

ING Credit Update 3Q18

Amsterdam • 1 November 2018

Key points

- ING posted 3Q18 net profit of €776 mln, down 43.6% on 3Q17 due to settlement impact of €775 mln
- ING has been working on various initiatives to strengthen the management of compliance risks
- 3Q18 underlying result before tax of €2,124 mln, which marks a 6.5% improvement versus 3Q17, on the back of:
 - Continued primary customer growth: 200,000 increase in 3Q18 to 12.2 mln; #1 NPS position in 7 countries
 - Continued net core lending growth: €6.8 bln in 3Q18; total net interest margin resilient at 152 bps
 - Continued fee income growth: up 7.8%* from a year ago and resilient versus 2Q18, despite seasonality
 - Focus on strict cost discipline across the bank
- Fully loaded CET1 ratio remained strong at 14.0%
- ING is progressing well with its HoldCo issuance strategy as demonstrated by the recent €3.5 bln and \$3.25 bln HoldCo Senior unsecured transactions

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

Business profile and strategy

ING is strengthening management of compliance risks

Settlement agreement with Dutch Public Prosecution Service (DPPS) announced on 4 September 2018

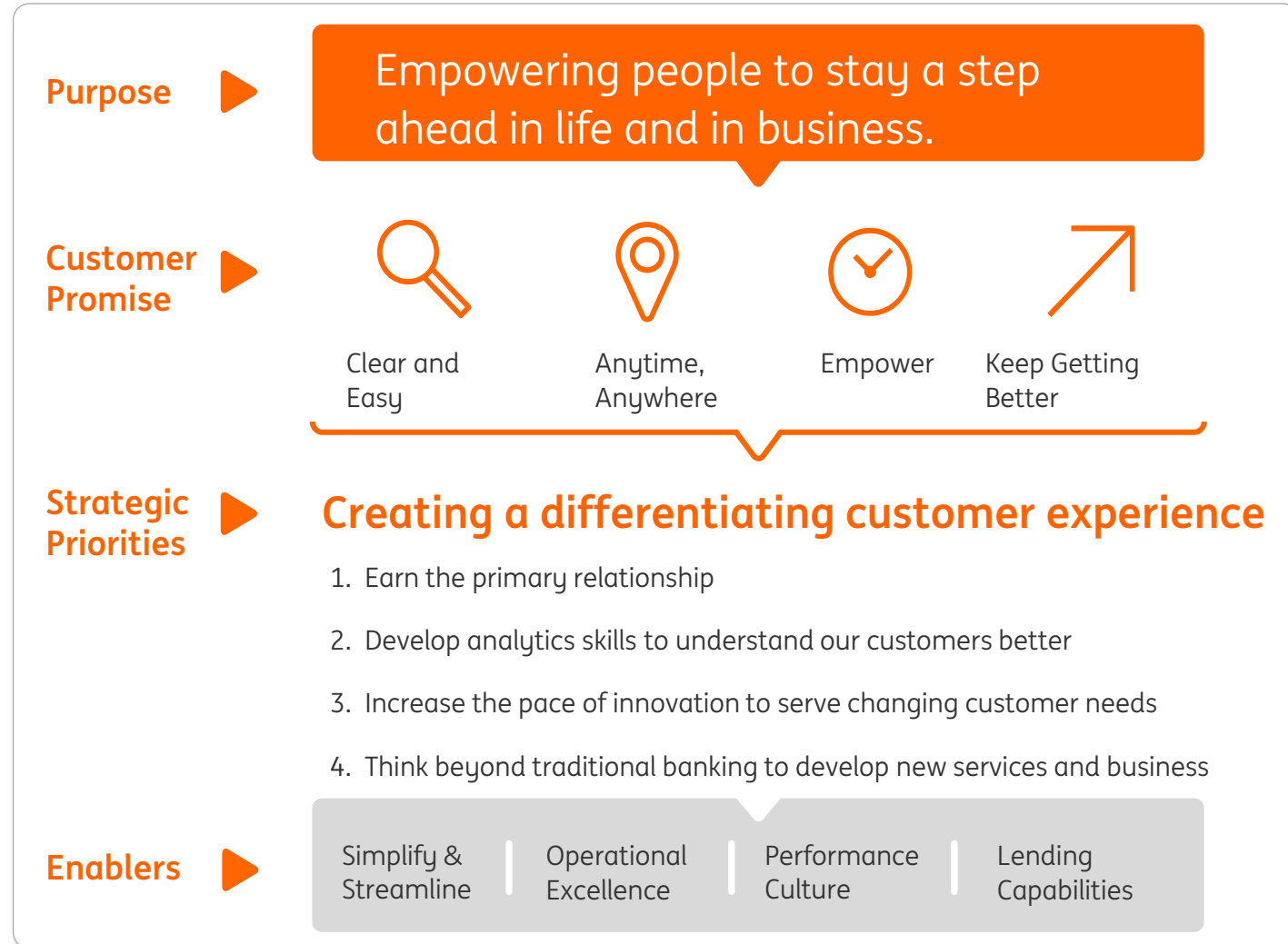
- ING acknowledges serious shortcomings in the execution of customer due diligence policies (CDD) to prevent financial economic crime (FEC) at ING NL
- ING has paid a fine of €675 mln plus €100 mln for disgorgement, which is reflected in the 3Q18 net result
- No evidence or indications were found of employees having actively cooperated with clients who may have used banking services for potential criminal activities
- Koos Timmermans will step down from his position as CFO and member of the Executive Board of ING Group and will leave the company once the succession process is completed
- We are committed to conducting our business with integrity and in compliance with the applicable laws, regulations and standards in each of the markets and jurisdictions where we operate

ING is implementing structural solutions to strengthen management of compliance risks and its role in the fight against financial economic crime

KYC / AML* enhancement programme	• Enhancing client files and monitoring
Bank-wide structural solutions	• Clearer policies and work instructions • Better tooling and applications • Enhanced transaction monitoring, using new techniques including artificial intelligence • Stricter governance • Introduction of a client integrity risk committee chaired by Risk Management • Sharpening mindset and continued awareness • Collaboration with public authorities and other financial institutions
Strengthening ING NL	• Compliance related staff for ING NL up from ~150 FTE (2010) to ~450 FTE today • Established a KYC centre for NL

* KYC is Know Your Customer; AML is Anti-Money Laundering

Our Think Forward Strategy on a page



- Think Forward Strategy was launched in 2014
- Focus on earning primary relationship
- Creating a differentiating customer experience with customer promise of clear and easy banking
- Building sustainable balance sheets in the countries and focus on own-originated lending

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

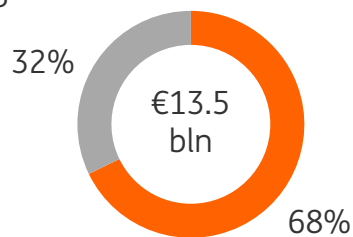
Wholesale Banking International Network

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*

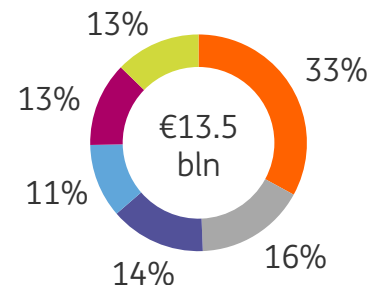
9M18



- Retail Banking
- Wholesale Banking

Underlying income*

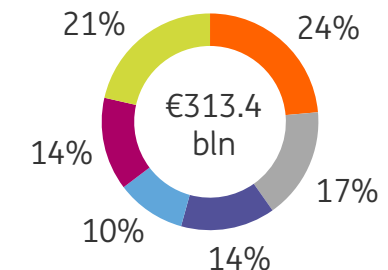
9M18



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

RWA (end of period)*

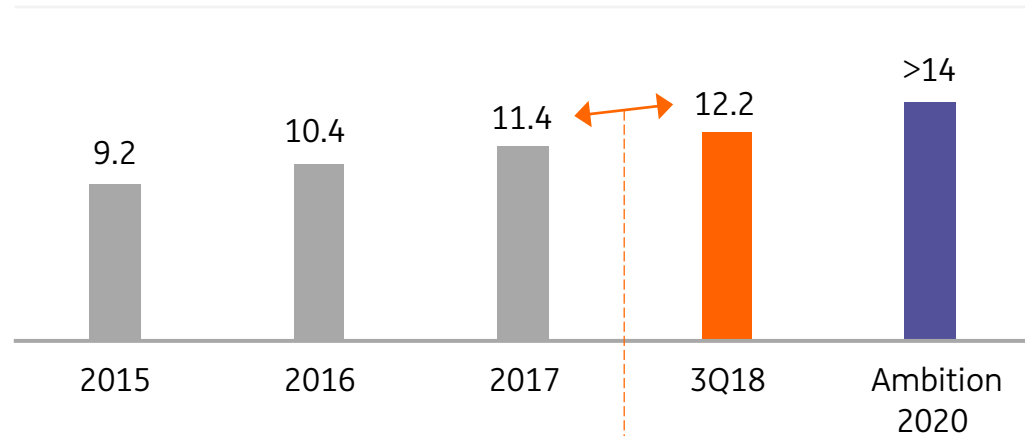
9M18



* Segment "Other" not shown on the slide. For this segment (Corporate Line and Real Estate run-off portfolio), the underlying income was €102 mln in 9M18 and RWA was approx. €2.9 bln as per 30 September 2018

Primary customer focus drives commercial momentum in Retail

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



Core lending

3Q18 net growth

€ **+6.8** bln

Customer deposits

3Q18 net growth

€ **+3.4** bln

Net promoter scores (NPS)

3Q18

#1 in 7 out of 13 retail countries

9M18 net growth



+180k



+163k



+161k*



+77k



+61k



+38k



+37k



Other: +87k



Customer value

=



Number of customers

×



Share of primary

×



Cross-buy

×



Product value

* The merger of Record Bank into ING in Belgium was completed in 2Q18; customer numbers were consolidated accordingly as from 2Q18, resulting in an 80k increase in primary customers in 2Q18

Integration of Belgium and Netherlands progressing

Belgium is preparing for the next step in its transformation...

