

Dated 27 March 2020



## ING GROEP N.V.

*(A limited liability company (naamloze vennootschap) incorporated in The Netherlands with its statutory seat in Amsterdam)*

### REGISTRATION DOCUMENT

This document constitutes a registration document, as supplemented from time to time (the "**Registration Document**") for the purpose of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") in relation to ING Groep N.V. (the "**Issuer**" or "**ING Group**") and has been drawn up in accordance with Annex 6 of the Commission Delegated Regulation (EU) 2019/980, as amended.

This Registration Document has been approved by the Netherlands Authority for the Financial Markets (the "**AFM**") on 27 March 2020 in its capacity as competent authority pursuant to Article 20 of the Prospectus Regulation. Together with any securities note for non-equity securities, as supplemented or replaced from time to time (each a "**Securities Note**") of the Issuer, in each case, this Registration Document forms part of any prospectus of the Issuer consisting of separate documents within the meaning of the Prospectus Regulation in respect of the relevant securities (this Registration Document together with the respective Securities Note, in each case the "**Prospectus**"). **The AFM only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document.**

Investors should have regard to the risk factors described under the section headed "*Risk Factors*" in this Registration Document. This Registration Document does not describe all of the risks regarding the Issuer, but the Issuer believes that all material and specific risks relating to it have been described.

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## RISK FACTORS

Any of the risks described below could have a material adverse effect on the business, results, financial condition and prospects of ING. The Issuer may face a number of the risks described below simultaneously and, where a cross-reference to another risk is included, the risks described below may be interdependent. While the risk factors below have been divided into categories, some risk factors could belong in more than one category and investors should carefully consider all of the risk factors set out in this section. Additional risks of which the Issuer is not presently aware, or that are currently viewed as immaterial, could also affect the business operations of ING and have a material adverse effect on ING's business, results, financial condition and prospects. The market price of ING shares or other securities could decline due to any of those risks including the risks described below, and investors could lose all or part of their investments.

Although the most material risk factors have been presented first within each category, the order in which the remaining risk factors are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Issuer's business, results, financial condition and prospects.

### **1 Risks related to financial conditions, market environment and general economic trends**

***Because the Issuer is a financial services company conducting business on a global basis, its revenues and earnings are affected by the volatility and strength of the economic, business, liquidity, funding and capital markets environments of the various geographic regions in which it conducts business, and an adverse change in any one region could have an impact on its business, results and financial condition.***

Because ING is a multinational banking and financial services corporation, with a global presence and serving around 38.4 million customers, corporate clients and financial institutions in over 40 countries, ING's business, results and financial condition may be significantly impacted by turmoil and volatility in the worldwide financial markets or in the particular geographic areas in which the Issuer operates. In Retail Banking, ING's products include savings, payments, investments, loans and mortgages in most of the Issuer's retail markets. In Wholesale Banking, the Issuer provides specialised lending, tailored corporate finance, debt and equity market solutions, payments & cash management and trade and treasury services. As a result, negative developments in financial markets and/or regions in which the Issuer operates have in the past had and may in the future have a material adverse impact on its business, results and financial condition, including as a result of the potential consequences listed below.

Factors such as interest rates, securities prices, credit spreads, liquidity spreads, exchange rates, consumer spending, changes in client behaviour, business investment, real estate values and private equity valuations, government spending, inflation or deflation, the volatility and strength of the capital markets, political events and trends, terrorism, pandemics and epidemics (such as COVID-19, as described in greater detail below under the heading '*–The COVID-19 pandemic may lead to longer-term uncertainty in, and have longer-term adverse effects on, the global economy and financial markets and adversely affect the Issuer's business, results and financial condition*') or other widespread health emergencies all impact the business and economic environment and, ultimately, the Issuer's solvency, liquidity and the amount and profitability of business the Issuer conducts in a specific geographic region. Certain of these factors are often experienced globally as well as in specific geographic regions and are described in greater detail below under the headings '*–Interest rate volatility and other interest rate changes may adversely affect the Issuer's business, results and financial condition*', '*–Inflation and deflation may negatively affect the Issuer's business, results and financial condition*', '*–Market conditions, including those observed over the past few years and the application of IFRS 9 may increase the risk of loans being impaired and have a negative effect on the Issuer's results and financial condition*' and '*–Continued risk of political instability and fiscal uncertainty in Europe and the United States, as well as ongoing volatility in the financial markets and the economy generally have adversely affected, and may continue to adversely affect, the Issuer's business, results and financial condition*'. All of these are factors in local and regional economies as well as in the global economy, and the Issuer may be affected by changes in any one of

these factors in any one country or region, and more if more of these factors occur simultaneously and/or in multiple countries or regions or on a global scale.

In case one or more of the factors mentioned above adversely affects the profitability of the Issuer's business, this might also result, among other things, in the following:

- reserve and provisions inadequacies, which could ultimately be realised through profit and loss and shareholders' equity;
- the write-down of tax assets impacting net results and/or equity;
- impairment expenses related to goodwill and other intangible assets, impacting net result; and/or
- movements in risk weighted assets for the determination of required capital.

In particular, the Issuer is exposed to financial, economic, market and political conditions in the Benelux countries and Germany, from which it derives a significant portion of its revenues in both Retail Banking and Wholesale Banking, and which present risks of economic downturn. Though less material, the Issuer also derives substantial revenues in the following geographic regions: Turkey, Eastern Europe (primarily Poland among others), Southern Europe (primarily Spain among others), East Asia (primarily Singapore among others) and Australia which also present risks of economic downturn. In an economic downturn, the Issuer expects that higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investments and lower consumer spending would adversely affect the demand for banking products, and that ING may need to increase its reserves and provisions, each of which may result in overall lower earnings. Securities prices, real estate values and private equity valuations may also be adversely impacted, and any such losses would be realised through profit and loss and shareholders' equity. The Issuer also offers a number of financial products that expose it to risks associated with fluctuations in interest rates, securities prices, corporate and private default rates, the value of real estate assets, exchange rates and credit spreads.

For further information on ING's exposure to particular geographic areas, see Note 35 'Information on geographic areas' in the 2019 Annual Report, which are incorporated by reference into this Registration Document.

***The COVID-19 pandemic may lead to longer-term uncertainty in, and have longer-term adverse effects on, the global economy and financial markets and adversely affect the Issuer's business, results and financial condition.***

In late-2019, a highly-infectious novel coronavirus named COVID-19 was first identified in Wuhan, People's Republic of China ("PRC"). Spreading quickly to other regions of the world, COVID-19 was declared a global pandemic by the World Health Organization on 11 March 2020. Various countries and local governmental authorities across the world have introduced measures aimed at preventing the further spread of COVID-19, including amongst others, bans on public events with over a certain number of attendees, closures of places where larger groups of people gather such as schools, sports facilities and bars and restaurants, lockdowns, border controls and travel and other restrictions. Such measures have disrupted the normal flow of business operations in those countries and regions, which include countries and regions where ING and its customers and counterparties operate (such as, among others, Benelux, Germany, France, Italy, Spain, the U.K. and the U.S.), affected global supply chains, global manufacturing, tourism, consumer spending and asset prices, and resulted in volatility and uncertainty across the global economy and financial markets.

The negative economic impacts of the COVID-19 pandemic are expected to put pressure on ING's results, while disruptions to staff and technology may also negatively impact ING's efforts to improve operational efficiency. For example, if due to illness employees are unable to work or if by having to work remotely they cannot operate as effectively and efficiently as in the office, that may affect ING's business. If the businesses of customers or other counterparties are affected, that may affect their ability to meet their obligations towards

ING, which in turn may affect ING's results and financial condition. ING also expects to be affected by the COVID-19 pandemic through its direct and indirect impact on, among others, its employees and the financial condition of its customers or other counterparties, including increasing the risk of impairments or defaults by customers and counterparties under loans and other contractual arrangements. ING's business, results and financial condition are also expected to be affected by measures taken by various countries across the world to curb the further spread of the virus as mentioned above, and by measures taken by governments, regulators and central banks to support the economy and financial markets, as described below under the heading '*Description of ING Groep N.V. – Significant Developments in 2020*'. The nature and impact of such measure remains uncertain, and any potential positive impacts from such measures may not fully mitigate or compensate the negative impacts on ING's business and operations from the COVID-19 pandemic and related economic impacts. This is a prime example of a factor that can develop from a local factor into one on a global scale, as mentioned above under the heading '*–Because the Issuer is a financial services company conducting business on a global basis, its revenues and earnings are affected by the volatility and strength of the economic, business, liquidity, funding and capital markets environments of the various geographic regions in which it conducts business, and an adverse change in any one region could have an impact on its business, results and financial condition*'. The exact ramifications of the COVID-19 pandemic and measures taken in response are highly uncertain and, as of the date of this Registration Document, it is difficult to predict the further spread or duration of the pandemic and the economic effects thereof, or the effect of current or any future measures aimed at preventing further spread of the virus and at limiting damage to the economy and financial markets, whether direct or indirect, such as by increasing sovereign debt of certain countries which may result in increased volatility and widening credit spreads, which could in turn have a material adverse effect on ING's business, results and financial condition and ability to access capital and liquidity on financial terms acceptable to ING.

***Interest rate volatility and other interest rate changes may adversely affect the Issuer's business, results and financial condition.***

Changes in prevailing interest rates may negatively affect the Issuer's business, including the level of net interest revenue the Issuer earns, and the levels of deposits and the demand for loans. A sustained increase in the inflation rate in the Issuer's principal markets may also negatively affect its business, results and financial condition. For example, a sustained increase in the inflation rate may result in an increase in nominal market interest rates. A failure to accurately anticipate higher inflation and factor it into the Issuer's product pricing assumptions may result in mispricing of its products, which could materially and adversely impact its results. On the other hand, recent concerns regarding negative interest rates and the low level of interest rates generally may negatively impact the Issuer's net interest income, which may have an adverse impact on its profitability.

A prolonged period of low interest rates has resulted in, and may continue to result in:

- lower earnings over time on investments, as reinvestments will earn lower rates;
- increased prepayment or redemption of mortgages and fixed maturity securities in the Issuer investment portfolios, as well as increased prepayments of corporate loans. This is as borrowers seek to borrow at lower interest rates potentially combined with lower credit spreads. Consequently, the Issuer may be required to reinvest the proceeds into assets at lower interest rates;
- lower profitability as the result of a decrease in the spread between client rates earned on assets and client rates paid on savings, current account and other liabilities;
- higher costs for certain derivative instruments that may be used to hedge certain of the Issuer's product risks;
- lower profitability since the Issuer may not be able to fully track the decline in interest rates in its savings rates;

- lower profitability since the Issuer may not always be entitled to impose surcharges to customers to compensate for the decline in interest rates;
- lower profitability since the Issuer may have to pay a higher premium for the defined contribution scheme in the Netherlands for which the premium paid is dependent on interest rate developments and the Dutch Central Bank's ("DNB's") methodology for determining the ultimate forward rate;
- lower interest rates may cause asset margins to decrease thereby lowering the Issuer's results. This may for example be the consequence of increased competition for investments as result of the low rates, thereby driving margins down; and/or
- (depending on the position) a significant collateral posting requirement associated with the Issuer's interest rate hedge programs, which could materially and adversely affect liquidity and its profitability.

The foregoing impacts have been and may be further amplified in a negative interest rate environment, since the Issuer may not be able to earn interest on its assets (including reserves) or even be forced to pay negative interest on its assets (and in respect of some of its assets already is forced to do so, including some cash balances, loans and bonds), while still paying a positive interest or no interest to others to hold its liabilities, resulting in an adverse impact on its credit spread and lowering of its net interest income. Furthermore, in the event that a negative interest rate environment results in ING's depositors being forced to pay a premium to ING to hold cash deposits, some depositors may choose to withdraw their deposits rather than pay a premium to ING, which would have an adverse effect on ING's reputation, business, results and financial condition. In this context, it is noted that ING has announced that, as of 1 July 2020, it will charge negative interest to customers on deposits exceeding €1 million (such negative interest rate will only apply to the amount by which the deposit exceeds €1 million). In March 2020, the U.S. Federal Reserve has cut the benchmark U.S. interest rate in response to the COVID-19 pandemic and related impacts on the economy and financial markets, and such declines interest rates in the United States or other markets in which ING and its customers and counterparties operate may have a significant adverse effect on ING's business and operations.

Alternatively, any period of rapidly increasing interest rates may result in:

- a decrease in the demand for loans;
- higher interest rates to be paid on debt securities that the Issuer has issued or may issue on the financial markets from time to time to finance its operations and on savings, which would increase its interest expenses and reduce its results;
- higher interest rates which can lead to lower investment prices and reduce the revaluation reserves, thereby lowering IFRS equity and the capital ratios. Also the lower securities value leads to a loss of liquidity generating capacity which needs to be compensated by attracting new liquidity generating capacity which reduces the Issuer's results;
- prepayment losses if prepayment rates are lower than expected or if interest rates increase too rapidly to adjust the accompanying hedges; and/or
- (depending on the position) a significant collateral posting requirement associated with the Issuer's interest rate hedge program.

***The default of a major market participant could disrupt the markets and may have an adverse effect on the Issuer's business, results and financial condition.***

Within the financial services industry, the severe distress or default of any one institution (including sovereigns and central counterparties (CCPs)) could lead to defaults by, or the severe distress of, other market participants. While prudential regulation may reduce the probability of a default by a major financial institution, the actual occurrence of such a default could have a material adverse impact on ING. Such distress of, or default by, a major financial institution could disrupt markets or clearance and settlement systems and lead to a chain of

defaults by other financial institutions, since the commercial and financial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of a sovereign or a major financial institution (or a default by any such entity) may lead to market-wide liquidity problems and losses or defaults by the Issuer or by other institutions. This risk is sometimes referred to as 'systemic risk' and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Issuer interacts on a daily basis and financial instruments of sovereigns in which it invests. Systemic risk could impact ING directly, by exposing it to material credit losses on transactions with defaulting counterparties or indirectly by significantly reducing the available market liquidity on which ING and its lending customers depend to fund their operations and/or leading to a write down of loans or securities held by ING. Systemic risk could have a material adverse effect on ING's ability to raise new funding and on ING's business, results and financial condition. In addition, such distress or failure could impact future product sales as a potential result of reduced confidence in the financial services industry.

***Continued risk of political instability and fiscal uncertainty in Europe and the United States, as well as ongoing volatility in the financial markets and the economy generally have adversely affected, and may continue to adversely affect, the Issuer's business, results and financial condition.***

The Issuer's global business and results are materially affected by conditions in the global capital markets and the economy generally. In Europe, there are continuing concerns over weaker economic conditions, as well as concerns in relation to European sovereign debt, the uncertain outcome of the negotiations between the UK and the EU following the Brexit decisions in UK parliament, increasing political instability, levels of unemployment, the availability and cost of credit, credit spreads, and the impact of continued quantitative easing within the Eurozone through bond repurchases and the ECB's targeted longer-term refinancing operation (TLTRO). In the United States, political uncertainty, US national debt levels and changes in US trade and foreign investment policies (including tensions with China and the Eurozone) may result in adverse economic developments. In addition, geopolitical issues, including with respect to the Middle East, Russia/Ukraine and North Korea may all contribute to adverse developments in the global capital markets and the economy generally.

Adverse developments in the market have included, for example, decreased liquidity, increased price volatility, credit downgrade events, and increased probability of default for fixed income securities. Moreover, there is a risk that an adverse credit event at one or more European sovereign debtors (including a credit rating downgrade or a default) could trigger a broader economic downturn in Europe and elsewhere. In addition, the confluence of these and other factors has resulted in volatile foreign exchange markets. Securities that are less liquid are more difficult to value and may be hard to dispose of. International equity markets have also continued to experience heightened volatility and turmoil, with issuers, including ING, that have exposure to the real estate, mortgage, private equity and credit markets particularly affected. These events, market upheavals and continuing risks, including high levels of volatility, have had and may continue to have an adverse effect on the Issuer's results, in part because it has a large investment portfolio.

There is also continued uncertainty over the long-term outlook for the tax, spending and borrowing policies of the US, the future economic performance of the US within the global economy and any potential future budgetary restrictions in the US, with a potential impact on a future sovereign credit ratings downgrade of the US government, including the rating of US Treasury securities. A downgrade of US Treasury securities could also impact the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the US government. US Treasury securities and other US government-linked securities are key assets on the balance sheets of many financial institutions and are widely used as collateral by financial institutions to meet their day-to-day cash flows in the short-term debt market. The impact of any further downgrades to the sovereign credit rating of the US government or a default by the US government on its debt obligations would create broader financial turmoil and uncertainty, which

would weigh heavily on the global financial system and could consequently result in a significant adverse impact to the Issuer's business and operations.

In many cases, the markets for investments and instruments have been and remain illiquid, and issues relating to counterparty credit ratings and other factors have exacerbated pricing and valuation uncertainties. Valuation of such investments and instruments is a complex process involving the consideration of market transactions, pricing models, management judgment and other factors, and is also impacted by external factors, such as underlying mortgage default rates, interest rates, rating agency actions and property valuations. Historically these factors have resulted in, among other things, valuation and impairment issues in connection with the Issuer's exposures to European sovereign debt and other investments.

Any of these general developments in global financial and political conditions could negatively impact to the Issuer's business, results and financial condition in future periods.

***The uncertainty surrounding the United Kingdom's withdrawal from the European Union may have adverse effects on the Issuer's business, results and financial condition.***

Although the UK is not a member state of the Eurozone, the departure of the UK from the EU (commonly referred to as 'Brexit') remains a major political and economic event whose consequences are not fully known or understood and may further destabilize the Eurozone. The UK withdrew from the EU on 31 January 2020, though the relationship between the UK and the EU remains uncertain during the ongoing transition period, which largely maintains current arrangements and provides time for the UK and the EU to negotiate the details of their future relationship. The transition period is currently expected to end on 31 December 2020, and, if no agreement is reached, the default scenario would be a non-negotiated Brexit. In the event of a non-negotiated Brexit, the UK will depart the EU with no agreements in place beyond any temporary arrangements which have been or may be put in place by the EU or individual EU Member States, and the UK as part of no-deal contingency efforts and those conferred by mutual membership of the World Trade Organization. Accordingly, there continues to be uncertainty with respect to the process surrounding Brexit and the outcome of the ongoing Brexit negotiations, including any related regulatory changes, and over the future economic relationship between the UK and the rest of the world (including the EU). Any of these developments could have an adverse effect on economic and financial conditions in the UK, the EU or globally. Although ING has continued to take further steps throughout 2019 to prepare for known risks related to Brexit, such as substantially progressing applications for a Third Country Branch banking licence in the UK, taking actions for contract continuity and working to establish alternatives in the EU for those euro clearing activities that may be expected to move from London following Brexit, the possible economic and operational impacts of Brexit on the Group and its counterparties remain uncertain.

Given ING's significant pre-existing EU-licensed banking network and the various scenario analyses performed by ING on its Brexit sensitive clients and sectors, ING believes that it is positioned to largely avoid, or has taken significant steps to mitigate, potential direct adverse effects of Brexit. However, the regulatory impact of Brexit continues to present material risks and uncertainties, particularly as to how regulations may diverge between the EU and the UK, which could materially increase ING's compliance costs and have a material adverse effect on ING's business, results and financial condition.

***Discontinuation of or changes to 'benchmark' indices may negatively affect the Issuer's business, results and financial condition.***

The London Interbank Offered Rate ("LIBOR"), the Euro OverNight Index Average ("EONIA"), the Euro Interbank Offered Rate ("EURIBOR") and other interest rates or other types of rates and indices which are deemed to be 'benchmarks' are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform or be calculated differently than in the past, or benchmarks could cease to exist entirely, or there could be other consequences which cannot be predicted. Although the UK Financial Conduct Authority ("FCA") has authorised ICE Benchmark Administration as administrator of LIBOR, on 27



July 2017 the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. The announcement indicates that the continuation of the LIBOR on the current basis cannot and will not be guaranteed after 2021. In addition, as of October 2019, the new euro risk-free rate euro short-term rate (€STR) is being published and the EONIA benchmark was reformed, making it dependant to the €STR benchmark. The reformed EONIA benchmark will cease to exist by 1 January 2022 and therefore the European Money Markets Institute (EONIA's administrator) has indicated that EONIA cannot be used in any contracts that will be outstanding as of 1 January 2022. Public authorities have initiated industry working groups in various jurisdictions to search for and recommend alternative risk-free rates that could serve as alternatives if current benchmarks like LIBOR and EONIA cease to exist or materially change. The work of these working groups is still ongoing, though certain such organizations have advanced proposals for benchmark replacements. For example, the US Federal Reserve's Alternative Reference Rates Committee (commonly referred to as "ARRC") has recommended adoption of the Secured Overnight Financing Rate (commonly referred to as "SOFR") as an alternative to US dollar LIBOR.

The potential discontinuation of the LIBOR and EONIA benchmarks or any other benchmark, or changes in the methodology or manner of administration of any benchmark, could result in a number of risks for the Group, its clients, and the financial services industry more widely. These risks include legal risks in relation to changes required to documentation for new and existing transactions may be required. Financial risks may also arise from any changes in the valuation of financial instruments linked to benchmark rates, and changes to benchmark indices could impact pricing mechanisms on some instruments. Changes in valuation, methodology or documentation may also result into complaints or litigation. The Group may also be exposed to operational risks or incur additional costs due to the potential requirement to adapt IT systems, trade reporting infrastructure and operational processes, or in relation to communications with clients or other parties and engagement during the transition period.

Except for EONIA, the replacement of benchmarks together with the timetable and mechanisms for implementation have not yet been confirmed by central banks. Accordingly, it is not currently possible to determine whether, or to what extent, any such changes would affect the Group. However, the implementation of alternative benchmark rates may have a material adverse effect on the Issuer's business, results and financial condition.

***Inflation and deflation may negatively affect the Issuer's business, results and financial condition.***

A sustained increase in the inflation rate in the Issuer's principal markets would have multiple impacts on the Issuer and may negatively affect the Issuer's business, results and financial condition. For example, a sustained increase in the inflation rate may result in an increase in market interest rates, which may:

- decrease the estimated fair value of certain fixed income securities that ING holds in its investment portfolios, resulting in:
- reduced levels of unrealised capital gains available to the Issuer, which could negatively impact ING's solvency position and net income, and/or
- a decrease in collateral values,
- result in increased withdrawal of certain savings products, particularly those with fixed rates below market rates, and
- require the Issuer, as an issuer of securities, to pay higher interest rates on debt securities that the Issuer issues in the financial markets from time to time to finance its operations, which would increase its interest expenses and reduce its results.

A significant and sustained increase in inflation has historically also been associated with decreased prices for equity securities and sluggish performance of equity markets generally. A sustained decline in equity markets may:

- result in impairment charges to equity securities that the Issuer holds in its investment portfolios and reduced levels of unrealised capital gains available to the Issuer which would reduce its net income, and
- lower the value of the Issuer's equity investments impacting its capital position.

In addition, a failure to accurately anticipate higher inflation and factor it into the Issuer's product pricing may result in a systemic mispricing of its products, which would negatively impact its results.

On the other hand, deflation experienced in the Issuer's principal markets may also adversely affect its financial performance. In recent years, the risk of low inflation and even deflation (i.e., a continued period with negative rates of inflation) in the Eurozone has materialized. Deflation may erode collateral values and diminish the quality of loans and cause a decrease in borrowing levels, which would negatively affect the Issuer's business and results.

***Market conditions, including those observed over the past few years, and the application of IFRS 9 may increase the risk of loans being impaired and have a negative effect on the Issuer's results and financial condition.***

The Issuer is exposed to the risk that its borrowers (including sovereigns) may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. The Issuer may see adverse changes in the credit quality of its borrowers and counterparties, for example, as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors. This may lead to impairment charges on loans and other assets, higher costs and additions to loan loss provisions. A significant increase in the size of the Issuer's provision for loan losses could have a material adverse effect on its business, results and financial condition. Also see above under the heading '*The COVID-19 pandemic may lead to longer-term uncertainty in, and have longer-term adverse effects on, the global economy and financial markets and adversely affect the Issuer's business, results and financial condition*'. As set out there, ING expects to be affected by the COVID-19 pandemic through its impact on, among others, the financial condition of its customers or other counterparties.

IFRS 9 'Financial Instruments' became effective as per 1 January 2018 and results in loan loss provisions that may be recognized earlier, on a more forward looking basis and on a broader scope of financial instruments than was previously the case under IAS 39. The Issuer has applied the classification, measurement, and impairment requirements retrospectively by adjusting the opening balance sheet and opening equity as at 1 January 2018. As a result of applying IFRS 9, a shift in the forward looking consensus view of economic conditions may materially impact the models used to calculate loan loss provisions under IFRS 9 and cause more volatility in, or higher levels of, loan loss provisions, any of which could adversely affect the Group's results, financial condition or regulatory capital position.

Economic and other factors could lead to contraction in the residential mortgage and commercial lending market and to decreases in residential and commercial property prices, which could generate substantial increases in impairment losses. Additionally, continuing low oil prices could have an influence on the repayment capacity of certain corporate borrowers active in the oil and oil related services industries.

***The Issuer may incur losses due to failures of banks falling under the scope of state compensation schemes.***

While prudential regulation is intended to minimize the risk of bank failures, in the event such a failure occurs, given the Issuer's size, the Issuer may incur significant compensation payments to be made under the Dutch Deposit Guarantee Scheme (DGS), which it may be unable to recover from the bankrupt estate, and therefore the consequences of any future failure of such a bank could be significant to ING. Such costs and the associated costs to be borne by the Issuer may have a material adverse effect on its results and financial condition. On the basis of the EU Directive on deposit guarantee schemes, ING pays quarterly risk-weighted contributions into a DGS-fund. The DGS-fund is to grow to a target size of 0.8% of all deposits guaranteed under the DGS, which is expected to be reached in July 2024. In case of failure of a Dutch bank, depositor compensation is paid from

the DGS-fund. If the available financial means of the fund are insufficient, Dutch banks, including ING, may be required pay to extraordinary ex-post contributions not exceeding 0.5% of their covered deposits per calendar year. In exceptional circumstances and with the consent of the competent authority, higher contributions may be required. However, extraordinary ex-post contributions may be temporarily deferred if, and for so long as, they would jeopardise the solvency or liquidity of a bank. Depending on the size of the failed bank, the available financial means in the fund, and the required additional financial means, the impact of the extraordinary ex-post contributions on ING may be material.

Since 2015, the EU has been discussing the introduction of a pan-European deposit guarantee scheme (“EDIS”), (partly) replacing or complementing national compensation schemes in two or three phases. Proposals contain elements of (re)insurance, mutual lending and mutualisation of funds. The new model is intended to be ‘overall cost-neutral’. Discussions have continued in 2019, but it remains uncertain when EDIS will be introduced and, if introduced, what impact EDIS would have on ING’s business and operations.

## **2 Risks related to the regulation and supervision of the Group**

***Non-compliance with laws and/or regulations concerning financial services or financial institutions could result in fines and other liabilities, penalties or consequences for the Issuer, which could materially affect the Issuer’s business and reduce its profitability.***

Despite its efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, the Issuer has faced, and in the future may continue to face, the risk of consequences in connection with non-compliance with applicable laws and regulations. For additional information on legal proceedings, see ‘*General Information - Litigation*’ section. There are a number of risks in areas where applicable regulations may be unclear, subject to multiple interpretations or under development, or where regulations may conflict with one another, or where regulators revise their previous guidance or courts overturn previous rulings, which could result in the Issuer’s failure to meet applicable standards. Regulators and other authorities have the power to bring administrative or judicial proceedings against the Issuer, which could result, among other things, in suspension or revocation of its licences, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action, which could materially harm its results and financial condition. If the Issuer fails to address, or appears to fail to address, any of these matters appropriately, its reputation could be harmed and it could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages brought against the Issuer or subject it to enforcement actions, fines and penalties.

***Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations may increase the Issuer’s operating costs and limit its activities.***

The Issuer is subject to detailed banking laws and government regulation in the jurisdictions in which ING conducts business. Regulation of the industries in which the Issuer operates is becoming increasingly more extensive and complex, while also attracting scrutiny from regulators. Compliance with applicable and new laws and regulations is resources-intensive, and may materially increase the Issuer’s operating costs. Moreover, these regulations can limit the Issuer’s activities, among others, through stricter net capital, customer protection and market conduct requirements and restrictions on the businesses in which ING can operate or invest.

The Issuer’s revenues and profitability and those of its competitors have been and will continue to be impacted by requirements relating to capital, additional loss-absorbing capacity, leverage, minimum liquidity and long-term funding levels, requirements related to resolution and recovery planning, derivatives clearing and margin rules and levels of regulatory oversight, as well as limitations on which and, if permitted, how certain businesses may be carried out by financial institutions.

***The Issuer is subject to additional legal and regulatory risk in certain countries where ING operates with less developed or predictable legal and regulatory frameworks.***

In certain countries in which ING operates, judiciary and dispute resolution systems may be less developed. As a result, in case of a breach of contract, the Issuer may have difficulties in making and enforcing claims against

contractual counterparties and, if claims are made against it, the Issuer might encounter difficulties in mounting a defence against such allegations. If the Issuer becomes party to legal proceedings in a market with an insufficiently developed judicial system, it could have an adverse effect on its operations and net results.

In addition, as a result of the Issuer's operations in certain countries, the Issuer is subject to risks of possible nationalisation, expropriation, price controls, exchange controls and other restrictive government actions, as well as the outbreak of hostilities and or war, in these markets. Furthermore, the current economic environment in certain countries in which the Issuer operates may increase the likelihood for regulatory initiatives to enhance consumer protection or to protect homeowners from foreclosures. Any such regulatory initiative could have an adverse impact on the Issuer's ability to protect its economic interest, for instance in the event of defaults on residential mortgages.

***The Issuer is subject to the regulatory supervision of the ECB and other regulators with extensive supervisory and investigatory powers.***

In its capacity as principal bank supervisor in the EU, the ECB has extensive supervisory and investigatory powers, including the ability to issue requests for information, to conduct regulatory investigations and on-site inspections, and to impose monetary and other sanctions. For example, under the SSM, the regulators with jurisdiction over the Issuer, including the ECB, may conduct stress tests and have discretion to impose capital surcharges on financial institutions for risks that are not otherwise recognised in risk-weighted assets or other surcharges depending on the individual situation of the bank and take or require other measures, such as restrictions on or changes to the Issuer's business. Competent regulators may also, if the Issuer fails to comply with regulatory requirements, in particular with minimum capital requirements (including buffer requirements) or with liquidity requirements, or if there are shortcomings in its governance and risk management processes, prohibit the Issuer from making dividend payments to shareholders or distributions to holders of its regulatory capital instruments. Generally, a failure to comply with the new quantitative and qualitative regulatory requirements could have a material adverse effect on the Issuer's business, results and financial condition.

***Failure to meet minimum capital and other prudential regulatory requirements as applicable to the Issuer from time to time may have a material adverse effect on its business, results and financial condition and on its ability to make payments on certain of its securities.***

The Issuer is subject to regulations that require the Issuer to comply with minimum requirements for capital (own funds) and additional loss absorbing capacity, as well as for liquidity, and to comply with leverage restrictions. These are developed or enacted by various organisations such as the Basel Committee on Banking Supervision ("BCBS"), the Financial Stability Board ("FSB") and the European Union ("EU"). The main pieces of legislation in this field that apply to the Issuer are the EU's Capital Requirements Directive ("CRD") and Capital Requirements Regulation ("CRR"), and the Bank Recovery and Resolution Directive, all as amended from time to time and as implemented in national law where required.

The capital and liquidity requirements and leverage restrictions that apply to the Issuer result in various minimum capital ratios (of capital to risk-weighted assets) and liquidity ratios that ING must maintain, and in a minimum leverage ratio (based on unweighted assets). A key capital ratio is the Common Equity Tier 1 ratio or CET1 ratio, which is the ratio of common equity tier 1 capital to the total risk exposure amount ("TREA", often referred to as risk-weighted assets or "RWA"). In addition to the capital requirements, ING must maintain at all times a sufficient aggregate amount of own funds and 'eligible liabilities' (that is, liabilities that may be bailed in using the bail-in tool), known as the minimum requirements for own funds and eligible liabilities ("MREL").

Capital, liquidity and leverage requirements and their application and interpretation may change. Any changes may require the Issuer to maintain more capital or to raise a different type of capital by disqualifying existing capital instruments from continued inclusion in regulatory capital, requiring replacement with new capital instruments that meet the new criteria. Sometimes changes are introduced subject to a transitional period during

which the new requirements are being phased in, gradually progressing to a fully phased-in, or fully-loaded, application of the requirements.

Any failure to comply with these requirements may have a material adverse effect on the Issuer's business, results and financial condition, and may require the Issuer to seek additional capital. It may also prohibit the Issuer from making payments on certain of its securities. The Issuer's business, results and financial condition may also be adversely affected if these requirements change, which may also require the Issuer to seek additional capital or a different type of capital. Because implementation phases and transposition into EU or national regulation where required may often involve a lengthy period, the impact of changes in capital, liquidity and leverage regulations on the Issuer's business, results and financial condition, and on its ability to make payments on certain of its securities, is often unclear.

***The Issuer's US commodities and derivatives business is subject to CFTC and SEC regulation under the Dodd-Frank Act.***

Title VII of Dodd-Frank created a new framework for regulation of the over-the-counter derivatives markets and certain market participants which has affected and could continue to affect various activities of the Issuer and its subsidiaries. ING Capital Markets LLC, a wholly-owned indirect subsidiary of ING Bank, has registered with the US Commodity Futures Trading Commission ("CFTC") as a swap dealer and intends to register with the SEC as a securities-based swap dealer. The SEC has adopted regulations, among others, establishing registration, reporting, risk management, business conduct, and margin and capital requirements for security-based swaps. Such regulations are expected to be effective on or around 1 September 2021. Additionally, the CFTC recently re-proposed, and is expected to adopt, capital requirements for swap dealers, although the specific requirements, and any available exemptions, have not been finalised. If these requirements are applicable to ING, and no exemptions are available, it is possible that these requirements will be difficult for ING to comply with and may, as a result, materially and adversely impact ING's ability to operate as a swap dealer in the US. Other CFTC regulatory requirements, already implemented, include registration of swap dealers, business conduct rules imposed on swap dealers, requirements that some categories of swaps be centrally executed on regulated trading facilities and cleared through regulated clearing houses, and initial and variation margin requirements for uncleared swaps. In addition, new position limits requirements for market participants that have been proposed and may be contained in final regulations to be adopted by the CFTC could limit ING's position sizes in swaps referencing specified physical commodities and similarly limit the ability of counterparties to utilise certain of ING's products by narrowing the scope of hedging exemptions from position limits for commercial end users and the trading activity of speculators. All of the foregoing areas of regulation of the derivative markets and market participants will likely result in increased cost of hedging and other trading activities, both for ING and its customers, which could expose the Issuer's business to greater risk and could reduce the size and profitability of its customer business. In addition, the imposition of these regulatory restrictions and requirements, could result in reduced market liquidity, which could in turn increase market volatility and the risks and costs of hedging and other trading activities.

***The Issuer is subject to the 'Bank Recovery and Resolution Directive' ("BRRD") among several other bank recovery and resolution regimes that include statutory write down and conversion as well as other powers, which remains subject to significant uncertainties as to scope and impact on it.***

The Issuer is subject to several recovery and resolution regimes, including the Single Resolution Mechanism ("SRM"), the BRRD as implemented in national legislation, and the Dutch 'Intervention Act' (*Wet bijzondere maatregelen financiële ondernemingen*, as implemented in the Dutch Financial Supervision Act). The aim of the BRRD is to provide supervisory authorities and resolution authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers granted to authorities include, among others, a statutory 'write-down and conversion power' and a 'bail-in' power, which gives the resolution authority the power to, as a resolution action or when the resolution

authority determines that otherwise the Issuer would no longer be viable, inter alia, (i) reduce or cancel existing shares, (ii) convert relevant capital instruments or eligible liabilities or bail-inable liabilities into shares or other instruments of ownership of the relevant entity and/or (iii) write down relevant capital instruments or eligible liabilities or reduce or cancel the principal amount of, or interest on, certain unsecured liabilities (which could include certain securities that have been or will be issued by the Issuer), whether in whole or in part and whether or not on a permanent basis.

In addition to the ‘write-down and conversion power’ and the ‘bail-in’ power, the powers granted to the resolution authority include the power to (i) sell and transfer a banking group or all or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer a banking group or all or part of its business to a ‘bridge institution’ (a publicly controlled entity) and (iii) separate and transfer all or part of a banking group’s business to an asset management vehicle (a publicly controlled entity) to allow them to be managed over time.

In addition, among the broader powers granted to the resolution authority, the BRRD provides powers to the resolution authority to amend the maturity date and/or any interest payment date of, or the interest amount payable under, debt instruments or other bail-inable liabilities, including by suspending payment for a temporary period.

