ING Credit Update 1Q18

Amsterdam ▪ 9 May 2018

thinkforward

ING

Key points

- ING posted 1Q18 net profit of €1,225 mln, up 7.2% on 1Q17
- Primary customers increased by 170,000 to 11.2 mln with Australia contributing strongly to the quarterly growth
- We recorded net core lending growth of €12.3 bln in the quarter; net interest margin at 152 bps
- Expenses came down from more elevated 4Q17 demonstrating good cost control in the quarter
- IFRS 9 adopted; low risk costs due to more positive macroeconomic outlook and benign credit environment
- On a four-quarter rolling average basis, ING Group's underlying return on equity was up slightly at 10.3%
- Fully loaded CET1 ratio at 14.3%; we have set a CET1 ambition of around 13.5%, taking the impact of Basel IV and TRIM on the current CET1 ratio into account, and an underlying ROE ambition of 10-12%

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

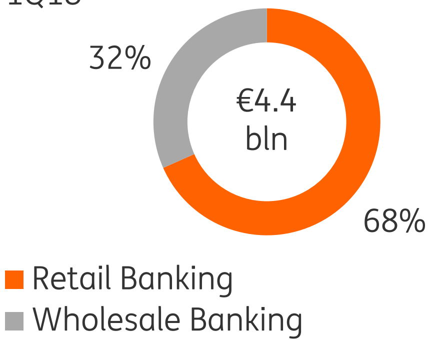
Wholesale Banking International Network

Wholesale Banking

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

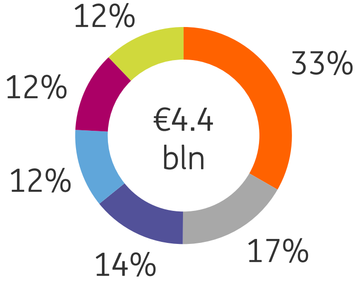
Underlying income*

1Q18



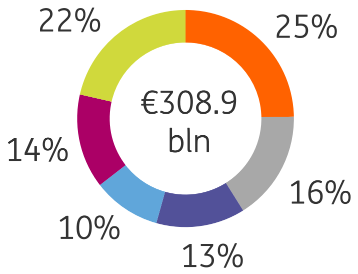
Underlying income**

1Q18



RWA (end of period)**

1Q18

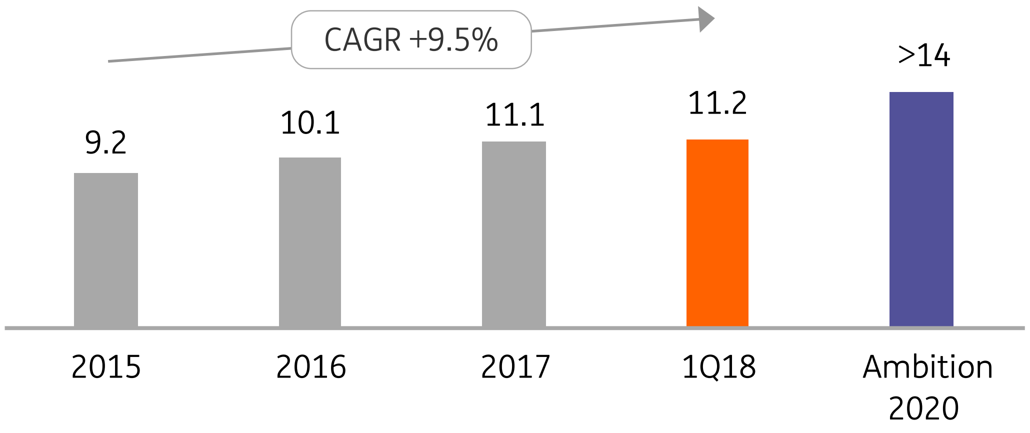


Netherlands | Belgium | Germany | Other Challengers | Growth Markets | WB Rest of World

* As per business line split; segment "Corporate Line" not shown on slide. The underlying income for this segment was €29 mln in 1Q18
** 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 €29 mln in 1Q18 and RWA was approx. €3.6 bln as per 31 March 2018

Our focus on primary customers and digital drives value

Target to reach 14 mln primary customers* by 2020



Core lending

1Q18 net growth

€ **+12.3** bln

Customer deposits

1Q18 net growth

€ **+2.4** bln

Net promoter scores (NPS)

1Q18

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

of digital interactions**

1Q18

828 mln

+21.5% YoY

Customer value = Number of customers × Share of primary × Cross-buy × Product value

* Historical numbers have been restated as of 2016; 200k additional primary customers due to definition alignment between countries
** Log-in to mobile app or Internet banking

Innovative, clear and easy products and services in order to create the go-to digital platform

We innovate ourselves…

Yolt passed 250k user mark

Blockchain-based trade finance

Peer-to-peer payments + cashback

Building a shared banking app

“Banking to go”

…and we partner with (fin)techs

Robo advice partnership

Acquisition of leading payment services provider

Instant lending for SMEs

Digital identity management

Strong start of the year for sustainable finance

Responsible Finance portfolio (Year-end 2017)

	€ bln	% of WB lending
Climate finance	14.6	9.0%
Social impact finance	0.5	0.3%
Industry ESG leaders	5.5	3.4%

Building our reputation as leading green bond house

ING led 8 green bonds for clients in 1Q18 including:

- Joint bookrunner on the green bond debut of the Kingdom of Belgium, a €4.5 bln transaction that was met with massive demand
- SpareBank 1 issued the Nordic's first green covered bond of €1.0 bln. Proceeds are used to acquire energy-efficient residential mortgages. ING acted as sole structuring advisor

Sharpened sustainability direction

- We strengthened our approach by introducing a Responsible Finance portfolio, replacing our Sustainable Transitions Financed. By 2022, ING aims to double (baseline 2017) our funding to these companies and sectors
- In March 2018, the Green Loan Principles were published by the Loan Market Association. ING has been instrumental in the development of these principles

First sustainability-linked syndicated RCF in Asia

- ING acted as Sustainability Coordinator for Olam International's new $500 mln sustainability-linked syndicated revolving credit facility (RCF), which is the first of its kind in Asia

ING Group financial ambitions

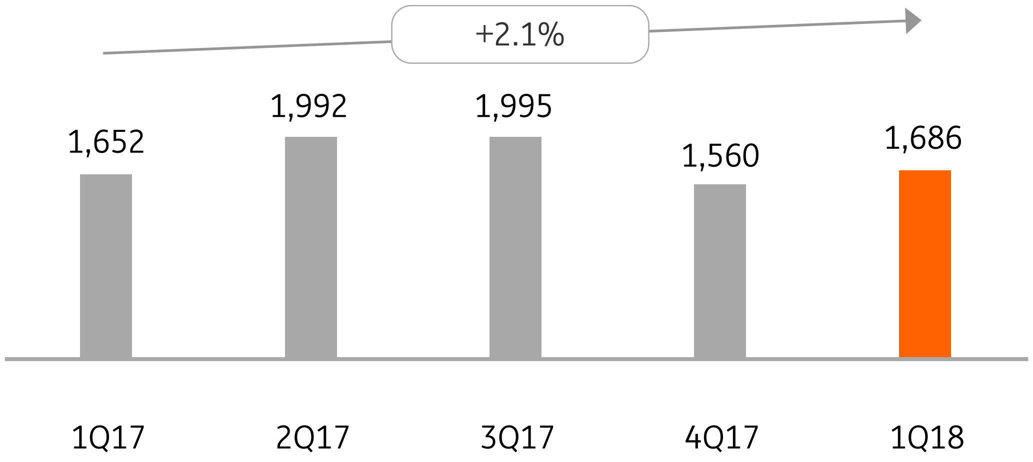
		Actual 2017	Actual 1Q18	Financial ambitions
Capital	• CET1 ratio (%)	14.5%*	**14.3%***	~13.5%** (Basel IV)
	• Leverage ratio (%)	4.7%	**4.4%**	>4%
Profitability	• Underlying C/I ratio (%)***	55.5%	**55.7%**	50-52% (by 2020)
	• Underlying ROE (%)*** (IFRS-EU Equity)	10.2%	**10.3%**	10-12%
Dividend	• Dividend (per share)	€0.67		Progressive dividend

* Basel III CET1 ratio of 14.5% as per 1 January 2018; Estimated Basel IV impact on CET1 of around -2.0 %-point will dilute current Basel III CET1 ratio over time
** Implies management buffer (incl. Pillar 2 Guidance) of 170 bps over prevailing fully-loaded CET1 requirements (currently 11.8%)
*** 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 31 March 2018, this comprised the final dividend 2017 of €1,670 mln and the 1Q18 interim profit not included in CET1 capital of €868 mln

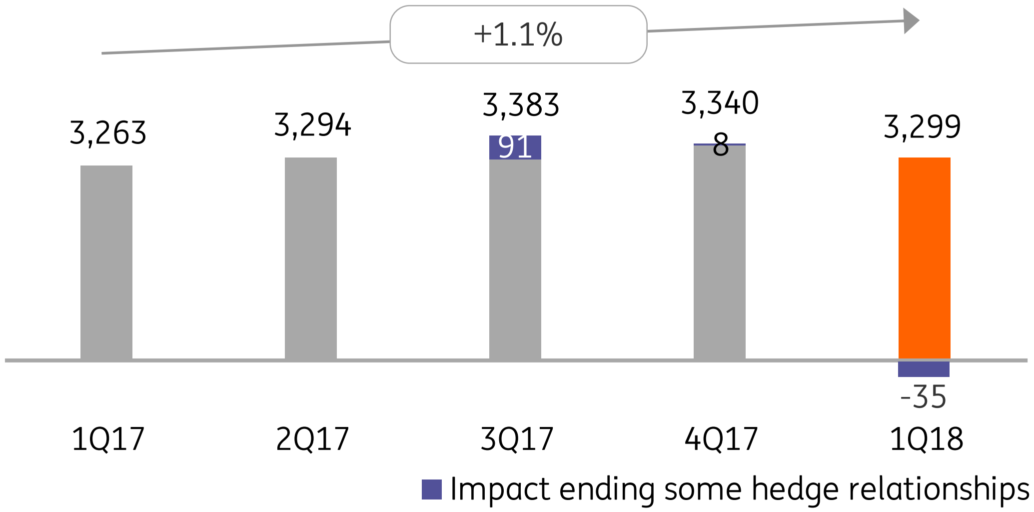
1Q18 results

Solid pre-tax result despite seasonally high regulatory costs

Underlying pre-tax result (in € mln)