Customer behaviour	Shift in customer behaviour towards digital / mobile
IT lifecycle management	Important IT components are reaching end-of-lifecycle
Sub-optimal distribution network	Reducing the footprint and consolidate two brands (ING & Record Bank) in market with excess capacity and too many small branches

...while we keep investing in the joint future platform

- In 2019, ING will introduce instant (real-time 24x7) payments

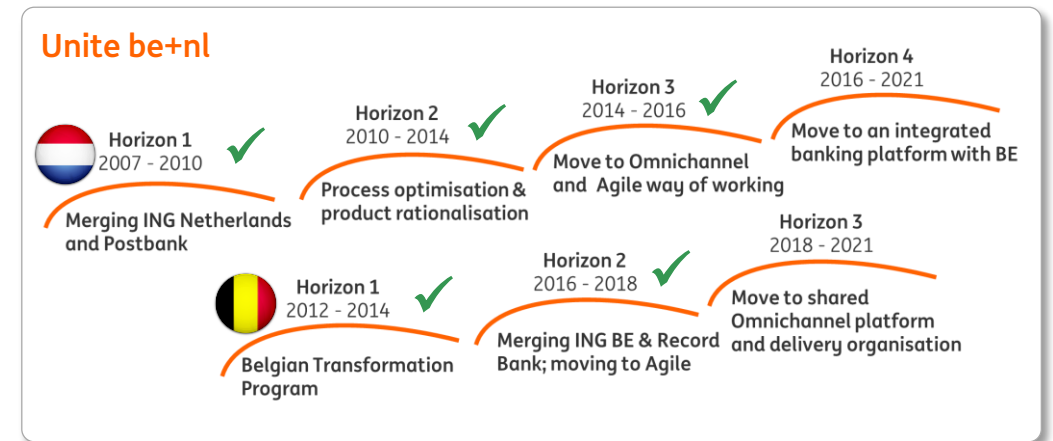


- Dutch banking app, which forms the basis for Belgian app, has 4.6 stars on iOS and 4.4 stars on Android



...which is meeting planned milestones...

- By building on experience of ING NL in large scale IT projects (integration Postbank and ING, simplification of Dutch IT landscape), execution risk is mitigated
- Adopting agile way of working and omnichannel approach
- Following the migration of 600,000 Record Bank customers to ING in Belgium, Belgian branch footprint has been reduced from ~1,250 to ~650
- Retail Benelux internal FTEs down ~1,150 since 2Q16



Terra approach to steer loan book towards below 2-degree goal

1 What is Terra*?	• Innovative way to measure and steer our lending book towards the Paris Agreement's well below 2-degree goal using science-based scenarios • Will show if our lending as a whole is adding up to climate resilience
2 How does it work?	• Focus on sectors responsible for the majority of global emissions • Measure the needed shift in technology for each sector against actual and future technologies used by clients • Our financing can support and help clients' transition in line with the global goals
3 How will we measure progress?	• Assess target sectors in our loan book based on their technology mix • Measurement will be ongoing; intend to report progress in ING's annual reports
4 What are the next steps?	• Terra approach will be open source and we're talking with other banks and stakeholders interested in adopting this approach • We hope that the Terra approach can become the standard for how international banks measure the climate impact of their loan portfolios



* For more information, please visit: <https://www.ing.com/Newsroom/All-news/ING-will-steer-portfolio-towards-two-degree-goal-to-help-combat-climate-change.htm>

ING Group financial ambitions

		Actual 2017	Actual 3Q18	Ambition 2020
Capital	• CET1 ratio (%)	14.7%*	14.0%	~13.5%** (Basel IV)
	• Leverage ratio (%)	4.7%	4.2%	>4%
Profitability	• Underlying C/I ratio (%)***	55.5%	55.5%	50-52% (by 2020)
	• Underlying ROE (%)*** (IFRS-EU Equity)	10.2%	10.7%	10-12%
Dividend	• Dividend (per share)	€0.67		Progressive dividend

* Basel III CET1 ratio of 14.5% as per 1 January 2018 due to IFRS 9 adoption

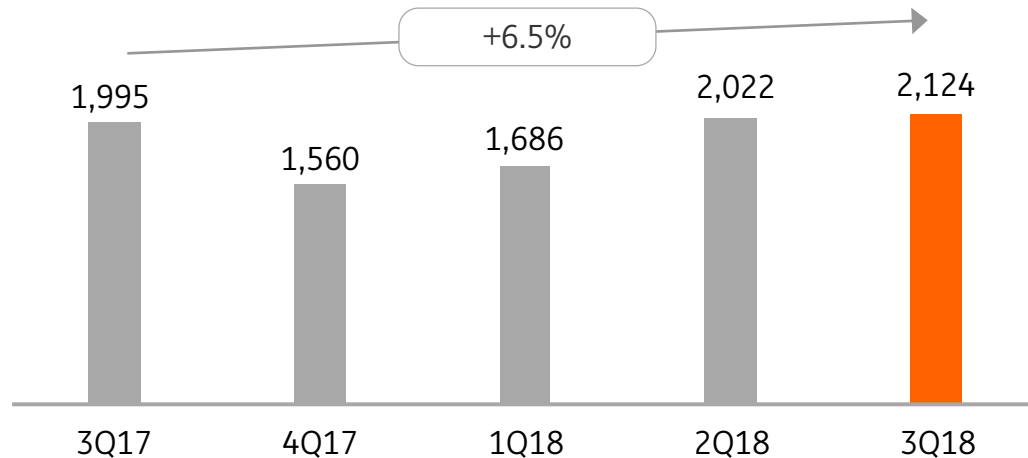
** Implies management buffer (incl. Pillar 2 Guidance) of 170 bps over prevailing fully loaded CET1 requirements (currently 11.8%)

*** 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 30 September 2018, this comprised the 9M18 interim profits not included in CET1 of €2,511 mln minus the interim dividend of €934 mln paid in August (€1,577 mln)

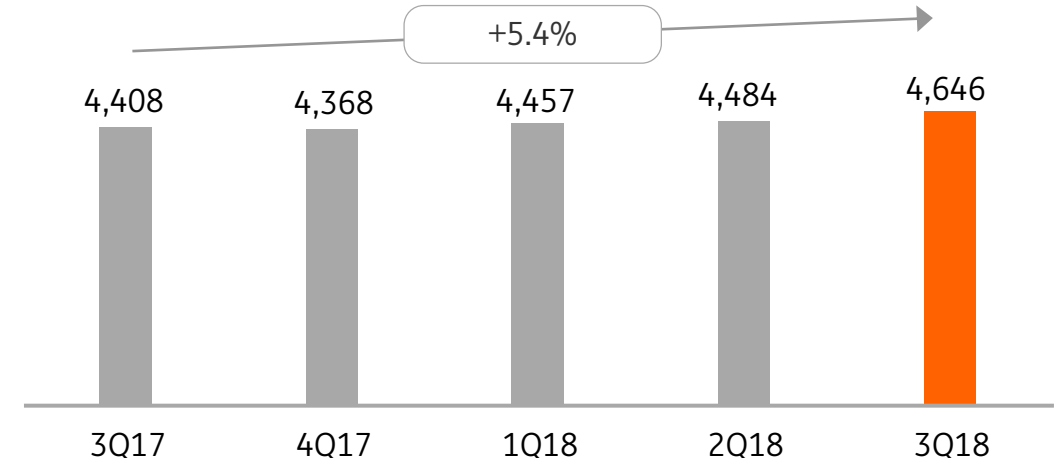
3Q18 results

Underlying pre-tax result up vs. both comparable quarters

Underlying pre-tax result (in € mln)



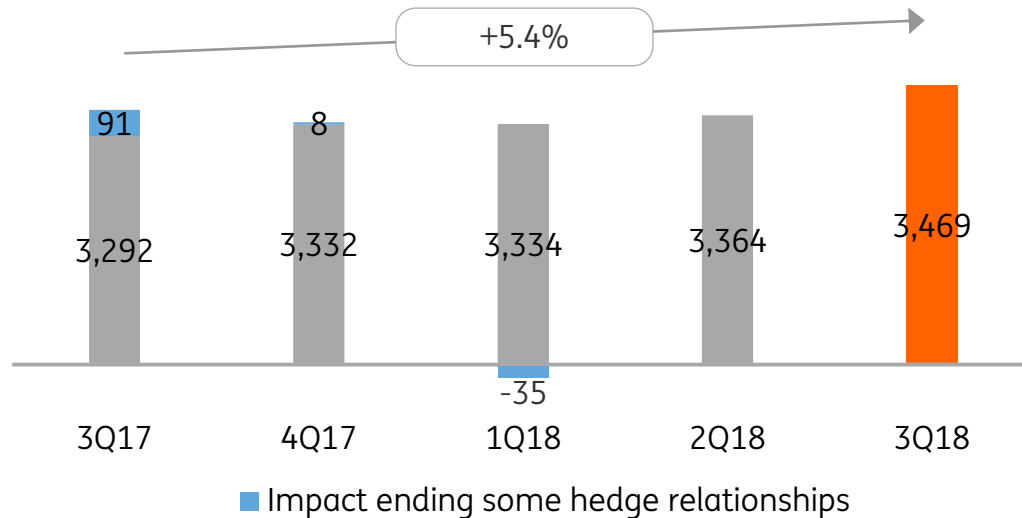
Underlying income (in € mln)



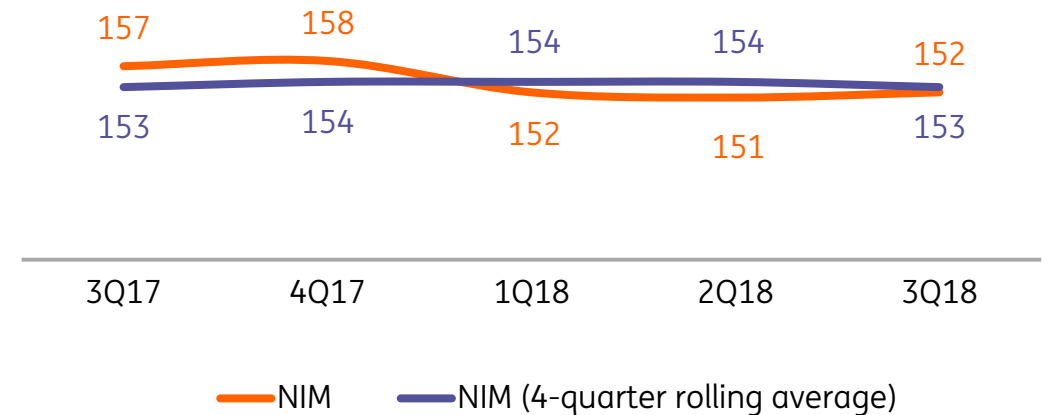
- Underlying result before tax was €2,124 mln, up 6.5% from €1,995 mln one year ago, mainly due to a 5.4% improvement in underlying income. The growth in underlying income was largely due to continued loan growth at resilient margins, higher Bank Treasury-related revenues, solid net fee and commission income and the annual dividend from Bank of Beijing
- The strong 3Q18 underlying result before tax was also supported by continued below through-the-cycle risk costs and tight cost control. Higher income and slightly lower expenses more than compensated for an increase in risk costs. Quarter-on-quarter, the underlying result before tax rose 5.0%

