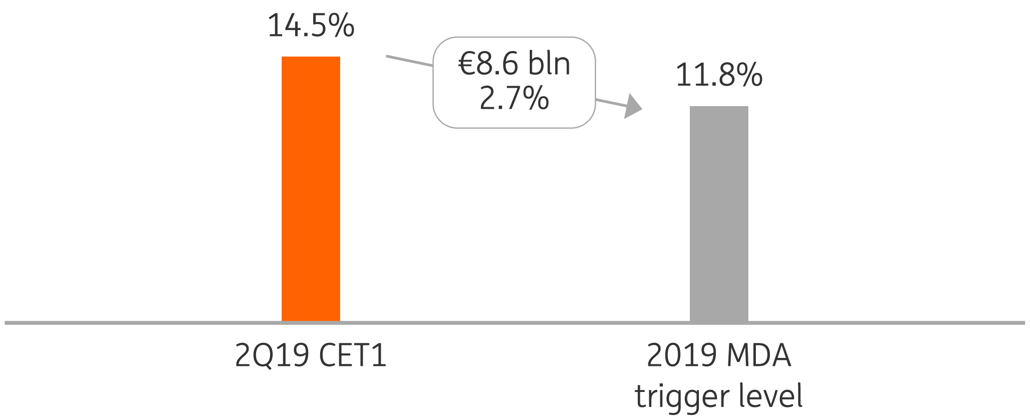
2019 SREP (Supervisory Review and Evaluation Process)

- Following the conclusion of the annual SREP process in February 2019, the European Central Bank has set ING Group's capital requirements for 2019
- A 11.81% CET1 ratio requirement applies as per 2Q19, of which:
  - 4.50% Pillar 1 minimum (P1)
  - 1.75% Pillar 2 Requirement (P2R)
  - 2.50% Capital Conservation Buffer (CCB)
  - 3.00% Systemic Risk Buffer (SRB)
  - 0.06% Countercyclical Buffer (CCyB)
  - This excludes Pillar 2 Guidance (P2G)
- We have set a Basel IV CET1 ambition of around 13.5% implying a management buffer (including P2G) of ~1.7%

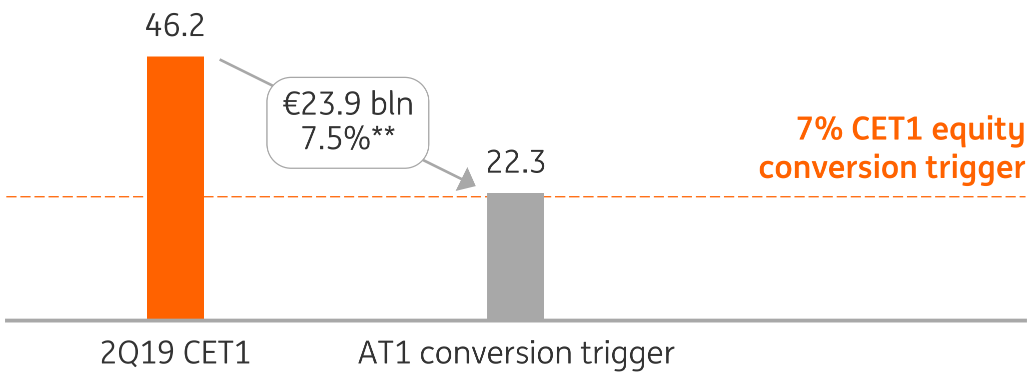
* Current SREP requirement is 11.81% but will increase to 11.83% by the end of 2019 and 11.95% in 2020 due to phasing-in of countercyclical buffers

Additional Tier 1: comfortable buffers to triggers

Buffer to MDA 2Q19*



Buffer to Conversion Trigger 2Q19 (in € bln)



Buffer to MDA	• MDA restrictions will apply if ING Group breaches Combined Buffer Requirements (CBR) • Under the MDA framework, ING's trigger level is 11.81% as per 2Q19 which will increase to 11.83% before year-end 2019 due to phasing-in of the countercyclical buffer. ING's trigger level includes the 1.75% P2R and excludes P2G • As per 2Q19, the buffer to the 2019 MDA restriction level is €8.6 bln or 2.7% of RWAs • This excludes €1,764 mln of profits that we have set aside for future dividend payments
Buffer to Conversion Trigger	• The ING Group capital buffer to conversion trigger (7% CET1) is high at €23.9 bln • This excludes €1,764 mln of profits that we have set aside for future dividend payments
Available Distributable Items	• AT1 discretionary distributions may only be paid out of distributable items • As per year-end 2018, ING Group had approx. €43 bln of available distributable items following the CRDIV definition