The Intervention Act confers wide-ranging powers to the Dutch Minister of Finance, including, among other things, in relation to shares and other securities issued by the Issuer or with its cooperation or other claims on it (including, without limitation, expropriation thereof) if there is a grave and immediate threat to the stability of the financial system.

None of these actions would be expected to constitute an event of default under the Issuer’s securities entitling holders to seek repayment. If these powers were to be exercised in respect of the Issuer, there could be a material adverse effect on the Issuer and on holders of its securities, including through a material adverse effect on credit ratings and/or the price of its securities. Investors in the Issuer’s securities may lose their investment if resolution measures are taken under current or future regimes.

For further discussion of the impact of bank recovery and resolution regimes on ING, see ‘*Description of ING Groep N.V.—Regulation and Supervision—Bank Recovery and Resolution Directive*’ section.

### **3 Risks related to litigation, enforcement proceedings and investigations and to changes in tax laws**

***The Issuer may be subject to litigation, enforcement proceedings, investigations or other regulatory actions, and adverse publicity.***

The Issuer is involved in governmental, regulatory, arbitration and legal proceedings and investigations involving claims by and against the Issuer which arise in the ordinary course of its businesses, including in connection with its activities as financial services provider, employer, investor and taxpayer. As a financial institution, the Issuer is subject to specific laws and regulations governing financial services or financial institutions. See ‘*Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations may increase the Issuer’s operating costs and limit its activities*’ above. As noted there, regulation of the industries in which the Issuer operates is becoming increasingly more extensive and complex, while also attracting scrutiny from regulators, and failure to comply with applicable and new laws and regulations may lead to litigation, enforcement proceedings, investigations or other regulatory actions, and adverse publicity. Financial reporting irregularities involving other large and well-known companies, possible findings of government authorities in various jurisdictions which are investigating several rate-setting processes, notifications made by whistle-blowers, increasing regulatory and law enforcement scrutiny of ‘know your customer’ anti-money laundering, tax evasion, prohibited transactions with countries or persons subject to sanctions, and bribery or other anti-corruption measures and anti-terrorist-financing procedures and their effectiveness, regulatory investigations of the banking industry, and litigation that arises from the failure or perceived failure by the Issuer to comply with legal, regulatory, tax and compliance

requirements could result in adverse publicity and reputational harm, lead to increased regulatory supervision, affect its ability to attract and retain customers and maintain access to the capital markets, result in cease and desist orders, claims, enforcement actions, fines and civil and criminal penalties, other disciplinary action or have other material adverse effects on the Issuer in ways that are not predictable. Some claims and allegations may be brought by or on behalf of a class and claimants may seek large or indeterminate amounts of damages, including compensatory, liquidated, treble and punitive damages. The Issuer's reserves for litigation liabilities may prove to be inadequate. Claims and allegations, should they become public, need not be well founded, true or successful to have a negative impact on the Issuer's reputation. In addition, press reports and other public statements that assert some form of wrongdoing could result in inquiries or investigations by regulators, legislators and law enforcement officials, and responding to these inquiries and investigations, regardless of their ultimate outcome, is time consuming and expensive. Adverse publicity, claims and allegations, litigation and regulatory investigations and sanctions may have a material adverse effect on the Issuer's business, results, financial condition and/or prospects in any given period. For additional information with respect to specific proceedings, see 'General Information – Litigation' section.

***The Issuer is subject to different tax regulations in each of the jurisdictions where ING conducts business, and are exposed to changes in tax laws, and risks of non-compliance with or proceedings or investigations with respect to, tax laws.***

Changes in tax laws (including case law) could increase the Issuer's taxes and its effective tax rates and could materially impact its tax receivables and liabilities as well as deferred tax assets and deferred tax liabilities, which could have a material adverse effect on its business, results and financial condition. Changes in tax laws could also make certain ING products less attractive, which could have adverse consequences for its businesses and results. Because of the geographic spread of its business, ING may be subject to tax audits, investigations and procedures in numerous jurisdictions at any point in time. Although the Issuer believes that it has adequately provided for all its tax positions, the ultimate resolution of these audits, investigations and procedures may result in liabilities which are different from the amounts recognized.

Increased bank taxes in countries where the Group is active result in increased taxes on ING's banking operations, which could negatively impact the Issuer's operations, financial condition and liquidity.

***ING may be subject to withholding tax if it fails to comply with the Foreign Account Tax Compliance Act and other US withholding tax regulations***

Under provisions of US tax law commonly referred to as FATCA, non-US financial institutions are required to provide to the US Internal Revenue Service ("IRS") certain information about financial accounts held by US taxpayers or by foreign entities in which US taxpayers hold a substantial ownership interest. Every three years, certain ING branches and subsidiaries are required to certify their compliance with FATCA requirements to the IRS. If the IRS determines that any such branches and/or subsidiaries are not in compliance with the FATCA requirements, then the FATCA regulations would impose a 30 percent penalty tax on all US-source payments (e.g., interest and dividends) made to the branch/subsidiary, regardless of whether the branch/subsidiary is the beneficial owner of such payment or is acting as an intermediary for customers/payees.

Under provisions of other US tax law concerning withholding tax, non-US financial institutions acting as intermediaries are required to withhold tax on US-source payments to payees and remit the tax to the IRS. Every three years, certain ING branches and subsidiaries are required to certify their compliance with such Qualified Intermediary ("QI") requirements to the IRS. If the IRS determines that any such branches and/or subsidiaries are not in compliance with the QI requirements, then it would not be commercially feasible for ING to offer certain products to customers.

Failure to comply with FATCA and/or QI requirements and regulations could also harm the Issuer's reputation and could subject the Group to enforcement actions, fines and penalties, which could have a material adverse effect on its business, reputation, revenues, results, financial condition and prospects. For additional information with respect to specific proceedings, see 'General Information – Litigation' section.

***ING is exposed to the risk of claims from customers who feel misled or treated unfairly because of advice or information received.***

The Issuer's banking products and advice services for third-party products are exposed to claims from customers who might allege that they have received misleading advice or other information from advisers (both internal and external) as to which products were most appropriate for them, or that the terms and conditions of the products, the nature of the products or the circumstances under which the products were sold, were misrepresented to them. When new financial products are brought to the market, ING engages in a multidisciplinary product approval process in connection with the development of such products, including production of appropriate marketing and communication materials. Notwithstanding these processes, customers may make claims against ING if the products do not meet their expectations. Customer protection regulations, as well as changes in interpretation and perception by both the public at large and governmental authorities of acceptable market practices, influence customer expectations.

Products distributed through person-to-person sales forces have a higher exposure to such claims as the sales forces provide face-to-face financial planning and advisory services. Complaints may also arise if customers feel that they have not been treated reasonably or fairly, or that the duty of care has not been complied with. While a considerable amount of time and resources have been invested in reviewing and assessing historical sales practices and products that were sold in the past, and in the maintenance of risk management, legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historical sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated.

The negative publicity associated with any sales practices, any compensation payable in respect of any such issues and regulatory changes resulting from such issues, has had and could have a material adverse effect on the Issuer's reputation, business, results, financial condition and prospects. For additional information regarding legal proceedings or claims, see 'General Information – Litigation' section.

#### **4 Risks related to the Group's business and operations**

***Operational risks, such as systems disruptions or failures, breaches of security, cyber attacks, human error, changes in operational practices, inadequate controls including in respect of third parties with which the Issuer does business, natural disasters or outbreaks of communicable diseases may adversely impact its reputation, business and results.***

The Issuer faces the risk that the design and operating effectiveness of its controls and procedures may prove to be inadequate. Operational risks are inherent to the Issuer's business. The Issuer's businesses depends on the ability to process a large number of transactions efficiently and accurately. In addition, ING routinely transmits, receives and stores personal, confidential and proprietary information by email and other electronic means. Although ING endeavours to safeguard its systems and processes, losses can result from inadequately trained or skilled personnel, IT failures (including due to a computer virus or a failure to anticipate or prevent cyber attacks or other attempts to gain unauthorised access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or impairing operational performance, or security breaches by third parties), inadequate or failed internal control processes and systems, regulatory breaches, human errors, employee misconduct, including fraud, or from natural disasters or other external events that interrupt normal business operations. Such losses may adversely affect its reputation, business and results. ING depends on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The equipment and software used in ING's computer systems and networks may not always be capable of processing, storing or transmitting information as expected. Despite ING's business continuity plans and procedures, certain of ING's computer systems and networks may have insufficient recovery capabilities in the event of a malfunction or loss of data. As part of ING's Accelerated Think Forward strategy, ING is consistently managing and monitoring ING's IT risk profile globally. ING is subject to increasing regulatory requirements including EU General Data Protection Regulation ("GDPR") and EU Payment Services Directive



(“PSD2”). Failure to appropriately manage and monitor ING’s IT risk profile could affect ING’s ability to comply with these regulatory requirements, to securely and efficiently serve its clients or to timely, completely or accurately process, store and transmit information, and may adversely impact its reputation, business and results. For further description of the particular risks associated with cybercrime, which is a specific risk to ING as a result of its strategic focus on technology and innovation, see ‘*–The Issuer is subject to increasing risks related to cybercrime and compliance with cybersecurity regulation*’ below.

Widespread outbreaks of communicable diseases may impact the health of ING’s employees, increasing absenteeism, or may cause a significant increase in the utilisation of health benefits offered to its employees, either or both of which could adversely impact its business. Also see above under the heading ‘*–The COVID-19 pandemic may lead to longer-term uncertainty in, and have longer-term adverse effects on, the global economy and financial markets and adversely affect the Issuer’s business, results and financial condition*’. As set out there, ING expects to be affected by the COVID-19 pandemic through its impact on, among others, its employees. ING also faces physical risks, including natural disasters as a direct result of climate change, such as extreme weather events or rising water levels, which could have a material adverse effect on its operations, particularly where its headquarters may be impacted. For further description of the risks associated herewith, see ‘*–The Issuer may be exposed to business, operational, regulatory, reputational and other risks in connection with climate change*’ below. In addition, other events including unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, and its operations may be subject to losses resulting from such disruptions. Losses can result from destruction or impairment of property, financial assets, trading positions, and the loss of key personnel. If ING’s business continuity plans are not able to be implemented, are not effective or do not sufficiently take such events into account, losses may increase further.

***The Issuer is subject to increasing risks related to cybercrime and compliance with cybersecurity regulation.***

Like other financial institutions and global companies, ING is regularly the target of cyber attacks, which is a specific risk to ING as a result of its strategic focus on technology and innovation. In particular, threats from Distributed Denial of Service (“DDoS”), targeted attacks (also called Advanced Persistent Threats) and Ransomware intensify worldwide, and attempts to gain unauthorised access and the techniques used for such attacks are increasingly sophisticated. ING has faced, and expect to continue to face, an increasing number of cyber attacks (both successful and unsuccessful) as it has further digitalized. This includes the continuing expansion of ING’s mobile- and other internet-based products and services, as well as its usage and reliance on cloud technology. In 2019 ING experienced continuous DDoS attacks, of which one DDoS attack breached its DDoS defences (compared to two attacks in 2018). This DDoS attack caused an outage of approximately four-hours, which affected customers of ING in Romania. In addition, ING Philippines experienced one virus infection on a vendor-supplied server for two hours, which had no customer impact. Furthermore, due to ING’s reliance on national critical infrastructure and interconnectivity with third-party vendors, exchanges, clearing houses, financial institutions and other third parties, ING could be adversely impacted if any of them is subject to a successful cyber attack or other information security event.

Cybersecurity, customer data and data privacy have become the subject of increasing legislative and regulatory focus. The EU’s second Payment Services Directive (“PSD2”), implemented in 2019, and GDPR are examples of such regulations. In certain locations where ING is active, there are additional local regulatory requirements and legislation on top of EU regulations that must be followed for business conducted in that jurisdiction. Some of these legislations and regulations may be conflicting due to local regulatory interpretations. ING may become subject to new EU and local legislation or regulation concerning cybersecurity, security of customer data in general or the privacy of information it may store or maintain. Compliance with such new legislation or regulation could increase the Group’s compliance cost. Failure to comply with new and existing legislation or regulation could harm ING’s reputation and could subject the Group to enforcement actions, fines and penalties.

ING may be exposed to the risks of misappropriation, unauthorised access, computer viruses or other malicious code, cyber attacks and other external attacks or internal breaches that could have a security impact. These events could also jeopardise ING’s confidential information or that of its clients or its counterparties and this

could be exacerbated by the increase in data protection requirements as a result of GDPR. These events can potentially result in financial loss and harm to ING's reputation, hinder its operational effectiveness, result in regulatory censure, compensation costs or fines resulting from regulatory investigations and could have a material adverse effect on its business, reputation, revenues, results, financial condition and prospects. Even when ING is successful in defending against cyber attacks, such defence may consume significant resources or impose significant additional costs on ING.

***Because the Issuer operates in highly competitive markets, including its home market, it may not be able to increase or maintain its market share, which may have an adverse effect on its results.***

There is substantial competition in the Netherlands and the other countries in which the Issuer does business for the types of wholesale banking, retail banking, investment banking and other products and services it provides. Customer loyalty and retention can be influenced by a number of factors, including brand recognition, reputation, relative service levels, the prices and attributes of products and services, scope of distribution, credit ratings and actions taken by existing or new competitors (including non-bank or financial technology competitors). A decline in the Issuer's competitive position as to one or more of these factors could adversely impact ING's ability to maintain or further increase its market share, which would adversely affect its results. Such competition is most pronounced in the Issuer's more mature markets of the Netherlands, Belgium, the rest of Western Europe and Australia. In recent years, however, competition in emerging markets, such as Latin America, Asia and Central and Eastern Europe, has also increased as large financial services companies from more developed countries have sought to establish themselves in markets which are perceived to offer higher growth potential, and as local institutions have become more sophisticated and competitive and proceeded to form alliances, mergers or strategic relationships with the Issuer's competitors. The Netherlands is the Issuer's largest market. The Issuer's main competitors in the banking sector in the Netherlands are ABN AMRO Bank and Rabobank.

Competition could also increase due to new entrants (including non-bank and financial technology competitors) in the markets that may have new operating models that are not burdened by potentially costly legacy operations and that are subject to reduced regulation. New entrants may rely on new technologies, advanced data and analytic tools, lower cost to serve, reduced regulatory burden and/or faster processes in order to challenge traditional banks. Developments in technology has also accelerated the use of new business models, and ING may not be successful in adapting to this pace of change or may incur significant costs in adapting its business and operations to meet such changes. For example, new business models have been observed in retail payments, consumer and commercial lending (such as peer-to-peer lending), foreign exchange and low-cost investment advisory services. In particular, the emergence of disintermediation in the financial sector resulting from new banking, lending and payment solutions offered by rapidly evolving incumbents, challengers and new entrants, in particular with respect to payment services and products, and the introduction of disruptive technology may impede the Issuer's ability to grow or retain its market share and impact its revenues and profitability.

Increasing competition in the markets in which the Issuer operates (including from non-banks and financial technology competitors) may significantly impact its results if the Issuer is unable to match the products and services offered by its competitors. Future economic turmoil may accelerate additional consolidation activity. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms or have declared bankruptcy. These developments could result in the Issuer's competitors gaining greater access to capital and liquidity, expanding their ranges of products and services, or gaining geographic diversity. The Issuer may experience pricing pressures as a result of these factors in the event that some of its competitors seek to increase market share by reducing prices.

***The Issuer may not always be able to protect its intellectual property developed in its products and services and may be subject to infringement claims, which could adversely impact its core business, inhibit efforts to monetize its internal innovations and restrict its ability to capitalize on future opportunities.***

In the conduct of its business, ING relies on a combination of contractual rights with third parties and copyright, trademark, trade name, patent and trade secret laws to establish and protect its intellectual property, which ING develops in connection with its products and services. Third parties may infringe or misappropriate ING's intellectual property. ING may have to litigate to enforce and protect its copyrights, trademarks, trade names, patents, trade secrets and know-how or to determine their scope, validity or enforceability. In that event, the Issuer may be required to incur significant costs, and its efforts may not prove successful. The inability to secure or protect its intellectual property assets could have an adverse effect on its core business and its ability to compete, including through the monetization of its internal innovations.

The Issuer may also be subject to claims made by third parties for (1) patent, trademark or copyright infringement, (2) breach of copyright, trademark or licence usage rights, or (3) misappropriation of trade secrets. Any such claims and any resulting litigation could result in significant expense and liability for damages. If the Issuer were found to have infringed or misappropriated a third-party patent or other intellectual property right, the Issuer could in some circumstances be enjoined from providing certain products or services to its customers or from utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licences. Alternatively, the Issuer could be required to enter into costly licensing arrangements with third parties or to implement a costly workaround. Any of these scenarios could have a material adverse effect on the Issuer's business and results and could restrict its ability to pursue future business opportunities.

***The inability of counterparties to meet their financial obligations or the Issuer's inability to fully enforce its rights against counterparties could have a material adverse effect on the Issuer's results.***

Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include the issuers and guarantors (including sovereigns) of securities the Issuer holds, borrowers under loans originated, reinsurers, customers, trading counterparties, securities lending and repurchase counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Defaults by one or more of these parties on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, continuing low oil or other commodity prices, operational failure or other factors, or even rumours about potential defaults by one or more of these parties or regarding a severe distress of the financial services industry generally, could have a material adverse effect on the Issuer's results, financial condition and liquidity. Given the high level of interdependence between financial institutions, the Issuer is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of sovereigns and other financial services institutions. This is particularly relevant to the Issuer's franchise as an important and large counterparty in equity, fixed income and foreign exchange markets, including related derivatives.

The Issuer routinely executes a high volume of transactions, such as unsecured debt instruments, derivative transactions and equity investments with counterparties and customers in the financial services industry, including brokers and dealers, commercial and investment banks, mutual and hedge funds, insurance companies, institutional clients, futures clearing merchants, swap dealers, and other institutions, resulting in large periodic settlement amounts, which may result in it having significant credit exposure to one or more of such counterparties or customers. As a result, the Issuer could face concentration risk with respect to liabilities or amounts it expects to collect from specific counterparties and customers. The Issuer is exposed to increased counterparty risk as a result of recent financial institution failures and weakness and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. A default by, or even concerns about the creditworthiness of, one or more of these counterparties or customers or other financial services institutions could therefore have an adverse effect on the Issuer's results or liquidity.

With respect to secured transactions, the Issuer's credit risk may be exacerbated when the collateral held by the Issuer cannot be liquidated or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it. The Issuer also has exposure to a number of financial institutions in the form of unsecured debt instruments, derivative transactions and equity investments. For example, ING holds certain hybrid regulatory capital instruments issued by financial institutions which permit the issuer to cancel coupon

payments on the occurrence of certain events or at their option. The EC has indicated that, in certain circumstances, it may require these financial institutions to cancel payment. If this were to happen, the Issuer expects that such instruments may experience ratings downgrades and/or a drop in value and it may have to treat them as impaired, which could result in significant losses. There is no assurance that losses on, or impairments to the carrying value of, these assets would not materially and adversely affect the Issuer's business, results or financial condition.

In addition, the Issuer is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations the Issuer holds could result in losses and/ or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of its counterparties could also have a negative impact on the Issuer's income and risk weighting, leading to increased capital requirements. While in many cases the Issuer is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. Also in this case, its credit risk may also be exacerbated when the collateral the Issuer holds cannot be liquidated at prices sufficient to recover the full amount of the loan or derivative exposure due to it, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced during the financial crisis of 2008. The termination of contracts and the foreclosure on collateral may subject the Issuer to claims. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity. Any of these developments or losses could materially and adversely affect the Issuer's business, results, financial condition, and/or prospects.

***Ratings are important to the Issuer's business for a number of reasons, and a downgrade or a potential downgrade in the Issuer's credit ratings could have an adverse impact on its results and net results.***

Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. The Issuer's credit ratings are important to its ability to raise capital and funding through the issuance of debt and to the cost of such financing. In the event of a downgrade, the cost of issuing debt will increase, having an adverse effect on its net results. Certain institutional investors may also be obliged to withdraw their deposits from ING following a downgrade, which could have an adverse effect on the Issuer's liquidity. The Issuer has credit ratings from S&P, Moody's Investor Service and Fitch Ratings. Each of the rating agencies reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time.

Furthermore, ING Bank's assets are risk-weighted. Downgrades of these assets could result in a higher risk-weighting, which may result in higher capital requirements. This may impact net earnings and the return on capital, and may have an adverse impact on the Issuer's competitive position.

As rating agencies continue to evaluate the financial services industry, it is possible that rating agencies will heighten the level of scrutiny that they apply to financial institutions, increase the frequency and scope of their credit reviews, request additional information from the companies that they rate and potentially adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. It is possible that the outcome of any such review of the Issuer would have additional adverse ratings consequences, which could have a material adverse effect on its results and financial condition. The Issuer may need to take actions in response to changing standards or capital requirements set by any of the rating agencies, which could cause its business and operations to suffer. The Issuer cannot predict what additional actions rating agencies may take, or what actions it may take in response to the actions of rating agencies.

***The Issuer may be exposed to business, operational, regulatory, reputational and other risks in connection with climate change.***

Climate change is an area of significant focus for governments and regulators, investors and ING's customers, and developments with respect to climate change topics may expose ING to significant risks. The perception of climate change as a risk by civil society, shareholders, governments and other stakeholders continues to

increase, including in relation to the financial sector's operations and strategy, and international actions regulating or restricting CO2 emissions, such as the Paris agreement, may also result in financial institutions coming under increased pressure from such stakeholders regarding the management and disclosure of their climate risks and related lending and investment activities. For further information regarding the alignment of ING's lending portfolio with its climate-related goals, see '*Description of ING Groep N.V. – ING Strategy – Responsible finance*' section. Additionally, rising climate change concerns may lead to additional regulation that could increase the Issuer's operating costs or negatively impact the profitability of its investments and lending activities, including those involving the natural resources sector. ING may incur substantial costs in complying with current or future laws and regulations relating to climate change, including with respect to international actions regulating or restricting CO2 emissions or changes in capital requirements regulations in response to climate change. In addition, ING is exposed to transition risks related to climate change, which result from changes in the behaviour of economic and financial actors in response to the implementation of energy policies or technological changes. Any of these risks may result in changes in the Issuer's business or other liabilities or costs, including exposure to reputational risks, any of which may have a material and adverse impact on the Issuer's business, results or financial condition.

For a description of the physical risks to the Issuer's business resulting from natural disasters as a result of climate change, see '*Operational risks, such as systems disruptions or failures, breaches of security, cyber attacks, human error, changes in operational practices, inadequate controls including in respect of third parties with which the Issuer does business, natural disasters or outbreaks of communicable diseases may adversely impact the Issuer's reputation, business and results*' above.

***An inability to retain or attract key personnel may affect the Issuer's business and results.***

The Issuer relies to a considerable extent on the quality of its senior management, such as members of the executive committee, and management in the jurisdictions which are material to ING's business and operations. The success of the Issuer's operations is dependent, among other things, on its ability to attract and retain highly qualified personnel. Competition for key personnel in most countries in which the Issuer operates, and globally for senior management, is intense. The Issuer's ability to attract and retain key personnel, in senior management and in particular areas such as technology and operational management, client relationship management, finance, risk and product development, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent.

The (increasing) restrictions on remuneration, plus the public and political scrutiny especially in the Netherlands, will continue to have an impact on existing the Issuer remuneration policies and individual remuneration packages for personnel. For example, under the EU's amended Shareholder Rights Directive, known as 'SRD II', which came into effect on 10 June 2019, ING is required to hold a shareholder advisory vote on ING's remuneration policy for directors (including members of the executive board and the supervisory board) and on the annual remuneration report for such directors. This may restrict the Issuer's ability to offer competitive compensation compared with companies (financial and/or non-financial) that are not subject to such restrictions and it could adversely affect the Issuer's ability to retain or attract key personnel, which, in turn, may affect the Issuer's business and results.

***The Issuer may incur further liabilities in respect of its defined benefit retirement plans if the value of plan assets is not sufficient to cover potential obligations, including as a result of differences between results and underlying actuarial assumptions and models.***

ING Group companies operate various defined benefit retirement plans covering a number of the Issuer's employees. The liability recognised in the Issuer's consolidated balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligations at the balance sheet date, less the fair value of each plan's assets, together with adjustments for unrecognised actuarial gains and losses and unrecognised past service costs. The Issuer determines its defined benefit plan obligations based on internal and external actuarial models and calculations using the projected unit credit method. Inherent in these actuarial models are

assumptions, including discount rates, rates of increase in future salary and benefit levels, mortality rates, trend rates in health care costs, consumer price index, and the expected return on plan assets. These assumptions are based on available market data and the historical performance of plan assets, and are updated annually. Nevertheless, the actuarial assumptions may differ significantly from actual results due to changes in market conditions, economic and mortality trends and other assumptions. Any changes in these assumptions could have a significant impact on the Issuer's present and future liabilities to and costs associated with its defined benefit retirement plans.

## **5 Risks related to the Group's risk management practices**

***Risks relating to the Issuer's use of quantitative models or assumptions to model client behaviour for the purposes of its market calculations may adversely impact its reputation or results.***

The Issuer uses quantitative methods, systems or approaches that apply statistical, economic financial, or mathematical theories, techniques and assumptions to process input data into quantitative estimates. Errors in the development, implementation, use or interpretation of such models, or from incomplete or incorrect data, can lead to inaccurate, noncompliant or misinterpreted model outputs, which may adversely impact the Issuer's reputation and results. In addition, the Issuer uses assumptions in order to model client behaviour for the risk calculations in its banking books. Assumptions are used to determine the interest rate risk profile of savings and current accounts and to estimate the embedded option risk in the mortgage and investment portfolios. Assumptions based on past client behaviour may not always be a reliable indicator of future behaviour. The realisation or use of different assumptions to determine client behaviour could have a material adverse effect on the calculated risk figures and, ultimately, the Issuer's future results or reputation. Furthermore, the Issuer may be subject to risks related to changes in the laws and regulations governing the risk management practices of financial institutions. For further information, see '*Risks related to the regulation and supervision of the Group – Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations may increase the Issuer's operating costs and limit its activities*' above. As noted there, regulation of the industries in which the Issuer operates is becoming increasingly more extensive and complex, while also attracting scrutiny from regulators. Compliance failures may lead to changes in the laws and regulations governing the risk management practices and materially increase the Issuer's operating costs.

***The Issuer may be unable to manage its risks successfully through derivatives.***

The Issuer employs various economic hedging strategies with the objective of mitigating the market risks that are inherent in its business and operations. These risks include currency fluctuations, changes in the fair value of its investments, the impact of interest rates, equity markets and credit spread changes, the occurrence of credit defaults and changes in client behaviour. The Issuer seeks to control these risks by, among other things, entering into a number of derivative instruments, such as swaps, options, futures and forward contracts, including, from time to time, macro hedges for parts of its business, either directly as a counterparty or as a credit support provider to affiliate counterparties. Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate the Issuer from risks associated with those fluctuations. The Issuer's hedging strategies also rely on assumptions and projections regarding its assets, liabilities, general market factors and the creditworthiness of its counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, the Issuer's hedging activities may not have the desired beneficial impact on its results or financial condition. Poorly designed strategies or improperly executed transactions could actually increase the Issuer's risks and losses. Hedging strategies involve transaction costs and other costs, and if the Issuer terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. There have been periods in the past, and it is likely that there will be periods in the future, during which the Issuer has incurred or may incur losses on transactions, possibly significant, after taking into account its hedging strategies. Further, the nature and timing of the Issuer's hedging transactions could actually increase its risk and losses. Hedging instruments the Issuer uses to manage product and other risks might not perform as intended or expected, which could result in higher (un)realised losses, such as credit value adjustment risks or

unexpected P&L effects, and unanticipated cash needs to collateralise or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations, resulting in unhedged exposures and losses on positions that are not collateralised. As such, the Issuer's hedging strategies and the derivatives that it uses or may use may not adequately mitigate or offset the risks they intend to cover, and its hedging transactions may result in losses.

The Issuer's hedging strategy additionally relies on the assumption that hedging counterparties remain able and willing to provide the hedges required by its strategy. Increased regulation, market shocks, worsening market conditions (whether due to the ongoing euro crisis or otherwise), and/or other factors that affect or are perceived to affect the financial condition, liquidity and creditworthiness of the Issuer may reduce the ability and/or willingness of such counterparties to engage in hedging contracts with it and/or other parties, affecting the Issuer's overall ability to hedge its risks and adversely affecting its business, results and financial condition.

## **6 Risks related to the Group's liquidity and financing activities**

*The Issuer depends on the capital and credit markets, as well as customer deposits, to provide the liquidity and capital required to fund its operations, and adverse conditions in the capital and credit markets, or significant withdrawals of customer deposits, may impact its liquidity, borrowing and capital positions, as well as the cost of liquidity, borrowings and capital.*

Adverse capital market conditions have in the past affected, and may in the future affect, the Issuer's cost of borrowed funds and its ability to borrow on a secured and unsecured basis, thereby impacting its ability to support and/or grow its businesses. Furthermore, although interest rates are at or near historically low levels, since the recent financial crisis, the Issuer has experienced increased funding costs due in part to the withdrawal of perceived government support of such institutions in the event of future financial crises. In addition, liquidity in the financial markets has also been negatively impacted as market participants and market practices and structures adjust to new regulations.

The Issuer needs liquidity to pay its operating expenses, interest on its debt and dividends on its capital stock, maintain its securities lending activities and replace certain maturing liabilities. Without sufficient liquidity, the Issuer will be forced to curtail its operations and its business will suffer. The principal sources of the Issuer's funding include a variety of short- and long-term instruments, including deposit fund, repurchase agreements, commercial paper, medium- and long-term debt, subordinated debt securities, capital securities and shareholders' equity.

In addition, because the Issuer relies on customer deposits to fund its business and operations, the confidence of customers in financial institutions may be tested in a manner that may adversely impact its liquidity and capital position. Consumer confidence in financial institutions may, for example, decrease due to the Issuer or its competitors' failure to communicate to customers the terms of, and the benefits to customers of, complex or high-fee financial products. Reduced confidence could have an adverse effect on the Issuer's liquidity and capital position through withdrawal of deposits, in addition to its revenues and results. Because a significant percentage of its customer deposit base is originated via Internet banking, a loss of customer confidence may result in a rapid withdrawal of deposits over the Internet.

In the event that the Issuer's current resources do not satisfy its needs, it may need to seek additional financing. The availability of additional financing will depend on a variety of factors, such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the Issuer's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of its long- or short-term financial prospects. Similarly, the Issuer's access to funds may be limited if regulatory authorities or rating agencies take negative actions against the Issuer. If the Issuer's internal sources of liquidity prove to be insufficient, there is a risk that the Issuer may not be able to successfully obtain additional financing on favourable terms, or at all. Any actions the Issuer might take to access financing may, in turn, cause rating agencies to re-evaluate its ratings.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Issuer's access to capital. Such market conditions may in the future limit the Issuer's ability to raise additional capital to support business growth, or to counterbalance the consequences of losses or increased regulatory capital and rating agency capital requirements. This could force the Issuer to (i) delay raising capital, (ii) reduce, cancel or postpone payment of dividends on its shares, (iii) reduce, cancel or postpone interest payments on its other securities, (iv) issue capital of different types or under different terms than the Issuer would otherwise, or (v) incur a higher cost of capital than in a more stable market environment. This would have the potential to decrease both the Issuer's profitability and its financial flexibility. The Issuer's results, financial condition, cash flows, regulatory capital and rating agency capital position could be materially adversely affected by disruptions in the financial markets.

Furthermore, regulatory liquidity requirements in certain jurisdictions in which the Issuer operates are becoming more stringent, undermining its efforts to maintain centralised management of its liquidity. These developments may cause trapped pools of liquidity and capital, resulting in inefficiencies in the cost of managing the Issuer's liquidity and solvency, and hinder its efforts to integrate its balance sheet. An example of such trapped liquidity includes the Issuer's operations in Germany where German regulations impose separate liquidity requirements that restrict the Issuer's ability to move a liquidity surplus out of the German subsidiary.

***As a holding company, ING Group is dependent for liquidity on payments from its subsidiaries, many of which are subject to regulatory and other restrictions on their ability to transact with affiliates.***

ING Group is a holding company and, therefore, depends on dividends, distributions and other payments from its subsidiaries to fund dividend payments and to fund all payments on its obligations, including debt obligations. Many of ING's subsidiaries, including its bank subsidiaries, are subject to laws that restrict dividend payments or authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to ING Group.

In addition, ING's bank subsidiaries are subject to restrictions on their ability to lend or transact with affiliates and to minimum regulatory capital and other requirements, as well as restrictions on their ability to use client funds deposited with them to fund their businesses. Additional restrictions on related-party transactions, increased capital and liquidity requirements and additional limitations on the use of funds in client accounts, as well as lower earnings, can reduce the amount of funds available to meet the obligations of ING Group, and even require ING Group to provide additional funding to such subsidiaries. Restrictions or regulatory action of that kind could impede access to funds that ING Group needs to make payments on its obligations, including debt obligations, or dividend payments. In addition ING Group's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors.

There is a trend towards increased regulation and supervision of the Issuer's subsidiaries by the governments and regulators in the countries in which those subsidiaries are located or do business. Concerns about protecting clients and creditors of financial institutions that are controlled by persons or entities located outside of the country in which such entities are located or do business have caused or may cause a number of governments and regulators to take additional steps to 'ring fence' or maintain internal total loss-absorbing capacity at such entities in order to protect clients and creditors of such entities in the event of financial difficulties involving such entities. The result has been and may continue to be additional limitations on the Issuer's ability to efficiently move capital and liquidity among its affiliated entities, thereby increasing the overall level of capital and liquidity required by the Issuer on a consolidated basis.

Furthermore, ING Group has in the past and may in the future guarantee the payment obligations of certain of its subsidiaries, including ING Bank, subject to certain exceptions. Any such guarantee may require ING Group to provide substantial funds or assets to its subsidiaries or their creditors or counterparties at a time when ING Group or its subsidiaries are in need of liquidity to fund their own obligations.



The requirements for ING Group to develop and submit recovery and resolution plans to regulators, and the incorporation of feedback received from regulators, may require the ING Group to increase capital or liquidity levels or issue additional long-term debt at ING Group or particular subsidiaries or otherwise incur additional or duplicative operational or other costs at multiple entities, and may reduce ING's ability to provide ING Group guarantees for the obligations of its subsidiaries or raise debt at ING Group. Resolution planning may also impair ING Group's ability to structure its intercompany and external activities in a manner that it may otherwise deem most operationally efficient. Furthermore, arrangements to facilitate the Issuer's resolution planning may cause it to be subject to additional costs such as resolution planning related taxes and funds. Any such limitations or requirements would be in addition to the legal and regulatory restrictions described above on ING's ability to engage in capital actions or make intercompany dividends or payments.

## IMPORTANT NOTICES

This Registration Document has been prepared for the purpose of giving information with respect to ING Groep N.V. and its subsidiaries which, according to the particular nature of the Issuer and the securities which it may offer to the public within a member state (“**Member State**”) of the European Economic Area (the “**EEA**”) or the United Kingdom (the “**UK**”) or apply to have admitted to trading on a regulated market situated or operating within such a Member State or the UK, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

In this Registration Document, unless otherwise stated or the context otherwise requires, references to the “**Issuer**” or “**ING Group**” are to ING Groep N.V., references to “**ING Bank**” are to ING Bank N.V. and its subsidiaries and references to “**ING**” or the “**Group**” are to ING Group and its subsidiaries.

The Issuer accepts responsibility for the information contained in this Registration Document. To the best of the knowledge of the Issuer the information contained in this Registration Document is in accordance with the facts and makes no omission likely to affect the import of such information.

No person has been authorised to give any information or to make any representation not contained in or incorporated by reference into this Registration Document and the Issuer takes no responsibility for, and can provide no assurance as to the reliability of, information that any other person may give.

This Registration Document should not be considered as a recommendation by the Issuer that any recipient of this Registration Document should purchase any securities of the Issuer. Each investor contemplating purchasing any securities of the Issuer should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Registration Document does not constitute an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any securities of the Issuer.

The delivery of this Registration Document shall not in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. Investors should carefully review and evaluate, *inter alia*, the most recent financial disclosure of the Issuer from time to time incorporated by reference into this Registration Document when deciding whether or not to purchase any securities of the Issuer.

The distribution of this Registration Document and the offer or sale of any securities of the Issuer may be restricted by law in certain jurisdictions. Persons into whose possession this Registration Document or any securities of the Issuer come must inform themselves about, and observe, any such restrictions.

Any securities to be issued by the Issuer in connection with this Registration Document have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States (“**U.S.**”). Accordingly, any such securities may not be offered, sold, pledged or otherwise transferred within the U.S. or to or for the account or benefit of U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act and any applicable state securities laws.

Any securities to be issued by the Issuer in connection with this Registration Document have not been approved or disapproved by the U.S. Securities and Exchange Commission (“**SEC**”), any state securities commission in the U.S. or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of any such securities or the accuracy or the adequacy of this Registration Document. Any representation to the contrary is a criminal offence in the U.S.