Strong NII result due to lending growth at improved margins

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



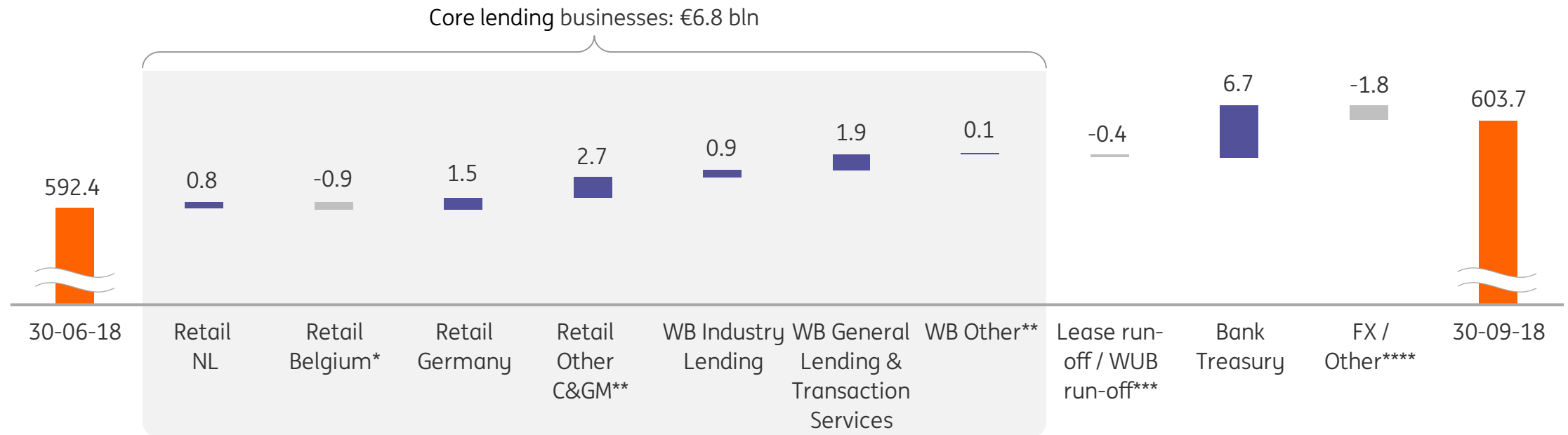
Net interest margin held up well in the quarter (in bps)



- Net interest income, excluding Financial Markets and the impact from ending some hedge relationships, increased 5.4% versus 3Q17. The increase was mainly caused by a higher interest result in Retail Challengers & Growth Markets, Industry Lending and General Lending & Transaction Services
- Total NII on customer lending increased year-on-year due to the positive impact of loan volume growth at a slightly higher overall margin, as well as a slight improvement in the interest result on customer deposits
- The 3Q18 NIM was 152 bps, which is one basis point up on the previous quarter, due to the aforementioned improvement in lending margins and a stable interest margin on customer deposits

Core lending growth largely in mortgages and General Lending

Customer lending ING Group 3Q18 (in € bln)



- Our core lending franchises grew by €6.8 bln in 3Q18, with growth again well diversified and at good returns:
 - Retail Banking increased by €4.1 bln, fully attributable to residential mortgages this quarter
 - Wholesale Banking increased by €2.8 bln, predominantly in General Lending

* Decrease in the quarter fully explained by a lower utilisation of an overdraft facility by a major Belgian client

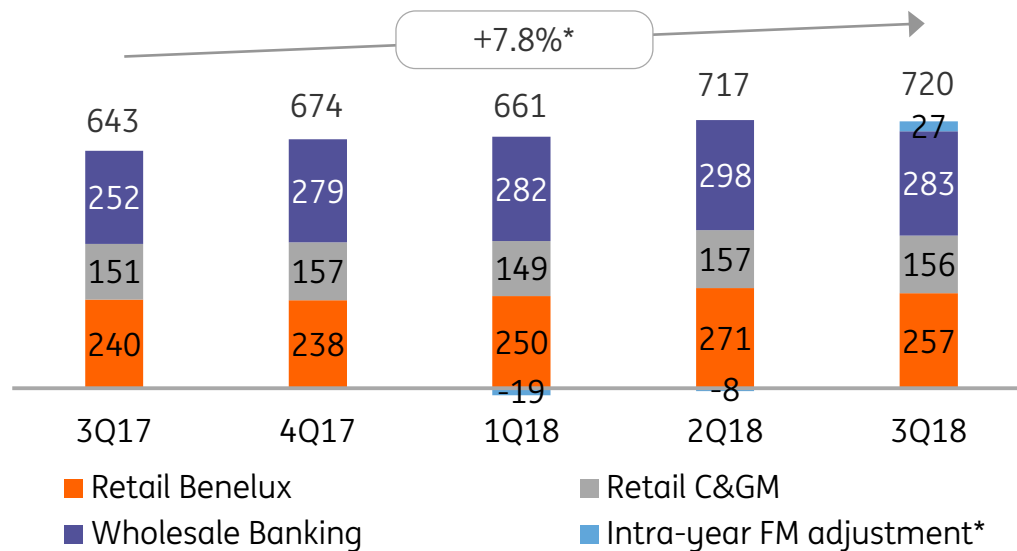
** C&GM is Challengers & Growth Markets; WB Other includes Financial Markets

*** Lease run-off was €-0.1 bln, WUB run-off was €-0.3 bln

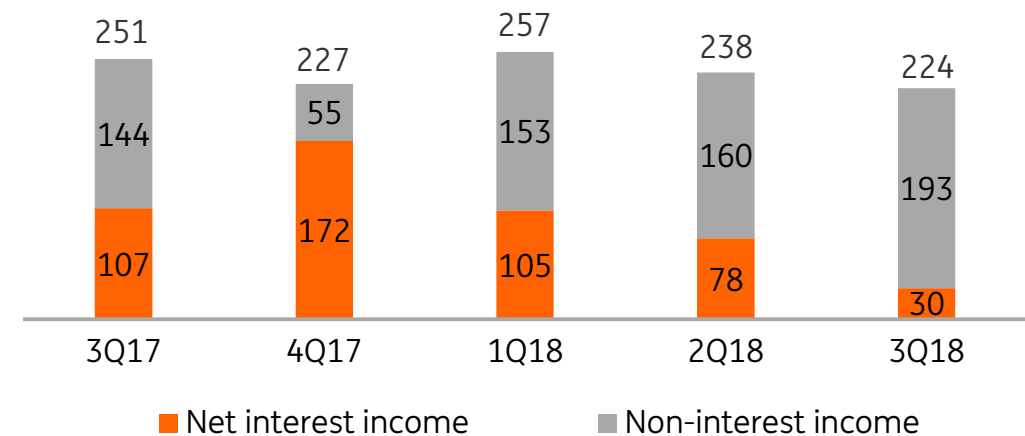
**** FX impact was €-1.5 bln and Other €-0.3 bln

Stable fee income vs. 2Q18; FM impacted by low client activity

Net fee and commission income
(in € mln)



Underlying income Financial Markets excl. CVA/DVA
(in € mln)

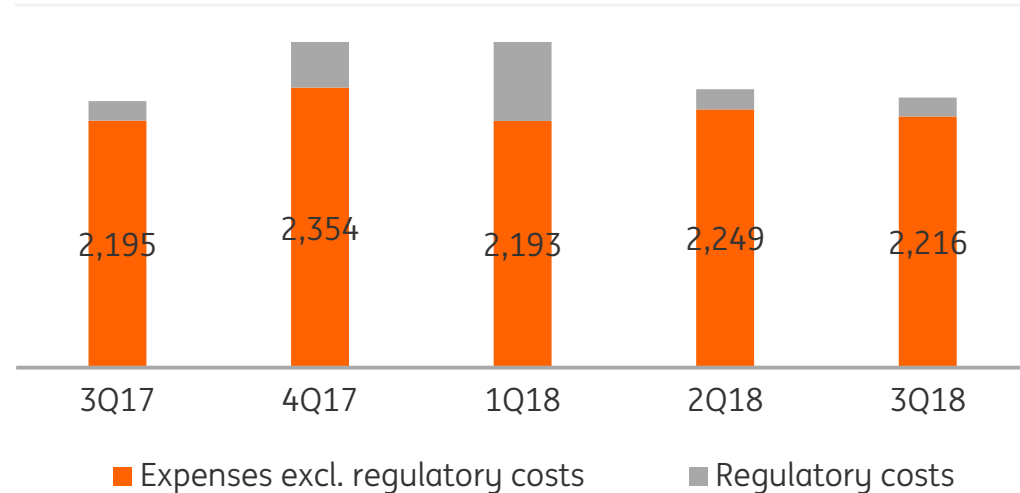


- Adjusted, net fee and commission income rose to €693 mln, which is up 7.8% on the €643 mln one year ago. This was driven by increases in most retail countries and higher fee income in Wholesale Banking, mainly due to higher Financial Markets fees (also when corrected for the historical adjustment) and the inclusion of Payvision as of 2Q18. Sequentially, net fee and commission income declined, predominantly in Wholesale Banking and Retail Belgium (investment products) after a strong 2Q18
- Financial Markets' total income was down on both comparable quarters, as this quarter was again impacted by challenging market conditions, reduced client activity and low interest rates in Europe

* 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

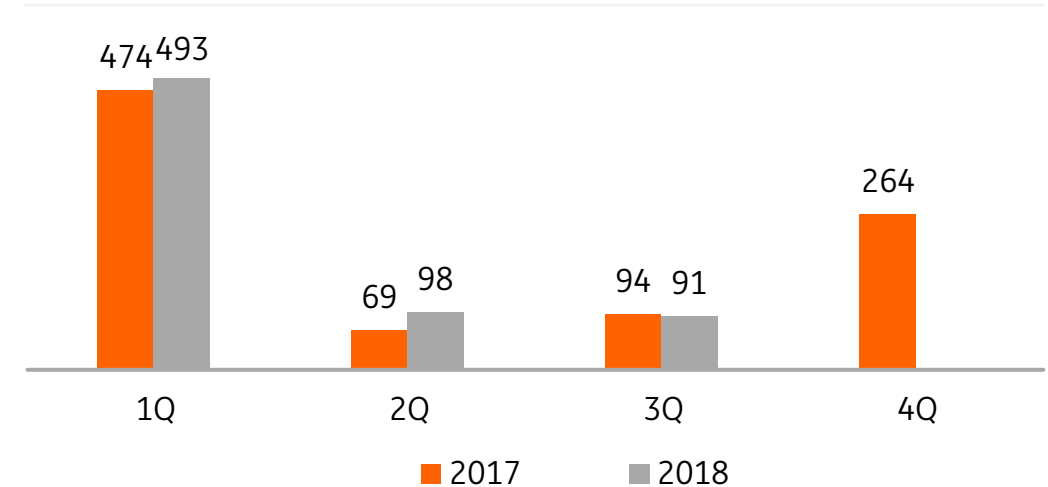
Focus on strict cost discipline across the bank

