ING Credit Update 4Q17

Amsterdam • 31 January 2018

thinkforward

Key points

- ING recorded 2017 net profit of EUR 4,905 mln, up 5.5% from 2016; underlying return on equity equalled 10.2%
- Solid commercial performance on the back of continued primary customer inflow (> 900,000 in 2017), strong commission income growth, and low risk costs, despite a small step up in costs
- Differentiating customer experience drives leading Net Promoter Scores in 9 of our 13 retail markets
- We recorded net core lending growth of EUR 26.9 bln (or 4.8%) in 2017; net interest margin remains resilient
- ING Group fully loaded CET1 ratio improved to 14.7%; expected IFRS 9 implementation impact of approx. -20 bps
- We already issued a substantial amount of Tier 2 and Senior instruments from ING Group in 2017

Business profile and strategy

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

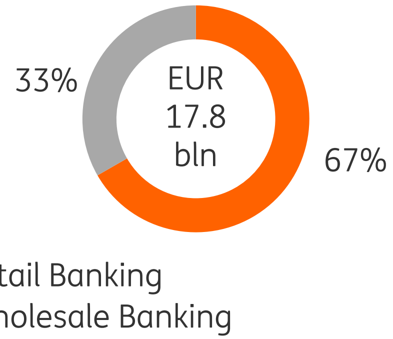
Wholesale Banking International Network

Wholesale Banking

- Our business model is the same throughout our global WB franchise of more than 40 countries
- We focus on top-end corporates, including domestic blue chips and multinationals, and Financial Institutions

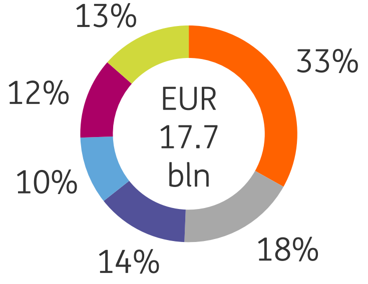
Underlying income*

FY17



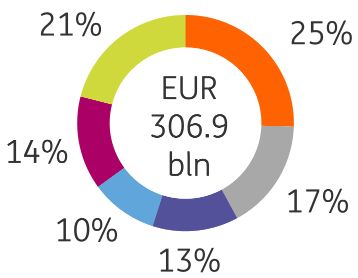
Underlying income**

FY17



RWA (end of period)**

FY17

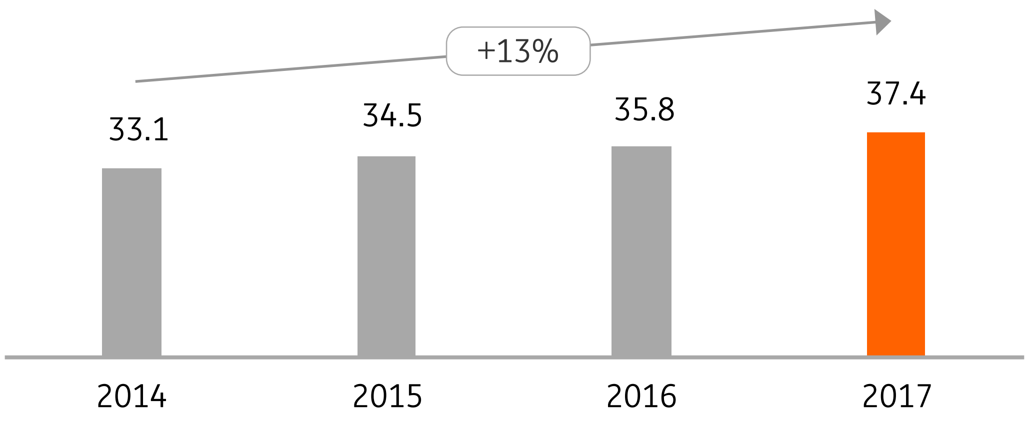


Netherlands Belgium Germany Other Challengers Growth Markets WB Rest of World

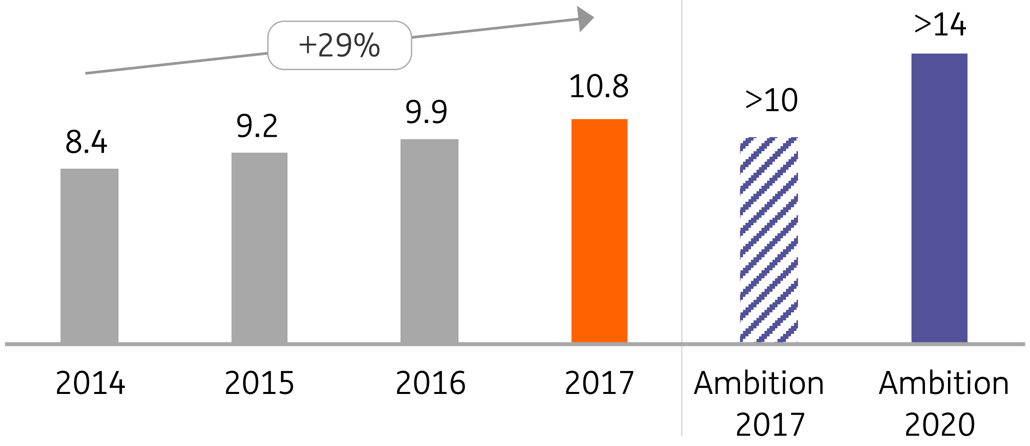
* As per business line split; segment "Corporate Line" not shown on slide. The underlying income for this segment was EUR -78 mln in FY17
** As per geographical split by booking location; segment "Other" not shown on slide. For this segment (Corporate Line and Real Estate run-off portfolio), the underlying income was EUR 31 mln in FY17 and RWA was EUR 3.0 bln as per 31 December 2017

Think Forward strategy delivers on commercial growth

ING currently serves > 37 mln retail customers (in mln)



Targeting > 14 mln primary customers by 2020 (in mln)



Core lending

2017 net growth

+4.8%

EUR **+26.9** bln

Customer deposits

2017 net growth

+3.6%

EUR **+19.0** bln

Net Promoter Scores (NPS)

As per 4Q17

#1 in **9** out of 13 retail countries

Transformation programmes – overview of steps taken

Four major digital transformation programmes

Orange Bridge

- ~5,000 staff have gone through redeployment process in 2017
- Implemented cross-border Agile way of working
- ING Belgium and Record Bank on track for 2Q18 merger

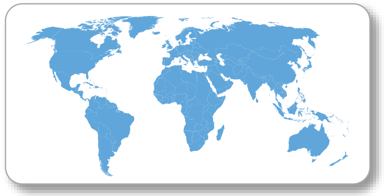
Model Bank

- New multi-country customer interaction platform currently being reviewed
- PSD2 architectural design completed

Welcome

- Launch of fully digital current account opening
- Increased back office and call centre automation (300,000 call reductions in 2017)

WTOM



- Consolidation of FM trading activities on track
- Rollouts for a common global IT lending platform continuing

Estimated financial impact of digital transformation programmes

~EUR 450 mln still to be invested in our digital transformation until 2021

- EUR 206 mln booked in 2017

To achieve **gross annual cost savings of EUR 900 mln** by 2021

In order to meet Ambition 2020 **cost/income ratio target of 50-52%**

ING

Driving innovation via own initiatives and strategic partnerships

Next phase in blockchain initiatives

- We are joining forces with other banks and industry partners to use blockchain technology in the trade and commodity finance sector
- This will allow the sector to move away from traditional paper contracts and operations documentation and will improve security, efficiency and speed of the process
- In **energy commodities** we joined forces with major energy companies, trading houses and banks in a digital platform to manage physical energy transactions from trade entry to final settlement
- We upgraded our Easy Trading Connect platform to **agricultural commodities**, facilitating a soybean shipment from Louis Dreyfus Company to Bohi Industry with participation of banks, Russell Marine Group and Blue Water Shipping

Further investment in payments business

- ING agreed to acquire a 75% stake in fast-growing, leading international omnichannel payments service provider Payvision, a partnership we think will strongly benefit our customers

Artificial Intelligence to improve trading decisions

- In Wholesale Banking, a new tool called Katana uses data visualisation and predictive analytics to help bond traders make faster and better pricing decisions

ING supports the energy transition to a low carbon society

Sharpening of coal-financing policy

- We will reduce funding to coal power generation to close to zero by 2025 to support the transition to a low-carbon economy

Launch of Sustainable Investments

- We are committing EUR 100 mln in capital to support sustainable "scale-ups" that have a proven concept and are looking to accelerate their business

SUSTAINALYTICS

Ranked as "leader" in the Banks industry group and in each of the Environment, Social and Government assessment pillars*

4Q17 deal highlights

- ING acted as joint bookrunner on the EUR 600 mln green bond for Toyota Motor Credit Corp. Proceeds will be used to finance new retail loans and lease contracts for Toyota and Lexus low-carbon vehicles

TOYOTA FINANCIAL SERVICES

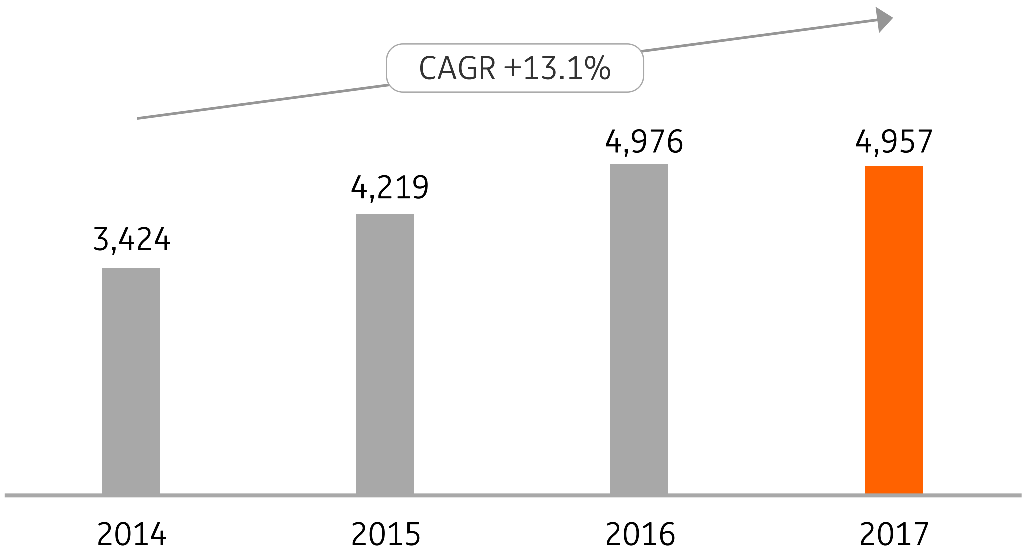
- ING supported the first floating solar park in the Netherlands and the largest in mainland Europe. This grassroots community-based project will start producing energy for up to 600 homes this year