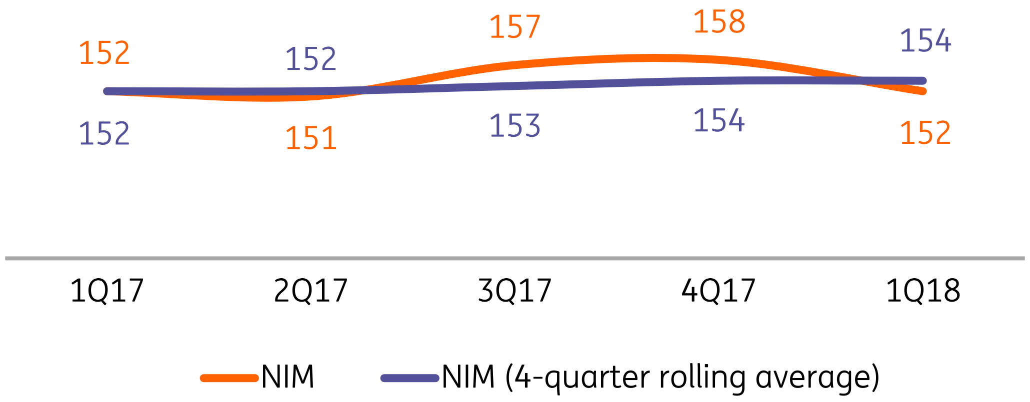
Net interest income excl. Financial Markets (in € mln)



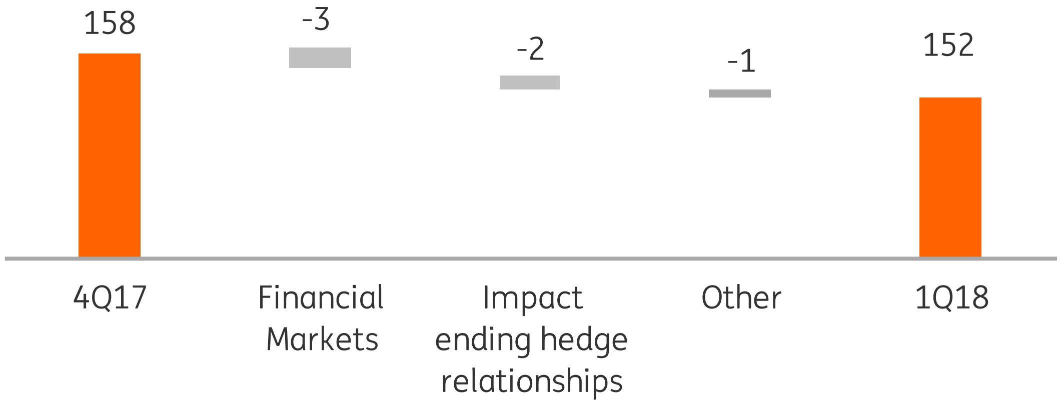
- Underlying result before tax of €1,686 mln in 1Q18, mainly attributable to continued loan growth at resilient margins and lower risk costs, but also included seasonally higher regulatory costs
- NII excluding FM rose 1.1% versus 1Q17, despite currency impacts, supported by continued loan growth and an overall stable net interest margin
- Compared to the previous quarter NII is down 1.2% largely due to the impact of ending some hedge relationships and decreasing savings income

NIM continues to be at healthy levels

Net interest margin down quarter-on-quarter… (in bps)



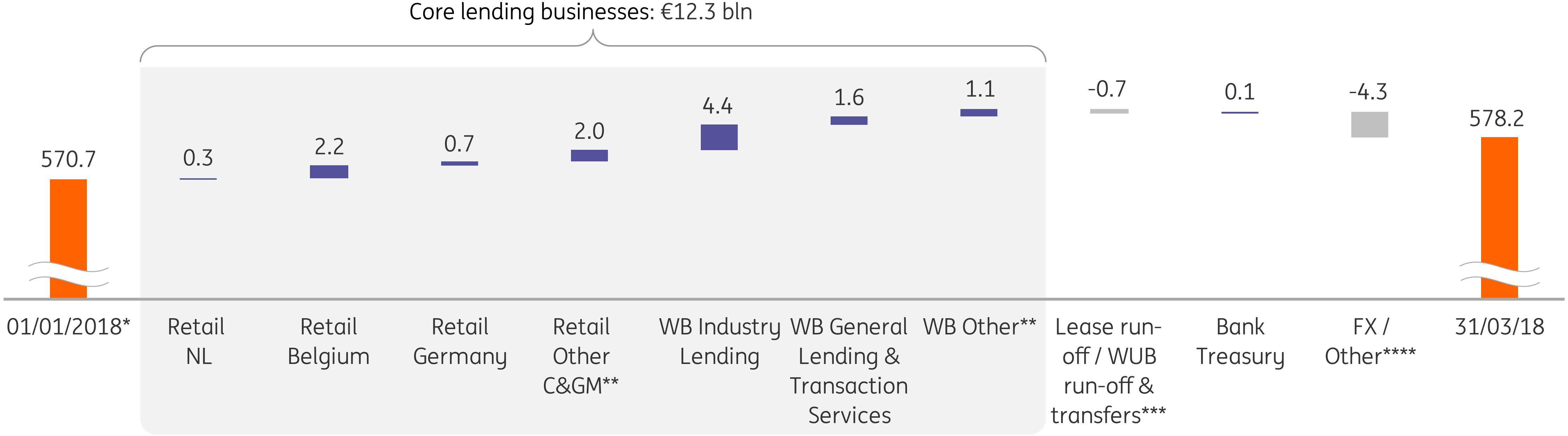
…as volatile positive impacts in 4Q17 largely reversed



- Net interest margin was down to 152 bps in 1Q18 due to lower interest result in Financial Markets, negative impact of ending some hedge relationships as well as lower interest margins on (non-mortgage) lending and savings
- On a 4-quarter rolling average basis, which reduces the impact of accounting-related items, the net interest margin remained stable at 154 bps

Core lending growth in all franchises

Customer lending ING Group 1Q18 (in € bln)

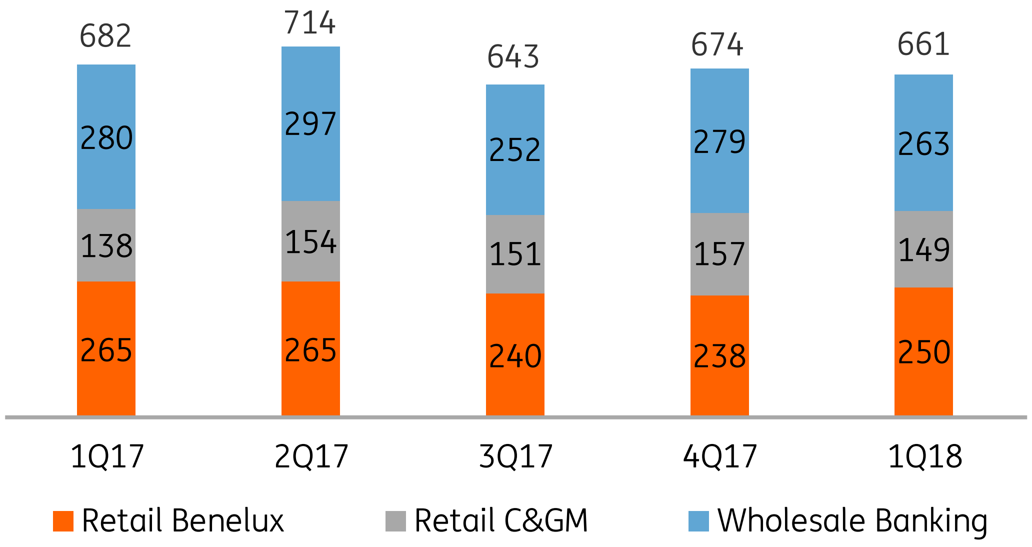


- Our core lending franchises grew by €12.3 bln in 1Q18, with growth again well diversified:
  - Retail Banking increased by €5.2 bln, of which approximately two thirds in other (non-mortgage) lending
  - Wholesale Banking increased by €7.1 bln, predominantly in Industry Lending and General Lending & Transaction Services

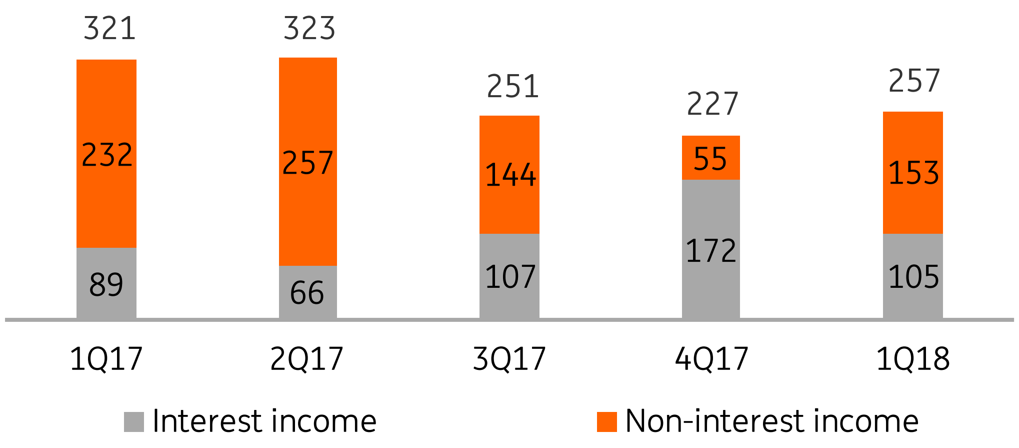
* Impact accounting change includes the adoption of IFRS 9, and reclassifications related to new accounting rules for accrued interest. Of this impact, €-2.8 bln is explained by a reclassification in Retail Netherlands of mortgages from customer lending to financial assets at fair value through OCI
** C&GM is Challengers & Growth Markets; WB Other includes Financial Markets
*** Lease run-off was €-0.1 bln, WUB run-off was €-0.3 bln and €-0.2 bln due to the sale of a mortgage portfolio in Retail Belgium
**** FX impact was €-4.1 bln and Other €-0.2 bln