Underlying operating expenses (in € mln)

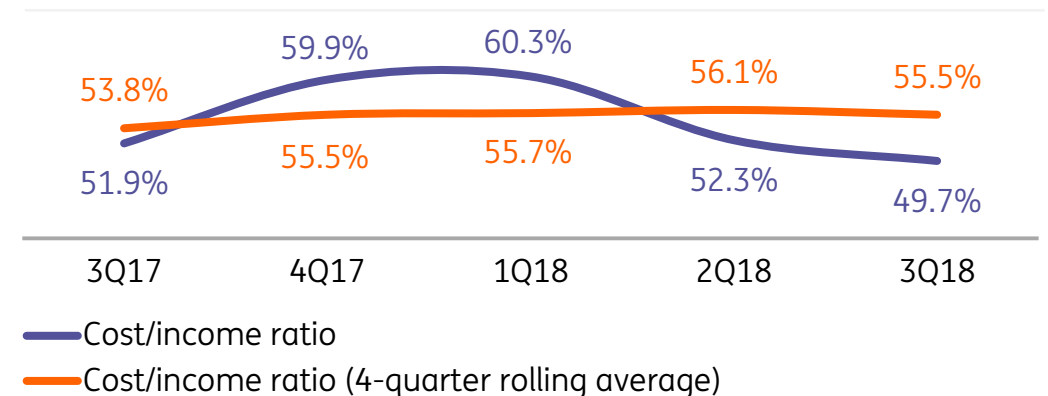


- Compared to 2Q18, expenses excluding regulatory costs declined by €33 mln or 1.5%. The decline was mainly visible in Retail Belgium, Wholesale Banking and Corporate Line
- Year-on-year, expenses excluding regulatory costs rose by a modest 1.0%, while regulatory costs were broadly unchanged

Regulatory costs (in € mln)



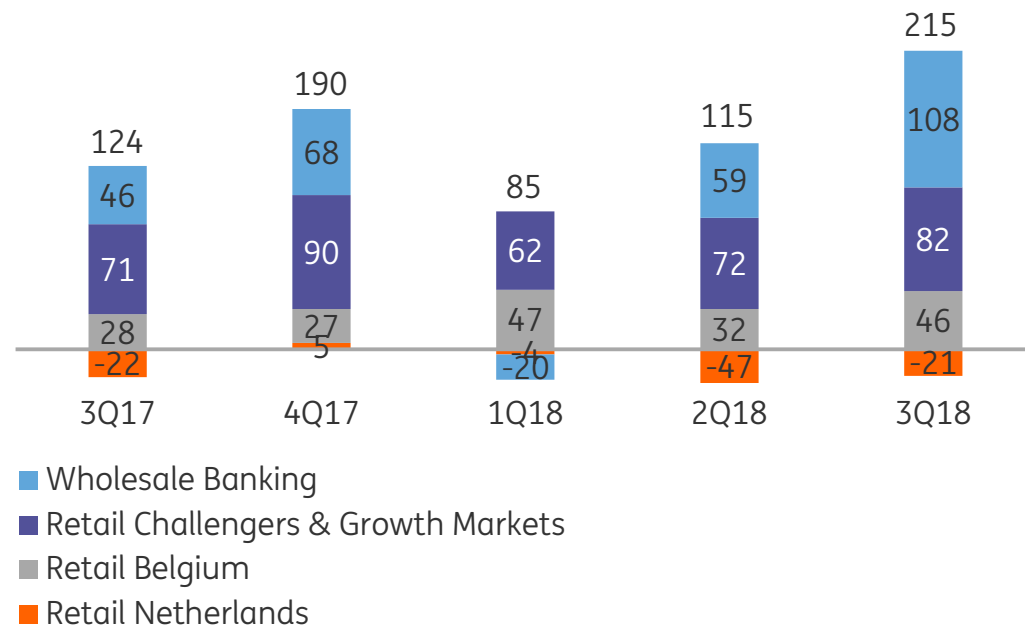
Cost/income ratio



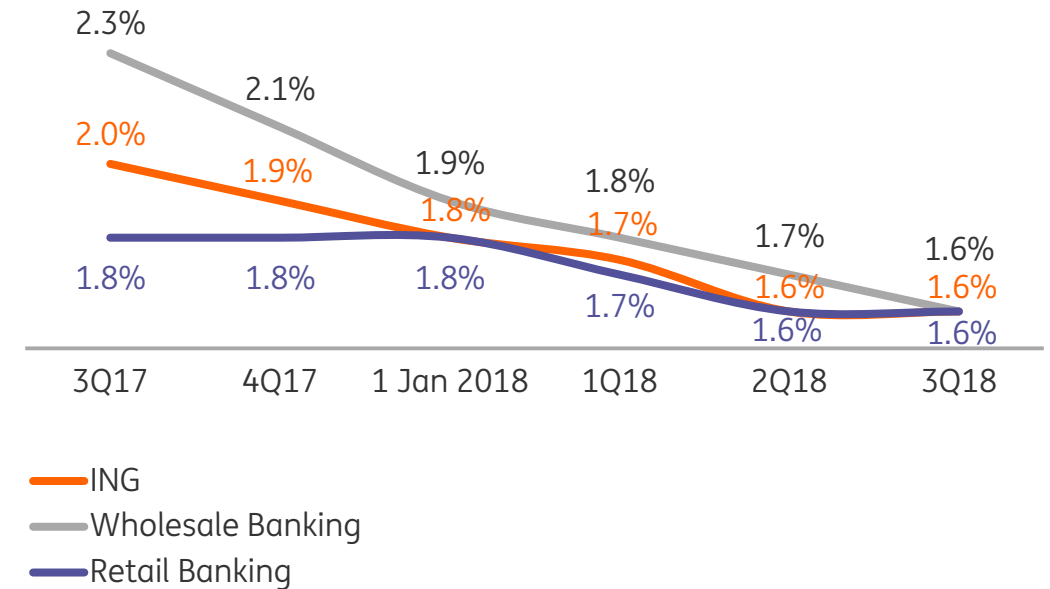
Asset quality

Risk costs up, but remain well below through-the-cycle average

Risk costs (in € mln)



Stage 3 ratio*



- 3Q18 risk costs were €215 mln, or 27 bps of average RWA, well below the 40-45 bps through-the-cycle average
- Retail Netherlands recorded another net release (€-21 mln) in the quarter. Retail Belgium risk costs almost exclusively related to business lending, while in Retail Challengers & Growth Markets risk costs were mainly recorded in Turkey, Poland and Spain
- Wholesale Banking risk costs were up sequentially at €108 mln, mainly caused by individual Stage 3 provisions related to some larger files in the Americas and Belgium

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

Turkish risks well-controlled; intra-group funding reduced

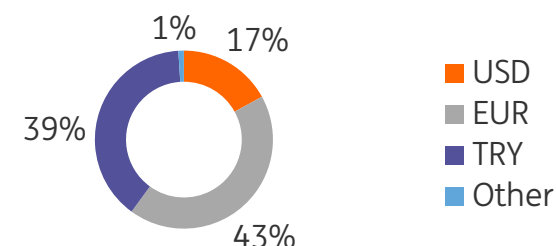
Total exposure ING to Turkey* (in € mln)

	3Q18	4Q17	Change
Lending Credit O/S Retail Banking	5,756	8,290	-30.6%
Residential mortgages	530	925	-42.7%
Consumer lending	1,262	1,930	-34.6%
SME/Midcorp	3,964	5,436	-27.1%
Lending Credit O/S Wholesale Banking	7,562	7,650	-1.1%
Total Lending Credit O/S*	13,318	15,941	-16.5%

- Amortisation of FX loan book being used to reduce intra-group funding (from €4.1 bln at end-4Q17 to €3.4 bln at end-3Q18)
- Total outstandings to Turkey reduced rapidly, mostly due to Turkish lira depreciation
- ING only provided FX lending to corporate customers with proven FX revenues; only very limited rolling-over of FX lending facilities
- ECA-insured lending (Export Credit Agencies) is approx. €1.8 bln; approx. €1.0 bln of SME/Midcorp lending benefits from KGF cover (Credit Guarantee Fund)
- Quality of the portfolio remains strong with NPL ratio of 2.3%

* 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

Lending Credit O/S by currency



Lending Credit O/S by remaining maturity

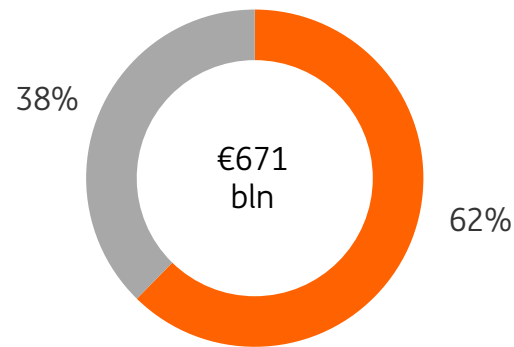
TRY**	~1 year
FX	~2 years

Stage 3 ratio and coverage ratio

	3Q18	4Q17
Stage 3 ratio	2.3%	2.7%
Coverage ratio	67%	69%

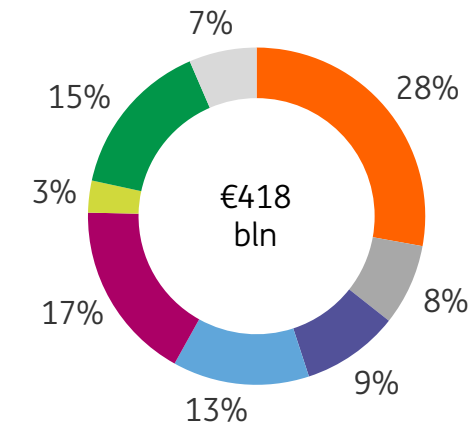
Well-diversified lending credit outstandings by activity