* As of 12 December 2017

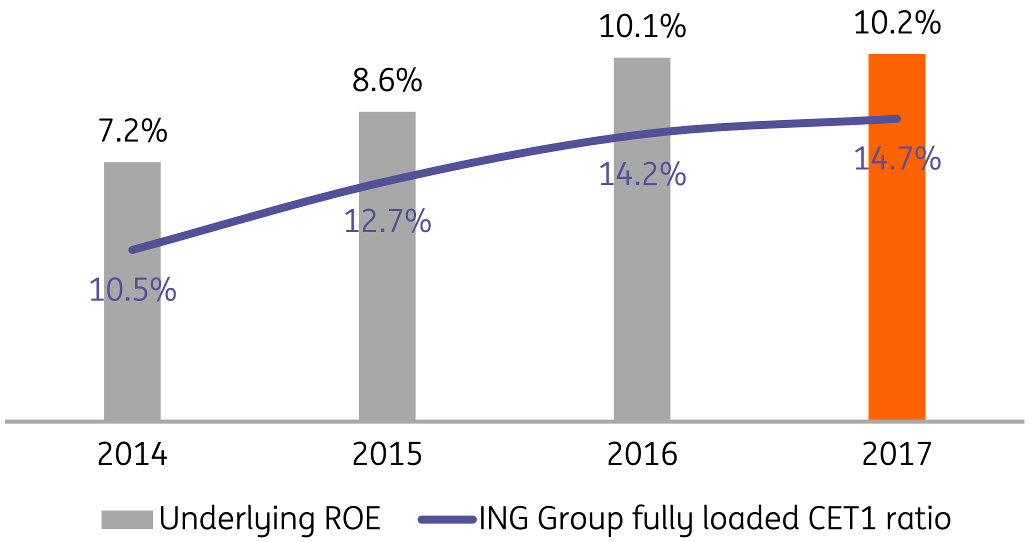
FY17 results

Profitability remains stable despite low interest rate pressures

Underlying net result stable YoY (in EUR mln)

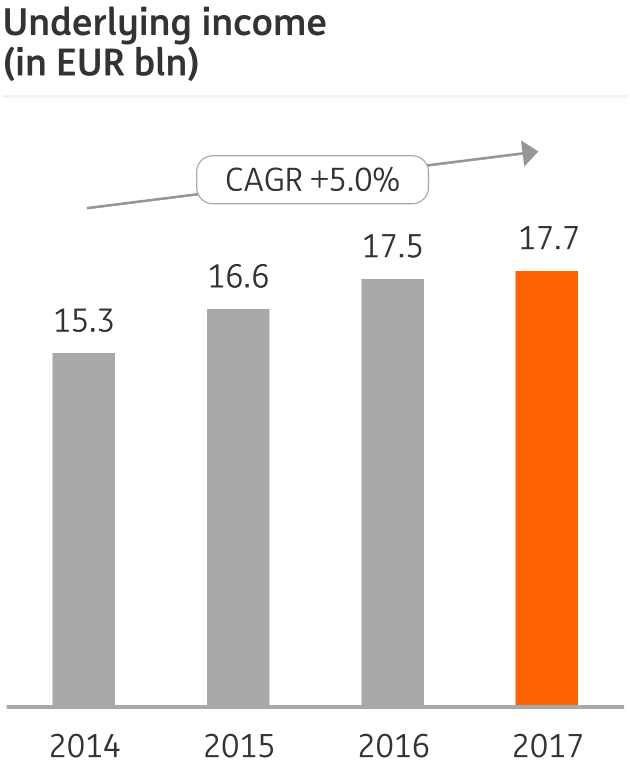


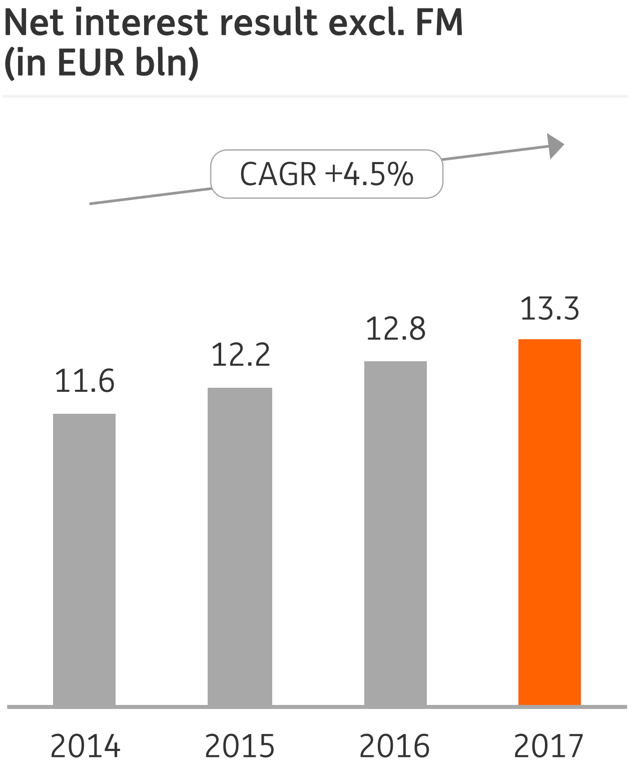
Underlying return on equity > 10%

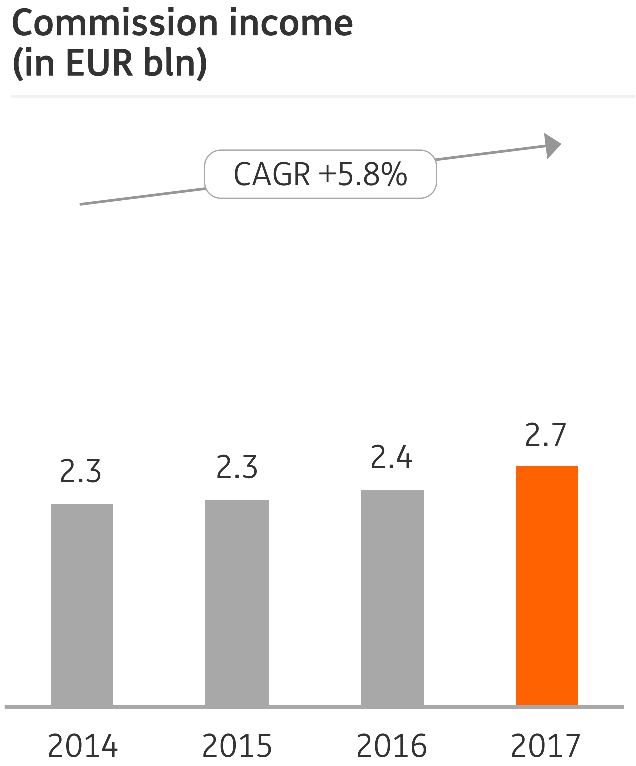


- Underlying net profit in 2017 was EUR 4,957 mln, broadly flat on 2016, notwithstanding persistent pressures from the low interest rate environment
- ING Group's underlying return on equity improved slightly to 10.2% despite a higher fully loaded CET1 ratio of 14.7% and a step-up in digital investment spend

Good income progression on the back of higher NII and fees…



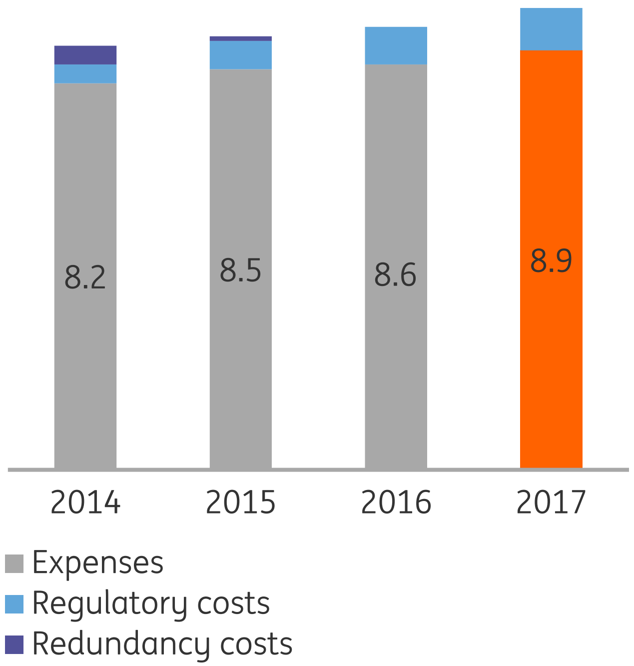




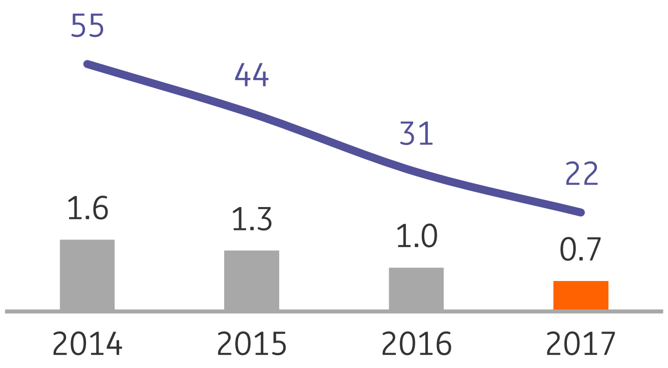
- Underlying income grew by 1.4% in 2017, as we continued to grow our net core lending businesses at resilient margins
- Net interest income, excluding Financial Markets, increased 3.8% year-on-year
- Our primary customer focus underpinned solid 2017 commission growth, up 11.5% on 2016
- Investment and other income declined due to lower one-offs and volatile items

…combined with small cost step up and low risk costs

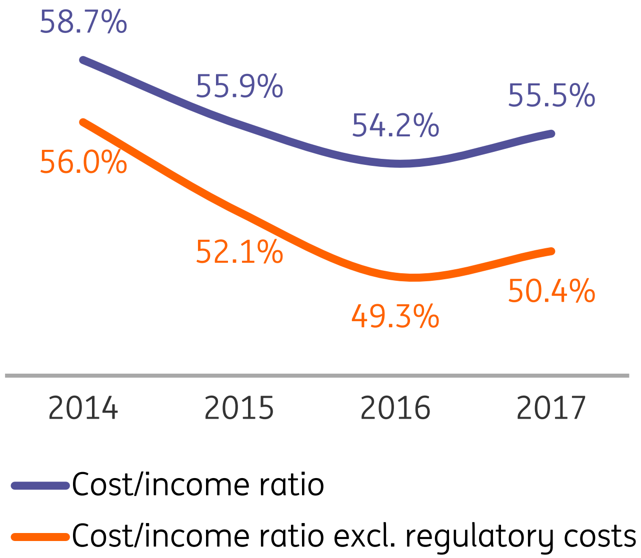
Underlying operating expenses (in EUR bln)



Risk costs (in EUR bln and bps of average RWA)



Underlying cost/income ratio



- Underlying operating expenses have gone up slightly, largely due to digital investments, higher expenses to support business growth and some one-offs, which were only partly offset by ongoing cost savings initiatives
- Risk costs declined to a low level of EUR 676 mln in 2017, or 22 bps of average RWA
- Cost/income ratio increased in 2017 but we remain committed to the 50-52% Ambition 2020 target range