* Including Countercyclical buffer of 0.06% as per 2Q19 which will increase to 0.08% before year-end 2019
** Difference between 14.5% ING Group phased-in CET1 ratio in 2Q19 and 7% CET1 equity conversion trigger

Outstanding benchmark capital securities

(Additional) Tier 1 securities issued by Group

Currency	Issue date	First call date	Coupon	Issued	Outstanding**
USD (CRR/CRDIV compliant)	Feb-19	Apr-24	6.750%	1,250	1,250
USD (CRR/CRDIV compliant)	Nov-16	Apr-22	6.875%	1,000	1,000
USD (CRR/CRDIV compliant)*	Apr-15	Apr-20	6.000%	1,000	1,000
USD (CRR/CRDIV compliant)*	Apr-15	Apr-25	6.500%	1,250	1,250
USD	Sep-05	Jan-11	6.125%	700	700
EUR	Jun-04	Jun-14	10yr DSL +10	1,000	563
EUR	Jun-03	Jun-13	10yr DSL +50	750	432

Tier 2 securities issued by Group

Currency	Issue date	First call date	Maturity	Coupon	Outstanding**
USD (CRR/CRDIV compliant)	Mar-18	Mar-23	Mar-28	4.70%	1,250
EUR (CRR/CRDIV compliant)	Mar-18	Mar-25	Mar-30	2.00%	750
EUR (CRR/CRDIV compliant)	Sep-17	Sep-24	Sep-29	1,625%	1,000
EUR (CRR/CRDIV compliant)	Feb-17	Feb-24	Feb-29	2.50%	750
EUR (CRR/CRDIV compliant)	Apr-16***	Apr-23	Apr-28	3.00%	1,000

Tier 2 securities issued by Bank

Currency	Issue date	First call date	Maturity	Coupon	Outstanding**
EUR (CRR/CRDIV compliant)	Feb-14	Feb-21	Feb-26	3.63%	1,500
USD (CRR/CRDIV compliant)	Sep-13	n/a	Sep-23	5.80%	2,000

* CRR/CRDIV compliant AT1 USD instruments issued in 2015 are SEC registered
** Amount outstanding in original currency
*** ING has exercised the option to replace the ING Bank €1 bln Tier 2 notes issued in April 2016 for ING Group Tier 2 notes in April 2017

Most recent HoldCo Senior transactions

HoldCo Senior Unsecured, EUR issuances

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

HoldCo Senior Unsecured, USD issuances*

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

HoldCo Senior Unsecured, $AUD, JPY, GBP issuances

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

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

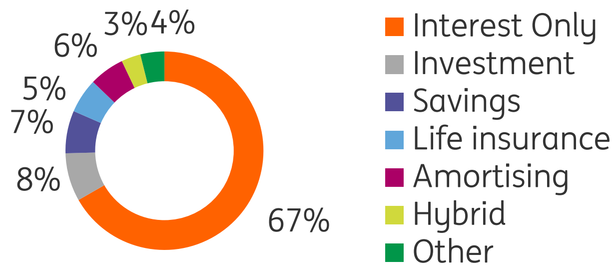
ING Bank's covered bond programme…

- ING Bank NV €30 bln Hard and Soft Bullet Covered Bonds programme
  - UCITS, CRR and ECBC Label compliant. Rated Aaa/AAA/AAA (Moody's/S&P/Fitch)
  - Programme is used for external issuance purposes; separate €15 bln Soft Bullet Covered Bonds programme for internal transactions only
  - Cover pool consists of 100% prime Dutch residential mortgage loans, all owner occupied and in euro only. As per 30 June 2019, no arrears > 90 days in the cover pool
  - Strong Dutch legislation with minimum legally required over collateralisation (OC) of 5% and LTV cut-off rate of 80%
  - Successfully issued €2.0 bln 10 year covered bond in February 2019
- Latest investor reports are available on www.ing.com/ir

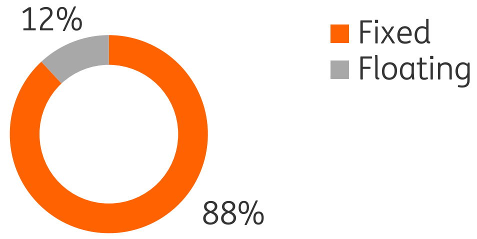
Portfolio characteristics (as per 30 June 2019)

