

ING Bank N.V., Hong Kong Branch

Interim Financial Disclosure Statement

30 June 2018

ING Sank N.V., Hong Kong Branch

Basis of Preparation

The Interim Financial Disclosure Statement for the half year ended 30 June 2018 (the "Disclosure Statement") has been prepared in accordance with the relevant requirements of the Banking (Disclosure) Rules and the disclosure standards as stated in the Hong Kong Monetary Authority's Supervisory Policy Manual on "Guideline on the application of the Banking (Disclosure) Rules".

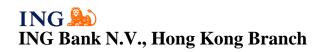
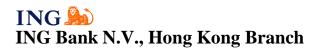


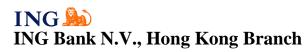
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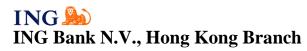
Income Statement (unaudited)

	Half year ended	Half year ended
	30 June	30 June
Figures in HKD million	2018	2017
Interest income	1,086	616
Interest expense	(833)	(372)
Net interest income	253	244
Other operating income		
Gains less losses arising from trading in foreign currencies	45	7
Gains less losses on securities held for trading purposes	-	-
Net fees and commission income	64	88
Others	27	29
Total operating income	389	368
Operating expenses		
Staff expenses	(95)	(88)
Rental expense	(15)	(11)
Other operating expenses	(97)	(66)
Total operating expenses	(207)	(165)
Net income before impairment allowances	182	203
Net charge of impairment allowances on advances and other accounts	(1)	(39)
and other accounts	(1)	(39)
Gains less losses from the disposal of fixed assets		
Profit before taxation	181	164
Taxation	(29)	(27)
Profit after taxation	152	137



Balance Sheet (unaudited)

Figures in HKD million	At 30 June 2018	(Restated) At 31 December 2017
Assets		
Cash and balances with banks	278	545
Due from exchange fund	211	504
Placements with banks and other financial institutions maturing between one and twelve months	2,250	2,014
Amount due from overseas offices	12,477	16,575
Trade bills	11,629	9,146
Investment securities	5,841	4,245
Loans and receivables Advances to customers Advances to banks and other financial institutions Accrued interest and other accounts	46,214 24,883 432	29,034 26,866 308
Impairment allowances on advances and other accounts	(8)	(17)
Fixed assets	16	18
Total assets	104,223	89,238
Liabilities		
Deposits and balances of banks and other financial institutions	9,508	6,097
Deposits from customers Demand deposits and current accounts Savings deposits Time, call and notice deposits	2 1,575 3,286	3 1,129 4,906
Amount due to overseas offices	89,157	76,569
Other liabilities	695	534
Total liabilities	104,223	89,238



1. Net Fees and Commission Income

	Half year ended 30 June	Half year ended 30 June
Figures in HKD million	2018	2017
Fees and commission income	66	89
Fees and commission expenses	(2)	(1)
	64	88

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2. Analysis of Gross Advances to Customers by Industry Sectors and Advances Usage

Figures in HKD million	At 30 June 2018		At 31 December 2017		
Advances for use in Hong Kong	Gross Advances	Balance covered by collateral and other security	Gross Advances	Balance covered by collateral and other security	
Industrial, commercial and financial sectors					
- Manufacturing	3,332	_	2,726	_	
- Property development	889	651	2,644	524	
- Property investment	4,188	2,989	3,756	2,749	
- Wholesale and retail trade	1,571	409	500	-	
- Transport and transport equipment	2,186	-	2,428	-	
- Financial concerns	2,748	695	2,360	695	
- Others	2,180	180	1,999	-	
<i>Individuals</i>For the purchase of other residential propertiesOthers	17,094 - -	4,924	16,413	3,968	
Total advances for use in Hong Kong	17,094	4,924	16,413	3,968	
Trade finance Advances for use outside	23,135	778	6,848	807	
Hong Kong	5,985	2,437	5,773	1,804	
Gross advances to customers	46,214	8,139	29,034	6,579	



3. Analysis of Gross Advances to Customers by Geographical Areas

Figures in HKD million	At 30 J	At 30 June 2018		cember 2017
Asia Pacific Of which: Hong Kong Of which: Mainland China	29,743 10,329	43,269	17,838 7,761	26,980
Europe Caribbean America	10,327	1,520 1,205 220		859 1,195
		46,214		29,034

The above analysis by geographical area is based on the location of the counterparty after taking into account the transfer of risk. In general, transfer of risk applies when an advance is guaranteed by a party in a location which is different from that of the counterparty.

4. Impairment Allowances on Advances and Other Accounts

E'arma 'a HVD av'll'an	At 30 June	At 31 December
Figures in HKD million	2018	2017
Stage 1	8	N/A
Stage 2	-	N/A
Stage 3	-	N/A
Individual assessed	N/A	-
Collectively assessed	N/A	17
	8	17

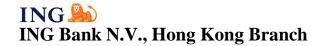
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5. Impaired Advances to Customers

	At 30 June	At 31 December
Figures in HKD million	2018	2017
Total amount of impaired advances to customers		
which are individually determined to be impaired	-	-
Individual impairment allowances made in respect		
of such advances		
	-	-
Total value of collateral	-	-
Percentage of such advances to total advances		
to customers	0.00%	0.00%
Analysis of such advances by geographical areas after		
risk transfer:		
Asia Pacific	-	-
Europe Caribbean	-	-
America	-	-
America		
	<u> </u>	

There were no impaired advances to banks and other financial institutions as at 30 June 2018 and 31 December 2017.