Ambition 2020 – ING Group Financial Targets

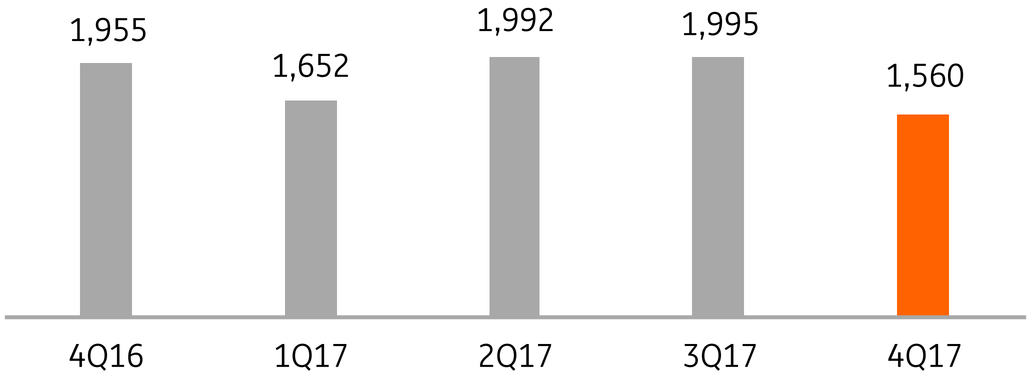
		Actual 2016	**Actual 2017**	Ambition 2020*
Capital	• CET1 ratio (%)	14.2%	**14.7%**	> Prevailing fully loaded requirements**
	• Leverage ratio (%)	4.8%	**4.7%**	> 4%
Profitability	• Underlying C/I ratio (%)	54.2%	**55.5%**	50-52%
	• Underlying ROE (%)*** (IFRS-EU Equity)	10.1%	**10.2%**	Will provide more clarity in 1H18
Dividend	• Dividend (per share)	EUR 0.66	**EUR 0.67**	Progressive dividend

* Ambition 2020 financial targets based on assumption of low-for-longer interest rate environment in the Eurozone
** Currently estimated to be 11.8%, plus a comfortable management buffer (to include Pillar 2 Guidance)
*** The ING Group ROE is calculated using IFRS-EU shareholders' equity after excluding 'interim profit not included in CET1 capital'. As at 31 December 2017, this equated to EUR 1,670 mln which is the amount set aside for the 2017 final dividend to be paid out after approval at the AGM

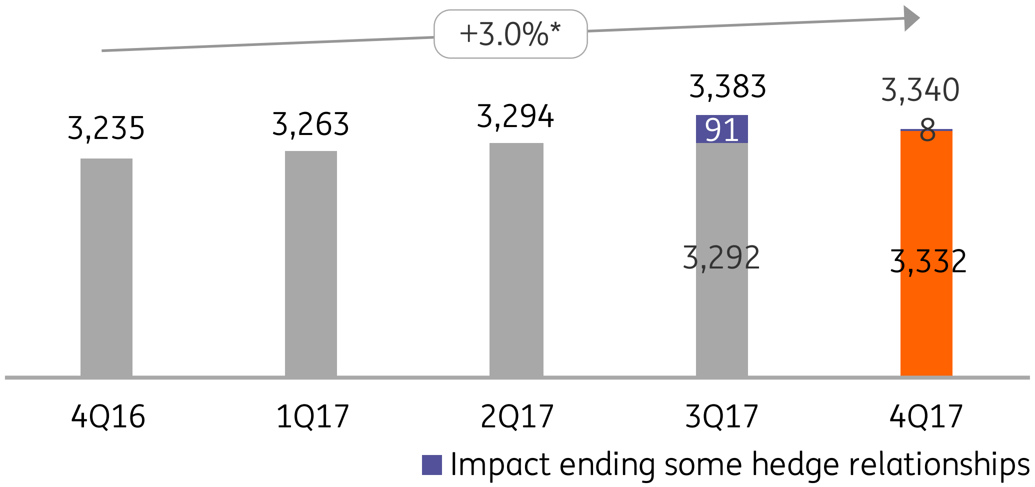
4Q17 results

4Q17 results impacted by higher costs and lower FM results

Underlying pre-tax result (in EUR mln)



Net interest income excl. Financial Markets (in EUR mln)

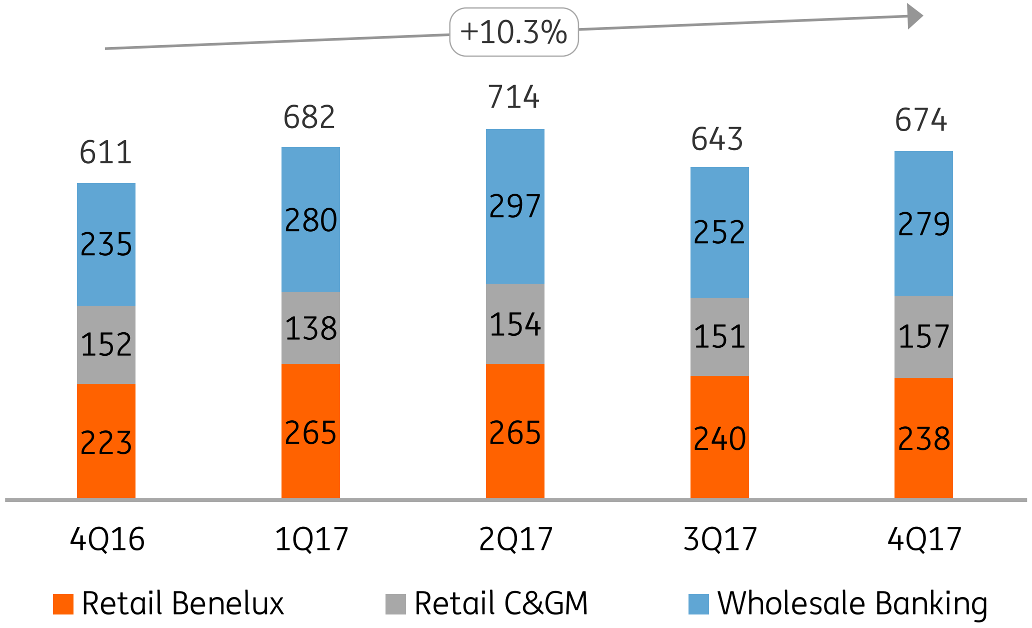


- Underlying result before tax of EUR 1,560 mln, down on both 4Q16 and 3Q17, mainly caused by higher expenses and weak Financial Markets results. Risk costs were higher on both comparable quarters, but still well below the through-the-cycle average
- Impact from decision to end some hedge relationships was limited (only EUR 8 mln shift from other income to NII in 4Q17)
- Excluding the aforementioned impact and (volatile) Financial Markets interest income, NII was up EUR 40 mln on 3Q17. This can largely be explained by an improved interest result on customer lending

* Adjusted for the decision to end some hedge relationships

Fee growth continues; investment product balances up strongly

All segments contribute to YoY fee growth (in EUR mln)

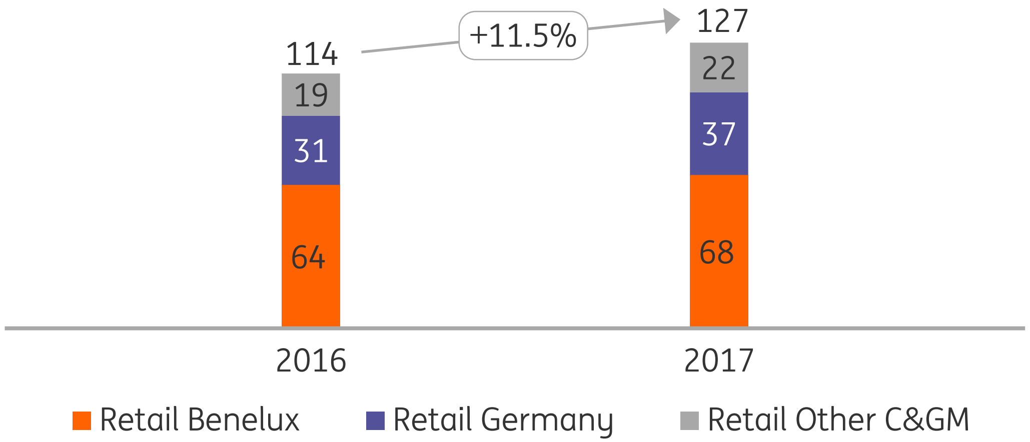


- Commission income rose 10.3% year-on-year to EUR 674 mln. The increase was driven by almost all segments and products, with the relatively strongest growth in Wholesale Banking

Strong progress in investment products

- Active investment product presence in all 13 ING retail countries. EUR 13 bln growth in investment product balances in 2017 of which > 50% due to net inflows
- Investment offering is highly digital and we offer a wide range of digital investment assistance tools
- Collaboration with robo advisor Scalable Capital in Germany going very well: adding ~1,000 customers per week; > EUR 300 mln AuM since launch

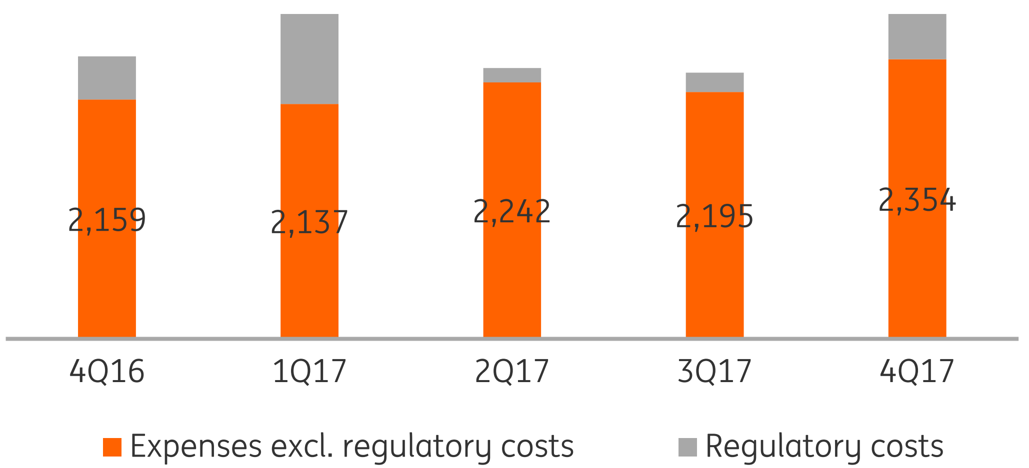
Investment product balances (in EUR bln)



Investment products consist of Securities and Mutual Funds as well as Insurance-type products in a few countries

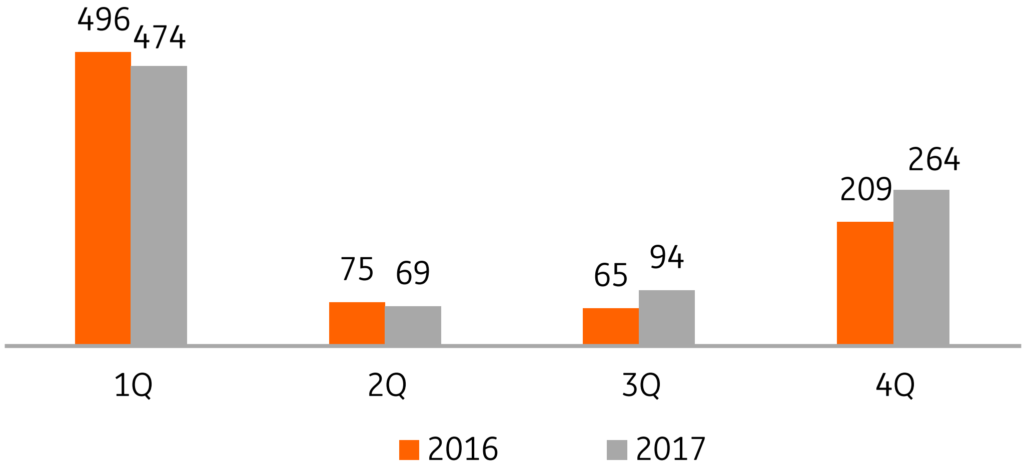
Higher expenses due to investments and regulatory costs

Underlying operating expenses (in EUR mln)