Fee income growth in C&G; FM impacted by lower client activity

Net commission income (in € mln)



Underlying income Financial Markets* (in € mln)

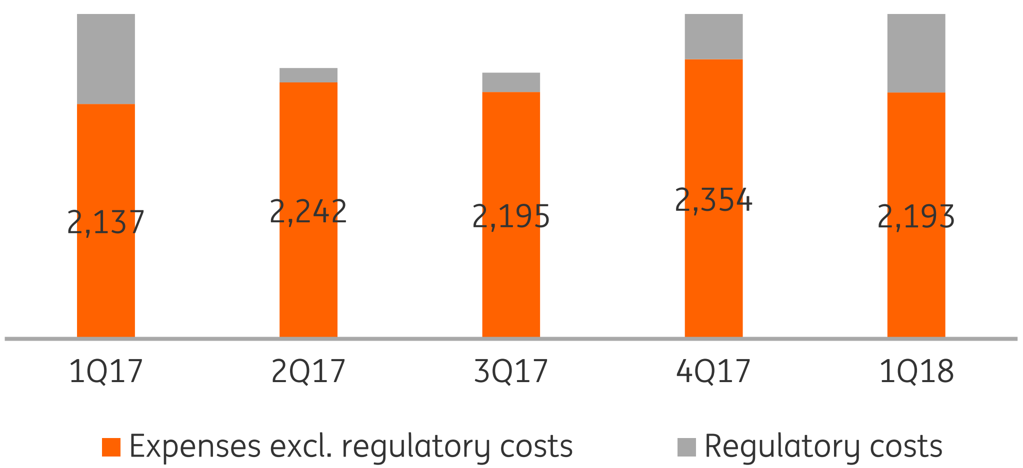


- Commission income declined by 3.1% year-on-year to €661 mln. The decrease was mainly caused by lower fee income from investment products in Retail Belgium, partly due to market volatility, and in Industry Lending. Fee income in C&G continues to make good progress albeit commissions paid for the origination of mortgages in Germany was higher in 1Q18
- Year-on-year, Financial Markets total income was down, as client activity in the current quarter was lower and put pressure on Rates and Credit revenues. Sequentially total income was up slightly on a weak 4Q17

* Excluding CVA/DVA

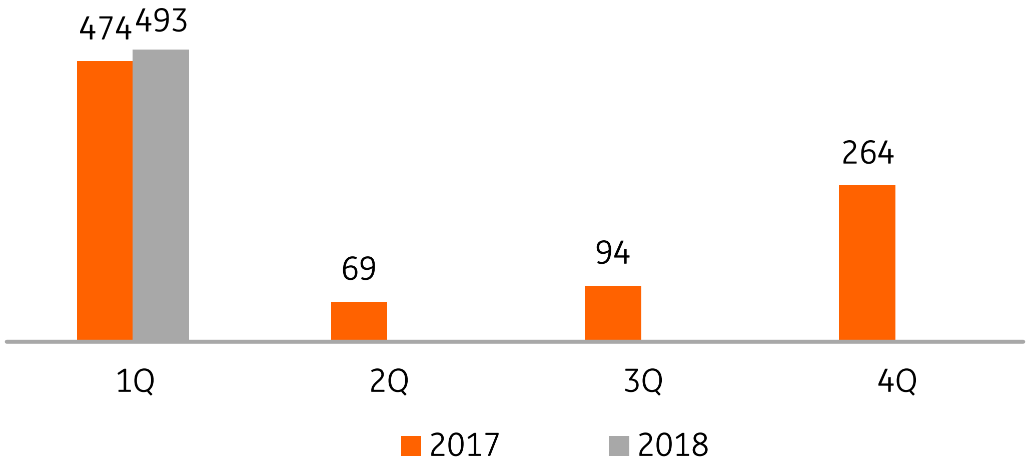
Operating expenses excl. regulatory costs normalised in 1Q18

Underlying operating expenses (in € mln)

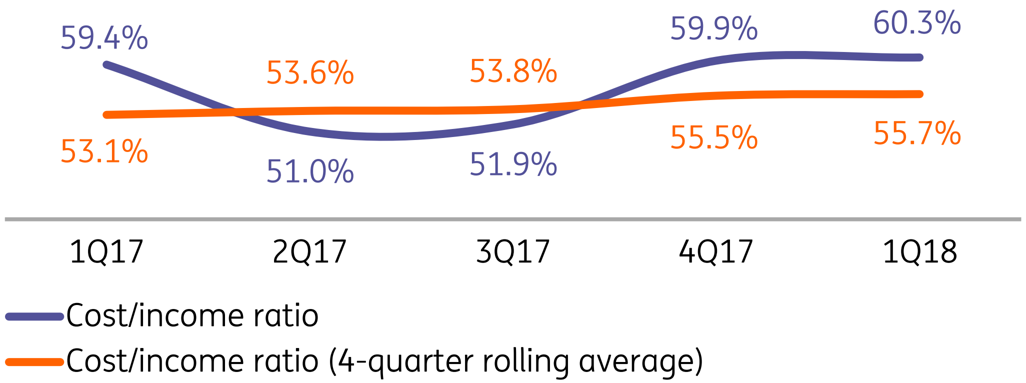


- Compared to 4Q17, which included a step-up in digital investment spend and incidentally higher costs, expenses excluding regulatory costs fell by €161 mln QoQ
- Year-on-year, costs are up modestly largely to support business growth in Retail C&G and Wholesale Banking as well as temporarily higher external staff expenses in Retail Belgium
- Total regulatory costs are high in Q1 as ING is required to recognise certain annual charges in full in the first quarter

Regulatory costs (in € mln)



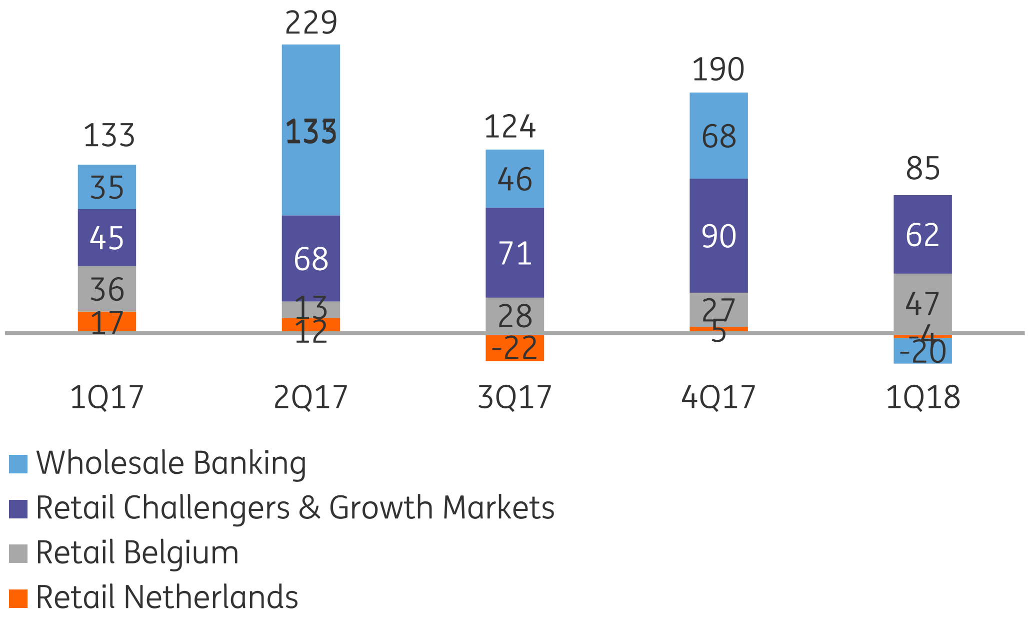
Cost/income ratio



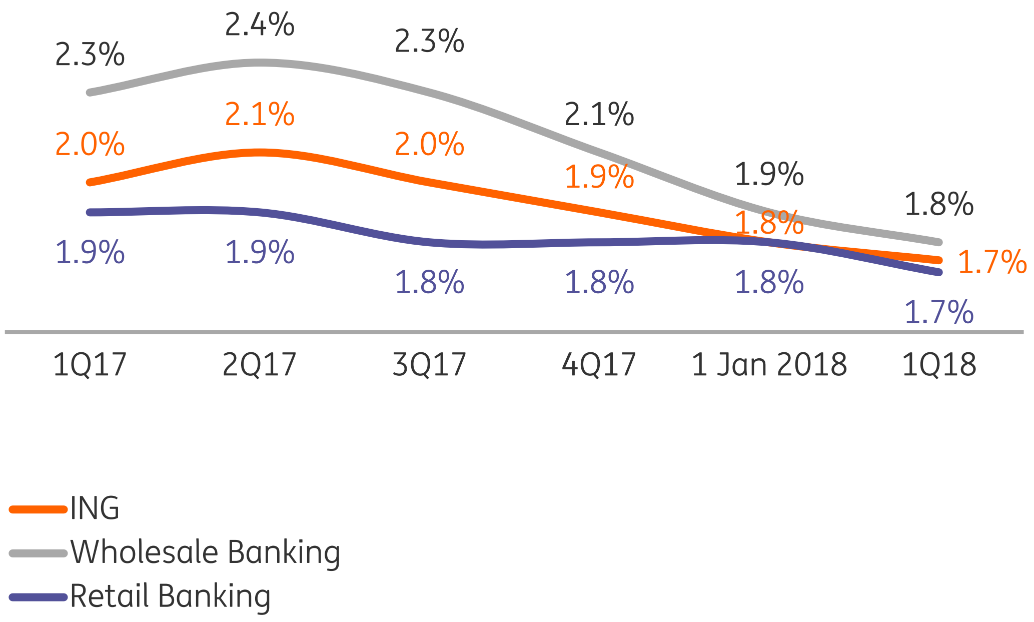
Asset quality

Risk costs remained low; new NPL metric introduced under IFRS 9

Risk costs (in € mln)