## ALTERNATIVE PERFORMANCE MEASURES

Certain alternative performance measures (“**APMs**”) as described in the European Securities and Markets Authority Guidelines on Alternative Performance Measures (the “**ESMA Guidelines**”) published on 5 October

2015 by the European Securities and Markets Authority and which came into force on 3 July 2016 are included or referred to in this Registration Document. APMs are not defined in accordance with IFRS accounting standards and are/non-GAAP measures used by the Issuer within their financial publications to supplement disclosures prepared in accordance with other regulations. The Issuer considers that these measures provide useful information to enhance the understanding of financial performance. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to other regulatory measures. An explanation of each such APM's components and calculation method is set out in the section entitled "Other information and appendices – Non-GAAP Measures" on pages 446 through 447 of the 2019 Annual Report (as defined below) which is incorporated by reference into this Registration Document.

### **FORWARD-LOOKING STATEMENTS**

This Registration Document includes or incorporates by reference "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the United States Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact included or incorporated by reference into this Registration Document, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. These forward-looking statements speak only as of the date of this Registration Document or as of such earlier date at which such statements are expressed to be given. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

### **GENERAL**

All references in the Prospectus to "U.S. dollars", "U.S.\$" and "\$" refer to the lawful currency of the United States, those to "Sterling", "£", "GBP" and "STG" refer to the lawful currency of the United Kingdom those to "euro", "€" and "EUR" refer to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, and those to "Swiss Francs" or "CHF" refer to the lawful currency of Switzerland.

In this Registration Document and any document incorporated herein by reference, references to websites or uniform resource locators ("URLs") are deemed inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Registration Document.

Any website referred to in this document does not form part of this Registration Document and has not been scrutinised or approved by the AFM.

## DOCUMENTS INCORPORATED BY REFERENCE

The following (parts of the following) documents, which have previously been published or are published simultaneously with this Registration Document and have been approved by the AFM or filed with it, shall be deemed to be incorporated in, and to form part of, this Registration Document; this Registration Document should be read and construed in conjunction with such (parts of the) documents:

Document/Heading	Page reference in the relevant document
(a) the publicly available annual report in respect of the year ended 31 December 2019 (the “ <b>2019 Annual Report</b> ”) (containing, <i>inter alia</i> , the audited consolidated financial statements of the Issuer in respect of the year ended 31 December 2019) (which can be obtained <a href="#">here</a> )	
Report of the Executive Board – Our business – Responsible finance	55 – 59
Risk Management (including, without limitation, “Environmental and Social Risk Framework”)	162 – 249
Consolidated financial statements (including, without limitation, “Notes to the consolidated financial statements”)	252 – 384
Other information and appendices – Independent auditor’s report with respect to the consolidated financial statements	400 – 406
Other information and appendices – Non-GAAP measures	446 – 447
(b) the publicly available annual report in respect of the year ended 31 December 2018 (the “ <b>2018 Annual Report</b> ”) (containing the audited consolidated financial statements of the Issuer in respect of the year ended 31 December 2018) (which can be obtained <a href="#">here</a> )	
Consolidated financial statements (including, without limitation, “Notes to the consolidated financial statements”)	143 – 368
Other information and appendices – Independent auditor’s report with respect to the consolidated financial statements	383 – 390
(c) the publicly available annual report in respect of the year ended 31 December 2017 (the “ <b>2017 Annual Report</b> ”) (containing the audited consolidated financial statements of the Issuer in respect of the year ended 31 December 2017) (which can be obtained <a href="#">here</a> )	
Consolidated financial statements (including, without limitation, “Notes to the consolidated financial statements”)	130 - 222
Other information and appendices – Independent auditor’s report with respect to the consolidated financial statements	309 - 314

Any statement contained in a document which is deemed to be incorporated by reference into this Registration Document shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a later statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Those parts of the 2019 Annual Report, 2018 Annual Report and 2017 Annual Report which are not explicitly listed in the table above are not incorporated by reference into this Registration Document as these parts are either not relevant for investors or the relevant information is included elsewhere in this Registration Document. Any documents themselves incorporated by reference into the documents incorporated by reference into this Registration Document shall not form part of this Registration Document.

The Issuer will provide, without charge, to each person to whom a copy of this Registration Document has been delivered in accordance with applicable law, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Requests for such documents should be directed to the Issuer, c/o ING Bank N.V. at Foppingadreef 7, 1102 BD Amsterdam, the Netherlands. In addition, this Registration Document and any document which is incorporated herein by reference will be made available on the website of ING (<https://www.ingmarkets.com/downloads/800/debt-issuance-programme> (for this Registration Document), <https://www.ing.com/Investor-relations/Financial-performance/Annual-reports.htm> (for the annual reports) and <https://www.ing.com/about-us/corporate-governance/legal-structure-and-regulators.htm> (for the Articles of Association)).

## DOCUMENTS AVAILABLE FOR INSPECTION

So long as this Registration Document is valid as described in Article 12 of the Prospectus Regulation, in addition to the documents incorporated by reference into this Registration Document, electronic versions of the following documents will be available on the Issuer's website (see the links set out below):

- (i) the Articles of Association, which can be obtained [here](#);
- (ii) the 2019 Annual Report (containing the parts incorporated by reference into this Registration Document as indicated under "Documents Incorporated by Reference" above), which can be obtained [here](#);
- (iii) the 2018 Annual Report (containing the parts incorporated by reference into this Registration Document as indicated under "Documents Incorporated by Reference" above), which can be obtained [here](#);
- (iv) the 2017 Annual Report (containing the parts incorporated by reference into this Registration Document as indicated under "Documents Incorporated by Reference" above), which can be obtained [here](#);
- (v) this Registration Document and any supplement to this Registration Document, which can be obtained [here](#); and
- (vi) (a) any securities note relating to securities to be issued by the Issuer under a Prospectus that includes this Registration Document and any supplement thereto and (b) any summary of the individual issue annexed to the relevant final terms for the securities to be issued by the Issuer, which can be obtained [here](#) (for any subordinated securities), [here](#) (for any senior securities) and [here](#) (for any green securities).

## SUPPLEMENTS

If there is a significant new factor, material mistake or material inaccuracy relating to the information included in any Prospectus consisting of separate documents (i.e. this Registration Document, the respective Securities Note and, where applicable, the respective summary) which may affect the assessment of any securities described in such Prospectus and which arises or is noted between the time when the relevant Prospectus is approved and the closing of the offer period of such securities or the time when trading of such securities on a regulated market begins, whichever occurs later, the Issuer shall prepare a supplement to the Prospectus for use in connection with any subsequent offering of securities to be offered to the public in the EEA or the United Kingdom or in Switzerland or to be admitted to trading on a regulated market within the EEA or the United Kingdom or listed on the SIX Swiss Exchange and shall supply to the AFM and, where applicable, the stock exchange operating the relevant market such number of copies of such supplement or replacement document as relevant applicable legislation may require.

If there is a significant new factor, material mistake or material inaccuracy only concerning the information contained in this Registration Document and this Registration Document is simultaneously used as a constituent part of several Prospectuses, the Issuer shall prepare only one supplement to this Registration Document. In that case, the supplement shall mention all the Prospectuses to which it relates.

Furthermore, in the event that the Issuer prepares and submits for approval a Securities Note and a summary, where applicable, in respect of securities that are to be offered to the public and/or admitted to trading on a regulated market within the EEA or the United Kingdom and, since the date of this Registration Document, there has been a significant new factor, material mistake or material inaccuracy relating to the information included in this Registration Document which is capable of affecting the assessment of such securities, the Issuer shall prepare and submit for approval a supplement to this Registration Document, at the latest at the same time as the relevant Securities Note and the summary, where applicable.

## DESCRIPTION OF ING GROEP N.V.

### **Profile**

ING Groep N.V., also called “ING Group”, is the holding company of a broad spectrum of companies (together called “ING”). ING Groep N.V. is a listed company and holds all shares of ING Bank N.V., which is a non-listed 100% subsidiary of ING Groep N.V.

ING is a holding company incorporated in 1991 under the laws of the Netherlands. ING currently is a global financial institution with a strong European base, offering banking services. ING draws on its experience and expertise, its commitment to excellent service and its global scale to meet the needs of a broad customer base, comprising individuals, families, small businesses, large corporations, institutions and governments. ING serves more than 38 million customers in over 40 countries. ING has more than 56,000 employees.

### ***ING Bank***

ING Bank currently offers retail banking services to individuals, small and medium-sized enterprises (“SMEs”) and mid-corporates in Europe, Asia and Australia and wholesale banking services to customers around the world, including multinational corporations, governments, financial institutions and supranational organisations. ING Bank currently serves more than 38 million customers through an extensive network in more than 40 countries. ING Bank has more than 56,000 employees.

ING Bank’s purpose is to empower customers to stay a step ahead in life and in business. Its strengths include a well-known, strong brand with positive recognition from customers in many countries, a strong financial position, an omnichannel distribution strategy and an international network.

ING Bank’s reporting structure reflects the two main business lines through which it is active: Retail Banking and Wholesale Banking.

Retail Banking provides banking services to individuals, SMEs and mid-corporates in Europe, Asia and Australia. In most Retail markets ING offers a full range of banking products and services, covering payments, savings, investments, mortgages and consumer loans, though offerings may vary according to local demand.

Wholesale Banking is an important and integral contributor to ING’s commercial performance. With a local presence in more than 40 countries, ING provides corporate clients and financial institutions with advisory value propositions such as specialised lending, tailored corporate finance and debt and equity market solutions. It also serves their daily banking needs with payments and cash management, trade and treasury services.

ING Bank has defined three categories of markets in which it intends to compete: Market Leaders, Challengers and Growth Markets. ING Bank’s aim is to become the primary bank for more customers in these markets. In Retail Banking, ING defines primary customers as those with multiple active ING products, at least one of which is a current account where they deposit a regular income such as a salary. For Wholesale Banking these are active clients with lending and daily banking products and at least one extra product generating recurring revenues over the last 12 months.

ING’s Market Leaders are Belgium, the Netherlands and Luxembourg. These are mature businesses where ING has strong positions in retail and wholesale banking. ING is investing in digital leadership to deliver a uniform customer experience with one integrated banking platform and a harmonised business model.

ING’s Challengers Markets are Australia, Austria, Czech Republic, France, Germany, Italy and Spain. Here ING is aiming for a full retail and wholesale relationship, digitally distributed through low-cost retail platforms. It also aims to use its direct-banking experience to grow consumer and SME lending, and ING’s strong savings franchises to fund the expansion of wholesale banking in these markets.

ING’s Growth Markets are businesses with a full range of retail and wholesale banking services in countries whose economies have high growth potential. These include Poland, Romania and Turkey. In these markets

ING is investing to achieve sustainable franchises and will focus on digital leadership by converging to a mobile-first model and prioritising innovation. ING's newest Growth Market is ING in the Philippines, where it launched an all-digital retail bank in November 2018.

## **Incorporation and History**

As result of the merger on equal terms of Nationale Nederlanden and NMB Postbank Groep, ING Groep N.V. was created in 1991 as holding company allowing separate insurance and banking supervision. In 2011, insurance and banking activities were split operationally; divestment of insurance completed in April 2016.

ING Groep N.V. is a limited liability company (*naamloze vennootschap*). The registered office is at Bijlmerdreef 106, 1102 CT Amsterdam, the Netherlands (telephone number: +31 20 563 9111). ING Groep N.V. is registered with the Dutch Trade Register of the Chamber of Commerce under no. 33231073 and its corporate seat is in Amsterdam, the Netherlands. The legal entity identifier (LEI) of ING Groep N.V. is 549300NYKK9MWM7GGW15. The Articles of Association of ING Groep N.V. were last amended by notarial deed executed on 26 July 2016. According to article 3 of the Articles of Association the object of ING Groep N.V. is to participate in, manage, finance, furnish personal or real security for the obligations of, and provide services to, other enterprises and institutions of any kind, but in particular enterprises and institutions which are active in the field of lending, the financial markets, investment and/or other financial services, and to engage in any activity which may be related or conducive to the foregoing.

## **Supervisory Board and Executive Board**

ING Groep N.V. has a two-tier board system, consisting of a Supervisory Board and an Executive Board. All members of the Supervisory Board, with the exception of Eric Boyer de la Giroday, are independent within the meaning of the Code. Eric Boyer de la Giroday is not to be regarded as independent within the meaning of the Code because of his position as chairman of the Board of Directors of ING Belgium SA/NV and his former positions as a member of the Executive Board of ING Group and vice-chairman of Management Board Banking of ING Bank N.V. The task of the Supervisory Board is to supervise the policy of the Executive Board and the general course of events at the Issuer and to assist the Executive Board by providing advice. The Executive Board is responsible for the daily management of the Issuer.

As at the date of this Registration Document, the composition of the Supervisory Board and the Executive Board of ING Groep N.V. is as follows:

- Supervisory Board: G.J. (Hans) Wijers (chairman), H.J.M. (Hermann-Josef) Lamberti (vice-chairman), J.P. (Jan Peter) Balkenende, E.F.C.B. (Eric) Boyer de la Giroday, M. (Mariana) Gheorghe, M. (Margarete) Haase, A.M.G. (Mike) Rees and H.W.P.M.A. (Herna) Verhagen.
- Executive Board: R.A.J.G. (Ralph) Hamers\* (chairman), T. (Tanate) Phutrakul (CFO) and S.J.A. (Steven) van Rijswijk (CRO).

\* Will step down from the Executive Board as further described under “ – Proposed changes to the Executive Board and the Supervisory Board” below.

The business address of all members of the Supervisory Board and the Executive Board is: ING Groep N.V., Bijlmerdreef 106, 1102 CT Amsterdam, the Netherlands.

In order to avoid potential conflicts of interest, ING has a policy that members of its Executive Board do not accept corporate directorships with listed companies outside ING. As a result, and given the different fields of business of each company, ING believes that there is no potential conflict of interests.

Details of relationships that members of the Executive Board may have with ING Group subsidiaries as ordinary, private individuals are not reported, with the exception of information on any loans that may have been granted to them. In all these cases, the company complies with the best-practice provisions of the Code.



There are no potential conflicts of interest between any duties owed by the members of the Supervisory Board or the Executive Board to the Issuer and any private interests or other duties which such persons may have.

Listed below are the most relevant ancillary positions performed by members of the Supervisory Board outside ING.

**Wijers, G.J.**

Member of the Supervisory Board of Hal Investments Plc

Chairman of the Supervisory Board of Het Concertgebouw N.V.

Member of the Temasek European Advisory Panel of Temasek Holdings Private Limited

**Lamberti, H-J.M.**

Non-Executive member of the Board of Directors Airbus Group N.V.

Chairman of the Supervisory Board of Addiko Bank (including senior business adviser of Advent International GmbH)

Director of Frankfurt Technology Management GmbH

The ECB has authorised Hermann-Josef Lamberti to hold a third non-executive position i.e. in deviation of the maximum of two provided for in section 91 of CRD IV.

**Balkenende, J.P.**

Professor of governance, institutions and internationalisation at Erasmus University Rotterdam (the Netherlands)

External senior adviser to EY

Member of the Supervisory Board of Goldschmeding Foundation

Chairman of the Board Maatschappelijke Alliantie (the Netherlands)

Chairman of the Board of Noaber Foundation

**Boyer de la Giroday, E.F.C.B.**

Non-executive chairman of the Board of Directors ING Belgium SA/NV

Non-executive director of the board of directors of the Instituts Internationaux de Physique et de Chimie fondés par Ernest Solvay, asbl

**Gheorge, M.**

Member of the Advisory Council of the Bucharest Academy of Economic Studies, Romania

**Haase, M.**

Member of the Supervisory Board and chairwoman of the Audit Committee of Fraport AG

Member of the Supervisory Board and chairwoman of the Audit Committee of Osram Licht AG

Member of the Supervisory Board and chairwoman of the Audit Committee of Marquard & Bahls AG

Chairwoman of the Employers Association of Kölnmetall

Member of the German Corporate Governance Committee

**Rees, A.M.G.**

Founder and consultant of Strategic Vitality Ltd

Non-executive chairman of Athla Capital Management Ltd

Non-executive director Mauritius Africa FinTech Hub

**Verhagen, H.W.P.M.A.**

CEO of PostNL N.V.

Non-executive Board member and chairwoman of the Nomination Committee of Rexel SA.

Member of the Supervisory Board, nomination committee and sponsoring committee of Het Concertgebouw N.V.

Member of the advisory council of Goldschmeding Foundation

Member of the Board of VNO-NCW (inherent to her position at PostNL N.V.)

**Proposed changes to the Executive Board and the Supervisory Board**

On 19 February 2020, ING announced that its CEO Ralph Hamers will step down from his position and leave ING as of 30 June 2020. Until 30 June 2020 Ralph Hamers will remain in his role as CEO, running the daily business and working with the Executive Board and Management Board Banking to ensure a smooth transition.

The Issuer further proposed to the AGM (at the date of this Registration Document, scheduled to be held on 28 April 2020) to appoint Juan Colombás, Herman Hulst and Harold Naus as members of the Supervisory Board, which was announced on 16 March 2020. Upon decision by the AGM, the appointment of Herman Hulst and Harold Naus will be effective as of the end of the AGM and of Juan Colombás as of 1 October 2020.

**Permanent Committees of the Supervisory Board**

The Supervisory Board has four permanent committees: the Risk Committee, the Audit Committee, the Nomination and Corporate Governance Committee and the Remuneration Committee.

Separate charters have been drawn up for the Risk Committee, the Audit Committee, the Nomination and Corporate Governance Committee and the Remuneration Committee. These charters are available on the website of ING Group ([www.ing.com](http://www.ing.com)) (but are not incorporated by reference into, and do not form part of, this Registration Document). A short description of the duties of the four permanent committees follows below.

The Risk Committee assists and advises the Supervisory Board in monitoring the risk profile of ING as a whole as well as on the structure and operation of the internal risk management and control systems. The members of the Risk Committee are: Mike Rees (chairman), Jan Peter Balkenende, Eric Boyer de la Giroday, Mariana Gheorghe and Hermann-Josef Lamberti.

The Audit Committee assists and advises the Supervisory Board in monitoring the integrity of the financial statements of the Issuer, and ING Bank N.V., in monitoring compliance with legal and regulatory requirements and in monitoring the independence and performance of ING's internal and external auditors. The members of the Audit Committee are: Hermann-Josef Lamberti (chairman), Eric Boyer de la Giroday, Margarete Haase, Mike Rees and Hans Wijers.

The appointment of Margarete Haase as supervisory board member became effective as of 1 May 2018 (as decided by the Supervisory Board in January 2018) and as of that date Margarete Haase is considered a financial expert as defined by the SEC in its final rules implementing Section 407 of the Sarbanes-Oxley Act of 2002.

Eric Boyer de la Giroday is a financial expert as defined in the Dutch Corporate Governance Code considering his academic background as well as his knowledge and experience in his previous role as board member and vice-chairman of the Issuer and ING Bank N.V.

The Nomination and Corporate Governance Committee's tasks include advising the Supervisory Board on the composition of the Executive Board and Supervisory Board and assisting the Supervisory Board in monitoring and evaluating the corporate governance of ING as a whole and the reporting thereon in the annual report and to the general meeting, and advising the Supervisory Board on improvements. The members of the Nomination and Corporate Governance Committee are: Hans Wijers (chairman), Mariana Gheorghe and Herna Verhagen.

The Remuneration Committee's tasks include advising the Supervisory Board on the terms and conditions of employment (including remuneration) of the members of the Executive Board and on the policies and general principles on which the terms and conditions of employment of the members of the Executive Board and of senior managers of the Issuer and its subsidiaries are based. The members of the Remuneration Committee are: Herna Verhagen (chairman), Mariane Gheorghe and Hans Wijers.

## Five-Year Key Consolidated Figures for ING Groep N.V.:

### IFRS-EU Consolidated Income Statement Data<sup>(1)</sup>

	For the years ended				
	2019	2018	2017	2016	2015
	<i>(in millions EUR except amounts per share and ratios)</i>				
<b>Continuing operations</b>					
Interest income.....	28,454	27,766	43,958	44,182	46,321
Interest expense .....	14,376	13,850	30,244	30,941	33,760
Net interest income.....	14,079	13,916	13,714	13,241	12,561
Net fee and commission income .....	2,868	2,798	2,710	2,433	2,318
Investment and Other income .....	1,360	1,463	1,349	1,817	1,966
<b>Total income.....</b>	<b>18,306</b>	<b>18,176</b>	<b>17,773</b>	<b>17,491</b>	<b>16,845</b>
Operating expenses .....	10,353	10,682	9,829	10,614	9,326
Addition to loan loss provisions.....	1,120	656	676	974	1,347
<b>Total expenditures .....</b>	<b>11,473</b>	<b>11,338</b>	<b>10,505</b>	<b>11,588</b>	<b>10,673</b>
<b>Result before tax.....</b>	<b>6,834</b>	<b>6,838</b>	<b>7,268</b>	<b>5,903</b>	<b>6,172</b>
Taxation.....	1,955	2,027	2,281	1,618	1,637
<b>Net result from continuing operations .....</b>	<b>4,879</b>	<b>4,811</b>	<b>4,987</b>	<b>4,285</b>	<b>4,535</b>
<b>Net result from discontinued operations .....</b>				441)	(122
Non-controlling interests from continuing and discontinued operations .....	99	108	82	75	403
<b>Net result ING Group IFRS-EU .....</b>	<b>4,781</b>	<b>4,703</b>	<b>4,905</b>	<b>4,651</b>	<b>4,010</b>
<b>Addition to shareholders' equity .....</b>	<b>2,093</b>	<b>2,057</b>	<b>2,302</b>	<b>2,091</b>	<b>1,491</b>
<b>Dividend .....</b>	<b>2,688</b>	<b>2,646</b>	<b>2,603</b>	<b>2,560</b>	<b>2,519</b>
<b>Basic earnings per share.....</b>	<b>1.23</b>	<b>1.21</b>	<b>1.26</b>	<b>1.20</b>	<b>1.04</b>
<b>Diluted earnings per share .....</b>	<b>1.23</b>	<b>1.21</b>	<b>1.26</b>	<b>1.20</b>	<b>1.03</b>
<b>Dividend per share.....</b>	<b>0.69</b>	<b>0.68</b>	<b>0.67</b>	<b>0.66</b>	<b>0.65</b>
<b>Number of Ordinary Shares outstanding (in millions).....</b>	<b>3,895.9</b>	<b>3,890.6</b>	<b>3,884.8</b>	<b>3,877.9</b>	<b>3,868.7</b>

(1) The amounts for the period ended 31 December 2018 have been prepared in accordance with IFRS 9, the adoption of IFRS 9 led to new presentation requirements; prior period amounts have not been restated.

For the year 2018, “Addition to shareholder’s equity” and “Dividend” were ratified at the General Meeting of Shareholders on 23 April 2019. Basic earnings per share amounts have been calculated based on the weighted average number of Ordinary Shares outstanding and Shareholders’ equity per share amounts have been calculated based on the number of Ordinary Shares outstanding at the end of the respective periods. For purposes of this calculation, ING Groep N.V. shares held by Group companies are deducted from the total number of Ordinary Shares in issue. The effect of dilutive securities is adjusted as well.

### **Share capital and cumulative preference shares**

As at the date of this Registration Document, the authorised share capital of ING Groep N.V. amounted one hundred and ninety-three million euro (EUR 193,000,000), and was divided as follows:

- a. fourteen billion seven hundred and twenty-nine million (14,729,000,000) ordinary shares, each having a nominal value of one eurocent (EUR 0.01); and
- b. four billion five hundred and seventy-one million (4,571,000,000) cumulative preference shares, each having a nominal value of one eurocent (EUR 0.01).

The issued and paid-up capital amounted to EUR 38.9 million consisting of 3,897 million ordinary shares at 31 December 2019. No cumulative preference shares have been issued.

### **Significant Developments in 2019**

In January 2019, the Issuer issued USD 1,250 million contingent convertible securities which qualify as Additional Tier-1 capital under CRD IV/CRR to strengthen ING’s capital base. The perpetual bond, which can be called by the Issuer five years after issuance, has an initial coupon of 6.750%, which is subject to reset.

On 22 February 2019, ING announced the sale of its last tranche of shares in India’s Kotak Mahindra Bank (“**Kotak**”). ING obtained its stake in Kotak through the merger of ING Vysya Bank with Kotak Mahindra Bank in 2015. ING has subsequently sold down its stake in the bank. The sale of the remaining stake of 3.06% for approximately EUR 886.7 million on 22 February 2019 concludes the divestment process.

On 26 February 2019, ING signed a memorandum of understanding (the “**MoU**”) with TMB Bank PCL (“**TMB**”), Thanachart Bank (“**TBANK**”) and TBANK’s major shareholders Thanachart Capital and The Bank of Nova Scotia to discuss a proposed merger of TMB and TBANK. At the date of this Registration Document, ING is the largest shareholder in TMB with a 30 per cent. stake. The non-binding MoU serves as the basis for further negotiation among the five parties on a potential merger of the two Thai banks.

In March 2019, ING was informed by the Banca d’Italia of their report containing their conclusions regarding shortcomings in AML processes at ING Italy, which was prepared based on an inspection conducted from October 2018 until January 2019. ING expects to discuss these conclusions further with the Banca d’Italia. In line with the enhancement programme announced in 2018, ING is taking steps intended to improve processes and management of compliance risks as required by the Banca d’Italia. In close consultation and in agreement with the Banca d’Italia, ING Italy will refrain from taking on new customers during further discussions on the enhancement plans with the Banca d’Italia. For more information see ‘*General Information – Litigation*’. ING will continue to fully serve existing clients in Italy. ING will work hard to address the shortcomings and resolve the issues identified. The measures in Italy come in the context of the steps ING announced in September 2018 to enhance its management of compliance risks and embed stronger awareness across the whole organisation. This programme started in 2017 and includes enhancing KYC files where necessary and working on various structural improvements in compliance policies, tooling, monitoring and governance.

## Significant Developments in 2020

On 19 February 2020, ING announced that its CEO Ralph Hamers will step down from his position and leave ING as of 30 June 2020. See ‘*Description of ING Groep N.V. – Proposed changes to the Executive Board and the Supervisory Board*’ for more information.

In February 2020, the Issuer issued USD 750 million contingent convertible securities which qualify as Additional Tier-1 capital under the CRR to strengthen ING’s capital base. The perpetual bond has an initial coupon of 4.875% which is subject to reset. On 15 March 2020, ING announced that it will redeem in full its USD 700 million of 6.125% Perpetual Debt Securities on the call date of 15 April 2020 and USD 1.0 billion of 6.000% Perpetual Additional Tier 1 Contingent Convertible Capital Securities on the call date of 16 April 2020.

In late-2019, a highly-infectious novel coronavirus named COVID-19 was first identified in Wuhan, PRC. Spreading quickly to other regions of the world, COVID-19 was declared a global pandemic by the World Health Organization on 11 March 2020. Various countries and local governmental authorities across the world have introduced measures aimed at preventing the further spread of COVID-19, such as bans on public events with over a certain number of attendees, closures of places where larger groups of people gather such as schools, sports facilities and bars and restaurants, lockdowns, border controls and travel and other restrictions. Such measures have disrupted the normal flow of business operations in those countries and regions, which include countries and regions where ING and its customers and counterparties operate (such as, among others, Benelux, Germany, France, Italy, Spain, the U.K. and the U.S.), affected global supply chains, global manufacturing, tourism, consumer spending and asset prices, and resulted in volatility and uncertainty across the global economy and financial markets.

In addition to measures aimed at preventing the further spread of the COVID-19 virus, governments in various countries have introduced measures aimed at mitigating the economic consequences of the outbreak. For example, the Dutch government has announced economic measures aimed at protecting jobs, households’ wages and companies, e.g., by way of tax payment holidays, guarantee schemes and a compensation scheme for heavily affected sectors in the economy. These announced measures and any additional measures, including any payment holidays with respect to mortgages or other loans, may have a significant impact on ING’s customers and other counterparties.

Governments, regulators and central banks, including the European Central Bank (“ECB”) and DNB, have also announced that they are taking or considering measures seeking to safeguard the stability of the financial sector, to prevent lending to the business sector from being jeopardised and to ensure the payment system continues to function properly. For example, in a press release issued on 17 March 2020, DNB announced that it had decided to temporarily give banks additional leeway to continue business lending and absorb potential losses. In this context, the introduction of a floor for mortgage loan risk weighting has been postponed. Furthermore, for ING the systemic buffer has been lowered from 3.0% of global risk-weighted exposures to 2.5%. DNB indicated that these measures will remain in force as long as necessary. The DNB also announced that, once the situation is back to normal, DNB will compensate the systemic buffers reduction by gradually increasing the countercyclical capital buffer to bring capital requirements back to the previous level.

ING is monitoring the ongoing COVID-19 pandemic carefully as it evolves to understand the impact on its people and business which could have a material adverse effect on ING’s business and operations.

## ING Strategy

There were numerous developments in 2019 with important implications for financial services providers and their future strategic direction. Digitalisation increased, with a growing percentage of customers doing their banking with mobile devices. Big Tech platforms continued to leverage their expertise in the digital customer experience to encroach on banks’ market share by targeting lucrative parts of their traditional value chains, such as payments.

Competition was further spurred by implementation in 2019 of the EU's PSD2 directive opening the payments market to non-bank competitors. Persistently low interest rates in Europe edged still lower, pressuring banks' interest income and profits. And the growing threat of climate change intensified the debate about the role business can and should play to promote a sustainable future.

### **Think Forward**

ING's Think Forward strategy – with its purpose to empower people to stay a step ahead in life and in business – continue to guide its strategic response to the challenges and opportunities these developments present. Chief among these is how banks can master the digital customer experience and tap into its opportunities.

The strategic priorities that are the focus of the Think Forward strategy aim to create a differentiated customer experience. They do that by deepening the relationship with the customer, by providing tools to know customers better and to anticipate their evolving needs, and by fostering an innovation culture that will ensure ING is able to continuously adapt its offerings and business model to anticipate and meet those needs in future. And the Customer Promise – clear and easy, anytime anywhere, empower, and keep getting better – forms the basis of the customer experience ING aims for.

In concrete terms, this translates into a focus on primary relationships. These are relationships where ING serves multiple banking or other needs of retail customers and wholesale banking clients and which allow it to know these customers and their needs better so it can add value for them and grow the relationship. To do this, ING aims to master data management and analytics skills, including artificial intelligence. To provide for future needs, ING promotes an internal culture of innovation and partners with fintechs and other innovative partners to develop interesting propositions, both in financial services and beyond banking that can add value for customers and others.

### **Platform approach**

The competitive landscape that banks face is increasingly being shaped by Big Tech companies. They offer customers a superior digital experience through an open platform approach that delivers a range of their primary needs in a go-to digital ecosystem. This ability to provide for primary needs, with both proprietary and third-party offerings that are easily accessed through mobile devices, defines their success. Banking, by contrast, is a facilitator and not a primary need. The choice for banks is to challenge their existing business models, to disrupt themselves, or risk being disintermediated and relegated to a status of white label facilitators of others' platforms.

ING chooses to pursue its own platform approach. It aims to create a go-to financial services platform offering one customer experience wherever ING operates and one that's mobile-first in keeping with ING's clear and easy, anytime anywhere Customer Promise. To support this ambition, ING is evolving to a single global modular technological foundation that can be easily scaled up to accommodate growth, and one that's open so it's ready to connect to other platforms and offers users relevant third-party products and services.

### **Innovation and transformation**

To pursue this aim, ING is converging businesses with similar customer propositions. The Unite be+nl initiative is combining the Netherlands and Belgium. The Maggie (formerly Model Bank) transformation programme is standardising the approach in four European markets - Czech Republic, France, Italy and Spain - similar to ING's digital approach in Germany based on a standardised omnichannel customer experience across mobile devices and web. ING pursues a plug-and-play approach to product development to ensure it can share innovations quickly across its businesses. An example of this in practice includes the One App now active in Belgium, Germany and the Netherlands, offering one mobile customer experience in those markets. And ING is evolving toward a uniform approach to data and its management, to processes and to one way of working to support this transformation and accelerate innovation.

Increasing the pace of innovation is a strategic priority and core to ensuring ING remains relevant to its customers and can live up to its purpose to empower people to stay a step ahead in life and in business. And it is a prerequisite for realising ING's platform ambitions. It does this by fostering an internal culture of innovation through customised methodologies and by providing resources to its business through the ING Innovation Fund. And ING collaborates with a wide range of fintechs and other external parties to accelerate the development of innovative solutions for customers.

To spur this collaboration, ING in 2019 opened the Cumulus Park innovation district in Amsterdam Zuidoost, an initiative together with local government and educational institutions offering businesses, academics and innovators workspaces designed to co-create, learn, research and inspire in a collaborative atmosphere around the themes of urbanisation and digital identity.

And through ING Labs in Amsterdam, Brussels, London and Singapore ING is also collaborating with fintechs and others on disruptive innovations in value spaces that best match the expertise and ecosystems in those locations.

Examples of collaborative innovations include beyond banking initiatives for retail customers. In 2019, ING launched the first protection products as part of the global insurance partnership with AXA, distributed primarily through a mobile app. Examples in Wholesale Banking include Cobase, a platform that enables companies to manage accounts at multiple banks through one interface, and blockchain solutions in areas like trade finance that drastically reduce the time and complexity of trades.

In 2019, resources were devoted to improving ING's capabilities in the areas of know your customer and fighting financial economic crime, causing some reprioritisation related to the pace of implementation of innovation and transformation goals. However, ING's strategy and priorities in these areas remains unchanged.

### **Promoting a sustainable society**

ING's empowerment purpose is not limited to its own customers. In striving to help people to stay a step ahead in life and in business, ING sees a key role for ING in promoting a sustainable society, as well as important opportunities both for it and for its customers.

To promote people's financial health, ING focuses on giving them the knowledge and tools to make informed decisions, and it supports initiatives that are developing awareness about the drivers behind how people arrive at financial decisions so better methods and tools can be developed in the future. And through its financing ING seeks to positively influence society's transition to a more sustainable, low-carbon economy. One of the important ways it does that is through its Terra approach to steer the impact of ING's lending portfolio to support the Paris Climate Agreement's goal to limit the rise of global temperatures to well below two degrees Celsius.

### **Elements of ING's strategy**

ING's Think Forward strategy was launched in 2014. This section describes the strategy and includes references to examples and additional information on how ING's strategy links to the material topics identified by its stakeholders.

#### ***Strategic priorities***

To deliver on its Customer Promise and create a differentiating customer experience, ING has identified four strategic priorities:

##### ***1. Earn the primary relationship***

Earning the primary relationship is a strategic priority for ING as it leads to deeper relationships, greater customer satisfaction and, ultimately, customers choosing it for more of their financial needs. In Retail Banking ING defines primary customers as those with multiple active ING products, at least one of which is a current account where they deposit a regular income such as a salary. For Wholesale Banking these are active clients

with lending and daily banking products and at least one extra product generating recurring revenues over the last 12 months.

## *2. Develop data analytics*

With the further digitalisation of banking, data is an important asset that helps improve the customer experience and earn the strategically important primary relationship. ING relies on data to understand what customers want and need. It uses these insights to personalise interactions with customers and empower them to make their own financial decisions. Data skills are also essential to know customers from a regulatory and risk perspective, to prevent fraud, improve operational processes and generate services that go beyond traditional banking. ING recognises that excelling at data management is a core competency to realise its ambition to create a personal digital experience for customers. ING is on course to implement one global approach to data management to ensure it maximises the potential of this key resource. Discussions in society about data privacy and the tightening of data privacy legislation and regulations, as embodied in the EU's General Data Protection Regulation (GDPR), are raising awareness of this important issue. ING is committed to handling customer data safely and being open about how ING uses it.

## *3. Increase the pace of innovation to serve changing customer needs*

Evolving customer expectations, new technologies and new competitors are transforming banking. Innovation is at the heart of the Think Forward strategy and essential to develop the beyond banking and disruptive products, services and experiences that support ING's platform ambitions. ING promotes innovation internally through ING's own PACE innovation methodology and by earmarking funds to support businesses with innovative initiatives. To speed up the pace of innovation, it also partners with outside parties, including fintechs.

## *4. Think beyond traditional banking to develop new services and business models*

Persistent low interest rates and disruption from the rise of new non-bank entrants in the financial services sector are challenging banks' traditional business models. Thinking beyond traditional banking is crucial to find new ways to be relevant to customers. Here, open banking offers opportunities. By partnering with others or developing its own digital platforms, ING can offer customers new and complementary services that go beyond banking – and create new revenue streams for ING.

## ***Enablers***

Four strategic enablers support the implementation of ING's strategy: simplifying and streamlining its organisation, operational excellence, enhancing ING's performance culture and diversifying its lending capabilities.