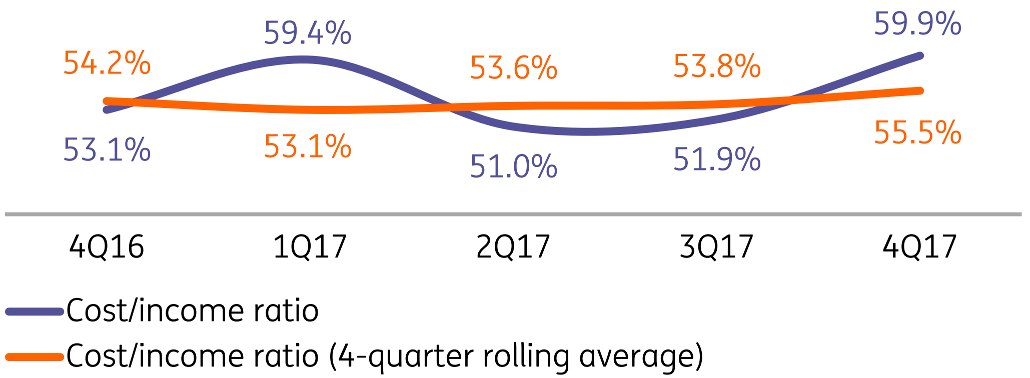


- Underlying expense inflation was mainly visible in Retail C&GM and Wholesale Banking. The increase was largely explained by higher investments in strategic projects and IT, higher expenses to support business growth, additional restructuring costs and additions to legal provisions
- Regulatory costs were EUR 55 mln higher year-on-year as 4Q16 included a refund on DGS contributions in Germany

Regulatory costs (in EUR mln)



Cost/income ratio

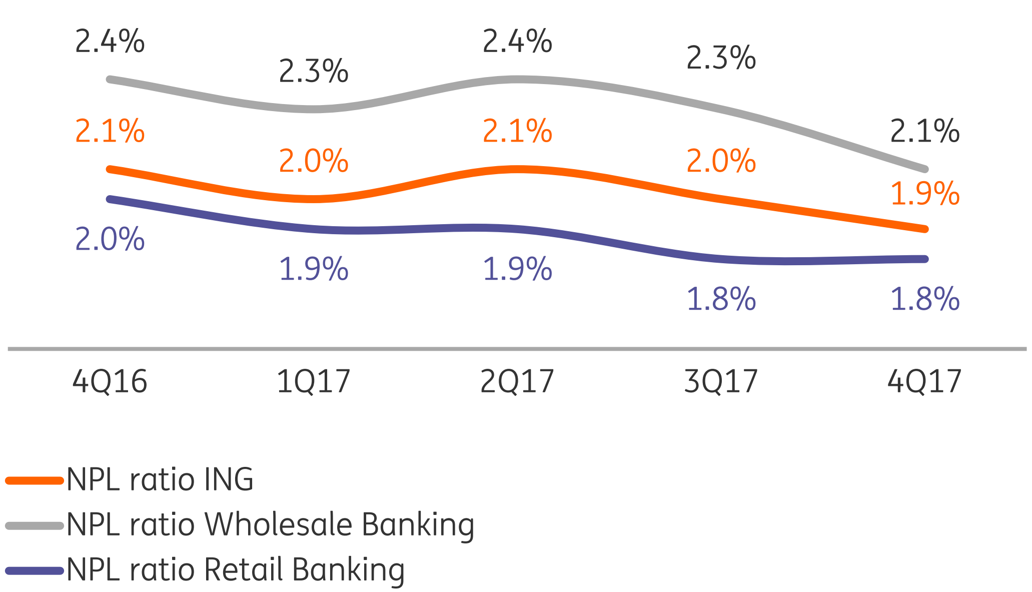


Asset quality

Risk costs remained low; NPLs improve further

Risk costs (in EUR mln)

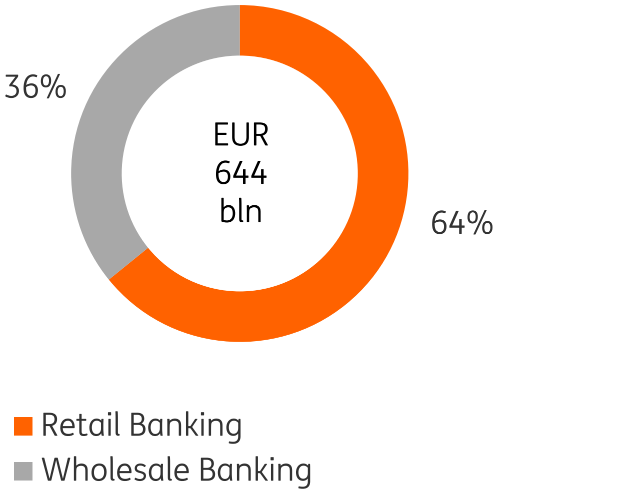
NPL ratio



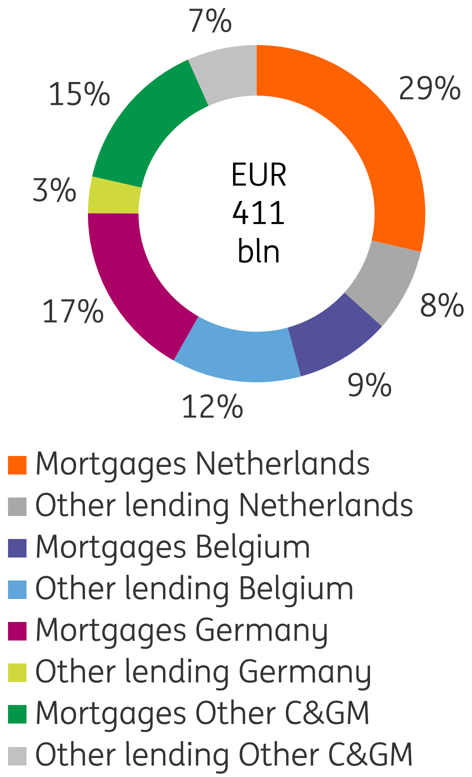
- 4Q17 risk costs were EUR 190 mln, or 25 bps of average RWA, well below the 40-45 bps through-the-cycle average
- Retail Benelux risk costs were low again due to strong macro-economic and housing market conditions
- Wholesale Banking risk costs are low (18 bps of average RWA), but were up quarter-on-quarter as 3Q17 benefited from a low number of increases and some significant releases

Well-diversified lending credit outstandings by activity

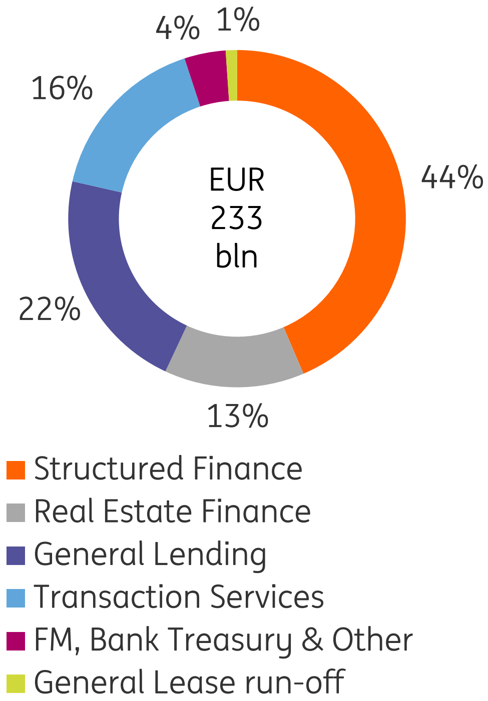
ING Group*



Retail Banking*



Wholesale Banking*



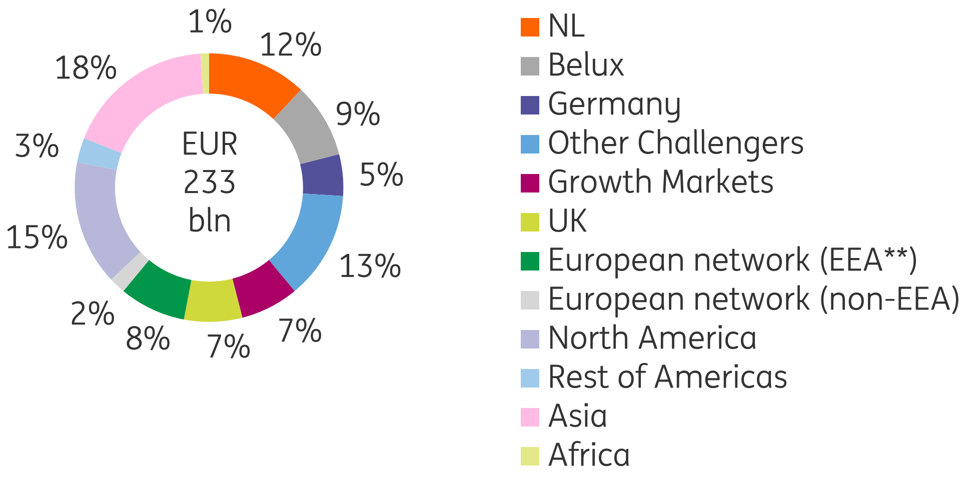
- ING has a well-diversified and collateralised loan book with a strong focus on own-originated mortgages
- 64% of the portfolio is retail-based

* 31 December 2017 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)

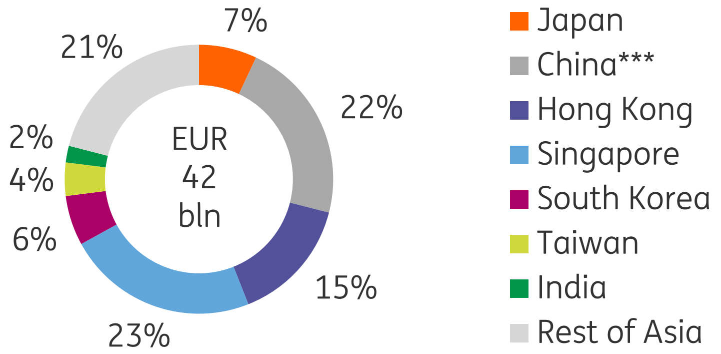
Granular Wholesale Banking lending credit outstandings by geography and sector

Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (4Q17)*

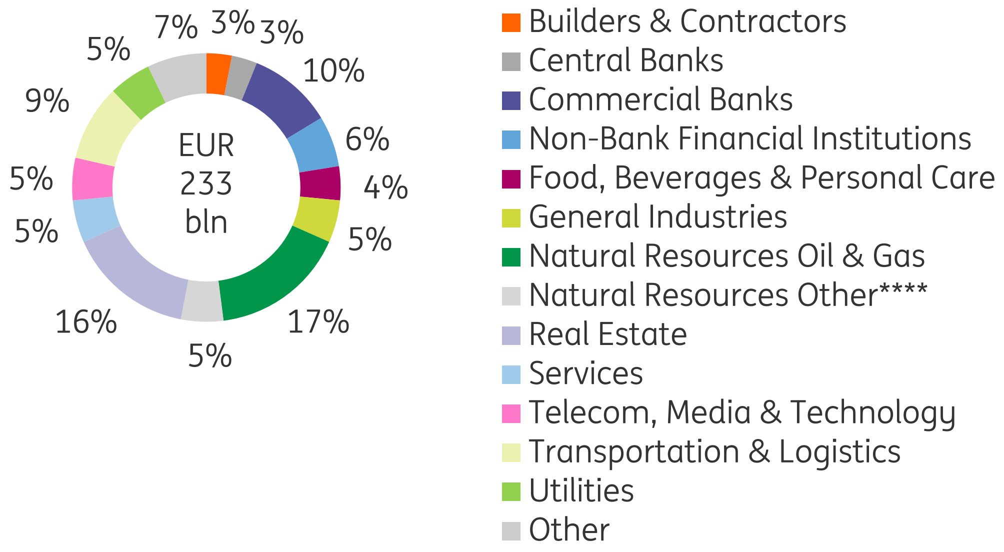


Lending Credit O/S Asia (4Q17)*



…and sectors

Lending Credit O/S Wholesale Banking (4Q17)*



* Data is based on country/region of residence; Lending Credit O/S include guarantees and letters of credit
** Member countries of the European Economic Area (EEA)
*** Excluding our stake in Bank of Beijing (EUR 2.5 bln at 31 December 2017)
**** Mainly Metals & Mining