Stage 3 ratio*

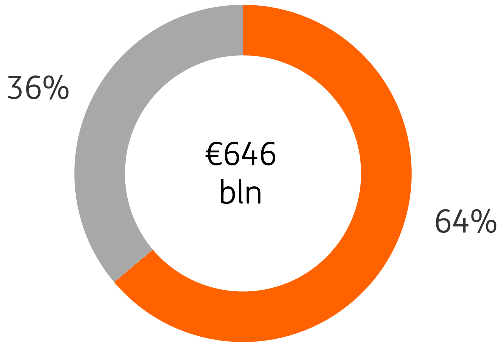


- 1Q18 risk costs were €85 mln, or 11 bps of average RWA, well below the 40-45 bps through-the-cycle average
- Retail Netherlands recorded a net release, while Retail Belgium risk costs were up from 4Q17 largely due to business lending
- Wholesale Banking risk costs were negative (-5 bps of average RWA) due to several larger releases on individual files

* Prior to 1 January 2018, stage 3 ratio was known as NPL ratio as per IAS 39 guidelines

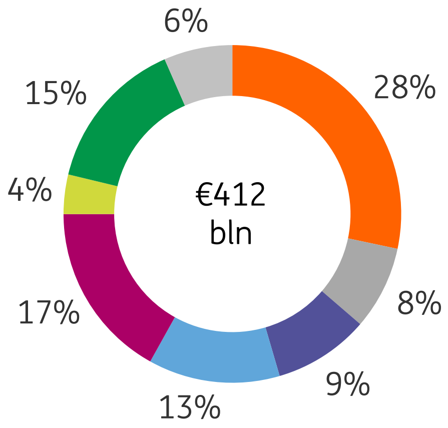
Well-diversified lending credit outstandings by activity

ING Group*



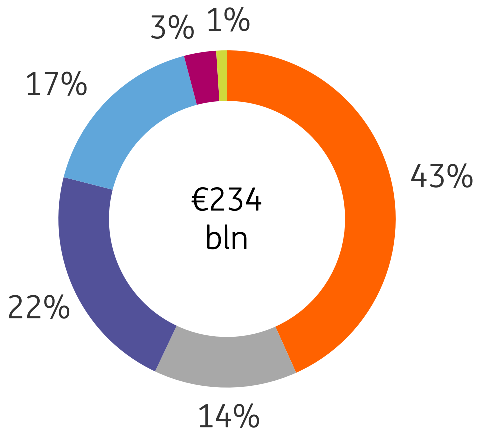
■ Retail Banking
■ Wholesale Banking

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*



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

- 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 March 2018 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)

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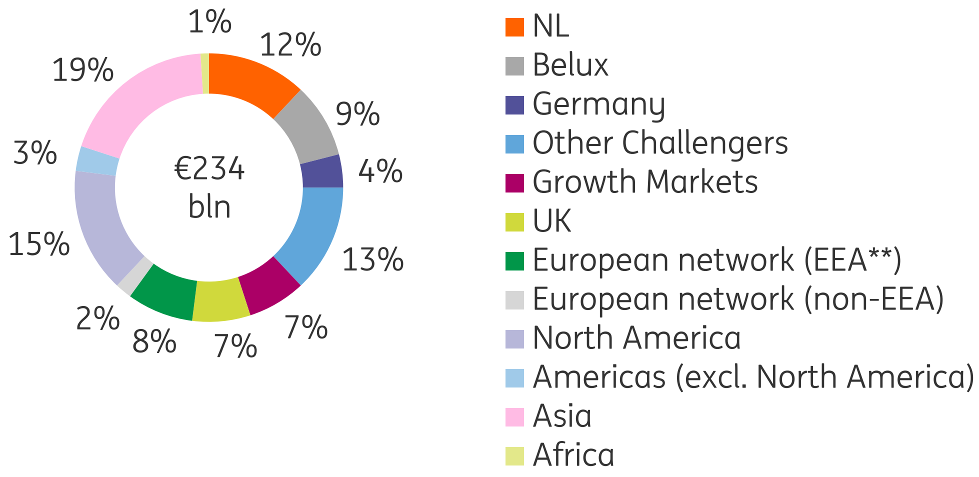
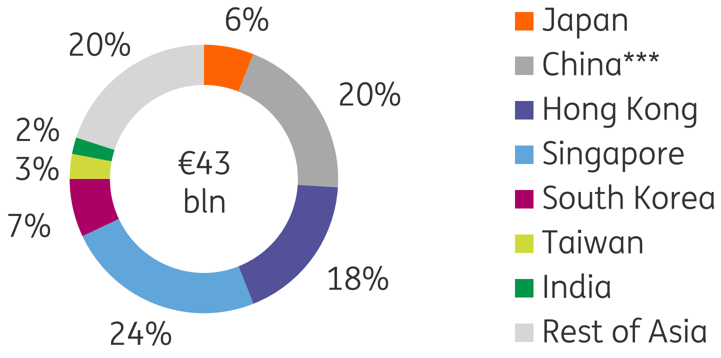
Granular Wholesale Banking lending credit outstandings by geography and sector

Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (1Q18)*

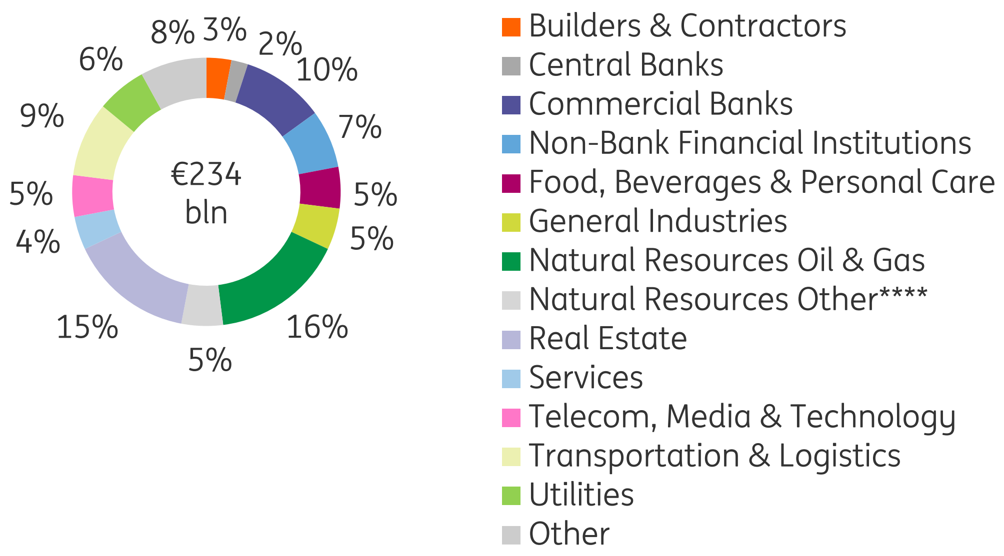


Lending Credit O/S Asia (1Q18)*



…and sectors

Lending Credit O/S Wholesale Banking (1Q18)*



* 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 (€2.5 bln at 31 March 2018)
**** Mainly Metals & Mining

Detailed stage 3 / NPL disclosure on selected lending portfolios

Selected lending portfolios (in € mln)

	Lending credit O/S 1Q18	Stage 3 ratio 1Q18	Lending credit O/S 4Q17	NPL ratio 4Q17	Lending credit O/S 1Q17	NPL ratio 1Q17
Wholesale Banking	**234,201**	**1.8%**	**232,521**	**2.1%**	**234,175**	**2.3%**
Industry Lending	133,242	2.0%	132,425	2.4%	131,979	2.4%
Of which Structured Finance	101,136	2.1%	101,265	2.5%	102,826	2.4%
Of which Real Estate Finance	32,106	1.7%	31,161	2.0%	29,153	2.4%
Selected industries*						
Oil & Gas related	37,941	2.5%	36,708	3.3%	36,495	2.7%
Metals & Mining**	14,962	3.8%	14,899	4.3%	15,485	4.4%
Shipping & Ports***	13,175	5.7%	13,175	5.9%	14,384	6.6%
Selected countries						
Turkey****	15,627	2.4%	15,941	2.5%	17,524	2.4%
Russia	4,481	2.7%	4,594	2.8%	5,117	3.1%
Ukraine	798	41.6%	785	43.2%	1,077	48.5%

* Includes WB Industry Lending, General Lending (CFIL) and Transaction Services
** Excluding Ukrainian and Russian Metals & Mining exposure, the stage 3 ratio would be 1.6%
*** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, stage 3 ratio is 2.8%
**** Turkey includes Retail Banking activities (€8 bln)