### *1. Simplify and streamline*

Simplify and streamline refers to ING's aim to become a more effective, cost-efficient and agile organisation with the flexibility to respond to fast-changing customer needs and low-cost competitors. To support ING's ambition to evolve into one, scalable, mobile-first digital platform that offers a uniform and superior customer experience, it is building a global foundation with the same approach to data, IT infrastructure, and processes. This will feature simplified and standardised products and systems supported by modular architecture, integrated and scalable IT systems and shared services. ING also applies one Way of Working (WoW), based on agile principles, across many areas of ING to speed up the pace of innovation and bring new customer solutions to market faster, as well as to enable global collaboration and knowledge sharing.

### *2. Operational excellence*

Operational excellence requires continuous focus. ING's operations need to provide a seamless and flawless customer experience and its operations need to remain safe and secure so it can play its important role as gatekeepers to the financial system. ING invests to provide stable IT systems and platforms so that it is there for customers when they need it and to provide them with the highest standards of data security. As part of ING's know your customer (KYC) enhancement programme it is developing a global approach to dealing with



customer due diligence and transaction monitoring, supported by standardised tools, a uniform approach to data and clear governance

### *3. Performance culture*

ING believes there are strong links between employee engagement, customer engagement and business performance. It aims to continually improve its performance culture by creating a differentiating employee experience and enhancing the capabilities of leaders. By focusing on delivering a great employee experience and by stepping up leadership capabilities, ING develops its employees' engagement and ability to deliver on the ING purpose and strategy.

ING's Think Forward Leadership Programme (TFLP) aims to develop greater leaders and better managers who can engage staff and enhance team performance. Introduced for senior leaders in 2017, it was extended later that year to people managers globally as the TFL Experience (TFLE), a four-day programme with follow-up learning activities. The first phase of the programmes focused on the Orange Code, individual purpose and the Think Forward strategy. Phase 2, launched for TFLP in 2018, focused on high sustainable performance, talent management and performance transparency. It will be extended to the TFLE in 2020.

Every ING employee is expected to ensure that ING is a bank people can trust and its employees can be proud of. This starts at the top as leaders should create the right conditions for employees to safeguard the bank and society from financial economic crime. And a global code of conduct was rolled out in the first quarter of 2020 that builds on the Orange Code and gives employees worldwide concrete examples of how to put the ING values into practice.

ING promotes a more diverse and inclusive workforce by aiming for 'mixed teams'. It has adopted the 70 percent principle, which gives managers a basis for building mixed teams around appropriate dimensions of diversity (with a focus on gender, nationality and age group) and strives for a minimum 30 percent difference in team make-up. In 2019, ING worked to further this aim by deep-diving into diversity dimensions ING-wide and setting up dashboards to help different areas of the business monitor their progress. Like many other financial organisations, getting the right mix of people remains a challenge in parts of the business and there is more to be done to redress imbalances that still exist.

### *4. Lending capabilities*

Broadening and diversifying lending capabilities to continue to grow client franchises is ING's fourth strategic enabler. To do so, it is seeking opportunities in Retail, SME and Consumer Lending segments, as well as focusing on Wholesale Banking lending growth in the ING businesses in Challengers & Growth (C&G) markets and in its sector lending franchises. ING is also considered one of the pioneers in sustainable finance, having introduced the first sustainability ESG-linked loan and a made-to-measure sustainability improvement loan. In 2019, ING continued to shape this sector and open up new markets by developing sustainability improvement concepts and financial products. In 2019, it continued to grow at resilient interest margins, with net core lending growth of €17.2 billion, or 2.9 percent, mainly realised in ING's Retail markets. ING's ambition is to continue to grow profitably within its risk appetite, but given market dynamics it expects growth at Wholesale Banking to be slightly lower than in Retail Banking.

## **Responsible finance**

ING is committed to contributing to a low-carbon and financially healthy society, both through its own efforts and by helping its clients to be more sustainable. As a bank, ING makes the most impact through its financing, via the loans it provides to clients. This is why ING announced in September last year that it would steer its €600 billion lending portfolio towards meeting the well-below two-degree goal of the Paris Climate Agreement. ING's strategy to get there is called the Terra approach.

One year later, ING published its first progress report on Terra, providing a status update on the alignment of its lending portfolio with the pathway to the goal. The report presented ING's climate alignment performance,

targets, challenges and next steps for five of the nine sectors with the biggest influence on greenhouse gas emissions: power generation, automotive, commercial real estate, residential real estate and cement.

For the remaining four in scope, fossil fuels, shipping, aviation and steel, ING provided an update on progress to date, initiatives and next steps. Quantitative results for these four sectors are expected to be disclosed in 2020.

For more information, see the sections entitled ‘*Report of the Executive Board – Our business – Responsible finance*’, ‘*Risk Management – Credit Risk – Environmental and Social Risk Framework*’ and ‘*Risk Management – ING Group risk management – Climate change risk*’ as set out in the 2019 Annual Report which are incorporated by reference into this Registration Document.

## **Regulation and Supervision**

### ***European Regulatory framework***

In November 2014 the European Central Bank (“**ECB**”) assumed responsibility, conferred on it by the Single Supervisory Mechanism (“**SSM**”), for a significant part of the prudential supervision of euro area banking groups in the Eurozone, including ING Group and ING Bank. Since the ECB assumed responsibility for the supervision of the banking groups in the Eurozone, it has become the Issuer’s and ING Bank’s main supervisor. The ECB is amongst others responsible for tasks such as market access, compliance with capital and liquidity requirements and governance arrangements. National regulators, including the Dutch Central Bank for ING Group and ING Bank, remain responsible for supervision of tasks that have not been transferred to the ECB such as financial crime and payment supervision. See also ‘*Risk Factors – Risks related to the regulation and supervision of the Group – Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations may increase the Issuer’s operating costs and limit its activities*’.

ING expects to benefit from the harmonisation of supervision resulting from the SSM but at the same time does not expect such harmonisation to be fully in place in the short to mid-term. ING expects that the Dutch Central bank will continue to play a significant role in the supervision of ING Group and ING Bank.

Another significant change in the regulatory environment has been the setting up of the Single Resolution Mechanism (“**SRM**”), which comprises the Single Resolution Board (“**SRB**”) and the national resolution authorities and is fully responsible for the resolution of banks within the Eurozone as of 1 January 2016. ING has been engaging already with the Dutch national resolution authorities and the SRB for a few years with the aim of supporting the preparation of a resolution plan for ING and will continue to collaborate with the resolution authorities. The rules underpinning the SRM could have a significant impact on business models and capital structure of financial groups in order to become resolvable but at this stage it is not fully clear what the impact on ING will be.

As a third pillar to the Banking Union, the EU aims at further harmonising regulations for Deposit Guarantee Schemes (“**DGS**”). Main elements are the creation of ex-ante funded DGS funds, financed by risk-weighted contributions from banks. As a next step, the EU is discussing a pan-European (or pan-banking union) DGS (the European Deposit Insurance Scheme (“**EDIS**”)), (partly) replacing or complementing national compensation schemes. The progress on the EDIS proposal is slower than expected; this proposal as well as certain accompanying risk reduction measures are still being discussed in the European Parliament and in the Council.

### ***Dutch Regulatory Framework***

The Dutch regulatory system for financial supervision consists of prudential supervision – monitoring the soundness of financial institutions and the financial sector, and conduct-of-business supervision – regulating institutions’ conduct in the markets. As far as prudential supervision has not been transferred to the ECB, it is exercised by the Dutch Central Bank (De Nederlandsche Bank or “**DNB**”), while conduct-of-business

supervision is performed by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten* or “AFM”). DNB is in the lead with regard to macroprudential supervision.

### ***Global Regulatory Environment***

There is a variety of proposals for laws and regulations that could impact ING globally, in particular those made by the Financial Stability Board and the Basel Committee on Banking Supervision at the transnational level and an expanding series of supranational directives and national legislation in the European Union (see ‘*Risk Factors – Risks related to the regulation and supervision of the Group – Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations may increase the Issuer’s operating costs and limit its activities*’). The aggregated impact and possible interaction of all of these proposals are hard to determine, and it may be difficult to reconcile them where they are not aligned. The financial industry has also taken initiatives by means of guidelines and self-regulatory initiatives.

### ***Dodd-Frank Act and other US Regulations***

ING Bank has a limited direct presence in the United States through the ING Bank Representative Offices in New York and Dallas, Texas. Although the offices’ activities are strictly limited to essentially that of a marketing agent of bank products and services and a facilitator (i.e. the offices may not take deposits or execute any transactions), the offices are subject to the regulation of the State of New York Department of Financial Services and the Texas Department of Banking, as well as the Federal Reserve. ING Bank also has a subsidiary in the United States, ING Financial Holdings Corporation, which through several operating subsidiaries (one of which is registered with the U.S. Commodity Futures Trading Commission as a swap dealer and another of which is registered with the U.S. Securities and Exchange Commission as a securities broker-dealer) offers various financial products, including lending, and financial markets products. These entities do not accept deposits in the United States on their own behalf or on behalf of ING Bank N.V.

The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (“**Dodd-Frank Act**”), which became law on 21 July 2010, represented a significant overhaul in the regulation of U.S. financial institutions and markets. The primary impact on ING is through the establishment of a regulatory regime for the off-exchange derivatives market, pursuant to Title VII of the Dodd-Frank Act.

Among other things, the Dodd-Frank Act and regulations enacted thereunder required swap dealers to register with the Commodity Futures Trading Commission (the “**CFTC**”, the primary swaps regulator in the U.S.) as ‘swap dealers’ and be subject to CFTC regulation and oversight. The ING subsidiary, ING Capital Markets LLC, is registered as a swap dealer. As a registered entity, it is subject to business conduct, record-keeping and reporting requirements, as well as margin requirements and, once regulations are finalised, capital requirements. In addition to the obligations imposed on registrants, such as swap dealers, reporting, clearing, and on-facility trading requirements have been imposed for much of the off-exchange derivatives market. It is possible that registration, execution, clearing, margin and compliance requirements will increase the costs of and restrict participation in the derivative markets. These rules (as well as further regulations, some of which are not yet final) could therefore restrict trading activity, reducing trading opportunities and market liquidity, potentially increasing the cost of hedging transactions and the volatility of the relevant markets. This could adversely affect the business of ING in these markets.

The Dodd-Frank Act also impacts U.S. banks and non-U.S. banks with branches or agencies in the United States, primarily through the Volcker Rule and the enhanced prudential standards of Section 165 of the Dodd-Frank Act. Because ING Bank does not have a U.S. banking presence, these provisions do not currently apply to ING.

The Dodd-Frank Act also created a new agency, the Financial Stability Oversight Council (“**FSOC**”), an inter-agency body that is responsible for monitoring the activities of the U.S. financial system, designating systemically significant financial services firms and recommending a framework for substantially increased regulation of such firms, including systemically important non-bank financial companies that could consist of

securities firms, insurance companies and other providers of financial services, including non-U.S. companies. ING has not been designated a systemically significant non-bank financial company by FSOC and such a designation currently is unlikely.

Although U.S. legislative and regulatory bodies have taken initial steps over the past year to tailor the regulatory regime created under Dodd-Frank, Dodd-Frank continues to impose significant requirements on the Issuer, some of which may have a material impact on its operations and results, as discussed further under ‘Risk Factors – Risks related to the regulation and supervision of the Group – Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations may increase the Issuer’s operating costs and limit its activities’.

### ***Basel III and European Union Standards as currently applied by ING Bank***

DNB, ING’s home country supervisor until the ECB took over that position in November 2014, has given ING permission to use the most sophisticated approaches for solvency reporting under the Financial Supervision Act, the Dutch legislation reflecting the Basel II and Basel III Frameworks. DNB has shared information with host regulators of relevant jurisdictions to come to a joint decision. In all jurisdictions where the bank operates through a separate legal entity that is a credit institution, ING must meet local implementation of Basel requirements as well. ING uses the Advanced IRB Approach for credit risk, the Internal Model Approach for its trading book exposures and the Advanced Measurement Approach for operational risk. A small number of portfolios are reported under the Standardized Approach.

In December 2010, the Basel Committee on Banking Supervision announced higher global minimum capital standards for banks, and has introduced a new global liquidity standard and a new leverage ratio. The Basel Committee’s package of reforms, collectively referred to as the “Basel III” rules, has, among other requirements, increased the amount of common equity required to be held by subject banking institutions, has prescribed the amount of liquid assets and the long term funding a subject banking institution must hold at any given moment, and has limited leverage. Banks are required to hold a “capital conservation buffer” to withstand future periods of stress. Basel III has also introduced a “countercyclical buffer” as an extension of the capital conservation buffer, which permits national regulators to require banks to hold more capital during periods of high credit growth (to strengthen capital reserves and moderate the debt markets). Further, Basel III has strengthened the definition of capital that will have the effect of gradually disqualifying many hybrid securities during the years 2013-2022, including the hybrids that were issued by the Group, from inclusion in regulatory capital, as well as the higher capital requirements associated with certain business conditions (for example, for credit value adjustments (“CVAs”) and illiquid collateral) as part of a number of reforms to the Basel II framework. In addition, the Basel Committee and Financial Stability Board (“FSB”) published measures that have had the effect of requiring higher loss absorbency capacity, liquidity surcharges, exposure limits and special resolution regimes for, and instituting more intensive and effective supervision of, “systemically important financial institutions” (“SIFIs”), in addition to the Basel III requirements otherwise applicable to most financial institutions. One such measure, published by the FSB in November 2015, is the Final Total-Loss Absorbing Capacity (‘TLAC’) standard for G-SIFIs, which aims for G-SIFIs to have sufficient loss-absorbing and recapitalisation capacity available in resolution. ING Bank has been designated by the Basel Committee and FSB as a so-called “Global Systemically Important Bank” (“G-SIB”), since 2011, and by DNB and the Dutch Ministry of Finance as a “domestic SIB” (“D-SIB”) since 2011.

The Basel III proposals and their potential impact are monitored via semi-annual monitoring exercises in which ING Group participates. As a result of such monitoring exercises and ongoing discussions within the regulatory environment, revisions have been made to the original Basel III proposals as was the case with the revised Liquidity Coverage Ratio in January 2013 and the revised Net Stable Funding Ratio and Leverage Ratio in January 2014. In December 2017, revisions to Basel III were formally announced by the Basel Committee. These revisions to Basel III establish new prudential rules for banks, including a revision to the standardised approach to credit risk, the introduction of a capital floor based on standardised approaches, the use of internal models, limitation of options for modelling operating risks, and new rules for the establishment of risk-weighted

items and unused credit lines at the banks. Such revisions have a long implementation phase and are yet to be fully transposed into EU regulation. The revisions are commonly referred to as “Basel III Reform” or “Basel IV”.

For European banks the Basel III requirements have been implemented through the Capital Requirement Regulation (“**CRR**”) and the Capital Requirement Directive (“**CRD IV**”). The Dutch CRD IV Implementation Act has led to significant changes in the Dutch prudential law provisions, most notably with regard to higher capital and liquidity requirements for all banks. The CRD IV regime entered into effect in August 2014 in the Netherlands, but not all requirements are to be implemented all at once. Having started in 2014, the requirements have been gradually tightened, mostly before 2019, until the Basel III migration process is completed. While the full impact of the Basel III rules, and any additional requirements for G-SIBs if and as applicable to the Group, will depend on how they are implemented by national regulators, including the extent to which such regulators and supervisors can set more stringent limits and additional capital requirements or surcharges, as well as on the economic and financial environment at the time of implementation and beyond, the Issuer expects these rules to have a material impact on ING’s operations and financial condition and may require the Group to seek additional capital. DNB requires the largest Dutch banks, including the Issuer, to hold a 3% Systemic Risk Buffer during 2016-2019 in addition to the capital conservation buffer and the countercyclical buffer described above, but this buffer then includes both the G-SIB and D-SIB buffers mentioned above.

CRD IV has not only resulted in new quantitative requirements but has also led to the setting of new standards and evolving regulatory and supervisory expectations in the area of governance, including with regard to topics like conduct and culture, strategy and business models, outsourcing and reporting accuracy. The European Banking Association (“**EBA**”) in particular has published new guidance such as the revised Guidelines on Internal Governance (2017), the Guidelines on the assessment of the suitability of members of the management body and key function holders (2017) and the revised Guidelines on the governance framework with regard to outsourcing arrangements (2019). These guidelines enhance the roles and responsibilities of the management body as well as those of the risk management function and put importance on the establishment of a sound risk culture and code of conduct, and managing conflicts of interest. ING’s lead regulator the ECB increasingly puts emphasis on these new standards in its day to day supervision and incorporates the standards in the SREP methodology. Continuing initiatives by multiple regulators and supervisors on corporate governance may significantly impact how ING Bank designs and structures its governance.

Following the adoption of the CRR and CRD IV, regulators increasingly came to focus on the required capital calculations across banks. Since the start of the financial crisis there has been much debate on the risk-weighted capitalisation of banks, and specifically on whether internal models are appropriate for such purposes. These developments have suggested that stricter rules may be applied by a later framework. The Basel Committee released several consultative papers, containing proposals to change the methodologies for the calculation of capital requirements and is expected to issue further standards in this respect. In these proposals, the Basel Committee suggests methods to calculate RWA using more standardised or simpler methods in order to achieve greater comparability, transparency and consistency.

On 27 June 2019, a series of measures referred to as the Banking Reform Package (including certain amendments to CRR and CRD IV commonly referred to as “**CRR II**” and “**CRR V**”) came into force, subject to various transitional and staged timetables. The adoption of the Banking Reform Package concluded a process that began in November 2016 and marks an important step toward the completion of the European post-crisis regulatory reforms, drawing on a number of international standards agreed by the Basel Committee, the Financial Stability Board and the G20. The Banking Reform Package updates the framework of harmonised rules established following the financial crisis and introduces changes to the CRR, CRD IV, the Bank Recovery and Resolution Directive (“**BRRD**”) and the Single Resolution Mechanism Regulation (“**SRMR**”). The Banking Reform Package covers multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools,

a new category of ‘non-preferred’ senior debt, the minimum requirement for own funds and eligible liabilities (“**MREL**”) and the integration of the TLAC standard into EU legislation.

Whilst the Banking Reform Package was being developed, the ECB introduced the Targeted Review of Internal Models (“**TRIM**”) in June 2017 to assess reliability and comparability between banks’ models for calculating each bank’s risk-weighted assets (“**RWA**”) used for determining certain of such bank’s capital requirements. The operating consequences of the TRIM exercise have been significant. The TRIM is expected to finalise in 2020, and could impact ING through more stringent regulation on internal models. There is also heightened supervisory attention for the credit quality of loans to corporates and/or households. These exercises could impact the RWA ING recognises for certain assets.

### ***Regulatory Developments***

The Group’s IFRS 9 implementation was completed in the first quarter of 2018. The impact on ING Group’s CET1 ratio, taking into account the existing regulatory provision shortfall and before any transition relief, was, as indicated earlier, a reduction of 20 basis points. This was mainly caused by the change in the classification and measurement of a portion of the portfolio invested in liquid assets.

### ***Basel IV***

As of 1 January 2022, the first stage of Basel IV (revised Internal Rating-Based Approach) is expected to come into effect conditional to the finalisation of the legislative process in the EU. Based on the current estimates, without management actions this is expected to potentially increase RWA by roughly 15-18% on a fully loaded basis. While any Basel IV impact will not come in before 2022, other banking regulations and model reviews are expected to bring forward a significant part of this impact before the Basel IV implementation date.

### ***Requirement and guidance for 2020 Pillar 2 requirements***

One specific element of Basel III is the possible restriction on distributable items. This limits the ability of the bank to pay dividends, hybrid coupons and/or management remuneration if its capital drops below the sum of its Pillar 1, Pillar 2 and combined buffer requirements, often referred to as the Maximum Distributable Amount (MDA) trigger. The Pillar 2 requirement in the supervisory review and evaluation process (SREP) 2019 decision is split into:

- Pillar 2 requirement (P2R), which is binding and therefore breaches have direct legal consequences.
- Pillar 2 guidance (P2G), which is not legally binding and therefore a breach does not automatically trigger regulatory action.

By providing guidelines regarding the SREP, the European Banking Authority (EBA) gives further direction for the internal capital adequacy assessment process (ICAAP) and enhancement of the capital management framework.

### ***Bank Recovery and Resolution Directive***

Since its adoption by the European Parliament in 2014, the Bank Recovery and Resolution Directive (“**BRRD**”) has become effective in all EU countries after transposition into national law, including in the Netherlands. The BRRD aims to safeguard financial stability and minimise the use of public funds in case banks face financial distress or fail to comply with the BRRD. Banks across the EU need to have recovery plans in place and need to cooperate with resolution authorities to determine, and make feasible, the preferred resolution strategy. The banking reform which came into force on 27 June 2019 includes changes to the minimum requirement for own funds and eligible liabilities (“**MREL**”) to ensure an effective bail in process. It also includes new competences for resolution authorities and requires G-SIBs to have more loss-absorbing and recapitalisation capacity.

The Single Resolution Board (“**SRB**”) confirmed to ING in 2017 that a single-point-of-entry (SPE) strategy is ING’s preferred resolution strategy, with ING Groep N.V. as the resolution entity.

In 2018, ING Group received a formal notification from De Nederlandsche Bank (“**DNB**”) of its MREL. The MREL requirement has been established to ensure that banks in the European Union have sufficient own funds and eligible liabilities to absorb losses in the case of potential bank failure. The MREL requirement is set for ING Group at a consolidated level, as determined by the Single Resolution Board (“**SRB**”). This MREL requirement has been set at 10.89% of total liabilities and own funds.

ING has been replacing, and will continue to replace, maturing ING Bank N.V. debt with ING Group instruments. In order to build up its MREL capacity, ING Group issued multiple transactions. These transactions will not only allow ING to support business growth, but will also help to meet future MREL and TLAC requirements with ING Group instruments only.

CRR II implements the Financial Stability Board’s total loss absorbing (“**TLAC**”) requirement for Global Systemically Important Institutions (“**G-SII**”), which is the EU equivalent of a G-SIB. The transitional requirement—the higher of 16 percent of the resolution group’s risk weighted assets (“**RWA**”) or six percent of the leverage ratio exposure measure—applies immediately. The higher requirement—18 and 6.75 percent, respectively—comes into effect as of 1 January 2022. As a G-SII ING is expected to meet the TLAC requirement alongside the other minimum regulatory requirements set out in EU regulation.

ING has had a recovery plan in place since 2012. The plan includes information on crisis governance, recovery indicators, recovery options, and operational stability and communication measures. The plan enhances the bank’s readiness and decisiveness in case of a financial crisis. The plan is updated annually to make sure it stays fit for purpose. The completeness, quality and credibility of the updated plan is assessed each year by ING’s regulators.

### ***Stress testing***

Stress testing is an integral component of ING’s risk and capital management framework. It allows ING to (i) assess potential vulnerabilities in its businesses, business model, and/or portfolios; (ii) understand the sensitivities of the core assumptions in its strategic and capital plans; and (iii) improve decision making through balancing risk and return.

In addition to running internal stress test scenarios to reflect the outcomes of the annual risk assessment, ING also participates in regulatory stress test exercises. ING participated in the 2018 EU-wide stress test conducted by the EBA in cooperation with the European Central Bank (“**ECB**”), the Dutch central bank (DNB), the European Commission and the European Systemic Risk Board (ESRB). The adverse stress test scenario was developed by the ECB and covers a three-year time horizon (2018-2020). The stress test was carried out applying a static balance sheet assumption as of December 2017, and therefore does not take into account current or future business strategies and management actions. The results also reflect the impact of IFRS 9 for determining loan loss provisions in adverse circumstances.

The results of the EBA stress test reaffirmed the resilience of ING’s business model and the strength of ING’s capital base. ING’s commitment to maintain a robust, fully-loaded Group common equity Tier 1 (“**CET1**”) ratio in excess of prevailing requirements remain. Under the hypothetical baseline scenario and EBA’s methodological instructions, ING Group would have a fully loaded CET1 of 13.99% in 2020. Under the hypothetical adverse scenario and EBA’s methodological instructions, ING Group would have a fully loaded CET1 ratio of 10.70% in 2020 without management actions.

The EBA expects to launch a new EU-wide stress test exercise in 2021.

### ***Deposit Schemes***

In the Netherlands and other jurisdictions, deposit guarantee schemes and similar funds (‘Compensation Schemes’) have been implemented from which compensation may become payable to customers of financial services firms in the event the financial service firm is unable to pay, or unlikely to pay, claims against it. In many jurisdictions in which ING operates, these Compensation Schemes are funded, directly or indirectly, by

financial services firms which operate and/or are licensed in the relevant jurisdiction. ING Bank is a participant in the Dutch Deposit Guarantee Scheme ('DGS'), which guarantees an amount of EUR 100,000 per person per bank (regardless of the number of accounts held). On the basis of the EU Directive on deposit guarantee schemes, ING pays quarterly risk-weighted contributions into a DGS-fund. The DGS-fund is to grow to a target size of 0.8% of all deposits guaranteed under the DGS, which is expected to be reached in July 2024. In case of failure of a Dutch bank, depositor compensation is paid from the DGS-fund. If the available financial means of the fund are insufficient, Dutch banks, including ING, may be required pay to extraordinary ex-post contributions not exceeding 0.5% of their covered deposits per calendar year. In exceptional circumstances and with the consent of the competent authority, higher contributions may be required. However, extraordinary ex-post contributions may be temporarily deferred if, and for so long as, they would jeopardise the solvency or liquidity of a bank.

Since 2015, the EU has been discussing the introduction of a pan-European deposit guarantee scheme ('EDIS'), (partly) replacing or complementing national compensation schemes in two or three phases. Proposals contain elements of (re)insurance, mutual lending and mutualisation of funds. The new model is intended to be 'overall cost-neutral'. Discussions have continued in 2019, but it remains uncertain when EDIS will be introduced.

### ***Payment Services Directive 2 (PSD2)***

PSD2 entered into force in January 2018 and responds to technical change and a variety of developments in the payments domain. It fosters innovation and competition by promoting non-discriminatory access to payment systems and accounts, including the newly introduced account information services and payment initiation services. Customers benefit from greater transparency of costs and charges, PSD2's extended geographical reach and being applicable to transactions in any currency, a reduction of the maximum liability for unauthorised transactions and a backstop date for complaint resolution. Finally, to combat cybercrime and online fraud, PSD2 continues the trend towards enhancing the security around the making of payments, e.g. by the introduction of strong customer authentication. It consists of two factor authentication, to be performed every time a payer accesses its payment account online or initiates electronic remote payment transactions. The Regulatory Technical Standards for strong customer authentication and common and secure communication provide further requirements to implement the strict security requirements for payment service providers in the EU.

### ***Benchmark Regulation***

The London Interbank Offered Rate ('LIBOR'), the Euro OverNight Index Average ("EONIA"), the Euro Interbank Offered Rate ('EURIBOR') and other interest rates or other types of rates and indices which are deemed to be 'benchmarks' are the subject of ongoing national and international regulatory reform. On 8 June 2016, the EU adopted a Regulation (the "**Benchmarks Regulation**") on indices (such as LIBOR and EURIBOR) used in the EU as benchmarks in financial contracts. The Benchmarks Regulation became effective as of 1 January 2018. It provides that administrators of benchmarks used in the EU generally must be authorised by or registered with regulators no later than 1 January 2020, and that they must comply with a code of conduct designed primarily to ensure reliability of input data, governing issues such as conflicts of interest, internal controls and benchmark methodologies. Furthermore, on 27 July 2017 the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. The announcement indicates that the continuation of the LIBOR on the current basis cannot and will not be guaranteed after 2021. In addition, as of October 2019, the new euro risk-free rate euro short-term rate (€STR) is being published and the EONIA benchmark was reformed, making it dependant to the €STR benchmark. The reformed EONIA benchmark will cease to exist by 1 January 2022 and therefore the European Money Markets Institute (EONIA's administrator) has indicated that EONIA cannot be used in any contracts that will be outstanding as of 1 January 2022. Public authorities have initiated industry working groups in various jurisdictions to search for and recommend alternative risk-free rates that could serve alternatives if current benchmarks like LIBOR and EONIA cease to exist or materially change. The work of these working groups is still ongoing, though certain of such organizations have advanced proposals for benchmark replacements. For example, the US Federal Reserve's Alternative Reference Rates Committee (commonly referred to as 'ARRC')



has recommended adoption of the Secured Overnight Financing Rate (commonly referred to as ‘SOFR’) as an alternative to US dollar LIBOR.

### ***Financial Transaction Taxes***

In February 2013, the EC adopted a proposal setting out the details of a financial transaction tax (“FTT”) under the enhanced cooperation procedure, to be levied on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is established in the financial transaction tax zone (“FTT-Zone”) or if the instrument which is the subject of the transaction is issued within the territory of a Member State in the FTT-Zone. 10 Member States have indicated they wish to participate in the FTT (Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain). The initial proposal contemplated that the FTT would enter into effect on 1 January 2014, which would have then required ING to pay a tax on transactions in financial instruments with parties (including Group affiliates) located in such FTT-zone. However, the FTT remains subject to negotiation between the participating Member States and currently it is uncertain whether and in what form and by which Member States the FTT will be adopted. The implementation date of any FTT will thus depend on the future approval by participating Member States in the Council, consultation of other EU institutions, and the subsequent transposition into local law.

For additional information regarding regulatory developments, including with respect to the 5th AML Directive, FATCA, CRS, DAC6 and MIFID II, see also the section entitled ‘*Risk Management – Compliance Risk – Regulatory Developments*’ as set out in the 2019 Annual Report, which is incorporated by reference into this Registration Document.

### ***Know your customer (KYC)***

ING is committed to the preservation of its reputation and integrity through compliance with applicable laws, regulations and ethical standards in each of the markets in which it operates. All employees are expected to adhere to these laws, regulations and ethical standards, and management is responsible for ensuring such compliance. Compliance is therefore an essential ingredient of good corporate governance. As gatekeepers of the financial system ING has obligations to safeguard trust in that system and prevent misuse. However, money laundering is not contained within a single country or jurisdiction, it is a global challenge that impacts the entire financial system. ING, like all other participants in the financial services industry, has an important role to play in helping to combat financial economic crime. ING contributes knowledge and capacity to various public-private partnerships fighting financial crime. ING believes it can be even more effective in safeguarding the financial system if it joins forces and works with other banks and with national and European authorities and law enforcement to identify and manage the financial economic crime risks better, taking all relevant laws and regulations into account. Improving the way ING manages compliance risk, especially when it comes to preventing criminals from misusing the financial system, is a key priority for ING.

### ***KYC policy framework***

The know your customer (KYC) policy and related control standards (the “**KYC policy framework**”) sets the minimum requirements and control objectives for all ING entities to guard against involvement in financial crime activity. The KYC policy framework reflects relevant national and international laws, regulations and industry standards related to financial economic crime (money laundering, terrorist financing), export trade controls, proliferation financing, sanctions (economic, financial and trade), countries designated by ING as ultra high risk countries (UHRC), CTI, FATCA, CRS, and (parts of) ESR. The KYC policy framework is mandatory and applies to all ING entities, majority-owned ING business, businesses under management control, staff departments, product lines and to all customer engagements and transactions. The KYC Policy Framework reflects relevant national and international laws, regulations and industry standards related to business partners and overarching requirements with regards to record retention, training and awareness. The management of ING entities also includes local procedures aimed at enabling them to comply with local laws and regulations and the KYC Policy Framework. Where local laws and regulations are more stringent, these more stringent local laws and regulations are applied.

As a result of frequent evaluation of the businesses from economic, strategic and risk perspective ING continues to believe that for business reasons doing business involving certain specified countries should be discontinued. In that respect, ING has a policy not to enter into new relationships with clients from these countries and processes remain in place to discontinue existing relationships involving these countries. At present these countries are Cuba, Iran, North Korea, Sudan and Syria.

In addition to addressing financial economic crime-related requirements, the KYC policy framework also reflects KYC-related requirements of the FATCA/CRS policy, as well as certain elements of the Environmental Social Risk policy.

### ***KYC enhancement programme***

In 2017, ING began implementation of its KYC enhancement programme across all customer segments and in all ING business units. The KYC enhancement programme consists of, among other things:

- Enhancing selected customer due diligence files to improve customer documentation, customer data and identity verification;
- Working on structural solutions to become sustainably better in the execution of ING's KYC policies, tooling, monitoring, governance and knowledge and behaviour; and
- Assessing selected past transactions and follows the applicable reporting process should any unusual transactions be identified.

In September 2018, ING announced that it had reached a settlement agreement with the Dutch Public Prosecutor related to an investigation that found serious shortcomings in the execution of customer due diligence and transaction monitoring requirements related to fighting financial economic crime, and announced steps to further enhance its management of compliance risks and embed stronger awareness across the whole organisation as part of the KYC enhancement programme.

In 2019, ING continued the implementation of the KYC enhancement programme, and had more than 4,000 FTEs working on KYC-related activities globally. In March 2019, ING in Italy took steps to improve its KYC processes and compliance risks in line with the global KYC enhancement programme after the Italian central bank identified shortcomings in anti-money laundering processes. This was based on an inspection conducted from October 2018 to January 2019. In consultation with the Banca d'Italia, ING agreed to refrain from taking on new customers in Italy while further discussions on the enhancement plans took place. ING continued to fully serve existing clients in Italy while working to address the shortcomings and resolve the issues identified. Please refer to the section "*Litigation*" for more information.

In 2019, as part of ING's commitment to enhance the way it manages compliance risks and embed stronger awareness across the whole organisation, ING also took the following steps across its five KYC pillars:

- **Policies and risk:** This pillar focuses on the development and roll out of a global KYC policy, a global KYC risk appetite statements and KYC risk assessments on customers, capability structure and maturity assessments.
  - In 2019, ING updated the new KYC policy, which integrated all existing policies related to anti-money laundering, financial economic crime and customer due diligence. It came into effect in July. (See section '*KYC policy framework*' above).
  - The global KYC policy may be stricter than local requirements, in which case the global risk appetite statement is used as the starting point to execute a uniform risk assessment and to determine the local KYC-related risk appetite.
  - As part of its due diligence process ING updated the environmental and social risk (ESR) framework, which helps it make transparent choices about who and what ING finances. All

customers undergo an initial ESR check as part of the onboarding process. (For more information see ‘*Report of the Executive Board – Risk and capital management – Environmental and Social Risk Framework*’ as set out in the 2019 Annual Report which are incorporated by reference into this Registration Document).

- ING implemented a systematic integrated risk approach (“SIRA”) in all business lines globally. Driven by data, the SIRA provides guidance on KYC integrity risks and helps determine which customers to accept/continue and the type and frequency of monitoring. It takes into account elements such as where the customer is located and the type of product and sector they are active in. The KYC integrity risks are reviewed each year.
- **Tooling:** This pillar aims to improve processes and tooling around customer due diligence, screening and monitoring. This entails rolling out a bank-wide KYC digital service and fulfilling client acceptance and maintenance life cycle on one global digital platform. In addition, all required screening components (name screening, pre-transaction screening, adverse media screening) are incorporated into the client acceptance due diligence process. Once a customer is onboarded, ongoing screening and monitoring of transactions can then be activated. Steps taken in 2019 included:
  - Developed new customer due diligence case management modules for Private Banking clients in Luxembourg, and mid-corporates in Poland, which is to be rolled out in other countries with similar client segments.
  - The target adverse media screening tool was rolled out in most locations
  - Innovating to automate and improve KYC processes. In 2019, ING developed a ‘smurfing’ tool, which uses artificial intelligence to detect instances of smurfing when large fraudulent transactions are broken up into smaller transactions that will not be flagged by conventional monitoring systems. And ING is developing a virtual alerts handler that uses artificial intelligence to reduce the number of false positives, freeing up KYC staff to concentrate on those alerts that do require attention.
  - In September 2019, an anomaly detection tool went live to monitor the payment flow of ING’s correspondent banking clients. Developed by ING, the tool uses advanced analytics to detect changes in behaviour that could indicate money laundering or other financial economic crime. The approach for innovations is per country and business line and based on success will be scaled up and rolled out in other locations.
- **Monitoring and screening:** This pillar entails translating risk assessment outcomes into scenarios and alert definitions that can be applied in transaction monitoring. This includes the design and definitions of the applicable financial economic crime and client activity monitoring scenarios tailored to the entity yet based on a global set, building alert definitions (including data feeds) and validating and testing the approach from risks to alerts.
  - In 2019, ING introduced the new standard transaction monitoring tooling in the first countries. This includes risk-based scenarios, with follow-up for handling alerts and reporting suspicious activity.
  - In May 2019, the first version of the global transaction monitoring (TM) control guidance came into effect. It outlines the adoption of a uniform TM methodology framework to mitigate financial economic crime risks.
  - In September 2019, ING partnered with four other Dutch banks to explore options to jointly monitor payment transactions. Transaction Monitoring Netherlands (TMNL) is part of a broader cooperation with the private sector, government agencies, regulators and law enforcement to harmonise efforts to fight financial crime and strengthen the resilience of the financial system as

a whole, both on a national and European level. ING also works with the Dutch central bank and are a member of the public-private partnership council of the Dutch Financial Expertise Centre (FEC-RAAD PPS).