ING Group*



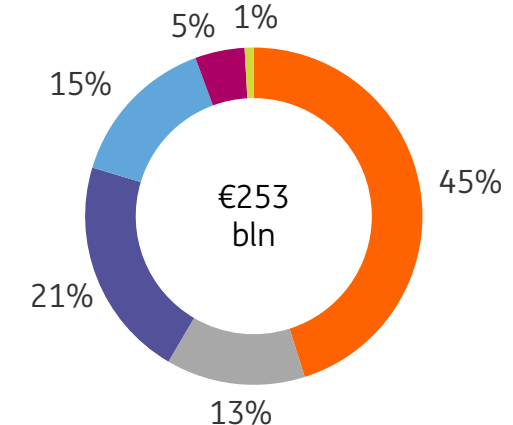
- Retail Banking
- Wholesale Banking

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
- General Lease run-off

Wholesale Banking*



- Project & Asset-based Finance
- Real Estate Finance
- General Lending
- Transaction Services
- FM, Bank Treasury & Other
- General Lease run-off

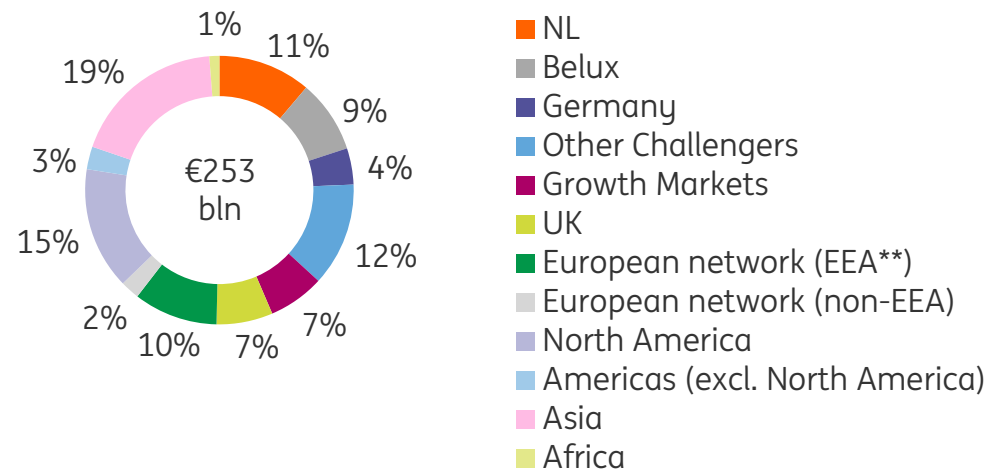
- ING has a well-diversified and collateralised loan book with a strong focus on own-originated mortgages
- 62% of the portfolio is retail-based

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

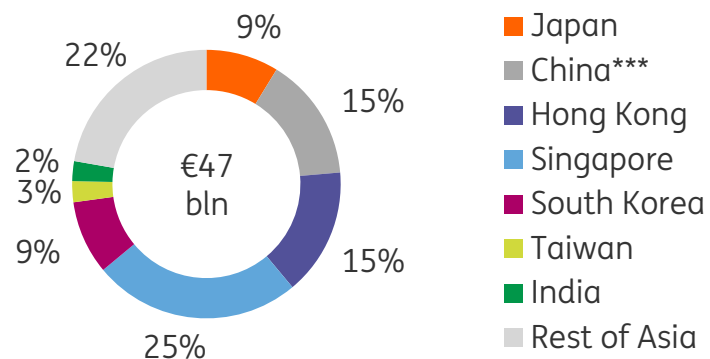
Granular Wholesale Banking lending credit outstandings by geography and sector

Loan portfolio is well diversified across geographies...

Lending Credit O/S Wholesale Banking (3Q18)*

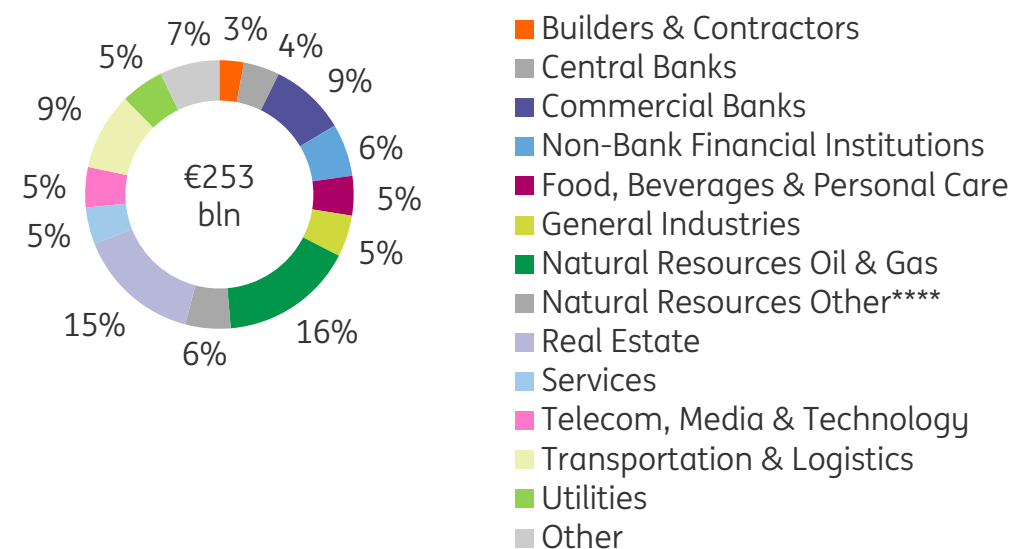


Lending Credit O/S Asia (3Q18)*



...and sectors

Lending Credit O/S Wholesale Banking (3Q18)*



* 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 (€2.1 bln at 30 September 2018)

**** Mainly Metals & Mining

Detailed Stage 3 / NPL disclosure on selected lending portfolios

Selected lending portfolios (in € mln)

	Lending credit O/S 3Q18	Stage 3 ratio 3Q18	Lending credit O/S 2Q18	Stage 3 ratio 2Q18	Lending credit O/S 3Q17	NPL ratio 3Q17
Wholesale Banking	252,657	1.6%	246,961	1.7%	227,714	2.3%
Industry Lending	147,697	1.7%	145,273	1.9%	127,232	2.6%
Of which Project & Asset-based Finance	113,952	1.7%	111,737	2.0%	96,285	2.9%
Of which Real Estate Finance	33,745	1.5%	33,536	1.5%	30,943	1.6%
Selected industries*						
Oil & Gas related	41,348	1.9%	41,346	2.7%	34,041	3.8%
Metals & Mining	16,430	2.5%	15,994	3.1%	14,535	5.2%
Shipping & Ports**	14,649	4.1%	14,266	5.4%	12,756	6.5%
Selected countries						
Turkey***	13,318	2.3%	15,413	2.3%	16,876	2.6%
Russia	5,049	0.2%	4,688	2.7%	4,778	2.8%
Ukraine	789	24.6%	763	25.4%	939	50.6%

* Includes WB Industry Lending, General Lending (CFIL) and Transaction Services

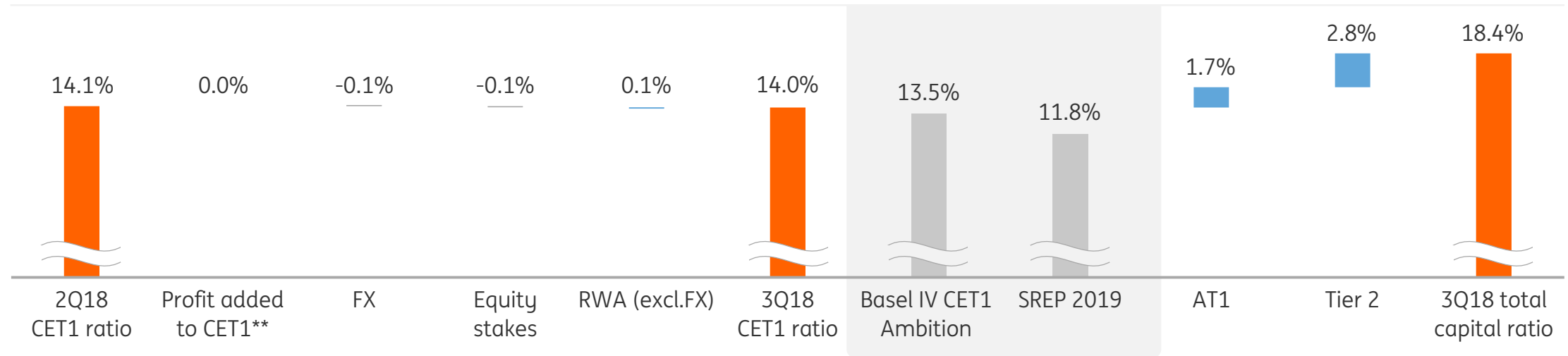
** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, Stage 3 ratio is 2.4%

*** Turkey includes Retail Banking activities (€5.8 bln)

Group capital, funding & liquidity

ING Group Total Capital Ratio at 18.4%

ING Group fully loaded Total Capital ratio development*



- Our CET1 ratio declined by -0.1% to 14.0% as we fully set aside 3Q18 net profit for dividends after the €-775 mln special item related to the settlement. Our CET1 capital was further impacted by FX and a lower equity securities revaluation reserve, which were only partly offset by overall lower RWA
- With a long implementation phase, management actions and the transposition of Basel IV into EU law still pending, we remain confident to achieve our around 13.5% CET1 ratio ambition
- Management actions include asset distribution, data enrichment to avoid punitive risk weights (e.g. external ratings, collateral features) as well as commercial actions related to product features, pricing, and lending mix optimisation
- Total capital remains strong supported by healthy AT1 and Tier 2 ratios