Group capital

ING Group Total Capital Ratio at 18.6% including IFRS 9 impact

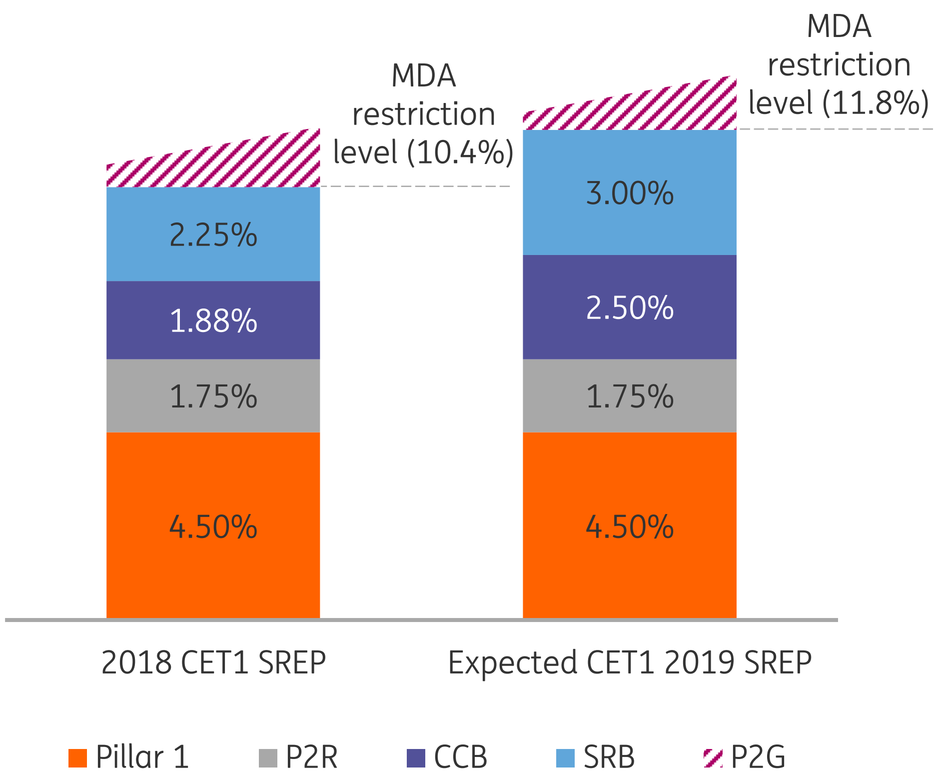
ING Group fully loaded Total capital ratio development*

- Following the -0.2 %-point IFRS 9 adoption impact on 1 January 2018, ING Group's 1Q18 fully loaded CET1 ratio declined to 14.3% in the quarter due to the impact of the Payvision acquisition, market impacts and a reduction of the equity revaluation reserve as well as higher RWAs, which were only partly offset by the inclusion of €0.4 bln of interim profits
- Like in the first three quarters of 2017, ING reserved an amount equal to one third of last year's total dividend

* ING Group's 1Q18 fully loaded capital ratio is based on RWAs of €312.4 bln
** 1Q18 Group net profit of €1,225 mln of which €868 mln set aside for dividends and the remainder (€357 mln) added to CET1 capital

ING Group's CET1 capital requirements

ING Group SREP*



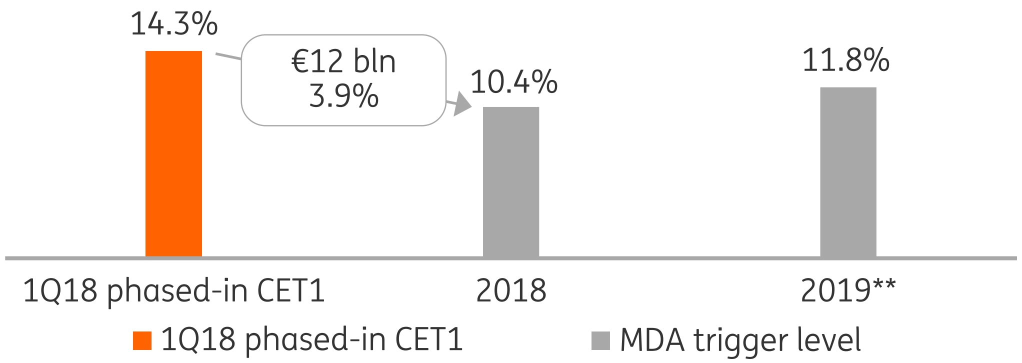
2017 SREP (Supervisory Review and Evaluation Process)

- In the 2017 SREP the European Central Bank 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)
  - This excludes 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 year to 2.5% and 3.0% respectively, and assuming no change in P2R
- We have set a Basel IV CET1 ambition of around 13.5% implying a management buffer (including P2G) of 1.70%

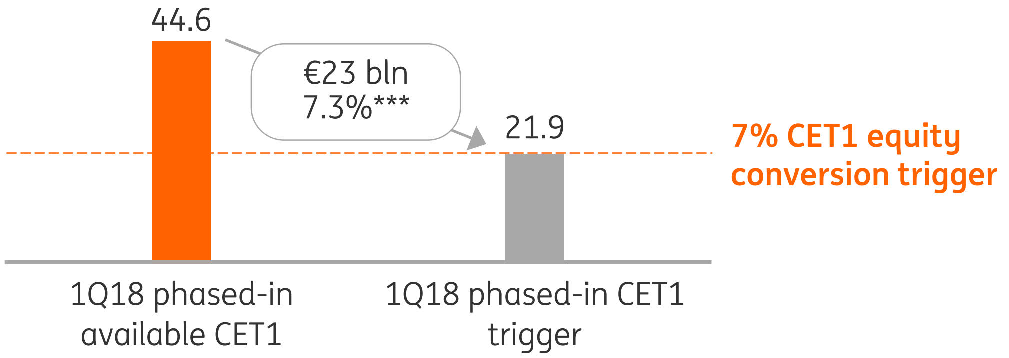
* Including Countercyclical buffer of 0.06% for 2018 and 2019

Additional Tier 1: comfortable buffers to triggers

Buffer to MDA 1Q18*



Buffer to Conversion Trigger 1Q18 (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 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 1Q18, the buffer to the 2018 MDA restriction level is €12 bln or 3.9% of RWAs • This excludes €2,538 mln of profits that we have set aside for dividend payment****
Buffer to Conversion Trigger	• The ING Group phased-in capital buffer to conversion trigger (7% CET1) is high at almost €23bln • This excludes €2,538 mln of profits that we have set aside for dividend payment****
Available Distributable Items	• AT1 discretionary distributions may only be paid out of distributable items • As per year-end 2017, ING Group had approx. €43 bln of available distributable items following the CRDIV definition

* Including Countercyclical buffer of 0.05% for 2018 and 0.06% for 2019
** Subject to SREP process, assumes no change in P2R
*** Difference between 14.3% ING Group phased-in CET1 ratio in 1Q18 and 7% CET1 equity conversion trigger
**** €2,538 mln include both €868 mln for 2018 dividend and final 2017 dividend of €1,670 mln

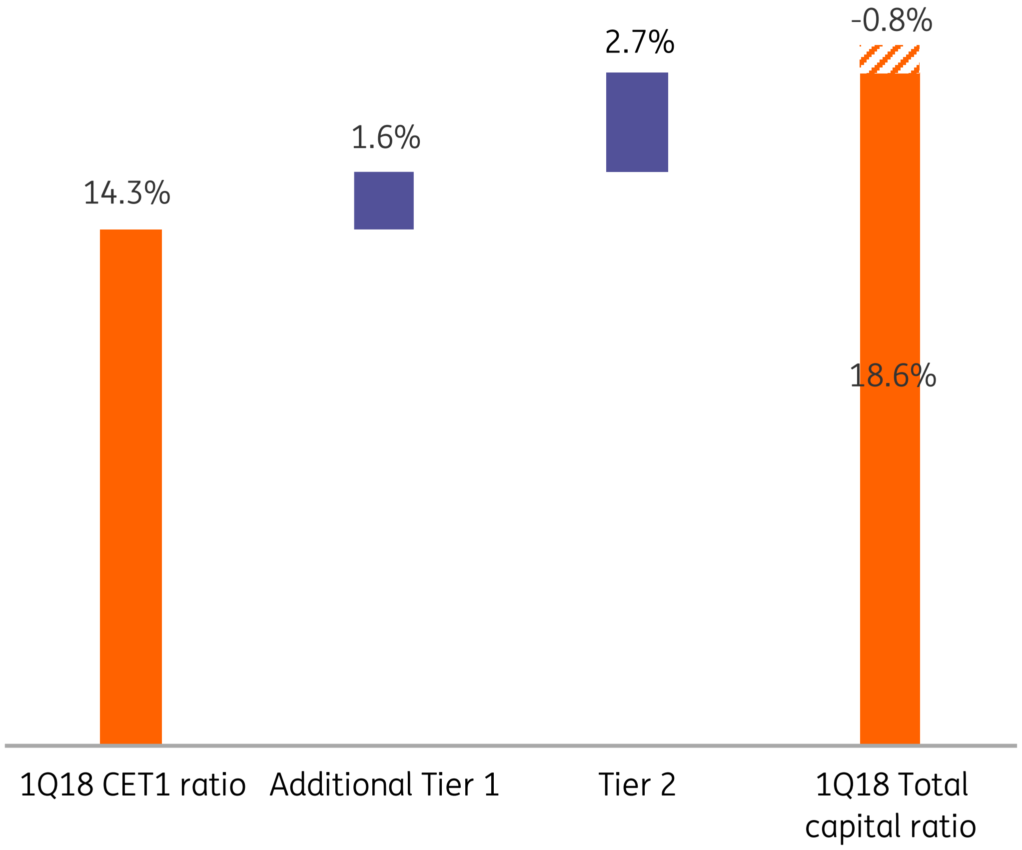
HoldCo resolution strategy

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 1Q18 fully loaded capital ratios*