Net principal balance	€27,166 mln
Outstanding bonds	€21,289 mln
# of loans	163,370
Avg. principal balance (per borrower)	€166,352
WA current interest rate	2.84%
WA remaining maturity	17.00 years
WA remaining time to interest reset	5.50 years
WA seasoning	12.67 years
WA current indexed LTV	61.55%
Min. documented OC	5.26%
Nominal OC	27.66%

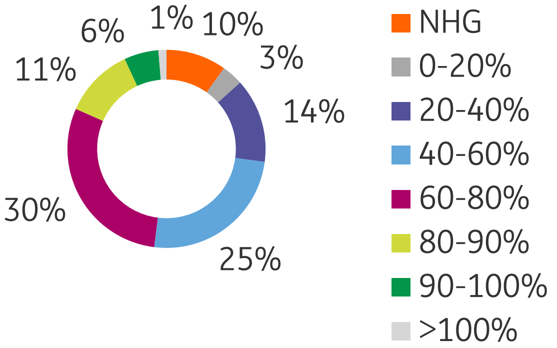
Repayment type



Interest rate type

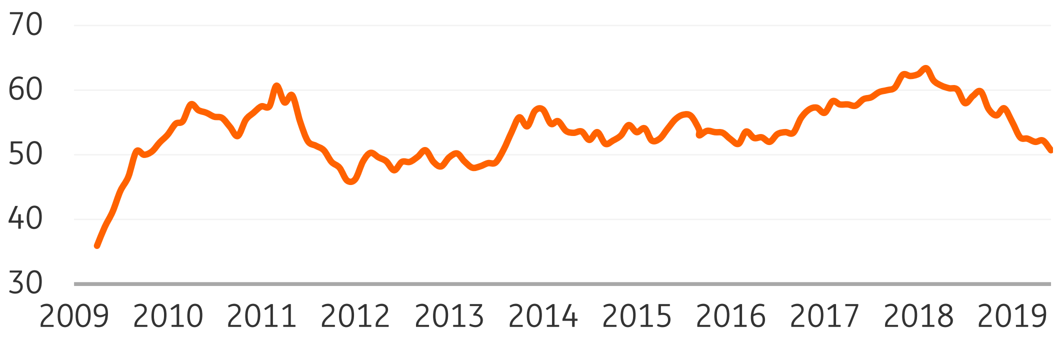


Current Indexed LTVs

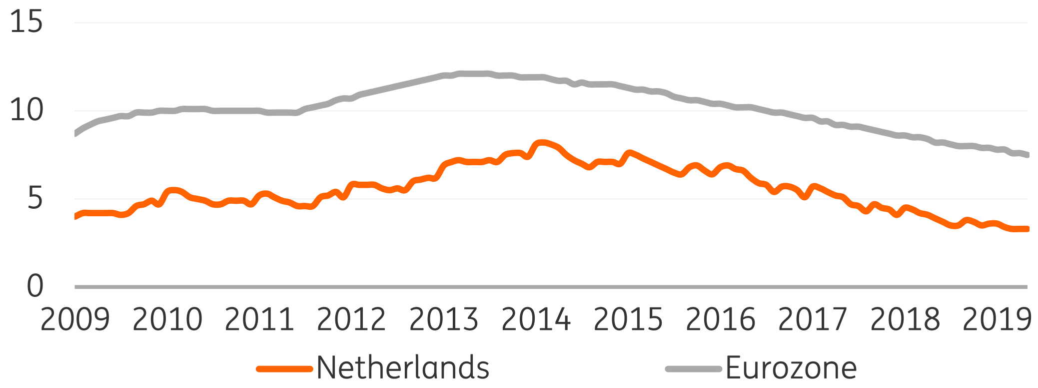


...benefiting from a continued strong Dutch economy and housing market

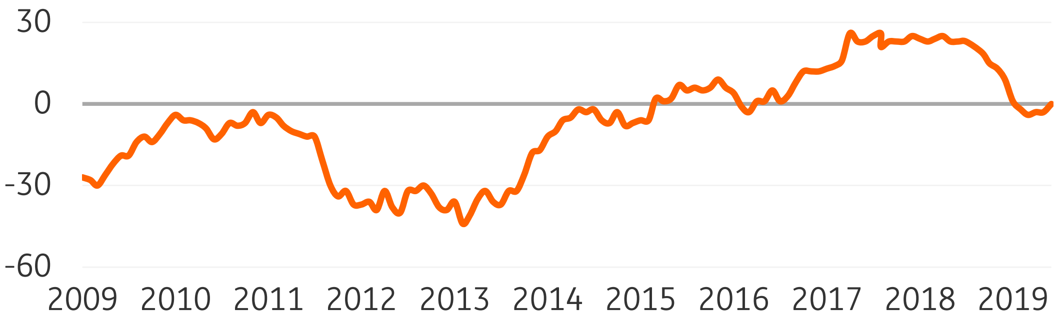
Dutch Purchasing Managers Index (PMI) was 50.7 as of June 2019, which indicates positive industrial growth