6. Overdue and Rescheduled Advances to Customers

		At 30 June	A	t 31 December
Figures in HKD million		2018		2017
		% of gross		% of gross
		advances		advances
	Amount	to customers	Amount	to customers
(a) Gross amount of advances to customers v	vhich have	been overdue for:		
Six months or less but over three months	-	0.00%	-	0.00%
One year or less but over six months	_	0.00%	-	0.00%
Over one year	-	0.00%	-	0.00%
	-	0.00%		0.00%
Analysis of such advances by geographic	al areas af	ter risk transfer:		
Asia Pacific	_	0.00%	-	0.00%
Europe	-	0.00%	-	0.00%
Caribbean	-	0.00%	-	0.00%
America	-	0.00%	-	0.00%

No advances to banks and other financial institutions and other assets were overdue for more than 3 months as at 30 June 2018 and 31 December 2017.

(b) Rescheduled advances:

There were no rescheduled advances to customers, banks and other financial institutions as at 30 June 2018 and 31 December 2017.

(c) Repossession of Assets:

There were no repossession of assets as at 30 June 2018 and 31 December 2017.



7. Disclosure of Value of Collateral Held Against Overdue Loans and Advances

Figures in HKD million	At 30 June 2018	At 31 December 2017
Current market value of collateral held against the covered portion of overdue loans and advances	_	
Covered portion of overdue loans and advances	- -	
Uncovered portion of overdue loans and advances	-	-
Individual impairment allowances made in respect of overdue loans and advances	-	-

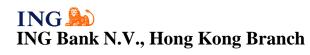
8. International Claims

Geographical segments and individual countries constituting 10% or more of the aggregate international claims are summarised as follows:

Figures	in	HKD	million

		_	Non-bank private sector			
	Banks	Official sector	Non-bank Financial institutions	Non-financial private sector	Others	Total
At 30 June 2018						
Developed countries of which Netherlands	12,604	-	-	610	-	13,214
Developing Asia and Pacific countries of which China	29,489	-	-	12,344	-	41,833
Offshore centres of which Hong Kong	292	-	-	25,588	-	25,880
At 31 December 2017						
Developed countries of which Netherlands	16,594	-	-	21	-	16,615
Developing Asia and Pacific countries of which China	34,109	-	-	7,958	-	42,067
Offshore centres of which Hong Kong	987	-	-	13,003	-	13,990

The above analysis is prepared with reference to the completion instructions for the Hong Kong Monetary Authority Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies.

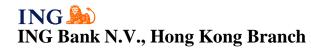


9. Non-bank Mainland China Exposures

Figures in HKD million	
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At 30 June 2018

	On-balance sheet	Off-balance sheet	
Types of Counterparties	exposure	exposure	Total
Central government, central government-owned entities and their subsidiaries and Joint Ventures ("JVs")	28,175	4,183	32,358
2. Local governments, local government-owned entities and their subsidiaries and JVs	532	58	590
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,357	905	8,262
4. Other entities of central government not reported in item 1 above	355	-	355
5. Other entities of local governments not reported in item 2 above	720	-	720
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,728	3,094	5,822
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,743	481	4,224
Total	43,610	8,721	52,331
Total assets after provisions	104,223		
On-balance sheet exposures as % of total assets	41.84%		



9. Non-bank Mainland China Exposures (Continued)

At 31 December 2017

Types of Counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and Joint Ventures ("JVs")	13,894	6,705	20,599
2. Local governments, local government-owned entities and their subsidiaries and JVs	492	71	563
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,830	1,297	6,127
4. Other entities of central government not reported in item 1 above	314	-	314
5. Other entities of local governments not reported in item 2 above	110	-	110
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,512	2,492	4,004
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,311	355	3,666
Total =	24,463	10,920	35,383
Total assets after provisions	89,238		
On-balance sheet exposures as % of total assets	27.41%		

ING Bank N.V., Hong Kong Branch

Supplementary Financial Information (unaudited)

10. Currency Risk

T-1		TITTE	
Figures	1n	HKI)	million

At 30 June 2018	USD	EUR	CNY	JPY	ZAR	Others	Total
Spot assets	74,601	6,514	2,879	44	1	275	84,314
Spot liabilities	(85,088)	(6,511)	(2,201)	(44)	-	(275)	(94,119)
Forward purchases	31,311	10,534	815	21	-	8,025	50,706
Forward sales	(20,827)	(10,534)	(1,490)	(21)	-	(8,025)	(40,897)
Net long/(short) position	(3)	3	3	<u> </u>	1	<u>-</u>	4
Net structural position		<u>-</u>		<u> </u>		<u> </u>	
Net option position				<u> </u>	_		
At 31 December 2017							
	USD	EUR	CNY	JPY	ZAR	Others	Total
Spot assets	59,976	8,558	2,007	217	2	327	71,087
Spot liabilities	(72,382)	(8,524)	(1,570)	(215)	(1)	(333)	(83,025)
Forward purchases	27,740	3,085	985	3,751	-	3,792	39,353
Forward sales	(15,312)	(3,117)	(1,419)	(3,751)	-	(3,784)	(27,383)
Net long position	22	2	3	2	1	2	32
Net structural position				<u> </u>	<u>-</u>		
Net option position	_						

Net position in a particular foreign currency is disclosed if the net position (regardless of sign) constitutes 10% or more of the total net position in all foreign currencies.