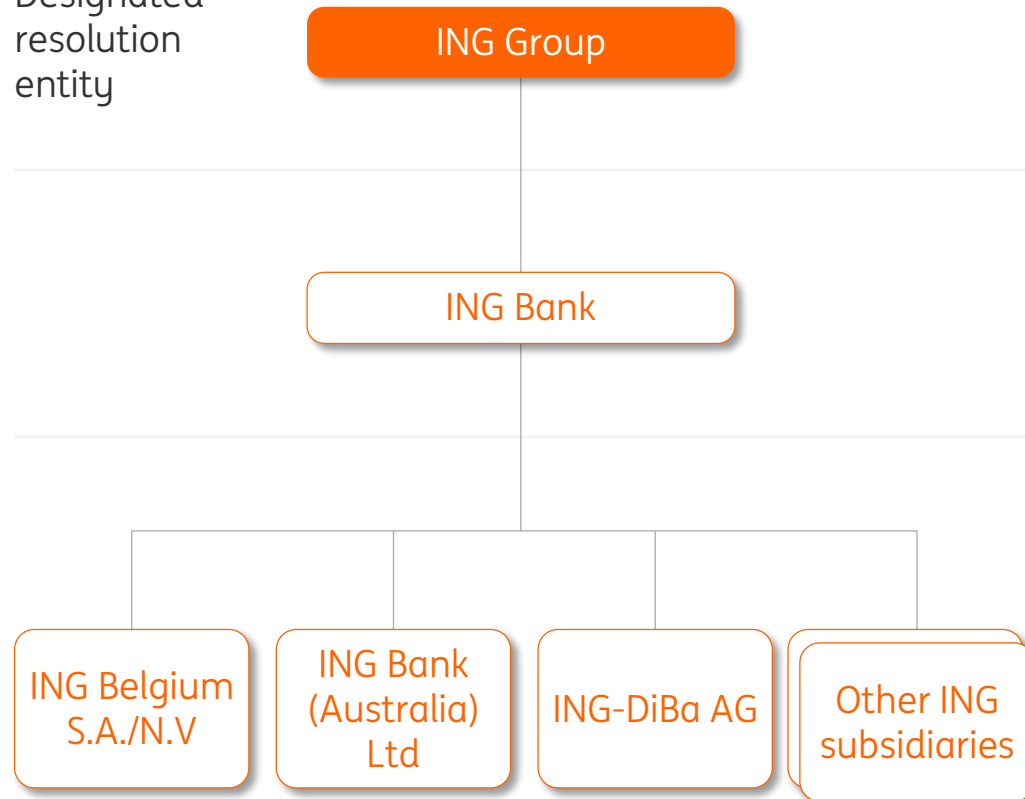
* ING Group's 3Q18 fully loaded capital ratio is based on RWAs of €316.3 bln

** 3Q18 Group net profit of €776 mln, after the €-775 mln special item related to the settlement, has been fully set aside for dividends

Issuance entities under our approach to resolution

Issuance entities

Designated
resolution
entity



Instruments

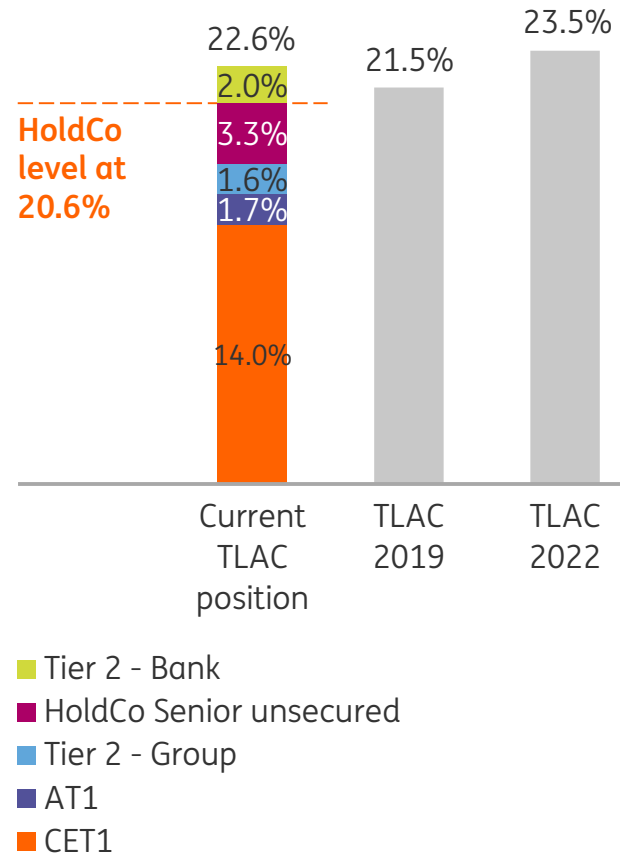
- Capital instruments
- Senior unsecured debt (TLAC / MREL eligible)
- Secured funding
- Senior unsecured debt
- Secured funding

ING is well positioned for TLAC and MREL developments

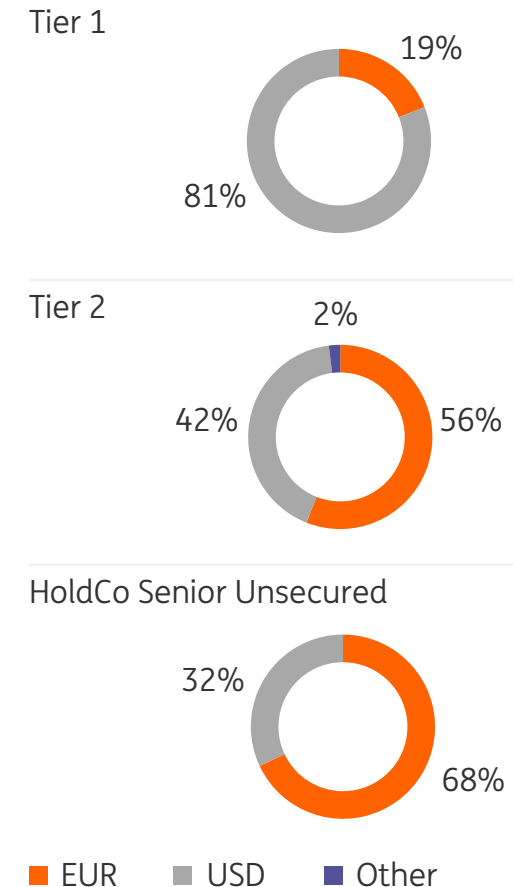
ING will have to meet future requirements through ING Group instruments only

- Holdco Senior: recycling strategy of maturing long-term ING Bank debt of approximately €28 bln
- Tier 2: recycling strategy, all Tier 2 from Group in the end state
- AT1: 50% grandfathered, to be refinanced before 2022
- MREL requirement for ING Group* initially still includes eligible liabilities issued by ING Bank. MREL requirement based on ING Group instruments only, still needs to be determined
- Any potential shortfall related to MREL requirements, new regulatory initiatives and balance sheet growth will be largely met by additional Group senior issuance

ING Group TLAC**



Currency split**

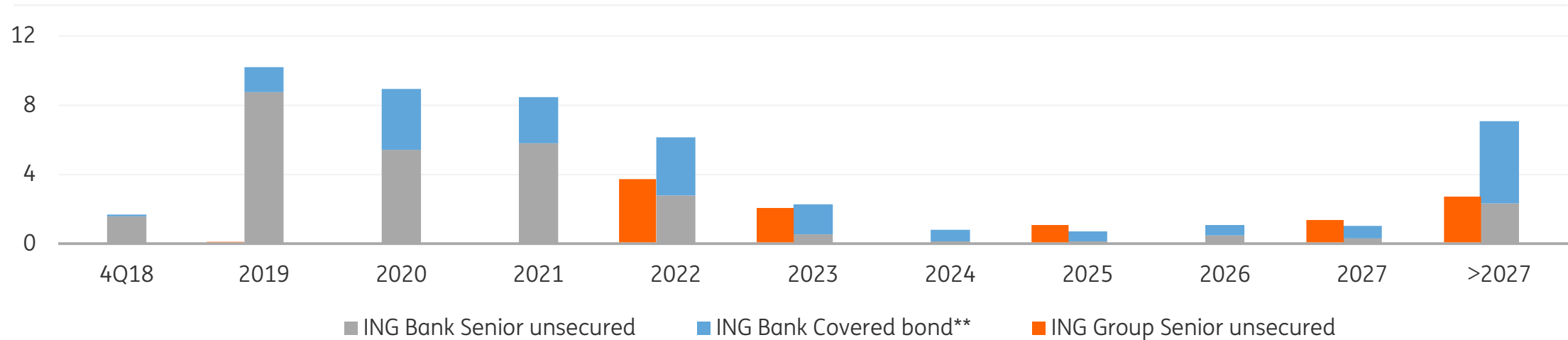


* Came into effect as of 2Q18

** Based on data from 30 September 2018, excludes the \$3.25 bln HoldCo Senior unsecured transaction from 2 October 2018 and the Tier 2 minority interest haircuts

Maturing ING Bank debt will be recycled from Group

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



- ING Group has issued approx. €10.7 bln of Senior unsecured funding since the start of 2017 thus recycling ING Bank senior unsecured bonds
- ING Bank has €22.8 bln of long-term senior unsecured debt maturing from 2019 until 2022 of which €8.8 bln is maturing in 2019
- Maturing Bank debt will be recycled through ING Group in order to meet current and future requirements at HoldCo level

* As per 30 September 2018. Please note that graph does not include the ECB's Targeted Long-Term Refinancing Operation (TLTRO), which amounts to approx. €18 bln with ~€11 bln maturing in 2020 and ~€7 bln in 2021

** ING Bank Covered bond includes only covered bonds issued by ING Bank N.V. and excludes any covered bonds issued by other ING subsidiaries