Detailed NPL disclosure on selected lending portfolios

Selected lending portfolios

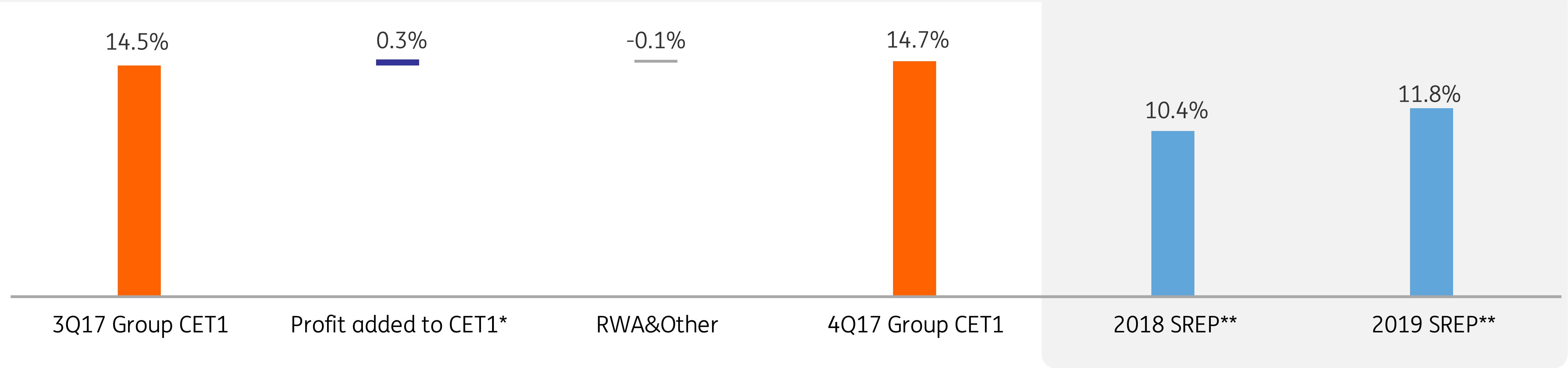
	Lending credit O/S 4Q17	NPL ratio 4Q17	Lending credit O/S 3Q17	NPL ratio 3Q17	Lending credit O/S 4Q16	NPL ratio 4Q16
Wholesale Banking	**232,521**	**2.1%**	**227,714**	**2.3%**	**224,916**	**2.4%**
Industry Lending	132,425	2.4%	127,232	2.6%	131,221	2.4%
Of which Structured Finance	101,265	2.5%	96,285	2.9%	102,084	2.3%
Of which Real Estate Finance	31,161	2.0%	30,943	1.6%	29,137	2.7%
Selected industries*						
Oil & Gas related	36,708	3.3%	34,041	3.8%	36,277	2.1%
Metals & Mining**	14,899	4.3%	14,535	5.2%	14,892	5.0%
Shipping & Ports***	13,175	5.9%	12,756	6.5%	14,668	5.3%
Selected countries						
Turkey****	15,941	2.5%	16,876	2.6%	18,262	3.1%
China*****	8,975	0.0%	8,910	0.0%	7,022	0.0%
Russia	4,594	2.8%	4,778	2.8%	5,100	3.2%
Ukraine	785	43.2%	939	50.6%	1,162	44.8%

* Includes WB Industry Lending, General Lending (CFIL) and Transaction Services
** Excluding Ukrainian and Russian Metals & Mining exposure, the NPL ratio would be 2.1%
*** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, NPL ratio is 3.6%
**** Turkey includes Retail Banking activities (EUR 8.4 bln)
***** China exposure is excluding Bank of Beijing stake

Group capital

Group CET1 ratio at 14.7%, ahead of regulatory requirements

ING Group fully-loaded CET1 ratio development

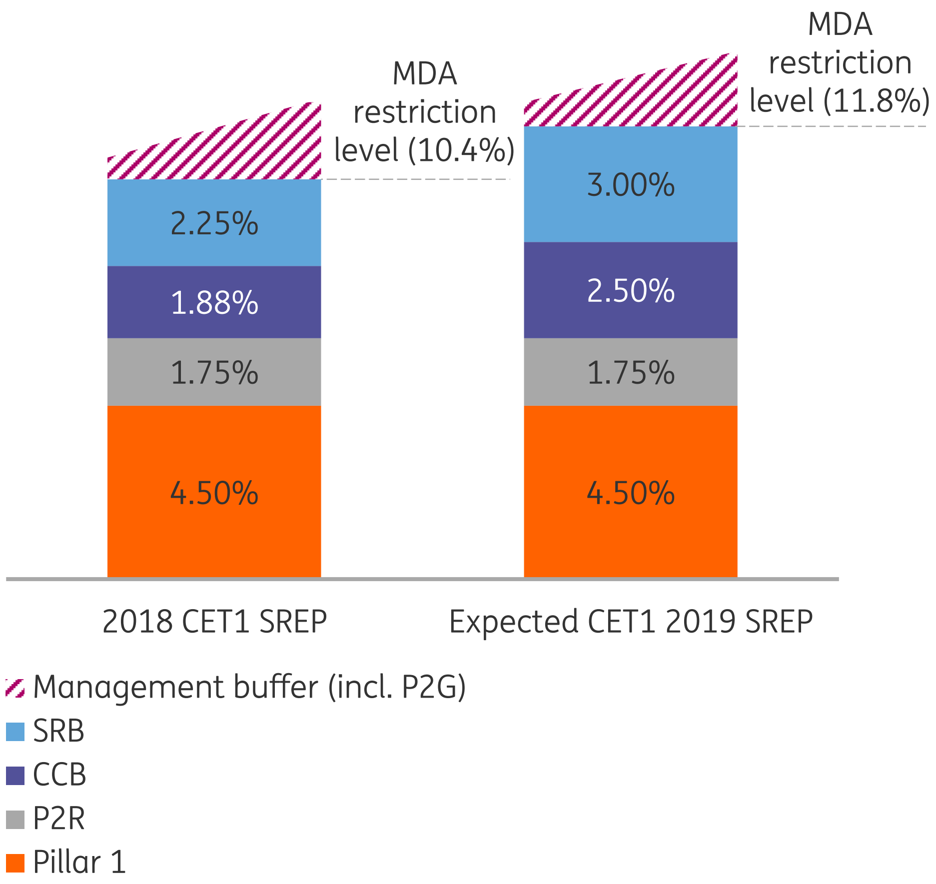


- 4Q17 fully-loaded CET1 ratio rose to 14.7% as a result of the addition of the quarterly net profit, partly offset by a reduction in revaluation reserves. Risk-weighted assets were slightly lower at EUR 309.9 bln
- ING's 2018 SREP (CET1) requirement will be 10.4% (including phased-in SRB) and is expected to be 11.8% fully-loaded by 2019, excluding Pillar 2 Guidance

* EUR 971 mln which consists of 4Q17 Group net profit of EUR 1,015 mln minus EUR 44 mln set aside for the one cent progressiveness of the dividend
** Plus a comfortable management buffer (to include Pillar 2 Guidance)

ING Group's SREP

ING Group SREP and Ambition*



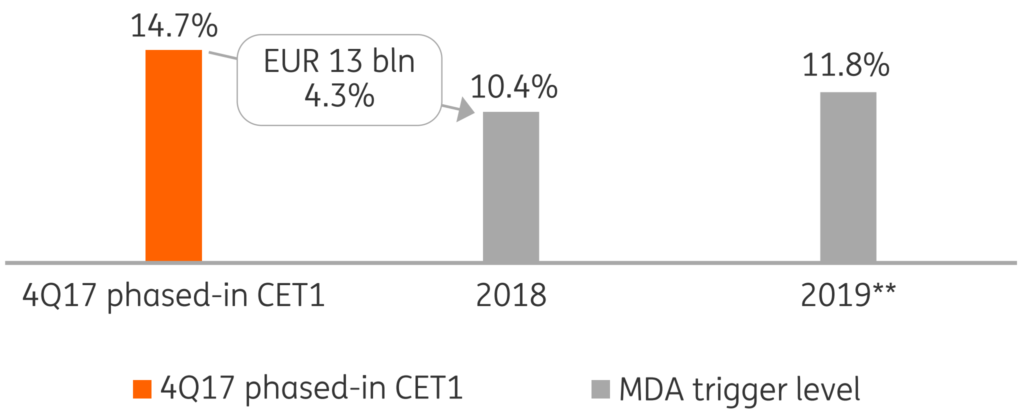
* Including Countercyclical buffer of 0.06% for 2018 and 2019

2017 SREP (Supervisory Review and Evaluation Process)

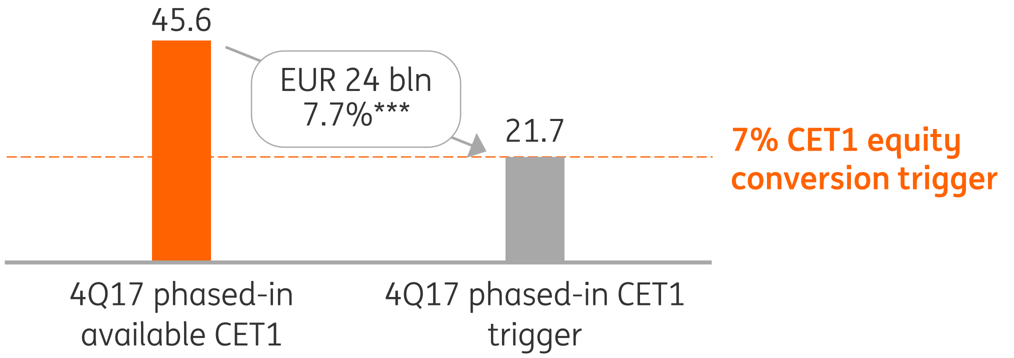
- ING Group was notified of the European Central Bank (ECB) decision on the 2017 SREP which has set the capital requirements for 2018
- A 10.4% phased-in CET1 ratio requirement applies for 2018, of which:
  - 4.50% Pillar 1 minimum (P1)
  - 1.75% Pillar 2 Requirement (P2R)
  - 1.875% Capital Conservation Buffer (CCB)
  - 2.25% Systemic Risk Buffer (SRB)
  - 0.06% Countercyclical Buffer (CCyB)
  - Excluding Pillar 2 Guidance (P2G)
- A fully-loaded 11.8% CET1 requirement is expected for 2019 as the CCB and SRB are scheduled to phase-in over the coming years to 2.5% and 3.0% respectively, and assuming no change in P2R
- ING Group's CET1 Ambition is to remain above the prevailing fully-loaded requirements plus a comfortable management buffer (to include P2G)