- The increased focus on KYC and ING's efforts to streamline its operations led to an increased number of accounts being closed. This includes inactive accounts and accounts of customers who do not respond adequately to ING's requests for information. ING is also re-evaluating certain client and business relationships.
- **Governance:** Under this pillar ING is setting up a global KYC governance to ensure decision making on standards, operations, customer acceptance and continuous improvements. This started with the appointment of a global head of KYC at the end of 2018 and a global Centre of Expertise, as well as a Delivery Tribe, who together with the business lines and the second line of defence (Risk and Compliance functions) are responsible for implementing KYC across the organisation.
  - In 2019, local KYC Committees were established in the countries/regions and business lines to manage and steer all KYC-related activities. These committees are overseen by the global KYC Committee, which drives improvements and ensures alignment between KYC-related projects and activities. It also monitors all KYC-related costs, helps prioritise activities and steers decisions on KYC-related issues and developments.
  - Client Integrity Risk Committees (CIRCs) were set up in the retail business lines and Wholesale Banking to steer decisions around client acceptance and exits, based on compliance criteria and risk appetite. The committee members represent both the first and second lines of defence to ensure proper decision-making is adhered to.
- **Knowledge and behaviour:** This pillar focuses on increasing knowledge about KYC, providing training and carrying out behavioural risk assessments to detect high-risk behaviours, intervening where necessary.
  - Internal communication in 2019 reiterated the importance of non-financial risk and compliance.
  - ING set up a global KYC Academy to coordinate a global learning curriculum and provide expert training for specialist KYC staff and new joiners as well as awareness training for all ING employees. A new KYC awareness module for all staff is due to be rolled out in 1Q 2020.
  - The first behavioural risk assessments in KYC were carried out in the Netherlands, the Philippines and the US by ING's team of behavioural experts. The outcomes were discussed by senior management at ING's leadership days in March, as well as with the management teams of the countries involved and in Wholesale Banking with the intention of changing behaviours to enhance KYC, starting from the top.

Following on from that, workstreams were set up with senior managers and a number of interventions were initiated with the aim of changing high-risk behavioural patterns. Another behavioural risk assessment was conducted at ING in Belgium in the fourth quarter of 2019. ING will start a dialogue in 2020 to dive into the outcomes and root causes of the behavioural patterns observed.

### ***Regulatory developments***

#### ***KYC***

Compliance with applicable laws and regulations is resource-intensive. Banks continue to be faced with new and increasingly onerous regulatory requirements. Generally, ING expects the scope and extent of regulations in the jurisdictions in which ING operates to continue to increase.

Regulation is becoming more extensive and complex. An example is the implementation of DAC6 which like FATCA and CRS requires financial institutions to report detailed client-related information to the competent authorities. Customer due diligence (CDD), (sanctions) screening and transaction monitoring impose requirements on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report to the competent authorities on e.g. money laundering and terrorist financing.

The increasing regulatory scrutiny drives the need to continuous change in the various processes, procedures and IT systems. In some situations the applicable laws and regulations, at local and/or at global level, seem to be conflicting with each other, which imposes a significant challenge on banks as part of the implementation of requirements. In addition, the timeline for implementation of those new/changed requirements is sometimes very short, which is challenging in general, yet especially in IT development. Obviously ING will continuously work on embedding the processes and procedures reflecting the applicable requirements in its IT systems and data sources, driving a business environment which is compliant by desire and design, and will execute ongoing training and awareness to develop its people to have the right knowledge and skills.

That also accounts for risks deriving from new technologies. As an innovative bank, ING continuously monitors regulatory developments to make risk assessments and define the banks risk appetite. Regulations on distributed ledger technology and business developments in this area are as rapid and impactful as the accompanying risks.

### ***5th AML Directive***

In addition, the 5th AML Directive will be implemented in the Netherlands. The 5th AML Directive was originally adopted by the EU Council in June 2018, with the aim of addressing means of terrorist financing, increasing transparency to combat money laundering and helping to strengthen the fight against tax avoidance. The most important aspects of the 5th AML Directive involve the (anti money-laundering) risks relating to the use of virtual currencies, the improvement of information exchange between supervising authorities, and the introduction of beneficial ownership registers for corporate and other legal entities.

ING expects to revise the KYC policy framework to reflect the requirements of the 5th AML Directive. Prior to the adoption of the 5th AML Directive, European supervisory authorities (ESAs) had previously issued their final guidelines on risk factors, which came into force in June 2018. These guidelines promote a common understanding of the risk-based approach to anti-money laundering/combating terrorist financing (AML/CFT) and set out how it should be applied in the context of the 4th AML Directive. These guidelines are currently in the process of being updated, in order to support firms' AML/CFT compliance efforts and enhance the ability of the EU's financial sector to effectively deter and detect money laundering/terrorist financing. The ESAs published a consultation version of the updated guidelines on 5 February 2020. The final updated guidelines are expected to come into force in the course of 2020. Furthermore, in September 2017, the ESAs issued their final guidelines to prevent the abuse of funds transfers for terrorist financing and money laundering purposes. These guidelines came into force in June 2018.

### ***Policy with respect to certain countries***

As a result of frequent evaluation of all businesses from economic, strategic and risk perspective ING continues to believe that for business reasons doing business involving certain specified countries should be discontinued. In that respect, ING has a policy not to enter into new relationships with clients from these countries and processes remain in place to discontinue existing relationships involving these countries. At present these countries are Cuba, Iran, North Korea, Sudan and Syria.

### ***Sanctions developments***

The Ukraine-/Russia-related sanctions imposed by both the US and the EU remained in force. In 2019 the US added sanctions regarding the Nordstream 2 pipeline.

The US also added sanctions against Venezuela in 2019, aimed amongst others at assets from the government of Venezuela.

With respect to Cuba, the US lifted in 2019 the suspension of the private right of action under Title III of the Helms-Burton Act. This allows former owners of properties expropriated by the Cuban government to bring claims before the U.S. courts against foreign companies alleged to have “trafficked” with those properties.

In 2020, the US imposed new sanctions on Iran. The EU blocking regulation remained in force. The EU revised this regulation in 2018 in response to the U.S. withdrawal from the Joint Comprehensive Plan of Action. The regulation aims to shield EU companies from U.S. sanctions on Iran, in part by prohibiting European companies from complying with the sanctions the EU considers to be “extraterritorial” in nature.

With a view to these ongoing developments ING continuously evaluates its sanctions compliance controls to respond to risks of new or expanding sanctions regimes.

## SELECTED FINANCIAL INFORMATION

### Consolidated balance sheet of ING Groep N.V. <sup>(1) (2) (3)</sup>

	31 December		
	2019	2018	2017
	<i>(EUR millions)</i>		
<b>Assets</b>			
Cash and balances with central banks .....	53,202	49,987	21,989
Loans and advances to banks.....	35,136	30,422	28,811
Financial assets at fair value through profit or loss			
- trading assets .....	49,254	50,152	116,748
- non-trading derivatives.....	2,257	2,664	2,231
- designated at fair value through profit or loss.....	3,076	2,887	4,242
- mandatorily at fair value through profit or loss .....	41,600	64,783	n/a
Investments			
- available-for-sale .....	n/a	n/a	69,730
- held-to-maturity .....	n/a	n/a	9,343
Financial assets at fair value through other comprehensive income .....	34,468	31,223	n/a
Securities at amortised cost	46,108	47,276	n/a
Loans and advances to customers .....	611,765	592,196	574,535
Investments in associates and joint ventures.....	1,790	1,203	1,088
Property and equipment.....	3,172	1,659	1,801
Intangible assets.....	1,916	1,839	1,469
Current tax assets .....	251	202	324
Deferred tax assets .....	730	841	818
Other assets.....	7,018	8,443	13,087
Assets held for sale .....	0	1,262	0
<b>Total assets</b> .....	<u>891,744</u>	<u>887,030</u>	<u>846,216</u>
<b>Equity</b>			
Shareholders' equity (parent).....	53,769	50,932	50,406
Non-controlling interests .....	893	803	715
<b>Total equity</b> .....	<u>54,662</u>	<u>51,735</u>	<u>51,121</u>
<b>Liabilities</b>			
Subordinated loans.....	16,588	13,724	15,968
Debt securities in issue.....	118,528	119,751	96,086
Deposits from banks.....	34,826	37,330	36,821
Customer deposits.....	574,433	555,812	539,799

	<b>31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>(EUR millions)</i>		
Financial liabilities at fair value through profit or loss			
- trading liabilities .....	28,042	31,215	73,596
- non-trading derivatives.....	2,215	2,299	2,331
- designated as at fair value through profit or loss .....	47,684	59,179	11,215
Current tax liabilities.....	554	822	750
Deferred tax liabilities.....	695	640	752
Provisions .....	688	1,011	1,713
Other liabilities .....	12,829	13,510	16,064
Liabilities held for sale.....			
<b>Total liabilities</b> .....	<b>837,082</b>	<b>835,295</b>	<b>795,095</b>
<b>Total equity and liabilities</b> .....	<b>819,744</b>	<b>887,030</b>	<b>846,216</b>

Notes:

- (1) These figures have been derived from the audited consolidated financial statements of ING Groep N.V. in respect of the financial years ended 31 December 2019, 2018 and 2017, respectively.
- (2) The amounts for the period ended 31 December 2019 and 31 December 2018 have been prepared in accordance with IFRS 9, the adoption of IFRS 9 led to new presentation requirements; prior period amounts have not been restated.
- (3) The amounts for the period ended 31 December 2019 have been prepared in accordance with IFRS 16 Leases, the adoption of IFRS 16 led to new presentation requirements; prior period amounts have not been restated.

### **Breakdown of Shareholders' Equity of ING Groep N.V.<sup>(1) (2) (3)</sup>**

	<b>31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>(EUR millions)</i>		
Share capital .....	39	39	39
Share premium.....	17,078	17,050	17,006
Revaluation reserve.....	3,235	3,093	3,913
Currency translation reserve.....	(2,079)	(2,043)	(1,663))
Net defined benefit asset/liability remeasurement reserve	(336)	(394)	(400))
Other reserves .....	35,842	33,187	31,511
Shareholders' equity (parent).....	53,769	50,932	50,406

Notes:



- (1) These figures have been derived from the audited consolidated financial statements of ING Groep N.V. in respect of the financial years ended 31 December 2019, 2018 and 2017, respectively.
- (2) The amounts for the period ended 31 December 2019 and 31 December 2018 have been prepared in accordance with IFRS 9, the adoption of IFRS 9 led to new presentation requirements; prior period amounts have not been restated.
- (3) The amounts for the period ended 31 December 2019 have been prepared in accordance with IFRS 16 Leases, the adoption of IFRS 16 led to new presentation requirements; prior period amounts have not been restated.

### Consolidated Profit or Loss Account of ING Groep N.V. <sup>(1) (2) (3)</sup>

	2019	2019	2018	2018	2017	2017
			<i>(EUR million)</i>			
<b>Continuing operations</b>						
Interest income .....	28,454		28,148		44,064	
Interest expense .....	(14,376)		(14,232)		(30,350)	
Net interest income .....		14,079		13,916		13,714
Investment income .....		188		183		192
Result on disposals of group companies		117		(123)		1
Fee and Commission income .....	4,439		4,240		3,865	
Fee and Commission expense .....	(1,571)		(1,442)		(1,155)	
Net fee and commission income .....		2,868		2,798		2,710
Valuation results and net-trading income .....		754		1,124		628
Share of profit from associates and joint ventures .....		48		143		178
Other income .....		252		136		350
<b>Total income</b> .....		<b>18,306</b>		<b>18,176</b>		<b>17,773</b>
Addition to loan loss provisions .....		1,120		656		676
Staff expenses .....		5,755		5,420		5,202
Other operating expenses .....		4,598		5,262		4,627
<b>Total expenses</b> .....		<b>11,472</b>		<b>11,338</b>		<b>10,505</b>
<b>Result before tax from continuing operations</b> .....		<b>6,834</b>		<b>6,838</b>		<b>7,268</b>
Taxation .....		1,955		2,027		2,281
Net result from continuing operations...		4,879		4,811		4,987
<b>Discontinued operations</b>						
Net result from disposal of discontinued operations .....						
<b>Total net result from discontinued operations</b> .....		<b>0</b>		<b>0</b>		<b>0</b>
<b>Net result from continuing and discontinued operations (before non-controlling interests)</b> .....		<b>4,879</b>		<b>4,811</b>		<b>4,987</b>

Note:

- (1) These figures have been derived from the audited consolidated financial statements of ING Groep N.V. in respect of the financial years ended 31 December 2019, 2018 and 2017, respectively.
- (2) The amounts for the period ended 31 December 2019 and 2018 have been prepared in accordance with IFRS 9. The adoption of IFRS 9 led to new presentation requirements. 2017 period amounts have not been restated. 2018 amounts in other interest income and other interest expense have been updated to improve consistency and comparability.
- (3) The amounts for the period ended 31 December 2019 have been prepared in accordance with IFRS 16 Leases, the adoption of IFRS 16 led to new presentation requirements; prior period amounts have not been restated.

## OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*The following review and prospects should be read in conjunction with the consolidated financial statements and the related notes thereto of ING Group incorporated by reference into this Registration Document. These consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU (“IFRS EU”).*

### **Factors Affecting Results of Operations**

The Issuer’s results of operations are affected by demographics, regulations and by a variety of market conditions, including economic cycles, banking industry cycles and fluctuations in stock markets, interest and foreign exchange rates, political developments and client behaviour changes. For further information on regulations reference is made to “*Description of ING Groep N.V. – Regulation and Supervision*”. For further information on other factors that can impact the Issuer’s results of operations, reference is made to “*Risk Factors*”.

### **Financial environment**

#### ***Global economic developments***

Being a global financial services company, ING’s revenues and earnings are affected by the volatility and strength of the economic, business, liquidity, funding and capital markets environments specific to the geographic regions in which ING does business. This includes operations in both advanced economies as well as emerging economies.

Against a backdrop of continuing US-China trade tensions, prolonged uncertainty on Brexit and reduced US fiscal stimulus, global economic growth weakened throughout the year. The global economic growth rate fell to its lowest level in a decade.

In addition, the first months of 2020 were marked by the spread of COVID-19-linked infections, first in the PRC but quickly beyond, to other regions of the world. This was declared a global pandemic by the World Health Organization on 11 March 2020. Measures have been taken by various countries across the world to curb the further spread of the virus and to limit damage to the economy and financial markets, as described ‘*Description of ING Groep N.V. – Significant Developments in 2020*’. Such measures have disrupted the normal flow of business operations in those countries and regions, which include countries and regions where ING and its customers and counterparties operate (such as, among others, Benelux, Germany, France, Italy, Spain, the U.K. and the U.S.), affected global supply chains and resulted in uncertainty across the global economy and financial markets.

#### ***Advanced economies***

Global economic growth slowed in 2019, with a decline in trade and industrial output as well as a weakening in the services sector. In the US, economic momentum slowed as the positive effects of 2018’s fiscal stimulus ebbed away and confidence slipped against the background of increased trade tariffs. Economic growth in Netherlands, Belgium and Luxembourg remained strong despite the weak global trade environment and remains above the eurozone average. In Germany, economic growth came to a near standstill during the year due to several factors combined with weak external demand. In Italy, economic growth was minimal as an uncertain fiscal outlook took its toll on domestic demand. Consistent with slowing economic growth, inflation slowed or remained low in major advanced economies.

Deteriorating economic sentiment and expectations about monetary policy easing drove bond yields down in most advanced economies. Yields on 10-year US government bonds fell to the lowest level since July 2016, and the yield on 10-year German government bonds reached a record low of -0.73 percent in August. As a result, sovereign yield curves were partially inverted in most advanced economies.

Both the level of interest rates and the difference between short and long-term rates (the “slope” of the yield curve) impact ING’s net interest income. Given ING’s geographical footprint, eurozone rate developments are more important for it than US ones.

Prospects for weaker economic growth and lower inflation induced both the US Federal Reserve and the ECB to loosen monetary policy.

The historically low, and even negative, interest rates in the eurozone make it challenging for banks to maintain positive income in the form of a margin between traditional saving and lending activities.

### ***Emerging economies***

Central banks in some of the main emerging market economies eased policy to pre-empt a further deterioration of economic circumstances. Brazil, India, Korea and Mexico, among others, lowered their policy rate.

Economic growth in Asia was negatively impacted by the imposition of import tariffs and related uncertainty about global trade. In China, already in the midst of a structural slowdown, economic growth slowed to its lowest rate in 29 years. To address this adverse external environment, both fiscal and monetary stimuli were introduced.

Poland continued to be resilient to slowing growth in the eurozone and the economic slowdown in Turkey found a floor. Falling inflation and a return of investor confidence in Turkey contributed to a general decline in interest rates.

### ***How exchange rates responded***

Exchange rate fluctuations have an influence on the business of a globally operating bank like ING, including in the areas of profitability and funding. Several factors in the course of the year contributed to the exchange rate of the euro weakening against the dollar. These included yields in the euro area persistently being below those of the US, uncertainty around the possibility of a broadening of the US trade dispute from China to Europe, and the negative fall-out on economic activity of a possible no-deal Brexit.

During the year, the British pound’s performance against the euro was erratic, mostly driven by changing market expectations about the possibility of the UK leaving the EU with or without a withdrawal agreement.

### ***Brexit factor***

Brexit continued to dominate 2019, with the UK finally leaving the EU on 31 January 2020. Milestones in the year included British Prime Minister Theresa May making way for Boris Johnson, several extensions to withdrawal dates, and a snap general election, which the Conservatives won by a landslide in December.

In 2019, the financial sector, regulators and banks alike put tremendous effort into preparing for all Brexit scenarios, with the aim of ensuring the resilience of the banking sector even in the face of a no-deal scenario. For banks, the implementation of their contingency planning was a key priority. On the legislative side, EU and UK regulators took the necessary steps ensuring operational continuity.

ING took several steps to prepare for Brexit, making various adaptations to ensure a smooth transition. Following Brexit, the European Central Bank (ECB) was set to classify the UK as a non-EU or third country. As a consequence, ING has made the decision to move a number of EU-related trading operations to a location within the EU. Brussels was chosen due to its existing infrastructure.

The proposed changes by no means dilute the importance of the UK as one of ING’s major Wholesale Banking hubs. The UK centres of expertise, including Financial Markets, support ING’s clients and its teams in other countries and regions across the globe. The UK team will continue to be an important pillar for ING.

### ***Fluctuations in equity markets***

ING’s operations are exposed to fluctuations in equity markets. ING maintains an internationally diversified and mainly client-related trading portfolio. Accordingly, market downturns are likely to lead to declines in

securities trading and brokerage activities which ING executes for customers and therefore to a decline in related commissions and trading results. In addition to this, ING also maintains equity investments in its own non-trading books. Fluctuations in equity markets may affect the value of these investments.

#### ***Fluctuations in interest rates***

ING's banking operations are exposed to fluctuations in interest rates. Mismatches in the interest re-pricing and maturity profile of assets and liabilities in ING's balance sheet can affect the future interest earnings and economic value of the bank's underlying banking operations. In addition, changing interest rates may impact the (assumed) behaviour of ING's customers, impacting the interest rate exposure, interest hedge positions and future interest earnings, solvency and economic value of the bank's underlying banking operations. In the current low (and in some cases negative) interest rate environment in the Eurozone, the stability of future interest earnings and margin also depends on the ability to actively manage pricing of customer assets and liabilities. Especially, the pricing of customer savings portfolios in relation to re-pricing customer assets and other investments in ING's balance sheet is a key factor in the management of the bank's interest earnings.

#### ***Fluctuations in exchange rates***

ING Group is exposed to fluctuations in exchange rates. The Issuer's management of exchange rate sensitivity affects the results of its operations through the trading activities and because the Issuer prepares and publishes its consolidated financial statements in euros. Because a substantial portion of the Issuer's income, expenses and foreign investments is denominated in currencies other than euros, fluctuations in the exchange rates used to translate foreign currencies, particularly the U.S. Dollar, Pound Sterling, Turkish Lira, Chinese Renminbi, Australian Dollar, Japanese Yen, Polish Zloty, Korean Won, the Indian Rupee, Brazilian Real, Singapore Dollar, Thai Baht and Russian Ruble into euros can impact its reported results of operations, cash flows and reserves from year to year. Fluctuations in exchange rates will also impact the value (denominated in euro) of ING's investments in its non-euro reporting subsidiaries. The impact of these fluctuations in exchange rates is mitigated to some extent by the fact that income and related expenses, as well as assets and liabilities, of each of ING Group's non-euro reporting subsidiaries are generally denominated in the same currencies. FX translation risk is managed by taking into account the effect of translation results on the Core Equity Tier 1 ratio (CET1).

#### ***Critical Accounting Policies***

A number of new or amended standards became applicable for the current reporting period.

ING Group changed its accounting policies in 2019 as a result of adopting IFRS 16 'Leases'

The other changes in standards and amendments did not have a significant impact on ING Group's accounting policies.

For detailed information regarding ING's accounting policies, including changes in accounting policies, reference is made to Note 1 'Basis of preparation and accounting policies' in the 2019 Annual Report, which is incorporated by reference into this Registration Document.

#### ***Consolidated result of operations***

ING Group's management evaluates the results of ING Group's banking segments using a non-IFRS financial performance measure called underlying result. To give an overview of the underlying result measure, the Issuer also presents consolidated underlying result before tax and underlying net result. Underlying figures are derived from figures determined in accordance with IFRS-EU by excluding the impact of special items and Insurance Other. Special items consist of items of income or expense that are significant and arise from events or transactions that are clearly distinct from ordinary operating activities. Insurance Other reflects (former) insurance related activities that are not part of the discontinued operations.

While items excluded from underlying result are significant components in understanding and assessing the Group's consolidated financial performance, ING Group believes that the presentation of underlying net result

is relevant and useful for investors because it allows investors to understand the primary method used by management to evaluate the Group's operating performance and make decisions about allocating resources. In addition, ING Group believes that the presentation of underlying net result helps investors compare its segment performance on a meaningful basis by highlighting result before tax attributable to ongoing operations and the underlying profitability of the segment businesses. For example, ING believes that trends in the underlying profitability of its segments can be more clearly identified by disregarding the effects of special items. ING Group believes that the most directly comparable GAAP financial measure to underlying net result is net result. However, underlying net result should not be regarded as a substitute for net result as determined in accordance with IFRS-EU. Because underlying net result is not determined in accordance with IFRS-EU, underlying net result as presented by ING may not be comparable to other similarly titled measures of performance of other companies. In addition, ING Group's definition of underlying net result may change over time.

The section Segment Reporting Banking Operations on the next pages presents the segment results on the basis of the performance measure underlying result.

For further information on underlying result for the Banking activities, as well as the reconciliation of the Issuer's segment underlying result before tax to its net result, see Note 34 'Segments' in the 2019 Annual Report, which is incorporated by reference into this Registration Document.

### Group Overview

The following table sets forth the consolidated results of ING Group in accordance with IFRS-EU for the years ended 31 December 2019, 2018 and 2017:

#### IFRS-EU Consolidated Income Statement

	2019	2018	2017
	<i>(amounts in millions of euros)</i>		
<b>Continuing operations</b>			
Interest income.....	28,454	28,148	44,064
Interest expense .....	14,376	14,232	30,350
Net interest income .....	14,079	13,916	13,714
Net fee and commission income .....	2,868	2,798	2,710
Investment and Other income .....	1,360	1,463	1,349
<b>Total income</b> .....	<b>18,306</b>	<b>18,176</b>	<b>17,773</b>
Operating expenses .....	10,352	10,682	9,829
Addition to loan loss provisions.....	1,120	656	676
<b>Total expenditure</b> .....	<b>11,472</b>	<b>11,338</b>	<b>10,505</b>
<b>Result before tax</b> .....	<b>6,834</b>	<b>6,838</b>	<b>7,268</b>
Taxation.....	1,955	2,027	2,281
Net result from continuing operations.....	4,879	4,811	4,987
Non-controlling interests from continuing operations.....	99	108	82
<b>Net result IFRS-EU</b> .....	<b>4,781</b>	<b>4,703</b>	<b>4,905</b>

## Reconciliation from IFRS-EU to ING Group's underlying results

	2019	2018	2017
	<i>(amounts in millions of euros)</i>		
Net result IFRS-EU .....	4,781	4,703	4,905
-/- Special items <sup>(1)</sup> .....		(775)	0
-/- Insurance Other .....		90	(52)
<b>Underlying net result</b> .....	<b>4,781</b>	<b>5,389</b>	<b>4,957</b>

### Notes:

(1) Special items in 2018 comprised a settlement agreement with the Dutch authorities on regulatory issues as announced on 4 September 2018.

Special items in 2017 comprised a tax charge of EUR 121 million at ING Australia Holdings Ltd related to the years 2013-2017, for which a full reimbursement is expected to be received from NN Group (impact on net result EUR 0 million).

## Year ended 31 December 2019 compared to year ended 31 December 2018

In 2019, the Issuer showed solid commercial performance despite the challenging rate environment, geopolitical uncertainties and demanding regulatory environment. The net result rose 1.7% to EUR 4,781 million in 2019 from EUR 4,703 million in 2018, which has been negatively affected by the EUR 775 million settlement agreement with the Dutch authorities on regulatory issues that was recorded as a special item. In 2019, there were no results from Insurance Other as the Issuer sold its last warrants related to its previous Insurance activities in November 2018. The net result in 2018 included EUR 90 million from Insurance Other, reflecting the net result on the warrants on Voya Financial and NN Group shares.

Underlying net result for 2019 was EUR 4,781 million, a decrease of 11.3% from EUR 5,389 million in 2018. Underlying net result is derived from total net result by excluding the impact from special items Insurance Other.

## Year ended 31 December 2018 compared to year ended 31 December 2017

The Issuer posted strong commercial results in 2018, but they were negatively affected by the EUR 775 million settlement agreement with the Dutch authorities on regulatory issues. The net result dropped to EUR 4,703 million from EUR 4,905 million in 2017, primarily due to the settlement agreement which was recorded as a special item. In 2017, there was a special item related to a EUR 121 million tax charge at ING Australia Holdings Ltd, for which a full reimbursement will be received from NN Group. Although the bottom-line impact for ING Bank was nil, it affected both the tax and 'other income' lines. Insurance Other added EUR 90 million to the net result, compared with a EUR 52 million loss in 2017. Insurance Other mainly comprised the net result on the warrants on Voya Financial and NN Group shares. ING sold its remaining part of warrants on the shares of Voya Financial in March 2018, while the warrant agreement between NN Group and ING was terminated in November 2018.

Underlying net result for 2018 was EUR 5,389 million, an increase of 8.7% from EUR 4,957 million in 2017. Underlying net result is derived from total net result by excluding the impact of special items, adjustment of the 'EU IAS 39 carve-out' and Insurance Other.

## Segment Reporting

Underlying result as presented below is a non-IFRS financial measure and is not a measure of financial performance under IFRS-EU. Because underlying result is not determined in accordance with IFRS-EU, underlying result as presented by ING may not be comparable to other similarly titled measures of performance

of other companies. The underlying result of ING's segments is reconciled to the Net result as reported in the IFRS-EU Consolidated profit or loss account below. The information presented in this section is in line with the information presented to the Executive Board and Management Board Banking.

For further information on underlying result for the Banking activities, as well as the reconciliation of the Issuer's segment underlying result before tax to its net result, see Note 34 'Segments' in the 2019 Annual Report, which is incorporated by reference into this Registration Document.

ING Group's segments are based on the internal reporting structures. The following overview specifies the segments by line of business and the main sources of income of each of the segments:

***Retail Netherlands (Market Leaders)***

Income from retail and private banking activities in the Netherlands, including the SME and mid-corporate segments and the Real Estate Finance portfolio related to Dutch domestic mid-corporates. The main products offered are current and savings accounts, business lending, mortgages and other consumer lending in the Netherlands.

***Retail Belgium (Market Leaders)***

Income from retail and private banking activities in Belgium (including Luxembourg), including the SME and mid-corporate segments. The main products offered are similar to those in the Netherlands.

***Retail Germany (Challengers and Growth Markets)***

Income from retail and private banking activities in Germany (including Austria). The main products offered are current and savings accounts, mortgages and other customer lending.

***Retail Other (Challengers and Growth Markets)***

Income from retail banking activities in the rest of the world, including the SME and mid-corporate segments in specific countries. The main products offered are similar to those in the Netherlands.

***Wholesale Banking***

Income from wholesale banking activities. The main products are: lending, debt capital markets, working capital solutions, export finance, daily banking solutions, treasury and risk solutions, and corporate finance.

The accounting policies of the segments are the same as those described in Note 1 'Basis of preparation and accounting policies' in the 2019 Annual Report, which is incorporated by reference into this Registration Document. Transfer prices for inter-segment transactions are set at arm's length. Corporate expenses are allocated to business lines based on time spent by head office personnel, the relative number of staff, or on the basis of income, expenses and/or assets of the segment.

As of 1 January 2019, the Real Estate Finance portfolio related to Dutch domestic mid-corporates, which was included under Wholesale Banking, has been transferred to Retail Netherlands in order to define clearer roles and responsibilities. The presentation of previously reported underlying profit and loss amounts has been adjusted to reflect this change.

**Corporate Line Banking**

In addition to these segments, ING Group reconciles the total segment results to the total result of Banking using Corporate Line Banking. The Corporate Line Banking is a reflection of capital management activities and certain income and expense items that are not allocated to the banking businesses, including a higher VAT refund in 2019 as well as a EUR 119 million gain from the release of a currency translation reserve following the sale of ING's stake in Kotak Mahindra Bank and the recognition of a EUR 79 million receivable related to the insolvency of a financial institution (both recorded under income). Furthermore, the Corporate Line Banking includes the isolated legacy costs (mainly negative interest results) caused by the replacement of short-term



funding with long-term funding during 2013 and 2014. ING Group applies a system of capital charging for its banking operations in order to create a comparable basis for the results of business units globally, irrespective of the business units' book equity and the currency they operate in.

## Banking Operations

The following table sets forth the contribution of ING's banking business lines and the corporate line banking to the underlying net result for each of the years 2019, 2018 and 2017.

1 January to 31 December 2019							
	Retail Banking Netherlands	Retail Banking Belgium	Retail Banking Germany	Retail Other	Wholesale Banking	Corporate Line Banking	Total
<i>(amounts in millions of euros)</i>							
<b>Underlying income</b>							
- Net interest income .....	3,541	1,907	1,579	2,787	3,794	470	14,079
- Net fee and commission income .....	674	374	268	423	1,135	(6)	2,968
- Total investment and other income .....	290	161	138	298	369	103	1,360
<b>Total underlying income..</b>	<b>4,505</b>	<b>2,442</b>	<b>1,985</b>	<b>3,509</b>	<b>5,298</b>	<b>568</b>	<b>18,306</b>
<b>Underlying expenditure</b>							
- Underlying operating expenses.....	2,210	1,609	1,080	2,210	2,937	307	10,353
- Additions to loan loss provision .....	91	186	(53)	364	532	(0)	1,120
<b>Total underlying expenditure.....</b>	<b>2,301</b>	<b>1,794</b>	<b>1,027</b>	<b>2,574</b>	<b>3,469</b>	<b>307</b>	<b>11,472</b>
<b>Underlying result before taxation .....</b>	<b>2,204</b>	<b>647</b>	<b>957</b>	<b>935</b>	<b>1,830</b>	<b>261</b>	<b>6,834</b>
Taxation.....	558	192	328	234	464	179	1,955
Non-controlling interests....	(0)	0	3	82	14	(0)	99
<b>Underlying net result .....</b>	<b>1,646</b>	<b>455</b>	<b>627</b>	<b>619</b>	<b>1,352</b>	<b>82</b>	<b>4,781</b>
Special items .....							
<b>Net result Banking .....</b>	<b>1,646</b>	<b>455</b>	<b>627</b>	<b>619</b>	<b>1,352</b>	<b>82</b>	<b>4,781</b>
Net result Insurance Other .							
<b>Net result from continuing operations .....</b>							
<b>Net result IFRS-EU .....</b>							<b>4,781</b>

1 January to 31 December 2018							
	Retail Banking Netherlands	Retail Banking Belgium	Retail Banking Germany	Retail Other	Wholesale Banking <sup>1</sup>	Corporate Line Banking	Total
<i>(amounts in millions of euros)</i>							
<b>Underlying income</b>							
- Net interest income .....	3,749	1,830	1,671	2,690	3,686	290	13,916
- Net fee and commission income .....	664	371	225	395	1,152	(4)	2,803

1 January to 31 December 2018

	Retail Banking Netherlands	Retail Banking Belgium	Retail Banking Germany	Retail Other	Wholesale Banking <sup>1</sup>	Corporate Line Banking	Total
	<i>(amounts in millions of euros)</i>						
- Total investment and other income .....	335	169	76	230	673	(113)	1,369
<b>Total underlying income..</b>	<b>4,747</b>	<b>2,369</b>	<b>1,972</b>	<b>3,315</b>	<b>5,510</b>	<b>173</b>	<b>18,088</b>
<b>Underlying expenditure</b>							
- Underlying operating expenses.....	2,220	1,610	1,027	2,033	2,771	247	9,907
- Additions to loan loss provision .....	(41)	164	(27)	350	210	(1)	656
<b>Total underlying expenditure.....</b>	<b>2,179</b>	<b>1,774</b>	<b>1,000</b>	<b>2,383</b>	<b>2,981</b>	<b>246</b>	<b>10,563</b>
<b>Underlying result before taxation.....</b>	<b>2,568</b>	<b>595</b>	<b>972</b>	<b>932</b>	<b>2,529</b>	<b>(72)</b>	<b>7,524</b>
Taxation.....	626	199	324	200	633	47	2,028
Non-controlling interests....	(0)	6	3	80	19	(0)	108
<b>Underlying net result .....</b>	<b>1,942</b>	<b>390</b>	<b>646</b>	<b>652</b>	<b>1,877</b>	<b>(119)</b>	<b>5,389</b>
Special items.....						(775)	(775)
<b>Net result Banking .....</b>	<b>1,942</b>	<b>390</b>	<b>646</b>	<b>652</b>	<b>1,877</b>	<b>(894)</b>	<b>4,614</b>
Net result Insurance Other .							90
<b>Net result from continuing operations .....</b>							<b>4,703</b>
<b>Net result IFRS-EU.....</b>							<b>4,703</b>

Note:

- As from 2019, Retail Netherlands includes the real estate finance portfolio to Dutch domestic mid-corporates. This portfolio was transferred from Wholesale Banking to Retail Netherlands in order to define clearer roles and responsibilities. All comparative figures have been adjusted.

1 January to 31 December 2017

	Retail Banking Netherlands	Retail Banking Belgium	Retail Banking Germany	Retail Other	Wholesale Banking	Corporate Line Banking	Total
	<i>(amounts in millions of euros)</i>						
<b>Underlying income</b>							
- Net interest income .....	3,866	1,842	1,704	2,437	3,639	226	13,714
- Net fee and commission income .....	607	408	215	384	1,102	(3)	2,714
- Total investment and other income .....	256	224	(28)	207	919	(301)	1,277
<b>Total underlying income..</b>	<b>4,730</b>	<b>2,473</b>	<b>1,891</b>	<b>3,028</b>	<b>5,660</b>	<b>(78)</b>	<b>17,704</b>
<b>Underlying expenditure</b>							
- Underlying operating expenses.....	2,260	1,584	1,032	1,919	2,744	290	9,829
- Additions to loan loss provision .....	15	104	(10)	284	282	1	676

1 January to 31 December 2017

	Retail Banking Netherlands	Retail Banking Belgium	Retail Banking Germany	Retail Other	Wholesale Banking	Corporate Line Banking	Total
	<i>(amounts in millions of euros)</i>						
<b>Total underlying expenditure</b> .....	2,275	1,688	1,022	2,203	3,026	291	10,505
<b>Underlying result before taxation</b> .....	2,455	785	869	825	2,634	(369)	7,199
Taxation.....	615	296	241	188	832	(13)	2,160
Non-controlling interests....	0	(2)	2	67	15	0	82
<b>Underlying net result</b> .....	1,839	491	625	569	1,788	(356)	4,957
Special items.....						0	0
<b>Net result Banking</b> .....	1,839	491	625	569	1,788	(356)	4,957
Net result Insurance Other .							(52)
<b>Net result from continuing operations</b> .....							4,905
<b>Net result IFRS-EU</b> .....							4,905

### Year ended 31 December 2019 compared to year ended 31 December 2018

In 2019, ING's banking operations showed solid commercial performance despite the challenging rate environment, geopolitical uncertainties and demanding regulatory environment. The net result Banking (including the impact of special items) rose 3.6% to EUR 4,781 million in 2019 from EUR 4,614 million in 2018, which has been negatively affected by the EUR 775 million settlement agreement with the Dutch authorities on regulatory issues that was recorded as a special item.