- Capital ratios 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
- The impact on the fully loaded Group Total capital ratio is currently approximately -80 bps
- 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 €312.4 bln and include grandfathered securities

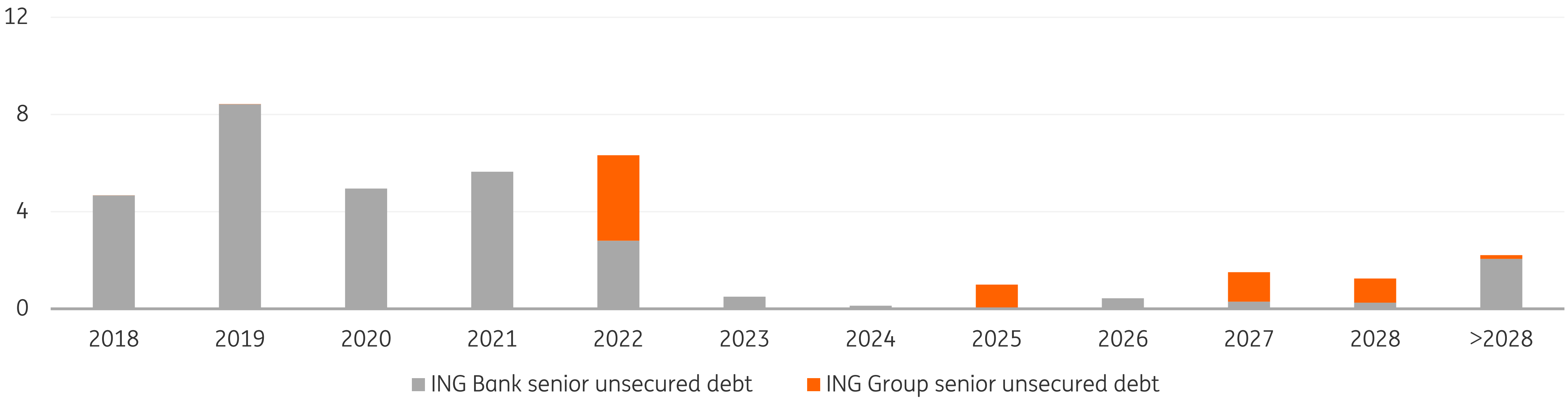
ING well positioned for TLAC/MREL issuance plans...

Strong current capital position....	...which provides flexibility for TLAC issuance plans
• ING maintains a strong CET1 ratio	• ING Group fully-loaded CET1 ratio at 14.3%
• Steady state TLAC needs to be met by 2019/2022	• ING Group has a very manageable end-state TLAC shortfall
• Strong capital generation capacity	• Generated ~50 bps of ING Group fully-loaded CET1 capital in FY17*
• ING amongst the highest rated HoldCo issuers	• HoldCo rated Baa1 / A- / A+
• Rating agencies recognise credibility of our TLAC issuance plan	• 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
• Business model has limited exposure to volatile investment banking activities	• ING's Wholesale Banking portfolio consists mainly of Industry Lending, General Lending and Transaction Services
• MREL ratio yet to be defined	• Any potential shortfall related to MREL requirements, new regulatory initiatives and balance sheet growth will be met with additional Group issuance

* In addition €2,603 mln has been designated as dividend. Of which €933 mln was paid as interim dividend in August 2017 and €1,670 mln as final 2017 dividend in May 2018
** 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 € bln)*



- ING Group has issued approx. €7.2 bln of Senior unsecured funding since the start of 2017 thus recycling ING Bank senior unsecured bonds
- Moreover, ING Bank has approx. €26.5 bln of long-term senior unsecured debt maturing from 2018 until 2022, of which approx. €4.7 bln (1.5% of RWAs) maturing in the remainder of 2018
- Recycling maturing notes will give us ample flexibility to comply with remaining TLAC/MREL requirements

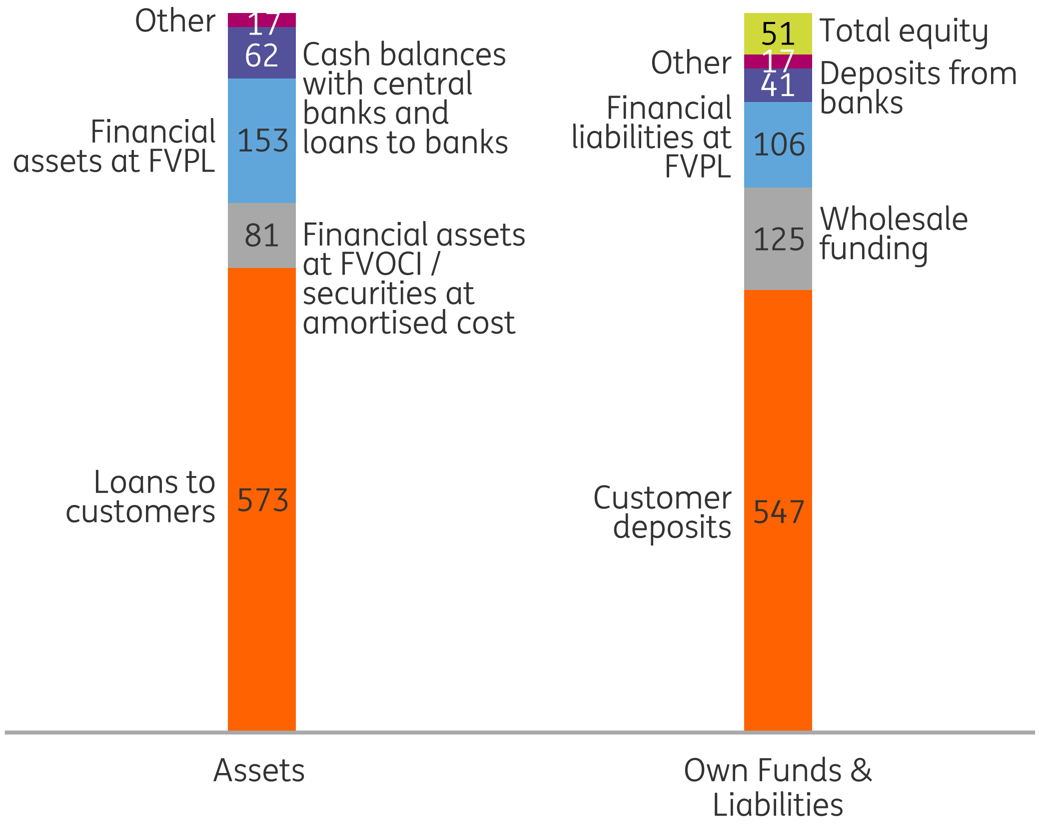
* As per 31 March 2018; ING consolidated figures shown include only issued senior bonds with a tenor ≥ 1 year

Liquidity and funding

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

Balance sheet ING Group (in € bln)

Balance sheet size ING Group 31 March 2018: €887 bln



High quality customer loan book

- See "Asset Quality" section of the presentation

Attractive funding profile

- 62% 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 March 2018*

Conservative trading profile

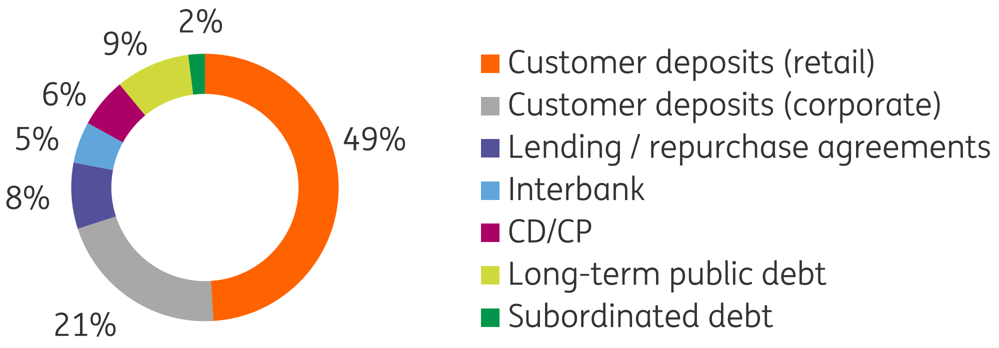
- Majority of our Financial Markets business is customer flow based where we largely hedge out positions, reflected in large but often offsetting assets and liabilities at FV positions
- Average VaR during 1Q18 remained stable at €6 mln for ING's trading portfolio

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

Robust liquidity position

Funding mix*

31 March 2018



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 holds sizable liquidity buffer

- ING's funding consists mainly of retail deposits, corporate deposits and public debt
- ING's 12-month moving average LCR increased from 114% to 115% in the first quarter of 2018
- LCR improved due to an increase in average HQLA of €4.8 bln, primarily in Level 1 assets, partially offset by an increase in average stressed outflow of €3.5 bln
- Besides the HQLA buffer, ING maintains large pools of ECB-eligible assets, in the form of internal securitisations and credit claims