Other subsidiaries remain active mainly through their covered bond programmes

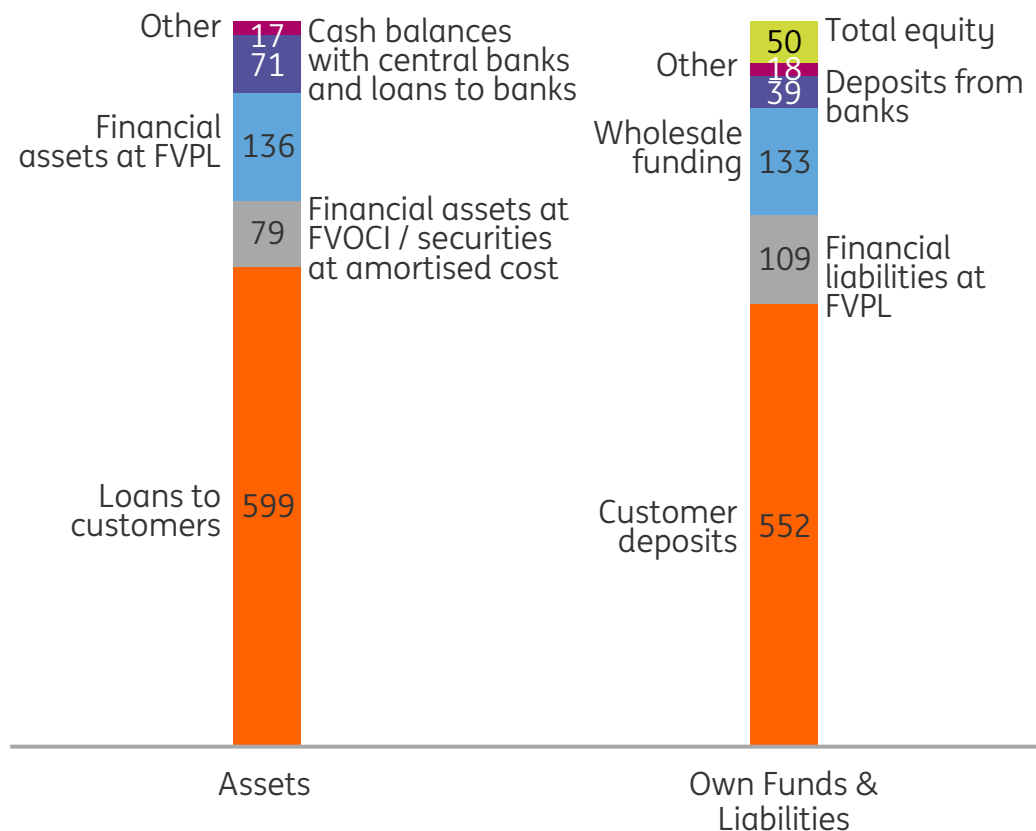
	ING Bank N.V.	ING Belgium S.A./N.V	ING Bank (Australia) Ltd	ING-DiBa AG																																																																														
Instruments overview	• Secured funding • Senior unsecured	• Secured funding	• Secured funding	• Secured funding																																																																														
Outstanding	• Covered bond: ~€20 bln • Senior unsecured: ~€28 bln	• Covered bond: ~€5bln	• Covered bond: AUD\$1bln	• Covered bond*: ~€1bln																																																																														
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)	<table><caption>ING Bank N.V. Covered Bond Maturity Profile (€ bln)</caption><thead><tr><th>Period</th><th>Value (€ bln)</th></tr></thead><tbody><tr><td>4Q18</td><td>0.1</td></tr><tr><td>2019</td><td>1.2</td></tr><tr><td>2020</td><td>3.5</td></tr><tr><td>2021</td><td>2.5</td></tr><tr><td>2022</td><td>3.2</td></tr><tr><td>2023</td><td>1.5</td></tr><tr><td>2024</td><td>2.0</td></tr><tr><td>2025</td><td>0.5</td></tr><tr><td>2026</td><td>0.5</td></tr><tr><td>2027</td><td>0.5</td></tr><tr><td>>2028</td><td>4.5</td></tr></tbody></table>	Period	Value (€ bln)	4Q18	0.1	2019	1.2	2020	3.5	2021	2.5	2022	3.2	2023	1.5	2024	2.0	2025	0.5	2026	0.5	2027	0.5	>2028	4.5	<table><caption>ING Belgium S.A./N.V. Covered Bond Maturity Profile (€ bln)</caption><thead><tr><th>Period</th><th>Value (€ bln)</th></tr></thead><tbody><tr><td>4Q18</td><td>1.0</td></tr><tr><td>2019</td><td>0.05</td></tr><tr><td>2020</td><td>0.0</td></tr><tr><td>2021</td><td>1.0</td></tr><tr><td>2022</td><td>0.25</td></tr><tr><td>2023</td><td>0.25</td></tr><tr><td>2024</td><td>0.0</td></tr><tr><td>2025</td><td>1.5</td></tr><tr><td>2026</td><td>1.0</td></tr><tr><td>2027</td><td>0.0</td></tr><tr><td>>2028</td><td>0.0</td></tr></tbody></table>	Period	Value (€ bln)	4Q18	1.0	2019	0.05	2020	0.0	2021	1.0	2022	0.25	2023	0.25	2024	0.0	2025	1.5	2026	1.0	2027	0.0	>2028	0.0	<table><caption>ING Bank (Australia) Ltd Covered Bond Maturity Profile (AUD\$ bln)</caption><thead><tr><th>Period</th><th>Value (AUD\$ bln)</th></tr></thead><tbody><tr><td>2021</td><td>0.4</td></tr><tr><td>2023</td><td>0.6</td></tr></tbody></table>	Period	Value (AUD\$ bln)	2021	0.4	2023	0.6	<table><caption>ING-DiBa AG Covered Bond Maturity Profile (€ bln)</caption><thead><tr><th>Period</th><th>Value (€ bln)</th></tr></thead><tbody><tr><td>4Q18</td><td>0.0</td></tr><tr><td>2019</td><td>0.5</td></tr><tr><td>2020</td><td>0.05</td></tr><tr><td>2021</td><td>0.05</td></tr><tr><td>2022</td><td>0.1</td></tr><tr><td>2023</td><td>0.0</td></tr><tr><td>2024</td><td>0.1</td></tr><tr><td>2025</td><td>0.0</td></tr><tr><td>2026</td><td>0.5</td></tr><tr><td>2027</td><td>0.0</td></tr><tr><td>>2028</td><td>0.0</td></tr></tbody></table>	Period	Value (€ bln)	4Q18	0.0	2019	0.5	2020	0.05	2021	0.05	2022	0.1	2023	0.0	2024	0.1	2025	0.0	2026	0.5	2027	0.0	>2028	0.0
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* Excludes the €1.5 bln dual-tranche Covered bond (Pfandbrief) issued by ING DiBa AG on 2 October 2018

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 September 2018: €902 bln



High quality customer loan book

- See “Asset Quality” section of the presentation

Attractive funding profile

- 61% of the balance sheet is funded by customer deposits
- 88% of total customer deposits is Retail Banking based
- Attractive loan-to-deposit ratio of 108% as per 30 September 2018*

Conservative trading profile

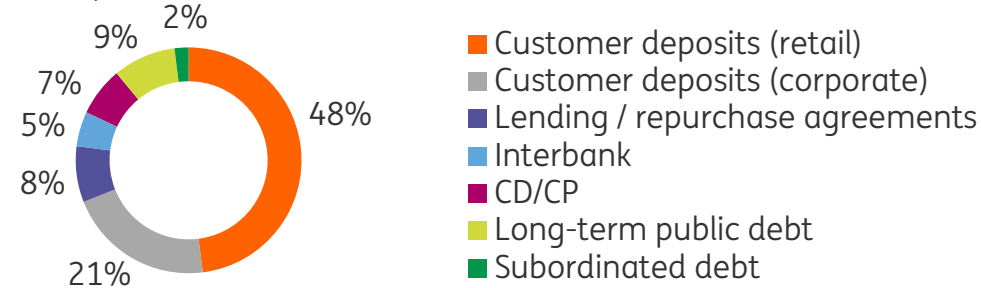
- Majority of our Financial Markets business is customer flow based where we largely hedge out positions, reflected in large but often offsetting assets and liabilities at FV positions
- Average VaR for ING’s trading portfolio during 3Q18 increased to €8 mln from €6mln in the previous quarter

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

Robust liquidity position

Funding mix*

30 September 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 currently does not have any Italian government, SSA or covered bonds in the investment portfolio

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 increased from 116% to 119% in 3Q18
- 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)

	30 Sep. 18	30 Jun. 18
Level 1	118.5	115.6
Level 2A	4.8	4.7
Level 2B	8.3	8.6
Total HQLA	131.6	129.0
Outflow	199.0	198.3
Inflow	88.6	87.2
LCR	119%	116%

* Liabilities excluding trading securities and IFRS equity

Robust rating profile with strong trend over the last quarters

Main credit ratings of ING on 31 October 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	Positive
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

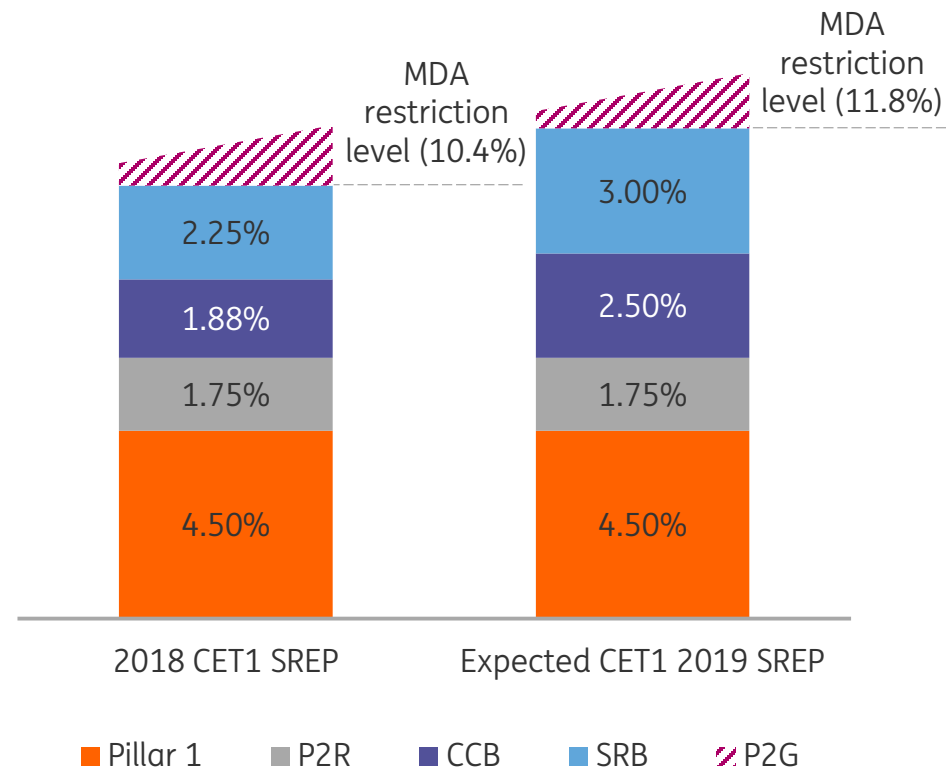
Latest ING Bank rating actions

- Fitch: Jul-2018 Fitch revised the outlook for ING Bank to positive from stable. The outlook revision follows the announcement of ING Group's MREL requirement, reflecting Fitch's expectation that in the coming 18-24 months ING Bank will build up a buffer of junior debt that could be made available to protect senior third-party creditors.
- 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

Appendix

Managing the capital above the regulatory requirement

ING Group SREP*



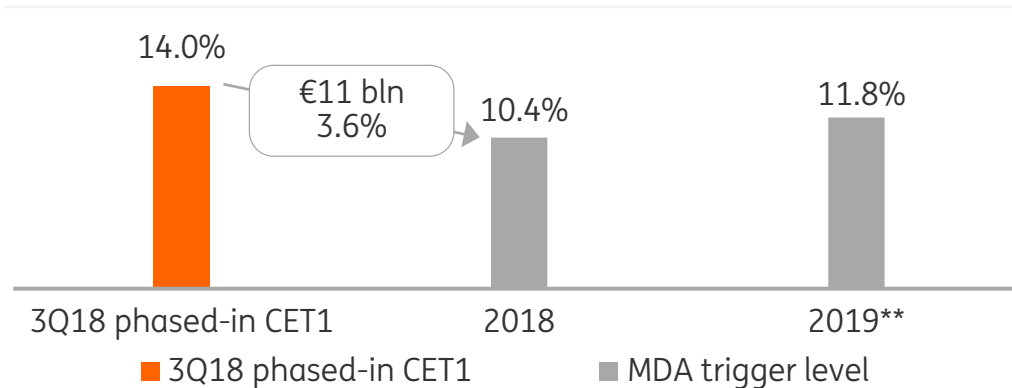
2017 SREP (Supervisory Review and Evaluation Process)