The underlying net result dropped 11.3% to EUR 4,781 million from EUR 5,389 million. This was in part due to an increased underlying effective tax rate of 28.6% from 27.0% in 2018, mainly reflecting higher non-deductible costs, including the cancellation of tax deductibility of interest expenses on additional Tier 1 instruments in the Netherlands as from 2018. Underlying net result is derived from total net result by excluding the impact from special items.

The underlying result before tax declined 9.2% to EUR 6,834 million in 2019 from EUR 7,524 million in 2018, primarily due to increased operating expenses and higher risk costs. Commercial momentum remained solid, albeit at a slower pace than previous year. ING grew net core lending (adjusted for currency impacts, and excluding Treasury and the run-off portfolios) by EUR 17.2 billion, or 2.9%, and net customer deposits rose by EUR 23.4 billion in 2019. The global retail customer base grew to 38.8 million at year-end, and the number of primary customers rose during the year by 0.8 million to 13.3 million.

The underlying income increased 1.2% to EUR 18,306 million from EUR 18,088 million in 2018, driven by Corporate Line (predominantly one-offs) and Retail Banking, while income in Wholesale Banking (mainly in Financial Markets and Lending) declined. Net interest income rose 1.2% to EUR 14,079 million. The increase was driven by higher interest results on customer lending mainly supported by volume growth, partly offset by lower margins on savings and current accounts. The total lending margin was slightly up compared with 2018, as the impact of improved interest margins on mortgages was largely offset by lower margins on other customer lending. ING's overall net interest margin improved by 1 basis point to 1.54% in 2019 from 1.53% in 2018.

Net fee and commission income rose 2.3% to EUR 2,868 million. The increase was driven by Retail Banking with increases in most countries, partly offset by a small decline in Wholesale Banking. Investment and other income slightly decreased to EUR 1,360 million from EUR 1,369 million in 2018, with a decline in Wholesale Banking, mainly due to negative valuation adjustments in Financial Markets, and some one-offs. The decline

was largely offset by increases in Retail Banking and Corporate Line. The latter was supported by a EUR 119 million gain from the release of a currency translation reserve following the sale of ING's stake in Kotak Mahindra Bank and the recognition of a EUR 79 million receivable related to the insolvency of a financial institution.

Underlying operating expenses increased 4.5% to EUR 10,353 million from EUR 9,907 million in 2018. The increase was visible in all segments, except for Retail Netherlands and Retail Belgium. Regulatory expenses rose to EUR 1,021 million from EUR 947 million in the previous year. Excluding regulatory costs, expenses were up 4.2%, mainly due to higher KYC-related costs, increased staff costs and continued investments in business growth, partly offset by costs savings and one-offs (including a higher VAT refund, recorded in Corporate Line). The cost/income ratio was 56.6% versus 54.8% in 2018.

The net addition to the provision for loan losses rose to EUR 1,120 million from EUR 656 million in 2018. This increase was mainly caused by a number of large individual files in Wholesale Banking and higher, but still relatively low risk costs in Retail Netherlands. Risk costs rose to 18 basis points of average customer lending in 2019, remaining below ING Bank's through-the-cycle average of approximately 25 basis points, compared with 11 basis points of average customer lending in 2018.

### **Year ended 31 December 2018 compared to year ended 31 December 2017**

ING's banking operations posted strong commercial results in 2018, but they were negatively affected by the EUR 775 million settlement agreement with the Dutch authorities on regulatory issues. The net result Banking (including the impact of special items) dropped to EUR 4,614 million from EUR 4,957 million in 2017, primarily due to the settlement agreement which was recorded as a special item. In 2017, there was a special item related to a EUR 121 million tax charge at ING Australia Holdings Ltd, for which a full reimbursement will be received from NN Group. Although the bottom-line impact for ING was nil, it affected both the tax and 'other income' lines.

The underlying net result rose 8.7% to EUR 5,389 million in 2018 from EUR 4,957 million in 2017; this was partly caused by a lower underlying effective tax rate supported by the tax reforms in Belgium and the US. Underlying net result is derived from total net result by excluding the impact from special items.

The underlying result before tax rose 4.5% to EUR 7,524 million in 2018 from EUR 7,199 million in 2017, primarily driven by continued business growth at resilient interest margins, higher net fee and commission income, and slightly lower risk costs. Commercial performance was strong in 2018. ING grew net core lending (adjusted for currency impacts, and excluding Bank Treasury and the run-off portfolios) by EUR 36.6 billion, or 6.4%, and net customer deposits rose by EUR 19.3 billion in 2018. The global retail customer base grew by one million customers to reach 38.4 million over the year, and the number of primary customers rose by 1.1 million to 12.5 million.

Total underlying income increased 2.2% to EUR 18,088 million from EUR 17,704 million in 2017. Net interest income rose 1.5% to EUR 13,916 million, due to an increase of the average balance sheet total, partly offset by a narrowing of the net interest margin to 1.53% from 1.54% in 2017. The increase of the average balance sheet was mainly driven by the continued growth in net core lending and customer deposits. The interest result on customer lending activities increased driven by higher volumes at stable margins. The interest result on customer deposits slightly declined, as the impact of volume growth was more than offset by margin pressure on current accounts (due to lower reinvestment yields); the interest margin on savings stabilized, mainly due to a further lowering of client savings rates in several countries. Net interest income was furthermore negatively affected by a decline in the volatile interest results of Financial Markets. Net fee and commission income rose 3.3% to EUR 2,803 million. The increase was mainly in Wholesale Banking (supported by the inclusion of Payvision as from the second quarter of 2018) and most of the Retail Banking countries, except for Belgium and Turkey. Investment and other income rose to EUR 1,369 million from EUR 1,277 million in 2017, mainly caused by higher valuation results and net trading income, including improved hedge ineffectiveness results, and one-off results. The increase was primarily visible in Retail Banking (excluding Belgium) and the Corporate

Line. In Wholesale Banking, investment and other income declined, mainly due a loss recorded on the intended sale of an Italian lease run-off portfolio in 2018, while 2017 included a gain on the sale of an equity stake in the real estate run-off portfolio.

Underlying operating expenses increased 0.8% to EUR 9,907 million from EUR 9,829 million in 2017. In 2018, expenses included EUR 947 million of regulatory expenses up from EUR 901 million in the previous year. Excluding regulatory costs, expenses were up 0.4%, as higher costs for strategic projects and to support business growth, were largely offset by lower performance-related expenses and strict cost management. The underlying cost/income ratio improved to 54.8% from 55.5% in 2017.

The net addition to the provision for loan losses declined 3.0% to EUR 656 million from EUR 676 million in 2017. Risk costs were 11 basis points of average customer lending compared with 12 basis points in 2017.

## Retail Netherlands

	2019	2018 <sup>1</sup>	2017 <sup>1</sup>
	<i>(amounts in millions of euros)</i>		
<b>Underlying income</b>			
Net interest income .....	3,541	3,749	3,866
Net fee and commission income .....	674	664	607
Investment income and other income.....	290	335	256
<b>Total underlying income</b> .....	<b>4,505</b>	<b>4,747</b>	<b>4,730</b>
<b>Underlying expenditure</b>			
Underlying operating expenses.....	2,210	2,220	2,260
Additions to the provision for loan losses.....	91	(41)	15
<b>Total underlying expenditure</b> .....	<b>2,301</b>	<b>2,179</b>	<b>2,275</b>
Underlying result before tax .....	2,204	2,568	2,455
Taxation.....	558	626	615
<b>Underlying net result</b> .....	<b>1,646</b>	<b>1,942</b>	<b>1,839</b>
<b>Net result</b> .....	<b>1,646</b>	<b>1,942</b>	<b>1,839</b>

Note:

- As from 2019, Retail Netherlands includes the real estate finance portfolio to Dutch domestic mid-corporates. This portfolio was transferred from Wholesale Banking to Retail Netherlands in order to define clearer roles and responsibilities. All comparative figures have been adjusted.

## Year ended 31 December 2019 compared to year ended 31 December 2018

Both net result and underlying net result of Retail Netherlands decreased by EUR 296 million, or 15.2%, to EUR 1,646 million in 2019 from EUR 1,942 million in 2018. There were no special items in 2019 and 2018.

The underlying result before tax of Retail Netherlands decreased 14.2% to EUR 2,204 million from EUR 2,568 million in 2018. This was mainly due to lower income, mainly reflecting lower margins on customer deposits and lower revenues from Treasury, combined with higher risk costs. Operating expenses declined slightly. Underlying income fell 5.1% to EUR 4,505 million from EUR 4,747 million in the previous year. The interest result was 5.5% lower, reflecting margin pressure on savings and current accounts due to lower re-investment

yields and lower revenues from Treasury. This was partly compensated by improved margins on mortgages. Net core lending (excluding the WUB run-off portfolio and Treasury-related products) grew by EUR 2.0 billion in 2019, equally divided over mortgages and other lending. Net growth in customer deposits (excluding Treasury) was EUR 8.4 billion in 2019. Net fee and commission income rose by EUR 10 million, or 1.5%, primarily due to higher daily banking fees. Investment and other income declined by EUR 45 million, mainly attributable to lower results from financial markets-related products.

Underlying operating expenses declined 0.5% on 2018, this was mainly due to lower regulatory costs, benefits from the ongoing cost-saving initiatives and some positive one-offs, partly offset by increased salaries as well as higher KYC and IT-related expenses.

Risk costs in 2019 increased to a relatively low EUR 91 million, or 6 basis points of average customer lending, partly caused by a change in the house price index that is used for Dutch mortgages. This compared with a net release of EUR 41 million 2018, which included releases in both mortgages and business lending.

### **Year ended 31 December 2018 compared to year ended 31 December 2017**

Both net result and underlying net result of Retail Netherlands increased by EUR 103 million, or 5.6%, to EUR 1,942 million in 2018 from EUR 1,839 million in 2017. There were no special items in 2018 and 2017.

The underlying result before tax of Retail Netherlands rose 4.6% to EUR 2,568 million from EUR 2,455 million in 2017. This was mainly due to lower risk costs and benefits from the ongoing cost-saving programmes.

Underlying income rose 0.4% to EUR 4,747 million. The interest result was 3.0% lower, mainly caused by margin pressure on savings and current accounts, and a decline in the average lending volumes, partly offset by higher margins on mortgages. Net core lending (excluding the WUB run-off portfolio and Bank Treasury-related products) grew by EUR 1.5 billion as from 1 January 2018, of which EUR 0.8 billion in mortgages and EUR 0.7 billion in other lending. Net growth in customer deposits (excluding Bank Treasury) was EUR 3.5 billion in 2018. Net fee and commission income rose by EUR 57 million, or 9.4%, primarily due to higher daily banking fees. Investment and other income rose by EUR 79 million, mainly attributable to higher allocated Bank Treasury revenues.

Underlying operating expenses declined 1.8% on 2017, mainly driven by the benefits from the ongoing cost-saving initiatives and lower expenses for legal claims.

Risk costs turned to a net release of EUR 41 million, or -3 basis points of average customer lending, from a net addition of EUR 15 million in 2017, reflecting the continued positive macroeconomic conditions in the Netherlands.

### **Retail Belgium**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>(amounts in millions of euros)</i>		
<b>Underlying income</b>			
Net interest income .....	1,907	1,830	1,842
Net fee and commission income .....	374	371	408
Investment income and other income.....	161	169	224
<b>Total underlying income</b> .....	<b>2,442</b>	<b>2,369</b>	<b>2,473</b>
<b>Underlying expenditure</b>			
Underlying operating expenses.....	1,609	1,610	1,584
Additions to the provision for loan losses.....	186	164	104

	2019	2018	2017
	<i>(amounts in millions of euros)</i>		
<b>Total underlying expenditure</b> .....	1,794	1,774	1,688
<b>Underlying result before tax</b> .....	647	595	785
Taxation.....	192	199	296
Non-controlling interests .....		6	(2)
<b>Underlying net result</b> .....	455	390	491
<b>Net result</b> .....	455	390	491

### **Year ended 31 December 2019 compared to year ended 31 December 2018**

Both net result and underlying net result of Retail Belgium (including ING in Luxembourg) increased by EUR 65 million, or 16.7%, to EUR 455 million in 2019 from EUR 390 million in 2018. There were no special items in 2019 and 2018.

The underlying result before tax of Retail Belgium rose 8.7% to EUR 647 million in 2019, compared with EUR 595 million in 2018. The increase reflects higher income and stable expenses, only partly offset by an increase in risk costs.

Underlying income increased to EUR 2,442 million from EUR 2,369 million in 2018. The interest result was 4.2% up to EUR 1,907 million, mainly due to volume growth, increased margins on mortgages, and supported by higher net interest income from Treasury-related products. This was in part offset by lower net interest income from savings and current accounts, reflecting the low interest rate environment, and some margin pressure on non-mortgage lending. The net growth in customer lending (excluding Treasury) was EUR 3.3 billion, of which EUR 1.2 billion was in residential mortgages and EUR 2.1 billion in other lending. The net inflow in customer deposits (excluding Treasury) was EUR 4.1 billion in 2019. Net fee and commission income increased 0.8% to EUR 374 million. Investment and other income was EUR 8 million lower, mainly due to lower Treasury-related revenues.

Operating expenses declined 0.1% to EUR 1,609 million, mainly due to lower staff-related expenses stemming from the transformation programmes, partly offset by higher regulatory costs and KYC-related expenses.

Risk costs increased by EUR 22 million to EUR 186 million, or 21 basis points of average customer lending, from EUR 164 million, or 19 basis points, in 2018. The increase was mainly caused by additional provisioning on individual mid-corporates files and higher collective provisions for consumer lending.

### **Year ended 31 December 2018 compared to year ended 31 December 2017**

Both net result and underlying net result of Retail Belgium (including ING in Luxembourg) declined by EUR 101 million, or 20.6%, to EUR 390 million in 2018 from EUR 491 million in 2017. The decrease was partly mitigated by a lower underlying effective tax rate, because 2017 included the impact of a tax reform in Belgium, which resulted in a tax charge to record a reduction in deferred tax assets. There were no special items in 2018 and 2017.

The underlying result before tax of Retail Belgium fell 24.2% to EUR 595 million in 2018, compared with EUR 785 million in 2017. The decline reflects lower income, higher expenses and an increase in risk costs.

Underlying income decreased to EUR 2,369 million from EUR 2,473 million in 2017. The interest result declined 0.7% to EUR 1,830 million, mainly due to margin pressure on most products, in part offset by volume growth in the lending portfolio as well as current accounts. The net production in customer lending (excluding Bank Treasury and the sale of a mortgage portfolio) was EUR 6.1 billion, of which EUR 2.2 billion was in

mortgages and EUR 3.9 billion in other lending. The net inflow in customer deposits was EUR 3.0 billion in 2018. Net fee and commission income decreased 9.1%, mainly due to lower fee income on investment products. Investment and other income fell by EUR 55 million, mainly due to lower income from financial markets products.

Operating expenses rose by EUR 26 million, or 1.6%, to EUR 1,610 million, mainly due to higher external staff expenses related to the transformation programmes and the successful integration of Record Bank into ING Belgium. Risk costs increased by EUR 60 million to EUR 164 million, or 19 basis points of average customer lending, from EUR 104 million, or 13 basis points of average customer lending, in 2017. The increase was primarily in business lending.

## Retail Germany

	2019	2018	2017
	<i>(amounts in millions of euros)</i>		
<b>Underlying income</b>			
Net interest income .....	1,579	1,671	1,704
Net fee and commission income .....	268	225	215
Investment income and other income.....	138	76	(28)
<b>Total underlying income</b> .....	<b>1,985</b>	<b>1,972</b>	<b>1,891</b>
<b>Underlying expenditure</b>			
Underlying operating expenses.....	1,080	1,027	1,032
Additions to the provision for loan losses.....	(53)	(27)	(10)
<b>Total underlying expenditure</b> .....	<b>1,027</b>	<b>1,000</b>	<b>1,022</b>
<b>Underlying result before tax</b> .....	<b>957</b>	<b>972</b>	<b>869</b>
Taxation.....	328	324	241
Non-controlling interests .....	3	3	2
<b>Underlying net result</b> .....	<b>627</b>	<b>646</b>	<b>625</b>
<b>Net result</b> .....	<b>627</b>	<b>646</b>	<b>625</b>

### Year ended 31 December 2019 compared to year ended 31 December 2018

Both net result and underlying net result of Retail Germany (including ING in Austria) decreased by EUR 19 million, or 2.9%, to EUR 627 million in 2019 from EUR 646 million in 2018. There were no special items in 2019 and 2018.

The underlying result before tax declined 1.5% to EUR 957 million, compared with EUR 972 million in 2018, mainly due to higher expenses, partly offset by slightly increased income and a higher net release in risk costs.

Underlying income increased 0.7% to EUR 1,985 million in 2019 from EUR 1,972 million a year ago. Net interest income declined 5.5%, mainly due to lower Treasury-related interest results (with a partial offset in other income). Excluding Treasury, net interest income rose marginally, mainly reflecting volume growth in most products and improved margins on mortgages, offset by lower interest results on savings and deposits due to margin pressure. The net growth in core lending (excluding Treasury) was EUR 3.0 billion in 2019, of which EUR 2.4 billion in mortgages and EUR 0.6 billion in consumer lending. Net inflow in customer deposits (excluding Treasury) was EUR 0.8 billion. Net fee and commission income rose 19.1% to EUR 268 million,



due to higher fees on mortgages and daily banking. Investment and other income rose by EUR 62 million to EUR 138 million, largely due to the aforementioned accounting asymmetry in Treasury revenues.

Operating expenses rose 5.2% to EUR 1,080 million from EUR 1,027 million in 2018. The increase was mainly due to a restructuring provision related to the completion of ING's Agile transformation in Germany, higher KYC-related expenses, investments to accelerate the acquisition of primary customers, and the launch of Interhyp in Austria.

Risk costs were EUR -53 million, or -6 basis points of average customer lending, compared with EUR -27 million in 2018. The net release in 2019 mainly related to model updates for mortgages, while the net release in 2018 included a significant release in the consumer lending portfolio.

### **Year ended 31 December 2018 compared to year ended 31 December 2017**

Both net result and underlying net result of Retail Germany (including ING in Austria) increased by EUR 21 million, or 3.4%, to EUR 646 million in 2018 from EUR 625 million in 2017.

The underlying result before tax increased 11.9% to EUR 972 million, compared with EUR 869 million in 2017, mainly due to higher income and a net release in risk costs.

Underlying income increased 4.3% to EUR 1,972 million in 2018 from EUR 1,891 million a year ago. Net interest income declined 1.9% reflecting margin compression on mortgages and current accounts, and lower Bank Treasury-related interest income. This was only partly offset by higher margins on savings and deposits and volume growth in most products. Net core lending growth, which excludes Bank Treasury products, was EUR 4.4 billion in 2018, of which EUR 3.6 billion was in mortgages and EUR 0.8 billion in consumer lending. Net inflow in customer deposits (excluding Bank Treasury) was EUR 5.0 billion, mainly driven by a promotional savings campaign in the fourth quarter of 2018. Net fee and commission income rose 4.7%, due to higher fee income on investment products and an improvement in fees on current accounts. Investment and other income rose to EUR 76 million, mainly due to improved hedge ineffectiveness results from Bank Treasury.

Operating expenses declined 0.5% to EUR 1,027 million from EUR 1,032 million in 2017. This decrease was mainly caused by lower regulatory costs and a decline in marketing expenses, partly offset by higher costs to support business growth and a restructuring provision in 2018. Risk costs were EUR -27 million in 2018, compared with EUR -10 million in 2017, reflecting a benign credit environment in the German market and a review of the consumer lending portfolio.

### **Retail Other**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>(amounts in millions of euros)</i>		
<b>Underlying income</b>			
Net interest income .....	2,787	2,690	2,437
Net fee and commission income .....	423	395	384
Investment income and other income.....	298	230	207
<b>Total underlying income</b> .....	<b>3,509</b>	<b>3,315</b>	<b>3,028</b>
<b>Underlying expenditure</b>			
Underlying operating expenses .....	2,210	2,033	1,919
Additions to the provision for loan losses.....	364	350	284
<b>Total underlying expenditure</b> .....	<b>2,574</b>	<b>2,383</b>	<b>2,203</b>
<b>Underlying result before tax</b> .....	<b>935</b>	<b>932</b>	<b>825</b>

	2019	2018	2017
	<i>(amounts in millions of euros)</i>		
Taxation.....	234	200	188
Non-controlling interests.....	82	80	67
<b>Underlying net result.....</b>	<b>619</b>	<b>652</b>	<b>569</b>
<b>Net result .....</b>	<b>619</b>	<b>652</b>	<b>569</b>

### **Year ended 31 December 2019 compared to year ended 31 December 2018**

Retail Other consists of the Other Challengers & Growth Markets, including the bank stakes in Asia. Both net result and underlying net result of Retail Other decreased by EUR 33 million, or 5.1%, to EUR 619 million in 2019 from EUR 652 million in 2018. There were no special items in 2019 and 2018.

Retail Other's underlying result before tax increased 0.3% to EUR 935 million in 2019, from EUR 932 million in 2018. This was mainly due to higher income, partly offset by increased expenses and higher risk costs.

Total underlying income rose by EUR 194 million, or 5.9%, to EUR 3,509 million. This increase was driven by strong results across most of the countries, whereas 2018 included a higher profit from ING Bank's stake in TMB due to one-offs. Net interest income rose 3.6% to EUR 2,787 million, reflecting volume growth in lending and customer deposits, and a stable total interest margin. This increase was offset by accounting asymmetry in Treasury with an offset in other income. The net production in customer lending (excluding currency effects and Treasury) was EUR 7.8 billion, with increases mainly in Spain, Poland and Australia, while Turkey and Italy declined. Net customer deposits grew by EUR 6.9 billion in 2019, with the largest increases in Poland, Spain and Australia. Net commission and fee income increased 7.1% to EUR 423 million driven by increases in most countries, but declined in Spain and Turkey. Investment and other income rose by EUR 68 million, mainly due to the aforementioned accounting asymmetry in Treasury and a higher dividend from Bank of Beijing, partly offset by a lower profit from TMB.

Operating expenses increased by EUR 177 million, or 8.7%, to EUR 2,210 million. This increase was in addition to higher regulatory costs and legal provisions, mainly due to higher expenses to support business growth and the implementation of bank-wide regulatory programmes, including KYC.

Risk costs were EUR 364 million, or 38 basis points of average customer lending, compared with EUR 350 million, or 40 basis points, in 2018. The increase was mainly attributable to higher risk costs in Spain and Poland, while risk costs in Turkey and Italy declined.

### **Year ended 31 December 2018 compared to year ended 31 December 2017**

Retail Other consists of the Other Challengers & Growth Markets, including the stakes in Asia. Both net result and underlying net result of Retail Other increased by EUR 83 million, or 14.6%, to EUR 652 million in 2018 from EUR 569 million in 2017. There were no special items in 2018 and 2017.

Retail Other's underlying result before tax increased 13.0% to EUR 932 million in 2018, from EUR 825 million in 2017. This was mainly due to higher income, partly offset by increased expenses and higher risk costs.

Total underlying income rose by EUR 287 million, or 9.5%, to EUR 3,315 million. This increase was driven by continued strong commercial results across most countries, reflecting customer growth and higher volumes. Net interest income rose 10.4% to EUR 2,690 million, reflecting sustainable growth in lending and customer deposits volumes and an improved total interest margin. The net production (excluding currency effects and

Bank Treasury) in customer lending was EUR 9.6 billion, of which EUR 6.4 billion was in mortgages and EUR 3.2 billion in other lending (mainly consumer loans). Net customer deposits grew by EUR 8.6 billion in 2018. Net fee and commission income rose 2.9% driven by increases in most countries, partly offset by a decline in Turkey. Investment and other income increased by EUR 23 million, mainly due to a higher dividend from Bank of Beijing and a higher profit contribution from ING Bank's 25% stake in TMB (which was mainly driven by one-offs), while previous year included a gain on the sale of MasterCard shares in Turkey.

Operating expenses increased by EUR 114 million, or 5.9%, to EUR 2,033 million. This increase was, next to higher regulatory costs, mainly due to higher staff expenses in most countries to support commercial growth and higher investments in strategic projects. Risk costs were EUR 350 million, or 40 basis points of average customer lending, compared with EUR 284 million, or 34 basis points, in 2017. The increase was mainly attributable to higher risk costs in Italy, Romania and Poland, while risk costs in Turkey remained on the same high level as in 2017.

## Wholesale Banking

	2019	2018 <sup>1</sup>	2017
	<i>(amounts in millions of euros)</i>		
<b>Underlying income</b>			
Net interest income .....	3,794	3,686	3,639
Net fee and commission income .....	1,135	1,152	1,102
Investment income and other income.....	369	673	919
<b>Total underlying income</b> .....	<b>5,298</b>	<b>5,510</b>	<b>5,660</b>
<b>Underlying expenditure</b>			
Underlying operating expenses.....	2,937	2,771	2,744
Additions to the provision for loan losses.....	532	210	282
<b>Total underlying expenditure</b> .....	<b>3,469</b>	<b>2,981</b>	<b>3,026</b>
<b>Underlying result before tax</b> .....	<b>1,830</b>	<b>2,529</b>	<b>2,634</b>
Taxation.....	464	633	832
Non-controlling interests .....	14	19	15
<b>Underlying net result</b> .....	<b>1,352</b>	<b>1,877</b>	<b>1,788</b>
<b>Net result</b> .....	<b>1,352</b>	<b>1,877</b>	<b>1,788</b>

Note:

- As from 2019, Retail Netherlands includes the real estate finance portfolio to Dutch domestic mid-corporates. This portfolio was transferred from Wholesale Banking to Retail Netherlands in order to define clearer roles and responsibilities. All comparative figures have been adjusted.

## Year ended 31 December 2019 compared to year ended 31 December 2018

Both net result and underlying net result of Wholesale Banking declined to EUR 1,352 million from EUR 1,877 million in 2018. There were no special items in 2019 and 2018. The full-year 2019 results for Wholesale Banking show that conditions were challenging in the Issuer's markets. The underlying result before tax dropped 27.6% to EUR 1,830 million, down from EUR 2,529 million in 2018. The decline reflects elevated

risk costs (compared with a relatively low level a year ago), lower revenues in mainly Financial Markets and Lending, as well as higher expenses.

Lending posted an underlying result before tax of EUR 1,597 million, down 20.4% compared with 2018. The decline reflects lower income combined with higher expenses (including increased regulatory costs and KYC-related expenses) and higher risk costs due to a number of large individual files. Despite higher average volumes, Lending income declined, mainly due to some pressure on margins and the EUR 66 million gain related to an equity-linked bond in Belgium recorded in 2018. The underlying result before tax from Daily Banking & Trade Finance declined 24.3% to EUR 476 million from EUR 629 million in 2018. A modest increase in income, reflecting improved margins at lower average volumes, could not compensate for higher expenses and elevated risk costs. The increased expenses reflect higher regulatory costs and KYC-related expenses as well as investments in Payvision and regulatory changes (including PSD2). Risk costs in 2019 included a sizeable provision for a suspected external fraud case.

Financial Markets recorded an underlying result before tax of EUR -121 million, compared with EUR -36 million in 2018. The drop was predominantly due to lower income, which was impacted by EUR 228 million of negative valuation adjustments versus EUR -1 million in 2018, in part offset by lower expenses on the back of ongoing cost efficiency measures. Excluding valuation adjustments, pre-tax result rose by EUR 142 million compared with 2018, driven by higher client income. The underlying result before tax of Treasury & Other was EUR -123 million compared with EUR -70 million in 2018. This decline was mainly due to lower results from Treasury-related activities and Corporate Investments, whereas the result of the run-off businesses improved after the EUR 123 million loss on the intended sale of an Italian Lease run-off portfolio recorded in 2018. Expenses increased mainly due to investments in KYC enhancement and innovation, while 2018 included a release from a legal provision.

Total underlying income of Wholesale Banking fell 3.8% to EUR 5,298 million compared with 2018, mainly reflecting lower revenues in Financial Markets, Lending and Treasury-related revenues, while 2018 included the aforementioned loss on the intended sale of an Italian lease run-off portfolio. In 2019, the net core lending book (adjusted for currency impacts and excluding Treasury and the Lease run-off portfolio) grew by EUR 1.1 billion. The inflow in net customer deposits (excluding currency impacts and Treasury) was EUR 3.1 billion. Net interest income increased 2.9%, mainly driven by volume growth in Lending at lower margins and higher interest results in Daily Banking & Trade Finance, especially in Bank Mendes Gans and Payments & Cash Management. Net fee and commission income declined 1.5%. Investment and other income fell by EUR 304 million, mainly due to lower valuation results in Financial Markets, while previous year included a gain on a bond transaction in Belgium and a loss on the intended sale of an Italian lease run-off portfolio.

Underlying operating expenses rose 6.0% to EUR 2,937 million, in part due to higher regulatory costs. Excluding regulatory costs, expenses rose 4.7%, mainly attributable to higher KYC, IT and staff-related expenses, partly offset by continued cost-efficiency savings. The underlying cost/income ratio increased to 55.4%, from 50.3% in 2017.

Risk costs increased to EUR 532 million, or 29 basis points of average customer lending, from a relatively low EUR 210 million, or 12 basis points of average customer lending, in previous year. The increase was mainly attributable to a number of large individual files, including a sizeable provision for a suspected external fraud case.

#### **Year ended 31 December 2018 compared to year ended 31 December 2017**

Both net result and underlying net result of Wholesale Banking rose to EUR 1,877 million in 2018 from EUR 1,788 million in 2017. This increase was primarily due to a lower effective tax rate supported by the impact of the corporate tax reforms in Belgium and the US. There were no special items in 2018 and 2017.

The underlying result before tax was EUR 2,529 million, down 4.0% from 2017, as higher results in Daily Banking & Trade Finance as well as Lending were more than offset by lower results in Financial Markets and Treasury & Other.

Lending posted an underlying result before tax of EUR 2,006 million, up 2.0% compared with 2017. Higher income, mainly due to improved margins and a EUR 66 million gain related to an equity-linked bond in Belgium in 2018, was largely offset by increased expenses (in part due to higher regulatory costs) and higher risk costs. The underlying result before tax from Daily Banking & Trade Finance rose to EUR 629 million from EUR 542 million in 2017. Higher income, supported by volume growth and the inclusion of Payvision as from the second quarter of 2018, more than outpaced a slight increase in expenses (due to payment innovation initiatives and higher regulatory costs, largely offset by strict cost control), whereas risk costs remained low.

Financial Markets recorded an underlying result before tax of EUR -36 million compared with EUR 68 million in 2017. The drop in result was caused by lower income, which was impacted by lower client activity and challenging global market conditions, partly offset by a modest decline in expenses. The underlying result before tax of Treasury & Other fell to a loss of EUR 70 million compared with a gain of EUR 58 million in 2017. This was mainly due to lower results in the run-off businesses (including a EUR 123 million loss recorded in the fourth quarter of 2018 on the intended sale of an Italian lease run-off portfolio, while 2017 included a EUR 97 million gain on the sale of an equity stake in the real estate run-off portfolio), partly offset by lower expenses for litigation issues.

Total underlying income of Wholesale Banking fell 2.7% to EUR 5,510 million compared with 2017, mainly reflecting lower revenues in Financial Markets and the loss on the intended sale of an Italian lease run-off portfolio. Wholesale Banking's net core lending book (adjusted for currency impacts, and excluding Bank Treasury and the Lease run-off portfolio) grew by EUR 14.9 billion in 2018. Net customer deposits (excluding currency impacts and Bank Treasury) shrank by EUR 0.8 billion. The interest result rose 1.3% on 2017, whereas net fee and commission income increased 4.5% (supported by the inclusion of Payvision). Investment and other income fell by EUR 246 million; this was almost fully attributable to the aforementioned one-off results in the lease and real estate run-off businesses.

Underlying operating expenses increased 1.0% to EUR 2,771 million due to higher regulatory costs. Expenses excluding regulatory costs were 0.4% lower, mainly reflecting lower performance-related expenses and strict cost control, and despite the inclusion of Payvision. The underlying cost/income ratio increased to 50.3% from 48.5% in 2017. Risk costs declined to EUR 210 million, or 12 basis points of average customer lending, from EUR 282 million, or 18 basis points in 2017. The relatively low risk costs in 2018 were supported by several larger net releases for clients and only a few larger new additions. On top of that, risk costs for the Italian lease run-off portfolio were significantly lower than in the previous year.

## Liquidity and capital resources

### Consolidated assets and liabilities

The following table sets forth ING Group's condensed consolidated assets and liabilities as of 31 December 2019 and 31 December 2018. Reference is made to the 2019 Annual Report, which are incorporated by reference into this Registration Document, for the complete overview of consolidated assets and liabilities of ING Group.

	2019	2018
	<i>(amounts in billions of euros)</i>	
Cash and balances with central banks .....	53.2	50.0
Loans and advances to banks.....	35.1	30.4
Financial assets at fair value through profit or loss .....	96.2	120.5

	<b>2019</b>	<b>2018</b>
	<i>(amounts in billions of euros)</i>	
Financial assets at fair value through other comprehensive income.....	34.5	31.2
Securities at amortised cost .....	46.1	47.3
Loans and advances to customers .....	611.8	592.2
Other assets.....	14.9	14.2
Assets held for sale .....		1.3
<b>Total assets</b> .....	<b>891.7</b>	<b>887.0</b>
Deposits from banks.....	34.8	37.3
Customer deposits.....	574.4	555.8
Financial liabilities at fair value through profit or loss.....	77.9	92.7
Other liabilities .....	14.8	16.0
Debt securities in issue/subordinated loans .....	135.1	133.5
<b>Total liabilities</b> .....	<b>837.1</b>	<b>835.3</b>
Shareholders' equity.....	53.8	50.9
Non-controlling interests .....	0.9	0.8
<b>Total equity</b> .....	<b>54.7</b>	<b>51.7</b>
<b>Total liabilities and equity</b> .....	<b>891.7</b>	<b>887.0</b>
Shareholders' equity per Ordinary Share (in EUR).....	13.80	13.09

### **Year ended 31 December 2019 compared to year ended 31 December 2018**

ING Group increased its total assets by EUR 5 billion, or 0.5%, to EUR 892 billion at year-end 2019 from EUR 887 billion on 31 December 2018. Made comparable for EUR 3 billion of positive currency impacts, (increasing the 31 December 2018 amount due to a relative rise of other currencies versus the euro) total assets were EUR 2 billion higher.

The balance sheet growth was mainly due to EUR 20 billion higher loans and advances to customers. Also loans and advances to banks (EUR 5 billion), financial assets through other comprehensive income (OCI) and cash and balances with central banks (EUR 3 billion each) were up. These increases were largely offset by EUR 24 billion lower financial assets at fair value through profit or loss (predominantly financial assets mandatorily at fair value through profit or loss due to a reduction in demand for repo loans structures). Assets held for sale declined by EUR 1 billion to nil, reflecting the sale of an Italian lease run-off portfolio, which was completed on 1 July 2019.

The higher loans and advances to customers was due to EUR 17 billion of growth in net core customer lending and an increase in non-core customer lending of EUR 2 billion. The increase in non-core customer lending included EUR 2 billion of positive FX impacts, a limited increase in Treasury lending and a EUR 1 billion decline of the WUB and Lease run-off portfolios.

ING Group increased its subordinated loans by EUR 3 billion. Debt securities in issue were down by EUR 1 billion as certificates of deposit and commercial paper were EUR 4 billion lower (related to liquidity management and the facilitation of short-term commercial activities), while other debt securities, mainly long-term debt, increased by EUR 3 billion. Customer deposits increased by EUR 19 billion. Excluding currency

impacts and a EUR 5 billion decline in Treasury, net customer deposits growth was EUR 23 billion. Financial liabilities at fair value through profit or loss were EUR 15 billion lower, due to EUR 11 billion lower financial liabilities designated at FV PL and EUR 3 billion less trading liabilities.

Shareholders' equity increased by EUR 2.8 billion to EUR 53.8 billion at the end of 2019, from EUR 50.9 billion on 31 December 2018. The increase was mainly due to the net result for the year 2019 of EUR 4.8 billion, which was partly offset by EUR 2.6 billion of dividend paid in 2019.

## **Capital Management**

ING Group is a holding company whose principal asset is its investments in the capital stock of ING Bank, its primary banking subsidiary. The liquidity and capital resource considerations for ING Group and ING Bank vary in light of the business conducted by each, as well as the regulatory requirements applicable to the Group in the Netherlands and the other countries in which it does business. ING Group has no employees and substantially all of ING Group's operating expenses are allocated to and paid by its operating companies.

ING Group believes that its working capital is sufficient for its present requirements.

### ***Capital developments at ING Group***

In 2019, the Issuer's capital position remained strong, despite higher capital requirements and additional risk-weighted asset growth from model impacts. ING's CET1 ratio was 14.6% at the end of 2019, which was well above its CET1 ratio ambition of around 13.5%. The CET1 ratio at the end of the year improved as risk-weighted assets increased due to volume growth and model impacts, effects that were offset by profit retention and positive risk migration.