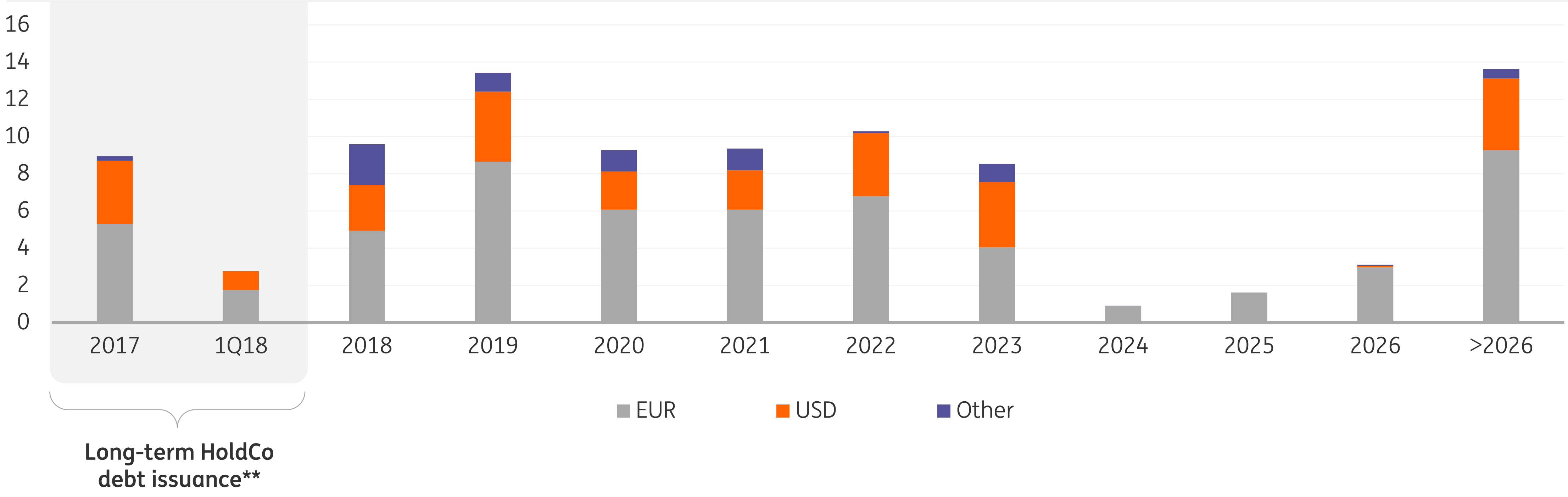
LCR 12-month moving average (in € bln)

	1 Jan. 18	31 Mar. 18
Level 1	108.3	112.8
Level 2A	4.1	4.3
Level 2B	9.0	9.0
Total HQLA	**121.4**	**126.2**
Outflow	**192.2**	**195.7**
Inflow	**86.2**	**86.0**
LCR	**114%**	**115%**

* Liabilities excluding trading securities and IFRS equity

Funding profile well diversified by currency

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



- ING Group issued approx. €8.9 bln of long-term debt in 2017 and approx. €2.8 bln in 1Q18
- AT1 and Tier 2 ratios aimed to be kept at above 1.5% and 2% of RWA respectively
- Senior debt will be issued out of the Group in line with the announced recycling strategy

* Including all long-term debt instruments (i.e. Secured, Unsecured and Tier 2) while excluding AT1. As per 31 March 2018; ING consolidated figures shown include only issued senior bonds with a tenor ≥ 1 year. Data from 2018 onwards show the maturity profile of existing long term debt issued by ING Group and ING Bank

** 2017 and 1Q18 data show long-term debt issued by ING Group only

Robust rating profile with strong trend over the last quarters

Main credit ratings of ING on 8 May 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

Appendix

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**
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)	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

* 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

Outstanding HoldCo Senior benchmarks

HoldCo Senior Unsecured*

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
XS1771838494	Feb-18	Feb-25	7yr	1.125%	EUR	1,000	m/s + 42
XS1730885073	Dec-17	Jan-28	10yr	1.375%	EUR	1,000	m/s + 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

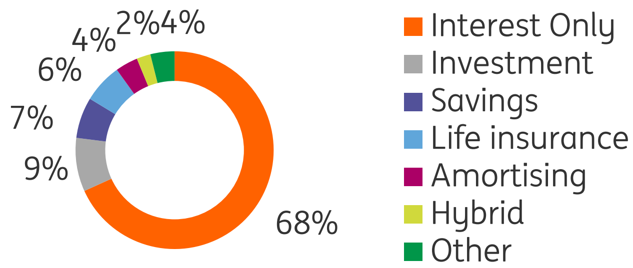
ING Bank's covered bond programme...

- ING Bank NV €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 €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 euro only. As per 31 March 2018, 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

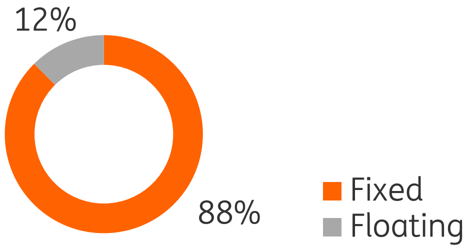
Portfolio characteristics (as per 31 March 2018)

Net principal balance	€27,634 mln
Outstanding bonds	€21,108 mln
# of loans	167,667
Avg. principal balance (per borrower)	€164,812
WA current interest rate	3.05%
WA remaining maturity	17.7 years
WA remaining time to interest reset	5.6 years
WA seasoning	11.9 years
WA current indexed LTV	67.1%
Min. documented OC	5.26%
Nominal OC	30.91%

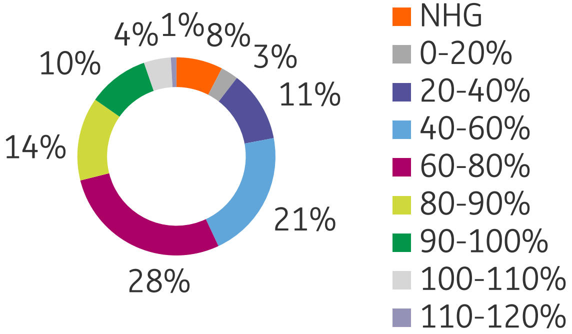
Repayment type



Interest rate type

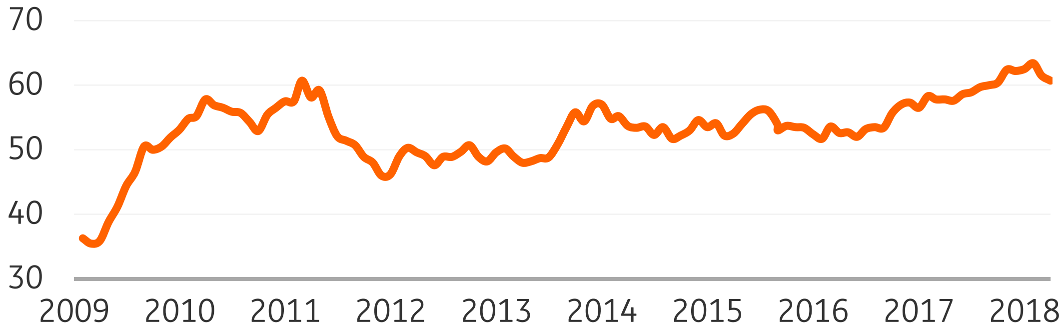


Current Indexed LTVs

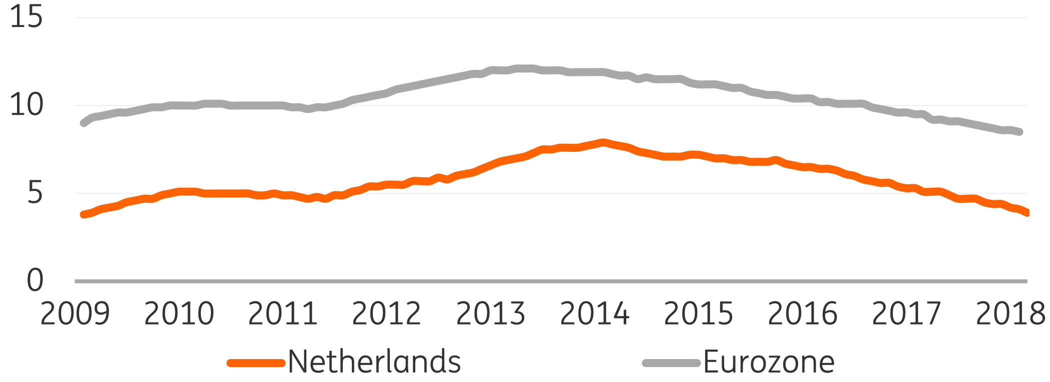


...benefiting from continued improvement of the Dutch economy and housing market

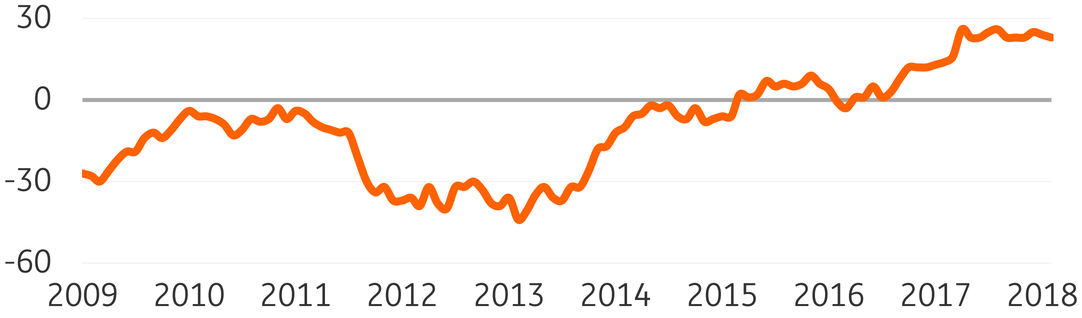
Dutch Purchasing Managers Index (PMI) was 60.7 as of April 2018, which indicates positive growth in industry



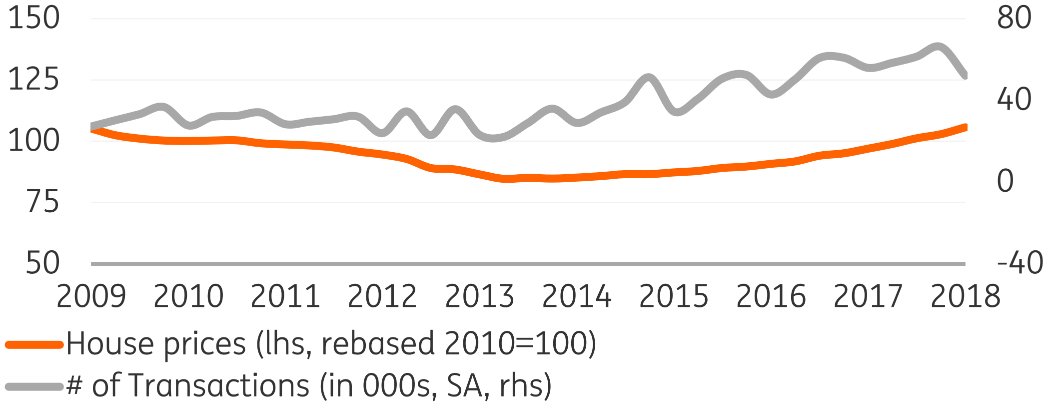
Dutch unemployment rate (%) continues to decline