Additional Tier 1: comfortable buffers to triggers

Buffer to MDA 4Q17*



Buffer to Conversion Trigger 4Q17 (in EUR 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 10.4% in 2018 and is expected to rise to 11.8% in 2019**. This includes the 1.75% P2R and excludes P2G • As per 4Q17, the buffer to the 2018 MDA restriction level is EUR 13 bln or 4.3% of RWAs • This excludes EUR 1,670 mln of profits that we have set aside for the 2017 final dividend
Buffer to Conversion Trigger	• The ING Group phased-in capital buffer to conversion trigger (7% CET1) is high at almost EUR 24 bln • This excludes EUR 1,670 mln of profits that we have set aside for the 2017 final dividend
Available Distributable Items	• AT1 discretionary distributions may only be paid out of distributable items • As per year-end 2016, ING Group had EUR 38 bln of available distributable items

* Including Countercyclical buffer of 0.06% for 2018 and 2019
** Subject to SREP process, assumes no change in P2R
*** Difference between 14.7% ING Group phased-in CET1 ratio in 4Q17 and 7% CET1 equity conversion trigger

ING

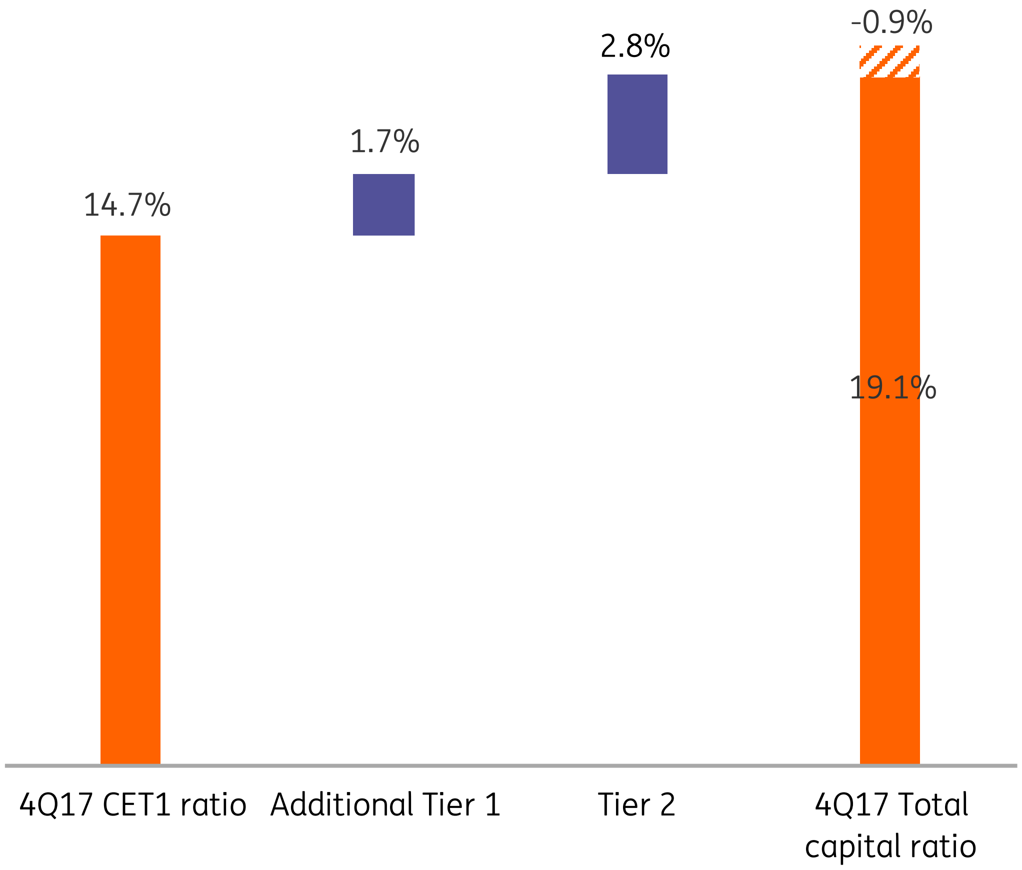
HoldCo resolution strategy

Issuance entities under our approach to resolution

Issuance entities		Instruments
Designated resolution entity	ING Group	• Capital instruments • Senior unsecured debt (TLAC / MREL eligible)
	ING Bank	• Covered Bonds / secured funding • Senior unsecured debt (TLAC / MREL ineligible)
	Various ING subsidiaries	• Covered Bonds / secured funding • Senior unsecured debt (TLAC / MREL ineligible)

ING's total capital position a strong foundation for the future

ING Group 4Q17 fully loaded capital ratios*



- Capital ratios now include the impact of the interpretation of the EBA Q&A published on 3 November 2017
- This Q&A relates to externally placed own funds from a subsidiary in conjunction with the availability to absorb losses at the consolidated level
- Further interpretation with the regulator has resulted in an impact of approximately -90 bps on the Group Total capital ratio
- Impact will mostly disappear in the coming years as ING Group will be the issuing entity for all new capital instruments going forward
- No expected impact on ability to pay AT1 coupons, bail-in buffers and call policy for capital instruments

* ING Group fully loaded capital ratios are based on RWAs of EUR 309.9 bln and include grandfathered securities

ING well positioned for TLAC/MREL issuance plans...

Strong current capital position....

- ING maintains strong CET1 ratio
- Steady state TLAC needs to be met by 2019/2022
- Strong capital generation capacity
- ING amongst the highest rated HoldCo issuers
- Rating agencies recognise credibility of our TLAC issuance plan
- Business model has limited exposure to volatile investment banking activities
- MREL ratio yet to be defined

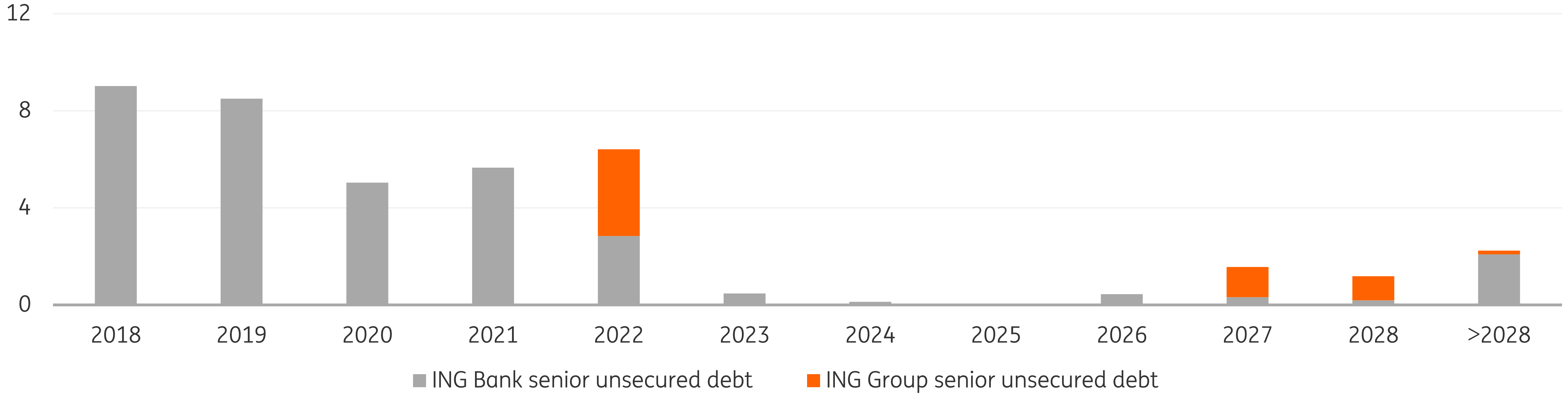
...which provides flexibility for TLAC issuance plans

- ING Group fully-loaded CET1 ratio at 14.7%
- ING Group has a very manageable end-state TLAC shortfall
- Generated ~50 bps of ING Group fully-loaded CET1 capital in FY17*
- HoldCo rated Baa1 / A- / A+
- Ratings** ING Bank upgraded in 3Q17 to 'Aa3' by Moody's and 'A+' by S&P on expectations that in the coming years ING will build up sizable buffer of bail-inable debt
- ING's Wholesale Banking portfolio consists mainly of Industry Lending, General Lending and Transaction Services
- Any potential shortfall related to MREL requirements, new regulatory initiatives and balance sheet growth will be met with additional Group issuance

* In addition EUR 2.6 bln has been designated as dividend. Of which EUR 0.9 bln was paid as interim dividend in August 2017 and EUR 1.7 bln has been reserved for final dividend.
** Most recent rating actions published by S&P on 26/07/2017 and by Moody's on 27/09/2017

…supported by a recycling strategy of ING Bank instruments

Maturity ladder outstanding long-term senior unsecured debt (in EUR bln)*



- ING Group has issued EUR 6.2 bln of Senior unsecured funding in 2017 thus recycling ING Bank senior unsecured bonds
- Moreover, ING Bank has EUR 31.1 bln of long-term senior unsecured debt maturing from 2018 until 2022, of which approx. EUR 9 bln (2.9% of RWAs) maturing in 2018
- Recycling maturing notes will give us ample flexibility to comply with remaining TLAC/MREL requirements

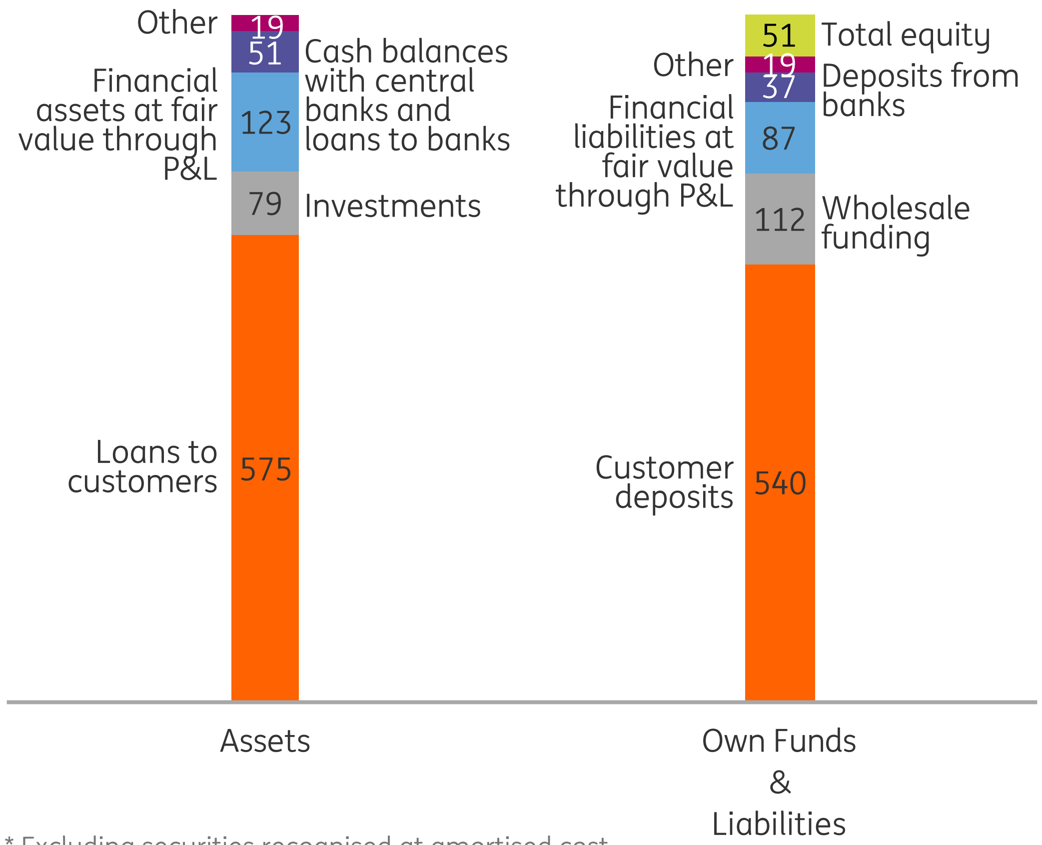
* As per 31 December 2017; ING consolidated figures shown include only issued senior bonds with a tenor ≥ 1 year