In 2019, the Issuer issued €2.4 billion and redeemed €0.9 billion additional Tier 1 instruments. Furthermore, a total of €1.0 billion of Tier 2 bonds were issued whereas no Tier 2 instruments were redeemed in 2019. In addition to these instruments, to build up its MREL capacity, the Issuer issued multiple transactions in 2019 for a total amount of €6.3 billion.

ING's profit generating capacity remained strong and after dividend reserves it included €2.1 billion of capital to its capital base.

ING's dividend policy aims to pay a progressive dividend that will reflect considerations including expected future capital requirements, growth opportunities available, net earnings, and regulatory developments. The Executive Board proposes to pay a total cash dividend of €2,689 million, or €0.69 per ordinary share, over the financial year 2019. This is subject to the approval of shareholders at the Annual General Meeting in April 2020.

For further information regarding capital management, reference is made to Note 52 'Capital Management' in the 2019 Annual Report, which is incorporated by reference into this Registration Document. In addition to the restrictions in respect of minimum capital and capital base requirements that are imposed by banking and other regulators in the countries in which the Issuer's subsidiaries operate, other limitations exist in certain countries. For further information, reference is made to "*Risk Factors*" and "*Information on ING Groep N.V. – Regulation and Supervision*".

## **Funding and liquidity**

The main objective of ING's funding and liquidity risk management is to maintain sufficient liquidity to fund the commercial activities of ING both in normal and stressed market circumstances across various geographies, currencies and tenors. This requires a diversified funding structure considering relevant opportunities and constraints.

ING has a Funding & Liquidity (F&L) Framework which aims to maintain sufficient liquidity under normal, adverse and stressed market circumstances. In general, ING considers the adequacy of its F&L position through three main lenses: (i) Stress; (ii) Sustainability and (iii) Regulatory. For each lens, ING has a set of risk appetite

statements that underscore the bank's risk appetite profile commensurate with the principles for liquidity adequacy. These risk appetite statements are subsequently translated into a number of metrics with appropriate boundaries and instruments to measure and manage ING's F&L adequacy.

ING's funding consists mainly of retail and corporate deposits contributing 51% and 21% of the total funding respectively. These funding sources provide a relatively stable funding base. The remainder of the required funding is attracted primarily through a combination of long-term and short-term professional funding. Group Treasury manages the professional funding in line with the F&L risk appetite to ensure a sufficiently diversified and stable funding base.

The Loan-to-deposit ratio remained stable at the level of 1.06.

ING's long-term professional funding is well diversified across maturities and currencies. The main part of it is EUR and USD denominated which is in line with the currency composition of customer lending.

For further information regarding funding and liquidity, see the section entitled '*Risk Management*' as set out in the 2019 Annual Report.

At 31 December 2019, 2018 and 2017, ING Groep N.V. had EUR nil, EUR nil and EUR nil of cash, respectively. Dividends paid to the Company by its subsidiaries amounted to EUR 2,848 million in 2019, EUR 2,517 million in 2018 and EUR 3,182 million in 2017, respectively, in each case representing dividends paid with respect to the reporting calendar year and the prior calendar year. The amounts paid to ING Groep N.V. were received from ING Bank, EUR 2,848 million in 2019, EUR 2,517 million in 2018 and EUR 3,176 million in 2017, from ING Support Holding, EUR nil in 2019, EUR Nil million in 2018 and 6 million in 2017.

As a holding company, ING Groep N.V.'s total debt and capital securities outstanding to third parties at 31 December 2019 was EUR 37,403 million, at 31 December 2018 was EUR 27,901 million and at 31 December 2017 was EUR 14,187 million. The EUR 27,901 million of debt and capital securities outstanding at 31 December 2019 consisted of subordinated loans of EUR 13,113 million and debenture loans of EUR 24,290 million, both specified below:

### ***Subordinated loans***

<u>Interest rate</u>	<u>Year of issue</u>	<u>Due date</u>	<u>Statement of</u>
			<u>financial position value</u>
			<u>2019</u>
			<i>(amounts in millions of euros)</i>
1.00%	2019	13 November 2030	996
5.75%	2019	Perpetual	1336
6.75%	2019	Perpetual	1121
4.70%	2018	22 March 2028	1124
2.00%	2018	22 March 2030	759
1.63%	2017	26 September 2029	997
4.00%	2017	14 September 2032	90
4.25%	2017	23 June 2032	146
1.15%	2017	14 June 2029	98
1.10%	2017	31 May 2027	82
3.00%	2017	11 April 2028	1,058
2.50%	2017	15 February 2029	764
6.88%	2016	Perpetual	900
6.50%	2015	Perpetual	1123
6.00%	2015	Perpetual	901



9.00%	2008	Perpetual	10
6.13%	2005	Perpetual	631
Variable	2004	Perpetual	556
Variable	2003	Perpetual	421
			13,113

At 31 December 2019 and 2018, ING Groep N.V. also owed EUR 145 million and EUR 136 million, respectively, to ING Group companies pursuant to intercompany lending arrangements. At 31 December 2019 ING Group Companies owed ING Group N.V. EUR 44,478 million (2018: EUR 34,902), as a result of normal intercompany transactions.

On the maturity profile of borrowings and a further description of the borrowings reference is made to Notes 18 ‘Debt securities in issue’ and 19 ‘Subordinated Loans’ in the 2019 Annual Report, which are incorporated by reference into this Registration Document. The use of financial instruments for hedging purposes is described in Note 39 ‘Derivatives and hedge accounting’ in the 2019 Annual Report, which is incorporated by reference into this Registration Document.

#### **Debenture loans**

Interest rate	Year of issue	Due date	2019
			<i>(amounts in millions of euros)</i>
2.755%	2019	3 September 2031	102
0.100%	2019	3 September 2025	998
4.050%	2019	9 April 2029	896
3.550%	2019	9 April 2031	894
1.625%	2019	21 March 2029	139
1.998%	2019	19 March 2029	46
1.074%	2019	21 February 2029	173
0.810%	2019	21 February 2024	729
3.000%	2019	18 February 2026	1197
5.000%	2019	31 January 2031	85
3.920%	2019	23 January 2029	79
2.125%	2019	10 January 2026	1018
3.399%	2018	28 December 2030	71
1.169%	2018	13 December 2028	157
0.848%	2018	13 December 2023	880
3.790%	2018	13 December 2030	152
5.000%	2018	5 June 2029	110
variable	2018	5 December 2022	250
2.500%	2018	15 November 2030	1,503
4.625%	2018	6 January 2026	1,134
4.100%	2018	2 October 2023	1,347
4.550%	2018	2 October 2028	1,120
variable	2018	2 October 2023	448
2.000%	2018	20 September 2028	1,502
variable	2018	20 September 2023	999
1.000%	2018	20 September 2023	998
1.125%	2018	14 February 2025	1,006

3.950%	2017	29 March 2027	1,344
3.150%	2017	29 March 2022	1,343
variable	2017	29 March 2022	889
0.750%	2017	9 March 2022	1,506
1.375%	2017	11 January 2028	1,011
4.699%	2007	1 June 2035	164
			24,290
			24,290

## ING Group Consolidated Cash Flows

### Year ended 31 December 2019 compared to year ended 31 December 2018

Net cash flow from operating activities amounts to EUR 13,055 million for the year-end 2019, compared to EUR 6,915 million at 31st December 2018. The increase in cash flow from operating activities of EUR 6,140 million is explained by lower cash outflows from Loans and advances to customer (increase of EUR + 14,566 million to EUR - 16,687 million in 2019), an increase in other (increase of EUR + 7,685 million to EUR + 11,752 million in 2019) mainly relating to assets mandatorily at fair value through profit or loss and other financial liabilities at fair value through profit and loss. The increases are offset by a cash outflow of trading assets and liabilities (decrease of EUR - 12,478 million to EUR - 2,568 million) and a cash outflow in loans and advances to banks (decrease of EUR - 3,700 million to EUR - 3,911 million).

Net cash flow from investing activities amounts EUR - 2,495 million compared to EUR + 5,451 million in 2018 the net cash flow from investing activities decreased by EUR - 7,946 million. The movement is explained by a decrease in financial assets at fair value through other comprehensive income in investments and loans and advances of EUR - 5,753 million to EUR - 16,270 million and securities at amortised costs (decreased by EUR - 5,717 million to EUR + 12,268 million). Moreover, financial assets at fair value through other comprehensive income decreased by EUR -2,267 million to EUR + 13,390 in disposals and redemptions. These movements are offset by an increase in securities at amortised costs of investments and advances (increase of EUR + 5,708 million to EUR - 13,001 million).

Net cash flow from financing activities amounts EUR - 4,154 million in 2019, compared to EUR 15,983 million in 2018. The decrease of EUR - 20,137 million is explained by a decrease of EUR -61,750 million to EUR + 90,793 million in proceeds from debt securities and offset by an increase of EUR + 36,673 million to EUR - 94,497 million in repayments of debt securities.

The operating, investing and financing activities described above of EUR 6,406 million and the effect of exchange rate changes on cash and cash equivalents of EUR 95 million resulted in an increase from EUR 47,529 million at year-end 2018 to EUR 54,031 at year end 2019.

Specification of cash position:

	<b>2019</b>	<b>2018</b>
	<i>(amounts in millions of euros)</i>	
Treasury bills and other eligible bills .....	43	159
Amounts due from/to banks.....	786	(2,617)
Cash and balances with central banks .....	53,202	49,987
<b>Cash and cash equivalents at end of year .....</b>	<b>54,031</b>	<b>47,529</b>

### Year ended 31 December 2018 compared to year ended 31 December 2017

Net cash flow from operating activities amounted to EUR 6,915 million for the year ended 31 December 2018, compared to EUR -5,253 million at year-end 2017. The increase in cash flow from operating activities of EUR 12,168 million was due to higher cash inflows from net trading balances, EUR 21,097 million (2018; EUR 9,910 million, 2017 EUR -11,187 million), higher cash inflows from Customer deposits EUR 1,418 million (2018 EUR 19,709 million, 2017 EUR 18,291 million) and a higher cash inflow from Other EUR 6,521 million (2018 EUR 4,067 million, 2017 EUR -1,751). These higher cash inflows are partly offset by an increase in cash outflows from loans and advances of EUR 9,966 (2018 EUR -31,356 million, 2017 EUR -21,390).

Net cash flow from operating activities was largely affected by the cash inflow from a decrease of the trading assets. The cash inflow was due to lower trading balances consisting of equity securities, debt securities, trading derivatives and loans and receivables. In 2017 the cash outflow to trading assets was due to higher trading balances consisting of loans and receivables and equity shares. The cash inflows related to increased customer deposits and are mainly due to increased savings individuals and credit balances on customer accounts, this net cash inflow was in line with 2017. Newly issued mortgage loans, corporate lending and personal lending led to a cash outflow which was partly offset by a decrease in loans to public authorities.

Net cash flow from investing activities amounted EUR 5,451 million, from EUR 11,754 million in 2017. Investments and advances in financial assets at fair value through other comprehensive income and securities at amortised cost amounted to EUR -10,517 million and EUR -17,985 million respectively as in 2017 the investments in available-for-sale securities and Held-to-maturity investments amounted EUR -21,601 and EUR -3,609 million respectively. Disposals and redemptions of financial assets at fair value through other comprehensive income and securities at amortised cost amounted to EUR 15,657 million and EUR 18,709 million respectively as in 2017 the Disposals and redemptions of in available-for-sale securities Held-to-maturity investments amounted EUR 32,788 million and EUR 2,675 million respectively.

Net cash flow from financing activities amounted EUR 15,983 million in 2018, compared to EUR -3,948 million in 2017. The increase of EUR 19,931 million in net cash flow is mainly due higher proceeds of debt securities.

The operating, investing and financing activities described above resulted in an increase of EUR 28,552 million in cash and cash equivalents from EUR 18,977 million at year-end 2017 to EUR 47,529 million at year end 2018.

Specification of cash position:

	<b>2018</b>	<b>2017</b>
	<i>(amounts in millions of euros)</i>	
Treasury bills and other eligible bills .....	159	391
Amounts due from/to banks.....	(2,617)	(3,403)
Cash and balances with central banks .....	49,987	21,989
Cash and cash equivalents at end of year .....	<u>47,529</u>	<u>18,977</u>

### Sovereign Debt Exposures

For information regarding certain sovereign debt exposures, see the section ‘Risk Management – Credit Risk’ and Note 5 ‘Financial assets at fair value through other comprehensive income’ in the 2019 Annual Report, which are incorporated by reference into this Registration Document.

## Off-balance sheet arrangements

For information regarding off-balance sheet arrangements, see the section ‘*Risk Management – Credit Risk*’ and Note 45 ‘Contingent liabilities and commitments’ in the 2019 Annual Report, which are incorporated by reference into this Registration Document.

## Contractual obligations

For information about future payments in relation to pension benefit liabilities reference is made to Note 36 ‘Pension and other post-employment benefits’ in the 2019 Annual Report, which are incorporated by reference into this Registration Document. For information about coupon interest due on financial liabilities by maturity bucket reference is made to Note 41 ‘Liabilities by maturity’ in the 2019 Annual Report, which is incorporated by reference into this Registration Document.

## Contractual obligations

	Payment due by period			
	Total	Less than one year	1-5 years	More than 5 years
		<i>(amounts in millions of euros)</i>		
<b>2019</b>				
Operating lease obligations.....	1,507	216	668	623
Subordinated loans.....	16,588		1,780	14,808
Debt securities in issue.....	118,528	51,809	36,895	29,824
<b>Total</b> .....	<b>136,623</b>	<b>52,025</b>	<b>39,343</b>	<b>45,255</b>
<b>2018</b>				
Operating lease obligations.....	1,378	260	597	521
Subordinated loans.....	13,724		1,713	12,012
Debt securities in issue.....	119,751	55,309	41,068	23,374
<b>Total</b> .....	<b>134,853</b>	<b>55,820</b>	<b>43,378</b>	<b>35,907</b>

Note:

- (1) The maturity bucket ‘more than 5 years’ includes subordinated loans of EUR 6,941 million (2018: EUR 5,339) with no maturity date (perpetual).

## SELECTED STATISTICAL INFORMATION

### Selected Statistical Information

The information in this section sets forth selected statistical information regarding the ING's banking operations.

Information for 2019, 2018 and 2017 is set forth under IFRS-EU. Unless otherwise indicated, average balances, when used, are calculated from monthly data and the distinction between domestic and foreign is based on the location of the office where the assets and liabilities are booked, as opposed to the domicile of the customer. However, ING believes that the presentation of these amounts based upon the domicile of the customer would not result in material differences in the amounts presented in this section.

	Year ended 31 December		
	2019	2018	2017
		(%)	
Return on equity.....	9.1	9.4	9.8
Return on assets .....	0.5	0.5	0.6
Equity to assets .....	6.0	5.7	6.0
Net interest margin.....	1.5	1.5	1.5

### Average Balances and Interest Rates

The following tables show ING's banking operations, average interest-earning assets and average interest-bearing liabilities, together with average rates, for the periods indicated. The interest income, interest expense and average yield figures do not reflect interest income and expense on derivatives and other interest income and expense not considered to be directly related to interest-bearing assets and liabilities. These items are reflected in the corresponding interest income, interest expense and net interest income figures in the consolidated financial statements. A reconciliation of the interest income, interest expense and net interest income figures to the corresponding line items in the consolidated financial statements is provided hereunder.

#### Assets

	Interest-earning assets								
	2019			2018			2017		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
	(EUR millions)	(%)	(EUR millions)	(%)	(%)	(EUR millions)	(%)	(%)	
<b>Time deposits with banks<sup>(1)</sup></b>									
domestic	8,213	95	1.2	3,395	41	1.2	16,234	89	0.6
foreign	34,583	912	2.6	40,970	1,016	2.5	39,807	536	1.4
<b>Loans and advances<sup>(1)</sup></b>									
domestic	192,623	5,769	3.0	189,531	5,919	3.1	206,417	6,166	3
foreign	463,090	14,175	3.1	445,965	13,531	3	418,146	12,291	2.9
<b>Interest-earning securities<sup>(2)</sup></b>									
domestic	29,892	347	1.2	29,454	336	1.1	28,856	400	1.4
foreign	50,156	917	1.8	50,699	1,055	2.1	61,035	1,341	2.2

<b>Other interest-earning assets</b>	0	-	-						
domestic	30,659	56	0.2	36,898	34	0.1	22,526	24	0.1
foreign	24,978	66	0.3	30,224	80	0.3	30,215	75	0.2
<b>Total</b>	834,192	22,338	2.7	827,137	22,013	2.7	823,238	20,923	2.5
Non-interest earning assets	53,896			59,228			33,998		
Derivatives assets	25,322			27,432			33,572		
<b>Total assets</b>	913,410			913,797			890,808		
Percentage of assets applicable to foreign operations		70.0 %			70.2 %			66.3 %	
Interest income on derivatives		5,499			5,556			22,498	
Other		617			579			644	
<b>Total interest income</b>		28,454			28,148			44,064	

Notes:

- (1) Securities purchased with agreements to resell are reflected in the categories Time deposits with banks, and Loans and advances.
- (2) Substantially all interest-earning securities held by the banking operations of the Company are taxable securities.

## Liabilities

	Interest-bearing liabilities								
	2019			2018			2017		
	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield
<i>(EUR millions)</i>			<i>(EUR millions)</i>			<i>(EUR millions)</i>			
<b>Time deposits from banks</b>									
domestic	17,673	28	0.2	17,805	22	0.1	17,219	25	0.1
foreign	14,270	200	1.4	15,262	210	1.4	15,169	234	1.5
<b>Demand deposits</b>									
domestic	66,667	498	0.7	60,679	289	0.5	59,207	164	0.3
foreign	108,193	32	0.0	95,977	29	-	83,878	21	-
<b>Time deposits<sup>(1)</sup></b>									
domestic	14,019	336	2.4	21,746	391	1.8	26,315	239	0.9
foreign	14,114	300	2.1	14,607	259	1.8	15,766	255	1.6
<b>Savings deposits</b>									
domestic	94,029	115	0.1	92,316	126	0.1	92,818	246	0.3
foreign	266,430	1,323	0.5	261,369	1,316	0.5	263,311	1,503	0.6
<b>Short term debt</b>									
domestic	22,559	180	0.8	18,253	96	0.5	6,958	47	0.7
foreign	17,928	405	2.3	31,521	553	1.8	23,479	260	1.1
<b>Long term debt</b>									
domestic	72,012	1,700	2.4	55,080	1,525	2.8	60,915	1,520	2.5
foreign	14,110	317	2.2	12,765	345	2.7	14,424	435	3.0
<b>Subordinated liabilities</b>									
domestic	15,304	664	4.3	16,444	721	4.4	16,635	395	2.4
foreign	77	3	4.3	81	3	4.1	150	6	4.1
<b>Other interest-bearing liabilities</b>									
domestic	1,508	146	9.7	4,227	100	2.4	16,375	106	0.7
foreign	10,162	140	1.4	16,310	192	1.2	64,595	756	1.2
<b>Total</b>	<b>749,057</b>	<b>6,386</b>	<b>0.9</b>	<b>734,443</b>	<b>6,176</b>	<b>0.8</b>	<b>777,216</b>	<b>6,212</b>	<b>0.8</b>
Non-interest bearing liabilities	86,428			102,909			35,837		
Derivatives liabilities	24,376			25,927			33,297		
Total Liabilities	859,860			863,279			846,350		
Group Capital	53,550			50,518			44,458		
<b>Total liabilities and capital</b>	<b>913,410</b>			<b>913,797</b>			<b>890,808</b>		
Percentage of liabilities applicable to foreign operations		63.5%			65.2%			61.4%	
<b>Other interest expense</b>									
Interest expenses on derivatives		5,925			6,212			23,064	
other		2,064			1,844			1,074	
<b>Total interest expense</b>		<b>14,376</b>			<b>14,232</b>			<b>30,351</b>	

<b>Total net interest result</b>	14,079	13,916	13,714
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Note:

(1) These captions do not include deposits from banks.

## Analysis of Changes in Net Interest Income

The following table allocates changes in the Group's banking operations' interest income and expense and net interest result between changes in average balances and rates for the periods indicated. Changes due to a combination of volume and rate have been allocated to changes in average volume. The net changes in interest income, interest expense and net interest result, as calculated in this table, have been reconciled to the changes in interest income, interest expense and net interest result in the consolidated financial statements. See introduction to 'Average Balances and Interest Rates' for a discussion of the differences between interest income, interest expense and net interest result as calculated in the following table and as set forth in the 2019 Annual Report, which are incorporated by reference into this Registration Document.

	2019 over 2018			2018 over 2017		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
	<i>(EUR millions)</i>			<i>(EUR millions)</i>		
<b>Interest-earning assets</b>						
<b>Time deposits to banks</b>						
domestic	58	(4)	54	(71)	22	(48)
foreign	(158)	55	(103)	16	464	480
<b>Loans and advances</b>						
domestic	97	(248)	(151)	(504)	258	(247)
foreign	520	124	644	818	423	1,240
<b>Interest-earning securities</b>						
Domestic	5	7	12	8	(73)	(65)
foreign	(11)	(127)	(138)	(227)	(59)	(286)
<b>Other interest-earning assets</b>						
domestic	(6)	28	22	15	(5)	11
foreign	(14)	(1)	(15)	0	5	5
<b>Interest income</b>						
domestic	154	(217)	(63)	(552)	202	(350)
foreign	336	52	388	606	833	1,440
<b>Total</b>	<u>490</u>	<u>(165)</u>	<u>325</u>	<u>55</u>	<u>1,035</u>	<u>1,090</u>
Other interest income <sup>1</sup>			<u>(18)</u>			<u>(17,006)</u>



**Total interest income**307(15,916)

## Note:

- (1) Since 2018, ING Group changed its separate presentation of interest (income and expenses) for trading derivatives, trading securities and trading loans / deposits (mainly repo's) to presenting the full fair value movements in 'Valuation results and net trading income'.

The following table shows the interest spread and net interest margin for the past two years.

	<u>2019</u>	<u>2018</u>
	<u>Average rate</u>	
	(%)	
<b>Interest spread</b>		
Domestic .....	1.2	1.3
Foreign .....	2.2	2.1
<b>Total</b> .....	<u>1.8</u>	<u>1.8</u>
<b>Net interest margin</b>		
Domestic .....	1.0	1.2
Foreign .....	2.3	2.2
<b>Total</b> .....	<u>1.9</u>	<u>1.9</u>

	<u>2019 over 2018</u>			<u>2018 over 2017</u>		
	<u>Increase (decrease) due to changes in</u>			<u>Increase (decrease) due to changes in</u>		
	<u>Average volume</u>	<u>Average rate</u>	<u>Net change</u>	<u>Average volume</u>	<u>Average rate</u>	<u>Net change</u>
	(EUR millions)			(EUR millions)		
<b>Interest-bearing liabilities</b>						
<b>Time deposits to banks</b>						
domestic.....	0	7	7	1	(5)	(4)
foreign .....	(14)	4	(9)	1	(26)	(24)
<b>Demand deposits</b>						
domestic.....	29	180	209	4	122	126
foreign .....	4	(1)	3	3	5	8
<b>Time deposits</b>						
Domestic.....	(139)	84	(55)	(42)	193	151
foreign .....	(9)	49	40	(19)	23	4
<b>Savings deposits</b>						
domestic.....	2	(13)	(11))	(1)	(118)	(119)
foreign .....	25	(19)	7	(11)	(176)	(187)

	2019 over 2018			2018 over 2017		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
	<i>(EUR millions)</i>			<i>(EUR millions)</i>		
<b>Short term debt</b>						
domestic.....	23	62	85	76	(27)	49
foreign .....	(238)	91	(148)	89	203	292
<b>Long term debt</b>						
domestic.....	469	(294)	175	(146)	150	5
foreign .....	36	(64)	(28)	(50)	(40)	(90)
<b>Subordinated liabilities</b>						
domestic.....	(50)	(8)	(58)	(5)	331	326
foreign .....	0	0	0	(3)	(0)	(3)
<b>Other interest bearing liabilities</b>						
domestic.....	(64)	110	46	(79)	72	(6)
foreign .....	(72)	20	(52)	(565)	1	(564)
<b>Interest expense</b>						
domestic.....	269	128	397	(191)	718	527
foreign .....	(268)	81	(187)	(554)	(9)	(564)
<b>Total</b> .....	<u>1</u>	<u>209</u>	<u>210</u>	<u>(745)</u>	<u>709</u>	<u>(36)</u>
Other interest income <sup>1</sup> .....			(67)			(16,232)
<b>Total interest income</b> .....			<u>143</u>			<u>(16,268)</u>
<b>Net interest</b>						
domestic.....	(115)	(345)	(460)	(361)	(516)	(877)
foreign .....	604	(29)	575	1,160	843	2,003
<b>Net interest</b> .....	<u>488</u>	<u>(374)</u>	<u>115</u>	<u>800</u>	<u>327</u>	<u>1,127</u>
Other Net interest result.....			48			(925)
<b>Net interest result</b> .....			<u>162</u>			<u>202</u>

Note:

- (1) Since 2018, ING Group changed its separate presentation of interest (income and expenses) for trading derivatives, trading securities and trading loans / deposits (mainly repo's) to presenting the full fair value movements in 'Valuation results and net trading income'.

## Investments of the Group's banking operations

The following table shows the balance sheet value under IFRS-EU of the investments of the Group's banking operations (excluding debt securities held in the trading portfolio).

	Year ended 31 December		
	2019	2018	2017
Debt securities at fair value through other comprehensive income.....	30,483	25,616	n/a
Debt securities at amortised cost.....	46,108	47,276	n/a
Debt securities at fair value through profit or loss .....	3,067	3,218	1,739
Debt securities available for sale.....	n/a	n/a	65,747
Debt securities held to maturity .....	n/a	n/a	9,343
Shares and convertible debentures .....	2,464	3,228	3,983
Land and buildings <sup>(1)</sup> .....	803	834	839
<b>Total</b> .....	<b>82,926</b>	<b>80,173</b>	<b>81,651</b>

Note:

(1) Including commuted ground rents

	Year ended 31 December		
	2019	2018	2017
	<i>(EUR millions)</i>		
<b>Debt securities at fair value through other comprehensive income</b>			
Dutch government.....	1,831	1,444	n/a
German government.....	2,836	2,278	n/a
Belgian government .....	1,997	2,059	n/a
Other governments.....	13,729	11,847	n/a
Central banks	43		
Banks and financial institutions .....	5,164	5,321	n/a
Other corporate debt securities .....	486	484	n/a
U.S. Treasury and other U.S. Government agencies .....	3,190	1,061	n/a
Other debt securities.....	1,206	1,123	n/a
<b>Total debt securities at fair value through other comprehensive income</b> .....	<b>30,483</b>	<b>25,616</b>	<b>n/a</b>
<b>Debt securities at amortised cost</b>			
Dutch government.....	6,155	6,484	n/a
German government.....	4,863	4,959	n/a
Belgian government .....	1,975	2,285	n/a
Other governments.....	13,004	12,771	n/a
Central banks .....	712	1,455	n/a
Banks and financial institutions .....	11,478	11,906	n/a

	<b>Year ended 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>(EUR millions)</i>		
Other corporate debt securities .....	305	974	n/a
U.S. Treasury and other U.S. Government agencies .....	6,419	4,959	n/a
Other debt securities.....	1,199	1,483	n/a
<b>Total debt securities at amortised cost .....</b>	<b>46,108</b>	<b>47,276</b>	<b>n/a</b>

The following table shows the balance sheet value under IFRS-EU of the investments of the Group's banking operations.

	<b>Year ended 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>(EUR millions)</i>		
<b>Debt securities available for sale</b>			
Dutch government.....	n/a	n/a	7,053
German government.....	n/a	n/a	10,682
Belgian government .....	n/a	n/a	4,892
Other governments.....	n/a	n/a	19,804
Central banks .....	n/a	n/a	1,216
Banks and financial institutions .....	n/a	n/a	15,356
Other corporate debt securities .....	n/a	n/a	1,493
U.S. Treasury and other U.S. Government agencies .....	n/a	n/a	3,034
Other debt securities.....	n/a	n/a	2,217
<b>Total debt securities available for sale .....</b>	<b>n/a</b>	<b>n/a</b>	<b>65,747</b>
<b>Debt securities held to maturity</b>			
Dutch government.....	n/a	n/a	1,087
German government.....	n/a	n/a	238
Belgian government .....	n/a	n/a	628
Other governments.....	n/a	n/a	2,240
Central banks .....	n/a	n/a	310
Banks and financial institutions .....	n/a	n/a	908
Other corporate debt securities .....	n/a	n/a	209
U.S. Treasury and other U.S. Government agencies .....	n/a	n/a	3,507
Other debt securities.....	n/a	n/a	216
<b>Total debt securities held to maturity .....</b>	<b>n/a</b>	<b>n/a</b>	<b>9,343</b>

## Banking investment strategy

ING's investment strategy for its investment portfolio related to the banking activities is formulated by the Asset and Liability Committee ("ALCO"). The exposures of the investments to market rate movements are managed by modifying the asset and liability mix, either directly or through the use of derivative financial products including interest rate swaps, futures, forwards and purchased option positions such as interest rate caps, floors and collars.

## Portfolio maturity

	Year ended 31 December 2019				Total
	1 year or less	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	
<b>Fair value through other comprehensive income</b>					
Dutch government .....	16	1,400	416		1,831
German government .....	63	1,973	801		2,836
Belgian government.....	202	1,165	630		1,997
Other governments.....	685	6,620	6,410	15	13,279
Central banks	43				43
Banks and financial institutions .....	334	2,867	1,963		5,164
Other corporate debt securities .....	176	182	128		486
U.S. Treasury and other U.S. Government agencies .....	18	229	2,133	810	3,190
Other debt securities .....	1	91	659	455	1,206
<b>Fair value through other comprehensive income .....</b>	<b>1,537</b>	<b>14,528</b>	<b>13,139</b>	<b>1,280</b>	<b>30,483</b>
Yield <sup>(1)</sup> .....	2.8	2.8	1.6	2.2	

Note:

- (1) Since substantially all investment securities held by the banking operations of the Company are taxable securities, the yields are on tax-equivalent basis.

	Year ended 31 December 2019				Total
	1 year or less	Between 1 and 5 years	Between 5 and 10 years	Over 10 years	
<b>Securities at amortised cost</b>					
Dutch government .....	1,428	4,729			6,155
German government .....	692	4,131	40		4,863
Belgian government.....	110	139	1,726		1,975
Other governments.....	2,319	4,753	5,498	433	13,004
Central banks .....	712				712
Banks and financial institutions .....	2,524	6,634	2,320		11,478

**Year ended 31 December  
2019**

	<b>1 year or less</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 10 years</b>	<b>Over 10 years</b>	<b>Total</b>
Other corporate debt securities .....	35	236	33		305
U.S. Treasury and other U.S. Government agencies .....	32	3,391	1,551	1,445	6,419
Other debt securities .....	2	543	459	195	1,199
<b>Total Securities at amortised cost.....</b>	<b>7,851</b>	<b>24,556</b>	<b>11,628</b>	<b>2,074</b>	<b>46,108</b>
Yield <sup>(1)</sup> .....	3.1	1.9	1.3	3.5	

Note:

- (1) Since substantially all investment securities held by the banking operations of the Company are taxable securities, the yields are on a tax-equivalent basis.

On 31 December 2019, ING Group also held the following securities for the banking operations that exceeded 10 % of shareholders' equity:

	<b>2019</b>	
	<b>Book value</b>	<b>Market value</b>
	<i>(EUR millions)</i>	
German government.....	11,527	11,796
Dutch government.....	9,403	9,538
U.S. Treasury and other U.S. governments.....	10,651	10,745
Polish government .....	7,450	7,442
Spanish government.....	11,527	11,796

## Loan Portfolio

### Loans and advances to banks and customers

Loans and advances to banks include all receivables from credit institutions, except for cash, current accounts and deposits with other banks (including central banks). Loans and advances to customers includes lending facilities to corporate and private customers encompass among others, loans, overdrafts and finance lease receivables.

The following table sets forth the gross loans and advances to banks and customers as of 31 December 2019, 2018, 2017, 2016 and 2015 under IFRS-EU.

<b>IFRS-EU</b>	<b>Year ended December 31</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
By domestic offices:					
Loans guaranteed by public authorities.....	25,340	24,547	26,975	27,746	30,912

## IFRS-EU

Year ended December 31

	2019	2018	2017	2016	2015
Loans secured by mortgages .....	119,679	119,939	121,702	126,885	128,685
Loans to or guaranteed by credit institutions ...	13,847	8,162	8,156	10,582	16,343
Other private lending .....	3,482	3,304	3,162	3,236	5,636
Other corporate lending .....	39,645	37,213	38,208	39,670	197,069
<b>Total domestic offices</b> .....	<b>201,993</b>	<b>193,165</b>	<b>198,203</b>	<b>208,119</b>	<b>378,645</b>
By foreign offices: .....					
Loans guaranteed by public authorities.....	16,849	17,257	19,397	18,634	18,214
Loans secured by mortgages .....	232,583	219,983	204,883	195,328	179,938
Loans to or guaranteed by credit institutions ...	25,069	25,361	22,638	19,427	17,688
Other private lending .....	24,768	21,563	20,074	18,722	17,041
Asset backed securities excluding MBS .....	-		2,209	3,380	4,937
Other corporate lending .....	150,233	149,787	140,461	134,092	119,162
<b>Total foreign offices</b> .....	<b>449,502</b>	<b>433,950</b>	<b>409,662</b>	<b>389,583</b>	<b>356,980</b>
<b>Total gross loans and advances to banks and customers</b> .....	<b>651,495</b>	<b>627,115</b>	<b>607,865</b>	<b>597,702</b>	<b>735,625</b>

**Maturities and sensitivity of loans to changes in interest rates**

The following table analyses loans and advances to banks and customers by time remaining until maturity as of 31 December 2019.

	1 year or less	1 year to 5 years	After 5 years	Total
	<i>(EUR millions)</i>			
By domestic offices:				
Loans guaranteed by public authorities .....	2,311	1,897	21,132	<b>25,340</b>
Loans secured by mortgages .....	5,811	18,570	95,298	<b>119,679</b>
Loans guaranteed by credit institutions .....	12,705	1,060	82	<b>13,847</b>
Other private lending.....	1,591	905	987	<b>3,482</b>
Other corporate lending.....	22,253	13,215	4,177	<b>39,645</b>
<b>Total domestic offices</b> .....	<b>44,670</b>	<b>35,647</b>	<b>121,676</b>	<b>201,993</b>
By foreign offices:				
Loans guaranteed by public authorities .....	3,507	6,440	6,902	<b>16,849</b>
Loans secured by mortgages .....	23,577	58,500	150,506	<b>232,583</b>
Loans guaranteed by credit institutions .....	18,725	3,658	2,686	<b>25,069</b>
Other private lending.....	6,439	12,826	5,504	<b>24,768</b>
Asset backed securities excluding MBS .....				
Other corporate lending.....	55,966	72,772	21,495	150,233
<b>Total foreign offices</b> .....	<b>108,213</b>	154,196	187,093	449,502
<b>Total gross loans and advances to banks and customers</b> .....	<b>152,883</b>	189,843	308,769	651,495

The following table analyses loans and advances to banks and customers by interest rate sensitivity by maturity as of 31 December 2019 (amounts may not add up due to rounding).

	<b>1 Year or less</b>	<b>Over 1 Year</b>	<b>Total</b>
Non-interest earning.....	3,584	1,032	4,617
Fixed interest rates .....	61,570	90,917	152,487
Floating or adjustable interest rates <sup>(1)</sup> .....	87,729	406,662	494,391
<b>Total</b> .....	<b>152,883</b>	<b>498,612</b>	<b>651,495</b>

Note:

- (1) Loans that have an interest rate that remains fixed for more than one year and which can then be changed are classified as “adjustable interest rates”

### ***Loan concentration***

The following industry concentrations were in excess of 10 per cent. of total loans as of 31 December 2019:

	<b>Total outstanding</b>
Private Individuals .....	38.9%

### **Risk elements**

#### ***Loans Past Due 90 days and Still Accruing Interest***

Loans past due 90 days and still accruing interest are loans that are contractually past due 90 days or more as to principal or interest on which ING Group continues to recognise interest income on an accrual basis in accordance with IFRS-EU. Once a loan has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The following table sets forth the gross balance of the loans past due 90 days and still accruing interest for the years ended 31 December 2019, 2018, 2017, 2016 and 2015 under IFRS-EU.