Dutch consumer confidence continues to hover at a high level since beginning of 2017



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



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

IFRS 9

Change in impairment methodology due to IFRS 9

Stage 1 assets
- 12 month ECL
- No significantly increased credit risk

Migration triggered by significant increase in credit risk since origination

Move back triggered by above conditions no longer being met

Stage 2 assets
- Lifetime ECL
- Significantly increased credit risk

Stage 3 assets
- Lifetime ECL
- Defaulted

- ING's Expected Credit Loss (ECL) model, which is probability-weighted, reflects three macroeconomic scenarios via a baseline, an up and a down scenario
- In the baseline scenario, the use of external consensus forecasts for economic variables (unemployment rates, GDP growth, house prices, commodity prices, short-term interest rates) ensures unbiased ECL estimates
- For retail exposures, unemployment is the main economic variable. For wholesale exposures, GDP growth is a key driver
- ING assesses a significant increase in credit risk using: the delta in the lifetime default probability, watch list status, intensive care management, internal ratings, arrears and "more than 30 days past due" backstop for Stage 1 and Stage 2 transfers
- Compared to the IAS 39 scope, an important change is the inclusion of certain off-balance sheet exposures and the securities portfolio classified as Fair Value through Other Comprehensive Income (FVOCI)

Key macro-economic parameters

Main macro-economic forecasts (averages 2018-2020)

	Baseline (60%)	Up (20%)	Down (20%)
GDP (YoY %-change)			
Netherlands	2.0	3.6	0.4
Belgium	1.6	2.4	0.5
Germany	1.9	3.4	0.2
US	2.3	4.0	0.5
Unemployment (%)			
Netherlands	4.2	2.9	6.2
Belgium	6.8	5.6	8.1
Germany	3.6	2.3	4.9
US	3.9	2.2	6.1

- ING's baseline scenario (60% weighting) is the main driver of IFRS 9 Expected Credit Loss (ECL) numbers as the up and down scenarios are derived from the baseline scenario

Three-stage approach to measure expected credit losses

Lending credit outstandings* (in € bln)

	1 January 2018	31 March 2018	QoQ change
Total	**643.7**	**646.1**	**0.4%**
Of which Stage 2	44.3	43.7	-1.4%
Of which Stage 3	11.7	11.3	-3.4%

Loan loss provisions** (in € bln)

	1 January 2018	31 March 2018	QoQ change
Total	**5.4**	**5.2**	**-4.4%**
Of which Stage 2	1.0	0.9	-2.2%
Of which Stage 3	4.0	3.8	-5.5%

- Stage 2 and stage 3 lending credit outstandings decreased, despite an increase in total outstandings, due to a more positive macroeconomic outlook combined with a benign credit environment
- ING's stock of provisions decreased by €0.2 bln to €5.2 bln, mainly driven by higher amounts written off in stage 3 and a positive trend of the asset quality in stage 1 and 2
- Stage 3 coverage ratio decreased to 33.8% compared to 34.6% on 1 January 2018, driven by several write-offs which had a relatively high coverage ratio

* Lending and money market credit outstandings, including guarantees, letters of credit but excluding undrawn committed exposures (off-balance positions)
** At the end of March 2018, the stock of provisions included provisions for loans and advances to banks (€9 mln), financial assets at FVOCI (€20 mln), securities at amortised cost (€16 mln) and provisions for contingent liabilities recorded under Provisions (€91 mln)

Major macroeconomic outlook change will cause P&L volatility

Change in outlook

- The **current benign macroeconomic outlook** leads to below average expectations for PDs and LGDs
- However, as was observed in e.g. 2008-2009, the **macroeconomic outlook may quickly change**. Such a sudden outlook change will instantly affect PDs and LGDs expectations, leading to higher additions to LLPs (compared to the previous IAS 39 accounting rules)
- An **overreaction in the outlook** will amplify P&L volatility, as this will lead to additional impact in the stress year but possible releases in the year thereafter
- The bottom right figure presents the current outlook, the average through-the-cycle (TtC) outlook and **an adverse scenario**

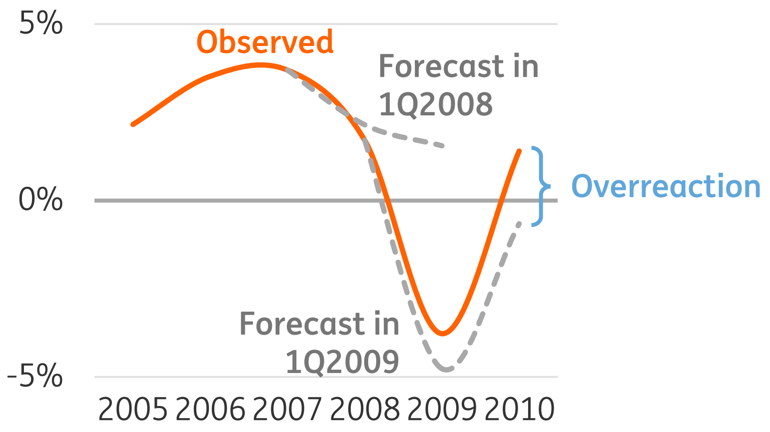
Portfolio effects

- The impact will differ per portfolio, depending on e.g. observed / modelled sensitivity towards the macro-economy as well as the maturity of a loan. **Medium-term tenors** tend to cause more volatility as they are more sensitive to a move to stage 2 which results in an expected lifetime provision

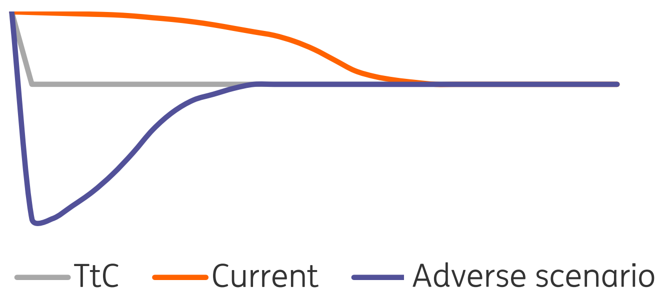
Conclusion

- The extent to which the P&L will become more volatile, from quarter to quarter, will depend primarily on the **ability to predict the future** macroeconomic state

Dutch GDP: Consensus forecast vs. observed



An instant shift in the macroeconomic outlook



Classification & measurement

Business Model

Is the objective of ING's business model to **hold** the financial assets to **collect** contractual cash flows?

No →

Is the financial asset held to achieve an objective by both **collecting** contractual cash flows and **selling** financial assets?

No →

Yes ↓

Cash Flow / SPPI

Do contractual cash flows represent **S**olely **P**ayments of **P**rincipal and **I**nterest (consisting of time value, credit spread and commercial margin)?

No →

Yes ↓

Amortised Cost (AC)

Fair Value through Other Comprehensive Income (FVOCI)*

Fair Value through Profit & Loss (FVPL)

* Part of equity

The main impacts caused by the classification and measurement approach are summarised on slide 45 and pages 113 and 114 of the 2017 ING Group Annual Report

Financial impact on capital at transition

Impact (net of tax) of adopting IFRS 9 on 1 January 2018

	Impact on shareholders' equity (in € bln)	Impact on FL CET1 ratio (in %-point)
Loan loss provisions[1]	-0.6	
Investment portfolio[2]	-0.6	
Mortgages held in HTC&S portfolio[3]	0.2	
Other[4]	-0.1	
Total impact	**-1.0**	**-0.2**

1. The €-0.6 bln is the post-tax impact on equity of the estimated IFRS 9 ECL increase amounting to €0.6 bln. The capital impact for the Advanced Internal Ratings Based (IRB) portfolios will be offset by the existing regulatory provision shortfall
2. Main impact from the reclassification of a part of the investment portfolio from the Available for Sale (FVOCI) debt securities under IAS 39 to the Hold-to-Collect portfolio (Amortised Cost (AC)) under IFRS 9
3. A portfolio of mortgages will be measured at FVOCI under IFRS 9 instead of AC under IAS 39 resulting in an impact of approx. €0.2 bln impact on CET1 capital
4. This item mainly relates to the estimated impact of reporting loans and debt instruments at fair value through the P&L because the cash flows of these assets do not represent Solely Payments of Principal and Interest (SPPI)

IFRS 9 impact on capital on 1 January 2018

- IFRS 9 impacts capital as a result of the transition adjustments recorded in shareholders' equity on transition date
- Main impact on shareholders' equity and CET1 ratio come from the reclassification of a part of the investment portfolio (which reduces CET1 volatility)
- Increase in LLPs will have limited impact on ING's CET1 ratio as for the AIRB portfolios it will be offset by the existing regulatory provision shortfall
- ING Group has decided not to apply the IFRS 9 impairment transitional arrangements

ING

Important legal information

Projects related to the integration of Record Bank in Belgium are still subject to regulatory approval.

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 2017 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 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) operational risks, such as system disruptions or failures, breaches of security, cyberattacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (17) the inability to protect our intellectual property and infringement claims by third parties, (18) the inability to retain key personnel, (19) business, operational, regulatory, reputation and other risks in connection with climate change, (20) ING's ability to achieve its strategy, including projected operational synergies and cost-saving programmes and (21) the other risks and uncertainties detailed in the 2017 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.

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