There is no structural position/ option position in any currency as at 30 June 2018 and 31 December 2017.



11. Liquidity

	For the	For the	Half year
	quarter ended	quarter ended	ended
	30 June	31 March	30 June
	2018	2018	2017
Average Liquidity Maintenance Ratio ("LMR")	39.19%	41.78%	47.94%

The Branch complies with the minimum requirement of LMR in accordance with the Banking (Liquidity) Rules issued by the Hong Kong Monetary Authority ("HKMA").

The average LMR is calculated as the simple average of each calendar month's average LMR.

Liquidity Risk Management

ING Bank N.V., Hong Kong Branch ("the Branch") manages its liquidity under ING Global Funding and Liquidity Risk framework which is defined and set by the Bank Management Board.

Liquidity Management is performed by Group Treasury and covers the areas of (i) intra-day liquidity risk (Internal Liquidity Adequacy Assessment Process); (ii) short term cash management (overnight and tomorrow next); (iii) funding risk (1 week to 1 year tenors); (iv) structural liquidity risk (1yr+tenors); and (v) stress testing. Group Treasury operates under the oversight of and limits set by Assets & Liabilities Committee (ALCO) and Market Risk Management of the Branch.

12. Disclosure on Remuneration

Pursuant to section 3 of Supervisory Policy Manual (CG-5) Guideline on a Sound Remuneration System issued by the HKMA, the Branch complies with the requirements and has adopted the remuneration systems of ING Bank N.V. Head Office. Please refer to 2017 annual report of ING Group N.V. for details.



13. Contingent Liabilities and Commitments

	At 30 June	At 31 December
Figures in HKD million	2018	2017

The following is a summary of the contractual amount of each significant class of contingent liabilities and commitments:

Direct credit substitutes	1,228	3,940
Transaction-related contingencies	-	-
Trade-related contingencies	8,776	8,570
Other commitments	32,075	38,504
Forward forward deposits placed	2,960	2,824
	45,039	53,838

The above table shows the contractual amounts of the Branch's off balance sheet exposures that commit it to extend credit to customers. The above amounts represent a worst case scenario of credit risk exposure arising from these instruments, without taking into account any collateral held or other credit enhancements attached. The amounts do not represent amounts at risk at the balance sheet date.

14. Derivatives

	At 30 June	At 31 December
Figures in HKD million	2018	2017
The contractual/notional amounts of derivati	ives are disclosed as follows:	
Exchange rate contracts	51,797	43,184
Interest rate contracts	2,303	2,521
	54,100	45,705

The amounts are shown on a gross basis and do not take into account the effect of bilateral netting arrangements.

The contract/notional amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet date. They do not represent amounts at risk.

	At 30 June	At 31 December
Figures in HKD million	2018	2017
Total positive and negative fair value of each class of deri	ivatives are disclosed as	follows:
Exchange rate contracts		
- Positive fair value	422	211
- Negative fair value	(417)	(210)
		

- Negative fair value	(417)	(210)
	5	1
Interest rate contracts	· · · · · · · · · · · · · · · · · · ·	
- Positive fair value	-	-
- Negative fair value	-	-
	-	-



15. Comparative Figures

Certain comparative figures have been reclassified or restated to conform with the financial statements presentation adopted in the current year.

Hong Kong, 28 September 2018



Group Consolidated Financial Information (unaudited)

1. Capital Position and Capital Adequacy Ratios

The information set out below is based on the consolidated accounts of ING Group N.V. (the "Group").

Figures in EUR million	At 30 June 2018	At 31 December 2017
Shareholders' funds	49,984	50,406
Capital Adequacy Ratios		
Common Equity Tier 1 Ratio Tier 1 Ratio Total Capital Ratio	14.1% 15.7% 18.5%	14.7% 16.4% 19.1%

The capital adequacy ratios of the Group have been calculated in accordance with the Basel Capital Accord and incorporated market risk associated with trading portfolios.

2. Other Financial Information

Figures in EUR million		
	Half year ended 30 June 2018	Half year ended 30 June 2017
Pre-tax profit	3,727	3,580
	At 30 June 2018	At 31 December 2017
Total assets	905,984	846,216
Total liabilities	855,267	795,095
Total loans and advances to customers	587,415	574,535
Total customer deposits	556,681	539,799

Details of the above information can be obtained from the ING Group N.V.2017 annual report and ING Group N.V. 2018 interim report.