Liquidity and funding

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

Balance sheet ING Group (in EUR bln)

Balance sheet size ING Group 31 December 2017: EUR 846 bln



* Excluding securities recognised at amortised cost

High quality customer loan book

- See "Asset Quality" section of the presentation

Attractive funding profile

- 64% of the balance sheet is funded by customer deposits
- 88% of total customer deposits is Retail Banking based
- Attractive loan-to-deposit ratio of 105% as per 31 December 2017*

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 during 4Q17 remained stable at EUR 6 mln for ING's trading portfolio

Robust rating profile with strong trend over the last quarters

Main credit ratings of ING on 31 January 2018

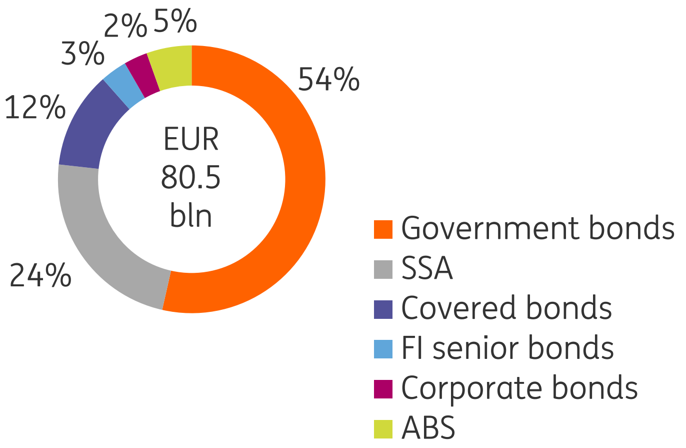
	S&P	Moody's	Fitch
Stand-alone rating	a	baa1	a+
Government support	-	1 notch	-
Junior debt support	1 notch	N/A	-
Moody's LGF support	N/A	3 notches	N/A
ING Bank NV (OpCo)			
Bank senior LT rating	A+	Aa3	A+
Outlook	Stable	Stable	Stable
Bank senior ST rating	A-1	P-1	F1
Tier 2	BBB+	Baa2	A
ING Groep NV (HoldCo)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

Latest ING Bank rating actions

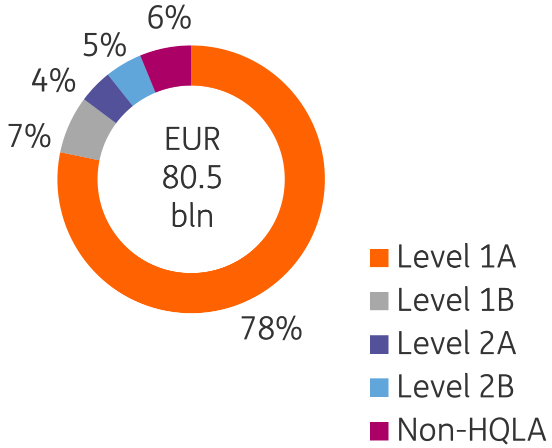
- Moody's: Sep-2017 ING Bank was upgraded to Aa3 from A1 with a stable outlook. The improvement was driven by resilient profitability, low asset risk, a strengthening capital position, as well as the expected build-up of loss-absorbing capital at ING Group
- S&P: Jul-2017 ING Bank was upgraded to 'A+' reflecting 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
- Fitch: Apr-2016 rating uplift from 'A' to 'A+' reflecting ING's solid financial metrics and strong execution of strategy, supported by higher capital ratios, which resulted in an improvement of ING Bank's viability rating

Investment portfolio consists of high quality assets

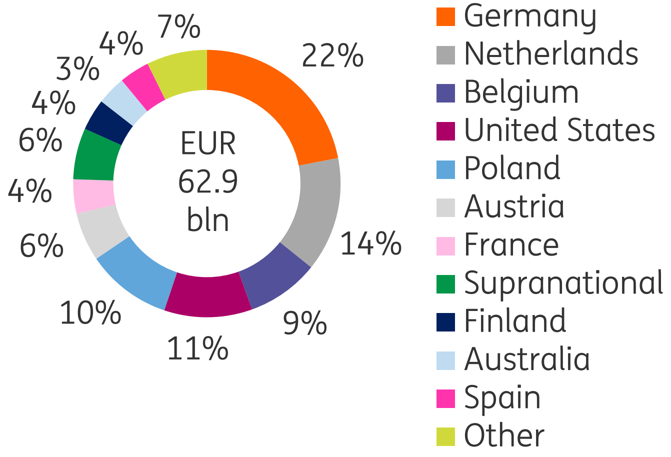
Debt securities by type



Debt securities by LCR category



Level 1A assets by country



Strong investment portfolio with mainly HQLA assets

- ING Group's investment portfolio remained relatively stable at EUR 80.5 bln in 4Q17
- EUR 75.5 bln of bonds in the investment portfolio qualify as HQLA (94%) and EUR 62.9 bln of bonds qualify as Level 1 HQLA (78%) under the EU's Delegated Act
- The investment portfolio has an average tenor of 4.7 years
- Total liquidity buffer well exceeds short-term wholesale debt*

* Includes ING Group NV long-term debt with remaining lifetime < 12 months and balance of CD/CP issued

Appendix

Legislation focuses on loss absorbing capacity

Loss absorbing capacity

- Regulators have added total loss-absorbing capacity (TLAC) and (in the EU) minimum requirement for own funds and eligible liabilities (MREL) to the post-crisis regulatory reform aimed at ending too-big-to-fail
- Regulators are now looking to ensure that banks' liability structures provide sufficient TLAC and MREL to absorb losses and facilitate the recapitalisation of the bank in the event of resolution

TLAC

- Scope: G-SIBs
- Implementation:
  - 1/1/2019: the higher of 16% RWA or 6% of Basel 3 leverage exposures
  - 1/1/2022: the higher of 18% RWA or 6.75% of Basel 3 leverage exposures
- Buffer requirements will come on top of the RWA requirement*:
  - ING Group: 2.5% Capital Conservation Buffer + 3% Systemic Risk Buffer
- Home authorities of resolution entities could apply additional firm-specific requirements
- TLAC instruments should be subordinated to excluded liabilities

MREL

- Scope: EU banks
- Two components:
  - Loss absorption amount
  - Recapitalisation amount
- Full compliance expected in 2022
- MREL instruments are not currently required to be subordinated to operational liabilities
- MREL requirements could be subject to change, pending new regulations

* Minimum RWA requirement currently more constraining than minimum leverage requirement

Loss absorption and recapitalisation overview

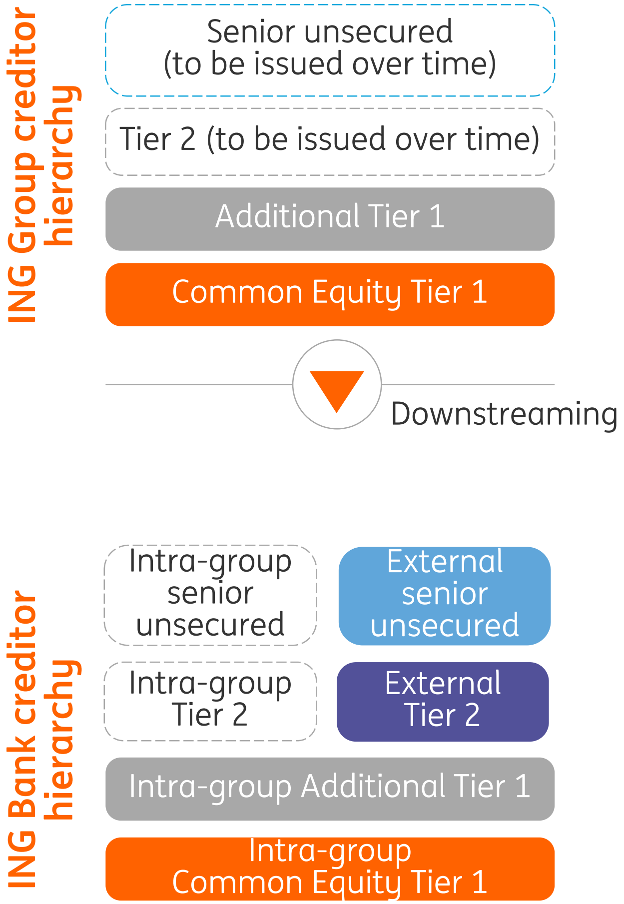
Pre-resolution tools			Resolution tools	Insolvency tools
Going concern	**Recovery**	**PONV**	**Resolution**	**Liquidation**
• Dividend payments • AT1 coupon payments	• Dividends, AT1 coupons and variable remuneration subject to MDA restrictions • AT1 instruments convert into equity upon a breach of CET1 trigger	• Capital instruments • Conversion or write-down of these capital instruments at the point of non-viability ("PONV")	• Remaining instruments, including senior unsecured* • Application of resolution tools	• Liquidation through normal insolvency proceedings

- There are a number of resolution tools granted to the relevant Resolution Authority under the BRRD, including (a) sale of a business, (b) bridge institution, (c) asset separation and (d) bail-in
- The resolution tools can only be applied when the relevant entity is put into resolution
- In resolution, the Resolution Authority could require a Business Reorganisation Plan

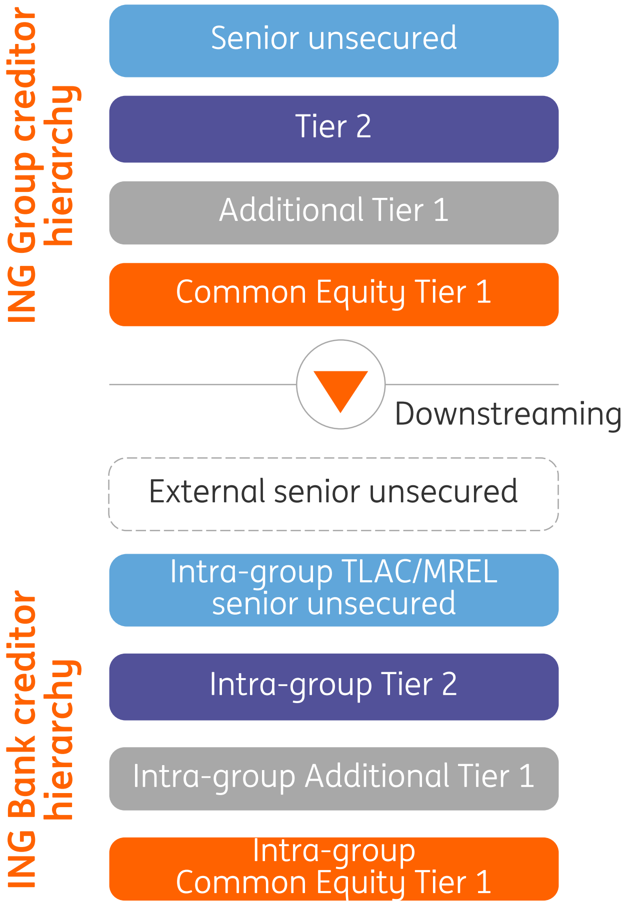
* Certain exemptions may apply

Simplified indicative transition and end-state issuance structures

Transition structure



End-state structure



HoldCo issuance strategy

- In 2017, the SRB informed us that it supports the designation of ING Group as the point of entry
- All external TLAC/MREL-eligible debt will be issued by ING Group (HoldCo) going forward
- ING Group capital will be downstreamed to ING Bank like-for-like in both the transition and end-state structures
- ING Group senior unsecured will be downstreamed as ING Bank (a) senior unsecured, initially, and (b) intra-group TLAC/MREL senior unsecured, once the regulations for internal TLAC/MREL have been finalised*
- Losses arise at 'OpCo' level, and consequently apply at 'HoldCo' level