IFRS-EU	Year ended 31 December				
	2019	2018	2017	2016	2015
	<i>(EUR millions)</i>				
Domestic.....	2,272	2,948	4,343	5,292	7,523
Foreign.....	3,126	2,427	3,861	3,338	4,055
<b>Total loans past due 90 days and still accruing interest</b> .....	<b>5,398</b>	<b>5,375</b>	<b>8,024</b>	<b>8,630</b>	<b>11,578</b>

As of 31 December 2019, EUR 5,398 million of the loans past due 90 days and still accruing interest have a loan loss provision. ING’s loan portfolio is under constant review. Loans with past due financial obligations of more than 90 days are reclassified as non-performing.

For commercial lending portfolios, there generally are reasons for declaring a loan non-performing prior to being 90 days past due.



These reasons include, but are not limited to, ING’s assessment of the customer’s perceived inability to meet its financial obligations, or the customer filing for bankruptcy or bankruptcy protection.

The total loans classified as non performing, including those loans classified as past due 90 days and still accruing interest, amounts EUR 11,477 million as of 31 December 2019.

For information on credit restructuring reference is made to the section entitled ‘Risk Management – Credit Risk’ as set out in the Audited 2019 Financial Statements, which are incorporated by reference into this Registration Document.

### ***Troubled Debt Restructurings***

Troubled debt restructurings are loans that ING Group has restructured due to deterioration in the borrower’s financial position and in relation to which, for economic or legal reasons related to the borrower’s deteriorated financial position, ING Group has granted a concession to the borrower that it would not have otherwise granted.

The following table sets forth the gross outstanding balances of the troubled debt restructurings as of 31 December 2019, 2018, 2017, 2016 and 2015 under IFRS-EU.

IFRS-EU	Year ended 31 December				
	2019	2018	2017	2016	2015
	<i>(EUR millions)</i>				
Troubled debt restructurings:					
Domestic.....	869	672	675	325	86
Foreign.....	946	779	330	277	376
<b>Total troubled debt restructurings .....</b>	<b>1,815</b>	<b>1,451</b>	<b>1,005</b>	<b>602</b>	<b>462</b>

### ***Relationship Between Forbearance and Troubled Debt Restructurings (TDR)***

Both forbearance and TDR refer to a situation in which a debtor is facing financial difficulties and the creditor grants concessions in respect of the terms of the loans, but the application of the respective guidance, specifically the entry criteria under both standards, results in differences between the total amount of reported forbore loans and the amount of forbore loans which are considered TDR.

This difference is due to ING’s determination of forbearance being based on the criteria in the European Implementing Technical Standards on Supervisory reporting on forbearance and non-performing exposures under article 99(4) of Regulation (EU) No 575/2013 (the “**EU Standard**”), while ING’s determination of Troubled Debt Restructurings (TDR) is based on FASB codification (ASC) 310-40 “Troubled Debt Restructurings by Creditors” (the “**TDR Standard**”).

Under the EU Standard, all concessions that ING makes in respect of a loan given to a debtor in financial difficulty will result in a loan being considered forbore, including modification of payment terms (such as interest deferrals or extensions of maturity) as well as concessions that do not have any impact on cash flows, such as when ING waives covenant or other non-payment-related loan terms. As a result, the “Total Forborne Loans” in the table below represents all loans where ING has made borrower concessions, regardless of the impact of such concessions on the timing or likelihood of repayment.

Under the TDR Standard, however, loans may only be classified as TDR if the creditor has granted a concession and as a result of such concession does not expect to collect all amounts due, including both interest and principal. For these purposes, the TDR Standard also provides that concessions that result in a delay in payment that is only considered “insignificant” will not result in the loan being considered TDR. This means that the loans reported by ING as TDR will not include loans for which covenant or other non-payment terms have been

modified, as well as loans for which payment-related concessions would, in ING's judgment, result in only insignificant delays in repayment. Examples of concessions which result in only insignificant delays in payment would include temporary payment holidays for retail mortgage clients, or standstill arrangements with corporate borrowers. As ING will ordinarily receive compensation in connection with such concessions (generally through additional interest income), these concessions would typically not result in a significant NPV loss or would result in a delay in payment that ING would consider to be insignificant taking into account the remaining duration of the loan. Debt forgiveness, either through principal or interest reductions, is generally not granted by ING, but to the extent granted would likely result in the loan being classified as TDR.

As a result of the application of these two standards, ING reports a significantly larger amount of loans in the forbore category than in the TDR category. The following table (in EUR millions) sets forth total forbore loans and loans that are TDR as of 31 December 2019, 2018 and 2017, as well as a reconciliation indicating the categories of forbore loans under the EU Standard which do not meet the criteria of the TDR Standard.

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total Forborne Loans (EU Standard)</b> .....	9,646	10,140	11,819
<b>Wholesale Banking:</b>			
Concessions not reducing cash flows (e.g., covenant waiver) .....	(1,035)	(1,429)	(2,359)
Concessions that do not result in significant delay in payment <sup>(1)</sup> .....	(2,554)	(2,244)	(2,817)
<b>Retail Banking:</b>			
Concessions that do not result in significant delay of payment.....	(4,029)	(4,696)	(5,317)
Other .....	(213)	(320)	(321)
<b>Total Loans that are Troubled Debt Restructurings (TDR Standard)</b> .....	<b>1,815</b>	<b>1,451</b>	<b>1,005</b>

Note:

(1) This category includes concessions where the NPV loss is less than 1 per cent.

### ***Interest Income on Troubled Debt Restructurings***

The following table sets forth the gross interest income that would have been recorded during the year ended 31 December 2019 on troubled debt restructurings had such loans been current in accordance with their original contractual terms and interest income on such loans that was actually included in interest income during the year ended 31 December 2019.

	<b>Year ended 31 December 2019</b>		
	<b>Domestic Offices</b>	<b>Foreign Offices</b>	<b>Total</b>
	<i>(EUR millions)</i>		
Interest income that would have been recognised under the original contractual terms.....	17	40	58

**Year ended 31 December 2019**

	<b>Domestic Offices</b>	<b>Foreign Offices</b>	<b>Total</b>
	<i>(EUR millions)</i>		
Interest income recognised in the profit and loss account	10	17	27

**Potential Problem Loans**

Potential problem loans are loans that are not classified as loans past due 90 days and still accruing interest or troubled debt restructurings and amounted to EUR 4,845 million as of 31 December 2019. Of this total, EUR 1,865 million relates to domestic loans and EUR 2,980 million relates to foreign loans. These loans are considered potential problem loans as there is known information about possible credit problems causing ING to have serious doubts as to the ability of the borrower to comply with the present loan repayment terms and which may result in classifying the loans as loans past due 90 days and still accruing interest or as troubled debt restructurings.

**Cross-border outstandings**

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-earning deposits with other banks, other interest-earning investments and any other monetary assets that are denominated in euro or other non-local currency. To the extent that material local currency outstandings are not hedged or are not funded by local currency borrowings, such amounts are included in cross-border outstandings.

Commitments such as irrevocable letters of credit are not considered as cross border outstanding. Total outstandings are in line with Dutch Central Bank requirements. On 31 December 2019, there were no outstandings exceeding 1% of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

The following tables analyse cross-border outstandings as of the end of 31 December 2019, 2018 and 2017 stating the name of the country and the aggregate amount of cross-border outstandings to borrowers in each foreign country where such outstandings exceed 1% of total assets, by the following categories.

**Year ended 31 December 2019**

	<b>Government &amp; official institutions</b>	<b>Banks &amp; other financial institutions</b>	<b>Commercial &amp; industrial</b>	<b>Other</b>	<b>Total</b>	<b>Cross-border Commitments</b>
	<i>(EUR millions)</i>					
United States of America	9,890	5,994	70,325	1,707	87,917	25,965
United Kingdom	1,811	18,552	14,665	3,496	38,525	7,314
France	1,318	15,824	17,720	991	35,854	8,670
Ireland	55	1,628	19,168	211	21,061	1,720
Germany	2,400	5,216	3,985	3,869	15,470	11,974
Luxembourg	949	7,165	6,595	1,286	15,996	3,303

Year ended 31 December 2019

	<b>Government &amp; official institutions</b>	<b>Banks &amp; other financial institutions</b>	<b>Commercial &amp; industrial</b>	<b>Other</b>	<b>Total</b>	<b>Cross-border Commitments</b>
			<i>(EUR millions)</i>			
Switzerland	1,192	717	11,501	1,989	15,399	2,060
Singapore		1,322	12,343	1,119	14,783	795
Cayman Islands		10,657	645	143	11,445	479
China	54	4,924	1,180	4,563	10,721	331

Year ended 31 December 2018

	<b>Government &amp; official institutions</b>	<b>Banks &amp; other financial institutions</b>	<b>Commercial &amp; industrial</b>	<b>Other</b>	<b>Total</b>	<b>Cross-border Commitments</b>
			<i>(EUR millions)</i>			
United States of America.....	6,054	5,759	71,956	2,407	86,176	19,819
United Kingdom .....	1,420	14,756	13,213	2,376	31,766	6,415
France .....	1,851	11,535	16,017	979	30,383	2,360
Ireland.....	0	1,819	19,506	142	21,467	1,008
Switzerland.....	220	3,087	13,406	1,886	18,598	2,272
Germany .....	2,965	3,837	3,800	3,935	14,537	12,142
Luxembourg .....	863	2,969	8,026	1,369	13,227	3,901
Singapore.....	0	1,163	9,823	769	11,755	774
China .....	31	4,920	1,848	3,969	10,768	733
Belgium .....	997	1,805	7,054	845	10,702	13,954

Year ended 31 December 2017

	<b>Government &amp; official institutions</b>	<b>Banks &amp; other financial institutions</b>	<b>Commercial &amp; industrial</b>	<b>Other</b>	<b>Total</b>	<b>Cross-border Commitments</b>
			<i>(EUR millions)</i>			
United States of America.....	6,665	7,165	65,444	2,727	82,001	16,621
France .....	2,564	24,353	15,333	1,230	43,479	7,840
United Kingdom .....	1,263	13,493	14,373	2,574	31,702	6,442
Switzerland.....	4	7,594	10,800	2,700	21,098	2,521
Ireland.....	0	574	19,686	161	20,421	927
Germany .....	4,404	5,873	3,897	3,267	17,441	12,585
Belgium .....	439	2,612	12,496	812	16,359	14,484
China .....	85	7,849	2,248	5,490	15,671	320
Singapore.....	0	1,601	9,175	550	11,326	618

**Year ended 31 December 2017**

	<b>Government &amp; official institutions</b>	<b>Banks &amp; other financial institutions</b>	<b>Commercial &amp; industrial</b>	<b>Other</b>	<b>Total</b>	<b>Cross-border Commitments</b>
			<i>(EUR millions)</i>			
Luxembourg .....	508	2,151	6,910	1,598	11,167	3,445
Turkey .....	1,274	3,710	5,312	234	10,530	1,139
Hong Kong .....	0	4,512	4,134	575	9,221	300

The following table Discloses cross-border outstandings as of the end of 31 December 2019, 2018 and 2017 stating the name of the country and the aggregate amount of cross-border outstandings to borrowers in each foreign country where such outstandings are between 0.75 percent and 1.0 percent of total assets.

	<b><u>Year ended</u></b> <b><u>2019</u></b>
	<i>(EUR millions)</i>
<u>Belgium</u> .....	8,277
<u>Hong Kong</u> .....	8,232
<u>Canada</u> .....	8,169
<u>Japan</u> .....	7,674
<u>Turkey</u> .....	6,630

	<b><u>Year ended</u></b> <b><u>2018</u></b>
	<i>(EUR millions)</i>
<u>Cayman Islands</u> .....	8,516
<u>Turkey</u> .....	7,831
<u>Spain</u> .....	7,523
<u>Hong Kong</u> .....	7,083
<u>Japan</u> .....	6,792

	<b><u>Year ended</u></b> <b><u>2017</u></b>
	<i>(EUR millions)</i>
<u>Japan</u> .....	8,332
<u>Canada</u> .....	6,116
<u>Cayman Islands</u> .....	6,062

## Summary of Loan Loss Experience

For further explanation on loan loss provision reference is made to Note 1 'Basis of preparation and accounting policies' and Note 7 'Loans and advances to customers' in the 2019 Annual Report, which are incorporated by reference into this Registration Document.

The following table presents the movements in allocation of the provision for loan losses on loans accounted for as loans and advances to banks and customers for 2019, 2018, 2017, 2016 and 2015 under IFRS-EU.

IFRS-EU	Calendar period				
	2019	2018 <sup>(1)</sup>	2017	2016	2015
	<i>(EUR millions)</i>				
Balance on 1 January .....	4,568	4,521	5,308	5,786	5,995
Effect of changes in accounting policy .....		795			
Change in the composition of the Group .....					
Write-offs:					
Domestic:					
Loans guaranteed by public authorities.....		(69)	0	(207)	0
Loans secured by mortgages .....	(127)	(127)	(231)	(323)	(436)
Loans to or guaranteed by credit institutions ...		0	(5)		
Other private lending .....	(72)	(177)	(48)	(93)	(121)
Other corporate lending .....	(264)	(105)	(409)	(234)	(447)
Foreign:					
Loans secured by mortgages .....	(48)	(70)	(66)	(129)	(154)
Loans to or guaranteed by credit institutions ...		(1)	0		
Other private lending .....	(144)	(141)	(188)	(233)	(303)
Other corporate lending .....	(375)	(354)	(331)	(275)	(257)
<b>Total write-offs</b> .....	<b>(1,030)</b>	<b>(1,044)</b>	<b>(1,278)</b>	<b>(1,494)</b>	<b>(1,718)</b>
Recoveries:					
Domestic:					
Loans secured by mortgages .....	13	15	24	14	23
Other private lending .....	10	11	15	15	16
Other corporate lending .....	7	14	19	6	(5)
Foreign:					
Loans secured by mortgages .....	2	2	3	3	4
Other private lending .....	11	4	7	8	37
Other corporate lending .....	12	7	(8)	48	16
<b>Total recoveries</b> .....	<b>55</b>	<b>53</b>	<b>60</b>	<b>94</b>	<b>91</b>
Net write-offs.....	(975))	(992)	(1,218)	(1,400)	(1,627)
Additions and other adjustments (included in value Adjustments to receivables of the Banking operations).....	1,052	244	538	922	1,418

## IFRS-EU

## Calendar period

	Calendar period				
	2019	2018 <sup>(1)</sup>	2017	2016	2015
	<i>(EUR millions)</i>				
<b>Balance on 31 December</b> .....	4,645	4,568	4,628	5,308	5,786
Ratio of net charge-offs to average loans and advances to banks and customers.....	0.14%	0.15%	0.20%	0.23%	0.28%

Note:

- (1) The 2018 changes in loan loss provision presents IFRS 9 expected credit losses (excluding IAS 37 provisions for non-credit replacement positions (1 January 2018: EUR 107 million), The IAS 39 comparative 2017 amount includes IAS 37 provision for all off balance positions.

Additions to the provision for loan losses presented in the table above were influenced by developments in general economic conditions as well as certain individual exposures. The following table shows the allocation of the provision for loan losses on loans accounted for as loans and advances to banks and to customers, to financial assets at fair value through other comprehensive income and amortised cost and contingent liabilities for 2019, 2018, 2017, 2016 and 2015 under IFRS-EU.

## IFRS-EU

## Year ended December 31

	2019		2018		2017		2016		2015	
	(Eur)	(%) <sup>(1)</sup>	(Eur)	(%) <sup>(1)</sup>	(Eur)	(%) <sup>(1)</sup>	(Eur)	(%) <sup>(1)</sup>	(Eur)	(%) <sup>(1)</sup>
	<i>(EUR millions)</i>									
<b>Domestic:</b>										
Loans guaranteed by public authorities .....		4	0	4	0	4	0	5	0	5
Loans secured by mortgages .....	472	18	421	19	347	20	550	21	819	22
Loans to or guaranteed by credit institutions ....	6	2	5	1	2	1	2	2	0	2
Other private lending...	72	1	119	1	118	1	122	1	177	1
Other corporate lending .....	657	6	959	6	1,268	6	1,738	6	1,904	7
<b>Total domestic</b> .....	<b>1,207</b>	<b>31</b>	<b>1,504</b>	<b>31</b>	<b>1,735</b>	<b>32</b>	<b>2,412</b>	<b>34</b>	<b>2,900</b>	<b>37</b>
<b>Foreign:</b>										
Loans guaranteed by public authorities .....	3	3	7	3	3	3	7	3	2	3
Loans secured by mortgages .....	599	36	700	35	526	34	638	32	717	30
Loans to or guaranteed by credit institutions ....	4	4	8	4	7	4	12	3	15	3
Other private lending...	820	4	763	3	746	3	620	3	712	3
Mortgage backed securities .....							2	1	2	1
Other corporate lending .....	1,992	23	1,563	24	1,602	23	1,617	23	1,438	22
<b>Total foreign</b> .....	<b>3,418</b>	<b>69</b>	<b>3,041</b>	<b>69</b>	<b>2,893</b>	<b>67</b>	<b>2,896</b>	<b>66</b>	<b>2,886</b>	<b>63</b>
<b>Total</b> .....	<b>4,625</b>	<b>100</b>	<b>4,545</b>	<b>100</b>	<b>4,628</b>	<b>100</b>	<b>5,308</b>	<b>100</b>	<b>5,786</b>	<b>100</b>

	2019		2018		2017		2016		2015	
	(Eur)	(%) <sup>(1)</sup>	(Eur)	(%) <sup>(1)</sup>	(Eur)	(%) <sup>(1)</sup>	(Eur)	(%) <sup>(1)</sup>	(Eur)	(%) <sup>(1)</sup>
	<i>(EUR millions)</i>									
LLP financial assets at FVOCI.....	10		11							
LLP securities at AC ...	10		11							
<b>Total provisions.....</b>	<b>4,645</b>		<b>4,568</b>							

Note:

- (1) The percentages represent the loans in each category as a percentage of the total loan portfolio for loans and advances to banks and customers.

## Deposits

For information on deposits reference is made to Note 13 ‘Deposits from banks’ and Note 14 ‘Customer deposits’ in the 2019 Annual Report, which are incorporated by reference into this Registration Document.

For the years ended 31 December 2019, 2018 and 2017 the aggregate amount of deposits by foreign depositors in domestic offices was EUR 27,649 million EUR 27,586 million and EUR 43,572 million, respectively.

Outstanding of time certificates of deposit and other time deposits > EUR 20.000

On 31 December 2019, the amount of domestic time certificates of deposit and other time deposits, exceeding EUR 20,000, issued by domestic offices by time remaining until maturity was:

	Time certificates of deposit		Other time deposits	
	<i>(EUR millions)</i>	<i>(%)</i>	<i>(EUR millions)</i>	<i>(%)</i>
3 months or less .....	3,912	39.5	7,487	29.5
6 months or less but over 3 months .....	1,298	13,1	11,093	43.6
12 months or less but over 6 months .....	4,702	47.4	913	3.6
Over 12 months.....			5,921	23.3
<b>Total .....</b>	<b>9,912</b>		<b>25,414</b>	

The following table shows the amount outstanding for time certificates of deposit and other time deposits exceeding EUR 20,000 issued by foreign offices on 31 December 2019.

	<i>(EUR millions)</i>
Time certificates of deposit.....	4,000
Other time deposits .....	23,278
<b>Total.....</b>	<b>27,278</b>



## Short-term Borrowings

Short-term borrowings are borrowings with an original maturity of one year or less. Commercial paper and securities sold under repurchase agreements are the only significant categories of short-term borrowings within ING's banking operations.

The following table sets forth certain information relating to the categories of ING's short-term borrowings.

### IFRS-EU

	Year ended 31 December		
	2019	2018	2017
	<i>(EUR millions, except % data)</i>		
<b>Commercial paper:</b>			
Balance at the end of the year .....	27,581	33,471	20,506
Monthly average balance outstanding during the year .....	28,751	34,647	17,600
Maximum balance outstanding at any period end during the year .....	36,692	39,556	20,748
Weighted average interest rate during the year .....	1,36%	1.37%	1.19%
Weighted average interest rate on balance at the end of the year .....	1,42%	1.42%	1.02%
<b>Securities sold under repurchase agreements:</b>			
Balance at the end of the year .....	43,255	52,481	41,672
Monthly average balance outstanding during the year .....	57,501	76,953	65,465
Maximum balance outstanding at any period end during the year .....	64,334	92,796	89,225
Weighted average interest rate during the year .....	2,42	1.63%	0.98%
Weighted average interest rate on balance at the end of the year .....	3,22	2.38%	1.54%

## GENERAL INFORMATION

### Approval

This Registration Document has been approved by the Netherlands Authority for the Financial Markets (the “AFM”) on 27 March 2020 in its capacity as competent authority pursuant to Article 20 of the Prospectus Regulation. Together with any securities note for non-equity securities, as supplemented or replaced from time to time of the Issuer, in each case, this Registration Document forms part of any prospectus of the Issuer consisting of separate documents within the meaning of the Prospectus Regulation in respect of the relevant securities.

The AFM only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document.

### Ratings

The Issuer has a senior debt rating from Standard & Poor’s Rating Services of A- (outlook stable), a senior debt rating from Moody’s Investors Service Ltd. of Baa1 (outlook stable) and a senior debt rating from Fitch Ratings of A+ (outlook stable).

A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating will remain for any given period of time or that a rating will not be suspended, lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant. The Issuer has from time to time been subject to its ratings being lowered.

### Significant or Material Adverse Change

At the date hereof, there has been no significant change in the financial position or performance of ING Groep N.V. and its consolidated subsidiaries since 31 December 2019.

At the date hereof, there has been no material adverse change in the prospects of ING Groep N.V. since 31 December 2019.

### Litigation

The Issuer and its consolidated subsidiaries are involved in governmental, regulatory, arbitration and legal proceedings and investigations in the Netherlands and in a number of foreign jurisdictions, including the U.S., involving claims by and against them which arise in the ordinary course of their businesses, including in connection with their activities as lenders, broker-dealers, underwriters, issuers of securities and investors and their position as employers and taxpayers. In certain of such proceedings, very large or indeterminate amounts are sought, including punitive and other damages. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened governmental, regulatory, arbitration and legal proceedings and investigations, the Issuer is of the opinion that some of the proceedings and investigations set out below may have or have in the recent past had a significant effect on the financial position, profitability or reputation of the Issuer and/or the Issuer and its consolidated subsidiaries.

**Settlement agreement:** On 4 September 2018, ING announced that it had entered into a settlement agreement with the Dutch Public Prosecution Service relating to previously disclosed investigations regarding various requirements for client on-boarding and the prevention of money laundering and corrupt practices. Under the terms of the settlement agreement ING paid a fine of €675 million and €100 million for disgorgement. In connection with the investigations, ING had also received information requests from the US Securities and Exchange Commission (“SEC”). As ING announced on 5 September 2018, ING has received a formal

notification from the SEC that it has concluded its investigation. In the letter dated 4 September 2018 the Division of Enforcement states that, based on information as of the date thereof, it does not intend to recommend an SEC enforcement action against ING. Following the entry into the settlement agreement, ING has experienced heightened scrutiny from authorities in various countries. ING is also aware, including as a result of media reports, that other parties may, among other things, seek to commence legal proceedings against ING in connection with the subject matter of the settlement, have filed or may file requests to reconsider the prosecutor's decision to enter into the settlement agreement with ING and not to prosecute ING or (former) ING employees in court, or have filed or may file requests for disciplinary proceedings against ING employees based on the Dutch "Banker's oath".

**Findings regarding AML processes:** As previously disclosed, after its September 2018 settlement with Dutch authorities concerning anti-money laundering matters, and in the context of significantly increased attention on the prevention of financial economic crime, ING has experienced heightened scrutiny by authorities in various countries. The interactions with such regulatory and judicial authorities have included, and can be expected to continue to include, onsite visits, information requests, investigations and other enquiries. Such interactions, as well as ING's internal assessments in connection with its global enhancement programme, have in some cases resulted in satisfactory outcomes, and also have resulted in, and may continue to result in, findings, or other conclusions which may require appropriate remedial actions by ING, or may have other consequences. ING intends to continue to work in close cooperation with authorities as it seeks to improve its management of non-financial risks in terms of policies, tooling, monitoring, governance, knowledge and behaviour.

Also as previously disclosed in March 2019, ING Italy was informed by the Banca d'Italia of their report containing their conclusions regarding shortcomings in AML processes at ING Italy, which was prepared based on an inspection conducted from October 2018 until January 2019. ING Italy has been engaged in discussions with Banca d'Italia and Italian judiciary authorities. In February 2020 the Italian court confirmed and approved a plea bargain agreement with the Italian judiciary authorities. As a consequence, ING Italy has paid an administrative fine and disgorgement of profit. In addition, in February 2020 the Banca d'Italia imposed an administrative fine on ING Italy. Both amounts were already provisioned for in 2019.

In line with the enhancement programme announced in 2018, ING Italy is taking steps intended to improve processes and management of compliance risks as required by the Banca d'Italia. In consultation and in agreement with the Banca d'Italia, ING Italy has agreed that it will refrain from taking on new customers during further discussions on the enhancement plans with the Banca d'Italia. ING Italy will continue to fully serve existing clients in Italy and is working hard to address the shortcomings and resolve the issues identified.

ING announced steps in September 2018 to enhance its management of compliance risks and embed stronger awareness across the whole organisation. This programme started in 2017 and includes enhancing KYC files and working on various structural improvements in compliance policies, tooling, monitoring, governance, knowledge and behaviour.

**Tax cases:** Because of the geographic spread of its business, the Issuer may be subject to tax audits, investigations and procedures in numerous jurisdictions at any point in time. Although the Issuer believes that it has adequately provided for all its tax positions, the ultimate resolution of these audits, investigations and procedures may result in liabilities which are different from the amounts recognised. ING has also identified issues in connection with its U.S. tax information reporting and withholding obligations in respect of prior periods. ING has agreed with the US Internal Revenue Service ("IRS") to resolve these issues by paying the tax owed. ING has made the payment out of the provision it had already recognised.

**Litigation regarding products of a former subsidiary in Mexico:** Proceedings in which ING is involved include complaints and lawsuits concerning the performance of certain interest sensitive products that were sold by a former subsidiary of ING in Mexico. A provision has been taken in the past.

**SIBOR – SOR litigation:** In July 2016, investors in derivatives tied to the Singapore Interbank Offer Rate ("SIBOR") filed a U.S. class action complaint in the New York District Court alleging that several banks,

including ING, conspired to rig the prices of derivatives tied to SIBOR and the Singapore Swap Offer Rate (“SOR”). The lawsuit refers to investigations by the Monetary Authority of Singapore (“MAS”) and other regulators, including the U.S. Commodity Futures Trading Commission (“CFTC”), in relation to rigging prices of SIBOR- and SOR based derivatives. In October 2018, the New York District Court issued a decision dismissing all claims against ING Group and ING Capital Markets LLC, but leaving ING Bank, together with several other banks, in the case, and directing plaintiffs to file an amended complaint consistent with the Court's rulings. In October 2018, plaintiffs filed such amended complaint, which asserts claims against a number of defendants but none against ING Bank (or any other ING entity), effectively dismissing ING Bank from the case. In December 2018, plaintiffs sought permission from the Court to file a further amended complaint that names ING Bank as a defendant. In July 2019, the New York District Court granted the defendants’ motion to dismiss and denied leave to further amend the complaint, effectively dismissing all remaining claims against ING Bank. In November 2019, plaintiffs filed an appeal against this judgment.

**Claims regarding accounts with predecessors of ING Bank Turkey:** ING Bank Turkey has received numerous claims from (former) customers of legal predecessors of ING Bank Turkey. The claims are based on offshore accounts held with these banks, which banks were seized by the Savings Deposit Insurance Fund (“SDIF”) prior to the acquisition of ING Bank Turkey in 2007 from OYAK. SDIF has also filed various lawsuits against ING Bank Turkey to claim compensation from ING Bank Turkey, with respect to amounts paid out to offshore account holders so far. At this moment it is not possible to assess the outcome of these procedures nor to provide an estimate of the (potential) financial effect of these claims.

**Interest rate derivatives claims:** ING is involved in several legal proceedings in the Netherlands with respect to interest rate derivatives that were sold to clients in connection with floating interest rate loans in order to hedge the interest rate risk of the loans. These proceedings are based on several legal grounds, depending on the facts and circumstances of each specific case, *inter alia* alleged breach of duty of care, insufficient information provided to the clients on the product and its risks and other elements related to the interest rate derivatives that were sold to clients. In some cases, the court has ruled in favour of the claimants and awarded damages, annulled the interest rate derivative or ordered repayment of certain amounts to the claimants. The total amounts that need to be repaid or compensated in some cases still need to be determined. ING may decide to appeal against adverse rulings. Although the outcome of the pending litigation and similar cases that may be brought in the future is uncertain, it is possible that the courts may ultimately rule in favour of the claimants in some or all of such cases. Where appropriate a provision has been taken. The aggregate financial impact of the current and future litigation could become material.

As requested by the AFM, ING has reviewed a significant part of the files of clients who bought interest rate derivatives. In December 2015, the AFM concluded that Dutch banks may have to re-assess certain client files, potentially including certain derivative contracts that were terminated prior to April 2014 or other client files. As advised by the AFM, the Minister of Finance appointed a Committee of independent experts (the “Committee”) which has established a uniform recovery framework for Dutch SME clients with interest rate derivatives. ING has adopted this recovery framework and has reassessed individual files against this framework. ING has taken an additional provision for the financial consequences of the recovery framework. In 2017, ING has informed the majority of the relevant clients whether they are in scope of the recovery framework, and thus eligible for compensation, or not. Because implementation by ING of the uniform recovery framework encountered delay, ING has previously offered advance payments to customers out of the existing provision. As of December 2018, all customers in scope of the uniform recovery framework have received an offer of compensation from ING (including offers of no compensation). As of 1 July 2019, the required process under the uniform recovery framework had been completed for approximately 99% of all customers in scope.

ING is awaiting feedback from the independent dispute committee on one file for which the relevant client opted for a 'binding advice' procedure. Hearings with the independent dispute committee took place in November and December 2019. It is not clear when the committee will present its verdict.

**Interest surcharges claims:** ING received complaints and was involved in litigation with natural persons (*natuurlijke personen*) in the Netherlands regarding increases in interest surcharges with respect to several credit products, including but not limited to commercial property (*commercieel verhuurd onroerend goed*). ING has reviewed the relevant product portfolio. The provision previously taken has been reversed for certain of these complaints. All claims are dealt with individually. Thus far, the courts have ruled in favour of ING in each case, ruling that ING was allowed to increase the interest surcharged based upon the essential obligations in the contract.

**Criminal proceedings regarding cash company financing:** In June 2017, a Belgian criminal Court ruled that ING Luxembourg assisted third parties in 2000 to commit a tax fraud in the context of the purchase of the shares of a cash company. The Court convicted ING Luxembourg, among others, and ordered ING to pay a penal fine of EUR 120,000 (suspended for half of the total amount). The court also ordered ING Luxembourg jointly and severally with other parties, to pay EUR 31.48 million (together with any interest payable under applicable law) to the bankruptcy trustee of the cash company. In July 2017, ING Luxembourg filed an appeal against this judgment. A settlement with all the civil parties involved was reached in mid-2018. However, this settlement does not apply to the criminal conviction of ING Luxembourg. In January 2020, the Court of Appeal of Antwerp reformed the first judgment: ING Luxemburg benefitted from an "*opschorting van de uitspraak/suspension du prononcé*" which means that the conviction has been upheld, but no penal sanction has been pronounced (penalties suspended). ING Luxembourg is analysing the judgement.

**Mortgage expenses claims** ING Spain has received claims and is involved in procedures with customers regarding reimbursement of expenses associated with the formalisation of mortgages. In most court proceedings in first instance the expense clause of the relevant mortgage contract has been declared null and ING Spain has been ordered to reimburse all or part of the applicable expenses. The courts in first instance have applied in their rulings different criteria regarding the reimbursement of expenses. ING Spain has filed an appeal against a number of these court decisions. ING Spain has also been included, together with other Spanish banks, in two class actions filed by customer associations. The outcome of the pending litigation and similar cases that may be brought in the future is uncertain. A provision has been taken. However, the aggregate financial impact of the current and future litigation could change. In February 2018, the Spanish Supreme Court ruled that Stamp Duty (*Impuesto de Actos Jurídicos Documentados*) expenses are chargeable to the customer, while in October 2018 it ruled that Stamp Duty is chargeable to the banks. In November 2018, the Spanish Supreme Court clarified the issue regarding Stamp Duty by stating that this tax should be borne by the customer. As for the remaining types of the expenses, in January 2019, the Spanish Supreme Court issued several decisions that stated that the client and the bank each have to bear half of the notary and management company costs and that registry costs have to be borne in full by the bank. Allocation of valuation costs between the bank and the customer were not addressed by the Spanish Supreme Court decisions and remain uncertain.

**Imtech claim:** In January 2018, ING Bank received a claim from Stichting ImtechClaim.nl and Imtech Shareholders Action Group B.V. on behalf of certain (former) shareholders of Imtech N.V. ("**Imtech**"). Furthermore, on 28 March 2018, ING Bank received another claim on the same subject matter from the Dutch Association of Stockholders (Vereniging van Effectenbezitters, "**VEB**"). Each of the claimants allege *inter alia* that shareholders were misled by the prospectus of the rights issues of Imtech in July 2013 and October 2014. ING Bank, being one of the underwriters of the rights issues, is held liable by the claimants for the damages that investors in Imtech would have suffered. ING Bank responded to the claimants denying any and all responsibility in relation to the allegations made in the relevant letters. In September 2018, the trustees in the bankruptcy of Imtech claimed from various financing parties, including ING, payment of what the security agent has collected following bankruptcy or intends to collect, repayment of all that was repaid to the financing parties, as well as compensation for the repayment of the bridge financing. At this moment it is not possible to assess the outcome of these claims nor to provide an estimate of the (potential) effect of these claims.

**Mexican Government Bond litigation:** A class action complaint was filed adding ING Bank N.V., ING Groep N.V., ING Bank Mexico S.A. and ING Financial Markets LLC ("**ING**") as defendants to a complaint that had

previously been filed against multiple other financial institutions. The complaint alleges that the defendants conspired to fix the prices of Mexican Government Bonds. ING is defending itself against the allegations. Currently, it is not possible to provide an estimate of the (potential) financial effect of this claim. On 30 September 2019, the relevant court dismissed the antitrust complaint, finding that the plaintiffs had failed to identify any facts that links each defendant to the alleged conspiracy. On 9 December 2019, the plaintiffs filed an amended complaint removing all ING entities as defendants on the condition that the ING entities enter into a tolling agreement for the duration of two years. The relevant ING entities subsequently entered into a tolling agreement, which provides that the statute of limitations will not be tolled for the two year duration of the agreement. Should the plaintiffs discover any evidence of potential involvement by ING in the activities alleged in the complaint, ING could be brought back into the litigation.

## **Auditor**

The financial statements of the Issuer for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017, respectively have been audited by KPMG Accountants N.V. The auditors of KPMG Accountants N.V. are members of the Royal Dutch Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*), which is a member of the International Federation of Accountants (IFAC). KPMG Accountants N.V. has issued an unqualified auditor's report with respect to the consolidated financial statements for the financial year ended 31 December 2019 dated 2 March 2020, an unqualified auditor's report with respect to the consolidated financial statements for the financial year ended 31 December 2018 dated 4 March 2019 and an unqualified auditor's report with respect to the consolidated financial statements for the financial year ended 31 December 2017 dated 5 March 2018.

The auditor's report with respect to the consolidated financial statements in respect of the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017, respectively, incorporated by reference into this Registration Document are included in the form and context in which they appear with the consent of KPMG Accountants N.V., who have authorised the contents of these auditor's reports. As the securities to be issued have not been and will not be registered under the Securities Act, KPMG have not filed and will not file a consent under the Securities Act with respect to this auditor's report.

## **Dividend Information**

ING Group's dividend policy aims to pay a progressive dividend that will reflect considerations including expected future capital requirements, growth opportunities available to the Group, net earnings and regulatory developments. For 2019, the Executive Board proposed to pay a total cash dividend of EUR 2,689 million, or EUR 0.69 per ordinary share. This is subject to the approval of shareholders at the AGM in April 2020. Taking into account the interim dividend of EUR 0.24 per ordinary share paid in August 2019, the final dividend will amount to EUR 0.45 per ordinary share and will be paid fully in cash. The total amount of EUR 1,754 million is completely covered by the remaining balance of 'interim profits not included in CET1 capital' at year-end 2019.

## **Market Information**

This Registration Document cites market share information published by third parties. The Issuer has accurately reproduced such third-party information in this Registration Document and, as far as the Issuer is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the information reproduced herein to be inaccurate or misleading. Nevertheless, investors should take into consideration that the Issuer has not verified the information published by third parties. Therefore, the Issuer does not guarantee or assume any responsibility for the accuracy of the data, estimates or other information taken from sources in the public domain. This Registration Document also contains assessments of market data and information derived therefrom which could not be obtained from any independent sources.

Such information is based on the Issuer's own internal assessments and may therefore deviate from the assessments of competitors of ING or future statistics by independent sources.

**THE ISSUER**

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