- Following the conclusion of the annual SREP process on 19 December 2017, the European Central Bank has set ING Group's 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)
- Based on the 2017 SREP process and a fully-phased CCB and SRB, a fully loaded CET1 requirement of 11.8% would apply in 2019
- We have set a Basel IV CET1 ambition of around 13.5% implying a management buffer (including P2G) of 1.7%

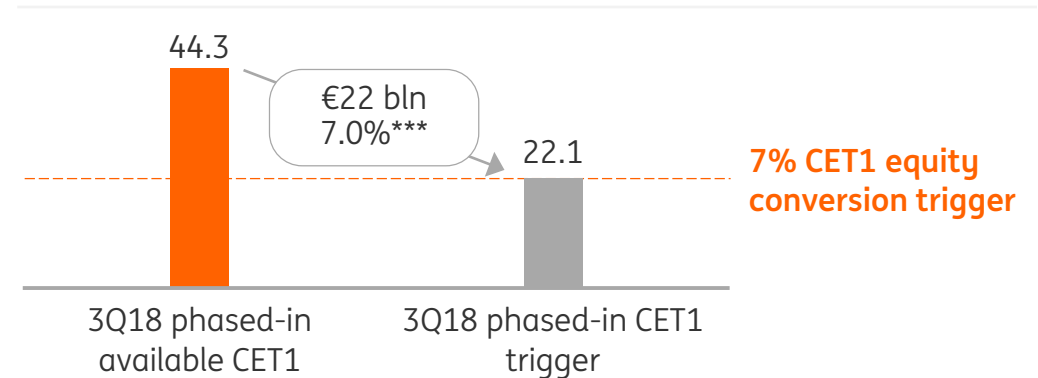
* Including Countercyclical buffer of 0.06% for 2018 and 0.08% for 2019

Additional Tier 1: comfortable buffers to triggers

Buffer to MDA 3Q18*



Buffer to Conversion Trigger 3Q18 (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 3Q18, the buffer to the 2018 MDA restriction level is €11 bln or 3.6% of RWAs
- This excludes €1,577 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 €22bln
- This excludes €1,577 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 0.06% for 2018 and 0.08% for 2019

** Subject to the annual SREP process, assumes no change in P2R

*** Difference between 14.0% ING Group phased-in CET1 ratio in 3Q18 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)	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, EUR issuances

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
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
XS1730885073	Dec-17	Jan-28	10yr	1.375%	EUR	1,000	m/s + 57
XS1576220484	Mar-17	Mar-22	5yr	0.75%	EUR	1,500	m/s + 70

HoldCo Senior Unsecured, USD issuances*

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
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
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

* HoldCo USD issues are SEC registered

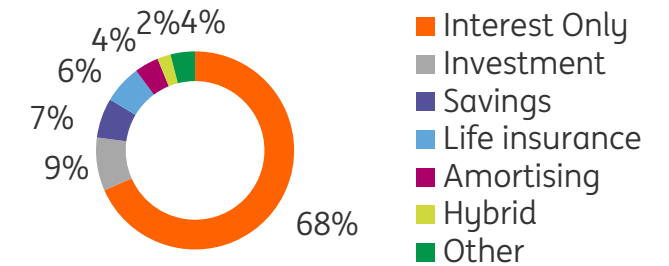
ING Bank's covered bond programme...

- 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 €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 September 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%
 - Successfully issued €1.75 bln 10 year covered bond in April 2018
- Latest investor reports are available on www.ing.com/ir

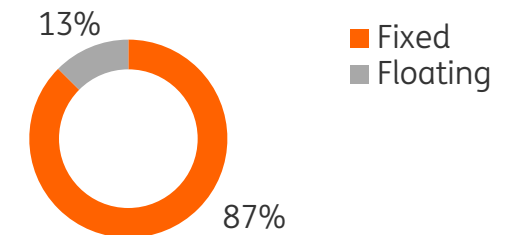
Portfolio characteristics (as per 30 September 2018)

Net principal balance	€26,238 mln
Outstanding bonds	€20,347 mln
# of loans	160,063
Avg. principal balance (per borrower)	€163,987
WA current interest rate	2.95%
WA remaining maturity	17.27 years
WA remaining time to interest reset	5.6 years
WA seasoning	12.41 years
WA current indexed LTV	65.8%
Min. documented OC	5.26%
Nominal OC	29.0%

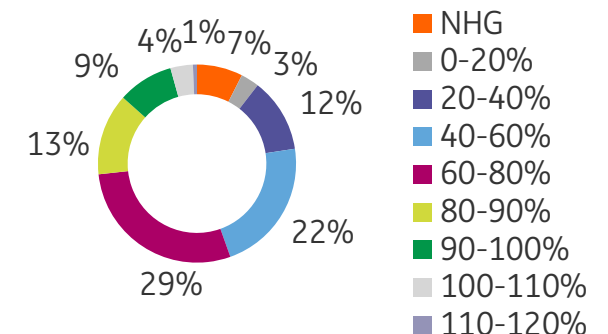
Repayment type



Interest rate type

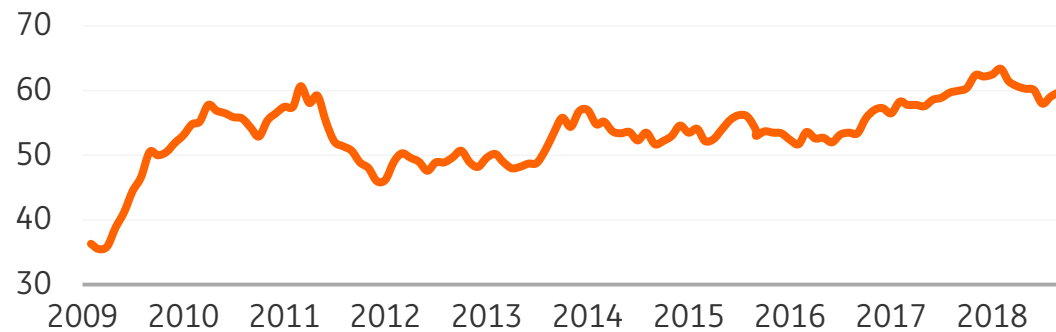


Current Indexed LTVs

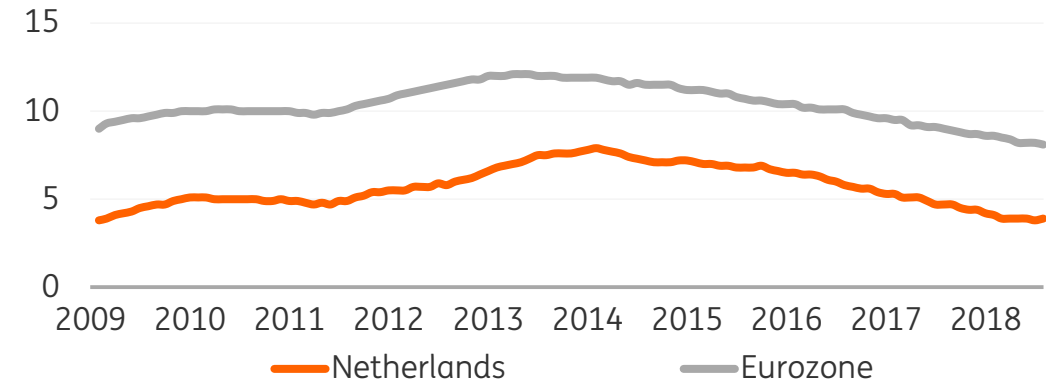


...benefiting from continued improvement of the Dutch economy and housing market

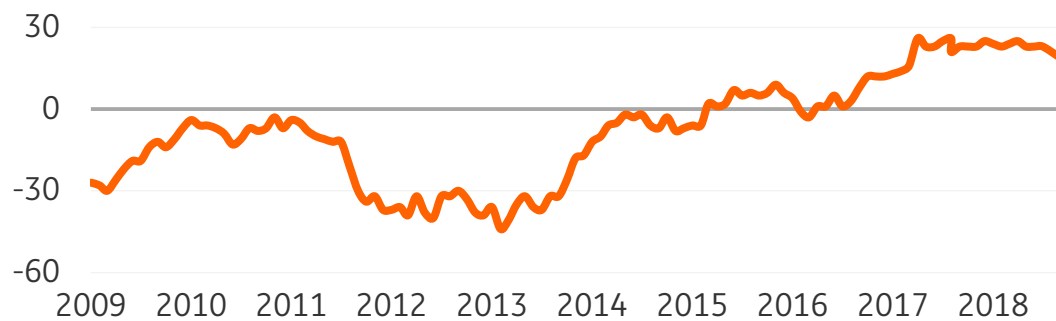
Dutch Purchasing Managers Index (PMI) was 59.8 as of Sep-2018, which indicates positive growth in industry



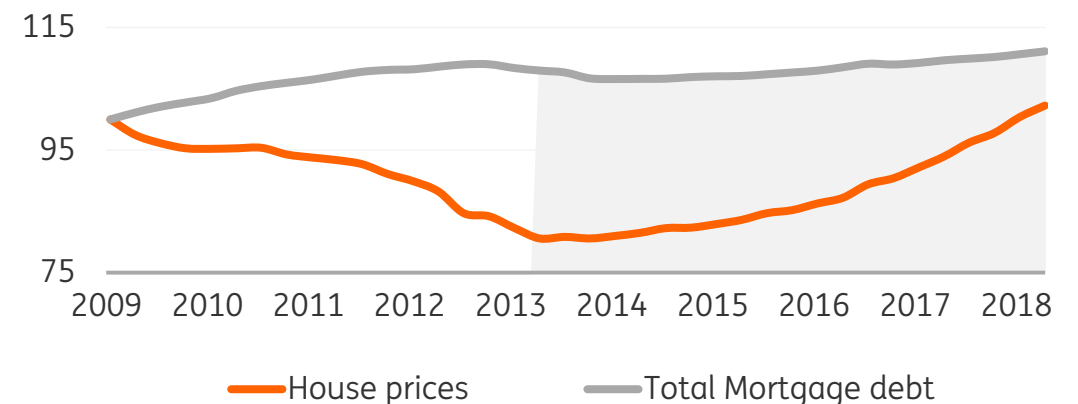
Dutch unemployment rate (%) continues to decline



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



Dutch house 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 2Q18

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 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.

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.