* The terms of securities already downstreamed as senior unsecured will be amended to become intra-group TLAC/MREL senior unsecured

Outstanding benchmark capital securities

(Additional) Tier 1 securities issued by Group

Currency	Issue date	First call date	Coupon	Issued	Outstanding**
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	Jun-07	Jun-12	6.375%	1,045	1,045
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**
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)	Nov-13	Nov-18	Nov-23	4.125%	2,058
EUR (CRR/CRDIV compliant)	Nov-13	Nov-18	Nov-23	3.50%	1,057
USD (CRR/CRDIV compliant)	Sep-13	n/a	Sep-23	5.80%	2,000
GBP	May-08	May-18	May-23	6.875%	800
EUR	May-08	May-18	May-23	6.125%	1,000

* ING has exercised the option to replace the ING Bank EUR 1 bln Tier 2 notes issued in April 2016 for ING Group Tier 2 notes in April 2017
** Amount outstanding in original currency

Outstanding HoldCo Senior benchmarks

HoldCo Senior Unsecured*

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
XS1730885073	Dec-17	Jan-28	10yr	1.375%	EUR	1,000	T + 57
US456837AG8	Mar-17	Mar-22	5yr	3.15%	USD	1,500	T + 125
US456837AH6	Mar-17	Mar-27	10yr	3.95%	USD	1,500	T + 155
US456837AJ28	Mar-17	Mar-22	5yr	3mL + 115	USD	1,000	3mL + 115
XS1576220484	Mar-17	Mar-22	5yr	0.75%	EUR	1,500	m/s + 70

* HoldCo USD issues are SEC registered

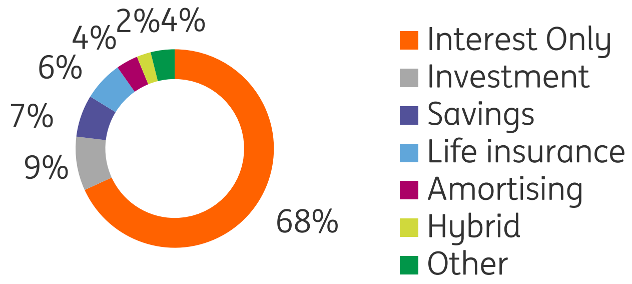
ING Bank's covered bond programme...

- ING Bank NV EUR 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 EUR 10 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 EUR only. As per 31 December 2017, 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%
- Latest investor reports are available on www.ing.com/IR

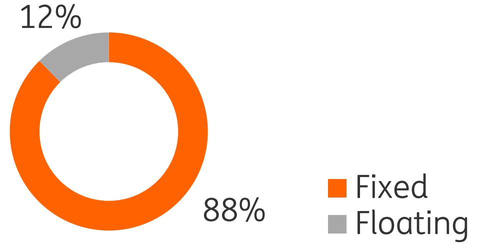
Portfolio characteristics (as per 31 December 2017)

Net principal balance	EUR 28,414 mln
Outstanding bonds	EUR 22,658 mln
# of loans	171,806
Avg. principal balance (per borrower)	EUR 165,384
WA current interest rate	3.11%
WA maturity	17.9 years
WA remaining time to interest reset	5.6 years
WA seasoning	11.7 years
WA current indexed LTV	70.2%
Min. documented OC	17.95%
Nominal OC	25.4%

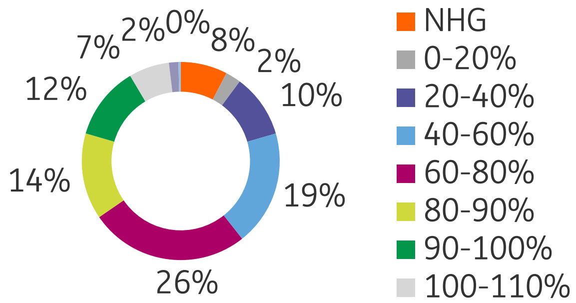
Repayment type



Interest rate type

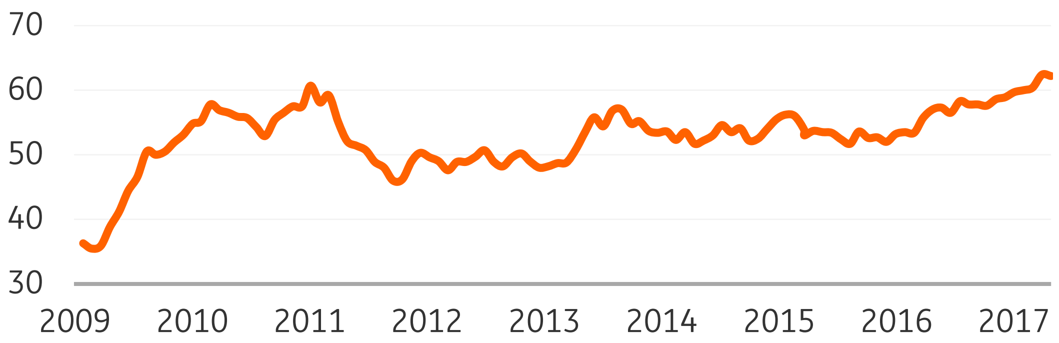


Current Indexed LTVs

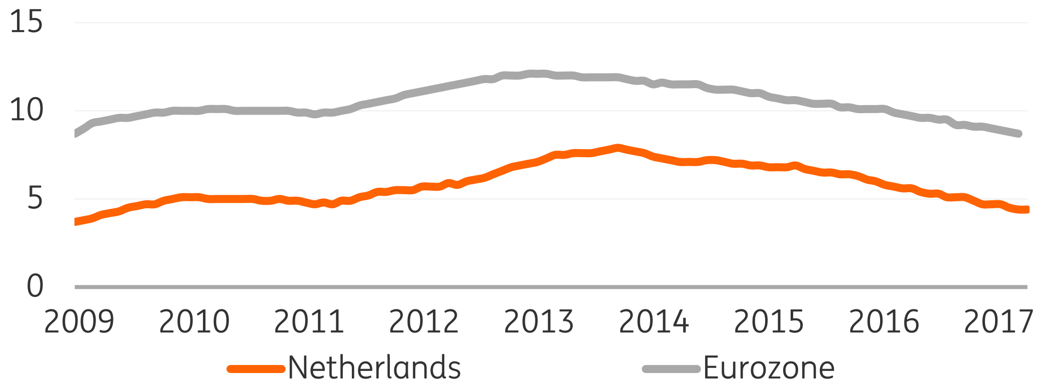


...benefiting from continued improvement of the Dutch economy and housing market

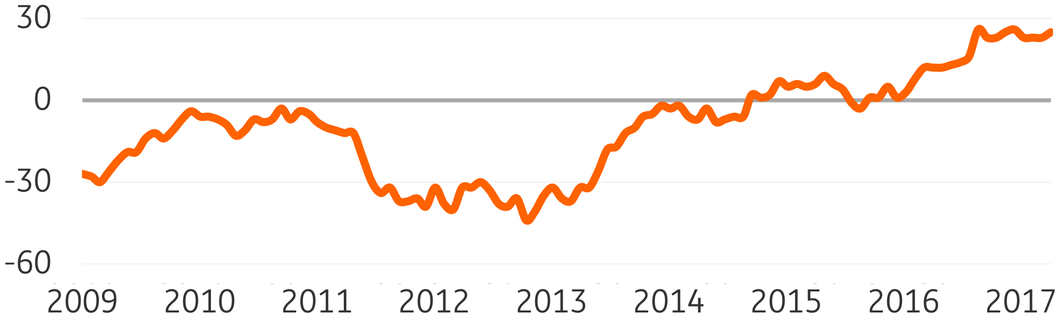
Dutch Purchasing Managers Index (PMI) was 62 at year-end 2017, which indicates positive growth in industry



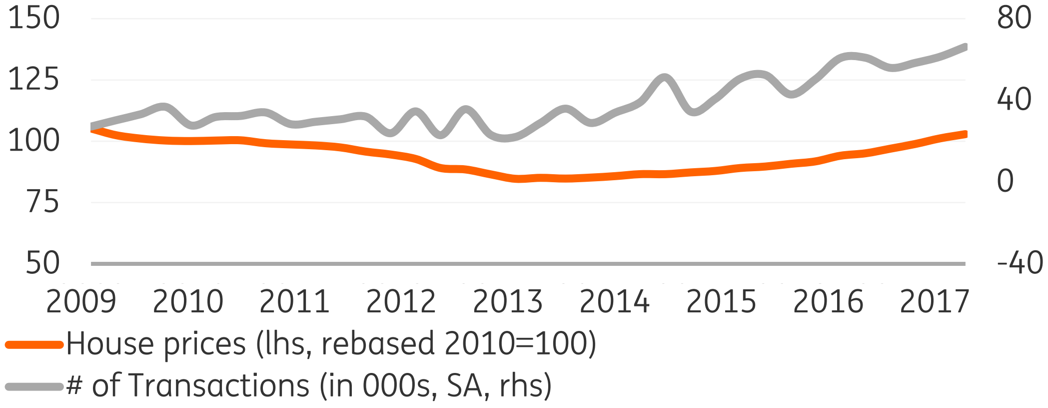
Dutch unemployment rate (%) continue to decline



Dutch consumer confidence* has surged since beginning of the year



Dutch house prices and market turnover underlining healthy state of the housing market**



* Source: Central Bureau for Statistics
** Source: NVM (Dutch Association of Realtors), Statistics Netherlands/CBS

Important legal information

Projects may be subject to regulatory approvals.

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 2016 ING Group consolidated annual accounts. The Financial statements for 2017 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 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 European Union countries leaving the European Union or a break-up of the euro, (4) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit and capital markets generally, including changes in borrower and counterparty creditworthiness, (5) changes affecting interest rate levels, (6) changes affecting currency exchange rates, (7) changes in investor and customer behaviour, (8) changes in general competitive factors, (9) changes in laws and regulations and the interpretation and application thereof, (10) geopolitical risks and policies and actions of governmental and regulatory authorities, (11) changes in standards and interpretations under International Financial Reporting Standards (IFRS) and the application thereof, (12) 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, (13) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (14) changes in credit ratings, (15) the outcome of current and future legal and regulatory proceedings, (16) ING's ability to achieve its strategy, including projected operational synergies and cost-saving programmes and (17) the other risks and uncertainties detailed in the most recent 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. Many of those factors are beyond ING's control.

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. This document does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the United States or any other jurisdiction.