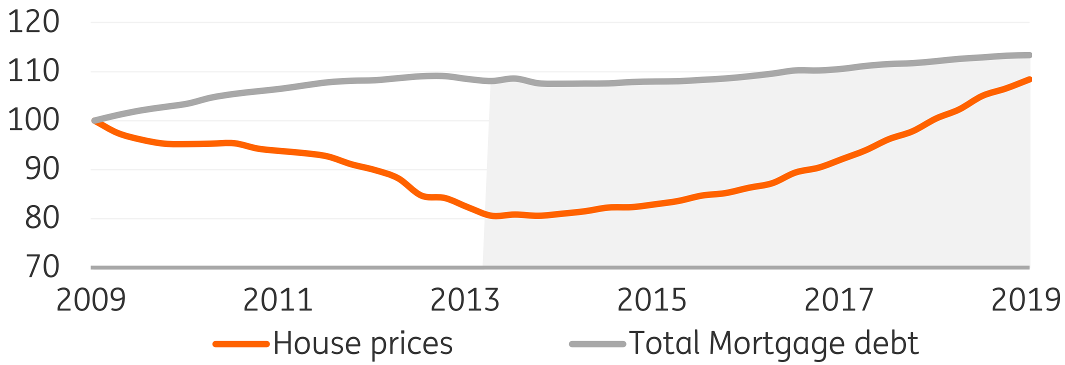
Dutch unemployment rate (%) continues to decline



Dutch consumer confidence remains low in 2Q19



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



Source: Central Bureau for Statistics for all data besides Dutch PMI (IHS Markit) and Eurozone unemployment (Eurostat)
* Latest data 1Q19

Important legal information

ING Group's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this document, except as described otherwise, the same accounting principles are applied as in the 2018 ING Group consolidated annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to a number of factors, including, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets, (2) changes in performance of financial markets, including developing markets, (3) potential consequences of the United Kingdom leaving the European Union or a break-up of the euro, (4) changes in the fiscal position and the future economic performance of the US including potential consequences of a downgrade of the sovereign credit rating of the US government, (5) potential consequences of a European sovereign debt crisis, (6) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, (7) changes in conditions in the credit and capital markets generally, including changes in borrower and counterparty creditworthiness, (8) changes affecting interest rate levels, (9) inflation and deflation in our principal markets, (10) changes affecting currency exchange rates, (11) changes in investor and customer behaviour, (12) changes in general competitive factors, (13) changes in or discontinuation of 'benchmark' indices, (14) changes in laws and regulations and the interpretation and application thereof, (15) changes in compliance obligations including, but not limited to, those posed by the implementation of DAC6, (16) geopolitical risks, political instabilities and policies and actions of governmental and regulatory authorities, (17) changes in standards and interpretations under International Financial Reporting Standards (IFRS) and the application thereof, (18) conclusions with regard to purchase accounting assumptions and methodologies, and other changes in accounting assumptions and methodologies including changes in valuation of issued securities and credit market exposure, (19) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (20) changes in credit ratings, (21) the outcome of current and future legal and regulatory proceedings, (22) operational risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (23) risks and challenges related to cybercrime including the effects of cyber-attacks and changes in legislation and regulation related to cybersecurity and data privacy, (24) the inability to protect our intellectual property and infringement claims by third parties, (25) the inability to retain key personnel, (26) business, operational, regulatory, reputation and other risks in connection with climate change, (27) ING's ability to achieve its strategy, including projected operational synergies and cost-saving programmes and (28) the other risks and uncertainties detailed in this annual report of ING Groep N.V. (including the Risk Factors contained therein) and ING's more recent disclosures, including press releases, which are available on www.ING.com. (29) This document may contain inactive textual addresses to internet websites operated by us and third parties. Reference to such websites is made for information purposes only, and information found at such websites is not incorporated by reference into this document. ING does not make any representation or warranty with respect to the accuracy or completeness of, or take any responsibility for, any information found at any websites operated by third parties. ING specifically disclaims any liability with respect to any information found at websites operated by third parties. ING cannot guarantee that websites operated by third parties remain available following the publication of this document, or that any information found at such websites will not change following the filing of this document. Many of those factors are beyond ING's control.

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